

**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): February 14, 2024

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 February 14, 2024, the registrant issued a press release announcing its financial results for the fourth quarter and year ended December 31, 2023, a copy of which is attached as Exhibit 99.1 and is incorporated herein by reference. The registrant's financial supplement for the fourth quarter and year ended December 31, 2023, 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

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated February 14, 2024, announcing American Equity Investment Life Holding Company's financial results for the fourth quarter and year ended December 31, 2023.
99.2	American Equity Investment Life Holding Company's Financial Supplement for the fourth quarter and year ended December 31, 2023.
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: February 14, 2024

**AMERICAN EQUITY
INVESTMENT LIFE HOLDING COMPANY**

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



For more information, contact:

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FOR IMMEDIATE RELEASE

February 14, 2024

American Equity Reports Record \$7+ Billion Annual FIA Sales and Strong Financial Results to Cap a Historic 2023

Company Highlights

- Fourth quarter 2023 net loss available to common stockholders of \$(475.9) million, or \$(6.04) per diluted common share compared to net income of \$21.7 million, or \$0.25 per diluted common share for fourth quarter 2022 restated for the adoption of Accounting Standards Update 2018-12 — more commonly known as Long Duration Targeted Improvements (LDTI)
- Full year 2023 net income available to common stockholders of \$166.9 million, or \$2.06 per diluted common share compared to net income of \$1.9 billion, or \$20.50 per diluted common for full year 2022 restated for the adoption of LDTI
- Non-GAAP operating income available to common stockholders¹ for the fourth quarter and full year 2023 of \$159.6 million and \$607.1 million, respectively, or \$1.99 and \$7.50 per diluted common share, respectively; Notable items² negatively impacted per share results in the quarter and full year 2023 by \$0.17 and \$0.13, respectively
- For full year 2023, GAAP return on equity and non-GAAP operating return on equity¹ of 8.4% and 18.7%, respectively
- Total fourth quarter sales⁴ of \$2.0 billion, substantially all of which were in fixed index annuity (FIA) sales. Total FIA sales for 2023 were over \$7.0 billion - an all-time record for American Equity - compared to 2020 FIA sales of \$2.3 billion before the execution of the AEL 2.0 strategy
- Fourth quarter investment yield of 4.65%, up 35 basis points year-over-year, while the sequential change from the third quarter reflects lower-than-expected returns on market-to-market private assets
- Increase in private assets to 25.8% of the investment portfolio as of December 31, 2023, with an additional \$7 billion of liquidity - or 15% of the investment portfolio - at year-end; Expect to have \$10 billion of liquidity available to be redeployed opportunistically after the close of the planned merger with Brookfield Reinsurance (NYSE, TSX: BNRE) in the first half of 2024

WEST DES MOINES, Iowa (February 14, 2024) – American Equity Investment Life Holding Company (NYSE: AEL), a leading issuer of fixed index annuities, today reported strong fourth quarter 2023 results. Sales of fixed index annuities remained strong supported by the company's continued emphasis on its guaranteed retirement income product offerings.

American Equity's President and CEO, Anant Bhalla stated: "Supported by our strategy flywheel, American Equity had an outstanding 2023 capped off by our strong results in the fourth quarter. FIA sales for the year were a record \$7.0 billion as our shareholder value of new business-focused guaranteed income products – IncomeShield and Eagle Select Income Focus – accounted for roughly 62% of premium deposits. Our in-house expertise in tactical asset allocation and asset manager selection positioned us to achieve a 26% allocation to private assets. We delivered a 23-basis point increase in yield compared to full year 2022 and 92 basis points of yield improvement compared to full year 2021, excluding non-trendable items³, despite lower than modeled returns on mark-to-market private assets this past year. In our view, our agreement to merge with Brookfield Reinsurance was an important marker in our transformation of the American Equity business model, delivering both shareholder value creation from the AEL 2.0 strategy and validation of our capabilities in insurance liability origination asset management. In the latter, we have proven out the ability to both source robust returns on private assets and then restructure these investments to deliver a superior return on equity for the insurance balance sheet. This strategy has created a more than three-fold increase in value for American Equity shareholders based on the average volume-weighted stock price of \$17.86 in March 2020 while also returning approximately \$1.1 billion to shareholders over that period over the ten quarters from the fourth quarter of 2020 to the first quarter of 2023."

Non-GAAP operating income available to common stockholders¹ for the fourth quarter of 2023 was \$159.6 million, or \$1.99 per diluted common share, compared to non-GAAP operating income available to common stockholders¹ of \$195.5 million, or \$2.45 per diluted common share, for the third quarter of 2023 and \$141.7 million, or \$1.64 per diluted common share, for the fourth quarter of 2022, restated for the adoption of LDTI. For the fourth quarter of 2023, non-GAAP operating income available to common stockholders¹ was negatively affected by \$13.3 million, or \$0.17 per share, after taxes, from notable items². Results in the third quarter of 2023 included positive notable items² of \$21.0 million, or \$0.26 per share after taxes.

The year-over-year change in quarterly non-GAAP operating income available to common stockholders¹, excluding the impact of notable items², reflects higher net investment income and surrender charges, increased recurring fee revenue related to reinsurance, and a decrease in the quarterly change in the Market Risk Benefit liability.

Compared to the third quarter of 2023, quarterly non-GAAP operating income available to common stockholders¹, excluding the impact of notable items², decreased reflecting lower investment spread and increased other operating expenses. Notable items² in the fourth and third quarters of 2023 reflect the special incentive compensation plan put in place in November 2022. Notable items² in the third quarter also include the effect of actuarial assumption revisions.

For the fourth quarter of 2023, net investment income fell to \$581 million, when adjusted to reflect non-GAAP operating income available to common stockholders¹, from \$585 million for the third quarter of 2023. Notable items² totaled \$3 million and \$2 million in the fourth and third quarters of 2023, respectively, reflecting the allocation of quarterly expense associated with the strategic incentive compensation award made in November 2022. The \$3 million decline in net investment income relative to the third quarter of 2023, adjusted to reflect non-GAAP operating income available to common stockholders¹ and notable items², reflects a 4-basis point decrease in effective yield on the investment portfolio.

Compared to the third quarter of 2023, fourth quarter surrender charge income increased \$12 million to \$58 million, reflecting both increased lapse activity associated with higher interest rates as well as cohort changes in policies being surrendered.

Outflows in the fourth quarter of 2023, including surrenders, income utilization, death benefits and partial withdrawals, increased \$712 million from the third quarter of 2023 to \$2.1 billion. The increase in outflows primarily reflects a \$497 million increase in surrenders of multi-year guaranteed annuities (MYGA) driven by lapsation of such policies having three-year surrender charge periods that were sold in the fourth quarter of 2020. American Equity currently expects \$1.5 billion to \$2 billion of MYGA in-force to lapse in the first half of 2024, reflecting the corresponding scale of MYGA business with three-year surrender charge periods written by both American Equity Life and Eagle Life in late 2020 and early 2021.

As of December 31, 2023, account value of business ceded subject to fee income was \$11.5 billion, down slightly from \$11.6 billion three months earlier. This reflects a modification of the AEL 2.0 reinsurance strategy given the impending merger, as American Equity is now retaining all FIA new business on its balance sheet effective October 1, 2023, until the close of the merger. Flow reinsurance ceded subject to fee income in the fourth quarter of 2023 was just \$44 million of account value reflecting the relatively low level of MYGA sales. Revenue associated with recurring fees under reinsurance agreements for the fourth quarter of 2023 totaled \$28 million compared to \$27 million for the third quarter of 2023, each as adjusted to reflect non-GAAP operating income available to common stockholders¹.

Interest sensitive and index product benefits, as adjusted to reflect non-GAAP operating income available to common stockholders¹, for the fourth quarter of 2023 reflected an \$8 million increase in the cost of money for deferred annuities compared to the third quarter. Cost of money for deferred annuities in the fourth quarter benefited from \$9 million of hedging gains compared to \$6 million in the third quarter. In addition, interest sensitive and index product benefits adjusted to reflect non-GAAP operating income available to common stockholders¹ for the third quarter of 2023 includes a benefit from notable items² of \$2 million reflecting the annual actuarial assumption revision process.

