



Athene Holding Ltd

June 23, 2015

Strong Momentum Continues at Athene



- **“A-” rating achieved from our three rating agencies**
 - Upgrade by Fitch to an “A- with a stable outlook” in May 2015
 - A.M. Best and S&P already at “A- with a stable outlook”
 - Confirms strength of our business model and capital position
- **Continue to work with regulators on pending acquisition of Delta Lloyd in Germany**
- **Retail annuity sales of \$1.2 billion through May 31, 2015 with continued focus on disciplined underwriting and profitability**
- **Continued robust earnings and growth in capital**
 - GAAP operating performance resulting in operating ROAE excluding AOCI of 22.6% for the nine months ended September 30, 2014
 - Q1 2015 consolidated statutory capital to reserve ratio of 11.0% growing from the 10.7% reported at year-end 2014. Ratio at 13.1% on a proforma basis including the April 2015 capital raise proceeds of \$1.1 billion
- **On track with GAAP financial statement preparation to deliver full year 2014 audited GAAP financial statements in September 2015**
 - Athene continues to meet all regulatory filing deadlines with regard to financial statements prepared in accordance with Statutory Accounting principles
- **Brand Awareness campaign** starting in July through TV and online spots

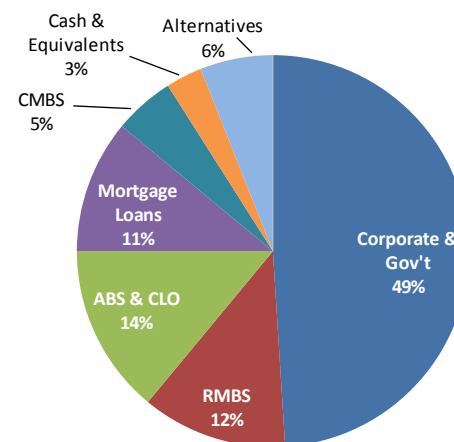
Business Update

Athene's Core Business Continues to Perform Well



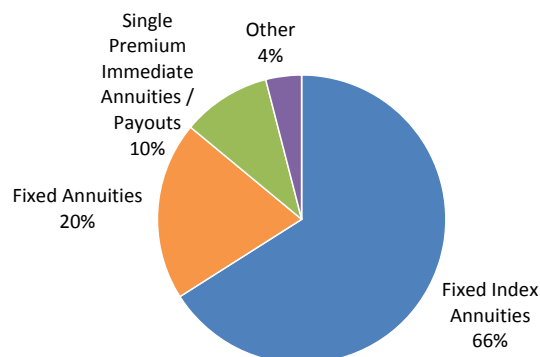
Athene's Investment Portfolio (3/31/2015)

- Athene maintains a high quality investment portfolio, diversified across investment grade credit and other assets classes
 - ✓ 94% of our fixed income investment portfolio rated NAIC 1 or 2 as of March 31, 2015 (highest NAIC designation)
- Multi-channel platform for sourcing liabilities
 - Organic: Retail and wholesale distribution and flow reinsurance
 - Inorganic: M&A and block reinsurance
- Retail platform significantly enhanced by Aviva acquisition
 - 2015 annuity volumes of \$1.2 billion written through May
 - Focused on sourcing low-cost, capital-efficient product
 - Licensed to sell product in all 50 states



\$56.9 billion Invested Assets

Athene's Liability Portfolio (3/31/2015)



\$52.5 billion Statutory Reserves

WAL (1)	10.43
Weighted Average Cash Cost of Funds (2)	3.38%
% MVA Protected (3)	71%
% Surrender Charge Protected (3)	84%

⁽¹⁾ Weighted Average Life (WAL) is indicated in years and based on 3/31/2015 Statutory reserves.

⁽²⁾ Weighted Average Cost of Policyholder Obligations is based on 3/31/2015 Statutory reserves and represents the IRR of all cashflows related to servicing the liabilities, including both actual historical cash collected and projected future cash payments. As such, it will differ from the calculation of management view GAAP cost of funds.

