



Information for AAA Investors on Athene

August 8, 2013



Athene Financial Update – June 2013

- At 6/30/2013, Athene had approximately \$14.8 billion in management view assets, backing \$12.7 billion in liabilities and supported by roughly \$1.9 billion in shareholder's equity (ex-AOCI).
- Management view operating income for the first six months of 2013 was approximately \$240 million, resulting in an operating ROAE (ex-AOCI) near 27%
- Insurance results were largely in line with our expectations in both quarters and partnership income significantly exceeded expectations in the first quarter. A small pull-back in partnership marks in June reduced second quarter income.
- Preliminary second quarter results, unaudited and presented in management view, were operating income of approximately \$60 million with an operating ROAE (ex-AOCI) of roughly 13%.

Aviva Acquisition Update

- We continue to work towards a late 3Q/early 4Q closing.
- On July 17, the Iowa Department of Insurance conducted a hearing on our application to acquire Aviva USA's principal insurance subsidiary. We anticipate a ruling within 30 days of that hearing.
- We remain in constructive discussions with the New York Department of Financial Services in connection with our application to acquire Aviva USA's New York subsidiary, which contains less than 5% of Aviva's USA's regulated assets.
- Integration planning as well as planning for the simultaneous sale of Aviva's life insurance business is on track and we anticipate being ready for closing.

Athene Operations Update

- In July, Athene named Gerhard Bernd Recker as its new Chief Information Officer, continuing our program of adding highly experienced talent to Athene's management team. Bernd brings more than 20 years of financial services and capital markets experience, most recently serving as EVP and Global CIO of Allianz Global Specialty and Corporate AG from 2010 to 2013. Prior to that, he was a Managing Partner with Accenture for 12 years and a regional manager with EDS.
- Integration of Presidential is substantially complete as is our redeployment of their investment portfolio in accordance with Athene guidelines and strategies.
- Retail sales continue to meet plan and we remain on pace to generate \$1 billion in premium in 2013.

Athene Holding Ltd. Financial Information

BALANCE SHEET

in USD millions

Management View (unaudited non GAAP)

	FULL YEAR Dec-09 Actual	FULL YEAR Dec-10 Actual	FULL YEAR Dec-11 Actual	FULL YEAR Dec-12 Actual
Net Assets	873	1,949	8,518	14,386
Deferred Acquisition Cost ("DAC")	77	98	140	129
Sales Inducements ("SIA")	68	75	87	70
Value of Business Acquired ("VOBA")	-	-	343	(67)
Liberty hedge asset with Nomura	-	24	5	-
Total Assets	1,018	2,146	9,094	14,519
Reserves	737	1,567	7,821	11,857
Value of Embedded Derivatives ("VED")	165	225	534	568
Guaranteed living withdrawal benefits ("GLWB") reserves	1	9	40	65
Unearned revenue reserves ("URR")	1	(7)	10	0
Note Payable	-	-	40	153
Total Liabilities	904	1,794	8,446	12,643
Other comprehensive income	1	3	3	218
Additional Paid in Capital	96	298	595	1,217
Retained earnings	-	16	51	50
Earnings (Loss)	16	35	(0)	391
Total Equity	113	352	647	1,876
Total Liabilities and equity	1,018	2,146	9,094	14,519
Return on Average Net Assets	3.67%	2.46%	-0.01%	3.42%
Return on Average equity	28.23%	14.94%	-0.09%	31.00%
Equity as a % of liabilities	12.54%	19.61%	7.67%	14.84%

Note: To understand the difference between Management view and GAAP financial statements, see Appendix I.

