

Overview of Athene*

*Excerpt from:

Apollo Global Management, LLC's

“2014 Investor Day”

December 11, 2014

APOLLO

Overview of Apollo's Relationship with Athene

- Apollo has a long-term and strategically important relationship with Athene
 - Drawing on its expertise in the financial sector, Apollo founded Athene in 2009 in partnership with the Company's management team to capitalize on dislocation in the life insurance industry
 - Since then, Apollo and its investment professionals have provided a wide array of services to Athene which have been instrumental in scaling the Company to ~\$58 billion in GAAP assets⁽¹⁾
 - Athene is now one of the largest fixed annuity platforms in the U.S. with multiple avenues to explore sustained, profitable growth, supported by Apollo

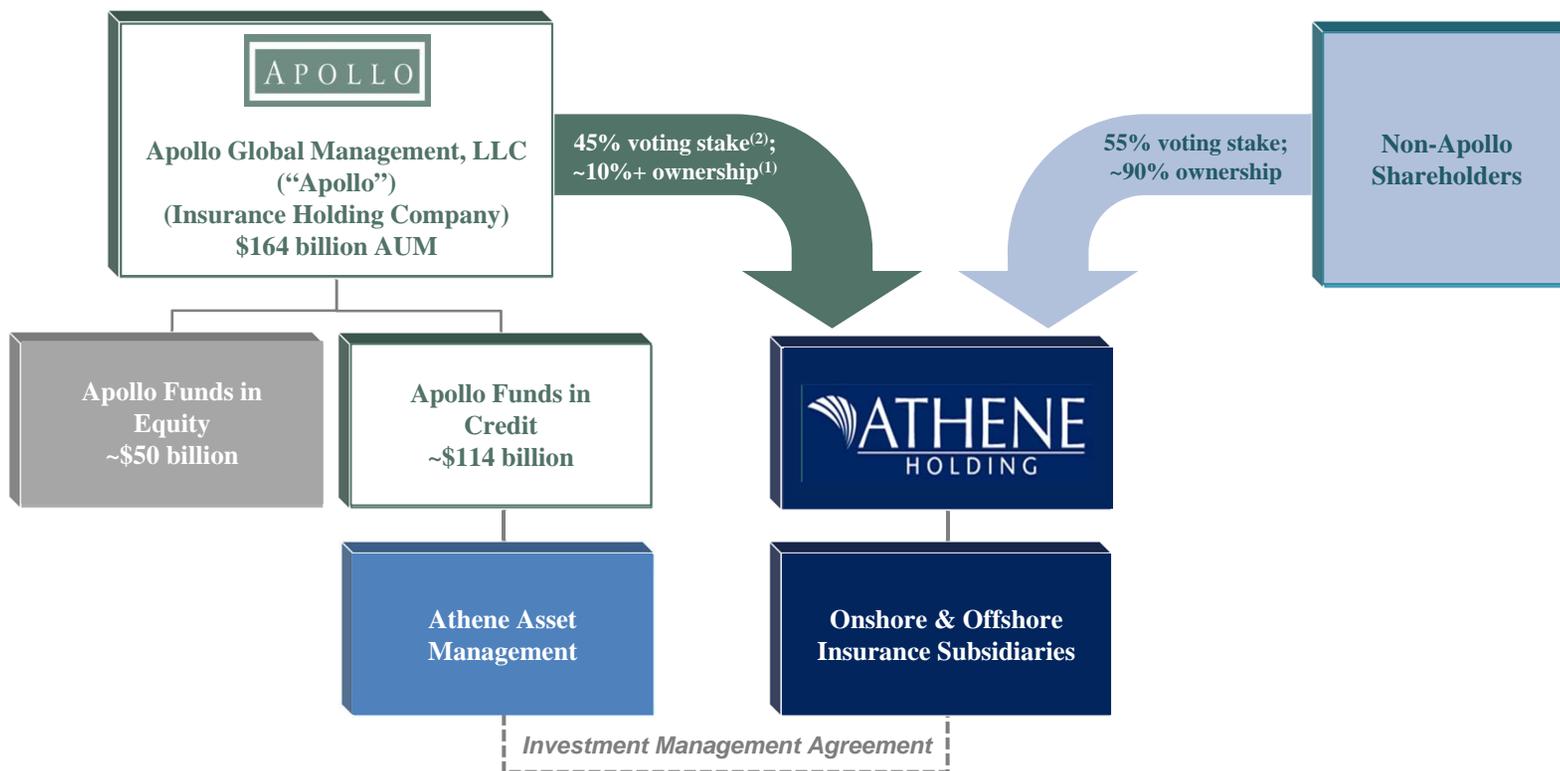
- A subsidiary of Apollo, Athene Asset Management ("AAM"), manages Athene's entire investment portfolio
 - AAM was founded for the express purpose of providing a full-suite of asset and portfolio management services to Athene
 - 100+ dedicated investment and operations professionals at AAM manage and allocate 100% of Athene's investment portfolio
 - AAM is led by Athene's CEO, Jim Belardi, who has 25+ years of insurance experience (including as former CIO of AIG Retirement Services, responsible for a \$250bn portfolio)