Compared to the third quarter of 2023, the change in the MRB liability increased by \$31 million to \$26 million when adjusted to reflect non-GAAP operating income available to common stockholders¹. Third quarter change in MRB liability when adjusted to reflect non-GAAP operating income available to common stockholders¹ included a benefit from notable items² of \$33 million reflecting the annual actuarial assumption revision process. For the fourth quarter, the change in the MRB liability adjusted to reflect non-GAAP operating income available to common stockholders¹ was \$6 million less than expected, consisting of a \$12 million benefit from reserves released due to higher-than-expected surrenders and other policyholder behavior experience, offset by a \$6 million less-than-expected benefit from amortization of net deferred capital market impact due to unfavorable fourth quarter capital market changes – primarily a lower discount rate as interest rates fell during the quarter. The change in the modeled expectation for the MRB liability, adjusted to reflect non-GAAP operating income available to common stockholders¹, for the first quarter of 2024 is \$42 million, based on current in-force. First quarter 2024 expected change in the MRB liability includes an expected benefit from the amortization of capital market impacts on the fair value of market risk benefits of \$22 million.

Amortization of deferred policy acquisition and sales inducement cost was \$123 million for the fourth quarter of 2023, in-line with modeled expectations. For the first quarter of 2024, the modeled expectation for deferred acquisition cost and deferred sales inducement amortization is \$127 million before the effect of new sales and experience variances and excluding the potential application of purchase GAAP accounting.

Other operating costs and expenses adjusted to reflect non-GAAP operating income available to common stockholders¹ for the fourth quarter of 2023 increased to \$72 million, up \$5 million from the third quarter. Notable items² in the fourth and third of 2023 were \$4 million and \$7 million, pre-tax, respectively, both reflecting quarterly expense associated with the strategic incentive compensation award made in November 2022.

The effective tax rate on pre-tax operating income available for common stockholders¹ for the fourth quarter of 2023 was 26.6% compared to the third quarter of 2023 tax rate of 21.9%. The income tax rate in the fourth quarter reflected approximately \$12 million of additional expense primarily resulting from increased non-deductible compensation of which \$8 million is considered a notable item as it was related to the strategic incentive compensation award made in November 2022.

INVESTMENT SPREAD DECREASES FROM PRIOR SEQUENTIAL QUARTER ON LOWER MARK-TO-MARKET PRIVATE ASSET RETURNS

American Equity's investment spread was 2.64% for the fourth quarter of 2023 compared to 2.73% for the third quarter of 2023 and 2.54% for the fourth quarter of 2022. Excluding non-trendable items³, adjusted investment spread decreased to 2.56% in the fourth quarter of 2023 from 2.68% in the third quarter of 2023.

Average yield on invested assets was 4.65% in the fourth quarter of 2023 compared to 4.69% in the third quarter of 2023. The average adjusted yield on invested assets excluding non-trendable items³ was 4.64% in the fourth quarter of 2023 compared to 4.69% in the third quarter of 2023.

The return on mark-to-market private assets declined from the third quarter of 2023, and was \$24 million, or 20 basis points of yield, less than assumed rates of return used in our investment process due to fair value changes on real estate and lower partnership income. This compares to a contribution that was \$10 million, or 8 basis points of yield, less than assumed rates of return on such assets recognized in the third quarter. Fixed income investment yield increased 4 basis points from the third quarter to 4.65%.

During the fourth quarter of 2023, long-term investment asset purchases totaled \$696 million and were made at an average expected rate of 8.61%.

The point-in-time yield on the portfolio at December 31, 2023, was 4.86%.

The aggregate cost of money for annuity liabilities of 2.01% in the fourth quarter of 2023 was up 5 basis points compared to the third quarter of 2023. The cost of money in the fourth quarter of 2023 reflects a seven-basis point benefit from the over-hedging of index-linked credits compared to a 5-basis point benefit in the third quarter of 2023. The 7-basis point increase in the adjusted cost of money compared to the third quarter is in line with increased market costs.

Cost of options in the fourth quarter of 2023 averaged 1.70% compared to 2.02% in the third quarter of 2023, reflecting both market effects on the cost of options for renewals as well as lower option costs on new sales resulting from mix shift towards lower option cost guaranteed retirement income products following the October 1, 2023, pause of the flow reinsurance agreement with Brookfield Reinsurance.

Net account balance growth in the fourth quarter was a positive \$139 million, or 0.3% of account values. Index credits in the fourth quarter increased to \$137 million from \$121 million in the third quarter of 2023.

FIA SALES REMAIN STRONG BOLSTERED BY INCREASE IN GUARANTEED RETIREMENT INCOME PRODUCT SALES

Fourth quarter 2023 sales were \$2.0 billion, substantially all of which were in fixed index annuities. Total enterprise FIA sales decreased 11% from the third quarter of 2023 but were up 153% compared to the fourth quarter of 2022. Despite the sequential quarterly decrease, the level of quarterly FIA sales was still the third highest in the company's history.

Compared to the third quarter of 2023, FIA sales at American Equity Life in the Independent Marketing Organization (IMO) channel fell 10%, while Eagle Life FIA sales through banks and broker-dealers fell 14%. The decrease in FIA sales relative to the third quarter was driven by lower sales in the accumulation product space.

Bhalla noted, "We continued to record strong FIA sales in the fourth quarter of 2023, despite lowering S&P 500 caps on our accumulation products late in the third quarter, in line with our product profitability targets in light of lower interest rates. We were particularly pleased that sales of income products, which we believe is the most attractive sector in the FIA marketplace, were up 4% from the third quarter on a total enterprise basis to nearly \$1.5 billion. Income product sales are not as subject to churn as are accumulation products in a higher interest rate environment and have weighted average life duration characteristics that best match our at scale capabilities in originating and structuring private asset strategies."

Bhalla continued, "I could not be more proud of the efforts of my teammates in making 2023 a record sales year for FIAs with total deposits of just over \$7 billion compared with FIA sales of \$2.3 billion in 2020 – my first year as Chief Executive Officer. This was particularly gratifying as we celebrated our 28 years of existence and 20th anniversary as a public company."

CREDIT AND CAPITAL METRICS REMAIN STABLE

With regard to credit markets, Jim Hamalainen, Chief Investment Officer, added, "Credit metrics in the investment portfolio continued to be stable in the fourth quarter, and our core fixed income portfolio remains "A" rated. Net realized losses for the quarter totaled just \$2 million. We saw very little deterioration in the commercial mortgage loan portfolio and all loans are current. Average loan-to-value of the commercial mortgage loan portfolio remained steady at 51%, and 82% of the portfolio maintains a debt service coverage ratio of 1.2x or higher. Looking specifically at our direct office mortgage loan exposure, we are considerably underweight relative to our peers at just 7% of the commercial mortgage loan portfolio. The average debt service coverage ratio on the office mortgage loan portfolio is 1.86x with an average loan-to-value ratio of 62%. We have only \$2 million in principal amount of office mortgage loans maturing through the end of 2024 with just \$30 million set to mature in 2025."

Hamalainen continued, "At year-end, the cash position in the investment portfolio totaled \$7.4 billion and was over \$9 billion at the end of January funded primarily through sales of the core fixed income portfolio and new annuity sales. Our considerable cash holdings will provide the company with substantial dry powder to take advantage of opportunities that may emerge in the private asset sector while helping to protect the company if macro-economic trends were to deteriorate or surrenders increase to greater than expected levels."

Effective October 1, 2023, the company completed its second Vermont-domiciled redundant reserve financing facility. Backed by a new relationship with a leading international reinsurer, the new facility reinsured approximately \$550 million of in-force statutory reserves for lifetime income benefit guarantees resulting from sales of both American Equity Life's IncomeShield product and Eagles Life's Eagle Select Income Focus product freeing up approximately \$450 million, pre-tax, of capital at close. In addition, the financing facility allows future new business to automatically benefit from the financing of redundant reserves, thereby enabling the capital-efficient growth of our guaranteed retirement income products going forward.

