



Athene Acquisition of
Delta Lloyd Germany

February 4, 2015

Strategic Rationale

- On January 15, 2015, Athene announced the acquisition of Delta Lloyd Deutschland AG and its subsidiaries (“DLD”)
 - DLD is the German subsidiary of Delta Lloyd NV, an Amsterdam-based financial services provider
- Extension of Athene’s Core Underwriting Expertise: Managing Spread Risk and Protecting Policyholders
 - Athene’s core focus is sourcing long-term, low-cost, stable liabilities, which fund a matched high quality fixed income portfolio of assets to earn a net investment spread
 - DLD’s asset-intensive liabilities—deferred and payout annuities, and endowment contracts—are similar to Athene’s US fixed annuity liability structures
 - The German market is different than the US market in that it features policyholder participation on the insurer’s results of operations, and the liabilities generally have a longer life than Athene’s liabilities in the US, which would lead Athene to look for longer-duration investments, as well
 - As with previous acquisitions we have done in the US, Athene is considering reinsuring out the mortality and morbidity risks acquired as part of this transaction
 - Athene is committed to protecting the interests of DLD’s policyholders and to continue to serve DLD’s customers

Strategic Rationale (continued)

- Demonstrates Geographic Scalability of Athene's Core Strategy
 - As a result of increased capital requirements coming from the Solvency II regulatory changes, and the low interest rate environment, many players in the German insurance market are retrenching to core products and home markets
 - This creates opportunity for Athene, similar to the opportunity on which Athene has executed in the US for the past five years
 - Athene brings five key value-add advantages to the table as an acquirer: *capital strength, asset expertise, liability management capabilities, risk management experience and a demonstrated aptitude for integrating acquisitions*
- Excellent Entry Point Into the German Marketplace
 - Acquisition deploys capital with anticipated returns in-line with Athene's previous acquisitions, with the potential to opportunistically deploy future capital if there are attractive opportunities in the market
 - Athene plans to retain DLD's management team and DLD's Wiesbaden location
 - Athene plans to add positions—including new a CIO and a new CRO—to support the German business
 - DLD's business is currently in run-off, and Athene does not anticipate generating new retail business at DLD

Investor Q&A

Question 1: What is the business opportunity going forward and how do you see growth in the German insurance market?

- Athene was founded in 2009, and since inception, has been focused on sourcing long-term, low-cost, stable liabilities against which it matches a high quality portfolio of assets to earn a spread. Underwriting spread-based products is at the core of Athene's business model.
- Athene has purchased four companies within the last five years, in addition to creating organic lines of businesses.
- This opportunistic approach to using acquisitions as a source of external growth continues as Athene enters the German marketplace. Subject to regulatory approval of the transaction, we believe that there is significant opportunity with the DLD platform and in the German market, and we strongly believe Athene's core operating principles and business practices, particularly our strong focus on policyholder protection through risk and asset management, match up well with the needs of the German life insurance industry.
- DLD is currently in run-off and we do not plan to generate new retail growth in the company. Instead our business strategy for Germany focuses exclusively on managing existing policy portfolios.
- As a result of increased capital requirements coming from the Solvency II regulatory changes and the low interest rate environment, many current participants in the German insurance market are retrenching to home markets and core businesses. This creates an opportunity for Athene, who brings three key advantages to the market: a strong capital base, expertise in integrating platforms, and expertise in managing asset-intensive businesses. Athene has capital to invest and believes its investment expertise and risk management capabilities can add real value.

Investor Q&A (continued)

Question 2: Most German life insurance companies invest large shares of their assets in German federal loans (Bundesanleihen). They are known as safe investments, yet yield exceptionally low returns. What role will Bundesanleihen play in your investment strategy?

