

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): April 17, 2023

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, IA 50266
(Address of principal executive offices and 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
Depository Shares, each representing a 1/1,000th interest in a share of 5.95% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series A	AELPRA	New York Stock Exchange
Depository Shares, each representing a 1/1,000th interest in a share of 6.625% Fixed-Rate Reset Non-Cumulative Preferred Stock, Series B	AELPRB	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 April 17, 2023, American Equity Investment Life Holding Company (the "Company") made available a recast version of its financial supplement for the fourth quarter and year ended December 31, 2022, a copy of which is attached as Exhibit 99.1 and is incorporated herein by reference. The recast financial supplement reflects the impacts of the January 1, 2023 adoption of the provisions of Accounting Standards Update No. 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI)*, which provides new authoritative guidance impacting the accounting and disclosure requirements for long-duration insurance and investment contracts issued by the Company's operating insurance affiliates. The Company applied this guidance as of the transition date of January 1, 2021, and retrospectively adjusted prior period amounts for years 2021 and 2022 to reflect the new guidance.

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 7.01 Regulation FD Disclosure

Based on in-force policies as of December 31, 2022, the Company's modeled expectations for certain items for the full year ending December 31, 2023, recast for LDTI, are as follows:

- Total combined amortization of deferred acquisition costs and deferred sales inducement assets of \$430 - \$450 million, pre-tax, before differences between actual experience and modeled expectations;
- The expense associated with market risk benefit increase of \$160 - \$180 million, pre-tax, adjusted for the deferral and amortization of capital market impacts on fair value of market risk benefits, before differences between actual experience and modeled expectations; and
- A reduction in other revenues, pre-tax, of approximately \$6 - \$10 million relative to expectations prior to the adoption of LDTI.

These recast modeled expectations apply solely to the full year ending December 31, 2023 and do not express or imply any expectations for any portion of that year. The Company is recasting its modeled expectations under the unique circumstances of LDTI given the fundamental significance of this new authoritative guidance. The Company does not expect to recast its modeled expectations, or any other projections or forward-looking statements, under any other circumstances and does not undertake to do so.

The forward-looking statements in this disclosure, such as expectations, as well as any projections of future results, are based on assumptions and expectations that involve risks and uncertainties, including the "Risk Factors" the company describes in its U.S. Securities and Exchange Commission filings. The Company's future results could differ, and it has no obligation to correct or update any of these statements.

The expense associated with market risk benefit increase, adjusted for the deferral and amortization of capital market impacts on fair value, is a non-GAAP financial measure derived from market risk benefit loss calculated under US GAAP. This forward-looking non-GAAP measure cannot be reconciled to the US GAAP measure because of the impracticability of predicting 2023 capital market impacts.

The information furnished under this Item 7.01 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

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>American Equity Investment Life Holding Company's Financial Supplement for the fourth quarter and year ended December 31, 2022 (Recast for LDTI)</u>
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

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: April 17, 2023

**AMERICAN EQUITY
INVESTMENT LIFE HOLDING COMPANY**

By: /s/ Axel Andre
Axel Andre
Chief Financial Officer and Executive Vice President

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - Recast for Long-Duration Targeted Improvements (a)

December 31, 2022

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(a) Effective January 1, 2023, American Equity Investment Life Holding Company (the “Company”) adopted Accounting Standards Update 2018-12, *Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI)*. The Company applied this guidance as of the transition date of January 1, 2021, and retrospectively adjusted prior period amounts for years 2021 and 2022 to reflect the new guidance. This December 31, 2022 financial supplement recasts balances, to the extent impacted by LDTI, from the original December 31, 2022 financial supplement published by the Company on February 16, 2023.

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - December 31, 2022 (Recast for LDTI)
Unaudited (Dollars in thousands)

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
Assets		
Investments:		
Fixed maturity securities, available for sale, at fair value	\$ 39,804,617	\$ 51,305,943
Mortgage loans on real estate	6,949,027	5,687,998
Real estate investments	1,056,063	337,939
Limited partnerships and limited liability companies	1,266,779	520,120
Derivative instruments	431,727	1,277,480
Other investments	1,817,085	1,247,024
Total investments	51,325,298	60,376,504
Cash and cash equivalents	1,919,669	4,508,982
Coinsurance deposits	13,254,956	8,988,891
Accrued investment income	497,851	445,097
Deferred policy acquisition costs	2,773,643	3,062,204
Deferred sales inducements	2,045,683	2,119,962
Deferred income taxes	438,434	—
Income taxes recoverable	55,498	166,586
Other assets	872,567	875,396
Total assets	\$ 73,183,599	\$ 80,543,622
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$ 58,781,836	\$ 62,614,822
Market risk benefits	2,455,492	3,162,162
Other policy funds and contract claims	512,790	226,844
Notes and loan payable	792,073	496,250
Subordinated debentures	78,753	78,421
Deferred income taxes	—	914,417
Funds withheld for reinsurance liabilities	6,577,426	3,124,740
Other liabilities	1,614,479	2,187,249
Total liabilities	70,812,849	72,804,905
Stockholders' equity:		
Preferred stock, Series A	16	16
Preferred stock, Series B	12	12
Common stock	84,810	92,514
Additional paid-in capital	1,325,316	1,614,374
Accumulated other comprehensive income (loss)	(3,746,230)	3,192,547
Retained earnings	4,685,593	2,839,254
Total stockholders' equity attributable to American Equity Investment Life Holding Company	2,349,517	7,738,717
Noncontrolling interests	21,233	—
Total stockholders' equity	2,370,750	7,738,717
Total liabilities and stockholders' equity	\$ 73,183,599	\$ 80,543,622

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - December 31, 2022 (Recast for LDTI)
Unaudited (Dollars in thousands, except per share data)

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Revenues:				
Premiums and other considerations	\$ 2,991	\$ 14,553	\$ 19,739	\$ 58,202
Annuity product charges	61,666	60,310	230,354	242,631
Net investment income	537,995	514,599	2,307,463	2,037,475
Change in fair value of derivatives	22,243	522,251	(1,138,128)	1,348,735
Net realized gains (losses) on investments	14,411	(10,478)	(47,848)	(13,242)
Other revenue	13,032	8,263	42,245	16,160
Total revenues	652,338	1,109,498	1,413,825	3,689,961
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	5,948	17,331	33,220	73,896
Interest sensitive and index product benefits	57,626	508,014	554,871	2,231,567
Market risk benefits (gains) losses	33,490	100,939	3,684	268,973
Amortization of deferred sales inducements	45,966	44,821	181,970	191,884
Change in fair value of embedded derivatives	342,409	186,802	(2,352,598)	(358,302)
Interest expense on notes and loan payable	10,228	6,259	32,098	25,581
Interest expense on subordinated debentures	1,335	1,330	5,331	5,324
Amortization of deferred policy acquisition costs	66,831	71,609	284,011	306,370
Other operating costs and expenses	62,389	65,812	239,526	241,882
Total benefits and expenses	626,222	1,002,917	(1,017,887)	2,987,175
Income before income taxes	26,116	106,581	2,431,712	702,786
Income tax expense (benefit)	(6,817)	19,615	511,135	149,763
Net income	32,933	86,966	1,920,577	553,023
Less: Net income available to noncontrolling interests	361	—	358	—
Net income available to American Equity Investment Life Holding Company stockholders	32,572	86,966	1,920,219	553,023
Less: Preferred stock dividends	10,919	10,919	43,675	43,675
Net income available to American Equity Investment Life Holding Company common stockholders	\$ 21,653	\$ 76,047	\$ 1,876,544	\$ 509,348
Earnings per common share				
Earnings per common share	\$ 0.25	\$ 0.82	\$ 20.72	\$ 5.43
Earnings per common share - assuming dilution	\$ 0.25	\$ 0.81	\$ 20.50	\$ 5.39
Weighted average common shares outstanding (in thousands):				
Earnings per common share	85,274	92,479	90,558	93,860
Earnings per common share - assuming dilution	86,402	93,378	91,538	94,491

