

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
**Financial Supplement**

**June 30, 2015**

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**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Dollars in thousands)**  
**(Unaudited)**

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
<b>Assets</b>		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value	\$ 33,905,869	\$ 32,445,202
Held for investment, at amortized cost	76,526	76,432
Equity securities, available for sale, at fair value	7,861	7,805
Mortgage loans on real estate	2,450,676	2,434,580
Derivative instruments	503,953	731,113
Other investments	285,743	286,726
Total investments	<u>37,230,628</u>	<u>35,981,858</u>
Cash and cash equivalents	733,814	701,514
Coinsurance deposits	3,101,189	3,044,342
Accrued investment income	343,172	326,559
Deferred policy acquisition costs	2,522,277	2,058,556
Deferred sales inducements	1,944,619	1,587,257
Deferred income taxes	172,114	—
Income taxes recoverable	21,888	9,252
Other assets	177,781	280,396
Total assets	<u>\$ 46,247,482</u>	<u>\$ 43,989,734</u>
<b>Liabilities and Stockholders' Equity</b>		
Liabilities:		
Policy benefit reserves	\$ 42,494,314	\$ 39,802,861
Other policy funds and contract claims	342,878	365,819
Notes payable	422,163	421,679
Subordinated debentures	246,345	246,243
Deferred income taxes	—	3,895
Other liabilities	834,020	1,009,361
Total liabilities	<u>44,339,720</u>	<u>41,849,858</u>
Stockholders' equity:		
Common stock	76,794	76,062
Additional paid-in capital	524,246	513,218
Accumulated other comprehensive income	388,779	721,401
Retained earnings	917,943	829,195
Total stockholders' equity	<u>1,907,762</u>	<u>2,139,876</u>
Total liabilities and stockholders' equity	<u>\$ 46,247,482</u>	<u>\$ 43,989,734</u>

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**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Dollars in thousands, except per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Revenues:</b>				
Premiums and other considerations	\$ 10,037	\$ 9,123	\$ 17,034	\$ 16,454
Annuity product charges	32,409	29,247	61,091	54,519
Net investment income	418,176	370,882	817,845	740,887
Change in fair value of derivatives	(23,024)	270,883	(54,124)	319,376
Net realized gains (losses) on investments, excluding other than temporary impairment ("OTTI") losses	4,324	(2,230)	9,203	(2,944)
OTTI losses on investments:				
Total OTTI losses	—	—	(132)	—
Portion of OTTI losses recognized from other comprehensive income	(828)	(594)	(828)	(1,499)
Net OTTI losses recognized in operations	(828)	(594)	(960)	(1,499)
Loss on extinguishment of debt	—	(6,574)	—	(10,551)
Total revenues	441,094	670,737	850,089	1,116,242
<b>Benefits and expenses:</b>				
Insurance policy benefits and change in future policy benefits	12,450	10,987	21,670	21,082
Interest sensitive and index product benefits	306,141	367,774	588,966	684,966
Amortization of deferred sales inducements	75,518	55,349	86,471	56,015
Change in fair value of embedded derivatives	(219,601)	80,935	(168,388)	173,554
Interest expense on notes payable	7,354	9,121	14,693	19,385
Interest expense on subordinated debentures	3,047	3,024	6,063	6,032
Amortization of deferred policy acquisition costs	104,700	67,084	118,986	74,278
Other operating costs and expenses	24,868	20,887	45,990	39,972
Total benefits and expenses	314,477	615,161	714,451	1,075,284
Income before income taxes	126,617	55,576	135,638	40,958
Income tax expense	43,772	18,832	46,890	13,967
Net income	\$ 82,845	\$ 36,744	\$ 88,748	\$ 26,991
<b>Earnings per common share</b>				
Earnings per common share	\$ 1.07	\$ 0.49	\$ 1.15	\$ 0.37
Earnings per common share - assuming dilution	\$ 1.05	\$ 0.46	\$ 1.12	\$ 0.34
<b>Weighted average common shares outstanding (in thousands):</b>				
Earnings per common share	77,237	74,461	77,140	73,495
Earnings per common share - assuming dilution	79,227	79,518	79,173	79,583

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**Quarterly Summary - Most Recent 5 Quarters (Unaudited)**