(1) Athene's GAAP figures presented in the presentation are Athene's Management View. See Appendix II for Management View GAAP detail. GAAP data as of year end 2013 (as Athene is currently undergoing a remediation process related to material weaknesses in internal control over financial reporting for its GAAP and statutory financials, identified in connection with the financial integration of Aviva USA as disclosed in 9/30/2014 financials for AP Alternative Assets, L.P.). If material adjustments are identified, then Athene's financial statements for 2013 could be restated.

Structural View of Apollo's Relationship with Athene



- Apollo's relationship with Athene is long-term focused – not structured through a private equity fund with a finite life and short-term investment horizon
 - As an insurance holding company, Apollo and its founders (controlling persons) are subject to regulatory oversight
- Athene's largest shareholders consist primarily of:
 - AP Alternative Assets, L.P. – a publicly-traded permanent capital vehicle managed by Apollo with a \$2.3bn market capitalization and several hundred shareholders⁽³⁾
 - Leading institutional investors across the world, including preeminent pension plans and sovereign wealth funds



Note: Apollo AUM figures as of 9/30/2014. Please refer to legal disclaimer for important notes regarding AUM.

(1) The approximate 10%+ ownership reflects projected expected economic ownership from receipt of shares related to settling monitoring fees which have been unwound (“TASA”), receipt of shares upon realization of carried interest from AAA, and other transactions. If the realization of carried interest and other transactions are settled in cash instead of shares, the ownership percentage could be lower. The Company had an approximate 6.9% economic ownership interest in Athene Holding as of September 30, 2014, which comprises of Apollo's direct ownership of 5.7% of the economic equity of Athene Holding plus an additional 1.2% economic ownership interest through its investments in AP Alternative Assets and AAA Investments. Please see important disclaimers regarding forward-looking statements at the end of the presentation materials.

(2) Class B shares own 45% voting rights in aggregate. Apollo votes the entire Class B block as a fiduciary.

(3) As of 12/8/14.



Overview of Athene

Overview of Athene

▪ The Industry Backdrop

- Aging American population driving demand for tax-efficient retirement savings products
- Baby boomers remain grossly underprepared to fund retirement
- Regulatory and rate environment driving fixed annuity supply out of the market

▪ The Platform

- Focused on fixed annuities, which generally offer higher rates than alternative savings vehicles (CDs) and tax-deferred growth to policyholders
- Fourth largest fixed annuity platform in the U.S.⁽¹⁾
 - ~\$58 billion of GAAP assets and ~\$2.6 billion of GAAP equity ex. AOCI⁽²⁾
 - ~\$5.3 billion of consolidated statutory capital⁽³⁾
- Generates income by matching liabilities against a high-quality investment portfolio and earning a spread
- Sustainable franchise with multiple channels to source stable, low-cost liabilities
 - Scalable retail platform focused on writing capital-efficient product – top 5 fixed indexed annuity writer⁽⁴⁾
- “No surprises” approach to relationships with regulators and rating agencies (A- S&P and B++ AM Best)
- Domiciled in Bermuda, with U.S. operations headquartered in West Des Moines, IA

1) By statutory individual fixed and fixed index annuity data per SNL.

2) As of 12/31/13. Equity figure excludes \$1.2 billion of equity commitments Athene received from third parties at \$26 per share in April 2014. Athene's GAAP figures presented in the presentation are Athene's Management View. See Appendix II for Management View GAAP detail. GAAP data as of year end 2013 (as Athene is currently undergoing a remediation process related to material weaknesses in internal control over financial reporting for its GAAP and statutory financials, identified in connection with the financial integration of Aviva USA as disclosed in 9/30/2014 financials for AP Alternative Assets, L.P.). If material adjustments are identified, then Athene's financial statements for 2013 could be restated.

3) As of 9/30/14. Consolidated statutory metrics throughout this presentation are calculated using materially different accounting principles than similar metrics calculated in accordance with US GAAP. The consolidated statutory metrics are a management calculation which is defined as 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.

