Athene Holding Ltd.
GAAP Results as of Q3 2016

November 11, 2016

Athene Q3 Highlights
Growth and Execution Against Key Initiatives

ATHENE

Q3 and YTD Highlights

Strong Organic Growth
- Q3 new deposits of $2.9 billion up 265% over prior year
- YTD new deposits of $6.9 billion up 169% over prior year
- Return targets maintained in current rate environment

Growth in Assets, Investment Margin & Book Value Per Share
- Q3 invested assets up $10.7 billion, or 17%, to $71.6 billion
- Q3 investment margin on deferred annuities of 2.81%, up 23 bps vs. prior year
- Book value per share ex. AOCI up 15% to $33.06 vs. prior year

In September, Fitch affirmed the financial strength rating of "A-" of Athene's operating companies with "stable" outlook

On 11/10/16 we filed an updated S-1 with the Securities and Exchange Commission

Strong Financial Profile

3rd Quarter 2016

Net income of $158 million as compared to $72 million in the prior year

Operating income net of tax of $146 million, $191 million ex. unlocking and tax valuation allowance release, up 17% vs. prior year
- Retirement Services segment generated:
  - Operating income net of tax of $171 million, $216 million ex. unlocking and tax valuation allowance release
    - * Operating income net ex. unlocking and tax valuation allowance release of tax up 22% over prior year
  - Operating ROE (ex. AOCI) TTM of 20.1%
  - Operating ROE (ex. AOCI) ex. unlocking and tax valuation allowance release TTM of 21.7%

Year to Date

Net income of $437 million as compared to $320 million in the prior year

Operating income net of tax of $476 million, $521 million ex. unlocking and tax valuation allowance release, up 10% vs. prior year
- Retirement Services segment generated:
  - Operating income net of tax of $563 million, $608 million ex. unlocking and tax valuation allowance release
    - * Operating income net of tax ex. unlocking and tax valuation allowance release up 24% over prior year
  - Investment margin of 2.68%, an increase of 29 bps over prior year Q3

Well Capitalized

Continue to have more than $1 billion of excess strategic capital and no financial leverage
- Estimated U.S. RBC ratio of 469% at 9/30/16
- Bermuda BSCR[(1)] ratio of 323% at 12/31/15 (next filing in 2017)
- $1 billion five year committed credit facility undrawn

Rapid Growth to Drive Recurring Earnings

- **Retail:** YTD record sales of $3.8 billion, up 100% vs. prior year YTD; Q3 record sales of $2 billion, up 257% over prior year
  - Entered the financial institution market for the first time in Q2 2016, solid growth in Q3 2016
- **Flow Reinsurance:** YTD record deposits of $3.1 billion up 370% vs. prior year YTD
  - Q3 deposits of $871 million, up 287% over prior year benefited from MYGA economics & pricing

[(1] ALRe is subject to minimum capital requirements imposed by the Bermuda Monetary Authority (the "BMA") through its Enhanced Capital Requirement ("ECR") and Minimum Margin of Solvency ("MMS"). The BMA has embedded an Economic Balance Sheet ("EBS") framework as part of the Capital and Solvency Return. The premise underlying the EBS framework is the idea that assets and liabilities should be valued on a consistent economic basis. EBS was granted equivalency to Solvency II in March 2016 and is effective as of January 1, 2016 with the first filing due in 2017 for the 2016 year end. ALRe's BSCR as of 12/31/15 and 12/31/14 measured under the pre-EBS regime was 323% and 237% respectively. As the first EBS filing is not due to be filed with the BMA until 2017 for 12/31/16 year-end we do not yet have available our BSCR based on the EBS framework; however, we believe that we will continue to exceed the regulatory requirements under EBS based on trial run submissions to the BMA.