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - December 31, 2022 (Recast for LDTI)
Unaudited (Dollars in thousands, except per share data)

Quarterly Summary - Most Recent 8 Quarters

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenues:				
Traditional life insurance premiums	\$ 626	\$ 634	\$ 691	\$ 675
Life contingent immediate annuity considerations	2,365	2,205	3,140	9,403
Surrender charges	22,030	19,783	15,345	15,541
Lifetime income benefit rider fees	39,636	41,036	40,169	36,814
Net investment income	537,995	609,737	592,308	567,423
Change in fair value of derivatives	22,243	(176,671)	(506,181)	(477,519)
Net realized gains (losses) on investments	14,411	(15,860)	(33,272)	(13,127)
Other revenue (a)	13,032	10,988	9,408	8,817
Total revenues	652,338	491,852	121,608	148,027
Benefits and expenses:				
Traditional life insurance policy benefits and change in future policy benefits (b)	944	118	495	1,491
Life contingent immediate annuity benefits and change in future policy benefits (c)	5,004	6,541	6,503	12,124
Interest sensitive and index product benefits	57,626	68,982	140,346	287,917
Market risk benefits (gains) losses (d)	33,490	77,579	(299,278)	191,893
Amortization of deferred sales inducements	45,966	46,223	44,696	45,085
Change in fair value of embedded derivatives (e)	342,409	(415,374)	(885,984)	(1,393,649)
Interest expense on notes payable	10,228	8,984	6,461	6,425
Interest expense on subordinated debentures	1,335	1,333	1,346	1,317
Amortization of deferred policy acquisition costs	66,831	71,726	72,485	72,969
Other operating costs and expenses	62,389	59,470	59,872	57,795
Total benefits and expenses	626,222	(74,418)	(853,058)	(716,633)
Income before income taxes	26,116	566,270	974,666	864,660
Income tax expense (benefit)	(6,817)	121,380	211,377	185,195
Net income (b)(c)(d)(e)	32,933	444,890	763,289	679,465
Less: Net income (loss) available to noncontrolling interests	361	1	(4)	—
Net income available to American Equity Investment Life Holding Company stockholders (b)(c)(d)(e)	32,572	444,889	763,293	679,465
Less: Preferred stock dividends	10,919	10,918	10,919	10,919
Net income available to American Equity Investment Life Holding Company common stockholders (b)(c)(d)(e)	\$ 21,653	\$ 433,971	\$ 752,374	\$ 668,546
Earnings per common share	\$ 0.25	\$ 4.95	\$ 8.13	\$ 6.90
Earnings per common share - assuming dilution (b)(c)(d)(e)	\$ 0.25	\$ 4.90	\$ 8.06	\$ 6.83
Weighted average common shares outstanding (thousands):				
Earnings per common share	85,274	87,707	92,544	96,866
Earnings per common share - assuming dilution	86,402	88,581	93,375	97,953

- (a) Other revenue consists of reinsurance related fee revenue including asset liability management fees and amortization of the deferred gain associated with the cost of reinsurance.
- (b) Q3 2022 includes benefit from the update of assumptions used in determining the deferred profit liability. The impact decreased traditional life insurance policy benefits and change in future policy benefits by \$0.5 million and increased both net income and net income available to common stockholders by \$0.4 million and did not impact earnings per common share - assuming dilution.
- (c) Q3 2022 includes expense from the update of assumptions used in determining the liability for future policyholder benefits. The impact increased life contingent immediate annuity benefits and change in future policy benefits by \$1.3 million and decreased both net income and net income available to common stockholders by \$1.0 million and decreased earnings per common share - assuming dilution by \$0.01 per share.
- (d) Q3 2022 includes expense from the update of assumptions used in determining the reserves held for market risk benefits. The impact increased market risk benefits (gains) losses by \$229.4 million and decreased both net income and net income available to common stockholders by \$181.3 million and decreased earnings per common share - assuming dilution by \$2.05 per share.

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- (e) Q3 2022 includes a benefit from the update of assumptions used in determining the embedded derivative component of our fixed index annuity policy benefit reserves. The impact decreased change in fair value of embedded derivatives by \$94.8 million and increased both net income and net income available to common stockholders by \$74.4 million and increased earnings per common share - assuming dilution by \$0.84 per share.

Quarterly Summary - Most Recent 8 Quarters, continued

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenues:				
Traditional life insurance premiums	\$ 677	\$ 697	\$ 708	\$ 706
Life contingent immediate annuity considerations	13,876	15,144	13,887	12,507
Surrender charges	13,638	16,481	18,057	19,481
Lifetime income benefit rider fees	46,672	41,999	45,702	40,601
Net investment income	514,599	526,366	499,320	497,190
Change in fair value of derivatives	522,251	(70,701)	500,880	396,305
Net realized gains (losses) on investments	(10,478)	4,933	(3,114)	(4,583)
Other revenue (a)	8,263	7,897	—	—
Total revenues	1,109,498	542,816	1,075,440	962,207
Benefits and expenses:				
Traditional life insurance policy benefits and change in future policy benefits (b)	60	(3,971)	443	949
Life contingent immediate annuity benefits and change in future policy benefits (c)	17,271	26,622	16,656	15,866
Interest sensitive and index product benefits	508,014	540,883	778,810	403,860
Market risk benefits (gains) losses (d)	100,939	310,544	252,412	(394,922)
Amortization of deferred sales inducements	44,821	45,219	50,719	51,125
Change in fair value of embedded derivatives (e)	186,802	(536,404)	273,713	(282,413)
Interest expense on notes payable	6,259	6,535	6,394	6,393
Interest expense on subordinated debentures	1,330	1,342	1,326	1,326
Amortization of deferred policy acquisition costs	71,609	71,201	82,017	81,543
Other operating costs and expenses	65,812	56,020	64,590	55,460
Total benefits and expenses	1,002,917	517,991	1,527,080	(60,813)
Income (loss) before income taxes	106,581	24,825	(451,640)	1,023,020
Income tax expense (benefit)	19,615	8,421	(95,787)	217,514
Net income (loss) (b)(c)(d)(e)	86,966	16,404	(355,853)	805,506
Less: Net income (loss) available to noncontrolling interests	—	—	—	—
Net income (loss) available to American Equity Investment Life Holding Company stockholders (b)(c)(d)(e)	86,966	16,404	(355,853)	805,506
Less: Preferred stock dividends	10,919	10,918	10,919	10,919
Net income (loss) available to American Equity Investment Life Holding Company common stockholders (b)(c)(d)(e)	\$ 76,047	\$ 5,486	\$ (366,772)	\$ 794,587
Earnings (loss) per common share	\$ 0.82	\$ 0.06	\$ (3.87)	\$ 8.30
Earnings (loss) per common share - assuming dilution (b)(c)(d)(e)	\$ 0.81	\$ 0.06	\$ (3.87)	\$ 8.26
Weighted average common shares outstanding (thousands):				
Earnings (loss) per common share	92,479	92,478	94,801	95,735
Earnings (loss) per common share - assuming dilution	93,378	93,044	95,379	96,216

- (a) Other revenue consists of reinsurance related fee revenue including asset liability management fees and amortization of the deferred gain associated with the cost of reinsurance.
- (b) Q3 2021 includes benefit from the update of assumptions used in determining the deferred profit liability. The impact decreased traditional life insurance policy benefits and change in future policy benefits by \$4.8 million and increased both net income and net income available to common stockholders by \$3.8 million and increased earnings per common share - assuming dilution by \$0.04 per share.

