Athene Holding Ltd.
GAAP Results as of Q2 2016

August 16, 2016

Athene Q2 Highlights

Growth and Execution Against Key Initiatives

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Strong Financial Profile

2nd Quarter 2016

Q2 net income of $199 million up 91%, operating income net of tax of $170 million up 14%, both over prior year Q2

- Retirement Services segment generated:
  - Operating income net of tax of $182 million, up 2% over prior year Q2
  - Operating ROE (ex. AOCI) TTM of 21.9% up over prior year Q2
  - Investment margin improved 14 bps over prior year Q2
- Operating ROE (ex. AOCI) TTM of 14.1%
- Book value per share (ex. AOCI) increased 12% to $31.64 at 6/30/16 vs. 6/30/15

Year to Date

Q2 net income of $306 million up 25%, operating income net of tax of $337 million up 8%, both over prior year Q2

- Retirement Services segment generated:
  - Operating income net of tax of $394 million, up 25% over prior year Q2
  - Investment margin improved 32 bps over prior year Q2
- Invested assets increased $9 billion or 15% to approximately $70 billion over prior year Q2

Well Capitalized

Continue to have more than $1 billion of excess strategic capital and no holding company debt

- Estimated U.S. RBC ratio of 529% at 6/30/16
- Bermuda BSCR[(1)] ratio of 323% at 12/31/15 (next filing due in 2017)
- $1 billion five year committed credit facility undrawn

Positioned for Growth

YTD we grew retirement deposits by 127% to $4.0 billion, Q2 deposits of $2.5 billion up 186%, both over prior year

- **Retail**: Year to date record sales of $1.8 billion, up 34% vs. prior year YTD; Q2 record sales of $1.2 billion
  - On 4/11/16 we launched a new MYGA product and a new fixed indexed annuity with a strong response
  - Entered financial institution market for first time in Q2 2016
- **Flow Reinsurance:** Year to date record deposits of $2.2 billion up 415% vs. prior year YTD
  - Momentum in Q2 with record deposits of $1.3 billion - benefited from MYGA economics & pricing

Strengthened our Organization

Multiple achievements

- On 5/9/16 we filed our initial S-1 with SEC and on 7/1/16 we filed an updated S-1 with SEC with Q1 financials
- In May, A.M. Best revised the outlook of Athene's operating companies to "positive" from "stable" and affirmed the financial strength rating of "A-" (Excellent)
- In June, Fitch affirmed the financial strength rating of "A-" of Athene's operating companies with "stable" outlook

[(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

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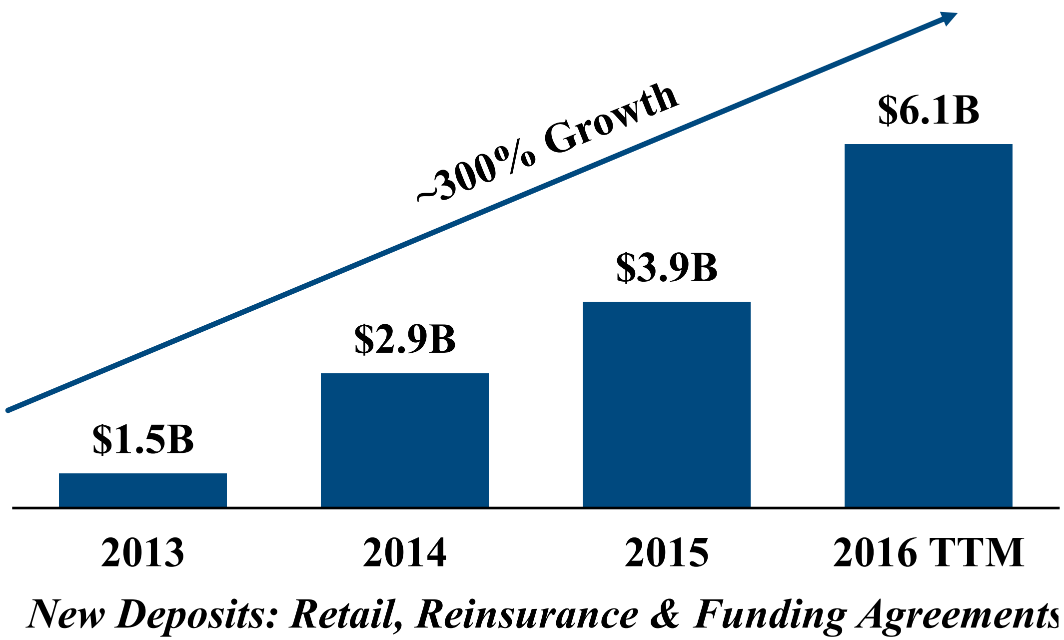
Athene's Organic Growth