4) YTD 9/30/14, per LIMRA.

High-Level Business Model Overview

- Athene generates returns by matching low-cost, stable liabilities against a high-quality asset portfolio
 - Expected run-rate net investment earned rate (NIER) of ~5% - 6% and expected run-rate cost of funds of ~3% - 4%⁽²⁾
 - Targeted regulatory capital / reserves of 8% - 10%
 - Target long-term run-rate ROEs in the mid-to-high teens⁽²⁾

High Level GAAP Business Model

(\$ millions)	Illustrative 10% Capital
Balance Sheet	
Assets Backing Reserves and Surplus	\$1,100
Reserves	\$1,000
Total Capital ex. AOCI	\$100
Income Statement	
Net Investment Income	\$61 = Assets x 5.5%
Cost of Funds / Reserves	(35) = Reserves x 3.5%
Spread Income	\$26 = Assets x 2.3%
G&A	(4) = Assets x 0.4%
Operating Income	\$21 = Assets x 1.9%
Operating ROAE ex. AOCI ⁽¹⁾	21% = Op. Inc. ÷ Tot. Cap.

Annuity Providers: Key Drivers / Risks to Manage

Policyholder Obligations

Target

Run-Rate Cost⁽²⁾:
3% – 4%

- Cost – Athene has a low cash cost of policyholder obligations due to profitable organic underwriting and acquisitions of liabilities at a discount
- Duration – Athene sources long-term and stable liabilities (market value adjustments and surrender charge protections)

Assets

Target

Run-Rate NIER⁽²⁾:
5% – 6%

- Avoidance of losses – credit underwriting is critical – Athene has a highly diversified, highly rated and well-matched asset portfolio
- Management of interest rate risk – Athene has positioned its assets to be slightly shorter than its liabilities – Athene expects to benefit in a rising rate environment

