
**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 6, 2018

**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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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 6, 2018, the registrant issued a press release announcing its financial results for the quarter ended June 30, 2018, 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, 2018, 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 6, 2018, announcing American Equity Investment Life Holding Company's financial results for the quarter ended June 30, 2018.</u>
99.2	<u>American Equity Investment Life Holding Company's Financial Supplement for the quarter ended June 30, 2018.</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 6, 2018

**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 6, 2018

American Equity Reports Second Quarter 2018 Results

Company Highlights

- **Second quarter 2018 net income of \$93.9 million or \$1.03 per diluted common share**
- **Second quarter 2018 non-GAAP operating income¹ of \$86.6 million or \$0.95 per diluted common share**
- **Second quarter 2018 annuity sales of \$1.2 billion**
- **Policyholder funds under management of \$49.9 billion**
- **Second quarter 2018 investment spread of 2.64%**
- **Estimated risk-based capital ratio of 384% compared to 378% at December 31, 2017**

WEST DES MOINES, Iowa (August 6, 2018) - American Equity Investment Life Holding Company (NYSE: AEL), a leading issuer of fixed index annuities, today reported second quarter 2018 net income of \$93.9 million, or \$1.03 per diluted common share, compared to net income of \$26.9 million, or \$0.30 per diluted common share, for second quarter 2017.

Non-GAAP operating income¹ for the second quarter of 2018 was \$86.6 million, or \$0.95 per diluted common share, compared to non-GAAP operating income¹ of \$63.7 million, or \$0.71 per diluted common share, for second quarter 2017. On a trailing twelve-month basis, non-GAAP operating¹ return on average equity excluding average AOCI¹ was 15.2% based upon reported results and 14.2% excluding both the impact of assumption revisions and loss on extinguishment of debt.

POLICYHOLDER FUNDS UNDER MANAGEMENT UP 1.6% ON \$1.2 BILLION OF SALES

Policyholder funds under management at June 30, 2018 were \$49.9 billion, a \$787 million or 1.6% increase from March 31, 2018. Second quarter sales were \$1.2 billion before coinsurance ceded and \$1.1 billion after coinsurance ceded. Gross sales and net sales for the quarter increased 2% and 1%, respectively, from second quarter 2017 sales. On a sequential basis, gross and net sales increased 17% and 14%, respectively.

Total sales by independent agents for American Equity Investment Life Insurance Company increased 13% sequentially while total sales by broker-dealers and banks for Eagle Life Insurance Company increased by \$58 million or 34% sequentially, in part due to a \$45 million increase in sales of non-core multi-year fixed rate annuities. Sales of fixed index annuities (FIAs) were up 13% sequentially to \$1.1 billion driven by the gain in sales for American Equity Life.

Commenting on sales, John Matovina, Chairman and Chief Executive Officer, said: "We were pleased with our third consecutive sequential increase in FIA sales and the 14% sequential increase in FIA sales we experienced in American Equity Life's independent agent channel. Reflecting the attractiveness of accumulation products in the current market environment, the Choice Series continues to be our best-selling product line at American Equity Life with 37% of sales in the second quarter. In the guaranteed lifetime income space, we are thrilled with the initial reception of the IncomeShield Series that was introduced to our independent agents on March 19th. IncomeShield is already our second best selling product line accounting for 23% of American Equity Life's sales in June. FIA sales for Eagle Life of \$173 million were up \$13 million or 8% sequentially and continued the good start we had in the first 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 with a number of competitors raising caps, participation rates and guaranteed lifetime income. However, our products remain competitive. In particular, our American Equity Choice and Eagle Select fixed index annuities offer some of the highest participation rates in the industry. Guaranteed lifetime income from IncomeShield is competitive with levels offered by our most important competitors despite having annual fees which are among the lowest in the industry. The no fee rider option available with IncomeShield has proven very attractive to distribution as well."

Matovina continued: "We have more new product activity on tap for the third quarter. Fixed index annuities with surrender charge periods shorter than six year have become popular. Eagle Life recently introduced a fixed index annuity with a five year surrender charge period. This product features a 120% annual participation rate on a volatility controlled excess return index strategy which we expect to be well received by policyholders purchasing fixed index annuities for accumulation. Later this quarter, American Equity Life plans to introduce a new series of non-bonus products focused on accumulation with a key feature being a participation rate above 100% on the same volatility controlled excess return index available in the Eagle Life five year product. In addition, we expect the new American Equity Life products to have a "first of its kind" crediting strategy based on the S&P 500 Index. We expect this new strategy to compare favorably to the monthly point to point strategy that has been popular in fixed index annuities for more than ten years. These index crediting strategies, together with our traditional participation rate strategy on the S&P 500 Index, should compete very well with the "hybrid" index/multi-year term products which certain distributors have focused on."

INVESTMENT SPREAD REBOUNDS LARGELY ON NON-TRENDABLE ITEMS; OUTLOOK FOR INVESTMENT SPREAD CONTINUES TO IMPROVE

American Equity's investment spread was 2.64% for the second quarter of 2018 compared to 2.54% for the first quarter of 2018 and 2.72% for the second quarter of 2017. On a sequential basis, the average yield on invested assets increased by eleven basis points while the cost of money rose one basis point.

Average yield on invested assets was 4.47% in the second quarter of 2018 compared to 4.36% in the first quarter of 2018. This increase was primarily attributable to a greater benefit from non-trendable investment items of 10 basis points including seven basis points from fee income from bond transactions and prepayment income compared to just three basis points from such items in the first quarter of 2018. The average yield on fixed income securities purchased and commercial mortgage loans funded in the second quarter of 2018 was 4.77% compared to 4.43% in the first quarter of 2018.