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY

Financial Supplement - December 31, 2022 (Recast for LDTI)

Unaudited (*Dollars in thousands, except per share data*)

- (c) Q3 2021 includes expense from the update of assumptions used in determining the liability for future policyholder benefits. The impact increased life contingent immediate annuity benefits and change in future policy benefits by \$7.9 million and decreased both net income and net income available to common stockholders by \$6.2 million and decreased earnings per common share - assuming dilution by \$0.07 per share.
- (d) Q4 2021 includes expense from the update of assumptions used in determining the reserves held for market risk benefits. The impact increased market risk benefits (gains) losses by \$13.0 million and decreased both net income and net income available to common stockholders by \$10.3 million and decreased earnings per common share - assuming dilution by \$0.11 per share.
- Q3 2021 includes expense from the update of assumptions used in determining the reserves held for market risk benefits. The impact increased market risk benefits (gains) losses by \$385.8 million and decreased both net income and net income available to common stockholders by \$304.8 million and decreased earnings per common share - assuming dilution by \$3.27 per share.
- (e) Q4 2021 includes expense from the update of assumptions used in determining the embedded derivative component of our fixed index annuity policy benefit reserves. The impact increased change in fair value of embedded derivatives by \$3.5 million and decreased both net income and net income available to common stockholders by \$2.7 million and decreased earnings per common share - assuming dilution by \$0.03 per share.
- Q3 2021 includes a benefit from the update of assumptions used in determining the embedded derivative component of our fixed index annuity policy benefit reserves. The impact decreased change in fair value of embedded derivatives by \$125.8 million and increased both net income and net income available to common stockholders by \$98.7 million and increased earnings per common share - assuming dilution by \$1.06 per share.

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NON-GAAP FINANCIAL MEASURES

In addition to net income available to common stockholders, we have consistently utilized non-GAAP operating income (loss) available to common stockholders and non-GAAP operating income (loss) available to common stockholders 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 (loss) available to common stockholders equals net income available to common stockholders 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 (loss) available to common stockholders 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 (loss) available to common stockholders together with net income available to common stockholders provides information that may enhance an investor's understanding of our underlying results and profitability.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income available to American Equity Investment Life Holding Company common stockholders	\$ 21,653	\$ 76,047	\$ 1,876,544	\$ 509,348
Adjustments to arrive at non-GAAP operating income (loss) available to common stockholders:				
Net realized (gains) losses on financial assets, including credit losses	(19,460)	10,045	48,264	13,618
Change in fair value of derivatives and embedded derivatives	169,767	(29,158)	(1,549,205)	(316,765)
Capital markets impact on the change in fair value of market risk benefits	2,309	22,119	(393,617)	(371,935)
Net investment income	1,476	—	1,476	—
Other revenue	5,969	—	5,969	—
Income taxes	(39,998)	(4,539)	401,838	143,806
Non-GAAP operating income (loss) available to common stockholders	\$ 141,716	\$ 74,514	\$ 391,269	\$ (21,928)
Impact of excluding notable items (a)	\$ —	\$ 10,265	\$ 181,890	\$ 317,425
Per common share - assuming dilution:				
Net income available to American Equity Investment Life Holding Company common stockholders	\$ 0.25	\$ 0.81	\$ 20.50	\$ 5.39
Adjustments to arrive at non-GAAP operating income (loss) available to common stockholders:				
Anti-dilutive impact for losses (b)	—	—	—	0.01
Net realized (gains) losses on financial assets, including credit losses	(0.23)	0.11	0.53	0.14
Change in fair value of derivatives and embedded derivatives	1.96	(0.31)	(16.92)	(3.35)
Capital markets impact on the change in fair value of market risk benefits	0.03	0.24	(4.30)	(3.94)
Net investment income	0.02	—	0.01	—
Other revenue	0.07	—	0.06	—
Income taxes	(0.46)	(0.05)	4.39	1.52
Non-GAAP operating income (loss) available to common stockholders	\$ 1.64	\$ 0.80	\$ 4.27	\$ (0.23)
Impact of excluding notable items (a)	\$ —	\$ 0.11	\$ 1.99	\$ 3.36

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Unaudited (Dollars in thousands, except per share data)

Notable Items

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Notable items impacting non-GAAP operating income (loss) available to common stockholders:				
Impact of actuarial assumption updates	\$ —	\$ 10,265	\$ 181,890	\$ 317,425
Total notable items (a)	\$ —	\$ 10,265	\$ 181,890	\$ 317,425

(a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income (loss) available to common stockholders for certain items that do not reflect the company's expected ongoing operations. The presentation of notable items is intended to help investors better understand our results and to evaluate and forecast those results.

For the years ended December 31, 2022 and 2021, non-GAAP operating income available to common stockholders would increase \$181.9 million and \$317.4 million, respectively, if we were to exclude the impact of notable items. For the three months ended December 31, 2021, non-GAAP operating income available to common stockholders would increase \$10.3 million if we were to exclude the impact of notable items.

(b) For periods with a loss, dilutive shares were not included in the calculation as inclusion of such shares would have an anti-dilutive effect.

NON-GAAP FINANCIAL MEASURES

Summary of Adjustments to Arrive at Non-GAAP Operating Income (Loss) Available to Common Stockholders

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net realized (gains) losses on financial assets, including credit losses:				
Net realized (gains) losses on financial assets, including credit losses	\$ (19,460)	\$ 10,045	\$ 48,264	\$ 13,618
Income taxes	4,183	(2,160)	(10,377)	(2,928)
	\$ (15,277)	\$ 7,885	\$ 37,887	\$ 10,690
Change in fair value of derivatives and embedded derivatives:				
Fixed index annuities	\$ 89,662	\$ (26,796)	\$ (1,129,326)	\$ (314,403)
Reinsurance contracts	78,594	(2,362)	(439,502)	(2,362)
Interest rate swaps	1,511	—	19,623	—
Income taxes	(42,083)	2,376	329,188	66,768
	\$ 127,684	\$ (26,782)	\$ (1,220,017)	\$ (249,997)
Capital markets impact on the fair value of market risk benefits:				
Capital markets impact on the change in fair value of market risk benefits	\$ (16,236)	\$ 14,143	\$ (449,887)	\$ (405,610)
Amortization of capital markets impact on the fair value of market risk benefits	18,545	7,976	56,270	33,675
Income taxes	(498)	(4,755)	84,627	79,966
	\$ 1,811	\$ 17,364	\$ (308,990)	\$ (291,969)
Net investment income:				
Income associated with assets transferred under reinsurance treaty	\$ 1,476	\$ —	\$ 1,476	\$ —
Income taxes	(317)	—	(317)	—
	\$ 1,159	\$ —	\$ 1,159	\$ —
Other revenue:				
Amortization of deferred fees associated with reinsurance treaties	\$ 5,969	\$ —	\$ 5,969	\$ —
Income taxes	(1,283)	—	(1,283)	—
	\$ 4,686	\$ —	\$ 4,686	\$ —

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NON-GAAP FINANCIAL MEASURES

Quarterly Summary - Most Recent 8 Quarters

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ 21,653	\$ 433,971	\$ 752,374	\$ 668,546
Adjustments to arrive at non-GAAP operating income (loss) available to common stockholders:				
Net realized (gains) losses on financial assets, including credit losses	(19,460)	16,945	37,054	13,725
Change in fair value of derivatives and embedded derivatives	169,767	(400,952)	(470,813)	(847,207)
Capital markets impact on the change in fair value of market risk benefits	2,309	(179,509)	(335,330)	118,913
Net investment income	1,476	—	—	—
Other revenue	5,969	—	—	—
Income taxes	(39,998)	120,802	167,944	153,090
Non-GAAP operating income (loss) available to common stockholders	\$ 141,716	\$ (8,743)	\$ 151,229	\$ 107,067
Impact of excluding notable items (a)	\$ —	\$ 181,890	\$ —	\$ —
Per common share - assuming dilution:				
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ 0.25	\$ 4.90	\$ 8.06	\$ 6.83
Adjustments to arrive at non-GAAP operating income (loss) available to common stockholders:				
Anti-dilutive impact for losses (b)	—	—	—	—
Net realized (gains) losses on financial assets, including credit losses	(0.23)	0.19	0.39	0.14
Change in fair value of derivatives and embedded derivatives	1.96	(4.52)	(5.04)	(8.65)
Capital markets impact on the change in fair value of market risk benefits	0.03	(2.03)	(3.59)	1.21
Net investment income	0.02	—	—	—
Other revenue	0.07	—	—	—
Income taxes	(0.46)	1.36	1.80	1.56
Non-GAAP operating income (loss) available to common stockholders	\$ 1.64	\$ (0.10)	\$ 1.62	\$ 1.09
Impact of excluding notable items (a)	\$ —	\$ 2.05	\$ —	\$ —

Notable Items

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Notable items impacting non-GAAP operating income (loss) available to common stockholders:				
Impact of actuarial assumption updates	\$ —	\$ 181,890	\$ —	\$ —
Total notable items (a)	\$ —	\$ 181,890	\$ —	\$ —

- (a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income (loss) available to common stockholders for certain items that do not reflect the company's expected ongoing operations. The presentation of notable items is intended to help investors better understand our results and to evaluate and forecast those results. For the three months ended September 30, 2022, non-GAAP operating income available to common stockholders would increase \$181.9 million if we were to exclude the impact of notable items.
- (b) For periods with a loss, dilutive shares were not included in the calculation as inclusion of such shares would have an anti-dilutive effect.