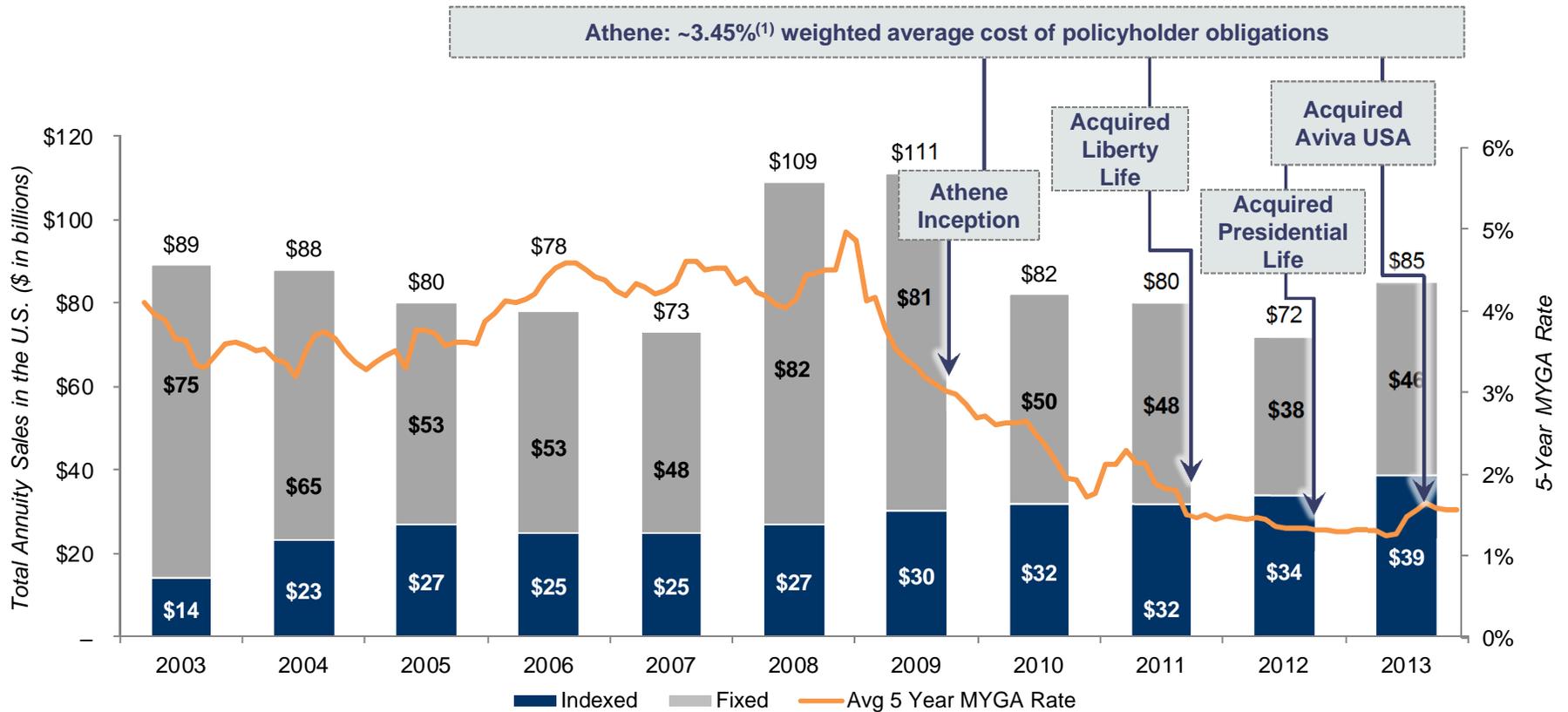
Capital

Regulatory Capital/
Reserves Target⁽²⁾:
8% – 10%

- Protection for policyholders – Athene is capitalized at 10.1% statutory capital to reserves⁽¹⁾, in line with other highly rated peers
- Earlier this year, Athene received \$1.2 billion of equity capital commitments from leading institutional investors around the world

Most Life Insurers Stuck with High Cost Liabilities

- Athene entered the market at a favorable point in the cycle, allowing it to source liabilities at attractive rates
 - Cash cost of policyholder obligations of ~3.45%⁽¹⁾
- Athene has developed a multichannel platform which allows the Company to opportunistically underwrite attractive liabilities across market environments



Athene has a low-cost, long-term, stable liability portfolio

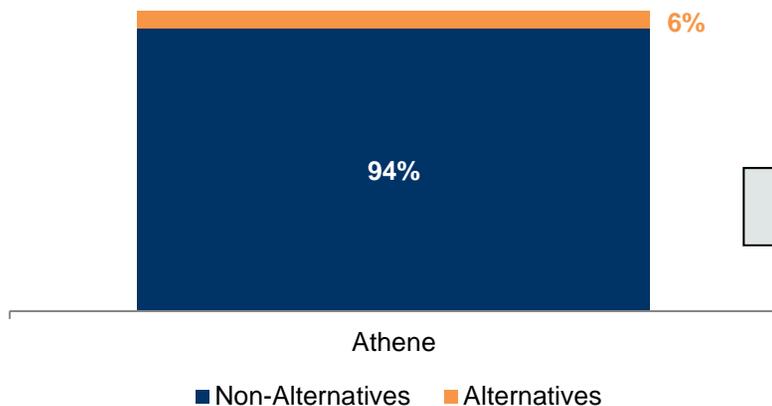


Source: LIMRA
 (1) Cash cost of funds. Cash COF represents the IRR of all cash flows related to servicing the liabilities as of 6/30/2014. Cash cost of funds includes both actual historical cash collected and paid and projected future cash payments. For business that was acquired, the actual cash flow is based on the market value of assets at the time of transaction less any purchase price or upfront commission. Cash cost of funds also includes policyholder benefits paid, maintenance expenses, ongoing commissions, acquisition and policy issue costs, options purchases offset by maturities, and federal excise tax. No federal income tax, overhead, or surplus fees are included.

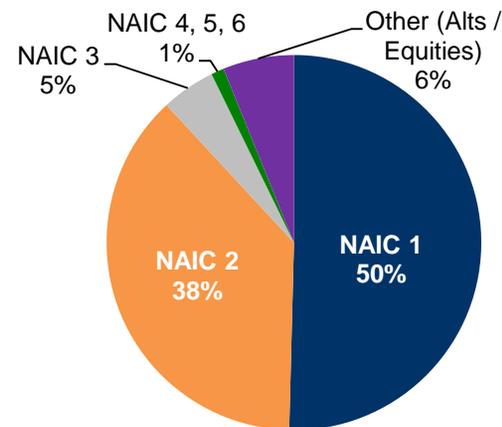
Superior Asset Management Capabilities

- Due to its low cost block of liabilities, Athene does not have to take undue asset risk in order to meet its obligations