	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>
	(Dollars in thousands, except per share data)				
<b>Revenues:</b>					
Traditional life insurance premiums	\$ 2,659	\$ 2,703	\$ 2,537	\$ 2,615	\$ 2,854
Life contingent immediate annuity considerations	7,378	4,294	7,589	3,428	6,269
Surrender charges	11,413	11,554	10,418	11,717	12,942
Lifetime income benefit rider fees	20,996	17,128	22,095	20,241	16,305
Net investment income	418,176	399,669	403,849	386,931	370,882
Change in fair value of derivatives	(23,024)	(31,100)	146,231	39,218	270,883
Net realized gains (losses) on investments, excluding OTTI	4,324	4,879	2,131	(3,190)	(2,230)
Net OTTI losses recognized in operations	(828)	(132)	(564)	(564)	(594)
Loss on extinguishment of debt	—	—	(1,951)	—	(6,574)
<b>Total revenues</b>	<b>441,094</b>	<b>408,995</b>	<b>592,335</b>	<b>460,396</b>	<b>670,737</b>
<b>Benefits and expenses:</b>					
Traditional life insurance policy benefits and change in future policy benefits	1,971	1,931	1,300	2,420	1,758
Life contingent immediate annuity benefits and change in future policy benefits	10,479	7,289	10,324	6,689	9,229
Interest sensitive and index product benefits (a)	306,141	282,825	359,319	429,415	367,774
Amortization of deferred sales inducements (b)	75,518	10,953	34,743	40,661	55,349
Change in fair value of embedded derivatives (c)	(219,601)	51,213	53,973	(195,206)	80,935
Interest expense on notes payable	7,354	7,339	8,244	8,741	9,121
Interest expense on subordinated debentures	3,047	3,016	3,046	3,044	3,024
Amortization of deferred policy acquisition costs (b)	104,700	14,286	49,629	39,671	67,084
Other operating costs and expenses	24,868	21,122	20,996	20,616	20,887
<b>Total benefits and expenses</b>	<b>314,477</b>	<b>399,974</b>	<b>541,574</b>	<b>356,051</b>	<b>615,161</b>
Income before income taxes	126,617	9,021	50,761	104,345	55,576
Income tax expense	43,772	3,118	19,544	36,530	18,832
<b>Net income (a)(b)(c)</b>	<b>\$ 82,845</b>	<b>\$ 5,903</b>	<b>\$ 31,217</b>	<b>\$ 67,815</b>	<b>\$ 36,744</b>
<b>Earnings per common share</b>					
Earnings per common share	\$ 1.07	\$ 0.08	\$ 0.41	\$ 0.90	\$ 0.49
Earnings per common share - assuming dilution (a)(b)(c)	\$ 1.05	\$ 0.07	\$ 0.39	\$ 0.85	\$ 0.46
<b>Weighted average common shares outstanding (in thousands):</b>					
Earnings per common share	77,237	77,042	75,620	75,083	74,461
Earnings per common share - assuming dilution	79,227	79,118	80,154	79,467	79,518

- (a) Q3 2014 includes expense from the revision of assumptions used in determining reserves held for living income benefit riders consistent with unlocking for deferred policy acquisition costs and deferred sales inducements. The impact increased interest sensitive and index product benefits by \$12.4 million and decreased net income and earnings per common share - assuming dilution by \$8.0 million and \$0.10 per share, respectively.
- (b) Q3 2014 includes benefit from unlocking which reduced amortization of deferred sales inducements and deferred policy acquisition costs by \$12.6 million and \$35.5 million, respectively, and increased net income and earnings per common share - assuming dilution by \$31.0 million and \$0.39 per share, respectively.
- (c) Q2 2014 includes a benefit of \$62.6 million from the revision of assumptions used in determining fixed index annuity embedded derivatives, which after related adjustments to deferred sales inducements and deferred policy acquisition costs and income taxes, increased net income and earnings per common share - assuming dilution by \$14.8 million and \$0.19 per share, respectively.

