

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 5, 2019**

**AMERICAN EQUITY
INVESTMENT LIFE HOLDING COMPANY**
(Exact name of registrant as specified in its charter)

Iowa
(State or other jurisdiction
of incorporation)

001-31911
(Commission File Number)

42-1447959
(IRS Employer
Identification No.)

6000 Westown Parkway, West Des Moines, Iowa
(Address of principal executive offices)

50266
(Zip Code)

(515) 221-0002
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$1	AEL	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On August 5, 2019, the registrant issued a press release announcing its financial results for the quarter ended June 30, 2019, a copy of which is attached as Exhibit 99.1 and is incorporated herein by reference. The registrant's financial supplement for the quarter ended June 30, 2019, is attached as Exhibit 99.2 and is incorporated herein by reference.

The information, including exhibits attached hereto, furnished under this Item 2.02 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibits are being furnished with this Form 8-K.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Press release dated August 5, 2019, announcing American Equity Investment Life Holding Company's financial results for the quarter ended June 30, 2019.</u>
99.2	<u>American Equity Investment Life Holding Company's Financial Supplement for the quarter ended June 30, 2019.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 5, 2019

**AMERICAN EQUITY
INVESTMENT LIFE HOLDING COMPANY**

By: /s/ John M. Matovina

John M. Matovina

Chief Executive Officer and President



For more information, contact:

Steven D. Schwartz, Vice President-Investor Relations
(515) 273-3763, sschwartz@american-equity.com

FOR IMMEDIATE RELEASE

August 5, 2019

American Equity Reports Second Quarter 2019 Results

Company Highlights

- **Second quarter 2019 net income of \$18.6 million or \$0.20 per diluted common share**
- **Second quarter 2019 non-GAAP operating income¹ of \$99.6 million or \$1.09 per diluted common share**
- **Second quarter 2019 annuity sales of \$1.5 billion**
- **Policyholder funds under management of \$52.4 billion**
- **Second quarter 2019 investment spread of 2.63%**
- **Estimated risk-based capital ratio of 369% compared to 360% at December 31, 2018**

WEST DES MOINES, Iowa (August 5, 2019) - American Equity Investment Life Holding Company (NYSE: AEL), a leading issuer of fixed index annuities (FIAs), today reported a second quarter 2019 net income of \$18.6 million, or \$0.20 per diluted common share, compared to net income of \$93.9 million, or \$1.03 per diluted common share, for second quarter 2018.

Non-GAAP operating income¹ for the second quarter of 2019 was \$99.6 million, or \$1.09 per diluted common share, compared to non-GAAP operating income¹ of \$86.6 million, or \$0.95 per diluted common share, for second quarter 2018. On a trailing twelve-month basis, non-GAAP operating return¹ on average equity excluding average AOCI¹ was 19.2% based upon reported results and 16.0% excluding the impact of assumption revisions.

POLICYHOLDER FUNDS UNDER MANAGEMENT UP 1.6% ON \$1.5 BILLION OF SALES

Policyholder funds under management at June 30, 2019 were \$52.4 billion, an \$811 million or 1.6% increase from March 31, 2019. Second quarter gross and net sales were \$1.5 billion and \$1.4 billion, respectively, representing increases of 25% and 33% from second quarter 2018 sales. On a sequential basis, sales increased 21% both before and after coinsurance.

Total sales by independent agents for American Equity Investment Life Insurance Company (American Equity Life) increased 18% sequentially while total sales by broker-dealers and banks for Eagle Life Insurance Company (Eagle Life) increased 39% sequentially. Sales of FIAs were up 20% sequentially to \$1.4 billion driven by an 18% increase in sales for American Equity Life and a 33% increase for Eagle Life.

Commenting on sales, John Matovina, Chairman and Chief Executive Officer, said: "We delivered substantial sequential and year-over-year increases in FIA sales in American Equity Life's independent agent channel. Sales have been on an upswing for the last three quarters and the momentum carried over into July. In the second quarter, combined sales for AssetShield and the Choice series, our accumulation products in the independent agent channel, accounted for 46% of sales compared to 41% of sales in the first quarter. In the guaranteed lifetime income space, the IncomeShield series, which was the best-selling guaranteed lifetime income product in the independent agent channel in the first quarter of 2019, accounted for 40% of our FIA sales in the second quarter."

Commenting on the market environment and the outlook for FIA sales, Matovina added: "The market in each of our distribution channels continues to be competitive. Reflecting the decline in interest rates since year-end, we have taken actions to lower caps, participation rates, and declared rates for both American Equity Life and Eagle Life. In mid-April we lowered participation rates and caps on S&P 500 annual point to point strategies for accumulation products. In mid-June, we reduced caps and participation rates for our S&P 500 annual point to point strategies as well as our volatility-controlled S&P Dividend Aristocrats Excess Return strategies; additional reductions on these strategies will be effective August 6th. Competitors have been reducing caps and participation rates as well, so we anticipate remaining competitive in the accumulation space. Also effective August 6th, guaranteed income levels on the IncomeShield and Gold Series product lines will be reduced. We would not be surprised to see competitors make reductions in guaranteed income."

Matovina continued: "In the bank and broker-dealer channels, we have benefited from new sales relationships and the expansion of our employee wholesaling force. Eagle Life now has 12 employee wholesalers, up from four at the beginning of the year. We are using our employee wholesalers to target accounts that do not use third party wholesalers and to complement our third party wholesalers when possible. We continue to put significant emphasis on account acquisition and hope to bring on at least two new meaningful accounts by year-end. At current run rates, we have seven accounts capable of producing sales of \$50 million or higher this year."

INVESTMENT SPREAD INCREASES ON LOWER COST OF MONEY

American Equity's investment spread was 2.63% for the second quarter of 2019 compared to 2.58% for the first quarter of 2019 and 2.64% for the second quarter of 2018. On a sequential basis, the average yield on invested assets increased by 3 basis points while the cost of money fell 2 basis points.

Average yield on invested assets was 4.51% in the second quarter of 2019 compared to 4.48% in the first quarter of 2019. This increase was attributable to an increase in the benefit from non-trendable investment income items from 2 basis points in the first quarter to 5 basis points in the second quarter of this year. The impact from the decline in short term yields on the \$4.9 billion of floating rate instruments in our investment portfolio negatively affected our average yield by 1 basis point.

The aggregate cost of money for annuity liabilities of 1.88% in the second quarter of 2019 was down 2 basis points from 1.90% in the first quarter of 2019. The cost of money benefited by 4 basis points from over hedging index-linked interest obligations and other non-trendable items, compared to 4 basis points in the first quarter of 2019.