Athene Holding Ltd. Financial Information (Cont'd)

INCOME STATEMENT

in USD millions

Management View (unaudited non GAAP)

	FULL YEAR Dec-09 Actual	FULL YEAR Dec-10 Actual	FULL YEAR Dec-11 Actual	FULL YEAR Dec-12 Actual ¹
Gross investment income, net of subadvisory fees	23	110	250	753
Investment management fees	(1)	(8)	(19)	(32)
Net investment income	22	102	232	721
Cost of funds ²	(16)	(63)	(180)	(376)
MVAs ³	-	-	(10)	(25)
Net investment spread	7	39	42	320
G&A - Normal expenses	(7)	(12)	(34)	(73)
G&A - Expected institutional origination expense	-	(3)	(6)	(6)
Operating income	(1)	23	2	241
RCGs/(RCLs) net of incentive fees and impairments ⁴	3	16	26	143
G&A - Excess institutional origination expense	-	(14)	(9)	(39)
G&A - AGM fees ⁵	(0)	(4)	(12)	(19)
UCGs/(UCLs) ⁶	1	17	(23)	127
Market related options net of VED ⁷	12	(12)	(42)	3
Market related amortization ⁸	1	(5)	150	(53)
Derivatives ⁹	-	14	(91)	(26)
Taxes	-	-	(4)	13
Net Income	16	35	(0) ¹⁰	391

1. Full year actual inclusive of the de-minimis impact of the Presidential transaction as it closed at the end of the year.

2. Consists of index credits with associated call option payoffs and GLWB expense for EIA policies, interest credited on MYGA policies and total earnings on AEGON short term portfolio net of associated DAC amortizations.

3. Market Value Adjustments.

4. Realized capital gains and losses on securities, net of incentive fees and any impairments.

5. G&A – AGM fees are compensation for management services payable to Apollo. The compensation is based on a percentage of capital and surplus and will be expensed to mid 2019. However, upon the sale of the company or a QIPO event, the remainder of the unamortized compensation that would have been expensed to 2019 will be immediately recognized.

6. Unrealized gains or losses from securities held within third party funds withheld accounts.

7. Consists of option income in excess of option payoffs and change in VED reserves in excess of index credits for EIA policies.

8. Consists of amortization of DAC, URR, SIA, VOBA, associated with non operating earnings. Also includes bargain purchase gain and change in GLWB reserves associated with non operating earnings.

9. Unrealized gains or losses on derivative instruments (interest rate swaps, etc.).

10. The 2011 earnings were impacted by the hedging of the Liberty transaction.

Athene Holding Ltd. Financial Information – Definitions

TERMS	DEFINITIONS
DAC	DAC stands for Deferred Acquisition Costs. This represents the balance of the day one capitalized unamortized costs incurred. This balance is composed of commissions paid to agents, policy issue costs, marketing allowances and excise taxes. The majority of these costs are capitalized and amortized over the life of policies in proportion to the company's expected future earnings. <u>Certain other capitalized costs related to some investment type contracts are amortized in proportion to policyholder projected cash flows.</u>
SIA	SIA stands for Sales Inducement Asset. This represents the balance of the day one capitalized unamortized costs incurred to fund the Equity Indexed Annuities ("EIA") policyholder premium bonus. These costs are capitalized and amortized over the life of policy in proportion to the company's expected future earnings.
VOBA	VOBA stands for Value of Business Acquired. VOBA is the difference between the fair value of the acquired insurance assets and liabilities and the allocation of the purchase price to those assets and liabilities. Athene's VOBA represents the unamortized balance of initial perceived market value of the inforce blocks of business on the date that LLIC, IIC and PLIC were legally owned by Athene. VOBA is amortized over the life of inforce block in proportion to the future earnings.
VED	VED stands for Value of Embedded Derivative. This represents the present value of the excess benefits above the guaranteed benefits due to the future index credits that are expected to be given to the EIA policyholders upon surrender, withdrawal or death. This balance is marked-to-market and incorporates in the calculation the index credits beyond the current index term.
GLWB reserves	GLWB stands for Guaranteed Living Withdrawal Benefit. This represents the reserve for the GLWB benefits that the policyholder will receive once the EIA Account Value ("AV") is zero. It is calculated by taking the total present value of cost for this benefit and dividing it by the total net investment income and rider fees that the company will earn (benefit ratio) times the net income and fees earned to date.
URR	URR stands for Unearned Revenue Reserve. This represents the balance of the day one gains associated with the funds withheld reinsurance trades. This balance relates to market value of the assets less the liabilities assumed and ceding commissions paid. These balances are amortized over the life of policies in proportion to the future liability cash flows.
Market value adjustments	This represents the market value adjustments ("MVAs") that are added or deducted from the policyholder account balances when they surrender their policy. If risk free interest rates have risen since the policy was issued, the AV is reduced. Conversely, if interest rates have fallen since the policy was issued, the AV is increased. This MVA adjustment feature was created to protect against any disintermediation risk between the assets and liabilities.