We source attractive long-term, well-priced and generally illiquid liabilities including:

- Retail fixed and fixed index annuity products
- Co-insurance and reinsurance arrangements with third-party annuity providers
- Institutional products, such as funding agreements
- We have a scalable operating platform to support growth with little incremental cost
- We do not write products for growth but for profitability
- For the first six months of 2016 we generated $4 billion of new deposits



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

Athene Financial Highlights – Second Quarter 2016

(Dollars in millions)	Three Months Ended Q2 2016	Three Months Ended Q2 2015	Six Months Ended 2016	Six Months Ended 2015
Operating income, net of tax by segment				
Retirement Services	$ 182	$ 178	$ 394	$ 315
Corporate and Other	(12)	(29)	(57)	(3)
Operating income, net of tax	**170**	**149**	**337**	**312**
Non-operating adjustments:				
Change in fair values of derivatives and embedded derivatives - FIA, net of offsets	(15)	21	(80)	(35)
Investment gains (losses), net of offsets	62	(37)	46	15
Integration, restructuring and other non-operating expenses	(5)	(9)	(6)	(25)
Stock compensation expense	(28)	(13)	(13)	(18)
Provision for income taxes - non-operating	15	(7)	22	(4)
Total non-operating adjustments	**29**	**(45)**	**$ (31)**	**(67)**
Net income available to AHL shareholders	**$ 199**	**$ 104**	**306**	**$ 245**
Operating ROE excluding AOCI	11.8%	12.8%	11.7%	13.7%
Operating ROE excluding AOCI - Retirement Services	17.4%	22.6%	19.0%	19.5%
Operating ROE excluding AOCI - trailing twelve months	14.1%	18.6%	14.1%	18.6%
Operating ROE excluding AOCI - Retirement Services - trailing twelve months	21.9%	21.8%	21.9%	21.8%
ROE	13.2%	7.9%	10.4%	9.7%
ROE excluding AOCI	13.8%	8.9%	10.7%	10.7%
ROE - trailing twelve months	11.1%	12.6%	11.1%	12.6%
ROE excluding AOCI - trailing twelve months	11.2%	14.8%	11.2%	14.8%
Common shares outstanding	186	186	186	186
Weighted average common shares outstanding - diluted	186	185	186	164
Operating EPS - diluted	$ 0.91	$ 0.80	$ 1.81	$ 1.90
EPS - diluted	$ 1.07	$ 0.56	$ 1.65	$ 1.49
Book value per share	$ 34.71	$ 30.09	$ 34.71	$ 30.09
Book value per share excluding AOCI	$ 31.64	$ 28.25	$ 31.64	$ 28.25

Athene Financial Highlights – Q2 2016 and YTD

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Second quarter highlights:

Net income for the three months ended June 2016 was $199 million compared to net income of $104 million in Q2 2015.

- ROE (ex-AOCI) of 11.2% for the trailing twelve months compared to Q2 2015 of 14.8%. ROEs for Q2 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.
- The increase in net income was primarily driven by the movement in unrealized gains on assumed reinsurance embedded derivatives related to the decrease in treasury rates in Q2 2016 and credit spread tightening on corporate bonds and RMBS. Partially offsetting the increase is the movement in the FIA embedded derivative, primarily driven by a decrease in discount rates in Q2 2016 compared to prior period as well as stock compensation expense due to an increase in our common share price valuation.

Operating income, net of tax for the three months ended June 2016 was $170 million compared to operating income, net of tax of $149 million in Q2 2015.