⁽³⁾ Percentage of Market Value Adjustment (MVA) and Surrender Charge protected are based on account value as of 3/31/2015.

Financial Statement Update

GAAP September 30, 2014 Results



For the nine months ending September 30, 2014, Athene has continued to generate a healthy net spread and control expenses, resulting in an operating ROAE excluding AOCI of 22.58%.

(In millions, except per share and book value data)

	YTD 2014 ⁽¹⁾	2013 ⁽¹⁾
Operating Earnings Before Taxes ⁽²⁾	\$ 533	\$ 767
Net Income ⁽³⁾	\$ 273	\$ 877
Operating Profit ROAE excluding AOCI	22.58%	35.47%
Net Income ROAE excluding AOCI	11.57%	40.56%
Operating Earnings per Share - basic	\$ 4.24	\$ 6.76
Operating Earnings per Share - diluted	\$ 4.07	\$ 6.56
Earnings per Share - basic	\$ 2.17	\$ 7.73
Earnings per Share - diluted	\$ 2.09	\$ 7.51
Book Value per Share excluding AOCI ⁽⁴⁾	\$ 26.17	\$ 23.18
Equity Items:		
Average Equity excluding AOCI	3,150	2,162
Common Shares Outstanding - End of Period	138.8	115.1
Weighted Average Common Shares Outstanding - basic	125.8	113.5
Weighted Average Common Shares Outstanding - diluted ⁽⁵⁾	131.1	116.9

⁽¹⁾ The Athene results for the nine months ending September 2014, include the Aviva USA business acquired in October 2013 for the entire period while the 2013 results include only one quarter of the Aviva USA business and the entire year of Athene Legacy results.

⁽²⁾ Operating earnings before taxes for 2013 benefited from outsized contributions from alternative assets. See page 7 for further commentary.

⁽³⁾ Net income for the nine months ending September 30, 2014, includes unfavorable impacts related to a one-time management stock compensation expense. Net income for the 2013 benefited from outsized contributions from alternative assets and the bargain purchase gain from the Aviva USA acquisition. See page 7 for further commentary.

⁽⁴⁾ Book value per share excluding AOCI is the ending equity excluding AOCI divided by common shares outstanding – basic.

⁽⁵⁾ Dilutive shares considers if all convertible securities, such as stock options, were exercised. This calculation was calculated with the dilutive effects of time-based M1, M2 and M3 shares.

Athene GAAP Financial Update – Q3 2014



- Athene’s overall spread business framework forms the foundation for its strong performance. Favorable investment performance along with long-term liabilities results in continued margin strength and results.
- For the nine months ending September 30, 2014 management view operating income is \$533 million, resulting in operating ROE (ex-AOCI) of 22.58%. Net income is \$273 million, a ROE (ex-AOCI) of 11.57%.
 - **Net investment earned rate** of 4.14%, reflecting strong performance in Athene’s fixed income portfolio, offset by volatility in Athene’s alternative assets. YTD 2014 net investment earned rate decreased from 2013 net investment earned rates, which benefited from outsized contributions from Athene’s alternative portfolio.
 - **Cost of Funds** of (2.55%), is consistent with expectations and favorable to 2013, benefiting from the lower cost of funds within the Aviva USA acquired business.
 - **Other operating expenses** of (0.38%), is favorable to 2013 as operating efficiencies from acquisitions continue to take hold.
 - **Non-operating items** of (0.58%) includes integration and restructuring expenses, one-time expenses, and tax and economic impacts which fluctuate period-to-period.
 - Non-operating items through Q3 2014 include one-time expenses relating to the management stock compensation plan as a result of a Q2 2014 plan amendment which triggered the recording of \$131 million of expense on previously vested shares as well as the Apollo monitoring fee (TASA) of approximately \$170 million, which concludes in 2014. Non-operating items also include investment gains as a result of the asset redeployment strategy, the mark to market of our fixed-indexed annuity embedded derivatives (net of hedging)⁽¹⁾ and tax expense.
 - The 2013 non-operating adjustments benefited from the bargain purchase gain from the Aviva USA acquisition as well as the mark to market of our fixed-indexed annuity embedded derivatives (net of hedging)⁽¹⁾ driven by favorable market movements.