As of December 31, 2023, total adjusted capital at American Equity Life totaled \$4.3 billion with estimated excess capital of approximately \$800 million above rating agency requirements and an estimated risk-based capital ratio of 370% to 390%. Cash and equivalents at the holding company level was \$560 million at year-end and \$875 million at January 31, 2024 after a \$320 million ordinary dividend paid by the life company to the holding company on January 16th.

PENDING MERGER WITH BROOKFIELD REINSURANCE

On July 5, 2023, Brookfield Reinsurance and American Equity announced that they had entered into a definitive agreement whereby Brookfield Reinsurance will acquire all outstanding shares of common stock of American Equity it does not already own in a cash and stock transaction that values AEL at approximately \$4.3 billion.

Following approval of the transaction by shareholders at the special meeting held November 10, 2023, American Equity continues to expect the merger to close in the first half of 2024. Closing remains subject to the satisfaction of certain closing conditions customary for a transaction of this type, including receipt of insurance regulatory approvals in relevant jurisdictions.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The forward-looking statements in this release such as believe, build, confident, continue, could, estimate, expect, exposure, future, grow, likely, maintain, may, might, model, opportunity, outlook, plan, potential, proposed, risk, scenario, should, trend, will, would, and their derivative forms and similar words, 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 and as described in the "Cautionary Notice Regarding Forward-Looking Statements" in AEL's July 5, 2023 news release. The Company's future results and events could differ, and it has no obligation to correct or update any of these statements.

ABOUT AMERICAN EQUITY

At American Equity Investment Life Holding Company, our policyholders work with over 40,000 independent agents and advisors affiliated with independent market organizations (IMOs), banks and broker-dealers through our wholly-owned operating subsidiaries. Advisors and agents choose one of our leading annuity products best suited for their clients' personal needs to create financial dignity in retirement. To deliver on its promises to policyholders, American Equity has re-framed its investment focus — building a stronger emphasis on insurance liability driven asset allocation and specializing in alternate, private asset management while partnering with world renowned, public fixed income asset managers. American Equity is headquartered in West Des Moines, Iowa with additional

offices in Charlotte, NC, New York, NY and Miami, FL. 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.
- 2 Notable items reflect the increase (decrease) to non-GAAP operating income (loss) available to common stockholders for certain matters where more detail may help investors better understand, evaluate, and forecast results. Notable items are further discussed in the tables that follow the text of the release.
- 3 Non-trendable items are the impact of investment yield – additional prepayment income and cost of money effect of over (under) hedging as shown in our December 31, 2023 financial supplement on page 10, “Spread Results”.
- 4 For the purposes of this document, all references to sales are on a gross basis. Gross sales is defined as sales before the use of reinsurance.

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American Equity Investment Life Holding Company
Unaudited (Dollars in thousands, except per share data)

Consolidated Statements of Operations

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenues:				
Premiums and other considerations	\$ 2,657	\$ 2,991	\$ 11,967	\$ 19,739
Annuity product charges	96,947	61,666	315,496	230,354
Net investment income	582,176	537,995	2,272,798	2,307,463
Change in fair value of derivatives	353,443	22,243	259,046	(1,138,128)
Net realized gains (losses) on investments	(2,065)	14,411	(99,203)	(47,848)
Other revenue	21,973	13,032	75,866	42,245
Total revenues	1,055,131	652,338	2,835,970	1,413,825
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	3,161	5,948	17,687	33,220
Interest sensitive and index product benefits	193,439	57,626	567,423	554,871
Market risk benefits (gains) losses	241,998	33,490	(14,546)	3,684
Amortization of deferred sales inducements	50,346	45,966	192,252	181,970
Change in fair value of embedded derivatives	977,178	342,409	1,143,576	(2,352,598)
Interest expense on notes and loan payable	11,642	10,228	45,890	32,098
Interest expense on subordinated debentures	1,341	1,335	5,355	5,331
Amortization of deferred policy acquisition costs	72,428	66,831	279,700	284,011
Other operating costs and expenses	75,250	62,389	301,581	239,526
Total benefits and expenses	1,626,783	626,222	2,538,918	(1,017,887)
Income (loss) before income taxes	(571,652)	26,116	297,052	2,431,712
Income tax expense (benefit)	(108,202)	(6,817)	85,133	511,135
Net income (loss)	(463,450)	32,933	211,919	1,920,577
Less: Net income available to noncontrolling interests	1,545	361	1,389	358
Net income (loss) available to American Equity Investment Life Holding Company stockholders	(464,995)	32,572	210,530	1,920,219
Less: Preferred stock dividends	10,919	10,919	43,675	43,675
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (475,914)	\$ 21,653	\$ 166,855	\$ 1,876,544
Earnings (loss) per common share	\$ (6.04)	\$ 0.25	\$ 2.10	\$ 20.72
Earnings (loss) per common share - assuming dilution	\$ (6.04)	\$ 0.25	\$ 2.06	\$ 20.50
Weighted average common shares outstanding (in thousands):				
Earnings (loss) per common share	78,754	85,274	79,476	90,558
Earnings (loss) per common share - assuming dilution	78,754	86,402	80,952	91,538

NON-GAAP FINANCIAL MEASURES

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

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (475,914)	\$ 21,653	\$ 166,855	\$ 1,876,544
Adjustments to arrive at non-GAAP operating income available to common stockholders:				
Net realized gains (losses) on financial assets, including credit losses	(2,277)	(19,460)	91,615	48,264
Change in fair value of derivatives and embedded derivatives	583,961	169,767	549,600	(1,549,205)
Capital markets impact on the change in fair value of market risk benefits	216,214	2,309	(122,094)	(393,617)
Net investment income	(1,509)	1,476	(1,137)	1,476
Other revenue	5,969	5,969	23,876	5,969
Expenses incurred related to acquisition	3,750	—	13,464	—
Income taxes	(170,603)	(39,998)	(115,116)	401,838
Non-GAAP operating income available to common stockholders	\$ 159,591	\$ 141,716	\$ 607,063	\$ 391,269
Impact of excluding notable items (a)	\$ 13,255	\$ —	\$ 10,755	\$ 181,890
Per common share - assuming dilution:				
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (6.04)	\$ 0.25	\$ 2.06	\$ 20.50
Adjustments to arrive at non-GAAP operating income available to common stockholders:				
Anti-dilutive impact for losses (b)	0.11	—	—	—
Net realized gains (losses) on financial assets, including credit losses	(0.03)	(0.23)	1.13	0.53
Change in fair value of derivatives and embedded derivatives	7.28	1.96	6.79	(16.92)
Capital markets impact on the change in fair value of market risk benefits	2.70	0.03	(1.51)	(4.30)
Net investment income	(0.02)	0.02	(0.01)	—
Other revenue	0.07	0.07	0.29	0.01
Expenses incurred related to acquisition	0.05	—	0.17	0.06
Income taxes	(2.13)	(0.46)	(1.42)	4.39
Non-GAAP operating income available to common stockholders	\$ 1.99	\$ 1.64	\$ 7.50	\$ 4.27
Impact of excluding notable items (a)	\$ 0.17	\$ —	\$ 0.13	\$ 1.99

Notable Items

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Notable items impacting non-GAAP operating income available to common stockholders:				
Expense associated with strategic incentive award	\$ 13,255	\$ —	\$ 38,323	\$ —
Impact of actuarial assumption updates	—	—	(27,568)	181,890
Total notable items (a)	\$ 13,255	\$ —	\$ 10,755	\$ 181,890

- (a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income available to common stockholders for certain matters where more detail may help investors better understand, evaluate, and forecast results.

For the three months ended December 31, 2023 and 2022, non-GAAP operating income (loss) available to common stockholders would increase \$13.3 million and \$0.0 million, respectively, if we were to exclude the impact of notable items.