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**NON-GAAP FINANCIAL MEASURES**

In addition to net income, we have consistently utilized operating income and 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. Operating income equals net income adjusted to eliminate the impact of net realized gains and losses on investments including net OTTI losses recognized in operations, fair value changes in derivatives and embedded derivatives, loss on extinguishment of debt and changes in litigation reserves. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of 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 Operating Income (Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>(Dollars in thousands, except per share data)</b>			
Net income	\$ 82,845	\$ 36,744	\$ 88,748	\$ 26,991
Adjustments to arrive at operating income: (a)				
Net realized investment (gains) losses, including OTTI	(1,649)	1,361	(3,468)	1,925
Change in fair value of derivatives and embedded derivatives - index annuities	(29,274)	(4,115)	14,383	39,593
Change in fair value of derivatives and embedded derivatives - debt	(977)	(1,053)	100	456
Litigation reserve	—	—	—	(916)
Extinguishment of debt	—	5,518	—	7,912
Operating income (a non-GAAP financial measure)	<u>\$ 50,945</u>	<u>\$ 38,455</u>	<u>\$ 99,763</u>	<u>\$ 75,961</u>
Per common share - assuming dilution:				
Net income	\$ 1.05	\$ 0.46	\$ 1.12	\$ 0.34
Adjustments to arrive at operating income:				
Net realized investment (gains) losses, including OTTI	(0.02)	0.01	(0.04)	0.02
Change in fair value of derivatives and embedded derivatives - index annuities	(0.37)	(0.05)	0.18	0.50
Change in fair value of derivatives and embedded derivatives - debt	(0.02)	(0.01)	—	—
Litigation reserve	—	—	—	(0.01)
Extinguishment of debt	—	0.07	—	0.10
Operating income (a non-GAAP financial measure)	<u>\$ 0.64</u>	<u>\$ 0.48</u>	<u>\$ 1.26</u>	<u>\$ 0.95</u>

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

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**NON-GAAP FINANCIAL MEASURES**

**Summary of Adjustments to Arrive at Operating Income (Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(Dollars in thousands)				
Net realized investment gains and losses, including OTTI:				
Net realized (gains) losses on investments, including OTTI	\$ (3,496)	\$ 2,824	\$ (8,243)	\$ 4,443
Amortization of DAC and DSI	940	(719)	2,866	(1,465)
Income taxes	907	(744)	1,909	(1,053)
	<u>\$ (1,649)</u>	<u>\$ 1,361</u>	<u>\$ (3,468)</u>	<u>\$ 1,925</u>
Change in fair value of derivatives and embedded derivatives:				
Index annuities	\$ (97,362)	\$ (16,176)	\$ 66,286	\$ 151,305
2015 notes, note hedge and warrants	—	(4,231)	—	(4,231)
Interest rate caps and swap	(1,670)	2,431	171	5,010
Amortization of DAC and DSI	52,959	12,710	(44,153)	(89,093)
Income taxes	15,822	98	(7,821)	(22,942)
	<u>\$ (30,251)</u>	<u>\$ (5,168)</u>	<u>\$ 14,483</u>	<u>\$ 40,049</u>
Litigation reserve:				
Change in litigation reserve recorded in other operating costs	\$ —	\$ —	\$ —	\$ (2,212)
Amortization of DAC and DSI	—	—	—	795
Income taxes	—	—	—	501
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (916)</u>
Extinguishment of debt:				
Loss on extinguishment of debt	\$ —	\$ 6,574	\$ —	\$ 10,551
Income taxes	—	(1,056)	—	(2,639)
	<u>\$ —</u>	<u>\$ 5,518</u>	<u>\$ —</u>	<u>\$ 7,912</u>

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**NON-GAAP FINANCIAL MEASURES**

**Quarterly Summary - Most Recent 5 Quarters (Unaudited)**

**Reconciliation from Net Income to Operating Income**

	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>
	<b>(Dollars in thousands, except per share data)</b>				
Net income	\$ 82,845	\$ 5,903	\$ 31,217	\$ 67,815	\$ 36,744
Adjustments to arrive at operating income: (a)					
Net realized investment (gains) losses, including OTTI	(1,649)	(1,819)	(613)	1,551	1,361
Change in fair value of derivatives and embedded derivatives - index annuities	(29,274)	43,657	16,463	(4,957)	(4,115)
Change in fair value of derivatives and embedded derivatives - debt	(977)	1,077	32	(427)	(1,053)
Extinguishment of debt	—	—	3,604	—	5,518
Operating income (a non-GAAP financial measure) (b)(c)	<u>\$ 50,945</u>	<u>\$ 48,818</u>	<u>\$ 50,703</u>	<u>\$ 63,982</u>	<u>\$ 38,455</u>
Operating income per common share - assuming dilution (b)(c)	\$ 0.64	\$ 0.62	\$ 0.63	\$ 0.81	\$ 0.48