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Quarterly Summary - Most Recent 8 Quarters, continued

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

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ 76,047	\$ 5,486	\$ (366,772)	\$ 794,587
Adjustments to arrive at non-GAAP operating income (loss) available to common stockholders:				
Net realized (gains) losses on financial assets, including credit losses	10,045	(4,016)	2,862	4,727
Change in fair value of derivatives and embedded derivatives	(29,158)	(125,076)	331,269	(493,800)
Capital markets impact on the change in fair value of market risk benefits	22,119	(138,995)	206,951	(462,010)
Net investment income	—	—	—	—
Other revenue	—	—	—	—
Income taxes	(4,539)	61,496	(114,858)	201,707
Non-GAAP operating income (loss) available to common stockholders	\$ 74,514	\$ (201,105)	\$ 59,452	\$ 45,211
Impact of excluding notable items (a)	\$ 10,265	\$ 307,159	\$ —	\$ —
Per common share - assuming dilution:				
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ 0.81	\$ 0.06	\$ (3.87)	\$ 8.26
Adjustments to arrive at non-GAAP operating income (loss) available to common stockholders:				
Anti-dilutive impact for losses (b)	—	0.01	0.02	—
Net realized (gains) losses on financial assets, including credit losses	0.11	(0.05)	0.03	0.05
Change in fair value of derivatives and embedded derivatives	(0.31)	(1.35)	3.47	(5.13)
Capital markets impact on the change in fair value of market risk benefits	0.24	(1.50)	2.17	(4.80)
Net investment income	—	—	—	—
Other revenue	—	—	—	—
Income taxes	(0.05)	0.66	(1.20)	2.09
Non-GAAP operating income (loss) available to common stockholders	\$ 0.80	\$ (2.17)	\$ 0.62	\$ 0.47
Impact of excluding notable items (a)	\$ 0.11	\$ 3.30	\$ —	\$ —

Notable Items

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Notable items impacting non-GAAP operating income (loss) available to common stockholders:				
Impact of actuarial assumption updates	\$ 10,265	\$ 307,159	\$ —	\$ —
Total notable items (a)	\$ 10,265	\$ 307,159	\$ —	\$ —

(a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income (loss) available to common stockholders for certain items that do not reflect the company's expected ongoing operations. The presentation of notable items is intended to help investors better understand our results and to evaluate and forecast those results. For the three months ended December 31 and September 30, 2021, respectively, non-GAAP operating income available to common stockholders would increase \$10.3 million and \$307.2 million if we were to exclude the impact of notable items.

(b) For periods with a loss, dilutive shares were not included in the calculation as inclusion of such shares would have an anti-dilutive effect.

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NON-GAAP FINANCIAL MEASURES

Summary of Adjustments to Arrive at Non-GAAP Operating Income (Loss) Available to Common Stockholders

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net realized (gains) losses on investments	\$ (14,411)	\$ 15,860	\$ 33,272	\$ 13,127
Net investment income	1,476	—	—	—
Other revenue	5,969	—	—	—
Change in fair value of derivatives	(172,643)	14,423	415,171	546,442
Increase (decrease) in total revenues	(179,609)	30,283	448,443	559,569
Change in fair value of embedded derivatives	(342,409)	415,374	885,984	1,393,649
Market risk benefits (gains) losses	(2,309)	179,509	335,330	(118,913)
Interest sensitive and index product benefits (a)	5,048	(1,084)	(3,782)	(598)
Increase (decrease) in total benefits and expenses	(339,670)	593,799	1,217,532	1,274,138
Increase (decrease) in income (loss) before income taxes	160,061	(563,516)	(769,089)	(714,569)
Increase (decrease) in income tax expense benefit	39,998	(120,802)	(167,944)	(153,090)
Increase (decrease) in net income (loss) available to common stockholders	\$ 120,063	\$ (442,714)	\$ (601,145)	\$ (561,479)

- (a) Interest sensitive and index product benefits adjustment reflects the change in the allowance for credit losses on our reinsurance recoverable/coinsurance deposits. The change in this allowance is reflected in the net realized (gains) losses of financial assets, including credit losses line in the other Non-GAAP financial measures tables in this financial supplement.

Summary of Adjustments to Arrive at Non-GAAP Operating Income (Loss) Available to Common Stockholders, continued

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net realized (gains) losses on investments	\$ 10,478	\$ (4,933)	\$ 3,114	\$ 4,583
Net investment income	—	—	—	—
Other revenue	—	—	—	—
Change in fair value of derivatives	(215,962)	411,329	57,556	(211,387)
Increase (decrease) in total revenues	(205,484)	406,396	60,670	(206,804)
Change in fair value of embedded derivatives	(186,802)	536,404	(273,713)	282,413
Market risk benefits (gains) losses	(22,119)	138,995	(206,951)	462,010
Interest sensitive and index product benefits (a)	431	(916)	252	(144)
Increase (decrease) in total benefits and expenses	(208,490)	674,483	(480,412)	744,279
Increase (decrease) in income (loss) before income taxes	3,006	(268,087)	541,082	(951,083)
Increase (decrease) in income tax expense benefit	4,539	(61,496)	114,858	(201,707)
Increase (decrease) in net income (loss) available to common stockholders	\$ (1,533)	\$ (206,591)	\$ 426,224	\$ (749,376)

- (a) Interest sensitive and index product benefits adjustment reflects the change in the allowance for credit losses on our reinsurance recoverable/coinsurance deposits. The change in this allowance is reflected in the net realized (gains) losses of financial assets, including credit losses line in the other Non-GAAP financial measures tables in this financial supplement.

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Capitalization/Book Value per Common Share

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Capitalization:				
Notes and loan payable	\$ 800,000	\$ 800,000	\$ 500,000	\$ 500,000
Subordinated debentures payable to subsidiary trusts	78,753	78,668	78,584	78,502
Total debt	878,753	878,668	578,584	578,502
Total stockholders' equity attributable to American Equity Investment Life Holding Company	2,349,517	2,157,667	3,625,377	5,718,944
Total capitalization	3,228,270	3,036,335	4,203,961	6,297,446
Accumulated other comprehensive (income) loss (AOCI)	3,746,230	3,984,496	2,231,594	(426,490)
Total capitalization excluding AOCI (a)	\$ 6,974,500	\$ 7,020,831	\$ 6,435,555	\$ 5,870,956
Total stockholders' equity attributable to American Equity Investment Life Holding Company				
	\$ 2,349,517	\$ 2,157,667	\$ 3,625,377	\$ 5,718,944
Equity available to preferred stockholders (b)	(700,000)	(700,000)	(700,000)	(700,000)
Total common stockholders' equity (c)	1,649,517	1,457,667	2,925,377	5,018,944
Accumulated other comprehensive (income) loss	3,746,230	3,984,496	2,231,594	(426,490)
Total common stockholders' equity excluding AOCI (c)	5,395,747	5,442,163	5,156,971	4,592,454
Net impact of fair value accounting for derivatives and embedded derivatives	(1,652,169)	(1,721,324)	(1,418,244)	(1,051,245)
Net capital markets impact on the fair value of market risk benefits	(600,958)	(602,772)	(461,856)	(198,622)
Total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities (c)	\$ 3,142,620	\$ 3,118,067	\$ 3,276,871	\$ 3,342,587
Common shares outstanding	84,810,255	85,966,505	90,168,512	95,019,904
Book Value per Common Share: (d)				
Book value per common share	\$ 19.45	\$ 16.96	\$ 32.44	\$ 52.82
Book value per common share excluding AOCI (c)	\$ 63.62	\$ 63.31	\$ 57.19	\$ 48.33
Book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities (c)	\$ 37.05	\$ 36.27	\$ 36.34	\$ 35.18
Debt-to-Capital Ratios: (e)				
Senior debt / Total capitalization	11.5 %	11.4 %	7.8 %	8.5 %
Total debt / Total capitalization	12.6 %	12.5 %	9.0 %	9.9 %