⁽¹⁾ Athene primarily hedges with options that align with index terms for its FIA products (typically 1-2 years). From an economic basis this is suitable because policyholder accounts are credited with index performance at the end of each index term. However, because the VED (“value of embedded derivative”) in an FIA contract is longer-dated, there is a duration mismatch which may lead to an accounting mismatch even though Athene is economically hedged.

Summarized GAAP Management View Financials – Q3 2014

(In millions, except percentages noted)

	YTD 2014 ⁽¹⁾ Bps		2013 ⁽¹⁾ Bps	
Net Investment Income ⁽²⁾	\$ 1,855	4.14%	\$ 1,688	6.43%
Cost of Funds ⁽³⁾	(1,153)	-2.55%	(761)	-3.00%
Net Spread	702	1.59%	927	3.43%
Other operating expenses ⁽²⁾	(169)	-0.38%	(160)	-0.61%
Operating income before tax	533	1.21%	767	2.82%
Non-operating Items ^{(2) (4)}	(260)	-0.58%	110	0.42%
Net income (loss)	\$ 273	0.63%	\$ 877	3.24%
Average invested assets ⁽⁵⁾	59,756		26,235	
Average reserves ⁽⁶⁾	60,208		25,364	
Operating Profit ROAE excluding AOCI	22.58%		35.47%	
Net Income ROAE excluding AOCI	11.57%		40.56%	
Average Equity excluding AOCI ⁽⁷⁾	3,150		2,162	

⁽¹⁾ The Athene results for the nine months ending September 2014, include the Aviva USA business acquired in October 2013 for the entire period while the 2013 results include only one quarter of the Aviva USA business and the entire year of Athene Legacy results.

⁽²⁾ Net investment income, operating expenses and non-operating adjustments are a percentage of average invested assets. Net investment income for 2013 benefited from outsized contributions from alternative assets.

⁽³⁾ Cost of Funds are a percentage of average reserves, which includes the FAS133 embedded derivatives and GLWB reserves. Cost of funds is favorable to 2013, benefiting from the lower cost of funds within the Aviva USA acquired business.

⁽⁴⁾ Non-operating adjustments for Q3 2014 includes (\$27M) change in fair value of derivatives and embedded derivatives on index annuities, \$129M investment gains and losses, (\$131M) management stock compensation expense, (\$170M) TASA expense, (\$44M) integration and restructuring expenses, and (\$17M) income tax provision. 2013 non-operating adjustments includes \$146M bargain purchase gain, \$151M change in fair value of derivatives and embedded derivatives on index annuities, (\$2M) investment gains and losses, (\$131M) TASA expense, (\$55M) integration and restructuring expenses, and \$1M income tax provision.

⁽⁵⁾ Average invested assets includes (a) Total Investments on the 10-K with AFS securities at amortized cost excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) accrued investment income, (d) investments in related parties, (e) assets and liabilities related to variable interest entities, and excluding funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral. Due to the acquisition of Aviva USA in 2013, the consolidated average invested assets was calculated by taking the average of the 12/31/2012 and 12/31/2013 invested assets for legacy Athene and adding 25% of AA-IA's 4th quarter average invested assets in order to take into account only one quarter of net investment income.

⁽⁶⁾ Average reserve liabilities includes the 10-K lines for Interest Sensitive Contract Liabilities, Future Policy Benefits, and Other Policy Claims and Benefits offset by Reinsurance Ceded Receivables. Consolidated average reserve liabilities were calculated using the same method as average invested assets.