- Operating ROE (ex-AOCI) of 14.1% for the trailing twelve months compared to Q2 2015 of 18.6% reflecting the increase in equity from the $1.1 billion of capital raise drawn and funded in April 2015 partially offset by earnings growth.
- Retirement Services operating income, net of tax of $182 million increased $4 million, or 2%, over the prior year resulting in an operating ROE (ex. AOCI) for the trailing twelve months of 21.9%. The increase in operating income, net of tax was primarily driven by an increase in net investment income partially offset by liability movements, operating expenses and tax expense discussed in more detail on page 6.
- Corporate and Other operating loss, net of tax of $12 million was $17 million favorable compared to Q2 2015 primarily driven by favorable credit fund income partially offset by market value volatility in public equity positions of one of our funds.

Year to date Q2 highlights:

Net income for the six months ended June 2016 was $306 million compared to $245 million net income of in Q2 2015.

- The increase in net income was primarily driven by the movement in unrealized gains on assumed reinsurance embedded derivatives related to the decrease in treasury rates in 2016 and credit spread tightening on corporate securities and RMBS. Additionally, we had lower integration expense related to the DLD acquisition. Partially offsetting the increase was the movement in the mark to market of our FIA embedded derivatives, primarily driven by a decrease in discount rates in 2016 compared to an increase in prior year.

Operating income, net of tax for the six months ended June 2016 was $337 million compared to operating income, net of tax of $312 million in Q2 2015.

- Retirement Services operating income, net of tax of $394 million increased $79 million, or 25%, over the prior year. The increase was primarily driven by an increase in net investment income partially offset by liability movements, operating expenses and tax expense discussed in more detail on page 6.
- Corporate and Other operating loss, net of tax was $57 million as compared to Q2 2015 operating loss, net of tax of $3 million. The variance was primarily due to lower alternative investment income driven by market value volatility in public equity positions of one of our funds as well as credit spreads widening impacting our CMBS funds and higher expenses.

Retirement Services - Management View Financials

(Dollars in millions)

	Three Months Ended		Six Months Ended	
	Q2 2016	Q2 2015	2016	2015
Operating income	$ 182	$ 178	$ 394	$ 315
Operating ROE excluding AOCI	17.4%	22.6%	19.0%	19.5%
Operating ROE excluding AOCI - trailing twelve months	21.9%	21.8%	21.9%	21.8%
Fixed income and other investments	4.30%	4.10%	4.40%	4.03%
Alternative investments	11.67%	10.82%	8.86%	8.35%
Net investment earned rate	4.59%	4.34%	4.58%	4.19%
Cost of crediting on deferred annuities	1.99%	1.88%	1.97%	1.90%
Investment margin on deferred annuities	2.60%	2.46%	2.61%	2.29%

Second Quarter Highlights:

Retirement Services operating income, net of tax of $182 million increased $4 million, or 2%, over the prior year, resulting in an operating ROE (ex-AOCI) for the trailing twelve months of 21.9%. The increase was primarily driven by growth in invested assets, higher yields driven by asset reinvestment and bond call income. The increase in net investment income was partially offset by an increase in cost of crediting over the prior year, driven mainly by an increase in option costs, a change in the mix of business related to MGYA growth as well as a favorable reserve movement in Q2 2015 lowering prior year cost of crediting by 6 bps. Also partially offsetting net investment income was higher operating expenses, higher GLWB/GMDB reserves due to equity market performance and higher DAC & VOBA amortization driven by block growth.

Investment margin on deferred annuities which is a key measurement of the health of our spread business was 2.60% as of Q2 2016, an increase of 14 bps from Q2 2015 of 2.46%.

Full Year Highlights:

Retirement Services operating income, net of tax was $394 million, an increase of $79 million compared to prior year to date primarily driven by growth in invested assets, higher yields driven by asset reinvestment and bond call income. The increase in net investment income was partially offset by an increase in cost of crediting driven by an increase in option costs, a change in the mix of business related to MGYA growth as well as a favorable reserve movement included in Q2 2015 lowering prior year YTD cost of crediting approximately 3 bps. Also partially offsetting net investment income was higher operating expenses, higher GLWB/GMDB reserves due to equity market performance and higher DAC & VOBA amortization primarily due to block growth.

Investment margin on deferred annuities of 2.61% for year to date 2016 was favorable 32 bps from prior year to date of 2.29%.