The aggregate cost of money for annuity liabilities of 1.83% in the second quarter of 2018 was up one basis point from 1.82% in the first quarter of 2018. The benefit from over hedging index linked interest obligations was six basis points in the second quarter of 2018 compared to two basis points in the first quarter of 2018.

Commenting on investment spread, Matovina said: "The sequential increase in investment spread in the second quarter was primarily attributable to an eight basis point increase in the benefit from fee income from bond transactions, prepayment income and over-hedging. Our investment spread remained under pressure in the second quarter of 2018 primarily due to the escalation of option costs for certain index strategies in the last several quarters that is recognized in the cost of money ratably over the twelve month option period. To counteract this impact, we initiated renewal rate adjustments on certain in-force policies in March. Further reductions in renewal rates are currently under consideration. We have flexibility to reduce our crediting rates and could decrease our cost of money by approximately 0.59% through further reductions in renewal rates to guaranteed minimums should the cost of money not return to acceptable levels."

Matovina went on to say: "Our investment spread should benefit from the higher yields we have been obtaining on investment securities purchases and commercial mortgage loan fundings, increases in yields on our floating rate investments and changes in renewal rates. We are also looking to improve our investment yield through the opportunistic replacement of lower yielding securities with higher yielding securities. During the second quarter, we sold \$1.6 billion in book value of securities with an average yield of 3.12%. While these sales together with annuity deposits received during the quarter left us with an excess short-term cash position at June 30, we anticipate we will pick up incremental investment yield from additional portfolio realignment once the June 30th excess cash position is invested. The prospect for higher investment yields is quite good, and we expect our portfolio yield, excluding non-trendable items, to increase through the remainder of this year."

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 2018 earnings on Tuesday, August 7, 2018 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 7196667 (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 14, 2018 at 855-859-2056, passcode 7196667 (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,	
	2018	2017	2018	2017
Revenues:				
Premiums and other considerations	\$ 5,757	\$ 7,720	\$ 14,810	\$ 17,122
Annuity product charges	55,006	48,603	105,729	92,175
Net investment income	533,282	493,489	1,044,066	979,086
Change in fair value of derivatives	132,205	266,820	(318,878)	653,353
Net realized gains (losses) on investments, excluding other than temporary impairment ("OTTI") losses	(38,381)	3,873	(38,079)	6,211
OTTI losses on investments:				
Total OTTI losses	(745)	—	(1,652)	—
Portion of OTTI losses recognized in (from) other comprehensive income	(1,651)	(949)	(1,651)	(1,090)
Net OTTI losses recognized in operations	(2,396)	(949)	(3,303)	(1,090)
Loss on extinguishment of debt	—	(428)	—	(428)
Total revenues	685,473	819,128	804,345	1,746,429
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	9,276	9,986	21,370	21,861
Interest sensitive and index product benefits	427,951	472,596	942,046	891,735
Amortization of deferred sales inducements	78,112	33,695	178,535	96,020
Change in fair value of embedded derivatives	(101,949)	174,973	(969,181)	399,143
Interest expense on notes and loan payable	6,374	8,678	12,746	16,400
Interest expense on subordinated debentures	3,878	3,422	7,508	6,758
Amortization of deferred policy acquisition costs	115,049	49,547	255,688	139,225
Other operating costs and expenses	32,540	25,964	63,780	53,543
Total benefits and expenses	571,231	778,861	512,492	1,624,685
Income before income taxes	114,242	40,267	291,853	121,744
Income tax expense	20,339	13,321	56,988	40,859
Net income	\$ 93,903	\$ 26,946	\$ 234,865	\$ 80,885
Earnings per common share				
Earnings per common share	\$ 1.04	\$ 0.30	\$ 2.60	\$ 0.91
Earnings per common share - assuming dilution	\$ 1.03	\$ 0.30	\$ 2.58	\$ 0.90
Weighted average common shares outstanding (in thousands):				
Earnings per common share	90,327	88,897	90,173	88,773
Earnings per common share - assuming dilution	91,271	90,112	91,206	90,045

NON-GAAP FINANCIAL MEASURES

In addition to net income, 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 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 provides information that may enhance an investor's understanding of its underlying results and profitability.

Reconciliation from Net Income to Non-GAAP Operating Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 93,903	\$ 26,946	\$ 234,865	\$ 80,885
Adjustments to arrive at non-GAAP operating income: (a)				
Net realized investment (gains) losses, including OTTI	25,624	(1,559)	25,647	(3,501)
Change in fair value of derivatives and embedded derivatives - fixed index annuities	(30,094)	57,571	(108,912)	68,548
Change in fair value of derivatives - debt	(739)	465	(2,571)	218
Income taxes	(2,046)	(19,741)	15,313	(22,846)
Non-GAAP operating income	<u>\$ 86,648</u>	<u>\$ 63,682</u>	<u>\$ 164,342</u>	<u>\$ 123,304</u>
Per common share - assuming dilution:				
Net income	\$ 1.03	\$ 0.30	\$ 2.58	\$ 0.90
Adjustments to arrive at non-GAAP operating income:				
Net realized investment (gains) losses, including OTTI	0.28	(0.02)	0.28	(0.04)
Change in fair value of derivatives and embedded derivatives - fixed index annuities	(0.33)	0.64	(1.19)	0.76
Change in fair value of derivatives - debt	(0.01)	0.01	(0.03)	—
Income taxes	(0.02)	(0.22)	0.16	(0.25)
Non-GAAP operating income	<u>\$ 0.95</u>	<u>\$ 0.71</u>	<u>\$ 1.80</u>	<u>\$ 1.37</u>