Commenting on investment spread, Matovina said: "Excluding non-trendable investment spread items, investment spread increased 2 basis points sequentially driven by lower cost of money. The cost of money continues to benefit from the renewal rate reductions we initiated in the fourth quarter of last year. Option costs increased slightly in the second quarter, but were still well below levels paid during most of 2018."

Matovina went on to say: "Given the decline in yields available from fixed income securities and other fixed income instruments since we last initiated renewal rate reductions in the fourth quarter of last year, we will initiate further renewal rate adjustments on certain in-force policies later this month. Should yields available to us remain at current levels or the cost of money rise, we have flexibility to reduce our crediting rates and could decrease our cost of money by approximately 0.58% through further reductions in renewal rates to guaranteed minimums."

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future operations, strategies, financial results or other developments, and are subject to assumptions, risks and uncertainties. Statements such as "guidance", "expect", "anticipate", "believe", "goal", "objective", "target", "may", "should", "estimate", "projects" or similar words as well as specific projections of future results qualify as forward-looking statements. Factors that may cause our actual results to differ materially from those contemplated by these forward looking statements can be found in the company's Form 10-K filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statement was made and the company undertakes no obligation to update such forward-looking statements. There can be no assurance that other factors not currently anticipated by the company will not materially and adversely affect our results of operations. Investors are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf.

CONFERENCE CALL

American Equity will hold a conference call to discuss second quarter 2019 earnings on Tuesday, August 6, 2019 at 9:00 a.m. CT. The conference call will be webcast live on the Internet. Investors and interested parties who wish to listen to the call on the Internet may do so at www.american-equity.com.

The call may also be accessed by telephone at 855-865-0606, passcode 4169648 (international callers, please dial 704-859-4382). An audio replay will be available shortly after the call on AEL's website. An audio replay will also be available via telephone through August 13, 2019 at 855-859-2056, passcode 4169648 (international callers will need to dial 404-537-3406).

ABOUT AMERICAN EQUITY

American Equity Investment Life Holding Company, through its wholly-owned operating subsidiaries, issues fixed annuity and life insurance products, with a primary emphasis on the sale of fixed index and fixed rate annuities. American Equity Investment Life Holding Company, a New York Stock Exchange Listed company (NYSE: AEL), is headquartered in West Des Moines, Iowa. For more information, please visit www.american-equity.com.

1 Use of non-GAAP financial measures is discussed in this release in the tables that follow the text of the release.

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Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Premiums and other considerations	\$ 4,126	\$ 5,757	\$ 9,536	\$ 14,810
Annuity product charges	60,700	55,006	113,666	105,729
Net investment income	570,568	533,282	1,129,006	1,044,066
Change in fair value of derivatives	76,045	132,205	460,514	(318,878)
Net realized losses on investments, excluding other than temporary impairment ("OTTI") losses	(3,832)	(38,381)	(4,395)	(38,079)
OTTI losses on investments:				
Total OTTI losses	(998)	(745)	(998)	(1,652)
Portion of OTTI losses recognized from other comprehensive income	(215)	(1,651)	(215)	(1,651)
Net OTTI losses recognized in operations	(1,213)	(2,396)	(1,213)	(3,303)
Total revenues	706,394	685,473	1,707,114	804,345
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	6,939	9,276	16,238	21,370
Interest sensitive and index product benefits	251,103	427,951	387,777	942,046
Amortization of deferred sales inducements	19,785	78,112	53,094	178,535
Change in fair value of embedded derivatives	327,562	(101,949)	1,093,885	(969,181)
Interest expense on notes payable	6,380	6,374	12,759	12,746
Interest expense on subordinated debentures	4,057	3,878	8,145	7,508
Amortization of deferred policy acquisition costs	29,946	115,049	75,078	255,688
Other operating costs and expenses	37,426	32,540	76,405	63,780
Total benefits and expenses	683,198	571,231	1,723,381	512,492
Income (loss) before income taxes	23,196	114,242	(16,267)	291,853
Income tax expense (benefit)	4,606	20,339	(4,847)	56,988
Net income (loss)	\$ 18,590	\$ 93,903	\$ (11,420)	\$ 234,865
Earnings (loss) per common share	\$ 0.20	\$ 1.04	\$ (0.13)	\$ 2.60
Earnings (loss) per common share - assuming dilution	\$ 0.20	\$ 1.03	\$ (0.13)	\$ 2.58
Weighted average common shares outstanding (in thousands):				
Earnings (loss) per common share	91,103	90,327	90,994	90,173
Earnings (loss) per common share - assuming dilution	91,785	91,271	91,765	91,206

NON-GAAP FINANCIAL MEASURES

In addition to net income (loss), the Company has consistently utilized non-GAAP operating income and non-GAAP operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate its financial performance. Non-GAAP operating income equals net income (loss) adjusted to eliminate the impact of items that fluctuate from quarter to quarter in a manner unrelated to core operations, and the Company believes measures excluding their impact are useful in analyzing operating trends. The most significant adjustments to arrive at non-GAAP operating income eliminate the impact of fair value accounting for the Company's fixed index annuity business. These adjustments are not economic in nature but rather impact the timing of reported results. The Company believes the combined presentation and evaluation of non-GAAP operating income together with net income (loss) provides information that may enhance an investor's understanding of its underlying results and profitability.

Reconciliation from Net Income (Loss) to Non-GAAP Operating Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 18,590	\$ 93,903	\$ (11,420)	\$ 234,865
Adjustments to arrive at non-GAAP operating income: (a)				
Net realized investment losses, including OTTI	2,625	25,624	2,930	25,647
Change in fair value of derivatives and embedded derivatives - fixed index annuities	99,868	(30,094)	250,812	(108,912)
Change in fair value of derivatives - debt	854	(739)	1,490	(2,571)
Income taxes	(22,346)	(2,046)	(54,819)	15,313
Non-GAAP operating income	<u>\$ 99,591</u>	<u>\$ 86,648</u>	<u>\$ 188,993</u>	<u>\$ 164,342</u>
Per common share - assuming dilution:				
Net income (loss)	\$ 0.20	\$ 1.03	\$ (0.13)	\$ 2.58
Adjustments to arrive at non-GAAP operating income:				
Anti-dilutive effect of net loss	—	—	0.01	—
Net realized investment losses, including OTTI	0.03	0.28	0.03	0.28
Change in fair value of derivatives and embedded derivatives - fixed index annuities	1.09	(0.33)	2.73	(1.19)
Change in fair value of derivatives - debt	0.01	(0.01)	0.02	(0.03)
Income taxes	(0.24)	(0.02)	(0.60)	0.16
Non-GAAP operating income	<u>\$ 1.09</u>	<u>\$ 0.95</u>	<u>\$ 2.06</u>	<u>\$ 1.80</u>

(a) Adjustments to net income (loss) to arrive at non-GAAP operating income are presented net of related adjustments to amortization of deferred sales inducements (DSI) and deferred policy acquisition costs (DAC) where applicable.