- Bundesanleihen, along with other sovereign and state debt instruments, form a significant portion of DLD's balance sheet today, in line with dominant industry practices. We expect that these sovereign obligations will continue to form a part of the company's investment portfolio in the future due to their risk characteristics and capital treatment, though we seek to reduce the company's exposure to certain peripheral European sovereigns in order to bring the company's exposure to this risk in line with Athene's overall risk tolerance.

Question 3: Are you going to offer new products in the German market that are more complex?

- As mentioned above, DLD is currently in run-off. Therefore, the company is not currently selling products and is not expected to in the future.
- That said, we will continue to serve customers in DLD's existing portfolios.

Question 4: You state that you intend to grow in the German (life) insurance market. On the other hand, you do not plan to offer new products. Does that not mean that the only chance for growth is through further M&A transactions? And, have you already identified further M&A targets in Germany?

- Right now, we will primarily focus on closing the transaction we just announced, including integration into the AHL corporate structure and financial reports.
- We believe current market conditions in the German life insurance industry closely mirror conditions in the US industry over the past five years, and that there is significant potential. While we are well positioned, M&A continues to be an opportunistic endeavor and we will evaluate all opportunities as they arise in terms of our strategy at that time.
- Having the DLD management team and platform available and fully integrated should provide us with an advantage should we seek additional opportunities.

Investor Q&A (continued)

Question 5: What is the difference between your asset and risk management and that of your (European) competitors? Please tell us concretely how you will be able to yield higher returns.

- Athene's strong, well-capitalized balance sheet supports policyholder obligations with ample amounts of equity, yet still affords Athene the flexibility to opportunistically deploy capital for growth.
- Our investment strategy is focused on running an efficient net spread business that is well-protected from risk. Athene generates returns by underwriting low-cost, stable liabilities against which to match a high-quality asset portfolio to earn a spread.
- Athene has a low cash cost of policyholder obligations due to profitable organic underwriting and acquisitions of liabilities at a discount.
- Our well-diversified portfolio generates strong risk-adjusted returns and is high quality with 88% of our rated securities carrying a 1 or 2 rating – the two highest categories – by the NAIC's (U.S. National Association of Insurance Commissioners) Securities Valuation Office.
- In Germany, our access (subject to relevant regulatory requirements) to Apollo's stable of investment professionals and the overall size of the Apollo credit platform (more than \$100 bn) provide us with a larger, more diverse universe of investment opportunities vs. smaller insurers – complying of course with the relevant investment restrictions applicable to German insurance companies.

Investor Q&A (continued)

Question 6: Thus far, Athene was solely active in the American life insurance market. What makes you confident that you will quickly adapt to the different market dynamics and regulatory environment in Germany?

- We particularly value the DLD franchise as it is run by an experienced management team which has aptly demonstrated its ability to profitably operate the company as they guided it through the conversion to a runoff platform. We will rely heavily on current management—augmented by new risk management and investment professionals—to navigate through the German market dynamics
- While this is our first transaction in Europe, we see the German market as a geographical expansion of our core strategy.
- Athene management has spent over a year studying the German market to learn the intricacies of its accounting, regulatory and product practices.
- The purchase of DLD provides our company with an excellent entry point into the German marketplace that fits well with our core operating principles.
- As the business is currently in run-off, we do not expect to generate new retail business at DLD. We are exclusively focused on the existing policy portfolio and on improving the management thereof.
- In addition, we believe AHL’s experience overseeing the integration of our prior four acquisitions will allow for a seamless integration of DLD into Athene.

Investor Q&A (continued)

Question 7: From your perspective, what are the major differences between the German and the American and Bermudan insurance markets?

- In some ways, the German regulatory regime is similar to the U.S. and Bermuda (for example, a clear focus on policyholder protection, a risk-based assessment of capital, and asset diversification requirements including limits on various sectors).
- In many other ways, the German regulatory regime is very different from the U.S. and Bermuda (for example, a policyholder profit participation structure and a requirement to prefund interest rate guarantees as market rates fall).
- There are many other legal, regulatory and market differences between Germany and the U.S. and Bermuda, and we are fully apprised of these differences.