⁽⁷⁾ Average equity excluding AOCI excludes the capital raise proceeds from commitments entered into in April 2014 and drawn in April of 2015.

Statutory Highlights – Q1 2015



- Athene is well capitalized and the Company's assets continue to grow. For the three months ended March 31, 2015, Athene's key statutory metrics are:
 - ✓ Onshore Risk Based Capital (RBC) ratio of 529% CAL⁽¹⁾, offshore BSCR of 192%⁽²⁾, and aggregated capital-to-reserve ratio of approximately 11.0% (in-line with investment grade peers). Metrics exclude the \$1.1 billion of capital raise proceeds drawn in April 2015
 - ✓ Regulatory capital of \$5.8 billion, which excludes the capital raise proceeds of \$1.1 billion, which was drawn and funded in April 2015
 - ✓ U.S. regulatory capital and surplus of \$1.2 billion⁽¹⁾
 - ✓ Aggregated regulatory assets are \$63.5 billion. Our portfolio continues to be well-diversified with 94% of our fixed income investment portfolio carrying a 1 or 2 rating – the highest categories by the NAIC's Securities Valuation Office
 - ✓ No financial leverage, as we have no outstanding borrowings under our line of credit and no other debt
- The March 31, 2015 AHL aggregated capital to reserve ratio is 13.1% including the April 2015 capital raise proceeds of \$1.1 billion

(In billions)

	Q1 2015	YE 2014	2015 vs. 2014
Onshore Risk Based Capital (RBC) ⁽¹⁾	529%	506%	23%
Offshore BSCR ⁽²⁾	192%	197%	-5%
Capital to Reserves Ratio	11.0%	10.7%	0.3%
Regulatory Capital	\$ 5.8	\$ 5.7	\$ 0.1
U.S. Regulatory Capital & Surplus ⁽¹⁾	1.2	1.2	0.0
Aggregated Regulatory Assets	63.5	63.2	0.3

Note: The aggregated statutory metrics for reserves and capital are the sum of the Athene Insurance Companies, ALRe statutory reserves assumed by third party cedents, and the Athene Non-Insurance Companies. Aggregated figures include components under U.S. statutory, Bermuda statutory and other accounting bases.

⁽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.

Building Brand Awareness

Building Brand Awareness



- Begin TV and digital campaign – *Driven to do more*
- First TV spots start July 6
- 426 total TV spots will run during the campaign with more than 122 million impressions
- National delivery on network cable: CNBC, Fox News, Bloomberg



Appendix

Summarized GAAP Management View Financials - Quarterly



(In millions)

	Three Months Ended						Year-to-Date	
	Q1 2014	Bps	Q2 2014	Bps	Q3 2014	Bps	YTD 2014	Bps
Net Investment Income ⁽¹⁾	\$ 621	4.13%	\$ 630	4.23%	\$ 604	4.07%	\$ 1,855	4.14%
Cost of Funds ⁽²⁾	(387)	-2.56%	(365)	-2.43%	(401)	-2.67%	(1,153)	-2.55%
Net Spread	234	1.57%	265	1.80%	203	1.40%	702	1.59%
Other operating expenses ⁽¹⁾	(48)	-0.32%	(62)	-0.42%	(59)	-0.40%	(169)	-0.38%
Operating income before tax	186	1.25%	203	1.39%	144	1.01%	533	1.21%
Non-operating Items ⁽¹⁾	(85)	-0.56%	(169)	-1.13%	(6)	-0.04%	(260)	-0.58%
Net income (loss)	\$ 101	0.69%	\$ 34	0.25%	\$ 138	0.97%	\$ 273	0.63%
Average invested assets ⁽³⁾	\$ 60,203		\$ 59,608		\$ 59,313		\$ 59,756	
Average reserves ⁽⁴⁾	\$ 60,316		\$ 60,180		\$ 60,100		\$ 60,208	
Operating Profit ROAE excluding AOCI	27.37%		26.32%		16.46%		22.58%	
Net Income ROAE excluding AOCI	14.87%		4.39%		15.77%		11.57%	
Average Equity excluding AOCI ⁽⁵⁾	2,724		3,082		3,508		3,150	