(a) Adjustments to net income 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 is calculated by dividing net income and non-GAAP operating income 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, 2018	
Average Stockholders' Equity		
Average equity including average AOCI	\$	2,539,117
Average AOCI		(395,264)
Average equity excluding average AOCI	\$	2,143,853
Net income	\$	328,625
Non-GAAP operating income		326,088
Return on Average Equity Excluding Average AOCI		
Net income		15.33%
Non-GAAP operating income		15.21%

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement

June 30, 2018

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AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2018
Unaudited (Dollars in thousands)

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018	December 31, 2017
Assets		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value	\$ 44,799,370	\$ 45,372,989
Held for investment, at amortized cost	77,155	77,041
Mortgage loans on real estate	2,794,382	2,665,531
Derivative instruments	847,243	1,568,380
Other investments	508,932	616,764
Total investments	49,027,082	50,300,705
Cash and cash equivalents	1,259,722	1,434,045
Coinsurance deposits	4,936,037	4,858,289
Accrued investment income	447,550	429,008
Deferred policy acquisition costs	3,210,749	2,714,523
Deferred sales inducements	2,324,912	2,001,892
Deferred income taxes	221,632	38,147
Income taxes recoverable	31,313	—
Other assets	168,506	254,127
Total assets	<u>\$ 61,627,503</u>	<u>\$ 62,030,736</u>
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$ 56,859,540	\$ 56,142,673
Other policy funds and contract claims	276,768	282,884
Notes payable	494,339	494,093
Subordinated debentures	242,770	242,565
Income taxes payable	—	34,285
Other liabilities	1,327,261	1,984,079
Total liabilities	59,200,678	59,180,579
Stockholders' equity:		
Common stock	90,233	89,331
Additional paid-in capital	804,094	791,446
Accumulated other comprehensive income	180,406	724,599
Retained earnings	1,352,092	1,244,781
Total stockholders' equity	2,426,825	2,850,157
Total liabilities and stockholders' equity	<u>\$ 61,627,503</u>	<u>\$ 62,030,736</u>

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2018
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,	
	2018	2017	2018	2017
Revenues:				
Premiums and other considerations	\$ 5,757	\$ 7,720	\$ 14,810	\$ 17,122
Annuity product charges	55,006	48,603	105,729	92,175
Net investment income	533,282	493,489	1,044,066	979,086
Change in fair value of derivatives	132,205	266,820	(318,878)	653,353
Net realized gains (losses) on investments, excluding other than temporary impairment ("OTTI") losses	(38,381)	3,873	(38,079)	6,211
OTTI losses on investments:				
Total OTTI losses	(745)	—	(1,652)	—
Portion of OTTI losses recognized in (from) other comprehensive income	(1,651)	(949)	(1,651)	(1,090)
Net OTTI losses recognized in operations	(2,396)	(949)	(3,303)	(1,090)
Loss on extinguishment of debt	—	(428)	—	(428)
Total revenues	685,473	819,128	804,345	1,746,429
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	9,276	9,986	21,370	21,861
Interest sensitive and index product benefits	427,951	472,596	942,046	891,735
Amortization of deferred sales inducements	78,112	33,695	178,535	96,020
Change in fair value of embedded derivatives	(101,949)	174,973	(969,181)	399,143
Interest expense on notes and loan payable	6,374	8,678	12,746	16,400
Interest expense on subordinated debentures	3,878	3,422	7,508	6,758
Amortization of deferred policy acquisition costs	115,049	49,547	255,688	139,225
Other operating costs and expenses	32,540	25,964	63,780	53,543
Total benefits and expenses	571,231	778,861	512,492	1,624,685
Income before income taxes	114,242	40,267	291,853	121,744
Income tax expense	20,339	13,321	56,988	40,859
Net income	\$ 93,903	\$ 26,946	\$ 234,865	\$ 80,885
Earnings per common share				
Earnings per common share	\$ 1.04	\$ 0.30	\$ 2.60	\$ 0.91
Earnings per common share - assuming dilution	\$ 1.03	\$ 0.30	\$ 2.58	\$ 0.90
Weighted average common shares outstanding (in thousands):				
Earnings per common share	90,327	88,897	90,173	88,773
Earnings per common share - assuming dilution	91,271	90,112	91,206	90,045

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2018
Unaudited (Dollars in thousands, except per share data)

Quarterly Summary - Most Recent 5 Quarters

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenues:					
Traditional life insurance premiums	\$ 910	\$ 972	\$ 2,989	\$ 2,832	\$ 2,590
Life contingent immediate annuity considerations	4,847	8,081	5,548	5,737	5,130
Surrender charges	16,520	16,282	13,573	13,521	13,896
Lifetime income benefit rider fees	38,486	34,441	42,815	38,410	34,707
Net investment income	533,282	510,784	512,709	500,202	493,489
Change in fair value of derivatives	132,205	(451,083)	661,993	362,525	266,820
Net realized gains (losses) on investments, excluding OTTI	(38,381)	302	2,719	1,579	3,873
Net OTTI losses recognized in operations	(2,396)	(907)	(3,076)	(464)	(949)
Loss on extinguishment of debt (b)	—	—	—	(18,389)	(428)
Total revenues	685,473	118,872	1,239,270	905,953	819,128
Benefits and expenses:					
Traditional life insurance policy benefits and change in future policy benefits	981	821	1,528	1,898	2,020
Life contingent immediate annuity benefits and change in future policy benefits	8,295	11,273	9,007	8,925	7,966
Interest sensitive and index product benefits (c)	427,951	514,095	630,905	501,028	472,596
Amortization of deferred sales inducements (d)	78,112	100,423	65,885	14,707	33,695
Change in fair value of embedded derivatives	(101,949)	(867,232)	290,890	229,702	174,973
Interest expense on notes and loan payable	6,374	6,372	6,371	7,597	8,678
Interest expense on subordinated debentures	3,878	3,630	3,864	3,502	3,422
Amortization of deferred policy acquisition costs (d)	115,049	140,639	93,716	23,023	49,547
Other operating costs and expenses	32,540	31,240	29,366	28,782	25,964
Total benefits and expenses	571,231	(58,739)	1,131,532	819,164	778,861
Income before income taxes	114,242	177,611	107,738	86,789	40,267
Income tax expense (a)	20,339	36,649	70,935	29,832	13,321
Net income (a)(b)(c)(d)	\$ 93,903	\$ 140,962	\$ 36,803	\$ 56,957	\$ 26,946
Earnings per common share	\$ 1.04	\$ 1.57	\$ 0.41	\$ 0.64	\$ 0.30
Earnings per common share - assuming dilution (a)(b)(c)(d)	\$ 1.03	\$ 1.55	\$ 0.41	\$ 0.63	\$ 0.30
Weighted average common shares outstanding (thousands):					
Earnings per common share	90,327	90,017	89,308	89,069	88,897
Earnings per common share - assuming dilution	91,271	91,139	90,727	90,421	90,112