NON-GAAP FINANCIAL MEASURES

Average Stockholders' Equity and Return on Average Equity

Return on average equity measures how efficiently the Company generates profits from the resources provided by its net assets. Return on average equity and non-GAAP operating return on average equity are calculated by dividing net income and non-GAAP operating income, respectively, for the trailing twelve months by average equity excluding average accumulated other comprehensive income ("AOCI"). The Company excludes AOCI because AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments.

	Twelve Months Ended	
	June 30, 2019	
Average Stockholders' Equity		
Average equity including average AOCI	\$	2,962,150
Average AOCI		(615,195)
Average equity excluding average AOCI	\$	2,346,955
Net income	\$	211,731
Non-GAAP operating income		450,391
Return on Average Equity Excluding Average AOCI		
Net income		9.02%
Non-GAAP operating income		19.19%

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement

June 30, 2019

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AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2019
Unaudited (Dollars in thousands)

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2019	December 31, 2018
Assets		
Investments:		
Fixed maturity securities, available for sale, at fair value	\$ 50,171,303	\$ 45,923,727
Mortgage loans on real estate	3,083,675	2,943,091
Derivative instruments	888,208	205,149
Other investments	642,219	355,531
Total investments	54,785,405	49,427,498
Cash and cash equivalents	1,215,967	344,396
Coinsurance deposits	5,029,374	4,954,068
Accrued investment income	480,664	468,729
Deferred policy acquisition costs	2,805,568	3,535,838
Deferred sales inducements	1,943,534	2,516,721
Deferred income taxes	9,328	291,169
Income taxes recoverable	48,084	26,537
Other assets	53,380	60,608
Total assets	<u>\$ 66,371,304</u>	<u>\$ 61,625,564</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$ 60,203,010	\$ 57,606,009
Other policy funds and contract claims	263,691	270,858
Notes payable	494,850	494,591
Subordinated debentures	243,200	242,982
Amounts due under repurchase agreements	—	109,298
Other liabilities	1,669,078	502,725
Total liabilities	<u>62,873,829</u>	<u>59,226,463</u>
Stockholders' equity:		
Common stock	90,936	90,369
Additional paid-in capital	817,997	811,186
Accumulated other comprehensive income (loss)	1,049,984	(52,432)
Retained earnings	<u>1,538,558</u>	<u>1,549,978</u>
Total stockholders' equity	<u>3,497,475</u>	<u>2,399,101</u>
Total liabilities and stockholders' equity	<u>\$ 66,371,304</u>	<u>\$ 61,625,564</u>

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2019
Unaudited (Dollars in thousands, except per share data)
**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Premiums and other considerations	\$ 4,126	\$ 5,757	\$ 9,536	\$ 14,810
Annuity product charges	60,700	55,006	113,666	105,729
Net investment income	570,568	533,282	1,129,006	1,044,066
Change in fair value of derivatives	76,045	132,205	460,514	(318,878)
Net realized losses on investments, excluding other than temporary impairment ("OTTI") losses	(3,832)	(38,381)	(4,395)	(38,079)
OTTI losses on investments:				
Total OTTI losses	(998)	(745)	(998)	(1,652)
Portion of OTTI losses recognized from other comprehensive income	(215)	(1,651)	(215)	(1,651)
Net OTTI losses recognized in operations	(1,213)	(2,396)	(1,213)	(3,303)
Total revenues	706,394	685,473	1,707,114	804,345
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	6,939	9,276	16,238	21,370
Interest sensitive and index product benefits	251,103	427,951	387,777	942,046
Amortization of deferred sales inducements	19,785	78,112	53,094	178,535
Change in fair value of embedded derivatives	327,562	(101,949)	1,093,885	(969,181)
Interest expense on notes payable	6,380	6,374	12,759	12,746
Interest expense on subordinated debentures	4,057	3,878	8,145	7,508
Amortization of deferred policy acquisition costs	29,946	115,049	75,078	255,688
Other operating costs and expenses	37,426	32,540	76,405	63,780
Total benefits and expenses	683,198	571,231	1,723,381	512,492
Income (loss) before income taxes	23,196	114,242	(16,267)	291,853
Income tax expense (benefit)	4,606	20,339	(4,847)	56,988
Net income (loss)	\$ 18,590	\$ 93,903	\$ (11,420)	\$ 234,865
Earnings (loss) per common share				
Earnings (loss) per common share	\$ 0.20	\$ 1.04	\$ (0.13)	\$ 2.60
Earnings (loss) per common share - assuming dilution	\$ 0.20	\$ 1.03	\$ (0.13)	\$ 2.58
Weighted average common shares outstanding (in thousands):				
Earnings (loss) per common share	91,103	90,327	90,994	90,173
Earnings (loss) per common share - assuming dilution	91,785	91,271	91,765	91,206

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2019
Unaudited (Dollars in thousands, except per share data)
Quarterly Summary - Most Recent 5 Quarters