- Net investment earned rates continue to increase as Aviva USA acquired assets continue to be redeployed into high earning, high-quality strategies. Alternative performance in Q3 lowered earned rates partially offset by the increase in fixed investment income.
- YTD cost of funds of 2.55%, in line with Q1 2014 cost of funds. Q2 and Q3 were impacted by DAC / VOBA / DSI / SOP model unlocking impacts from changes on investment returns, mortality and other policyholder behavior (\$24 million favorable in Q2 and \$20 million unfavorable in Q3). The unlocking process was completed across two quarters in 2014, with unfavorable unlocking in the third quarter primarily offsetting the favorable second quarter impacts.
- Non-operating adjustments were impacted in Q2 2014 by a one-time management stock compensation expense of \$131 million.

⁽¹⁾ Net investment income, operating expenses and non-operating adjustments are a percentage of average invested assets.

⁽²⁾ Cost of Funds are a percentage of average reserves, which includes the FAS133 embedded derivatives and GLWB reserves.

⁽³⁾ Average invested assets includes (a) Total Investments on the 10-K with AFS securities at amortized cost excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) accrued investment income, (d) investments in related parties, (e) assets and liabilities related to variable interest entities, and excluding funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral.

⁽⁴⁾ Average reserve liabilities includes the 10-K lines for Interest Sensitive Contract Liabilities, Future Policy Benefits, and Other Policy Claims and Benefits offset by Reinsurance Ceded Receivables. Consolidated average reserve liabilities were calculated using the same method as average invested assets.

⁽⁵⁾ Average equity excluding AOCI excludes the capital raise proceeds from commitments entered into in April 2014 and drawn in April of 2015.

GAAP Management Income Statement



(In millions)

	Three Months Ended			Year-to-Date	
	Q1 2014	Q2 2014	Q3 2014	YTD 2014 ⁽¹⁾	2013 ⁽¹⁾
Operating Revenue:					
Premiums	\$ 27	\$ 28	\$ 21	\$ 76	\$ (1,137)
Product Charges	53	58	60	171	80
Investment related income - Alternatives	100	92	35	227	691
Investment related income - Fixed and other	590	604	638	1,832	1,122
Investment related expenses	(69)	(66)	(69)	(204)	(125)
Net Investment Income	621	630	604	1,855	1,688
Other Revenues	6	6	6	18	9
Total operating revenues	707	722	691	2,120	640
Operating Benefits and Expenses:					
Interest Sensitive Contract Benefits	247	254	247	748	512
Future Policy and Other Policy Benefits	151	160	155	466	(998)
Amortization of DAC, DSI, and VOBA	32	(2)	46	76	110
Interest Expense	1	-	-	1	87
Policy expenses, net of deferrals	42	45	40	127	2
Other operating expense	48	62	59	169	160
Total operating benefits and expenses	521	519	547	1,587	(127)
Operating income, before tax	186	203	144	533	767
Non-operating items:					
Bargain Purchase Gain	-	-	-	-	146
Change in fair values of derivatives and embedded derivatives - index annuities, net of offsets	(52)	6	19	(27)	151
Investment gains (losses), net of offsets	45	45	39	129	(2)
Integration and restructuring expense ⁽²⁾	(72)	(194)	(79)	(345)	(186)
Provision for income taxes - non-operating	(6)	(26)	15	(17)	1
Total Non-operating Items	(85)	(169)	(6)	(260)	110
Net income (loss)	\$ 101	\$ 34	\$ 138	\$ 273	\$ 877
Cost of Funds Reconciliation					
Total operating benefits and expenses (from above)	\$ 521	\$ 519	\$ 547	\$ 1,587	\$ (127)
Add:					
Insurance Premiums	(27)	(28)	(21)	(76)	1,137
Product Charges	(53)	(58)	(60)	(171)	(80)
Other Revenues	(6)	(6)	(6)	(18)	(9)
Less:					
Other operating expenses - operating	48	62	59	169	160
Total Cost of funds	\$ 387	\$ 365	\$ 401	\$ 1,153	\$ 761