- (a) Q4 2017 includes income tax expense related to the revaluation of our deferred tax assets and liabilities using the newly enacted federal tax rate resulting from the Tax Cuts and Jobs Act of 2017. The change in the federal income tax rate decreased net income and earnings per common share - assuming dilution by \$35.9 million and \$0.40 per share, respectively.
- (b) Q3 2017 includes a loss on the extinguishment of our 6.625% Notes due in 2021. The loss decreased net income and earnings per common share - assuming dilution by \$10.8 million and \$0.12 per share, respectively.
- (c) Q3 2017 includes expense from the revision of assumptions used in determining reserves held for lifetime income benefit riders. The impact increased interest sensitive and index product benefits by \$21.6 million and decreased net income and earnings per common share - assuming dilution by \$13.9 million and \$0.15 per share, respectively.
- (d) Q3 2017 includes a benefit from unlocking which reduced amortization of deferred sales inducements and deferred policy acquisition costs by \$34.3 million and \$48.2 million, respectively, and increased net income and earnings per common share - assuming dilution by \$53.1 million and \$0.59 per share, respectively.

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In addition to net income, 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 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 provides information that may enhance an investor's understanding of our underlying results and profitability.

Reconciliation from Net Income to Non-GAAP Operating Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 93,903	\$ 26,946	\$ 234,865	\$ 80,885
Adjustments to arrive at non-GAAP operating income: (a)				
Net realized investment (gains) losses, including OTTI	25,624	(1,559)	25,647	(3,501)
Change in fair value of derivatives and embedded derivatives - fixed index annuities	(30,094)	57,571	(108,912)	68,548
Change in fair value of derivatives - debt	(739)	465	(2,571)	218
Income taxes	(2,046)	(19,741)	15,313	(22,846)
Non-GAAP operating income	<u>\$ 86,648</u>	<u>\$ 63,682</u>	<u>\$ 164,342</u>	<u>\$ 123,304</u>
Per common share - assuming dilution:				
Net income	\$ 1.03	\$ 0.30	\$ 2.58	\$ 0.90
Adjustments to arrive at non-GAAP operating income:				
Net realized investment (gains) losses, including OTTI	0.28	(0.02)	0.28	(0.04)
Change in fair value of derivatives and embedded derivatives - fixed index annuities	(0.33)	0.64	(1.19)	0.76
Change in fair value of derivatives - debt	(0.01)	0.01	(0.03)	—
Income taxes	(0.02)	(0.22)	0.16	(0.25)
Non-GAAP operating income	<u>\$ 0.95</u>	<u>\$ 0.71</u>	<u>\$ 1.80</u>	<u>\$ 1.37</u>

(a) Adjustments to net income 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,	
	2018	2017	2018	2017
Net realized investment gains and losses, including OTTI:				
Net realized (gains) losses on investments, including OTTI	\$ 40,777	\$ (2,924)	\$ 41,382	\$ (5,121)
Amortization of DAC and DSI	(15,153)	1,365	(15,735)	1,620
Income taxes	(8,716)	554	(8,721)	1,246
	<u>\$ 16,908</u>	<u>\$ (1,005)</u>	<u>\$ 16,926</u>	<u>\$ (2,255)</u>
Change in fair value of derivatives and embedded derivatives:				
Index annuities	\$ (72,469)	\$ 140,283	\$ (230,280)	\$ 162,726
Interest rate caps and swap	(739)	465	(2,571)	218
Amortization of DAC and DSI	42,375	(82,712)	121,368	(94,178)
Income taxes	6,670	(20,295)	24,034	(24,092)
	<u>\$ (24,163)</u>	<u>\$ 37,741</u>	<u>\$ (87,449)</u>	<u>\$ 44,674</u>

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

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net income (b)	\$ 93,903	\$ 140,962	\$ 36,803	\$ 56,957	\$ 26,946
Adjustments to arrive at non-GAAP operating income: (a)					
Net realized investment (gains) losses, including OTTI	25,624	23	(676)	(916)	(1,559)
Change in fair value of derivatives and embedded derivatives - fixed index annuities	(30,094)	(78,818)	5,463	47,835	57,571
Change in fair value of derivatives - debt	(739)	(1,832)	(1,085)	(357)	465
Income taxes (b)	(2,046)	17,359	34,003	(16,281)	(19,741)
Non-GAAP operating income (c)(d)(e)	<u>\$ 86,648</u>	<u>\$ 77,694</u>	<u>\$ 74,508</u>	<u>\$ 87,238</u>	<u>\$ 63,682</u>