Appendix I – Management View Financials

Management's view of the financial statements differs from the Audited Financial Statements view

- Management balance sheets are presented without the assets and liabilities relating to the effects of reinsurance to Protective Life and the AEGON short portfolio¹
- It excludes the impact of grossing up the assets and liabilities from the consolidation effect from the CMBS Partnerships².
- Other adjustments include reclassifications of negative liability balances to the assets section, such as VOBA and other liabilities, including accruals for expenses
- Management income statements present results by re-categorizing transactions into operating and non-operating based on management's view of what constitutes operating income

¹ AEGON short portfolio represents a group of assets for which the credit risk has been reinsured out of the company via total return swap

² CMBS partnerships represents a partnership investment that is consolidated for GAAP and is composed of highly rated CMBS assets backing a fixed credit facility

Appendix I – Financial report bridges

ATHENE HOLDING LTD.

Report Bridges

Management View to Audited Financial Statements View in USD millions

Assets bridge

	FULL YEAR 2011	FULL YEAR 2012
Total Assets , per Management view	9,094	14,519
Total Assets , per Audited Financial Statements view	<u>13,115</u>	<u>19,169</u>
	<u>(4,022)</u>	<u>(4,650)</u>
Ceded to third party	(2,082)	(2,056)
Deconsolidation of CMBS funds	(748)	(1,261)
AA Separate account assets	(17)	(15)
Aegon-UBS related assets	(1,384)	(1,023)
VOBA reclassification as Assets , rather than negative liabilities	343	(67)
Deconsolidation of noncontrolling interests	(2)	-
DAC/URR netting at Audited Financial Statements view (FAS91)	5	4
Netting of other operating liabilities in Assets at Management view	<u>(137)</u>	<u>(232)</u>
	<u>(4,022)</u>	<u>(4,650)</u>

Liabilities bridge

	FULL YEAR 2011	FULL YEAR 2012
Total Liabilities, per Management view	8,446	12,643
Total Liabilities, per Audited Financial Statements view	<u>12,466</u>	<u>17,293</u>
	<u>(4,020)</u>	<u>(4,650)</u>
Ceded to third party	(2,082)	(2,056)
Deconsolidation of A4	(748)	(1,261)
AA Separate account assets	(17)	(15)
Aegon-UBS related assets	(1,384)	(1,023)
VOBA reclassification as Assets , rather than negative liabilities	343	(67)
Deconsolidation of noncontrolling interests	-	-
DAC/URR netting at Audited Financial Statements view (FAS91)	5	4
Netting of other operating liabilities in Assets at Management view	<u>(137)</u>	<u>(232)</u>
	<u>(4,020)</u>	<u>(4,650)</u>

Operating income bridge

	FULL YEAR 2011	FULL YEAR 2012
Operating income , per Management view	2	241
Net income, per Audited Financial Statements view	<u>(0)</u>	<u>391</u>
	<u>2</u>	<u>(150)</u>
RCGs/(RCLs) net of incentive fees and impairments	(26)	(143)
UCGs/(UCLs)	23	(127)
G&A - Excess institutional origination expense	9	39
G&A - AGM fees	12	19
Market related options net of VED	42	(3)
Market related amortization	(150)	53
Derivatives	91	26
Taxes	4	(13)
	<u>2</u>	<u>(150)</u>

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