* This Management View income statement is not presented in accordance with GAAP as it contains a non-GAAP measure related to Operating income. Items not included in operating income fluctuate period-to-period in a manner inconsistent with our core operations due to their economic nature or expenses which are infrequent in occurrence. See page 18 for the non-GAAP measure descriptions and reconciliations to the GAAP financial statements.

⁽¹⁾ The Athene results for the nine months ending September 2014, include the Aviva USA business acquired in October 2013 for the entire period while the 2013 results include only one quarter of the Aviva USA business and the entire year of Athene Legacy results.

⁽²⁾ Integration and restructuring expense includes integration and restructuring expenses related to mergers and acquisitions as well as one-time expenses related to management stock compensation expense and TASA expenses. See page 7 for further commentary.

GAAP Income Statement



(In millions)

	Three Months Ended			Year-to-Date	
	Q1 2014	Q2 2014	Q3 2014	YTD 2014 ⁽¹⁾	2013 ⁽¹⁾
Revenue:					
Premiums	\$ 27	\$ 28	\$ 21	\$ 76	\$ (1,137)
Product Charges	51	55	57	163	72
Net Investment Income	599	585	584	1,768	1,584
Investment related gains (losses)	190	506	172	868	911
OTTI investment losses:					
OTTI Losses	-	(4)	-	(4)	(1)
OTTI Losses recognized in OCI	-	-	-	-	-
Net OTTI Losses recognized in Operations	-	(4)	-	(4)	(1)
Other Revenues	6	6	6	18	9
Bargain Purchase Gain (adjustments)	-	-	-	-	146
Revenues related to consolidated variable interest entities:					
Net Investment Income	20	23	3	46	73
Investment related gains (losses)	7	1	(2)	6	(39)
Total revenues	900	1,200	841	2,941	1,618
Benefits and Expenses:					
Interest Sensitive Contract Benefits	395	614	318	1,327	1,052
Future Policy and Other Policy Benefits	201	212	160	573	(950)
Amortization of DAC, DSI, and VOBA	20	-	53	73	168
Interest Expense	8	6	6	20	10
Policy and other operating expenses	162	301	179	642	431
Operating expenses of consolidated variable interest entities:					
Interest Expense	6	4	4	14	27
Other operating expenses	1	2	(1)	2	4
Total benefits and expenses	793	1,139	719	2,651	742
Income for operations before income taxes	107	61	122	290	876
Provision for income taxes	6	26	(15)	17	(1)
Net income (loss)	101	35	137	273	877
Less: Net Income attributable to non-controlling interests	-	1	(1)	-	-
Net income (loss) available to Athene common shareholders	\$ 101	\$ 34	\$ 138	\$ 273	\$ 877

⁽¹⁾ The Athene results for the nine months ending September 2014, include the Aviva USA business acquired in October 2013 for the entire period while the 2013 results include only one quarter of the Aviva USA business and the entire year of Athene Legacy results.