- (a) Adjustments to net income to arrive at operating income are presented net of income taxes and where applicable, are net of related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.
- (b) Q3 2014 includes a benefit from unlocking which reduced amortization of deferred sales inducements and deferred policy acquisition costs by \$10.7 million and \$33.0 million, respectively, and increased operating income and operating income per common share- assuming dilution by \$28.2 million and \$0.36 per share, respectively.
- (c) Q3 2014 includes expense from the revision of assumptions used in determining reserves held for living income benefit riders consistent with unlocking for deferred policy acquisition costs and deferred sales inducements. The impact increased interest sensitive and index product benefits by \$12.4 million and decreased operating income and operating income per common share - assuming dilution by \$8.0 million and \$0.10 per share, respectively.

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**NON-GAAP FINANCIAL MEASURES**

**Summary of Adjustments to Arrive at Operating Income (Unaudited)**

	<u>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>
	(Dollars in thousands)				
Net realized (gains) losses on investments	\$ (4,324)	\$ (4,879)	\$ (2,131)	\$ 3,190	\$ 2,230
Net OTTI losses recognized in operations	828	132	564	564	594
Change in fair value of derivatives	116,627	114,843	19,033	171,274	(95,852)
Loss on extinguishment of debt	—	—	1,951	—	6,574
Increase (decrease) in total revenues	<u>113,131</u>	<u>110,096</u>	<u>19,417</u>	<u>175,028</u>	<u>(86,454)</u>
Amortization of deferred sales inducements	(23,306)	38,686	14,579	(3,886)	(10,749)
Change in fair value of embedded derivatives	215,659	(50,646)	(42,912)	188,383	(77,876)
Amortization of deferred policy acquisition costs	(30,593)	56,500	22,063	(3,349)	(1,242)
Increase (decrease) in total benefits and expenses	<u>161,760</u>	<u>44,540</u>	<u>(6,270)</u>	<u>181,148</u>	<u>(89,867)</u>
Increase (decrease) in income before income taxes	<u>(48,629)</u>	<u>65,556</u>	<u>25,687</u>	<u>(6,120)</u>	<u>3,413</u>
Increase (decrease) in income tax expense	<u>(16,729)</u>	<u>22,641</u>	<u>6,201</u>	<u>(2,287)</u>	<u>1,702</u>
Increase (decrease) in net income	<u>\$ (31,900)</u>	<u>\$ 42,915</u>	<u>\$ 19,486</u>	<u>\$ (3,833)</u>	<u>\$ 1,711</u>



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**Capitalization/Book Value per Share**

	<b>June 30, 2015</b>	<b>December 31, 2014</b>
	<b>(Dollars in thousands, except per share data)</b>	
<b>Capitalization:</b>		
Notes payable:		
September 2015 Notes	\$ 22,163	\$ 21,679
July 2021 Notes	400,000	400,000
Subordinated debentures payable to subsidiary trusts	246,345	246,243
<b>Total debt</b>	<b>668,508</b>	<b>667,922</b>
<b>Total stockholders' equity</b>	<b>1,907,762</b>	<b>2,139,876</b>
<b>Total capitalization</b>	<b>2,576,270</b>	<b>2,807,798</b>
Accumulated other comprehensive income (AOCI)	(388,779)	(721,401)
<b>Total capitalization excluding AOCI (a)</b>	<b>\$ 2,187,491</b>	<b>\$ 2,086,397</b>
<b>Total stockholders' equity</b>	<b>\$ 1,907,762</b>	<b>\$ 2,139,876</b>
Accumulated other comprehensive income	(388,779)	(721,401)
<b>Total stockholders' equity excluding AOCI (a)</b>	<b>\$ 1,518,983</b>	<b>\$ 1,418,475</b>
Common shares outstanding (b)	77,023,589	76,605,527
<b>Book Value per Share: (c)</b>		
Book value per share including AOCI	\$ 24.77	\$ 27.93
Book value per share excluding AOCI (a)	\$ 19.72	\$ 18.52
<b>Debt-to-Capital Ratios: (d)</b>		
Senior debt / Total capitalization	19.3%	20.2%
Adjusted debt / Total capitalization	19.3%	20.2%