- (a) Total capitalization excluding AOCI, a non-GAAP financial measure, is based on stockholders' equity excluding the effect of AOCI.
- (b) Equity available to preferred stockholders is equal to the redemption value of outstanding preferred stock plus share dividends declared but not yet issued.
- (c) Total common stockholders' equity, total common stockholders' equity excluding AOCI and total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities, non-GAAP financial measures, exclude equity available to preferred stockholders. Total common stockholders' equity and book value per common share excluding AOCI, non-GAAP financial measures, are based on common 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 securities, we believe these non-GAAP financial measures provide useful supplemental information. Total common stockholders' equity and book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities, non-GAAP financial measures, are based on common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities. Since the net impact of fair value accounting for our fixed index annuity business is not economic in nature but rather impact the timing of reported results, we believe these non-GAAP financial measures provide useful supplemental information.
- (d) Book value per common share including and excluding AOCI and book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities are calculated as total common stockholders' equity, total common stockholders' equity excluding AOCI and total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities divided by the total number of shares of common stock outstanding.
- (e) Debt-to-capital ratios are computed using total capitalization excluding AOCI.

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Capitalization/Book Value per Common Share, continued

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Capitalization:				
Notes and loan payable	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Subordinated debentures payable to subsidiary trusts	78,421	78,342	78,264	78,187
Total debt	578,421	578,342	578,264	578,187
Total stockholders' equity attributable to American Equity Investment Life Holding Company	7,738,717	7,799,987	8,075,883	7,623,297
Total capitalization	8,317,138	8,378,329	8,654,147	8,201,484
Accumulated other comprehensive (income) loss (AOCI)	(3,192,547)	(3,303,752)	(3,589,584)	(2,684,172)
Total capitalization excluding AOCI (a)	\$ 5,124,591	\$ 5,074,577	\$ 5,064,563	\$ 5,517,312
Total stockholders' equity attributable to American Equity Investment Life Holding Company				
Equity available to preferred stockholders (b)	(700,000)	(700,000)	(700,000)	(700,000)
Total common stockholders' equity (c)	7,038,717	7,099,987	7,375,883	6,923,297
Accumulated other comprehensive (income) loss	(3,192,547)	(3,303,752)	(3,589,584)	(2,684,172)
Total common stockholders' equity excluding AOCI (c)	3,846,170	3,796,235	3,786,299	4,239,125
Net impact of fair value accounting for derivatives and embedded derivatives	(383,284)	(358,862)	(332,010)	(593,531)
Net capital markets impact on the fair value of market risk benefits	(291,696)	(309,332)	(200,221)	(362,677)
Total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities (c)	\$ 3,171,190	\$ 3,128,041	\$ 3,254,068	\$ 3,282,917
Common shares outstanding	92,513,517	92,513,517	92,553,825	95,482,733
Book Value per Common Share: (d)				
Book value per common share	\$ 76.08	\$ 76.75	\$ 79.69	\$ 72.51
Book value per common share excluding AOCI (c)	\$ 41.57	\$ 41.03	\$ 40.91	\$ 44.40
Book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities (c)	\$ 34.28	\$ 33.81	\$ 35.16	\$ 34.38
Debt-to-Capital Ratios: (e)				
Senior debt / Total capitalization	9.8 %	9.9 %	9.9 %	9.1 %
Total debt / Total capitalization	11.3 %	11.4 %	11.4 %	10.5 %

- (a) Total capitalization excluding AOCI, a non-GAAP financial measure, is based on stockholders' equity excluding the effect of AOCI.
- (b) Equity available to preferred stockholders is equal to the redemption value of outstanding preferred stock plus share dividends declared but not yet issued.
- (c) Total common stockholders' equity, total common stockholders' equity excluding AOCI and total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities, non-GAAP financial measures, exclude equity available to preferred stockholders. Total common stockholders' equity and book value per common share excluding AOCI, non-GAAP financial measures, are based on common 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 securities, we believe these non-GAAP financial measures provide useful supplemental information. Total common stockholders' equity and book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities, non-GAAP financial measures, are based on common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities. Since the net impact of fair value accounting for our fixed index annuity business is not economic in nature but rather impact the timing of reported results, we believe these non-GAAP financial measures provide useful supplemental information.
- (d) Book value per common share including and excluding AOCI and book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities are calculated as total common stockholders' equity, total common stockholders' equity excluding AOCI and total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities divided by the total number of shares of common stock outstanding.
- (e) Debt-to-capital ratios are computed using total capitalization excluding AOCI.

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Spread Results

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
4.34%	3.73%	Average yield on invested assets	4.30%	4.48%	4.33%	4.15%	3.80%
1.71%	1.55%	Aggregate cost of money	1.76%	1.75%	1.69%	1.64%	1.51%
2.63%	2.18%	Aggregate investment spread	2.54%	2.73%	2.64%	2.51%	2.29%
Impact of:							
0.03%	0.11%	Investment yield - additional prepayment income	0.01%	0.03%	0.05%	0.03%	0.12%
0.01%	0.07%	Cost of money effect of over hedging	—%	—%	0.02%	0.03%	0.14%
\$ 53,225,871	\$ 54,750,862	Weighted average investments	\$ 50,040,228	\$ 54,378,154	\$ 54,768,966	\$ 54,728,239	\$ 54,407,554
49,811,623	54,617,968	Ending investments	49,811,623	54,056,886	54,699,422	54,838,509	54,617,968

Weighted average investments include fixed maturity securities at amortized cost and mortgage loans on real estate and other investments at carrying values as reflected in the consolidated balance sheets. 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.

Investment Yields

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
Investment income:							
\$ 2,108,088	\$ 1,967,496	Fixed income (a)	\$ 511,077	\$ 547,326	\$ 539,382	\$ 510,303	\$ 500,577
200,349	73,990	Mark-to-market private asset income (a)	26,816	61,671	53,816	58,046	16,596
\$ 2,308,437	\$ 2,041,486	Total non-GAAP investment income (b)	\$ 537,893	\$ 608,997	\$ 593,198	\$ 568,349	\$ 517,173
Investment yield:							
4.08%	3.62%	Fixed income investment yield	4.26%	4.16%	4.04%	3.80%	3.73%
12.95%	16.53%	Mark-to-market private asset yield	5.29%	13.89%	15.15%	22.36%	9.60%
4.34%	3.73%	Total investment yield	4.30%	4.48%	4.33%	4.15%	3.80%
Weighted average investments:							
\$ 51,678,469	\$ 54,303,353	Fixed income investments	\$ 48,012,311	\$ 52,602,319	\$ 53,347,874	\$ 53,689,782	\$ 53,716,356
1,547,402	447,509	Mark-to-market private assets	2,027,917	1,775,835	1,421,092	1,038,457	691,199
\$ 53,225,871	\$ 54,750,862	Total weighted average investments	\$ 50,040,228	\$ 54,378,154	\$ 54,768,966	\$ 54,728,239	\$ 54,407,555

(a) Net of investment expenses

(b) Non-GAAP investment income is comprised of GAAP Net Investment Income adjusted to remove income associated with cash held by the Parent Company for corporate activities and to gross up income related to the tax benefit of tax exempt investment income, in addition to the adjustments shown in the reconciliation of Net Income to Non-GAAP Operating Income on page 5. The net impact of the adjustments for income associated with cash held by the Parent Company and tax exempt investment income was \$1,578 thousand in Q4 2022, \$740 thousand in Q3 2022, \$890 thousand in Q2 2022, \$926 thousand in Q1 2022, and \$2,574 thousand in Q4 2021.