Question 8: How will you convince DLD's current policyholders that Athene is an insurance company they can fully rely on?

- Policyholder protection is, and always has been, our first priority.
- Athene remains well capitalized and the Company's investments continue to perform well. For the quarter ended September 30, 2014, Athene had:
 - Onshore Risk Based Capital (RBC) ratio of 509% CAL¹, offshore BSCR of 194%², and consolidated statutory capital-to-reserves ratio of approximately 10.1% (in-line with investment grade peers)
 - Consolidated statutory capital of \$5.3 billion, which excludes \$1.05 billion of undrawn committed capital from Athene's 2014 capital raise
 - U.S. combined statutory capital and surplus of \$1.1 billion¹
 - Total consolidated statutory assets of \$59 billion³

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(1) RBC and Capital & Surplus are for Athene Annuity & Life Assurance Company, which sits at the top of our chain of U.S. insurance subsidiaries.

(2) Athene Life Re Ltd., Bermuda Solvency Capital Requirement. This has been adjusted for anticipation of future regulatory changes.

(3) Consolidated Statutory metrics throughout this communication are calculated using materially different accounting principles than similar metrics calculated in accordance with US GAAP. The consolidated statutory metrics are the sum of Athene Annuity & Life Assurance Company and Athene Life Re Ltd., which is Athene's only material Bermuda insurance subsidiary, and Athene's non-life insurance companies.

Investor Q&A (continued)

Question 8 (continued): How will you convince DLD's current policyholders that Athene is an insurance company they can fully rely on?

- Athene remains well capitalized and the Company's investments continue to perform well. For the quarter ended September 30, 2014, Athene had:
 - No financial leverage, as we have no outstanding borrowings under our line of credit and no other debt.
 - We have \$59 billion of consolidated statutory invested assets managed by our affiliate, Athene Asset Management, L.P. Our portfolio continues to be well-diversified with 88% of our rated securities carrying a 1 or 2 rating – the two highest categories – by the NAIC's Securities Valuation Office.
- The equity invested in Athene Holding Ltd. is permanent capital, just like other insurance companies.
- Athene and its subsidiaries are subject to regulation and oversight by several US state regulators and the Bermuda Monetary Authority. BaFin approval will be required for Athene's acquisition.
- We are committed to serving DLD's current policyholders. We have a demonstrated history of creating reliable, consistent long-term returns and we have several large, sophisticated institutional investors who give us access to capital, strategic insight and investment expertise.
- Standard & Poor's (S&P) assigned 'A-' (stable) long-term counterparty and financial strength ratings to Athene's U.S. and Bermuda insurance subsidiaries. The 'A-' financial strength rating is given to companies that have strong capacity to meet financial commitments and a stable outlook "indicates that a rating is not likely to change." Athene Holding Ltd (AHL) was assigned a 'BBB' long-term counterparty credit rating.
- Although our name is relatively new, we have a rich history as our acquired companies have a storied track record of serving customers for more than 118 years.

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Investor Q&A (continued)

Question 8 (continued): How will you convince DLD's current policyholders that Athene is an insurance company they can fully rely on?

- Our acquisitions have been approved by 4 different state insurance departments, including two by the New York Department of Financial Services
- We have a successful history of evaluating the investment portfolios of companies we acquire and making strategic changes that benefit the policyholders from risk and return perspectives. Under the German system of policyholder profit participation, additional returns we generate on the DLD investment portfolio will accrue to the benefit of policyholders and shareholders.

Question 9: Will the transaction have any effect on current policyholders?

- We are committed to serving DLD's current policyholders in the same manner (systems, policies, procedures) as they are now served, and so the transaction is not expected to have any effect on customer service received by current DLD policyholders.
- This acquisition will be a subsidiary of AHL but a sister company to AUSA and ALRe. As such it will have no impact on US policyholders.