Opportunistic and Disciplined Track Record of Growth

ATHENE

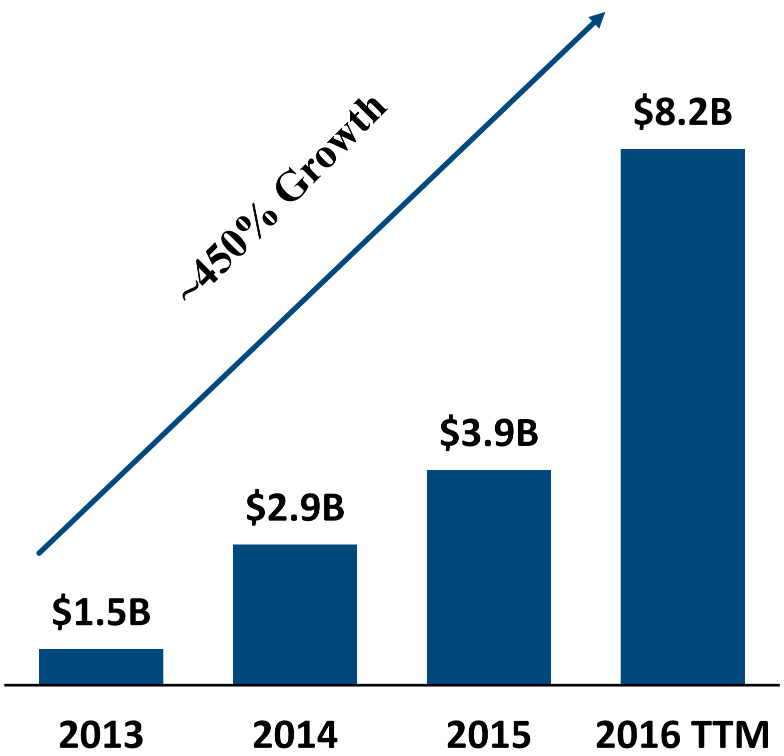
We Source Long-term, Attractively-priced and Generally Illiquid Liabilities

- We issue, reinsure and acquire retirement savings products
- Retail fixed and fixed indexed annuity products
- Reinsurance arrangements with third-party annuity providers
- Institutional products, such as funding agreements

Efficient and Scalable Operating Platform

- We have a scalable operating platform to support growth with little incremental fixed cost
- We prioritize profitability over growth
- For the first nine months of 2016 we generated a record $6.9 billion of new deposits, which is expected to create an earnings stream for years to come

Athene's Organic Growth



New Deposits: Retail, Reinsurance & Funding Agreements

We are entering new markets, launching new products and adding new reinsurance partners

Department of Labor (DOL) Fiduciary Rule

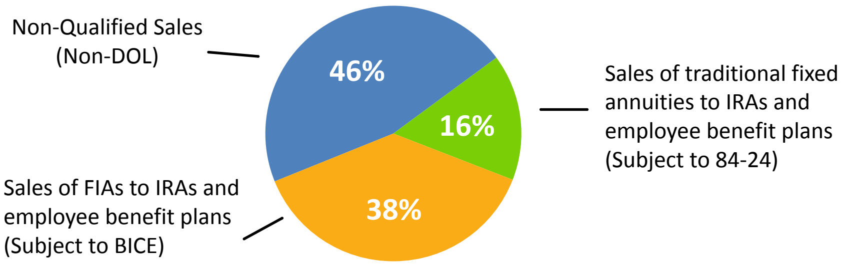
Overview of Ruling

- The DOL Rule redefines who is considered a fiduciary when recommending the purchase of an annuity for a qualified plan or Individual Retirement Account (IRA).
- A person or entity deemed a fiduciary under the Rule may not receive compensation for an annuity sold to a qualified plan or IRA unless a specific prohibited transaction exemption (PTE) is satisfied.
- PTEs Applicable to Fixed Annuities Under the Rule
  - PTE 84-24 for “Fixed Rate Annuities” (Declared Rate)
  - Best Interest Contract Exemption (BICE) for FIAs.
- Rule requires sales be in client’s “best interest” and the amount paid to fiduciary must not exceed “reasonable compensation.”
- Sales of FIAs under the BICE also require a detailed contract between Financial Institution (FI) and client, where FI acknowledges fiduciary standard and must establish new compliance process to monitor adherence to requirements.
- Requirements begin to apply April 2017, with full implementation in January 2018