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Summary of Cost of Money for Deferred Annuities

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
		Included in interest sensitive and index product benefits:					
\$ 305,292	\$ 1,977,888	Index credits	\$ 3,861	\$ 4,648	\$ 72,398	\$ 224,385	\$ 442,568
240,889	245,892	Interest credited	56,402	62,383	60,770	61,334	63,974
		Included in change in fair value of derivatives:					
(312,133)	(2,019,477)	Proceeds received at option expiration	(4,061)	(4,865)	(75,115)	(228,092)	(459,982)
647,132	630,015	Pro rata amortization of option cost	154,463	167,197	165,375	160,097	153,399
<u>\$ 881,180</u>	<u>\$ 834,318</u>	Cost of money for deferred annuities	<u>\$ 210,665</u>	<u>\$ 229,363</u>	<u>\$ 223,428</u>	<u>\$ 217,724</u>	<u>\$ 199,959</u>
\$ 51,558,865	\$ 53,681,684	Weighted average liability balance outstanding	\$ 47,802,219	\$ 52,337,208	\$ 52,940,739	\$ 53,155,293	\$ 53,064,893

Annuity Account Balance Rollforward

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
\$ 53,191,277	\$ 54,056,725	Account balances at beginning of period	\$ 51,913,689	\$ 52,762,558	\$ 53,119,291	\$ 53,191,277	\$ 52,938,493
(4,068,761)	(4,279,394)	Reserves ceded - in-force	(3,810,982)	(257,779)	—	—	—
49,122,516	49,777,331	Account balance at beginning of period, net of reinsurance ceded	48,102,707	52,504,779	53,119,291	53,191,277	52,938,493
2,347,315	5,485,205	Net deposits	613,084	496,940	562,366	674,925	815,890
107,691	95,160	Premium bonuses	33,617	27,385	23,547	23,142	23,476
546,181	2,223,780	Fixed interest credited and index credits	60,263	67,031	133,168	285,719	506,542
(72,699)	(67,657)	Surrender charges	(22,030)	(19,783)	(15,345)	(15,541)	(13,638)
(157,655)	(174,974)	Lifetime income benefit rider fees	(39,636)	(41,036)	(40,169)	(36,814)	(46,672)
(4,388,734)	(4,147,568)	Surrenders, withdrawals, deaths, etc.	(1,243,390)	(1,121,627)	(1,020,300)	(1,003,417)	(1,032,814)
<u>\$ 47,504,615</u>	<u>\$ 53,191,277</u>	Account balances at end of period	<u>\$ 47,504,615</u>	<u>\$ 51,913,689</u>	<u>\$ 52,762,558</u>	<u>\$ 53,119,291</u>	<u>\$ 53,191,277</u>

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MRB Liability

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
\$ 2,362,947	\$ 2,136,146	MRB balance at beginning of period	\$ 1,762,629	\$ 1,721,376	\$ 2,075,033	\$ 2,362,947	\$ 2,288,670
(326,524)	(63,215)	Reserves ceded - in-force	(331,020)	4,496	—	—	—
7,429	(5,236)	Issuances	1,230	1,366	913	3,920	1,290
66,198	40,186	Interest accrual	23,910	20,626	12,424	9,238	11,772
102,665	114,178	Attributed fees collected	25,933	25,484	25,627	25,621	28,213
—	—	Benefits payments	—	—	—	—	—
(449,887)	(405,610)	Effect of changes in interest rates and equity markets	(16,236)	(197,978)	(348,675)	113,002	14,142
278,651	527,984	Effect of changes in assumptions and policyholder behavior	(1,371)	228,048	10,971	41,003	46,567
(519,525)	18,514	Effect of changes in instrument specific credit risk	56,879	(40,789)	(54,917)	(480,698)	(27,707)
1,521,954	2,362,947	MRB balance at end of period, net (a)	1,521,954	1,762,629	1,721,376	2,075,033	2,362,947
765,552	371,935	MRB net deferred capital markets impact, end of period	765,552	767,862	588,352	253,022	371,935
<u>\$ 2,287,506</u>	<u>\$ 2,734,882</u>	Non-GAAP MRB balance, end of period (b)	<u>\$ 2,287,506</u>	<u>\$ 2,530,491</u>	<u>\$ 2,309,728</u>	<u>\$ 2,328,055</u>	<u>\$ 2,734,882</u>

- (a) The MRB balance is the MRB liability net of the MRB asset, MRB host, and reinsurance recoverable asset associated with the ceded MRB. The MRB asset, MRB host and reinsurance recoverable asset associated with the ceded MRB are included in Other assets on the Consolidated Balance Sheets.
- (b) Non-GAAP MRB balance is comprised of the GAAP MRB balance adjusted for the pre-tax cumulative effect of the deferral of capital markets impact on the fair value of the MRB. See page 11 and page 12 for the non-GAAP definition and reconciliation of total common stockholders' equity to total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities which includes the adjustment for the after-tax cumulative effect of the deferral of capital markets impact on the fair value of MRB.

Account Values Subject to Recurring Fees Under Reinsurance Agreements

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
\$ 4,660,690	\$ —	Account value of business ceded subject to fee income at beginning of period	\$ 5,612,098	\$ 5,065,538	\$ 4,859,360	\$ 4,660,690	\$ 4,459,858
4,068,761	4,279,394	In-force account value ceded subject to fee income	3,810,982	257,779	—	—	—
1,045,600	381,296	Premiums on business ceded subject to fee income	351,971	288,781	206,178	198,670	200,832
(132,715)	—	Disbursements on business ceded subject to fee income	(132,715)	—	—	—	—
<u>\$ 9,642,336</u>	<u>\$ 4,660,690</u>	Account value of business ceded subject to fee income at end of period	<u>\$ 9,642,336</u>	<u>\$ 5,612,098</u>	<u>\$ 5,065,538</u>	<u>\$ 4,859,360</u>	<u>\$ 4,660,690</u>
\$ 48,214	\$ 16,160	Non-GAAP operating revenue associated with recurring fees (a)	\$ 19,001	\$ 10,988	\$ 9,408	\$ 8,817	\$ 8,263

- (a) Non-GAAP operating revenue associated with recurring fees is comprised of GAAP Other Revenue adjusted for the amortization of gains on assets transferred under a reinsurance transaction. See page 5 for the reconciliation of Net Income to Non-GAAP Operating Income and page 6 for the summary of adjustments to arrive at Non-GAAP Operating Income

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Annuity Deposits by Product Type

Year Ended December 31,			Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
2022	2021						
		American Equity Life:					
\$ 2,692,141	\$ 2,753,479	Fixed index annuities	\$ 637,021	\$ 627,444	\$ 671,696	\$ 755,980	\$ 806,238
5,329	6,133	Annual reset fixed rate annuities	1,856	1,271	1,140	1,062	848
56,511	855,702	Multi-year fixed rate annuities	49,216	4,465	485	2,345	6,640
18,935	59,816	Single premium immediate annuities	494	1,915	3,073	13,453	14,145
2,772,916	3,675,130		688,587	635,095	676,394	772,840	827,871
		Eagle Life:					
479,279	697,068	Fixed index annuities	145,772	102,379	104,374	126,754	176,101
380	350	Annual reset fixed rate annuities	230	143	—	7	13
82,581	1,597,292	Multi-year fixed rate annuities	65,434	14,684	123	2,340	40,901
562,240	2,294,710		211,436	117,206	104,497	129,101	217,015
		Consolidated:					
3,171,420	3,450,547	Fixed index annuities	782,793	729,823	776,070	882,734	982,339
5,709	6,483	Annual reset fixed rate annuities	2,086	1,414	1,140	1,069	861
139,092	2,452,994	Multi-year fixed rate annuities	114,650	19,149	608	4,685	47,541
18,935	59,816	Single premium immediate annuities	494	1,915	3,073	13,453	14,145
3,335,156	5,969,840	Total before coinsurance ceded	900,023	752,301	780,891	901,941	1,044,886
968,906	424,819	Coinsurance ceded	286,445	253,446	215,452	213,563	214,851
\$ 2,366,250	\$ 5,545,021	Net after coinsurance ceded	\$ 613,578	\$ 498,855	\$ 565,439	\$ 688,378	\$ 830,035