Per common share - assuming dilution:

Net income (b)	\$ 1.03	\$ 1.55	\$ 0.41	\$ 0.63	\$ 0.30
Adjustments to arrive at non-GAAP operating income: (a)					
Net realized investment (gains) losses, including OTTI	0.28	—	(0.01)	(0.01)	(0.02)
Change in fair value of derivatives and embedded derivatives - fixed index annuities	(0.33)	(0.87)	0.06	0.52	0.64
Change in fair value of derivatives - debt	(0.01)	(0.02)	(0.01)	—	0.01
Income taxes (b)	(0.02)	0.19	0.37	(0.18)	(0.22)
Non-GAAP operating income (c)(d)(e)	<u>\$ 0.95</u>	<u>\$ 0.85</u>	<u>\$ 0.82</u>	<u>\$ 0.96</u>	<u>\$ 0.71</u>

- (a) Adjustments to net income 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) Q4 2017 includes income tax expense related to the revaluation of our deferred tax assets and liabilities using the newly enacted federal tax rate resulting from the Tax Cuts and Jobs Act of 2017 ("Tax Reform"). The change in the federal income tax rate decreased net income and earnings per common share - assuming dilution by \$35.9 million and \$0.40 per share, respectively. The impact of Tax Reform has been excluded from non-GAAP operating income.
- (c) Q3 2017 includes a loss on the extinguishment of our 6.625% Notes due in 2021. The loss decreased non-GAAP operating income and non-GAAP operating income per common share - assuming dilution by \$10.8 million and \$0.12 per share, respectively.
- (d) Q3 2017 includes a benefit from unlocking which reduced amortization of deferred sales inducements and deferred policy acquisition costs by \$31.3 million and \$43.7 million, respectively, and increased non-GAAP operating income and non-GAAP operating income per common share- assuming dilution by \$48.3 million and \$0.53 per share, respectively.
- (e) Q3 2017 includes expense from the revision of assumptions used in determining reserves held for lifetime income benefit riders. The impact increased interest sensitive and index product benefits by \$21.6 million and decreased non-GAAP operating income and non-GAAP operating income per common share - assuming dilution by \$13.9 million and \$0.15 per share, respectively.

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Summary of Adjustments to Arrive at Non-GAAP Operating Income

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Net realized (gains) losses on investments	\$ 38,381	\$ (302)	\$ (2,719)	\$ (1,579)	\$ (3,873)
Net OTTI losses recognized in operations	2,396	907	3,076	464	949
Change in fair value of derivatives	28,741	707,589	(283,801)	(130,150)	(34,225)
Increase (decrease) in total revenues	69,518	708,194	(283,444)	(131,265)	(37,149)
Amortization of deferred sales inducements	(9,888)	(33,212)	1,499	22,442	34,550
Change in fair value of embedded derivatives	101,949	867,232	(290,890)	(229,702)	(174,973)
Amortization of deferred policy acquisition costs	(17,334)	(45,199)	2,245	29,433	46,797
Increase (decrease) in total benefits and expenses	74,727	788,821	(287,146)	(177,827)	(93,626)
Increase (decrease) in income before income taxes	(5,209)	(80,627)	3,702	46,562	56,477
Increase (decrease) in income tax expense	2,046	(17,359)	(34,003)	16,281	19,741
Increase (decrease) in net income	<u>\$ (7,255)</u>	<u>\$ (63,268)</u>	<u>\$ 37,705</u>	<u>\$ 30,281</u>	<u>\$ 36,736</u>

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Capitalization/Book Value per Share

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Capitalization:					
Notes and loan payable	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 900,000
Subordinated debentures payable to subsidiary trusts	247,032	246,969	246,908	246,847	246,787
Total debt	747,032	746,969	746,908	746,847	1,146,787
Total stockholders' equity	2,426,825	2,546,990	2,850,157	2,762,667	2,651,408
Total capitalization	3,173,857	3,293,959	3,597,065	3,509,514	3,798,195
Accumulated other comprehensive income (AOCI)	(180,406)	(399,982)	(724,599)	(659,491)	(610,122)
Total capitalization excluding AOCI (a)	<u>\$ 2,993,451</u>	<u>\$ 2,893,977</u>	<u>\$ 2,872,466</u>	<u>\$ 2,850,023</u>	<u>\$ 3,188,073</u>
Total stockholders' equity	\$ 2,426,825	\$ 2,546,990	\$ 2,850,157	\$ 2,762,667	\$ 2,651,408
Accumulated other comprehensive income	(180,406)	(399,982)	(724,599)	(659,491)	(610,122)
Total stockholders' equity excluding AOCI (a)	<u>\$ 2,246,419</u>	<u>\$ 2,147,008</u>	<u>\$ 2,125,558</u>	<u>\$ 2,103,176</u>	<u>\$ 2,041,286</u>
Common shares outstanding	90,233,346	89,983,823	89,331,087	88,948,986	88,756,072
Book Value per Share: (b)					
Book value per share including AOCI	\$ 26.89	\$ 28.30	\$ 31.91	\$ 31.06	\$ 29.87
Book value per share excluding AOCI (a)	\$ 24.90	\$ 23.86	\$ 23.79	\$ 23.64	\$ 23.00
Debt-to-Capital Ratios: (c)					
Senior debt / Total capitalization	16.7%	17.3%	17.4%	17.5%	28.2%
Adjusted debt / Total capitalization	16.7%	17.3%	17.4%	17.5%	28.2%

(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. Adjusted debt includes notes and loan payable and the portion of the total subordinated debentures payable to subsidiary trusts outstanding (qualifying trust preferred securities) that exceeds 15% of total capitalization excluding AOCI.