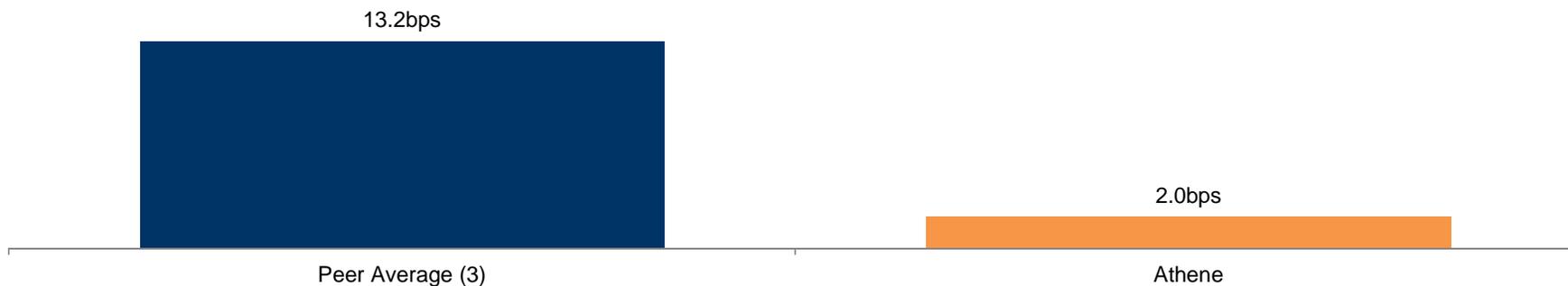
Portfolio Snapshot (9/30/14)



Portfolio Mix by NAIC Rating (9/30/14)⁽¹⁾



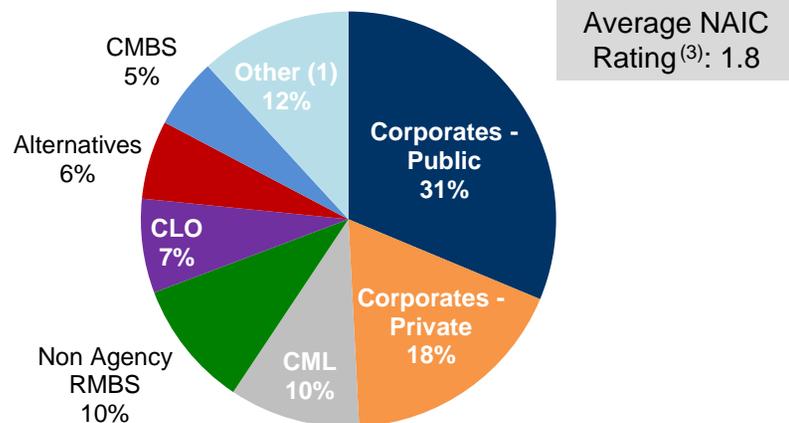
Low Credit Impairments vs. Peers (OTTI as a % of Assets)⁽²⁾



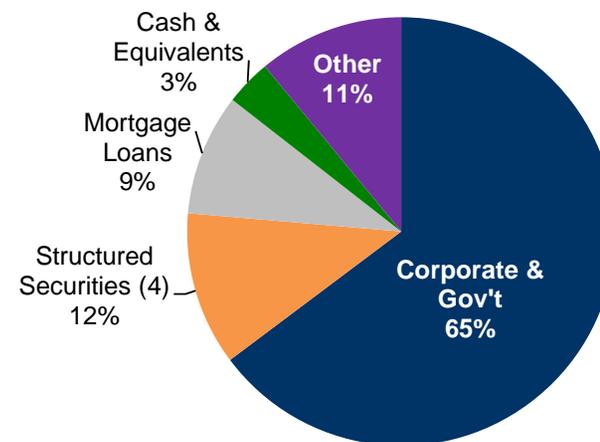
Investment Philosophy

- Sourcing low-cost, stable liabilities is the foundation for an asset management strategy that doesn't require 'stretching for yield'
- Investment portfolio managed by Athene Asset Management (AAM)
 - Provides access to Apollo's global scale, 300+ Apollo investment professionals, and world-class asset management infrastructure
- Downside focused – asset allocation driven by rigorous stress testing
- Focus on underwriting liquidity, structuring and complexity risk rather than credit risk

Athene's Portfolio (9/30/14)



Peer Portfolios⁽²⁾



1) Consists primarily of ABS, cash & equivalents, munis, and other.

2) Source: Company filings. Peers include AIG, AEL, MET, PRU, LNC and New York Life.

3) Calculated as the weighted average NAIC rating of Athene's portfolio. CMLs are mapped to nearest NAIC rating based on capital charges. CMLs designated CM1 and CM2 are included with NAIC 2 assets, CMLs designated CM3 and CM4 are included with NAIC 3 assets, and CMLs designated CM6 are mapped to NAIC 6. Non-rated assets (alternatives and equities) are mapped to NAIC 6 assets.