Athene’s Current View

- While there remains significant uncertainty around distributors’ response to the Rule, Athene views positively the steps being taken by many of them to prepare
  - 84% of our retail sales of FIAs are through agents with a path to a FI
  - The vast majority of Athene’s top IMOs have a path to sign the BICE because they presently have a BD or RIA that could sign as a FI
- Beyond Athene’s IMO channel, Athene continues to diversify by expanding to distribution entities capable of signing the BICE (banks, broker-dealers)
- The DOL published its first set of FAQs regarding the fiduciary rule on 10/27/16, with two more expected to follow by year end
  - With regard to Athene, the FAQs provided assurance that insurance-only agents are able to meet the conditions of the rule, despite that they may only have the ability to discuss/sell insurance products
  - Importantly, the FAQs clarified that if an insurance company acts as the FI it is only responsible for actions taken or recommendations made by agents with respect to the insurer's own products
- Athene is preparing to sign as FI, during a transitional period, for certain IMOs without a near-term path to BICE. We will adjust compensation to the distributor to cover compliance costs where Athene is FI

Athene new deposits* YTD through Q3 2016: $6.9B



*Deposits from our retail and reinsurance business

Athene Financial Highlights – Third Quarter 2016

(Dollars in millions)	Three Months Ended Q3 2016	Three Months Ended Q3 2015	Nine Months Ended 2016	Nine Months Ended 2015
Operating income, net of tax by segment				
Retirement Services	$ 171	$ 200	$ 563	$ 513
Corporate and Other	(25)	(15)	(87)	(17)
Operating income, net of tax	**146**	**185**	**476**	**496**
Non-operating adjustments:				
Investment gains (losses), net of offsets	57	(33)	97	(20)
Change in fair values of derivatives and embedded derivatives - FIA, net of offsets	3	(58)	(82)	(92)
Integration, restructuring and other non-operating expenses	(2)	(6)	(8)	(31)
Stock compensation expense	(46)	(33)	(59)	(51)
Provision for income taxes - non-operating	—	17	13	18
Total non-operating adjustments	**12**	**(113)**	**$ (39)**	**(176)**
Net income available to AHL shareholders	**$ 158**	**$ 72**	**437**	**$ 320**
Operating income, net of tax	**146**	**185**	**476**	**496**
Unlocking of assumptions	158	(24)	158	(24)
Deferred tax valuation allowance release	(102)	—	(102)	—
Total adjustments	**56**	**(24)**	**56**	**(24)**
Provision for income taxes	(11)	2	(11)	2
Operating income, net of tax - ex. unlocking and tax adjustments	**$ 191**	**$ 163**	**521**	**$ 474**
Operating ROE excluding AOCI	9.7%	13.9%	10.8%	14.3%
Operating ROE excluding AOCI - ex. unlocking and tax valuation allowance release	12.7%	12.3%	11.8%	13.6%
Operating ROE excluding AOCI - Retirement Services	15.4%	21.4%	17.5%	20.9%
Operating ROE excluding AOCI - trailing twelve months	12.7%	17.9%	12.7%	17.9%
Operating ROE excluding AOCI - Retirement Services - trailing twelve months	20.1%	22.4%	20.1%	22.4%
ROE	9.4%	5.2%	9.4%	8.5%
ROE excluding AOCI	10.5%	5.5%	9.9%	9.2%
ROE excluding AOCI - ex. unlocking and tax valuation allowance release	14.4%	4.5%	11.2%	8.9%
ROE - trailing twelve months	11.6%	11.1%	11.6%	11.1%
ROE excluding AOCI - trailing twelve months	11.9%	12.8%	11.9%	12.8%
Common shares outstanding	186	186	186	186
Weighted average common shares outstanding - diluted	186	186	186	172
Operating EPS - diluted	$ 0.78	$ 1.00	$ 2.56	$ 2.89
EPS - diluted	$ 0.85	$ 0.39	$ 2.35	$ 1.87
Book value per share	$ 38.00	$ 29.62	$ 38.00	$ 29.62
Book value per share excluding AOCI	$ 33.06	$ 28.76	$ 33.06	$ 28.76

Athene Results at a Glance

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Third Quarter Highlights:

Net income for the three months ended September 2016 was $158 million compared to net income of $72 million in Q3 2015.