$70 Billion of Total Invested Assets

Our total invested assets were $70 billion as of June 30, 2016, an increase of 15%, or $9 billion, compared to June 30, 2015 and an increase of 4%, or $3 billion, compared to December 31, 2015, 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.
- 93.8%[1] of our available for sale fixed maturity securities, including related parties, are rated NAIC 1 or 2 (highest designations).
- Our portfolio maintains significant liquidity to take advantage of market dislocations.
- We hold 27% of total invested assets in floating rate securities which we expect will perform well in a rising interest rate environment.
- We opportunistically invest our alternative portfolio in fixed income-like, cash flow-based investments.

	Q2 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	$ 28,577	44.4%	$ 1,800	31.5%	$ 30,377	43.4%	$ 29,421	43.9%
Collateralized loan obligations	5,847	9.1%	—	—%	5,847	8.4%	5,648	8.4%
Credit	34,424	53.5%	1,800	31.5%	36,224	51.8%	35,069	52.3%
RMBS	9,430	14.7%	—	—%	9,430	13.5%	8,867	13.2%
Mortgage loans	6,164	9.6%	118	2.1%	6,282	9.0%	5,969	8.9%
CMBS	1,896	3.0%	—	—%	1,896	2.7%	1,952	2.9%
Real estate held for investment	—	—%	594	10.3%	594	0.8%	566	0.8%
Real Estate	17,490	27.3%	712	12.4%	18,202	26.0%	17,354	25.8%
State, municipals, and political subdivisions and foreign governments	1,428	2.1%	2,187	38.3%	3,615	5.2%	3,645	5.4%
Alternative investments	3,475	5.4%	50	0.9%	3,525	5.0%	3,490	5.2%
Asset-backed securities	3,498	5.4%	—	—%	3,498	5.0%	3,501	5.2%
Short-term investments	483	0.8%	—	—%	483	0.7%	311	0.5%
Unit linked assets	—	—%	407	7.1%	407	0.6%	418	0.6%
Equity securities	171	0.3%	39	0.7%	210	0.3%	396	0.6%
U.S. government and agencies	34	0.1%	56	1.0%	90	0.1%	44	0.1%
Other	9,089	14.1%	2,739	48.0%	11,828	16.9%	11,805	17.6%
Cash and equivalents	2,678	4.2%	246	4.3%	2,924	4.2%	2,001	3.0%
Policy loans and other	573	0.9%	220	3.8%	793	1.1%	778	1.3%
Total invested assets	$ 64,254	100.0%	$ 5,717	100.0%	$ 69,971	100.0%	$ 67,007	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 Euros.

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Appendix

Department of Labor (DOL) Fiduciary Rule

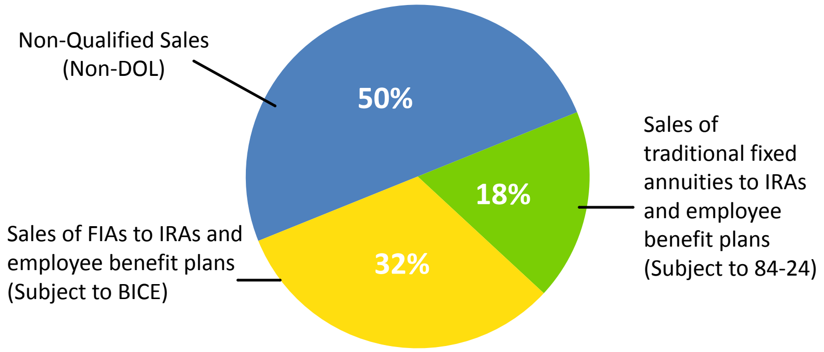
What are the requirements of the Rule?

- 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 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 response to the Rule

- We have been actively monitoring the Rule and are now evaluating the changes and compliance apparatus required.
- The Rule has limited applicability to Athene's in-force business given that most requirements only apply to new sales.
- Athene's products are used by those preparing for retirement, and Athene believes fixed annuities and FIAs will continue to be an important tool in retirement planning.
- There have been lawsuits filed by trade groups (ACLI, Chamber of Commerce, SIFMA, IRI, NAIFA and others) challenging the Rule, including specific challenges relating to FIAs being subject to BICE rather than 84-24. It is possible there could be judicial decisions as early as this fall that alter the course of the Rule.
- We cannot predict with certainty the impact of the Rule; but it will alter the way our products and services are marketed/sold.