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Net (of Coinsurance) Account Values at December 31, 2022:

Product Type	Surrender Charge			Net Account Value	
	Avg. Years At Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in Thousands	%
Fixed Index Annuities	12.5	5.0	8.1%	\$ 41,992,352	88.4 %
Annual Reset Fixed Rate Annuities	7.4	1.7	3.4%	1,247,151	2.6 %
Multi-Year Fixed Rate Annuities	3.9	1.7	7.4%	4,265,112	9.0 %
Total	11.6	4.6	7.9%	\$ 47,504,615	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	\$ 898,320	\$ 3,616,403
0.0% < 2.0%	41,672	2,062,990
2.0% < 3.0%	65,004	4,321,344
3.0% < 4.0%	68,626	982,289
4.0% < 5.0%	6,436	2,772,450
5.0% < 6.0%	36,179	2,608,334
6.0% < 7.0%	71,838	2,548,367
7.0% < 8.0%	1,420,984	2,812,800
8.0% < 9.0%	2,547,819	2,219,917
9.0% < 10.0%	112,829	3,337,952
10.0% or greater	242,556	14,709,506
	<u>\$ 5,512,263</u>	<u>\$ 41,992,352</u>

<u>Surrender Charge Expiration By Year:</u>	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
Out of Surrender Charge	\$ 4,514,723	0.00 %
2023	4,336,011	3.03 %
2024	3,919,595	5.38 %
2025	5,453,784	4.44 %
2026	4,892,384	5.96 %
2027	4,283,172	7.81 %
2028	3,714,323	9.00 %
2029	4,143,581	10.42 %
2030	2,775,742	12.89 %
2031	3,900,824	13.80 %
2032	3,060,964	14.38 %
2033	1,068,172	17.39 %
2034	676,085	18.03 %
2035	350,543	18.50 %
2036	196,242	18.99 %
2037	113,435	19.50 %
2038	105,035	20.00 %
	<u>\$ 47,504,615</u>	<u>7.92 %</u>

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 December 31, 2022 for the \$11.9 billion of account value of fixed annuities and funds allocated to the fixed rate strategy for fixed index annuities would decrease by 0.21%.

If all caps and participation rates were reduced to minimum caps and participation rates and current asset fees were increased to their maximums on the \$35.6 billion of account value allocated to index strategies, the cost of options would decrease by 1.03% based upon prices of options for the week ended January 1, 2023.

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Summary of Invested Assets

	December 31, 2022		December 31, 2021	
	Carrying Amount	Percent	Carrying Amount	Percent
Fixed maturity securities:				
U.S. Government and agencies	\$ 169,071	0.4 %	\$ 1,078,746	1.9 %
States, municipalities and territories	3,822,943	8.5 %	3,758,761	6.5 %
Foreign corporate securities and foreign governments	616,938	1.4 %	375,097	0.6 %
Corporate securities	20,201,774	44.8 %	32,631,189	57.0 %
Residential mortgage backed securities	1,366,927	3.0 %	1,125,049	2.0 %
Commercial mortgage backed securities	3,447,075	7.6 %	4,682,900	8.2 %
Other asset backed securities	5,155,254	11.4 %	5,146,567	9.0 %
Total fixed maturity securities	34,779,982	77.1 %	48,798,309	85.2 %
Mortgage loans on real estate	6,778,977	15.0 %	5,650,480	9.9 %
Real estate investments	1,056,063	2.3 %	337,939	0.6 %
Limited partnerships and limited liability companies	1,266,779	2.8 %	520,120	0.9 %
Derivative instruments	431,727	1.0 %	1,277,480	2.2 %
Other investments	829,900	1.8 %	690,344	1.2 %
Total investments, net of modified coinsurance investments	45,143,428	100.0 %	57,274,672	100.0 %
Coinurance investments (a)	6,181,870		3,101,832	
Total investments	\$ 51,325,298		\$ 60,376,504	

(a) Investments held by American Equity Life in a segregated account to support liabilities reinsured under both coinsurance with funds withheld and modified coinsurance reinsurance agreements.

Credit Quality of Fixed Maturity Securities - December 31, 2022

NAIC Designation	Amortized Cost	Carrying Amount	Percent	Rating Agency Rating	Amortized Cost	Carrying Amount	Percent
1	\$ 24,466,961	\$ 21,752,775	62.5 %	Aaa/Aa/A	\$ 24,462,459	\$ 21,723,282	62.5 %
2	14,185,506	12,398,001	35.7 %	Baa	14,228,490	12,434,302	35.7 %
3	562,190	490,198	1.4 %	Ba	554,605	485,166	1.4 %
4	109,409	91,495	0.3 %	B	94,185	79,058	0.2 %
5	61,721	36,738	0.1 %	Caa	20,020	18,540	0.1 %
6	14,636	10,775	— %	Ca and lower	40,664	39,634	0.1 %
	39,400,423	34,779,982	100.0 %		39,400,423	34,779,982	100.0 %
Coinurance investments				Coinurance investments			
(a)	5,465,596	5,024,635		(a)	5,465,596	5,024,635	
	\$ 44,866,019	\$ 39,804,617			\$ 44,866,019	\$ 39,804,617	

(a) Investments held by American Equity Life in a segregated account to support liabilities reinsured under both coinsurance with funds withheld and modified coinsurance reinsurance agreements.

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Watch List Securities - December 31, 2022

General Description (a)	Amortized Cost	Allowance for Credit Losses	Amortized Cost, Net of Allowance	Net Unrealized Losses, Net of Allowance	Fair Value
States, municipalities and territories	\$ 20,657	\$ —	\$ 20,657	\$ (3,344)	\$ 17,313
Corporate securities - Public securities	20,860	—	20,860	(1,050)	19,810
Corporate securities - Private placement securities	10,646	(3,214)	7,432	—	7,432
Residential mortgage backed securities	25,095	(133)	24,962	(2,954)	22,008
Commercial mortgage backed securities	41,899	—	41,899	(2,752)	39,147
Other asset backed securities	2,314	—	2,314	—	2,314
Collateralized loan obligations	103,907	—	103,907	(21,239)	82,668
	<u>\$ 225,378</u>	<u>\$ (3,347)</u>	<u>\$ 222,031</u>	<u>\$ (31,339)</u>	<u>\$ 190,692</u>

(a) The watch list consists of all fixed maturity securities we have determined contain elevated credit risk, including those on which we have taken credit losses.