- The increase in net income was primarily driven by a favorable release of a deferred tax valuation allowance and unrealized gains on assumed reinsurance embedded derivatives due to credit spread tightening, partially offset by the increase in U.S. treasury rates. Additionally, net income increased due to the favorable movement in the FIA embedded derivative, primarily due to favorable market performance. This was partially offset by lower operating income due to the impact of unlocking.
- ROE (ex. AOCI) of 11.9% for the trailing twelve months compared to Q3 2015 of 12.8%. ROEs for Q3 2016 and YTD 2016 were adversely impacted by our drawing of the remaining $1.1 billion of capital raise proceeds in April 2015. The capital raise catalyzed a ratings upgrade and provided us with significant excess capital to reinvest into market opportunities.

Operating income net of tax for the three months ended September 2016 was $146 million compared to operating income net of tax of $185 million in Q3 2015. **Operating income net of tax ex. unlocking and tax valuation allowance release** was up 17% over prior year.

- Retirement Services operating income net of tax of $171 million decreased $29 million over the prior year resulting in an operating ROE (ex. AOCI) for the trailing twelve months of 20.1%. This reflects higher investment margin from favorable investment income, growth in invested assets and a favorable tax valuation allowance release. However, these were more than offset by unfavorable unlocking, primarily by a lowering of our portfolio return expectations, with the ultimate rate declining by 50bps.
- Corporate and Other operating loss net of tax of $25 million was $10 million unfavorable compared to Q3 2015 primarily driven by market value volatility in public equity positions of one of our funds.
- Operating ROE (ex. AOCI) of 12.7% for the trailing twelve months compared to Q3 2015 of 17.9%, reflecting the increase in equity from the $1.1 billion of capital raise drawn and funded in April 2015. Operating ROE (ex. AOCI) of 13.8% for the trailing twelve months excluding unlocking and tax valuation allowance release.

Year to Date Q3 Highlights:

Net income for the nine months ended September 2016 was $437 million compared to net income of $320 million in Q3 2015.

- The increase in net income was primarily driven by unrealized gains on assumed reinsurance embedded derivatives due to the decrease in U.S. treasury rates and credit spread tightening. Additionally, we had lower integration expense compared to Q3 2015 related to the DLD acquisition.

Operating income net of tax for the nine months ended September 2016 was $476 million compared to operating income, net of tax of $496 million in Q3 2015. **Operating income net of tax excluding unlocking and tax valuation allowance release was** up 10% over prior year.

- Retirement Services operating income net of tax of $563 million increased $50 million over the prior year. The increase was primarily driven by strong fixed investment income, growth in invested assets, higher yields from investments as well as an increase in credit funds related to credit spread tightening in 2016.
- Corporate and Other operating loss net of tax was $87 million as compared to Q3 2015 operating loss net of tax of $17 million. The variance was due to lower alternative investment income driven by market value volatility in public equity positions.

Retirement Services - Management View Financials

(Dollars in millions)	Three Months Ended		Nine Months Ended	
	Q3 2016	Q3 2015	2016	2015
Operating income, net of tax	$ 171	$ 200	$ 563	$ 513
Operating ROE excluding AOCI	15.4%	21.4%	17.5%	20.9%
Operating ROE excluding AOCI - trailing twelve months	20.1%	22.4%	20.1%	22.4%
Fixed income and other investments	4.36%	4.22%	4.40%	4.10%
Alternative investments	14.90%	12.70%	10.96%	9.72%
Net investment earned rate	4.77%	4.52%	4.65%	4.31%
Cost of crediting on deferred annuities	1.96%	1.94%	1.97%	1.92%
Investment margin on deferred annuities	**2.81%**	**2.58%**	**2.68%**	**2.39%**
Operating income, net of tax	**171**	**200**	**563**	**513**
Unlocking of assumptions	158	(24)	158	(24)
Deferred tax valuation allowance release	(102)	—	(102)	—
Total adjustments	**56**	**(24)**	**56**	**(24)**
Provision for income taxes	(11)	2	(11)	2
Operating income, net of tax - ex. unlocking and tax adjustments	**$ 216**	**$ 178**	**608**	**$ 491**

Third Quarter Highlights:

Retirement Services operating income net of tax of $171 million decreased $29 million over the prior year, resulting in an operating ROE (ex. AOCI) for the trailing twelve months of 20.1%. Operating income benefited from strong fixed investment income due to growth in invested assets and higher yields from fixed income and alternative investments and a favorable deferred tax valuation allowance release. This was more than offset by unfavorable unlocking - primarily a lowering of our portfolio return expectations, with the ultimate rate declining by 50bps, as well as a modest increase in the cost of crediting, driven mainly by an increase in option costs and a change in the mix of business related to MYGA growth. Operating income net of tax excluding unlocking and tax valuation allowance release was up 22% over prior year resulting in an operating ROE (ex. AOCI) of 21.7% for the trailing twelve months.