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenues:					
Traditional life insurance premiums	\$ 799	\$ 829	\$ 845	\$ 807	\$ 910
Life contingent immediate annuity considerations	3,327	4,581	3,585	6,433	4,847
Surrender charges	19,480	16,456	15,710	17,132	16,520
Lifetime income benefit rider fees	41,220	36,510	44,684	41,233	38,486
Net investment income	570,568	558,438	554,355	549,391	533,282
Change in fair value of derivatives	76,045	384,469	(1,054,281)	595,311	132,205
Net realized gains (losses) on investments, excluding OTTI	(3,832)	(563)	3,097	(2,196)	(38,381)
Net OTTI losses recognized in operations	(1,213)	—	(18,980)	(14,373)	(2,396)
Total revenues	706,394	1,000,720	(450,985)	1,193,738	685,473
Benefits and expenses:					
Traditional life insurance policy benefits and change in future policy benefits	576	878	731	838	981
Life contingent immediate annuity benefits and change in future policy benefits	6,363	8,421	6,708	9,883	8,295
Interest sensitive and index product benefits (a)	251,103	136,674	255,700	413,089	427,951
Amortization of deferred sales inducements (b)	19,785	33,309	(11,578)	55,244	78,112
Change in fair value of embedded derivatives	327,562	766,323	(804,026)	383,716	(101,949)
Interest expense on notes payable	6,380	6,379	6,376	6,376	6,374
Interest expense on subordinated debentures	4,057	4,088	4,041	3,942	3,878
Amortization of deferred policy acquisition costs (b)	29,946	45,132	(8,750)	81,053	115,049
Other operating costs and expenses	37,426	38,979	33,597	31,924	32,540
Total benefits and expenses	683,198	1,040,183	(517,201)	986,065	571,231
Income (loss) before income taxes	23,196	(39,463)	66,216	207,673	114,242
Income tax expense (benefit) (c)	4,606	(9,453)	12,393	38,345	20,339
Net income (loss) (a)(b)(c)	\$ 18,590	\$ (30,010)	\$ 53,823	\$ 169,328	\$ 93,903
Earnings (loss) per common share					
Earnings (loss) per common share	\$ 0.20	\$ (0.33)	\$ 0.59	\$ 1.87	\$ 1.04
Earnings (loss) per common share - assuming dilution (a)(b)(c)	\$ 0.20	\$ (0.33)	\$ 0.59	\$ 1.85	\$ 1.03
Weighted average common shares outstanding (thousands):					
Earnings (loss) per common share	91,103	90,883	90,555	90,486	90,327
Earnings (loss) per common share - assuming dilution	91,785	91,744	91,622	91,651	91,271

(a) Q3 2018 includes a benefit from the revision of assumptions used in determining reserves held for lifetime income benefit riders. The impact decreased interest sensitive and index product benefits by \$53.6 million and increased net income and earnings per common share - assuming dilution by \$42.0 million and \$0.46 per share, respectively.

(b) Q3 2018 includes a benefit from unlocking which reduced amortization of deferred sales inducements and deferred policy acquisition costs by \$21.5 million and \$30.6 million, respectively, and increased net income and earnings per common share - assuming dilution by \$40.8 million and \$0.45 per share, respectively.

(c) Q3 2018 includes an income tax benefit from a worthless stock deduction related to a wholly-owned subsidiary which increased net income and earnings per common share - assuming dilution by \$7.4 million and \$0.08 per share, respectively.

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In addition to net income (loss), we have consistently utilized non-GAAP operating income and non-GAAP operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Non-GAAP operating income equals net income (loss) adjusted to eliminate the impact of items that fluctuate from quarter to quarter in a manner unrelated to core operations, and we believe measures excluding their impact are useful in analyzing operating trends. The most significant adjustments to arrive at non-GAAP operating income eliminate the impact of fair value accounting for our fixed index annuity business. These adjustments are not economic in nature but rather impact the timing of reported results. We believe the combined presentation and evaluation of non-GAAP operating income together with net income (loss) provides information that may enhance an investor's understanding of our underlying results and profitability.

Reconciliation from Net Income (Loss) to Non-GAAP Operating Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 18,590	\$ 93,903	\$ (11,420)	\$ 234,865
Adjustments to arrive at non-GAAP operating income: (a)				
Net realized investment losses, including OTTI	2,625	25,624	2,930	25,647
Change in fair value of derivatives and embedded derivatives - fixed index annuities	99,868	(30,094)	250,812	(108,912)
Change in fair value of derivatives - debt	854	(739)	1,490	(2,571)
Income taxes	(22,346)	(2,046)	(54,819)	15,313
Non-GAAP operating income	<u>\$ 99,591</u>	<u>\$ 86,648</u>	<u>\$ 188,993</u>	<u>\$ 164,342</u>
Per common share - assuming dilution:				
Net income (loss)	\$ 0.20	\$ 1.03	\$ (0.13)	\$ 2.58
Adjustments to arrive at non-GAAP operating income:				
Anti-dilutive effect of net loss	—	—	0.01	—
Net realized investment losses, including OTTI	0.03	0.28	0.03	0.28
Change in fair value of derivatives and embedded derivatives - fixed index annuities	1.09	(0.33)	2.73	(1.19)
Change in fair value of derivatives - debt	0.01	(0.01)	0.02	(0.03)
Income taxes	(0.24)	(0.02)	(0.60)	0.16
Non-GAAP operating income	<u>\$ 1.09</u>	<u>\$ 0.95</u>	<u>\$ 2.06</u>	<u>\$ 1.80</u>

(a) Adjustments to net income (loss) to arrive at non-GAAP operating income are presented net of related adjustments to amortization of deferred sales inducements (DSI) and deferred policy acquisition costs (DAC) where applicable.

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Summary of Adjustments to Arrive at Non-GAAP Operating Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net realized investment gains and losses, including OTTI:				
Net realized losses on investments, including OTTI	\$ 5,045	\$ 40,777	\$ 5,608	\$ 41,382
Amortization of DAC and DSI	(2,420)	(15,153)	(2,678)	(15,735)
Income taxes	(567)	(8,716)	(633)	(8,721)
	<u>\$ 2,058</u>	<u>\$ 16,908</u>	<u>\$ 2,297</u>	<u>\$ 16,926</u>
Change in fair value of derivatives and embedded derivatives:				
Index annuities	\$ 218,046	\$ (72,469)	\$ 459,166	\$ (230,280)
Interest rate caps and swap	854	(739)	1,490	(2,571)
Amortization of DAC and DSI	(118,178)	42,375	(208,354)	121,368
Income taxes	(21,779)	6,670	(54,186)	24,034
	<u>\$ 78,943</u>	<u>\$ (24,163)</u>	<u>\$ 198,116</u>	<u>\$ (87,449)</u>

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Quarterly Summary - Most Recent 5 Quarters
Reconciliation from Net Income (Loss) to Non-GAAP Operating Income