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Spread Results

Six Months Ended June 30,							
2018	2017		Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
4.42%	4.46%	Average yield on invested assets	4.47%	4.36%	4.47%	4.43%	4.45%
1.82%	1.75%	Aggregate cost of money	1.83%	1.82%	1.72%	1.73%	1.73%
2.60%	2.71%	Aggregate investment spread	2.64%	2.54%	2.75%	2.70%	2.72%
Impact of:							
0.06%	0.07%	Investment yield - additional prepayment income	0.07%	0.03%	0.11%	0.05%	0.07%
0.04%	0.06%	Cost of money effect of over hedging	0.06%	0.02%	0.08%	0.06%	0.06%
\$47,346,876	\$43,966,404	Weighted average investments	\$47,795,388	\$46,898,365	\$46,031,966	\$45,228,136	\$44,379,879

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,							
2018	2017		Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Included in interest sensitive and index product benefits:							
\$ 758,545	\$ 693,503	Index credits	\$ 334,605	\$ 423,940	\$ 526,200	\$ 375,019	\$ 371,623
107,989	128,108	Interest credited	52,922	55,067	59,065	62,725	62,930
Included in change in fair value of derivatives:							
(767,173)	(705,069)	Proceeds received at option expiration	(341,616)	(425,557)	(535,328)	(382,949)	(378,517)
349,197	287,045	Pro rata amortization of option cost	180,465	168,732	156,782	150,163	145,502
<u>\$ 448,558</u>	<u>\$ 403,587</u>	Cost of money for deferred annuities	<u>\$ 226,376</u>	<u>\$ 222,182</u>	<u>\$ 206,719</u>	<u>\$ 204,958</u>	<u>\$ 201,538</u>
\$ 49,158,118	\$ 46,046,068	Weighted average liability balance outstanding	\$ 49,541,746	\$ 48,774,490	\$ 48,014,427	\$ 47,281,417	\$ 46,478,748

Annuity Account Balance Rollforward

Six Months Ended June 30,							
2018	2017		Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
\$ 48,400,755	\$ 45,204,015	Account balances at beginning of period	\$ 49,148,224	\$ 48,400,755	\$ 47,628,099	\$ 46,934,736	\$ 46,022,759
1,997,591	2,063,147	Net deposits	1,066,857	930,734	874,952	826,885	1,060,638
93,137	128,092	Premium bonuses	49,467	43,670	41,098	46,982	62,848
866,534	821,611	Fixed interest credited and index credits	387,527	479,007	585,265	437,744	434,553
(32,802)	(27,530)	Surrender charges	(16,520)	(16,282)	(13,573)	(13,521)	(13,896)
(72,927)	(64,645)	Lifetime income benefit rider fees	(38,486)	(34,441)	(42,815)	(38,410)	(34,707)
(1,317,022)	(1,189,954)	Surrenders, withdrawals, deaths, etc.	(661,803)	(655,219)	(672,271)	(566,317)	(597,459)
<u>\$ 49,935,266</u>	<u>\$ 46,934,736</u>	Account balances at end of period	<u>\$ 49,935,266</u>	<u>\$ 49,148,224</u>	<u>\$ 48,400,755</u>	<u>\$ 47,628,099</u>	<u>\$ 46,934,736</u>

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Annuity Deposits by Product Type

Six Months Ended June 30,								
2018	2017			Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
			American Equity:					
\$ 1,786,025	\$ 1,894,727	Fixed index annuities		\$ 952,675	\$ 833,350	\$ 757,160	\$ 738,257	\$ 953,560
32,293	35,713	Annual reset fixed rate annuities		15,803	16,490	18,974	20,142	20,870
2,889	13,934	Multi-year fixed rate annuities		888	2,001	3,773	5,717	7,541
15,943	10,532	Single premium immediate annuities		5,313	10,630	7,909	6,505	4,981
1,837,150	1,954,906			974,679	862,471	787,816	770,621	986,952
			Eagle Life:					
333,683	255,304	Fixed index annuities		173,119	160,564	187,888	133,503	167,632
61,443	43,502	Multi-year fixed rate annuities		53,419	8,024	32,953	10,717	19,994
395,126	298,806			226,538	168,588	220,841	144,220	187,626
			Consolidated:					
2,119,708	2,150,031	Fixed index annuities		1,125,794	993,914	945,048	871,760	1,121,192
32,293	35,713	Annual reset fixed rate annuities		15,803	16,490	18,974	20,142	20,870
64,332	57,436	Multi-year fixed rate annuities		54,307	10,025	36,726	16,434	27,535
15,943	10,532	Single premium immediate annuities		5,313	10,630	7,909	6,505	4,981
2,232,276	2,253,712	Total before coinsurance ceded		1,201,217	1,031,059	1,008,657	914,841	1,174,578
218,742	180,033	Coinsurance ceded		129,047	89,695	125,796	81,451	108,959
\$ 2,013,534	\$ 2,073,679	Net after coinsurance ceded		\$ 1,072,170	\$ 941,364	\$ 882,861	\$ 833,390	\$ 1,065,619

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Net (of Coinsurance) Account Values at June 30, 2018:

Product Type	Surrender Charge			Net Account Value	
	Avg. Years At Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in Thousands	%
Fixed Index Annuities	13.5	8.0	12.8%	\$ 47,827,476	95.8%
Annual Reset Fixed Rate Annuities	10.2	4.1	7.2%	1,472,527	2.9%
Multi-Year Fixed Rate Annuities	6.6	2.3	5.2%	635,263	1.3%
Total	13.3	7.8	12.6%	\$ 49,935,266	100.0%