For the year ended December 31, 2023 and 2022, non-GAAP operating income (loss) available to common stockholders would increase \$10.8 million and \$181.9 million, respectively, 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.

American Equity Investment Life Holding Company
Unaudited (Dollars in thousands, except share and per share data)

Book Value per Common Share

	Q4 2023
Total stockholders' equity attributable to American Equity Investment Life Holding Company	\$ 3,023,260
Equity available to preferred stockholders (a)	(700,000)
Total common stockholders' equity (b)	2,323,260
Accumulated other comprehensive (income) loss (AOCI)	2,979,657
Total common stockholders' equity excluding AOCI (b)	5,302,917
Net impact of fair value accounting for derivatives and embedded derivatives	(1,240,397)
Net capital markets impact on the fair value of market risk benefits	(698,808)
Total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities (b)	\$ 3,363,712
Common shares outstanding	79,337,818
Book Value per Common Share: (c)	
Book value per common share	\$ 29.28
Book value per common share excluding AOCI (b)	\$ 66.84
Book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities (b)	\$ 42.40

- (a) Equity available to preferred stockholders is equal to the redemption value of outstanding preferred stock plus share dividends declared but not yet issued.
- (b) 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.
- (c) 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.

NON-GAAP FINANCIAL MEASURES

Average Common Stockholders' Equity and Return on Average Common Stockholders' Equity

Return on average common stockholders' equity measures how efficiently we generate profits from the resources provided by our net assets. Return on average common stockholders' equity is calculated by dividing net income available to common stockholders, for the trailing twelve months, by average equity available to common stockholders. Non-GAAP operating return on average common stockholders' equity excluding average accumulated other comprehensive income (AOCI) and average net impact of fair value accounting for fixed index annuities is calculated by dividing non-GAAP operating income available to common stockholders, for the trailing twelve months, by average common stockholders' equity excluding average AOCI and average net impact of fair value accounting for fixed index annuities. We exclude AOCI because AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments. We exclude the net impact of fair value accounting for fixed index annuities as the amounts are not economic in nature but rather impact the timing of reported results.

	Twelve Months Ended December 31, 2023	
Average Common Stockholders' Equity Attributable to American Equity Investment Life Holding Company, Excluding Average AOCI and Average Net Impact of Fair Value Accounting for Fixed Index Annuities		
Average total stockholders' equity	\$	2,686,389
Average equity available to preferred stockholders		(700,000)
Average equity available to common stockholders		1,986,389
Average AOCI		3,362,944
Average common stockholders' equity excluding average AOCI		5,349,333
Average net impact of fair value accounting for derivatives and embedded derivatives		(1,446,283)
Average net capital markets impact on the fair value of market risk benefits		(649,833)
Average common stockholders' equity excluding average AOCI and average net impact of fair value accounting for fixed index annuities	\$	3,253,217
Return on Average Common Stockholders' Equity Attributable to American Equity Investment Life Holding Company		
Net income available to American Equity Investment Life Holding Company common stockholders	\$	166,855
Adjustments to arrive at non-GAAP operating income available to common stockholders:		
Net realized losses on financial assets, including credit losses		91,615
Change in fair value of derivatives and embedded derivatives		549,600
Capital markets impact on the change in fair value of market risk benefits		(122,094)
Net investment income		(1,137)
Other revenue		23,876
Expenses incurred related to acquisition		13,464
Income taxes		(115,116)
Non-GAAP operating income available to common stockholders	\$	607,063
Impact of excluding notable items (a)	\$	10,755
Net income available to common stockholders		8.4 %
Return on Average Common Stockholders' Equity Attributable to American Equity Investment Life Holding Company, Excluding Average AOCI and Average Net Impact of Fair Value Accounting for Fixed Index Annuities		
Non-GAAP operating income available to common stockholders		18.7 %

Notable Items

	Twelve Months Ended December 31, 2023	
Notable items impacting non-GAAP operating income available to common stockholders:		
Expense associated with strategic incentive award	\$	38,323
Impact of actuarial assumption updates		(27,568)
Total notable items (a)	\$	10,755

(a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income available to common stockholders for certain matters where more detail may help investors better understand, evaluate, and forecast results.

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Financial Supplement

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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 to reflect the new guidance. The prior period numbers within this financial supplement have been recast, to the extent impacted by LDTI, from the original financial supplements published by the Company.

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AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2023	December 31, 2022
Assets		
Investments:		
Fixed maturity securities, available for sale, at fair value	\$ 34,780,482	\$ 39,804,617
Mortgage loans on real estate	7,537,594	6,949,027
Real estate investments	1,334,247	1,056,063
Limited partnerships and limited liability companies	1,089,591	1,266,779
Derivative instruments	1,207,288	431,727
Other investments	2,277,822	1,817,085
Total investments	48,227,024	51,325,298
Cash and cash equivalents	9,772,586	1,919,669
Coinsurance deposits	14,582,728	13,254,956
Market risk benefits	479,694	229,871
Accrued investment income	459,332	497,851
Deferred policy acquisition costs	3,070,280	2,773,643
Deferred sales inducements	2,367,224	2,045,683
Deferred income taxes	152,652	438,434
Income taxes recoverable	37,854	55,498
Other assets	768,928	642,696
Total assets	\$ 79,918,302	\$ 73,183,599
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$ 60,901,641	\$ 58,781,836
Market risk benefits	3,146,554	2,455,492
Other policy funds and contract claims	188,856	512,790
Notes and loan payable	785,443	792,073
Subordinated debentures	79,107	78,753
Funds withheld for reinsurance liabilities	8,596,373	6,577,426
Other liabilities	3,172,554	1,614,479
Total liabilities	76,870,528	70,812,849
Stockholders' equity:		
Preferred stock, Series A	16	16
Preferred stock, Series B	12	12
Common stock	79,338	84,810
Additional paid-in capital	1,071,103	1,325,316
Accumulated other comprehensive loss	(2,979,657)	(3,746,230)
Retained earnings	4,852,448	4,685,593
Total stockholders' equity attributable to American Equity Investment Life Holding Company	3,023,260	2,349,517
Noncontrolling interests	24,514	21,233
Total stockholders' equity	3,047,774	2,370,750
Total liabilities and stockholders' equity	\$ 79,918,302	\$ 73,183,599

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AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenues:				
Premiums and other considerations	\$ 2,657	\$ 2,991	\$ 11,967	\$ 19,739
Annuity product charges	96,947	61,666	315,496	230,354
Net investment income	582,176	537,995	2,272,798	2,307,463
Change in fair value of derivatives	353,443	22,243	259,046	(1,138,128)
Net realized gains (losses) on investments	(2,065)	14,411	(99,203)	(47,848)
Other revenue	21,973	13,032	75,866	42,245
Total revenues	1,055,131	652,338	2,835,970	1,413,825
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	3,161	5,948	17,687	33,220
Interest sensitive and index product benefits	193,439	57,626	567,423	554,871
Market risk benefits (gains) losses	241,998	33,490	(14,546)	3,684
Amortization of deferred sales inducements	50,346	45,966	192,252	181,970
Change in fair value of embedded derivatives	977,178	342,409	1,143,576	(2,352,598)
Interest expense on notes and loan payable	11,642	10,228	45,890	32,098
Interest expense on subordinated debentures	1,341	1,335	5,355	5,331
Amortization of deferred policy acquisition costs	72,428	66,831	279,700	284,011
Other operating costs and expenses	75,250	62,389	301,581	239,526
Total benefits and expenses	1,626,783	626,222	2,538,918	(1,017,887)
Income (loss) before income taxes	(571,652)	26,116	297,052	2,431,712
Income tax expense (benefit)	(108,202)	(6,817)	85,133	511,135
Net income (loss)	(463,450)	32,933	211,919	1,920,577
Less: Net income available to noncontrolling interests	1,545	361	1,389	358
Net income (loss) available to American Equity Investment Life Holding Company stockholders	(464,995)	32,572	210,530	1,920,219
Less: Preferred stock dividends	10,919	10,919	43,675	43,675
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (475,914)	\$ 21,653	\$ 166,855	\$ 1,876,544
Earnings (loss) per common share				
Earnings (loss) per common share	\$ (6.04)	\$ 0.25	\$ 2.10	\$ 20.72
Earnings (loss) per common share - assuming dilution	\$ (6.04)	\$ 0.25	\$ 2.06	\$ 20.50
Weighted average common shares outstanding (in thousands):				
Earnings (loss) per common share	78,754	85,274	79,476	90,558
Earnings (loss) per common share - assuming dilution	78,754	86,402	80,952	91,538