Investment margin on deferred annuities, which is a key measurement of the health of our spread business, was 2.81% as of Q3 2016, an increase of 23 bps from 2.58% in Q3 2015.

Full Year Highlights:

Retirement Services operating income net of tax was $563 million, an increase of $50 million compared to prior year to date, primarily driven by growth in invested assets, higher yields from both our fixed income and alternative investments, as well as favorable tax valuation allowance release. This was partially offset by unfavorable unlocking, higher liability costs related to growth in the block of business and an increase in cost of crediting driven by higher option costs and a change in business mix related to MYGA growth. Operating income net of tax excluding unlocking and tax valuation allowance release was up 24% over prior year resulting in an operating ROE (ex. AOCI) of 21.7% for the trailing twelve months.

Investment margin on deferred annuities of 2.68% for year to date 2016 was favorable 29 bps from prior year to date of 2.39%.

$72 Billion of Total Invested Assets

Total invested assets were $72 billion as of 9/30/16, an increase of 17% or $11 billion compared to 9/30/15, and an increase of 7% or $5 billion compared to 12/31/15, primarily due to retail and flow reinsurance growth in 2016.

- Our liability profile allows us to identify investment opportunities with an emphasis on earning incremental yield by taking liquidity risk and complexity risk, rather than assuming solely credit risk.
- 93.1%[(1)] of our available for sale fixed maturity securities, including related parties, are rated NAIC 1 or 2 (highest designations).
- During the quarter we purchased $1.1 billion of primarily non agency RMBS with an attractive yield from Apollo Commercial Real Estate.
- We hold 29% of total invested assets in floating rate securities which we expect will perform well in a rising interest rate environment.
- In our alternatives portfolio we focus on fixed income-like, cash flow-based investments. Investing in traditional hedge funds is not part of our core strategy.

	Q3 2016						Q4 2015	
	U.S. & Bermuda		Germany*		Consolidated		Consolidated	
(Dollars in millions)	Invested Asset Value	Percent of Total	Invested Asset Value	Percent of Total	Invested Asset Value	Percent of Total	Invested Asset Value	Percent of Total
Corporates	$ 30,219	45.9%	$ 1,851	32.2%	$ 32,070	44.8%	$ 29,291	43.7%
Collateralized loan obligations	5,960	9.1%	—	—%	5,960	8.3%	5,648	8.4%
Credit	36,179	55.0%	1,851	32.2%	38,030	53.1%	34,939	52.1%
RMBS	10,503	15.9%	—	—%	10,503	14.7%	8,870	13.2%
Mortgage loans	6,031	9.2%	108	1.9%	6,139	8.6%	5,966	8.9%
CMBS	2,289	3.5%	—	—%	2,289	3.2%	1,951	2.9%
Real estate held for investment	—	—%	603	10.6%	603	0.8%	566	0.8%
Real Estate	18,823	28.6%	711	12.5%	19,534	27.3%	17,353	25.8%
Asset-backed securities	3,643	5.5%	—	—%	3,643	5.1%	3,504	5.2%
Alternatives	3,309	4.9%	50	0.9%	3,359	4.7%	3,495	5.2%
State, municipals, and political	1,381	2.1%	2,130	37.1%	3,511	4.9%	3,744	5.6%
Unit Linked assets	—	—%	401	7.0%	401	0.6%	391	0.6%
Short-Term	238	0.4%	—	—%	238	0.3%	186	0.3%
Equity Securities	200	0.3%	175	3.0%	375	0.5%	396	0.6%
U.S. government and agencies	35	0.1%	36	0.6%	71	0.1%	44	0.1%
Other	8,806	13.3%	2,792	48.6%	11,598	16.2%	11,760	17.6%
Cash and equivalents	1,436	2.2%	163	2.8%	1,599	2.2%	2,123	3.3%
Policy Loans and Other	608	0.9%	226	3.9%	834	1.2%	784	1.2%
Total Invested Assets	$ 65,852	100.0%	$ 5,743	100.0%	$ 71,595	100.0%	$ 66,959	100.0%

* The Germany investment portfolio composition differs from the U.S. and Bermuda portfolio primarily due to the geographic location, regulatory environment and participating nature of the German products and therefore the portfolio is managed separately from our U.S. and Bermuda portfolios. The German invested assets are predominantly invested in foreign government securities, corporate fixed income securities, real estate held for investment and assets backing our unit linked policies.