4) Includes RMBS, CMBS and ABS

Overview Sub-Advisory Relationship

Overview of Sub-Advised Assets and Athene AUM Invested in Apollo Funds and Investment Vehicles

<i>(\$ billions)</i>	9/30/2014 AUM
Value-Oriented Investment Grade Debt	\$6.4
Yield-Oriented Non-Investment Grade Debt	\$0.5
Real Estate Debt / Mezz	\$2.6
Real Estate Equity	\$0.2
Origination	\$0.7
Partnerships	\$1.5
<i>Fixed-Income Like</i>	<i>0.3</i>
<i>Natural Resources</i>	<i>0.2</i>
<i>CLO Equity</i>	<i>0.4</i>
<i>AAA Contributed Assets (1) - Public Positions in Run-Off</i>	<i>0.4</i>
<i>AAA Contributed Assets (1) - Private Positions</i>	<i>0.3</i>
Total	\$11.8

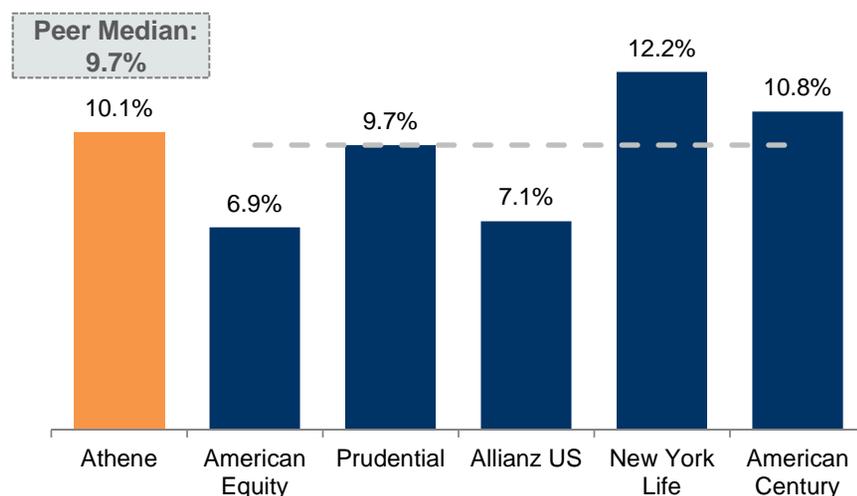
Capital – Protection for Policyholder

- Policyholder protection has always been Athene’s foremost priority
- 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

Summary Athene Regulatory BS Statistics (9/30/14)

Statutory Reserves	~\$53 billion
Statutory Capital	~\$5.3 billion
Capital / Reserves	~10.1%

Athene vs. Peers – Regulatory Capital / Reserves ⁽¹⁾



Athene Comparison to AM Best Ratings Criteria ⁽²⁾

	Actual Rating	Statutory Capital/Reserves	GAAP Debt/Capitalization
Athene	B++⁽³⁾	10.1%	0%
LNC	A+	9.2%	26%
Allianz Life	A	7.1%	NA
AEL	A-	6.9%	29%
PRU ⁽⁴⁾	A+	9.7%	21%
SLF ⁽⁵⁾	A+	12.3%	NA
MET	A+	12.3%	25%
New York Life	A++	12.2%	NA

Attractive Platform for Growth

- Athene's platform features multiple channels for sourcing low-cost liabilities
 - Diverse platform allows Athene to deploy growth capital as appropriate depending on market environment

Platform

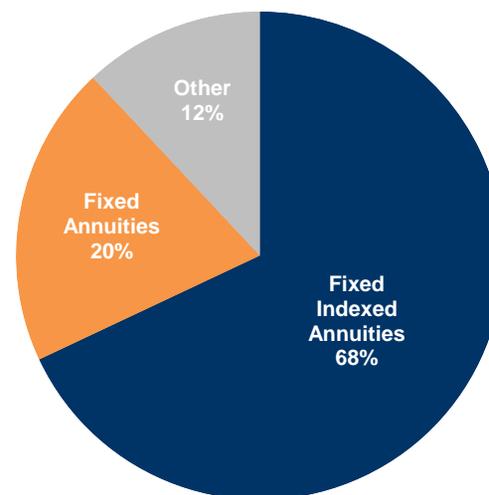
Inorganic

- Block Reinsurance
 - Two highly rated onshore platforms structure reinsurance treaties with US-based companies
 - Offshore platform reinsures products from Athene's US businesses and third parties
- Acquisitions
 - Demonstrated expertise in sourcing and underwriting attractive transactions