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Quarterly Summary - Most Recent 5 Quarters

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenues:					
Traditional life insurance premiums	\$ 2,041	\$ 1,842	\$ 629	\$ 698	\$ 626
Life contingent immediate annuity considerations	616	815	1,887	3,439	2,365
Surrender charges	57,876	45,550	33,777	26,542	22,030
Lifetime income benefit rider fees	39,071	38,766	37,865	36,049	39,636
Net investment income	582,176	586,614	542,685	561,323	537,995
Change in fair value of derivatives	353,443	(383,026)	242,739	45,890	22,243
Net realized gains (losses) on investments	(2,065)	(44,672)	(24,679)	(27,787)	14,411
Other revenue (a)	21,973	20,763	16,736	16,394	13,032
Total revenues	1,055,131	266,652	851,639	662,548	652,338
Benefits and expenses:					
Traditional life insurance policy benefits and change in future policy benefits (b)	(118)	3,623	940	1,206	944
Life contingent immediate annuity benefits and change in future policy benefits (c)	3,279	(1,430)	4,185	6,002	5,004
Interest sensitive and index product benefits	193,439	193,686	122,387	57,911	57,626
Market risk benefits (gains) losses (d)	241,998	(296,114)	(144,124)	183,694	33,490
Amortization of deferred sales inducements	50,346	48,354	46,951	46,601	45,966
Change in fair value of embedded derivatives (e)	977,178	(451,806)	213,764	404,440	342,409
Interest expense on notes payable	11,642	12,003	11,227	11,018	10,228
Interest expense on subordinated debentures	1,341	1,340	1,338	1,336	1,335
Amortization of deferred policy acquisition costs	72,428	70,561	68,476	68,235	66,831
Other operating costs and expenses	75,250	76,630	75,697	74,004	62,389
Total benefits and expenses	1,626,783	(343,153)	400,841	854,447	626,222
Income (loss) before income taxes	(571,652)	609,805	450,798	(191,899)	26,116
Income tax expense (benefit)	(108,202)	133,691	95,652	(36,008)	(6,817)
Net income (loss) (b)(c)(d)(e)	(463,450)	476,114	355,146	(155,891)	32,933
Less: Net income (loss) available to noncontrolling interests	1,545	(42)	(217)	103	361
Net income (loss) available to American Equity Investment Life Holding Company stockholders (b)(c)(d)(e)	(464,995)	476,156	355,363	(155,994)	32,572
Less: Preferred stock dividends	10,919	10,918	10,919	10,919	10,919
Net income (loss) available to American Equity Investment Life Holding Company common stockholders (b)(c)(d)(e)	\$ (475,914)	\$ 465,238	\$ 344,444	\$ (166,913)	\$ 21,653
Earnings (loss) per common share	\$ (6.04)	\$ 5.96	\$ 4.43	\$ (2.00)	\$ 0.25
Earnings (loss) per common share - assuming dilution (b)(c)(d)(e)	\$ (6.04)	\$ 5.82	\$ 4.36	\$ (2.00)	\$ 0.25
Weighted average common shares outstanding (thousands):					
Earnings (loss) per common share	78,754	78,034	77,767	83,417	85,274
Earnings (loss) per common share - assuming dilution	78,754	79,952	78,928	83,417	86,402

- (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 2023 includes expense from the update of assumptions used in determining the deferred profit liability. The impact increased traditional life insurance policy benefits and change in future policy benefits by \$2.3 million and decreased both net income and net income available to common stockholders by \$1.8 million and decreased earnings per common share - assuming dilution by \$0.02 per share.
- (c) Q3 2023 includes benefit from the update of assumptions used in determining the liability for future policyholder benefits. The impact decreased life contingent immediate annuity benefits and change in future policy benefits by \$4.6 million and increased both net income and net income available to common stockholders by \$3.6 million and increased earnings per common share - assuming dilution by \$0.05 per share.

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- (d) Q3 2023 includes benefit from the update of assumptions used in determining the reserves held for market risk benefits. The impact decreased market risk benefits (gains) losses by \$63.3 million and increased both net income and net income available to common stockholders by \$49.7 million and increased earnings per common share - assuming dilution by \$0.62 per share.
- (e) Q3 2023 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 \$84.4 million and decreased both net income and net income available to common stockholders by \$66.2 million and decreased earnings per common share - assuming dilution by \$0.83 per share.

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

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

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (475,914)	\$ 21,653	\$ 166,855	\$ 1,876,544
Adjustments to arrive at non-GAAP operating income available to common stockholders:				
Net realized gains (losses) on financial assets, including credit losses	(2,277)	(19,460)	91,615	48,264
Change in fair value of derivatives and embedded derivatives	583,961	169,767	549,600	(1,549,205)
Capital markets impact on the change in fair value of market risk benefits	216,214	2,309	(122,094)	(393,617)
Net investment income	(1,509)	1,476	(1,137)	1,476
Other revenue	5,969	5,969	23,876	5,969
Expenses incurred related to acquisition	3,750	—	13,464	—
Income taxes	(170,603)	(39,998)	(115,116)	401,838
Non-GAAP operating income available to common stockholders	\$ 159,591	\$ 141,716	\$ 607,063	\$ 391,269
Impact of excluding notable items (a)	\$ 13,255	\$ —	\$ 10,755	\$ 181,890
Per common share - assuming dilution:				
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (6.04)	\$ 0.25	\$ 2.06	\$ 20.50
Adjustments to arrive at non-GAAP operating income available to common stockholders:				
Anti-dilutive impact for losses (b)	0.11	—	—	—
Net realized gains (losses) on financial assets, including credit losses	(0.03)	(0.23)	1.13	0.53
Change in fair value of derivatives and embedded derivatives	7.28	1.96	6.79	(16.92)
Capital markets impact on the change in fair value of market risk benefits	2.70	0.03	(1.51)	(4.30)
Net investment income	(0.02)	0.02	(0.01)	—
Other revenue	0.07	0.07	0.29	0.01
Expenses incurred related to acquisition	0.05	—	0.17	0.06
Income taxes	(2.13)	(0.46)	(1.42)	4.39
Non-GAAP operating income available to common stockholders	\$ 1.99	\$ 1.64	\$ 7.50	\$ 4.27
Impact of excluding notable items (a)	\$ 0.17	\$ —	\$ 0.13	\$ 1.99

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	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Notable items impacting non-GAAP operating income available to common stockholders:				
Expense associated with strategic incentive award	\$ 13,255	\$ —	\$ 38,323	\$ —
Impact of actuarial assumption updates	—	—	(27,568)	181,890
Total notable items (a)	\$ 13,255	\$ —	\$ 10,755	\$ 181,890

(a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income available to common stockholders for certain matters where more detail may help investors better understand, evaluate, and forecast results.

For the three months ended December 31, 2023 and 2022, non-GAAP operating income (loss) available to common stockholders would increase \$13.3 million and \$0.0 million, respectively, if we were to exclude the impact of notable items.