(1) Germany fixed maturity securities' NAIC ratings are mapped based on their NRSRO ratings. German invested assets are quoted in Dollars but are held in Euro.

Appendix

GAAP Income Statement

ATHENE

(Dollars in millions)	Three Months Ended Q3 2016	Three Months Ended Q3 2015	Nine Months Ended 2016	Nine Months Ended 2015
Revenue				
Premiums	$ 85	$ 35	$ 205	$ 99
Product charges	71	64	206	184
Net investment income	747	651	2,143	1,830
Investment related gains (losses)	380	(543)	523	(609)
OTTI investment losses:				
OTTI losses	(7)	(6)	(31)	(27)
OTTI losses recognized in OCI	1	2	4	8
Net OTTI losses	(6)	(4)	(27)	(19)
Other revenues	8	6	25	16
Revenues related to consolidated variable interest entities:				
Net investment income	7	19	40	37
Investment related gains (losses)	(16)	(4)	(70)	33
Total revenues	1,276	224	3,045	1,571
Benefits and Expenses				
Interest sensitive contract benefits	482	(180)	1,068	273
Amortization of DSI	14	6	20	14
Future policy and other policy benefits	377	108	862	339
Amortization of DAC and VOBA	113	56	203	144
Interest expense	3	4	6	15
Dividends to policyholders	35	11	65	33
Policy and other operating expenses	177	138	441	368
Operating expenses of consolidated variable interest entities	4	6	13	13
Total benefits and expenses	1,205	149	2,678	1,199
Income before income taxes	71	75	367	372
Income tax expense	(87)	3	(70)	36
Net income	158	72	437	336
Less: Net income attributable to noncontrolling interests	—	—	—	16
Net income available to AHL shareholders	$ 158	$ 72	$ 437	$ 320

GAAP Balance Sheet – Total Assets

ATHENE

(Dollars in millions)	September 30, 2016	December 31, 2015
Assets		
Investments		
Available for sale securities at fair value		
Fixed maturity securities	$ 52,923	$ 47,816
Equity securities	335	407
Trading securities, at fair value	2,721	2,468
Mortgage loans, net of allowances	5,518	5,500
Investment funds	725	733
Policy loans	606	642
Funds withheld at interest	6,375	3,482
Derivative assets	1,169	871
Real estate	603	566
Short-term investments	164	135
Other investments	84	83
Total investments	71,223	62,703
Cash and cash equivalents	2,556	2,714
Restricted cash	63	116
Investment in related parties:		
Fixed maturity securities	313	308
AFS equity securities, at fair value	20	—
Trading securities, at fair value	211	217
Investment funds	1,073	997
Short-term investments	—	55
Other investments	237	245
Accrued investment income	543	520
Reinsurance recoverable	6,174	7,257
Deferred acquisition costs, deferred sales inducements, and value of business acquired	2,707	2,663
Current income tax recoverable	105	113
Deferred tax assets	126	606
Other assets	802	749
Assets of consolidated variable interest entities:		
Investments		
AFS equity securities, at fair value	143	—
Trading securities, at fair value		
Fixed maturity securities	51	722
Equity securities - related party	90	309
Investment funds - related party	553	534
Cash and cash equivalents	4	6
Other assets	6	20
Total assets	$ 87,000	$ 80,854