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net income (loss)	\$ 18,590	\$ (30,010)	\$ 53,823	\$ 169,328	\$ 93,903
Adjustments to arrive at non-GAAP operating income: (a)					
Net realized investment losses, including OTTI	2,625	305	9,525	10,278	25,624
Change in fair value of derivatives and embedded derivatives - fixed index annuities	99,868	150,944	36,186	545	(30,094)
Change in fair value of derivatives - debt	854	636	1,276	(597)	(739)
Income taxes	(22,346)	(32,473)	(10,475)	(8,491)	(2,046)
Non-GAAP operating income (b)(c)	<u>\$ 99,591</u>	<u>\$ 89,402</u>	<u>\$ 90,335</u>	<u>\$ 171,063</u>	<u>\$ 86,648</u>
Per common share - assuming dilution:					
Net income (loss)	\$ 0.20	\$ (0.33)	\$ 0.59	\$ 1.85	\$ 1.03
Adjustments to arrive at non-GAAP operating income:					
Net realized investment losses, including OTTI	0.03	—	0.10	0.11	0.28
Change in fair value of derivatives and embedded derivatives - fixed index annuities	1.09	1.64	0.40	0.01	(0.33)
Change in fair value of derivatives - debt	0.01	0.01	0.01	(0.01)	(0.01)
Income taxes	(0.24)	(0.35)	(0.11)	(0.09)	(0.02)
Non-GAAP operating income (b)(c)	<u>\$ 1.09</u>	<u>\$ 0.97</u>	<u>\$ 0.99</u>	<u>\$ 1.87</u>	<u>\$ 0.95</u>

- (a) Adjustments to net income (loss) to arrive at non-GAAP operating income are presented net of related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs where applicable.
- (b) Q3 2018 includes a benefit from the revision of assumptions used in determining reserves held for lifetime income benefit riders. The impact decreased interest sensitive and index product benefits by \$53.6 million and increased non-GAAP operating income and non-GAAP operating income per common share - assuming dilution by \$42.0 million and \$0.46 per share, respectively.
- (c) Q3 2018 includes a benefit from unlocking which reduced amortization of deferred sales inducements and deferred policy acquisition costs by \$20.5 million and \$28.7 million, respectively, and increased non-GAAP operating income and non-GAAP operating income per common share- assuming dilution by \$38.5 million and \$0.42 per share, respectively.

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NON-GAAP FINANCIAL MEASURES

Summary of Adjustments to Arrive at Non-GAAP Operating Income

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net realized (gains) losses on investments	\$ 3,832	\$ 563	\$ (3,097)	\$ 2,196	\$ 38,381
Net OTTI losses recognized in operations	1,213	—	18,980	14,373	2,396
Change in fair value of derivatives	(108,662)	(524,567)	1,017,555	(408,680)	28,741
Increase (decrease) in total revenues	(103,617)	(524,004)	1,033,438	(392,111)	69,518
Amortization of deferred sales inducements	49,101	35,494	77,745	(7,219)	(9,888)
Change in fair value of embedded derivatives	(327,562)	(766,323)	804,026	(383,716)	101,949
Amortization of deferred policy acquisition costs	71,497	54,940	104,680	(11,402)	(17,334)
Increase (decrease) in total benefits and expenses	(206,964)	(675,889)	986,451	(402,337)	74,727
Increase (decrease) in income (loss) before income taxes	103,347	151,885	46,987	10,226	(5,209)
Increase in income tax expense (benefit)	22,346	32,473	10,475	8,491	2,046
Increase (decrease) in net income (loss)	<u>\$ 81,001</u>	<u>\$ 119,412</u>	<u>\$ 36,512</u>	<u>\$ 1,735</u>	<u>\$ (7,255)</u>

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Capitalization/Book Value per Share

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Capitalization:					
Notes payable	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Subordinated debentures payable to subsidiary trusts	247,294	247,227	247,161	247,096	247,032
Total debt	747,294	747,227	747,161	747,096	747,032
Total stockholders' equity	3,497,475	2,939,537	2,399,101	2,489,296	2,426,825
Total capitalization	4,244,769	3,686,764	3,146,262	3,236,392	3,173,857
Accumulated other comprehensive (income) loss (AOCI)	(1,049,984)	(513,697)	52,432	(70,288)	(180,406)
Total capitalization excluding AOCI (a)	<u>\$ 3,194,785</u>	<u>\$ 3,173,067</u>	<u>\$ 3,198,694</u>	<u>\$ 3,166,104</u>	<u>\$ 2,993,451</u>
Total stockholders' equity	\$ 3,497,475	\$ 2,939,537	\$ 2,399,101	\$ 2,489,296	\$ 2,426,825
Accumulated other comprehensive (income) loss	(1,049,984)	(513,697)	52,432	(70,288)	(180,406)
Total stockholders' equity excluding AOCI (a)	<u>\$ 2,447,491</u>	<u>\$ 2,425,840</u>	<u>\$ 2,451,533</u>	<u>\$ 2,419,008</u>	<u>\$ 2,246,419</u>
Common shares outstanding	90,936,324	90,784,123	90,369,229	90,277,626	90,233,346
Book Value per Share: (b)					
Book value per share including AOCI	\$ 38.46	\$ 32.38	\$ 26.55	\$ 27.57	\$ 26.89
Book value per share excluding AOCI (a)	\$ 26.91	\$ 26.72	\$ 27.13	\$ 26.80	\$ 24.90
Debt-to-Capital Ratios: (c)					
Senior debt / Total capitalization	15.7%	15.8%	15.6%	15.8%	16.7%
Total debt / Total capitalization	23.4%	23.5%	23.4%	23.6%	25.0%

- (a) Total capitalization, total stockholders' equity and book value per share excluding AOCI, non-GAAP financial measures, are based on stockholders' equity excluding the effect of AOCI. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, we believe these non-GAAP financial measures provide useful supplemental information.
- (b) Book value per share including and excluding AOCI is calculated as total stockholders' equity and total stockholders' equity excluding AOCI divided by the total number of shares of common stock outstanding.
- (c) Debt-to-capital ratios are computed using total capitalization excluding AOCI.

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Spread Results

Six Months Ended June 30,							
2019	2018		Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
4.49%	4.42%	Average yield on invested assets	4.51%	4.48%	4.51%	4.54%	4.47%
1.89%	1.82%	Aggregate cost of money	1.88%	1.90%	1.95%	1.87%	1.83%
2.60%	2.60%	Aggregate investment spread	2.63%	2.58%	2.56%	2.67%	2.64%
Impact of:							
0.03%	0.06%	Investment yield - additional prepayment income	0.04%	0.01%	0.09%	0.11%	0.07%
0.03%	0.04%	Cost of money effect of over hedging	0.04%	0.02%	0.03%	0.07%	0.06%
\$50,309,342	\$47,346,876	Weighted average investments	\$50,709,966	\$49,908,718	\$49,258,548	\$48,466,817	\$47,795,388

Weighted average investments include fixed maturity securities at amortized cost and equity securities at cost. The numerator for average yield on invested assets includes net investment income and the tax effect of investment income that is exempt from income taxes.