Athene deposits* YTD through Q2 2016: $4B



*Deposits from our retail and reinsurance business

GAAP Income Statement

(Dollars in millions)	Three Months Ended Q2 2016	Three Months Ended Q2 2015	Six Months Ended 2016	Six Months Ended 2015
Revenue				
Premiums	$ 62	$ 33	$ 122	$ 64
Product charges	69	62	135	120
Net investment income	703	626	1,396	1,172
Investment related gains (losses)	229	(163)	147	(50)
OTTI investment losses:				
OTTI losses	(2)	(20)	(24)	(21)
OTTI losses recognized in OCI	(9)	6	3	6
Net OTTI losses	(11)	(14)	(21)	(15)
Other revenues	9	5	17	10
Revenues related to consolidated variable interest entities:				
Net investment income	22	10	33	18
Investment related gains (losses)	(26)	(11)	(49)	37
Total revenues	1,057	548	1,780	1,356
Benefits and Expenses				
Interest sensitive contract benefits	330	151	576	461
Amortization of DSI	2	5	4	8
Future policy and other policy benefits	263	77	485	229
Amortization of DAC and VOBA	64	49	84	88
Interest expense	2	8	3	13
Dividends to policyholders	13	11	30	22
Policy and other operating expenses	161	117	264	230
Operating expenses of consolidated variable interest entities	5	2	9	7
Total benefits and expenses	840	420	1,455	1,058
Income before income taxes	217	128	325	298
Income tax expense	18	24	19	37
Net income	199	104	306	261
Less: Net income attributable to noncontrolling interests	—	—	—	16
Net income available to AHL shareholders	$ 199	$ 104	$ 306	$ 245

GAAP Balance Sheet – Total Assets

(Dollars in millions)	June 30, 2016	December 31, 2015
Assets		
Investments		
Available for sale securities at fair value		
Fixed maturity securities	$ 49,637	$ 47,816
Equity securities	194	407
Trading securities, at fair value	2,681	2,468
Mortgage loans, net of allowances	5,678	5,500
Investment funds	718	733
Policy loans	602	642
Funds withheld at interest	2,045	2,104
Derivative assets	961	871
Real estate	594	566
Short-term investments	343	135
Other investments	88	83
Total investments	63,541	61,325
Cash and cash equivalents	3,307	2,714
Restricted cash	78	116
Investment in related parties:		
Fixed maturity securities	297	308
Trading securities, at fair value	211	217
Investment funds	1,026	997
Short-term investments	—	55
Other investments	237	245
Accrued investment income	505	520
Reinsurance recoverable	6,110	7,134
Deferred acquisition costs, deferred sales inducements, and value of business acquired	2,683	2,654
Current income tax recoverable	77	121
Deferred tax assets	227	619
Other assets	811	749
Assets of consolidated variable interest entities:		
Investments		
Trading securities, at fair value		
Fixed maturity securities	704	717
Equity securities - related party	266	309
Investment funds - related party	540	534
Cash and cash equivalents	6	6
Restricted cash	9	—
Other assets	12	20
Total assets	$ 80,647	$ 79,360

GAAP Balance Sheet – Total Liabilities and Equity

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(Dollars in millions)	June 30, 2016	December 31, 2015
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities	$ 55,096	$ 55,795
Future policy benefits	14,747	14,544
Other policy claims and benefits	216	269
Dividends payable to policyholders	1,150	856
Derivative liabilities	26	17
Payables for collateral on derivatives	743	867
Reinsurance payable	216	180
Funds withheld liability	258	234
Other liabilities	1,230	728
Liabilities of consolidated variable interest entities	512	517
Total liabilities	74,194	74,007
Equity		
Common stock	—	—
Additional paid-in capital	3,276	3,281
Retained earnings	2,607	2,306
Accumulated other comprehensive income	569	(235)
Total Athene Holding Ltd. shareholders' equity	6,452	5,352
Noncontrolling interest	1	1
Total equity	6,453	5,353
Total liabilities and equity	$ 80,647	$ 79,360

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

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

(Dollars in millions)	June 30, 2016	June 30, 2015
Retirement Services	$ 4,257	$ 3,677
Corporate and Other	1,626	1,568
Total AHL shareholders' equity excluding AOCI	5,883	5,245
AOCI	569	341
Total AHL shareholders' equity	$ 6,452	$ 5,586