GAAP Balance Sheet – Total Liabilities and Equity

(Dollars in millions)	September 30, 2016	December 31, 2015
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities	$ 60,901	$ 57,296
Future policy benefits	15,087	14,540
Other policy claims and benefits	197	234
Dividends payable to policyholders	1,225	856
Derivative liabilities	29	17
Payables for collateral on derivatives	1,121	867
Funds withheld liability	394	388
Other liabilities	963	776
Liabilities of consolidated variable interest entities		
Borrowings	—	500
Other liabilities	9	17
Total liabilities	79,926	75,491
Equity		
Common stock	—	—
Additional paid-in capital	3,403	3,281
Retained earnings	2,750	2,318
Accumulated other comprehensive income	920	(237)
Total Athene Holding Ltd. shareholders' equity	7,073	5,362
Noncontrolling interest	1	1
Total equity	7,074	5,363
Total liabilities and equity	$ 87,000	$ 80,854

Non-GAAP Measures and Definitions

Non-GAAP Measures:

- **Operating income net of tax**, a commonly used operating measure in the life insurance industry, 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 operating income, net of tax, equals net income available to AHL's shareholders adjusted to eliminate the impact of the following: (a) bargain purchase gain, (b) change in fair values of derivatives and embedded derivatives - FIA, net of offsets, (c) investment gains (losses), net of offsets, (d) integration, restructuring, and other non-operating expenses, (e) stock compensation expense and (f) provision for income taxes - non-operating

We consider these non-operating adjustments to be meaningful adjustments to net income available to AHL's shareholders and we believe using a measure which excludes the impact of these items is effective in analyzing the trends in our results of operations. Together with net income available to AHL's shareholders, we believe operating income, net of tax, provides a meaningful financial metric that helps investors understand our underlying results and profitability. Operating income, net of tax, should not be used as a substitute for net income attributable to AHL's shareholders.

- **ROE excluding AOCI, operating ROE excluding AOCI, book value per share excluding AOCI** are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI. AOCI fluctuates 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 available for sale ("AFS") securities. Accordingly, we believe using measures which exclude AOCI is more effective in analyzing the trends of our operations. ROE excluding AOCI, operating ROE excluding AOCI and book value per share excluding AOCI should not be used as a substitute for ROE and book value per share. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.

- **Investment margin** is a key measurement of the health of our Retirement Services core deferred annuities. Investment margin on our deferred annuities is generated from the excess of our net investment income over the cost of crediting to our policyholders. Net investment earned rate is the key measure of investment returns and cost of crediting is a key measure of the policyholder benefits on our deferred annuities. Investment margin is calculated by subtracting net investment earned rate by cost of crediting.

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

    - **Cost of crediting** is the interest credited to the policyholders on our fixed strategies as well as the option costs on the index annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. The interest credited on fixed strategies and option costs on index annuity strategies are divided by the average account value of our deferred annuities. Under GAAP, deposits and withdrawals for fixed indexed and fixed rate annuities are reported as deposit liabilities (or policyholder funds). Our average account values are averaged over the number of quarters in the relevant period to obtain our cost of crediting for such period. To enhance the trending and comparability of analyzing these measures, interim periods are annualized.

We believe measures like net investment earned rate, cost of crediting and investment margin on deferred annuities are effective in analyzing the trends of our core business operations, profitability and pricing discipline. While we believe net investment earned rate, cost of crediting and investment margin on deferred annuities are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for net investment income and interest sensitive contract liabilities presented under GAAP.

- **Invested assets** represent the investments that directly back our policyholder liabilities as well as surplus assets. Invested assets is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Invested assets includes (a) total investments on the consolidated balance sheet with AFS securities at amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) the consolidated VIE assets, liabilities and noncontrolling interest and (f) policy loans ceded (which offset the direct policy loans in total investments). Invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). We include the underlying investments supporting our assumed funds withheld and modified coinsurance agreements in our invested assets calculation in order to match the assets with the income received. We believe the adjustments for reinsurance provide a view of the assets for which we have economic exposure. Our invested assets are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period.

Definitions:

- **Earnings per share** is the net income (or net operating income) divided by the weighted average common shares outstanding – basic (or diluted).
- **Book value per share** is the ending equity (excluding AOCI) divided by the common shares outstanding at the end of the period.