Summary of Cost of Money for Deferred Annuities

Six Months Ended June 30,							
2019	2018		Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Included in interest sensitive and index product benefits:							
\$ 217,677	\$ 758,545	Index credits	\$ 161,752	\$ 55,925	\$ 157,999	\$ 369,011	\$ 334,605
97,914	107,989	Interest credited	50,478	47,436	53,559	52,618	52,922
Included in change in fair value of derivatives:							
(224,890)	(767,173)	Proceeds received at option expiration	(166,430)	(58,460)	(162,433)	(378,149)	(341,616)
397,503	349,197	Pro rata amortization of option cost	199,006	198,497	198,999	191,362	180,465
<u>\$ 488,204</u>	<u>\$ 448,558</u>	Cost of money for deferred annuities	<u>\$ 244,806</u>	<u>\$ 243,398</u>	<u>\$ 248,124</u>	<u>\$ 234,842</u>	<u>\$ 226,376</u>
\$ 51,669,061	\$ 49,158,118	Weighted average liability balance outstanding	\$ 52,009,407	\$ 51,328,715	\$ 50,832,984	\$ 50,273,893	\$ 49,541,746

Annuity Account Balance Rollforward

Six Months Ended June 30,							
2019	2018		Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
\$ 51,053,450	\$ 48,400,755	Account balances at beginning of period	\$ 51,603,979	\$ 51,053,450	\$ 50,612,519	\$ 49,935,266	\$ 49,148,224
2,605,690	1,997,591	Net deposits	1,425,325	1,180,365	1,040,857	929,480	1,066,857
93,991	93,137	Premium bonuses	48,370	45,621	44,450	41,878	49,467
315,591	866,534	Fixed interest credited and index credits	212,230	103,361	211,558	421,629	387,527
(35,936)	(32,802)	Surrender charges	(19,480)	(16,456)	(15,710)	(17,132)	(16,520)
(77,730)	(72,927)	Lifetime income benefit rider fees	(41,220)	(36,510)	(44,684)	(41,233)	(38,486)
(1,540,221)	(1,317,022)	Surrenders, withdrawals, deaths, etc.	(814,369)	(725,852)	(795,540)	(657,369)	(661,803)
<u>\$ 52,414,835</u>	<u>\$ 49,935,266</u>	Account balances at end of period	<u>\$ 52,414,835</u>	<u>\$ 51,603,979</u>	<u>\$ 51,053,450</u>	<u>\$ 50,612,519</u>	<u>\$ 49,935,266</u>

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Annuity Deposits by Product Type

Six Months Ended June 30,							
2019	2018		Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
American Equity Life:							
\$ 2,238,662	\$ 1,786,025	Fixed index annuities	\$ 1,211,004	\$ 1,027,658	\$ 944,097	\$ 830,759	\$ 952,675
7,062	31,672	Annual reset fixed rate annuities	3,614	3,448	5,574	8,390	15,455
714	2,889	Multi-year fixed rate annuities	566	148	332	360	888
3,815	15,943	Single premium immediate annuities	1,747	2,068	2,893	4,977	5,313
2,250,253	1,836,529		1,216,931	1,033,322	952,896	844,486	974,331
Eagle Life:							
413,038	333,683	Fixed index annuities	235,558	177,480	162,847	163,871	173,119
193	621	Annual reset fixed rate annuities	66	127	484	450	348
72,572	61,443	Multi-year fixed rate annuities	47,004	25,568	12,802	34,851	53,419
485,803	395,747		282,628	203,175	176,133	199,172	226,886
Consolidated:							
2,651,700	2,119,708	Fixed index annuities	1,446,562	1,205,138	1,106,944	994,630	1,125,794
7,255	32,293	Annual reset fixed rate annuities	3,680	3,575	6,058	8,840	15,803
73,286	64,332	Multi-year fixed rate annuities	47,570	25,716	13,134	35,211	54,307
3,815	15,943	Single premium immediate annuities	1,747	2,068	2,893	4,977	5,313
2,736,056	2,232,276	Total before coinsurance ceded	1,499,559	1,236,497	1,129,029	1,043,658	1,201,217
126,551	218,742	Coinsurance ceded	72,487	54,064	85,279	109,201	129,047
\$ 2,609,505	\$ 2,013,534	Net after coinsurance ceded	\$ 1,427,072	\$ 1,182,433	\$ 1,043,750	\$ 934,457	\$ 1,072,170

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Net (of Coinsurance) Account Values at June 30, 2019:

Product Type	Surrender Charge			Net Account Value	
	Avg. Years At Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in Thousands	%
Fixed Index Annuities	13.1	7.3	11.8%	\$ 50,360,466	96.1%
Annual Reset Fixed Rate Annuities	9.7	3.6	6.6%	1,455,024	2.8%
Multi-Year Fixed Rate Annuities	4.4	0.9	2.1%	599,345	1.1%
Total	13.0	7.2	11.5%	\$ 52,414,835	100.0%

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Annuity Liability Characteristics

<u>Surrender Charge Percentages:</u>	Fixed Annuities Account Value	Fixed Index Annuities Account Value
No surrender charge	\$ 832,720	\$ 2,547,068
0.0% < 2.0%	10,840	158,025
2.0% < 3.0%	8,298	392,972
3.0% < 4.0%	34,544	739,629
4.0% < 5.0%	24,527	742,044
5.0% < 6.0%	58,341	1,871,958
6.0% < 7.0%	292,799	1,461,916
7.0% < 8.0%	122,931	3,855,716
8.0% < 9.0%	47,275	3,491,849
9.0% < 10.0%	66,194	3,741,620
10.0% or greater	555,900	31,357,669
	<u>\$ 2,054,369</u>	<u>\$ 50,360,466</u>

<u>Surrender Charge Expiration By Year:</u>	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
Out of Surrender Charge	\$ 3,379,788	0.00%
2019	207,475	2.30%
2020	772,810	3.55%
2021	1,260,451	5.23%
2022	1,816,585	6.40%
2023	4,491,415	7.42%
2024	5,265,670	9.38%
2025	6,011,345	10.14%
2026	5,284,161	11.52%
2027	4,469,291	13.01%
2028	4,717,094	13.82%
2029	4,608,479	15.17%
2030	2,631,597	17.73%
2031	3,205,655	18.31%
2032	2,185,329	18.72%
2033	1,204,925	19.17%
2034	711,959	19.68%
2035	190,806	20.00%
	<u>\$ 52,414,835</u>	11.52%