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

(Dollars in millions)	Three Months Ended				Six Months Ended			
	Q2 2016		Q2 2015		2016		2015	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
Retirement Services	$ 711	4.59 %	$ 640	4.34 %	$ 1,403	4.58 %	$ 1,228	4.19 %
Corporate and Other	21	1.21 %	(16)	(4.03)%	10	0.30 %	20	2.99 %
Total net investment earnings/earned rate	732	4.24 %	624	4.13 %	1,413	4.13 %	1,248	4.16 %
Reinsurance embedded derivative impacts	(53)	(0.31)%	(13)	(0.09)%	(89)	(0.26)%	(34)	(0.11)%
Net VIE earnings	9	0.05 %	3	0.02 %	25	0.07 %	(32)	(0.11)%
Alternative investment (gain) loss	—	— %	12	0.08 %	32	0.09 %	(10)	(0.03)%
Other	15	0.09 %	—	— %	15	0.04 %	—	— %
Total adjustments to arrive at net investment earnings/earned rate	(29)	(0.17)%	2	0.01 %	(17)	(0.06)%	(76)	(0.25)%
GAAP net investment income	$ 703	4.07 %	$ 626	4.14 %	$ 1,396	4.07 %	$ 1,172	3.91 %
Retirement Services average invested assets	$ 61,905		$ 58,865		$ 61,269		$ 58,613	
Corporate and Other average invested assets	7,177		1,501		7,120		1,367	
Consolidated average invested assets	$ 69,082		$ 60,366		$ 68,389		$ 59,980	

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

(Dollars in millions)	Three Months Ended				Six Months Ended			
	Q2 2016		Q2 2015		2016		2015	
	Dollar	Rate	Dollar	Rate	Dollar	Rate	Dollar	Rate
Retirement Services cost of crediting on deferred annuities	$ 253	1.99 %	$ 229	1.88 %	$ 496	1.97 %	$ 465	1.90 %
Interest credited other than deferred annuities	26	0.20 %	27	0.22 %	54	0.21 %	57	0.23 %
FIA option costs	(139)	(1.08)%	(126)	(1.03)%	(274)	(1.10)%	(248)	(1.02)%
Product charges (strategy fees)	13	0.10 %	8	0.07 %	24	0.10 %	14	0.06 %
Reinsurance embedded derivative impacts	(7)	(0.06)%	(4)	(0.03)%	(13)	(0.05)%	(8)	(0.03)%
Change in fair values of embedded derivatives - index annuities	201	1.58 %	32	0.26 %	333	1.33 %	211	0.87 %
Negative VOBA amortization	(15)	(0.12)%	(19)	(0.16)%	(24)	(0.10)%	(36)	(0.15)%
Unit linked change in reserves	(4)	(0.03)%	—	— %	(19)	(0.08)%	—	— %
Other changes in interest sensitive contract liabilities	2	0.02 %	4	0.03 %	(1)	— %	6	0.02 %
Total adjustments to arrive at cost of crediting on deferred annuities	77	0.61 %	(78)	(0.64)%	80	0.31 %	(4)	(0.02)%
GAAP interest sensitive contract benefits	$ 330	2.60 %	$ 151	1.24 %	$ 576	2.28 %	$ 461	1.88 %
Average account value	$ 50,817		$ 48,904		$ 50,285		$ 48,797	

Non-GAAP Measure Reconciliations

Reconciliation of invested assets to total investments, including related parties	June 30, 2016	December 31, 2015
Total invested assets	$ 69,971	$ 67,007
Derivative assets	961	871
Cash and cash equivalents (including restricted cash)	(3,385)	(2,830)
Accrued investment income	(505)	(520)
Payables for collateral on derivatives	743	867
Reinsurance funds withheld and modified coinsurance	(3,258)	(1,188)
VIE assets, liabilities and noncontrolling interest	(1,024)	(1,068)
AFS unrealized gain (loss)	1,463	(389)
Ceded policy loans	346	397
Total adjustments to arrive at invested assets	(4,659)	(3,860)
Total investments, including related parties	$ 65,312	$ 63,147

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