- (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) Common shares outstanding include shares held by the NMO Deferred Compensation Trust: 2015 - 230,012 shares; 2014 - 543,120 shares
- (c) 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.
- (d) Debt-to-capital ratios are computed using total capitalization excluding AOCI. Adjusted debt includes notes 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**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Average yield on invested assets	4.78%	4.83%	4.76%	4.89%
Aggregate cost of money	1.94%	2.13%	1.96%	2.15%
Aggregate investment spread	2.84%	2.70%	2.80%	2.74%
Impact of:				
Investment yield - additional prepayment income	0.07%	0.01%	0.04%	0.03%
Cost of money effect of over hedging	0.07%	0.03%	0.06%	0.01%
Weighted average investments (in thousands)	\$35,043,846	\$30,779,699	\$34,428,106	\$30,391,178

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**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(Dollars in thousands)				
Included in interest sensitive and index product benefits:				
Index credits	\$ 216,902	\$ 277,464	\$ 414,505	\$ 507,842
Interest credited	62,379	69,432	125,427	139,259
Included in change in fair value of derivatives:				
Proceeds received at option expiration	(222,864)	(278,771)	(425,446)	(506,729)
Pro rata amortization of option cost	124,709	106,245	243,510	208,269
Cost of money for deferred annuities	<u>\$ 181,126</u>	<u>\$ 174,370</u>	<u>\$ 357,996</u>	<u>\$ 348,641</u>
Weighted average liability balance outstanding (in thousands)	\$ 37,294,188	\$ 32,812,886	\$ 36,605,612	\$ 32,370,712

**Annuity Account Balance Rollforward**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(Dollars in thousands)				
Account balances at beginning of period	\$ 36,471,034	\$ 32,321,232	\$ 35,363,041	\$ 31,535,846
Net deposits	1,719,093	1,002,911	2,921,891	1,868,316
Premium bonuses	125,600	83,270	219,190	155,957
Fixed interest credited and index credits	279,281	346,896	539,932	647,101
Surrender charges	(11,413)	(12,942)	(22,967)	(25,365)
Lifetime income benefit rider fees	(20,996)	(16,305)	(38,124)	(29,154)
Surrenders, withdrawals, deaths, etc.	(445,256)	(420,522)	(865,620)	(848,161)
Account balances at end of period	<u>\$ 38,117,343</u>	<u>\$ 33,304,540</u>	<u>\$ 38,117,343</u>	<u>\$ 33,304,540</u>

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
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**Annuity Deposits by Product Type**

Product Type	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,
	2015	2014	2015	2014	2014
(Dollars in thousands)					
Fixed index annuities	\$ 1,757,193	\$ 995,853	\$ 2,984,433	\$ 1,841,657	\$ 3,999,439
Annual reset fixed rate annuities	13,137	17,160	24,187	32,400	57,273
Multi-year fixed rate annuities	17,715	22,063	87,217	76,650	103,293
Single premium immediate annuities	9,632	7,140	18,164	12,426	24,580
Total before coinsurance ceded	1,797,677	1,042,216	3,114,001	1,963,133	4,184,585
Coinsurance ceded	68,952	32,165	173,946	82,391	171,124
Net after coinsurance ceded	\$ 1,728,725	\$ 1,010,051	\$ 2,940,055	\$ 1,880,742	\$ 4,013,461

**Surrender Charge Protection and Account Values by Product Type**

Annuity Surrender Charges and Net (of coinsurance) Account Values at June 30, 2015:

Product Type	Surrender Charge			Net Account Value	
	Avg. Years At Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in Thousands	%
Fixed Index Annuities	14.0	9.4	15.0%	\$ 36,187,697	95.0%
Annual Reset Fixed Rate Annuities	11.0	3.9	7.8%	1,423,155	3.7%
Multi-Year Fixed Rate Annuities (a)	6.4	1.4	4.1%	506,491	1.3%
Total	13.8	9.1	14.5%	\$ 38,117,343	100.0%

(a) 32% of Net Account Value is no longer in multi-year guarantee period and can be adjusted annually.