For the year ended December 31, 2023 and 2022, non-GAAP operating income (loss) available to common stockholders would increase \$10.8 million and \$181.9 million, respectively, 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 Available to Common Stockholders

	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Net realized gains (losses) on financial assets, including credit losses:				
Net realized gains (losses) on financial assets, including credit losses	\$ (2,277)	\$ (19,460)	\$ 91,615	\$ 48,264
Income taxes	490	4,183	(19,697)	(10,377)
	\$ (1,787)	\$ (15,277)	\$ 71,918	\$ 37,887
Change in fair value of derivatives and embedded derivatives:				
Fixed index annuities	\$ 314,777	\$ 89,662	\$ 373,608	\$ (1,129,326)
Reinsurance contracts	269,184	78,594	185,088	(439,502)
Interest rate swaps	—	1,511	(9,096)	19,623
Income taxes	(122,841)	(42,083)	(113,885)	329,188
	\$ 461,120	\$ 127,684	\$ 435,715	\$ (1,220,017)
Capital market impact on the fair value of market risk benefits:				
Capital markets impact on the change in fair value of market risk benefits	\$ 194,164	\$ (16,236)	\$ (207,682)	\$ (449,887)
Amortization of capital markets impact on the fair value of market risk benefits	22,050	18,545	85,588	56,270
Income taxes	(46,486)	(498)	26,250	84,627
	\$ 169,728	\$ 1,811	\$ (95,844)	\$ (308,990)
Net investment income:				
Income associated with assets transferred under reinsurance treaty	\$ (1,509)	\$ 1,476	\$ (1,137)	\$ 1,476
Income taxes	324	(317)	244	(317)
	\$ (1,185)	\$ 1,159	\$ (893)	\$ 1,159
Other revenue:				
Amortization of deferred fees associated with reinsurance treaties	\$ 5,969	\$ 5,969	\$ 23,876	\$ 5,969
Income taxes	(1,283)	(1,283)	(5,133)	(1,283)
	\$ 4,686	\$ 4,686	\$ 18,743	\$ 4,686
Other operating costs and expenses:				
Expenses incurred related to acquisition	\$ 3,750	\$ —	\$ 13,464	\$ —
Income taxes	(807)	—	(2,895)	—
	\$ 2,943	\$ —	\$ 10,569	\$ —

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NON-GAAP FINANCIAL MEASURES

Quarterly Summary - Most Recent 5 Quarters

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (475,914)	\$ 465,238	\$ 344,444	\$ (166,913)	\$ 21,653
Adjustments to arrive at non-GAAP operating income available to common stockholders:					
Net realized (gains) losses on financial assets, including credit losses	(2,277)	46,771	22,737	24,384	(19,460)
Change in fair value of derivatives and embedded derivatives	583,961	(115,747)	(124,816)	206,202	169,767
Capital markets impact on the change in fair value of market risk benefits	216,214	(290,558)	(184,700)	136,950	2,309
Net investment income	(1,509)	(1,746)	4,609	(2,491)	1,476
Other revenue	5,969	5,969	5,969	5,969	5,969
Expenses incurred related to acquisition	3,750	9,714	—	—	—
Income taxes	(170,603)	75,879	59,373	(79,765)	(39,998)
Non-GAAP operating income available to common stockholders (c)(d)(e)	<u>\$ 159,591</u>	<u>\$ 195,520</u>	<u>\$ 127,616</u>	<u>\$ 124,336</u>	<u>\$ 141,716</u>
Impact of excluding notable items (a)	<u>\$ 13,255</u>	<u>\$ (20,958)</u>	<u>\$ 8,892</u>	<u>\$ 9,566</u>	<u>\$ —</u>

Per common share - assuming dilution:

Net income (loss) available to American Equity Investment Life Holding Company common stockholders	\$ (6.04)	\$ 5.82	\$ 4.36	\$ (2.00)	\$ 0.25
Adjustments to arrive at non-GAAP operating income available to common stockholders:					
Anti-dilutive impact for losses (b)	0.11	—	—	0.03	—
Net realized (gains) losses on financial assets, including credit losses	(0.03)	0.58	0.29	0.29	(0.23)
Change in fair value of derivatives and embedded derivatives	7.28	(1.44)	(1.58)	2.43	1.96
Capital markets impact on the change in fair value of market risk benefits	2.70	(3.63)	(2.34)	1.62	0.03
Net investment income	(0.02)	(0.02)	0.06	(0.03)	0.02
Other revenue	0.07	0.07	0.08	0.07	0.07
Expenses incurred related to acquisition	0.05	0.12	—	—	—
Income taxes	(2.13)	0.95	0.75	(0.94)	(0.46)
Non-GAAP operating income available to common stockholders (c)(d)(e)	<u>\$ 1.99</u>	<u>\$ 2.45</u>	<u>\$ 1.62</u>	<u>\$ 1.47</u>	<u>\$ 1.64</u>
Impact of excluding notable items (a)	<u>\$ 0.17</u>	<u>\$ (0.26)</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ —</u>

Notable Items

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Notable items impacting non-GAAP operating income available to common stockholders:					
Expense associated with strategic incentive award	\$ 13,255	\$ 6,610	\$ 8,892	\$ 9,566	\$ —
Impact of actuarial assumption updates	—	(27,568)	—	—	—
Total notable items (a)	<u>\$ 13,255</u>	<u>\$ (20,958)</u>	<u>\$ 8,892</u>	<u>\$ 9,566</u>	<u>\$ —</u>

(a) Notable items reflect the after-tax increase (decrease) to non-GAAP operating income available to common stockholders for certain matters where more detail may help investors better understand, evaluate, and forecast results. For the three months ended December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023 and December 31, 2022, non-GAAP operating income available to common stockholders would increase \$13.3 million, decrease \$21.0 million, increase \$8.9 million and \$9.6 million, respectively, 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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- (c) Q3 2023 includes expense from the update of assumptions used in determining the deferred profit liability. The impact increased traditional life insurance policy benefits and change in future policy benefits by \$2.3 million and decreased non-GAAP operating income available to common stockholders by \$1.8 million and decreased non-GAAP operating earnings per common share - assuming dilution by \$0.02 per share.
- (d) Q3 2023 includes benefit from the update of assumptions used in determining the liability for future policyholder benefits. The impact decreased life contingent immediate annuity benefits and change in future policy benefits by \$4.6 million and increased non-GAAP operating income available to common stockholders by \$3.6 million and increased non-GAAP operating earnings per common share - assuming dilution by \$0.05 per share.
- (e) Q3 2023 includes benefit from the update of assumptions used in determining the reserves held for market risk benefits. The impact decreased market risk benefits (gains) losses by \$32.8 million and increased non-GAAP operating income available to common stockholders by \$25.8 million and increased non-GAAP operating earnings per common share - assuming dilution by \$0.32 per share.

NON-GAAP FINANCIAL MEASURES

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net realized (gains) losses on investments	\$ 2,065	\$ 44,672	\$ 24,679	\$ 27,787	\$ (14,411)
Net investment income	(1,509)	(1,746)	4,609	(2,491)	1,476
Other revenue	5,969	5,969	5,969	5,969	5,969
Change in fair value of derivatives	(393,217)	336,059	(338,579)	(198,239)	(172,643)
Increase (decrease) in total revenues	(386,692)	384,954	(303,322)	(166,974)	(179,609)
Change in fair value of embedded derivatives	(977,178)	451,806	(213,764)	(404,440)	(342,409)
Market risk benefits (gains) losses	(216,214)	290,558	184,700	(136,950)	(2,309)
Interest sensitive and index product benefits (a)	4,342	(2,099)	1,943	3,402	5,048
Other operating costs and expenses	(3,750)	(9,714)	—	—	—
Increase (decrease) in total benefits and expenses	(1,192,800)	730,551	(27,121)	(537,988)	(339,670)
Increase (decrease) in income (loss) before income taxes	806,108	(345,597)	(276,201)	371,014	160,061
Increase (decrease) in income tax expense benefit	170,603	(75,879)	(59,373)	79,765	39,998
Increase (decrease) in net income (loss) available to common stockholders	\$ 635,505	\$ (269,718)	\$ (216,828)	\$ 291,249	\$ 120,063