Non-GAAP Measure Reconciliations

ATHENE

Reconciliation of AHL shareholders' equity to AHL shareholders' equity excluding AOCI

(Dollars in millions)	September 30, 2016	September 30, 2015
Retirement Services	$ 4,584	$ 3,738
Corporate and Other	1,569	1,612
Total AHL shareholders' equity excluding AOCI	6,153	5,350
AOCI	920	161
Total AHL shareholders' equity	$ 7,073	$ 5,511

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

(Dollars in millions)	Three Months Ended				Nine Months Ended			
	Q3 2016		Q3 2015		2016		2015	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
Retirement Services	$ 759	4.77 %	$ 670	4.52 %	$ 2,162	4.65 %	$ 1,897	4.31 %
Corporate and Other	23	1.26 %	—	0.02 %	28	0.53 %	21	1.90 %
Total net investment earnings/earned rate	782	4.42 %	670	4.40 %	2,190	4.23 %	1,918	4.25 %
Reinsurance embedded derivative impacts	(55)	(0.31)%	(24)	(0.16)%	(144)	(0.28)%	(58)	(0.13)%
Net VIE earnings	13	0.07 %	(9)	(0.06)%	43	0.08 %	(41)	(0.09)%
Alternative investment (gain) loss	3	0.02 %	12	0.08 %	35	0.07 %	2	— %
Other	4	0.02 %	2	0.01 %	19	0.04 %	9	0.02 %
Total adjustments to arrive at net investment earnings/earned rate	(35)	(0.20)%	(19)	(0.13)%	(47)	(0.09)%	(88)	(0.20)%
GAAP net investment income	$ 747	4.22 %	$ 651	4.27 %	$ 2,143	4.14 %	$ 1,830	4.05 %
Retirement Services average invested assets	$ 63,638		$ 59,271		$ 61,948		$ 58,672	
Corporate and Other average invested assets	7,089		1,618		7,120		1,442	
Consolidated average invested assets	$ 70,727		$ 60,889		$ 69,068		$ 60,114	

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

(Dollars in millions)	Three Months Ended				Nine Months Ended			
	Q3 2016		Q3 2015		2016		2015	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
Retirement Services cost of crediting on deferred annuities	$ 259	1.96 %	$ 237	1.94 %	$ 755	1.97 %	$ 702	1.92 %
Interest credited other than deferred annuities	33	0.25 %	15	0.12 %	89	0.23 %	64	0.17 %
FIA option costs	(141)	(1.07)%	(129)	(1.05)%	(416)	(1.09)%	(377)	(1.03)%
Product charges (strategy fees)	14	0.11 %	9	0.07 %	38	0.10 %	23	0.06 %
Reinsurance embedded derivative impacts	(8)	(0.06)%	(5)	(0.04)%	(21)	(0.05)%	(13)	(0.04)%
Change in fair values of embedded derivatives - index annuities	318	2.41 %	(305)	(2.49)%	658	1.72 %	(95)	(0.25)%
Negative VOBA amortization	(12)	(0.09)%	(15)	(0.12)%	(36)	(0.09)%	(51)	(0.14)%
Unit linked change in reserves	20	0.15 %	—	— %	1	— %	—	— %
Other changes in interest sensitive contract liabilities	(1)	(0.01)%	13	0.11 %	—	— %	20	0.05 %
Total adjustments to arrive at cost of crediting on deferred annuities	223	1.69 %	(417)	(3.40)%	313	0.82 %	(429)	(1.18)%
GAAP interest sensitive contract benefits	$ 482	3.65 %	$ (180)	(1.46)%	$ 1,068	2.79 %	$ 273	0.74 %
Average account value	$ 52,739		$ 49,019		$ 51,183		$ 48,881	

Non-GAAP Measure Reconciliations

ATHENE

Reconciliation of invested assets to total investments, including related parties	September 30, 2016	December 31, 2015
Total invested assets	$ 71,595	$ 66,959
Derivative assets	1,169	871
Cash and cash equivalents (including restricted cash)	(2,619)	(2,830)
Accrued investment income	(543)	(520)
Payables for collateral on derivatives	1,121	867
Reinsurance funds withheld and modified coinsurance	392	214
VIE assets, liabilities and noncontrolling interest	(838)	(1,073)
AFS unrealized gain (loss)	2,451	(362)
Ceded policy loans	349	399
Total adjustments to arrive at invested assets	1,482	(2,434)
Total investments, including related parties	$ 73,077	$ 64,525

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