Organic

- Retail Distribution
 - Significant growth driver – currently run-rating at **\$2.5bn+** of annual production
 - Licensed to sell product in all 50 states
 - A- S&P and B++ AM Best
- Wholesale Distribution
 - Products are scalable without any ability to surrender prior to maturity
 - Ability to issue out of Athene Life Insurance Company (AA- rating from S&P) or other main insurance entities
- Flow Reinsurance
 - Reinsurance for Athene's US businesses and third parties

Overview of GAAP Liabilities ⁽¹⁾



GAAP Reserves	~\$58 billion
WAL	~10 years
Weighted Average Cost of Policyholder Obligations ⁽²⁾	~3.45%
% MVA protected ⁽³⁾	~71%
% SC protected ⁽³⁾	~84%



II. Relationship with Apollo

AAM's Strategic Relationship with Athene

- AAM provides a multitude of asset and portfolio management services for Athene, including:
 - Asset allocation
 - Risk management
 - Hedging
 - Portfolio management
 - ALM management
 - M&A asset diligence
- Through its strategic relationship with AAM, Athene also benefits from access to Apollo's:
 - Infrastructure: AGM provides support to AAM in tax, risk, legal, compliance, and finance, among several other areas. **Access to Apollo's infrastructure at marginal cost has been a significant driver of Athene's ability to profitably scale its business**
 - Investment professionals: AAM professionals have full access to AGM's 300+ investment professionals around the globe
- AAM manages 100% of Athene's assets, of which it directly invests ~80% with its in-house investment team (primarily into investment grade credit and other assets)
- AAM has hired various Apollo entities to sub-advise specific asset classes that require unique sourcing or underwriting capabilities (~20% of Athene's portfolio as of 9/30/14). Sub-advisory mandates are dependent on market opportunities, level of service, and risk adjusted performance

Economic Overview of Apollo's Relationship with Athene

- For the 9 months ended September 30, 2014, Apollo earned \$408 million of revenue from Athene consisting of management fees, sub-advisory and monitoring fees and carried interest income⁽³⁾
 - \$168 million of this revenue was related to the unwind of Apollo's monitoring contract with Athene and was received in shares of Athene⁽¹⁾
- Athene Asset Management
 - As compensation for the full suite of portfolio management services it provides to Athene, AAM receives a gross fee equal to 40 basis points of Athene's investment portfolio
- Subadvisory and Investments in Funds
 - As of September 30, 2014 \$11.8 billion of Athene's AUM was either sub-advised by Apollo or invested in Apollo funds and investment vehicles
- GP Compensation - as the general partner of AP Alternative Assets, L.P. (ENXTAM: "AAA"), Athene's largest shareholder, Apollo earns management fees and carry on a portion of AAA's investment in Athene⁽³⁾
 - Apollo is receiving its GP compensation in equity of Athene
 - Additionally, Apollo has a 2.6% economic ownership interest in AAA
- Apollo expects shares received as GP compensation, its economic stake in AAA, as well as shares received for unwinding its monitoring contract with Athene, to ultimately result in ~10%+ economic ownership



III.

Appendix I: Introduction to Fixed Annuities

Illustrative Fixed Annuity Economics

- A fixed annuity is a contract in which a policyholder makes premium payments to an insurance company in exchange for a future set of payments at a crediting rate. The rate is guaranteed for a fixed period, and in addition the presence of surrender charges and other protections produces a relatively fixed set of cash flows. After the guaranteed period, the cash flows become floating as the crediting rate is reset
- In order to fund the costs of its future obligations to policyholders, the insurance company invests the premiums it receives in an asset portfolio to earn an investment return (“NIER”, or “net investment earned rate”)
- To the extent an insurer’s NIER exceeds the crediting rate owed to policyholders, the business will generate a positive net spread
 - In order to produce profits, an insurer must generate enough yield to also cover additional expenses associated with running the business, such as acquisition and operating costs
- After accounting for the cost of policyholder obligations, acquisition costs and G&A, the remaining net spread accrues to the insurer’s capital providers

Key Assumptions

Crediting Rate	2.8%	Acquisition Costs (% Premium)	5.0%
OpEx (% Premium)	0.4%	Yield on Investments	5.5%
Target Capital / Reserves	10.0%		