- (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 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Capitalization:					
Notes and loan payable	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Subordinated debentures payable to subsidiary trusts	79,107	79,017	78,927	78,839	78,753
Total debt	879,107	879,017	878,927	878,839	878,753
Total stockholders' equity attributable to American Equity Investment Life Holding Company	3,023,260	2,053,576	2,571,915	2,605,485	2,349,517
Total capitalization	3,902,367	2,932,593	3,450,842	3,484,324	3,228,270
Accumulated other comprehensive loss (AOCI)	2,979,657	4,425,695	3,425,248	3,036,429	3,746,230
Total capitalization excluding AOCI (a)	\$ 6,882,024	\$ 7,358,288	\$ 6,876,090	\$ 6,520,753	\$ 6,974,500
Total stockholders' equity attributable to American Equity Investment Life Holding Company	\$ 3,023,260	\$ 2,053,576	\$ 2,571,915	\$ 2,605,485	\$ 2,349,517
Equity available to preferred stockholders (b)	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)
Total common stockholders' equity (c)	2,323,260	1,353,576	1,871,915	1,905,485	1,649,517
Accumulated other comprehensive loss	2,979,657	4,425,695	3,425,248	3,036,429	3,746,230
Total common stockholders' equity excluding AOCI (c)	5,302,917	5,779,271	5,297,163	4,941,914	5,395,747
Net impact of fair value accounting for derivatives and embedded derivatives	(1,240,397)	(1,689,153)	(1,587,599)	(1,490,297)	(1,652,169)
Net capital markets impact on the fair value of market risk benefits	(698,808)	(866,530)	(638,442)	(493,452)	(600,958)
Total common stockholders' equity excluding AOCI and the net impact of fair value accounting for fixed index annuities (c)	\$ 3,363,712	\$ 3,223,588	\$ 3,071,122	\$ 2,958,165	\$ 3,142,620
Common shares outstanding	79,337,818	78,974,095	78,047,941	77,753,194	84,810,255
Book Value per Common Share: (d)					
Book value per common share	\$ 29.28	\$ 17.14	\$ 23.98	\$ 24.51	\$ 19.45
Book value per common share excluding AOCI (c)	\$ 66.84	\$ 73.18	\$ 67.87	\$ 63.56	\$ 63.62
Book value per common share excluding AOCI and the net impact of fair value accounting for fixed index annuities (c)	\$ 42.40	\$ 40.82	\$ 39.35	\$ 38.05	\$ 37.05
Debt-to-Capital Ratios: (e)					
Senior debt / Total capitalization	11.6 %	10.9 %	11.6 %	12.3 %	11.5 %
Total debt / Total capitalization	12.8 %	11.9 %	12.8 %	13.5 %	12.6 %

(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 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
4.55%	4.34%	Average yield on invested assets	4.65%	4.69%	4.42%	4.48%	4.30%
1.90%	1.71%	Aggregate cost of money	2.01%	1.96%	1.85%	1.81%	1.76%
2.65%	2.63%	Aggregate investment spread	2.64%	2.73%	2.57%	2.67%	2.54%
		Impact of:					
0.01%	0.03%	Investment yield - additional prepayment income	0.01%	—%	0.01%	—%	0.01%
0.04%	0.01%	Cost of money effect of over hedging	0.07%	0.05%	0.03%	—%	—%
\$ 49,485,288	\$ 53,225,871	Weighted average investments	\$ 49,682,210	\$ 49,528,255	\$ 49,125,197	\$ 49,304,219	\$ 50,040,228
49,705,986	49,811,623	Ending investments	49,705,986	49,658,435	49,398,076	48,852,319	49,811,623

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 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
		Investment income:					
\$ 2,150,881	\$ 2,108,088	Fixed income (a)	\$ 544,245	\$ 539,584	\$ 533,930	\$ 533,122	\$ 511,077
102,472	200,349	Mark-to-market private asset income (a)	32,910	40,900	9,035	19,627	26,816
\$ 2,253,353	\$ 2,308,437	Total non-GAAP investment income (b)	\$ 577,155	\$ 580,484	\$ 542,965	\$ 552,749	\$ 537,893
		Investment yield:					
4.59%	4.08%	Fixed income investment yield	4.65%	4.61%	4.57%	4.52%	4.26%
3.97%	12.95%	Mark-to-market private asset yield	4.52%	6.12%	1.48%	3.61%	5.29%
4.55%	4.34%	Total investment yield	4.65%	4.69%	4.42%	4.48%	4.30%
		Weighted average investments:					
\$ 46,901,060	\$ 51,678,469	Fixed income investments	\$ 46,766,942	\$ 46,853,771	\$ 46,684,803	\$ 47,129,120	\$ 48,012,311
2,584,228	1,547,402	Mark-to-market private assets	2,915,268	2,674,484	2,440,394	2,175,099	2,027,917
\$ 49,485,288	\$ 53,225,871	Total weighted average investments	\$ 49,682,210	\$ 49,528,255	\$ 49,125,197	\$ 49,304,219	\$ 50,040,228

(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 (Loss) to Non-GAAP Operating Income on page 5. The net impact of these adjustments were \$3,512 thousand in Q4 2023, \$4,384 thousand in Q3 2023, \$4,329 thousand in Q2 2023, \$6,083 thousand in Q1 2023, and \$1,578 thousand in Q4 2022, respectively.

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Summary of Cost of Money for Deferred Annuities

Year Ended December 31,			Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
		Included in interest sensitive and index product benefits:					
\$ 326,471	\$ 305,292	Index credits	\$ 136,537	\$ 120,894	\$ 65,507	\$ 3,533	\$ 3,861
236,403	240,889	Interest credited	61,306	61,546	57,235	56,316	56,402
		Included in change in fair value of derivatives:					
(344,876)	(312,133)	Proceeds received at option expiration	(145,076)	(126,750)	(69,449)	(3,601)	(4,061)
682,918	647,132	Pro rata amortization of option cost	186,052	175,603	163,992	157,271	154,463
<u>\$ 900,916</u>	<u>\$ 881,180</u>	Cost of money for deferred annuities	<u>\$ 238,819</u>	<u>\$ 231,293</u>	<u>\$ 217,285</u>	<u>\$ 213,519</u>	<u>\$ 210,665</u>
\$ 47,330,279	\$ 51,558,865	Weighted average liability balance outstanding	\$ 47,487,836	\$ 47,280,339	\$ 47,086,271	\$ 47,266,672	\$ 47,802,219

Annuity Account Balance Rollforward

Year Ended December 31,			Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
\$ 47,504,615	\$ 53,191,277	Account balances at beginning of period	\$ 47,419,417	\$ 47,143,582	\$ 47,031,605	\$ 47,504,615	\$ 51,913,689
—	(4,068,761)	Reserves ceded - in-force	—	—	—	—	(3,810,982)
47,504,615	49,122,516	Account balance at beginning of period, net of reinsurance ceded	47,419,417	47,143,582	47,031,605	47,504,615	48,102,707
5,223,294	2,347,315	Net deposits	1,949,552	1,366,125	1,174,953	732,664	613,084
513,793	107,691	Premium bonuses	160,506	171,164	136,856	45,267	33,617
562,874	546,181	Fixed interest credited and index credits	197,843	182,440	122,742	59,849	60,263
(163,745)	(72,699)	Surrender charges	(57,876)	(45,550)	(33,777)	(26,542)	(22,030)
(151,751)	(157,655)	Lifetime income benefit rider fees	(39,071)	(38,766)	(37,865)	(36,049)	(39,636)
(5,930,590)	(4,388,734)	Surrenders, withdrawals, deaths, etc.	(2,071,881)	(1,359,578)	(1,250,932)	(1,248,199)	(1,243,390)
<u>\$ 47,558,490</u>	<u>\$ 47,504,615</u>	Account balances at end of period	<u>\$ 47,558,490</u>	<u>\$ 47,419,417</u>	<u>\$ 47,143,582</u>	<u>\$ 47,031,605</u>	<u>\$ 47,504,615</u>