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<u>Surrender Charge Percentages:</u>	Fixed Annuities Account Value	Fixed Index Annuities Account Value
No surrender charge	\$ 808,497	\$ 2,405,062
0.0% < 2.0%	34,008	198,042
2.0% < 3.0%	14,914	218,401
3.0% < 4.0%	16,409	162,738
4.0% < 5.0%	24,540	599,429
5.0% < 6.0%	60,753	599,683
6.0% < 7.0%	67,808	993,646
7.0% < 8.0%	284,808	2,343,301
8.0% < 9.0%	122,119	2,567,581
9.0% < 10.0%	44,726	3,010,889
10.0% or greater	629,208	34,728,704
	<u>\$ 2,107,790</u>	<u>\$ 47,827,476</u>

<u>Surrender Charge Expiration By Year:</u>	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
Out of Surrender Charge	\$ 3,213,559	0.00%
2018	307,010	2.54%
2019	488,883	3.14%
2020	832,848	5.12%
2021	1,332,350	6.80%
2022	1,935,532	8.09%
2023	4,738,529	9.64%
2024	5,289,941	11.23%
2025	6,064,544	11.66%
2026	5,179,982	12.91%
2027	4,379,924	14.38%
2028	3,437,030	15.42%
2029	2,968,770	17.78%
2030	2,734,084	18.33%
2031	3,313,992	18.76%
2032	2,134,055	19.20%
2033	1,159,929	19.68%
2034	424,304	19.96%
	<u>\$ 49,935,266</u>	12.56%

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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	\$ 1,004,828	\$ 1,456,231
› 0.0% - 0.25%	60,553	237,653
› 0.25% - 0.5%	247,799	3,898
› 0.5% - 1.0%	63,786	17,739
› 1.0% - 1.5%	11,561	—
1.00% ultimate guarantee - 2.45% wtd avg interest rate (a)	472,626	478,583
1.50% ultimate guarantee - 1.26% wtd avg interest rate (a)	156,852	3,985,058
2.00% ultimate guarantee - 1.86% wtd avg interest rate (a)	89,785	—
2.25% ultimate guarantee - 1.95% wtd avg interest rate (a)	—	971,391
3.00% ultimate guarantee - 2.15% wtd avg interest rate (a)	—	1,844,556
Allocated to index strategies (see tables that follow)	—	38,832,367
	<u>\$ 2,107,790</u>	<u>\$ 47,827,476</u>

(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, 2018 for fixed annuities and funds allocated to the fixed rate strategy for fixed index annuities would decrease by 0.17%.

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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	\$ 1,586	\$ 94,625	\$ 2,641,996	\$ 82,546	\$ 195,356
1.75% - 3%	6,633,725	—	—	—	—
3% - 4%	967,261	13,280	—	—	—
4% - 5%	471,132	192,957	4,146,611	—	—
5% - 6%	458,843	152,026	38,901	—	—
6% - 7%	—	—	120	—	—
>= 7%	1,473	7,241	809	8,016	1,199

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

	Minimum Guaranteed Participation Rate			
	10%	20% - 25%	35%	50% +
Current Participation Rate				
At minimum	\$ 625	\$ 413,962	\$ 123,084	\$ 140,912
< 20%	577,852	—	—	—
20% - 40%	921,582	182,635	—	—
40% - 60%	1,392,577	109,868	70,923	—
>= 60%	33,814	—	—	—

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

Current Cap	
At minimum	\$ 699,526
1.10% - 1.30%	5,650,939
1.40% - 1.60%	4,605,206
1.70% - 2.00%	3,145,118
>= 2.10%	1,980

Volatility Control Index

Current Asset Fee	
At Maximum	\$ —
0.75% - 1.75%	315,281
2.25% - 2.75%	923,450
3.00% - 4.00%	2,796,088

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 0.71% based upon prices of options for the week ended July 10, 2018.

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Summary of Invested Assets

	June 30, 2018		December 31, 2017	
	Carrying Amount	Percent	Carrying Amount	Percent
Fixed maturity securities:				
United States Government full faith and credit	\$ 11,355	—%	\$ 11,876	—%
United States Government sponsored agencies	1,249,440	2.6%	1,305,017	2.6%
United States municipalities, states and territories	4,174,182	8.5%	4,166,812	8.3%
Foreign government obligations	228,613	0.5%	239,360	0.5%
Corporate securities	28,349,687	57.8%	29,956,012	59.6%
Residential mortgage backed securities	1,207,606	2.5%	1,105,567	2.2%
Commercial mortgage backed securities	5,331,174	10.9%	5,544,850	11.0%
Other asset backed securities	4,324,468	8.8%	3,120,536	6.2%
Total fixed maturity securities	44,876,525	91.6%	45,450,030	90.4%
Mortgage loans on real estate	2,794,382	5.7%	2,665,531	5.3%
Derivative instruments	847,243	1.7%	1,568,380	3.1%
Other investments	508,932	1.0%	616,764	1.2%
	<u>\$ 49,027,082</u>	<u>100.0%</u>	<u>\$ 50,300,705</u>	<u>100.0%</u>

Credit Quality of Fixed Maturity Securities - June 30, 2018

NAIC Designation	Carrying Amount	Percent	Rating Agency Rating	Carrying Amount	Percent
1	\$ 27,202,339	60.6%	Aaa/Aa/A	\$ 26,966,881	60.1%
2	16,224,126	36.2%	Baa	16,301,175	36.3%
3	1,273,509	2.8%	Ba	1,173,399	2.6%
4	150,805	0.3%	B	162,138	0.4%
5	17,592	0.1%	Caa	146,213	0.3%
6	8,154	—%	Ca and lower	126,719	0.3%
	<u>\$ 44,876,525</u>	<u>100.0%</u>		<u>\$ 44,876,525</u>	<u>100.0%</u>