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<u>Credited Rate vs. Ultimate Minimum Guaranteed Rate Differential:</u>	Fixed Annuities Account Value	Fixed Index Annuities Account Value
No differential	\$ 987,706	\$ 1,362,170
> 0.0% - 0.25%	53,773	187,907
> 0.25% - 0.5%	245,051	3,501
> 0.5% - 1.0%	42,866	15,784
> 1.0% - 1.5%	11,072	—
1.00% ultimate guarantee - 2.39% wtd avg interest rate (a)	463,923	659,792
1.50% ultimate guarantee - 1.22% wtd avg interest rate (a)	150,042	3,502,903
1.75% ultimate guarantee - 2.05% wtd avg interest rate (a)	16,037	222,048
2.00% ultimate guarantee - 1.85% wtd avg interest rate (a)	83,899	—
2.25% ultimate guarantee - 1.88% wtd avg interest rate (a)	—	860,663
3.00% ultimate guarantee - 2.08% wtd avg interest rate (a)	—	1,631,684
Allocated to index strategies (see tables that follow)	—	41,914,014
	\$ 2,054,369	\$ 50,360,466

(a) The minimum guaranteed interest rate for the fixed rate or the fixed rate strategy is 1.00%. The ultimate guaranteed rate is applied on less than 100% of the premium.

If all crediting rates were reduced to minimum guaranteed rates (subject to limitations imposed by ultimate minimum guaranteed rates where applicable) the weighted average crediting rate as of June 30, 2019 for fixed annuities and funds allocated to the fixed rate strategy for fixed index annuities would decrease by 0.16%.

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Annuity Liability Characteristics

FIXED INDEX ANNUITIES ACCOUNT VALUE - INDEX STRATEGIES

Annual Monthly Average and Point-to-Point with Caps

	Minimum Guaranteed Cap				
	1%	3%	4%	7%	8% +
Current Cap					
At minimum	\$ 1,751	\$ 91,528	\$ 4,076,935	\$ 71,454	\$ 170,697
1.75% - 3%	7,500,978	—	—	—	—
3% - 4%	474,162	12,694	—	—	—
4% - 5%	643,798	230,833	2,422,287	—	—
5% - 6%	594,239	195,085	36,928	—	—
6% - 7%	—	—	430	—	—
>= 7%	8,089	7,520	727	6,862	—

Annual Monthly Average and Point-to-Point with Participation Rates

	Minimum Guaranteed Participation Rate			
	10%	20% - 25%	35%	50% +
Current Participation Rate				
At minimum	\$ 906	\$ 374,303	\$ 108,369	\$ 122,315
< 20%	687,319	—	—	—
20% - 40%	925,615	167,683	—	—
40% - 60%	2,686,266	97,691	62,212	—
60% - 100%	281,776	—	—	—
> 100%	172,083	—	—	—

S&P 500 Monthly Point-to-Point - Minimum Guaranteed Monthly Cap = 1.0%

Current Cap	
At minimum	\$ 1,450,986
1.10% - 1.30%	7,845,619
1.40% - 1.60%	3,067,397
1.70% - 2.00%	651,432
>= 2.10%	1,003

Volatility Control Index

Current Asset Fee	
At Maximum	\$ —
0.75% - 1.75%	424,024
2.25% - 2.75%	533,979
3.00% - 3.50%	3,295,941
3.75% - 4.50%	1,288,397

If all caps and participation rates were reduced to minimum caps and participation rates and current asset fees were increased to their maximums, the cost of options would decrease by 0.68% based upon prices of options for the week ended July 16, 2019.

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Summary of Invested Assets

	June 30, 2019		December 31, 2018	
	Carrying Amount	Percent	Carrying Amount	Percent
Fixed maturity securities:				
United States Government full faith and credit	\$ 12,023	0.1%	\$ 11,652	—%
United States Government sponsored agencies	1,214,609	2.2%	1,138,529	2.3%
United States municipalities, states and territories	4,299,962	7.8%	4,126,267	8.3%
Foreign government obligations	233,095	0.4%	230,274	0.5%
Corporate securities	31,312,263	57.2%	28,371,514	57.4%
Residential mortgage backed securities	1,338,946	2.4%	1,202,159	2.4%
Commercial mortgage backed securities	5,673,990	10.4%	5,379,003	10.9%
Other asset backed securities	6,086,415	11.1%	5,464,329	11.1%
Total fixed maturity securities	50,171,303	91.6%	45,923,727	92.9%
Mortgage loans on real estate	3,083,675	5.6%	2,943,091	6.0%
Derivative instruments	888,208	1.6%	205,149	0.4%
Other investments	642,219	1.2%	355,531	0.7%
	<u>\$ 54,785,405</u>	<u>100.0%</u>	<u>\$ 49,427,498</u>	<u>100.0%</u>

Credit Quality of Fixed Maturity Securities - June 30, 2019

NAIC Designation	Carrying Amount	Percent	Rating Agency Rating	Carrying Amount	Percent
1	\$ 29,363,924	58.5%	Aaa/Aa/A	\$ 29,650,285	59.1%
2	19,421,029	38.7%	Baa	19,089,841	38.0%
3	1,213,115	2.4%	Ba	1,089,291	2.2%
4	166,568	0.4%	B	140,148	0.3%
5	—	—%	Caa	99,000	0.2%
6	6,667	—%	Ca and lower	102,738	0.2%
	<u>\$ 50,171,303</u>	<u>100.0%</u>		<u>\$ 50,171,303</u>	<u>100.0%</u>

Watch List Securities - June 30, 2019

General Description	Amortized Cost	Unrealized Gains (Losses)	Fair Value	Months Below Amortized Cost
Below investment grade				
Corporate securities:				
Consumer discretionary	\$ 52,561	\$ (6,178)	\$ 46,383	0 - 53
Energy	66,817	(15,523)	51,294	0 - 58
Industrials	563	(250)	313	1
Materials	3,990	1,382	5,372	—
Other asset backed securities:				
Financials	977	—	977	—
Industrials	8,742	(2,648)	6,094	44
	<u>\$ 133,650</u>	<u>\$ (23,217)</u>	<u>\$ 110,433</u>	

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Fixed Maturity Securities by Sector