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
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**Annuity Liability Characteristics**

	<b>Fixed Annuities Account Value</b>	<b>Fixed Index Annuities Account Value</b>
<b>(Dollars in thousands)</b>		
<b><u>SURRENDER CHARGE PERCENTAGES:</u></b>		
No surrender charge	\$ 685,651	\$ 1,244,250
0.0% < 2.0%	35,525	351,828
2.0% < 3.0%	96,028	75,657
3.0% < 4.0%	14,017	739,804
4.0% < 5.0%	84,270	107,084
5.0% < 6.0%	95,517	564,498
6.0% < 7.0%	144,213	164,585
7.0% < 8.0%	55,313	528,096
8.0% < 9.0%	75,544	667,585
9.0% < 10.0%	59,897	854,066
10.0% or greater	583,671	30,890,244
	<u>\$ 1,929,646</u>	<u>\$ 36,187,697</u>

	<b>Fixed and Fixed Index Annuities Account Value</b>	<b>Weighted Average Surrender Charge</b>
<b>(Dollars in thousands)</b>		
<b><u>SURRENDER CHARGE EXPIRATION BY YEAR:</u></b>		
Out of Surrender Charge	\$ 1,929,901	0.00%
2015	274,982	2.15%
2016	727,891	2.69%
2017	886,482	4.05%
2018	796,972	6.38%
2019	587,234	7.63%
2020	930,378	9.31%
2021	1,224,184	10.92%
2022	2,003,117	12.89%
2023	5,004,783	14.66%
2024	5,535,619	15.64%
2025	4,344,923	16.03%
2026	2,723,398	17.77%
2027	2,851,544	18.35%
2028	2,529,857	18.76%
2029	2,474,696	19.20%
2030	2,005,632	19.74%
2031	1,284,029	19.99%
2032	1,721	20.00%
	<u>\$ 38,117,343</u>	<u>14.54%</u>

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
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**Annuity Liability Characteristics**

	<b>Fixed Annuities Account Value</b>	<b>Fixed Index Annuities Account Value</b>
<b>(Dollars in thousands)</b>		
<b><u>CREDITED RATE VS. ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL:</u></b>		
No differential	\$ 918,245	\$ 1,124,374
> 0.0% - 0.25%	222,407	27,801
> 0.25% - 0.5%	194,220	288,369
> 0.5% - 1.0%	159,561	583,109
> 1.0% - 1.5%	74,214	9,651
> 1.5% - 2.0%	31,845	438
> 2.0% - 2.5%	76	—
1.00% ultimate guarantee - 2.47% wtd avg interest rate (a)	105,978	6,549
1.50% ultimate guarantee - 1.49% wtd avg interest rate (a)	121,321	3,289,161
2.00% ultimate guarantee - 2.34% wtd avg interest rate (a)	101,779	—
2.25% ultimate guarantee - 2.38% wtd avg interest rate (a)	—	1,217,539
3.00% ultimate guarantee - 2.6% wtd avg interest rate (a)	—	2,400,287
Allocated to index strategies (see tables that follow)	—	27,240,419
	<b>\$ 1,929,646</b>	<b>\$ 36,187,697</b>

(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, 2015 for fixed annuities and funds allocated to the fixed rate strategy for fixed index annuities would decrease by 0.41%.

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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% +
<b>Current Cap</b>	<b>(Dollars in thousands)</b>				
At minimum	\$ 1,492	\$ 10,483	\$ 1,323,661	\$ 55,009	\$ 276,865
1.75% - 3%	1,622,540	—	—	—	—
3% - 4%	3,338,187	86,587	—	—	—
4% - 5%	58,080	77,992	1,913,624	—	—
5% - 6%	152,798	45,821	4,640,577	—	—
6% - 7%	—	—	23,482	—	—
>= 7%	—	15,210	1,526	83,946	18,289

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

	Minimum Guaranteed Participation Rate			
	10%	25%	35%	50% +
<b>Current Participation Rate</b>	<b>(Dollars in thousands)</b>			
At minimum	\$ 626	\$ 347,955	\$ 164,473	\$ 193,638
< 20%	293,356	—	—	—
20% - 40%	518,472	380,299	—	—
40% - 60%	78,065	144,273	109,099	1,192
>= 60%	4,990	—	—	—

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

**(Dollars in thousands)**

<b>Current Cap</b>	
At minimum	\$ 17,401
1.2% - 1.9%	7,435,133
2.0% - 2.3%	2,554,149
>= 2.4%	150,316

**Volatility Control Index**

**(Dollars in thousands)**

<b>Current Asset Fee</b>	
At Maximum	\$ —
1.00% - 1.75%	54,855
2.25% - 2.75%	760,331
3.00%	231,384

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 0.63% based upon prices of options for the week ended July 21, 2015.