	Year							
	0	1	2	3	4	5	6	7
Premium Received from Policyholder	\$1,000							
Acquisition Costs	(50)							
Investment Income		\$59	\$61	\$63	\$65	\$67	\$70	\$71
OpEx		(4)	(4)	(4)	(4)	(4)	(4)	(4)
Fixed Payment to Policyholder ¹								(212)
Policy Withdrawal								(1,000)
Total Cash Flows to Company²	\$950	\$55	\$57	\$59	\$61	\$63	\$66	(\$1,145)
Interest Credited to Policyholder ³		(35)	(36)	(37)	(37)	(38)	(39)	(40)
Policy Withdrawal								1,212
Total Net Income⁴		\$20	\$21	\$22	\$24	\$25	\$27	\$27

Memo:

ROE	20%	21%	21%	22%	23%	23%	23%
Excess Capital Dividend to Shareholders	\$16	\$17	\$19	\$20	\$21	\$23	\$144

Balance Sheet - Statutory Framework

Total Assets	\$1,045	\$1,084	\$1,123	\$1,163	\$1,204	\$1,246	\$1,289	–
Reserves	\$950	\$985	\$1,021	\$1,057	\$1,095	\$1,133	\$1,172	–
Total Equity	95	99	102	106	109	113	117	–
Reserves + Equity	\$1,045	\$1,084	\$1,123	\$1,163	\$1,204	\$1,246	\$1,289	–
Memo:								
Account Value	\$1,000	\$1,028	\$1,057	\$1,086	\$1,116	\$1,147	\$1,179	\$1,212
Equity / Reserves	10%	10%	10%	10%	10%	10%	10%	

1) Credited payments on a fixed annuity are typically not paid out in cash until redemption in the form of surrender, withdrawal, death or maturity. This example assumes surrender at the end of the guarantee period. Most annuity products offer the policyholder compound interest (assumed in example above).

2) For new business statutory accounting approximates cash flow. As such, the figures above are representative of a statutory framework.

3) Consists of interest credited based on crediting rate and accretion of reserve.

4) Assumes Bermuda business and profitability is taxed at Bermuda rates. However, there is a 1% upfront excise tax assessed by the US government on reserves reinsured to Bermuda (not shown in this exhibit). Additionally, Athene typically reinsures only 80% of its reserves to Bermuda, so the profitability on the reserves remaining onshore is still subject to US corporate tax rates.



IV.

Appendix II: Management View Financial Bridges

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
 - (1) the effects of reinsurance to Protective Life and Global Atlantic
 - (2) the AEGON short portfolio⁽¹⁾ and
 - (3) the AmerUS Closed Block
- It excludes the impact of grossing up the assets and liabilities from the consolidation effect from the CMBS Partnerships⁽²⁾
- Other adjustments include reclassifications of certain balances (DAC, SIA and policyholder liability hedges) related to policyholder liabilities from assets section to liabilities section
- Management income statements present results by re-categorizing transactions into operating and non-operating based on management's view of what constitutes operating income

Financial Report Bridges

ATHENE HOLDING LTD.

Report Bridges

Management View to unaudited Financial Statements View
in USD millions

Assets bridge

	FULL YEAR 2013
Total Assets , per Management view	58,181
Total Assets , per unaudited Financial Statements view	<u>77,389</u>
	<u>(19,208)</u>
Ceded to third party	(12,055)
Closed block business	(1,540)
Deconsolidation of CMBS funds	(1,243)
Aegon-Short term hedged business	(401)
VOBA reclassification as Assets, rather than negative liabilities	-
Deconsolidation of noncontrolling interests	-
Policyholder Liability Hedges classified as negative liabilities, rather than assets	(1,601)
DAC/SIA classified as negative liabilities, rather than assets	(313)
Unsettled trades and Derivative Collateral	-
Deferred taxes	-
Global Atlantic Funds Withheld Impact	(2,055)
Netting of other operating liabilities in Assets at Management view	<u>(19,208)</u>

Liabilities bridge

	FULL YEAR 2013
Total Liabilities, per Management view	55,559
Total Liabilities, per unaudited Financial Statements view	<u>74,766</u>
	<u>(19,208)</u>
Ceded to third party	(12,055)
Closed block business	(1,540)
Deconsolidation of CMBS funds	(1,243)
Aegon-Short term hedged business	(401)
VOBA reclassification as Assets , rather than negative liabilities	-
Deconsolidation of noncontrolling interests	-
Policyholder Liability Hedges classified as negative liabilities, rather than assets	(1,601)
DAC/SIA classified as negative liabilities, rather than assets	(313)
Unsettled trades and Derivative Collateral	-
Deferred taxes	-
Global Atlantic Funds Withheld Impact	-
Netting of other operating liabilities in Assets at Management view	<u>(2,055)</u>
	<u>(19,208)</u>

Disclaimer

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