	June 30, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale:				
United States Government full faith and credit and sponsored agencies	\$ 1,215,244	\$ 1,226,632	\$ 1,220,340	\$ 1,150,181
United States municipalities, states and territories	3,911,329	4,299,962	3,880,703	4,126,267
Foreign government obligations	216,161	233,095	226,860	230,274
Corporate securities:				
Capital goods	2,508,048	2,686,319	2,491,620	2,485,845
Consumer discretionary	5,905,490	6,297,587	5,742,182	5,665,192
Energy	2,563,826	2,686,006	2,543,114	2,468,545
Financials	6,402,601	6,856,173	6,046,859	6,054,591
Government non-guaranteed	564,688	620,149	564,912	578,657
Industrials	311,309	329,821	302,078	298,620
Information technology	1,878,573	2,011,300	1,794,676	1,781,800
Materials	1,872,771	1,984,125	1,771,359	1,759,325
Other	450,404	478,854	434,228	432,739
Telecommunications	1,578,504	1,692,936	1,604,307	1,594,978
Transportation	1,470,234	1,557,261	1,438,723	1,428,378
Utilities	3,771,847	4,111,732	3,749,080	3,822,844
Residential mortgage backed securities:				
Government agency	616,844	672,614	604,998	636,632
Prime	513,806	542,697	420,350	434,991
Alt-A	102,268	123,635	109,275	130,536
Commercial mortgage backed securities:				
Government agency	418,783	440,638	442,287	438,063
Non-agency	5,065,030	5,233,352	5,049,984	4,940,940
Other asset backed securities:				
Auto	410,101	419,123	315,439	318,616
Energy	7,587	8,699	—	—
Financials	4,967	5,488	8,322	8,931
Industrials	195,075	200,408	217,358	216,724
Collateralized loan obligations	4,871,305	4,743,188	4,579,467	4,320,168
Military housing	445,713	501,039	438,350	464,071
Other	205,448	208,470	134,319	135,819
	<u>\$ 47,477,956</u>	<u>\$ 50,171,303</u>	<u>\$ 46,131,190</u>	<u>\$ 45,923,727</u>

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Mortgage Loans on Commercial Real Estate

	June 30, 2019		December 31, 2018	
	Principal	Percent	Principal	Percent
Geographic distribution				
East	\$ 586,068	19.0%	\$ 586,773	19.9%
Middle Atlantic	210,993	6.8%	168,969	5.7%
Mountain	374,429	12.1%	357,642	12.1%
New England	9,286	0.3%	9,418	0.3%
Pacific	560,882	18.1%	521,363	17.7%
South Atlantic	704,523	22.8%	694,599	23.5%
West North Central	282,706	9.1%	291,890	9.9%
West South Central	363,671	11.8%	321,810	10.9%
	<u>\$ 3,092,558</u>	<u>100.0%</u>	<u>\$ 2,952,464</u>	<u>100.0%</u>

Property type distribution				
Office	\$ 243,948	7.9%	\$ 268,932	9.1%
Medical office	31,402	1.0%	33,467	1.1%
Retail	1,126,770	36.4%	1,091,627	37.0%
Industrial/Warehouse	856,481	27.7%	762,887	25.8%
Apartment	633,492	20.5%	600,638	20.3%
Agricultural	39,226	1.3%	25,000	0.9%
Mixed use/other	161,239	5.2%	169,913	5.8%
	<u>\$ 3,092,558</u>	<u>100.0%</u>	<u>\$ 2,952,464</u>	<u>100.0%</u>

	June 30, 2019	December 31, 2018
Credit exposure - by payment activity		
Performing	\$ 3,092,558	\$ 2,952,464
In workout	—	—
Delinquent	—	—
Collateral dependent	—	—
	<u>3,092,558</u>	<u>2,952,464</u>
Specific loan loss allowance	(229)	(229)
General loan loss allowance	(7,600)	(8,010)
Deferred prepayment fees	(1,054)	(1,134)
	<u>\$ 3,083,675</u>	<u>\$ 2,943,091</u>

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2019**Shareholder Information****Corporate Offices:**

American Equity Investment Life Holding Company
6000 Westown Parkway
West Des Moines, IA 50266

Inquiries:

Steven Schwartz, Vice President-Investor Relations
(515) 273-3763, sschwartz@american-equity.com

Common Stock and Dividend Information:

New York Stock Exchange symbol: "AEL"

	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Dividend Declared</u>
2019				
First Quarter	\$33.57	\$26.34	\$27.02	\$0.00
Second Quarter	\$30.91	\$25.84	\$27.16	\$0.00
2018				
First Quarter	\$35.79	\$28.90	\$29.36	\$0.00
Second Quarter	\$37.16	\$27.06	\$36.00	\$0.00
Third Quarter	\$38.57	\$34.51	\$35.36	\$0.00
Fourth Quarter	\$36.39	\$25.27	\$27.94	\$0.28
2017				
First Quarter	\$28.00	\$21.66	\$23.63	\$0.00
Second Quarter	\$26.65	\$22.23	\$26.28	\$0.00
Third Quarter	\$29.43	\$25.43	\$29.08	\$0.00
Fourth Quarter	\$32.54	\$28.06	\$30.73	\$0.26

Transfer Agent:

Computershare Trust Company, N.A.
P.O. Box 43010
Providence, RI 02940-0310
Phone: (877) 282-1169
Fax: (781) 575-2723
www.computershare.com

Annual Report and Other Information:

Shareholders may receive when available, without charge, a copy of American Equity's Annual Report, SEC filings and/or press releases by calling Steven Schwartz, Vice President-Investor Relations, at (515) 273-3763 or by visiting our website at www.american-equity.com.

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Research Analyst Coverage

Erik Bass
Autonomous Research US LP
(646) 561-6248
ebass@autonomous.com

Randy Binner
B. Riley FBR, Inc.
(703) 312-1890
rbinner@fbr.com

Daniel Bergman
Citi Research
(212) 816-2132
daniel.bergman@citi.com

Thomas Gallagher
Evercore ISI
(212) 446-9439
thomas.gallagher@evercoreisi.com

Alex Scott
Goldman Sachs & Co. LLC
(917) 343-7160
alex.scott@gs.com

Pablo Singzon II
JP Morgan
(212) 622-2295
pablo.s.singzon@jpmorgan.com

Ryan Krueger
Keefe, Bruyette & Woods
(860) 722-5930
rkrueger@kbw.com

C. Gregory Peters
Raymond James & Associates, Inc.
(727) 567-1534
greg.peters@raymondjames.com

Mark A. Dwelle
RBC Capital Markets, LLC
(804) 782-4008
mark.dwelle@rbccm.com

John Barnidge
Sandler O'Neill & Partners, L.P.
(312) 281-3412
jbarnidge@sandleroneill.com

Mark Hughes
SunTrust Robinson Humphrey
(615) 748-4422
mark.hughes@suntrust.com

John Nadel
UBS Investment Bank
(212) 713-4299
john.nadel@ubs.com