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
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**Summary of Invested Assets**

	June 30, 2015		December 31, 2014	
	Carrying Amount	Percent	Carrying Amount	Percent
(Dollars in thousands)				
Fixed maturity securities:				
United States Government full faith and credit	\$ 37,269	0.1%	\$ 138,460	0.4%
United States Government sponsored agencies	1,346,299	3.6%	1,393,890	3.9%
United States municipalities, states and territories	3,683,015	9.9%	3,723,309	10.4%
Foreign government obligations	220,439	0.6%	193,803	0.5%
Corporate securities	22,475,868	60.4%	21,566,724	59.9%
Residential mortgage backed securities	1,619,463	4.3%	1,751,345	4.9%
Commercial mortgage backed securities	3,558,419	9.6%	2,807,620	7.8%
Other asset backed securities	1,041,623	2.8%	946,483	2.6%
Total fixed maturity securities	33,982,395	91.3%	32,521,634	90.4%
Equity securities	7,861	—%	7,805	—%
Mortgage loans on real estate	2,450,676	6.6%	2,434,580	6.8%
Derivative instruments	503,953	1.3%	731,113	2.0%
Other investments	285,743	0.8%	286,726	0.8%
	<u>\$ 37,230,628</u>	<u>100.0%</u>	<u>\$ 35,981,858</u>	<u>100.0%</u>

**Credit Quality of Fixed Maturity Securities - June 30, 2015**

NAIC Designation	Carrying Amount	Percent	Rating Agency Rating	Carrying Amount	Percent
	(Dollars in thousands)			(Dollars in thousands)	
1	\$ 21,984,922	64.7%	Aaa/Aa/A	\$ 21,680,531	63.8%
2	11,324,503	33.3%	Baa	10,930,913	32.1%
3	653,816	1.9%	Ba	670,796	2.0%
4	13,774	0.1%	B	57,805	0.2%
5	—	—%	Caa and lower	466,991	1.4%
6	5,380	—%	In or near default	175,359	0.5%
	<u>\$ 33,982,395</u>	<u>100.0%</u>		<u>\$ 33,982,395</u>	<u>100.0%</u>

**Watch List Securities - June 30, 2015**

General Description	Amortized Cost	Unrealized Gains (Losses)	Fair Value	Months Below Amortized Cost
	(Dollars in thousands)			
Corporate bonds:				
Finance	\$ 20,000	\$ (4,107)	\$ 15,893	46
Industrial	63,970	(19,836)	44,134	10 - 28
Energy	13,030	(7,688)	5,342	25
	97,000	(31,631)	65,369	
Other asset backed securities	3,594	(1,078)	2,516	51
	<u>\$ 100,594</u>	<u>\$ (32,709)</u>	<u>\$ 67,885</u>	

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**Fixed Maturity Securities by Sector**

	June 30, 2015		December 31, 2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(Dollars in thousands)				
<b>Available for sale:</b>				
United States Government full faith and credit and sponsored agencies	\$ 1,381,847	\$ 1,383,568	\$ 1,502,134	\$ 1,532,350
United States municipalities, states and territories	3,384,101	3,683,015	3,293,551	3,723,309
Foreign government obligations	210,930	220,439	181,128	193,803
<b>Corporate securities:</b>				
Consumer discretionary	1,810,379	1,865,620	1,677,362	1,800,455
Consumer staples	1,454,295	1,499,746	1,376,634	1,489,951
Energy	2,479,304	2,488,426	2,307,432	2,378,038
Financials	4,493,576	4,677,156	3,928,295	4,246,882
Health care	1,876,622	1,940,828	1,742,218	1,884,132
Industrials	2,738,320	2,845,037	2,537,927	2,746,752
Information technology	1,502,306	1,529,300	1,324,095	1,388,990
Materials	1,671,215	1,681,350	1,589,219	1,654,125
Telecommunications	523,182	537,067	509,913	542,055
Utilities	3,133,529	3,334,800	2,991,652	3,358,901
<b>Residential mortgage backed securities:</b>				
Government agency	696,915	759,752	689,378	759,902
Prime	575,316	606,255	683,206	721,454
Alt-A	226,210	253,456	244,262	269,989
<b>Commercial mortgage backed securities:</b>				
Government agency	342,567	354,055	299,288	320,343
Other	3,185,676	3,204,364	2,421,006	2,487,277
<b>Other asset backed securities:</b>				
Consumer discretionary	74,825	76,034	71,081	73,298
Energy	8,210	9,141	8,230	9,459
Financials	734,869	752,938	628,464	649,388
Industrials	169,350	181,284	177,864	190,217
Telecommunications	13,789	15,287	14,837	16,139
Utilities	5,369	6,939	5,870	7,982
Redeemable preferred stock - financials	—	12	—	11
	<u>\$ 32,692,702</u>	<u>\$ 33,905,869</u>	<u>\$ 30,205,046</u>	<u>\$ 32,445,202</u>
<b>Held for investment:</b>				
Corporate security - financials	\$ 76,526	\$ 65,705	\$ 76,432	\$ 75,838