GAAP Balance Sheet – Total Assets



(In millions)

	September 30, 2014	December 31, 2013
Assets		
Investments:		
Available For Sale Securities at fair value:		
Fixed maturity securities	\$ 44,980	\$ 42,725
Equity securities	180	166
Trading securities, at fair value	2,654	2,791
Mortgage loans, net of allowances	5,481	5,613
Investment in partnership interests	1,022	1,299
Policy loans	786	789
Funds withheld at interest	2,499	2,501
Derivative assets	1,745	2,089
Total investments	59,347	57,973
Cash and cash equivalents	2,700	3,005
Restricted Cash	15	114
Investment in related parties:		
Partnership interests	1,823	1,918
Accrued investment income	534	513
Reinsurance ceded receivables	10,564	10,350
DAC, DSI and VOBA	2,182	2,092
Tax recoverable	108	49
Deferred tax assets	334	659
Other assets	697	805
Assets of consolidated variable interest entities:		
Investments at fair value	765	1,644
Cash and cash equivalents	3	9
Other variable interest entities assets	32	13
Separate account assets	62	66
Total assets	\$ 79,166	\$ 79,210

GAAP Balance Sheet – Total Liabilities and Equity



(In millions)

	September 30, 2014	December 31, 2013
Liabilities and Shareholders' Equity		
Liabilities		
Interest sensitive contract liabilities	\$ 60,136	\$ 60,819
Future policy benefits	10,518	10,201
Other policy claims and benefits	346	355
Notes payable	-	300
Related party notes payable	-	51
Derivative liabilities	149	368
Other reinsurance balances payable	119	424
Funds withheld liability	1,322	1,260
Other liabilities	1,756	1,382
Liabilities of consolidated variable interest entities:		
Borrowing under repurchase agreements	500	1,219
Other variable interest entities liabilities	2	25
Separate account liabilities	62	66
Total liabilities	74,910	76,470
Note receivable	-	(58)
Non-controlling interest - mezzanine	-	58
Equity		
Common stock	-	-
Additional paid-in-capital	2,089	1,348
Retained earnings	1,544	1,319
Accumulated other comprehensive income	604	73
Total Athene Holding LTD. shareholders' equity	4,237	2,740
Noncontrolling interest	19	-
Total equity	4,256	2,740
Total liabilities and equity	\$ 79,166	\$ 79,210

Non-GAAP Measures



- **Operating income, before taxes**, a commonly used operating measure in the life insurance industry, is a non-GAAP measure used to evaluate our financial performance excluding economic measures and expenses related to integration and restructuring. Our operating income equals net income adjusted to eliminate the impact of the change in fair value of derivatives and embedded derivatives on index annuities, net investment gains and losses, bargain purchase gains including any adjustments, integration and restructuring expenses, and the income tax provisions. These items fluctuate period-to-period in a manner inconsistent with our core operations due to their economic nature. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations. Together with net income, we believe operating income provides a meaningful financial metric that helps investors understand our underlying results and profitability. Operating income, should not be used as a substitute for net income. However, we believe the adjustments made to net income are significant to gaining an understanding of our overall results of operations.
- **ROAE excluding AOCI** is a non-GAAP measure used to evaluate our financial performance due to the exclusion of the impacts of accumulated other comprehensive income from the calculations. These items fluctuate period-to period in a manner inconsistent with our core operations due to their economic nature. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations and allow for a better understanding of the underlying trends in our operations. ROE excluding AOCI should not be used as a substitute for ROE including AOCI. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.
- **Book Value per share excluding AOCI** is a non-GAAP measure used to evaluate our financial performance due to the exclusion of the impacts of accumulated other comprehensive income from the calculations. These items fluctuate period-to period in a manner inconsistent with our core operations due to their economic nature. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations and allow for a better understanding of the underlying trends in our operations. Book value per share excluding AOCI should not be used as a substitute for book value per share including AOCI. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.