Watch List Securities - June 30, 2018

General Description	Amortized Cost	Unrealized Gains (Losses)	Fair Value	Months Below Amortized Cost
Below investment grade				
Corporate securities:				
Consumer discretionary	\$ 25,967	\$ (5,105)	\$ 20,862	7 - 41
Energy	29,052	(4,990)	24,062	5 - 46
Industrials	2,671	(596)	2,075	44
Materials	3,990	1,146	5,136	—
Other asset backed securities:				
Financials	3,928	(919)	3,009	61 - 87
	<u>\$ 65,608</u>	<u>\$ (10,464)</u>	<u>\$ 55,144</u>	

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Fixed Maturity Securities by Sector

	June 30, 2018		December 31, 2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale:				
United States Government full faith and credit and sponsored agencies	\$ 1,320,027	\$ 1,260,795	\$ 1,320,151	\$ 1,316,893
United States municipalities, states and territories	3,914,553	4,174,182	3,804,360	4,166,812
Foreign government obligations	227,542	228,613	228,214	239,360
Corporate securities:				
Capital goods	2,377,478	2,402,061	2,405,102	2,570,734
Consumer discretionary	5,635,781	5,642,889	5,889,227	6,232,728
Energy	2,559,474	2,553,291	2,554,199	2,666,172
Financials	5,918,945	5,979,708	6,004,618	6,369,575
Industrials	305,064	302,263	283,915	291,174
Information technology	1,769,810	1,786,444	1,829,396	1,932,131
Materials	1,787,875	1,800,788	1,801,312	1,901,090
Other	988,872	1,001,599	989,641	1,052,676
Telecommunications	1,543,581	1,543,530	1,461,536	1,539,840
Transportation	1,337,305	1,337,221	1,152,637	1,218,964
Utilities	3,791,330	3,922,738	3,756,070	4,103,887
Residential mortgage backed securities:				
Government agency	618,692	638,028	628,320	668,641
Prime	409,940	425,196	269,407	282,360
Alt-A	119,106	144,382	130,757	154,566
Commercial mortgage backed securities:				
Government agency	490,512	478,395	554,514	564,400
Non-agency	4,935,971	4,852,779	4,977,408	4,980,450
Other asset backed securities:				
Auto	235,548	236,353	298,142	299,688
Financials	10,493	11,265	11,371	12,382
Industrials	224,150	226,199	243,859	251,321
Collateralized loan obligations	3,211,840	3,204,996	1,965,349	1,973,877
Military housing	435,711	461,732	433,840	461,452
Other	184,141	183,923	123,414	121,816
	<u>\$ 44,353,741</u>	<u>\$ 44,799,370</u>	<u>\$ 43,116,759</u>	<u>\$ 45,372,989</u>
Held for investment:				
Corporate security - financials	\$ 77,155	\$ 68,108	\$ 77,041	\$ 76,460

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Mortgage Loans on Commercial Real Estate

	June 30, 2018		December 31, 2017	
	Principal	Percent	Principal	Percent
Geographic distribution				
East	\$ 593,073	21.2%	\$ 548,067	20.5%
Middle Atlantic	165,172	5.9%	163,485	6.1%
Mountain	329,565	11.8%	308,486	11.5%
New England	12,026	0.4%	12,265	0.5%
Pacific	489,126	17.5%	466,030	17.4%
South Atlantic	645,864	23.0%	609,736	22.8%
West North Central	315,264	11.2%	324,808	12.2%
West South Central	251,790	9.0%	241,438	9.0%
	<u>\$ 2,801,880</u>	<u>100.0%</u>	<u>\$ 2,674,315</u>	<u>100.0%</u>

Property type distribution				
Office	\$ 275,078	9.8%	\$ 283,926	10.6%
Medical office	32,461	1.2%	34,338	1.3%
Retail	1,047,901	37.4%	1,040,028	38.9%
Industrial/Warehouse	720,769	25.7%	677,770	25.3%
Apartment	544,328	19.4%	462,897	17.3%
Mixed use/other	181,343	6.5%	175,356	6.6%
	<u>\$ 2,801,880</u>	<u>100.0%</u>	<u>\$ 2,674,315</u>	<u>100.0%</u>

	June 30, 2018	December 31, 2017
Credit exposure - by payment activity		
Performing	\$ 2,800,526	\$ 2,670,657
In workout	1,354	1,436
Delinquent	—	—
Collateral dependent	<u>—</u>	<u>2,222</u>
	2,801,880	2,674,315
Specific loan loss allowance	(696)	(1,418)
General loan loss allowance	(5,630)	(6,100)
Deferred prepayment fees	<u>(1,172)</u>	<u>(1,266)</u>
	<u>\$ 2,794,382</u>	<u>\$ 2,665,531</u>

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement - June 30, 2018**Shareholder Information****Corporate Offices:**

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Inquiries:

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Common Stock and Dividend Information:

New York Stock Exchange symbol: "AEL"

	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Dividend Declared</u>
2018				
First Quarter	\$35.79	\$28.90	\$29.36	\$0.00
Second Quarter	\$37.16	\$27.06	\$36.00	\$0.00
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
2016				
First Quarter	\$23.65	\$12.65	\$16.80	\$0.00
Second Quarter	\$16.96	\$12.77	\$14.25	\$0.00
Third Quarter	\$18.32	\$13.07	\$17.73	\$0.00
Fourth Quarter	\$23.41	\$15.39	\$22.54	\$0.24

Transfer Agent:

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Providence, RI 02940-0310
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Fax: (781) 575-2723
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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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