

Impact of DIG B36 on the Athene Life Re results



- For reinsurance on a modified coinsurance (“modco”) and funds withheld (“FWH”) basis, although ALRe has similar economic rights and obligations to the underlying assets and liabilities as compared to coinsurance, the accounting is different under US GAAP. Namely:
 - All assets under modco and FWH are required to be marked to market through net income (DIG B36)
 - All assets must be reported in a singular line on the balance sheet ‘Funds Withheld at Interest’
- A summary of the mark-to-market differences as a result of DIG B36 is included below.

| Asset Type | Same Treatment | Modco / Funds Withheld treatment | Treatment if held directly by ALRe |
|------------------------------------|----------------|----------------------------------|---------------------------------------|
| Fixed Maturity & Equity Securities | No | Mark-to-market through income | Mark-to-market through OCI (for AFS) |
| Mortgage Loans | No | Mark-to-market through income | Amortized cost – not marked-to-market |
| Investment Funds | Yes | Mark-to-market through income | Mark-to-market through income |
| Derivatives | Yes | Mark-to-market through income | Mark-to-market through income |

| <i>(In millions)</i> | 2015 | 2014 | 2013 |
|---|----------------|--------------|--------------|
| A: Net income (loss) as reported | (152) | 1,114 | 734 |
| DIG B36 asset mark-to-market gain (loss) | (1,415) | 1,013 | (204) |
| Actuarial offsets | 405 | (445) | 70 |
| B: Gain (loss) included in net income as a result of DIG B36 | (1,010) | 568 | (134) |
| C: (A-B): Net income with DIG B36 impacts removed* | 858 | 546 | 868 |

* The above table removes the change in unrealized gain (loss) only. Realized gains (losses) remain included as these would be recorded through net income even if ALRe owned the assets directly.