Non-GAAP Measure Reconciliations



Summary of adjustments to arrive Operating income, before tax

(In millions)

	Three Months Ended			Year-to-Date	
	Q1 2014	Q2 2014	Q3 2014	YTD 2014	2013
Net income available to Athene common shareholders	\$ 101	\$ 34	\$ 138	\$ 273	\$ 877
Bargain purchase gain (adjustments)	-	-	-	-	(146)
Change in fair values of derivatives and embedded derivatives - index annuities, net of offsets	52	(6)	(19)	27	(151)
Investment (gains) losses, net of offsets	(45)	(45)	(39)	(129)	2
Integration and restructuring expenses	72	194	79	345	186
Provision for income taxes	6	26	(15)	17	(1)
Total adjustments to arrive at operating income, before tax	85	169	6	260	(110)
Operating income, before tax	\$ 186	\$ 203	\$ 144	\$ 533	\$ 767

Summary of adjustments to arrive at total equity excluding AOCI

(In millions)

	2013	Q1 2014	Q2 2014	Q3 2014
Total equity	\$ 2,740	\$ 3,240	\$ 4,226	\$ 4,256
Accumulated other comprehensive income	73	458	783	604
Total equity excluding AOCI	\$ 2,667	\$ 2,782	\$ 3,443	\$ 3,652

Non-GAAP Measure Reconciliations



Summary of adjustments to arrive at Total revenue and Total benefits and expenses

(In millions)

	Three Months Ended			Year-to-Date	
	Q1 2014	Q2 2014	Q3 2014	YTD 2014	2013
Operating revenues	\$ 707	\$ 722	\$ 691	\$ 2,120	\$ 640
Product Charges	(2)	(3)	(3)	(8)	(8)
Net Investment Income	(22)	(45)	(20)	(87)	(104)
Investment related gains (losses)	190	502	172	864	910
Bargain Purchase Gain (adjustments)	-	-	-	-	146
Revenues related to consolidated variable interest entities:					
Net Investment Income	20	23	3	46	73
Investment related gains (losses)	7	1	(2)	6	(39)
Increase (decrease) in total revenue	193	478	150	821	978
Total revenues	\$ 900	\$ 1,200	\$ 841	\$ 2,941	\$ 1,618
Operating benefits and expenses	\$ 521	\$ 519	\$ 547	\$ 1,587	\$ (127)
Interest Sensitive Contract Benefits	148	360	71	579	540
Future Policy and Other Policy Benefits	50	52	5	107	48
Amortization of DAC, DSI and VOBA	(12)	2	7	(3)	58
Interest Expense	7	6	6	19	8
Policy and other operating expenses	72	194	80	346	184
Operating expenses of consolidated variable interest entities:					
Interest Expense	6	4	4	14	27
Other operating expenses	1	2	(1)	2	4
Increase (decrease) in total benefits and expenses	272	620	172	1,064	869
Total benefits and expenses	\$ 793	\$ 1,139	\$ 719	\$ 2,651	\$ 742

Additional Information

GAAP Definitions



Net Spread the return on invested assets in excess of the benefits paid to our policyholders.

Investment Yield is the net investment earned rate on our assets. This is the net investment income as a percentage of our average invested assets.

Cost of Funds (COF) is the total expected cost of servicing the liabilities in a given period to compare to the investment yield on the assets supporting the liabilities. Cost of funds represents the accrued amount that we expect to ultimately pay to the policyholder in excess of the initial deposits.

Return on Average Equity (ROAE) is the annualized net income (loss) (or net operating income) divided by average equity. Average equity is the average of the beginning and ending equity for the period.

Earnings per Share is the net income (or net operating income) divided by the weighted average common shares outstanding – diluted.

Book Value per Share is the ending equity (excluding AOCI) divided by the common shares outstanding – basic at the end of the period.

Net Investment Spread is the investment income less the cost of crediting on fixed annuity products. The cost of crediting includes the fixed interest credited to policyholders and the option amortization related to the index annuities.

Invested Assets - are defined as the sum of (a) Total Investments on the 10-K with AFS securities at amortized cost excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) accrued investment income, (d) investments in related parties, (e) assets and liabilities related to variable interest entities, (f) policy loans ceded and excluding funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral.

Reserve Liabilities includes the 10-K lines for Interest Sensitive Contract Liabilities, Future Policy Benefits, and Other Policy Claims and Benefits offset by Reinsurance Ceded Receivables.

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