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Fixed Maturity Securities by Sector

	December 31, 2022		December 31, 2021	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale:				
U.S. Government and agencies	\$ 173,638	\$ 169,071	\$ 1,046,029	\$ 1,078,746
States, municipalities and territories	4,356,191	3,822,943	3,325,468	3,758,761
Foreign corporate securities and foreign governments	680,263	616,938	353,198	375,097
Corporate securities:				
Capital goods	1,601,113	1,395,595	2,329,169	2,666,627
Consumer discretionary	5,086,479	4,320,219	6,132,199	6,946,585
Energy	1,219,370	1,111,891	1,968,576	2,214,513
Financials	6,467,052	5,634,229	6,998,286	7,714,869
Government non-guaranteed	202,740	179,440	471,015	541,233
Industrials	166,061	138,999	377,631	425,201
Information technology	1,344,461	1,160,067	1,718,596	1,918,197
Materials	1,169,188	1,021,288	1,672,144	1,875,276
Telecommunications	1,306,495	1,090,868	1,569,176	1,756,741
Transportation	1,100,681	975,393	1,312,909	1,454,391
Utilities	3,620,946	3,115,520	4,156,578	4,716,397
Other	58,184	58,265	350,592	401,159
Residential mortgage backed securities:				
Government agency	806,999	754,349	455,136	500,698
Prime	387,838	334,613	537,559	544,084
Alt-A	54,910	58,091	59,129	75,361
Non-qualified mortgage	169,847	157,960	—	—
Other	62,235	61,914	4,954	4,906
Commercial mortgage backed securities:				
Government agency	170,307	157,903	380,339	415,026
Non-agency	3,668,300	3,289,172	4,169,970	4,267,874
Other asset backed securities:				
Auto	44,450	41,896	218,106	222,364
Consumer discretionary	122,068	118,843	—	—
Financials	283,238	252,493	4,441	4,887
Collateralized loan obligations	4,071,929	3,775,347	3,789,984	3,745,452
Other	1,005,440	966,675	1,088,751	1,173,864
	39,400,423	34,779,982	44,489,935	48,798,309
Coinurance investments (a)	5,465,596	5,024,635	2,509,248	2,507,634
	<u>\$ 44,866,019</u>	<u>\$ 39,804,617</u>	<u>\$ 46,999,183</u>	<u>\$ 51,305,943</u>

(a) Investments held by American Equity Life in a segregated account to support liabilities reinsured under both coinurance with funds withheld and modified coinurance reinsurance agreements.

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Mortgage Loans on Real Estate

	December 31, 2022		December 31, 2021	
	Principal	Percent	Principal	Percent
Property type distribution				
Commercial mortgage loans:				
Office	\$ 267,502	4.0 %	\$ 287,557	5.1 %
Medical Office	10,265	0.1 %	10,827	0.2 %
Retail	878,352	13.0 %	1,016,101	18.0 %
Industrial/Warehouse	853,215	12.6 %	924,779	16.3 %
Apartment	893,910	13.2 %	854,580	15.1 %
Hotel	285,271	4.2 %	283,500	5.0 %
Mixed Use/Other	200,756	3.0 %	217,970	3.9 %
Agricultural mortgage loans	567,630	8.4 %	408,135	7.2 %
Residential mortgage loans	2,807,652	41.5 %	1,652,910	29.2 %
	6,764,553	100.0 %	5,656,359	100.0 %
Coinsurance investments (a)	171,633		37,817	
	<u>\$ 6,936,186</u>		<u>\$ 5,694,176</u>	

	Commercial		Agricultural	
	Amortized Cost	Average LTV	Amortized Cost	Average LTV
As of December 31, 2022:				
Debt Service Coverage Ratio:				
Greater than or equal to 1.5	\$ 2,358,793	53%	\$ 266,695	45%
Greater than or equal to 1.2 and less than 1.5	505,644	61%	236,589	48%
Greater than or equal to 1.0 and less than 1.2	475,315	50%	15,075	39%
Less than 1.0	44,756	66%	47,604	33%
	3,384,508	54%	565,963	45%
Coinsurance investments (a)	170,050	61%	—	—%
	<u>\$ 3,554,558</u>	<u>54%</u>	<u>\$ 565,963</u>	<u>45%</u>

As of December 31, 2021:				
Debt Service Coverage Ratio:				
Greater than or equal to 1.5	\$ 2,491,464	55%	\$ 180,113	49%
Greater than or equal to 1.2 and less than 1.5	555,055	65%	202,031	48%
Greater than or equal to 1.0 and less than 1.2	466,517	53%	16,304	44%
Less than 1.0	77,948	65%	8,551	59%
	3,590,984	56%	406,999	48%
Coinsurance investments (a)	37,518	51%	—	—%
	<u>\$ 3,628,502</u>	<u>56%</u>	<u>\$ 406,999</u>	<u>48%</u>

(a) Investments held by American Equity Life in a segregated account to support liabilities reinsured under both coinsurance with funds withheld and modified coinsurance reinsurance agreements.

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	December 31, 2022			
	Commercial	Agricultural	Residential	Total
Credit exposure - by payment activity				
Performing	\$ 3,389,271	\$ 564,495	\$ 2,773,251	\$ 6,727,017
In workout	—	—	—	—
Delinquent	—	3,135	34,401	37,536
Principal outstanding	3,389,271	567,630	2,807,652	6,764,553
Unamortized discounts and premiums, net	—	—	55,917	55,917
Deferred fees and costs, net	(4,763)	(1,667)	1,909	(4,521)
Amortized cost	3,384,508	565,963	2,865,478	6,815,949
Valuation allowance	(22,428)	(1,021)	(13,523)	(36,972)
Carrying value	3,362,080	564,942	2,851,955	6,778,977
Coinsurance investments (a)	170,050	—	—	170,050
	<u>\$ 3,532,130</u>	<u>\$ 564,942</u>	<u>\$ 2,851,955</u>	<u>\$ 6,949,027</u>
	December 31, 2021			
	Commercial	Agricultural	Residential	Total
Credit exposure - by payment activity				
Performing	\$ 3,595,314	\$ 408,135	\$ 1,645,905	\$ 5,649,354
In workout	—	—	—	—
Delinquent	—	—	7,005	7,005
Principal outstanding	3,595,314	408,135	1,652,910	5,656,359
Unamortized discounts and premiums, net	—	—	22,143	22,143
Deferred fees and costs, net	(4,330)	(1,136)	1,468	(3,998)
Amortized cost	3,590,984	406,999	1,676,521	5,674,504
Valuation allowance	(17,926)	(519)	(5,579)	(24,024)
Carrying value	3,573,058	406,480	1,670,942	5,650,480
Coinsurance investments (a)	37,518	—	—	37,518
	<u>\$ 3,610,576</u>	<u>\$ 406,480</u>	<u>\$ 1,670,942</u>	<u>\$ 5,687,998</u>

(a) Investments held by American Equity Life in a segregated account to support liabilities reinsured under both coinsurance with funds withheld and modified coinsurance reinsurance agreements.

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Shareholder Information

	A.M. Best	S&P	Fitch
Financial Strength Ratings			
American Equity Investment Life Insurance Company	A- (stable)	A- (stable)	A- (stable)
American Equity Investment Life Insurance Company of New York	A- (stable)	A- (stable)	A- (stable)
Eagle Life Insurance Company	A- (stable)	A- (stable)	A- (stable)
Credit Ratings			
American Equity Investment Life Holding Company	bbb- (stable)	BBB-	BBB
Senior unsecured debt	bbb- (stable)	BBB-	BBB-
Perpetual, non-cumulative preferred stock	bb (stable)	BB	BB

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”

	High	Low	Close	Dividend Declared
2022				
First Quarter	\$44.49	\$35.05	\$39.91	\$0.00
Second Quarter	\$42.18	\$32.65	\$36.57	\$0.00
Third Quarter	\$43.55	\$33.22	\$37.29	\$0.00
Fourth Quarter	\$46.76	\$28.05	\$45.62	\$0.36
2021				
First Quarter	\$32.54	\$26.21	\$31.53	\$0.00
Second Quarter	\$33.68	\$29.18	\$32.32	\$0.00
Third Quarter	\$33.79	\$27.12	\$29.57	\$0.00
Fourth Quarter	\$39.88	\$29.46	\$38.92	\$0.34
2020				
First Quarter	\$34.16	\$9.07	\$18.80	\$0.00
Second Quarter	\$27.09	\$14.76	\$24.71	\$0.00
Third Quarter	\$27.32	\$19.06	\$21.99	\$0.00
Fourth Quarter	\$34.25	\$22.37	\$27.66	\$0.32

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Phone: (877) 282-1169
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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.

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - December 31, 2022 (Recast for LDTI)

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