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**Mortgage Loans on Commercial Real Estate**

	June 30, 2015		December 31, 2014	
	Principal	Percent	Principal	Percent
<b>(Dollars in thousands)</b>				
<b>Geographic distribution</b>				
East	\$ 722,023	29.3%	\$ 701,638	28.5%
Middle Atlantic	166,314	6.7%	166,249	6.8%
Mountain	274,743	11.1%	279,075	11.4%
New England	9,464	0.4%	12,280	0.5%
Pacific	329,543	13.4%	302,307	12.3%
South Atlantic	450,083	18.2%	471,849	19.2%
West North Central	326,333	13.2%	349,028	14.2%
West South Central	189,447	7.7%	175,295	7.1%
	<u>\$ 2,467,950</u>	<u>100.0%</u>	<u>\$ 2,457,721</u>	<u>100.0%</u>

<b>Property type distribution</b>				
Office	\$ 451,847	18.3%	\$ 484,585	19.7%
Medical office	83,393	3.4%	88,275	3.6%
Retail	714,174	28.9%	711,775	29.0%
Industrial/Warehouse	664,066	26.9%	649,425	26.4%
Hotel	18,411	0.8%	30,640	1.3%
Apartment	373,550	15.1%	335,087	13.6%
Mixed use/other	162,509	6.6%	157,934	6.4%
	<u>\$ 2,467,950</u>	<u>100.0%</u>	<u>\$ 2,457,721</u>	<u>100.0%</u>

	June 30, 2015	December 31, 2014
<b>Credit Exposure - By Payment Activity</b>		
Performing	\$ 2,445,361	\$ 2,451,760
In workout	11,897	—
Delinquent	6,844	—
Collateral dependent	3,848	5,961
	<u>2,467,950</u>	<u>2,457,721</u>
Specific loan loss allowance	(9,316)	(12,333)
General loan loss allowance	(7,500)	(10,300)
Deferred prepayment fees	(458)	(508)
	<u>\$ 2,450,676</u>	<u>\$ 2,434,580</u>

**AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**  
***Financial Supplement - June 30, 2015***

**Shareholder Information**

**Corporate Offices:**

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6000 Westown Parkway  
West Des Moines, IA 50266

**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>
<b>2015</b>				
First Quarter	\$29.62	\$25.46	\$29.13	\$0.00
Second Quarter	\$29.90	\$25.06	\$26.98	\$0.00
<b>2014</b>				
First Quarter	\$26.42	\$18.84	\$23.62	\$0.00
Second Quarter	\$25.15	\$20.97	\$24.60	\$0.00
Third Quarter	\$25.25	\$21.69	\$22.88	\$0.00
Fourth Quarter	\$29.75	\$21.36	\$29.19	\$0.20
<b>2013</b>				
First Quarter	\$15.03	\$12.33	\$14.89	\$0.00
Second Quarter	\$16.60	\$14.03	\$15.70	\$0.00
Third Quarter	\$21.42	\$15.64	\$21.22	\$0.00
Fourth Quarter	\$26.46	\$20.01	\$26.38	\$0.18

**Transfer Agent:**

Computershare Trust Company, N.A.  
P.O. Box 43010  
Providence, RI 02940-0310  
Phone: (877) 282-1169  
Fax: (781) 575-2723  
[www.computershare.com](http://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 Julie L. LaFollette, Investor Relations, at (515) 273-3602 or by visiting our web site at [www.american-equity.com](http://www.american-equity.com).

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