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MRB Liability

Year Ended December 31,			Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
\$ 1,521,954	\$ 2,362,947	MRB balance at beginning of period	\$ 1,468,271	\$ 1,587,694	\$ 1,632,918	\$ 1,521,954	\$ 1,762,629
—	(326,524)	Reserves ceded - in-force	—	—	—	—	(331,020)
8,572	7,429	Issuances	10,774	(3,052)	(2,071)	2,921	1,230
124,374	66,198	Interest accrual	29,086	32,355	33,374	29,559	23,910
117,185	117,486	Attributed fees collected	31,387	29,354	28,247	28,197	29,585
—	—	Benefits payments	—	—	—	—	—
(185,333)	(449,887)	Effect of changes in interest rates and equity markets	183,192	(284,238)	(202,709)	118,422	(16,236)
(82,111)	263,830	Effect of changes in assumptions and policyholder behavior	(12,463)	(70,544)	(974)	1,870	(5,023)
330,251	(519,525)	Effect of changes in instrument specific credit risk	124,645	176,702	98,909	(70,005)	56,879
1,834,892	1,521,954	MRB balance at end of period, net (a)	1,834,892	1,468,271	1,587,694	1,632,918	1,521,954
887,646	765,552	MRB net deferred capital markets impact, end of period	887,646	1,103,860	813,302	628,602	765,552
\$ 2,722,538	\$ 2,287,506	Non-GAAP MRB balance, end of period (b)	\$ 2,722,538	\$ 2,572,131	\$ 2,400,996	\$ 2,261,520	\$ 2,287,506

- (a) The MRB balance is the MRB liability net of the MRB asset and reinsurance recoverable asset associated with the ceded MRB. The reinsurance recoverable asset associated with the ceded MRB is included in coinsurance deposits on the Consolidated Balance Sheet.
- (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 MRB. See page 9 for the non-GAAP definition and reconciliation of 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 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
\$ 9,642,336	\$ 4,660,690	Account value of business ceded subject to fee income at beginning of period	\$ 11,592,667	\$ 10,863,738	\$ 10,155,767	\$ 9,642,336	\$ 5,612,098
—	4,068,761	In-force account value ceded subject to fee income	—	—	—	—	3,810,982
2,369,765	1,045,600	Premiums on business ceded subject to fee income	44,171	870,021	821,413	634,160	351,971
(523,974)	(132,715)	Disbursements on business ceded subject to fee income	(148,711)	(141,092)	(113,442)	(120,729)	(132,715)
\$ 11,488,127	\$ 9,642,336	Account value of business ceded subject to fee income at end of period	\$ 11,488,127	\$ 11,592,667	\$ 10,863,738	\$ 10,155,767	\$ 9,642,336
\$ 99,742	\$ 48,214	Non-GAAP operating revenue associated with recurring fees (a)	\$ 27,942	\$ 26,732	\$ 22,705	\$ 22,363	\$ 19,001

- (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 7 for the reconciliation of Net Income (Loss) to Non-GAAP Operating Income and page 8 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 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
2023	2022						
		American Equity Life:					
\$ 5,470,434	\$ 2,692,141	Fixed index annuities	\$ 1,547,595	\$ 1,715,362	\$ 1,471,638	\$ 735,839	\$ 637,021
2,053	5,329	Annual reset fixed rate annuities	276	250	834	693	1,856
216,172	56,511	Multi-year fixed rate annuities	9,979	13,127	37,032	156,034	49,216
1,224	18,935	Single premium immediate annuities	309	210	278	427	494
5,689,883	2,772,916		1,558,159	1,728,949	1,509,782	892,993	688,587
		Eagle Life:					
1,563,992	479,279	Fixed index annuities	430,689	498,431	406,273	228,599	145,772
3,039	380	Annual reset fixed rate annuities	—	—	1,770	1,269	230
349,616	82,581	Multi-year fixed rate annuities	7,839	10,616	82,932	248,229	65,434
1,916,647	562,240		438,528	509,047	490,975	478,097	211,436
		Consolidated:					
7,034,426	3,171,420	Fixed index annuities	1,978,284	2,213,793	1,877,911	964,438	782,793
5,092	5,709	Annual reset fixed rate annuities	276	250	2,604	1,962	2,086
565,788	139,092	Multi-year fixed rate annuities	17,818	23,743	119,964	404,263	114,650
1,224	18,935	Single premium immediate annuities	309	210	278	427	494
7,606,530	3,335,156	Total before coinsurance ceded	1,996,687	2,237,996	2,000,757	1,371,090	900,023
2,382,012	968,906	Coinsurance ceded	46,826	871,661	825,526	637,999	286,445
\$ 5,224,518	\$ 2,366,250	Net after coinsurance ceded	\$ 1,949,861	\$ 1,366,335	\$ 1,175,231	\$ 733,091	\$ 613,578

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Net (of Coinsurance) Account Values at December 31, 2023:

Product Type	Surrender Charge			Net Account Value	
	Avg. Years At Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in Thousands	%
Fixed Index Annuities	12.0	4.9	8.2%	\$ 42,708,093	89.8 %
Annual Reset Fixed Rate Annuities	7.2	1.4	3.0%	1,119,156	2.4 %
Multi-Year Fixed Rate Annuities	4.1	1.2	6.1%	3,731,241	7.8 %
Total	11.2	4.6	7.9%	\$ 47,558,490	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	\$ 1,201,886	\$ 5,291,934
0.0% < 2.0%	74,758	2,821,053
2.0% < 3.0%	13,799	2,747,252
3.0% < 4.0%	7,551	823,508
4.0% < 5.0%	6,799	2,787,498
5.0% < 6.0%	55,957	1,807,736
6.0% < 7.0%	370,963	2,240,692
7.0% < 8.0%	2,470,779	1,840,104
8.0% < 9.0%	331,773	4,252,724
9.0% < 10.0%	154,684	3,135,064
10.0% or greater	161,448	14,960,528
	<u>\$ 4,850,397</u>	<u>\$ 42,708,093</u>

<u>Surrender Charge Expiration By Year:</u>	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
Out of Surrender Charge	\$ 6,493,820	0.00 %
2024	3,569,836	4.42 %
2025	4,672,248	3.17 %
2026	4,340,338	5.01 %
2027	3,690,236	6.04 %
2028	3,811,466	7.59 %
2029	3,765,240	9.03 %
2030	3,956,253	10.46 %
2031	3,531,481	12.80 %
2032	3,278,755	13.57 %
2033	5,072,207	16.08 %
2034	629,134	17.39 %
2035	324,974	18.08 %
2036	187,883	18.50 %
2037	118,697	19.00 %
2038	99,474	19.50 %
2039	16,448	20.00 %
	<u>\$ 47,558,490</u>	<u>7.88 %</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, 2023 for the \$11.8 billion of account value of fixed annuities and funds allocated to the fixed rate strategy for fixed index annuities would decrease by 0.25%.

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 \$35.8 billion of account value allocated to index strategies, the cost of options would decrease by 1.55% based upon prices of options for the week ended December 31, 2023.

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Summary of Invested Assets

	December 31, 2023		December 31, 2022	
	Carrying Amount	Percent	Carrying Amount	Percent
Fixed maturity securities:				
U.S. Government and agencies	\$ 171,141	0.4 %	\$ 169,071	0.4 %
States, municipalities and territories	3,075,024	7.7 %	3,822,943	8.5 %
Foreign corporate securities and foreign governments	408,936	1.0 %	616,938	1.4 %
Corporate securities	16,076,506	40.0 %	20,201,774	44.8 %
Residential mortgage backed securities	1,208,317	3.0 %	1,366,927	3.0 %
Commercial mortgage backed securities	2,624,123	6.5 %	3,447,075	7.6 %
Other asset backed securities	5,202,395	12.9 %	5,155,254	11.4 %
Total fixed maturity securities	28,766,442	71.5 %	34,779,982	77.1 %
Mortgage loans on real estate	7,231,667	18.0 %	6,778,977	15.0 %
Real estate investments	1,334,247	3.3 %	1,056,063	2.3 %
Limited partnerships and limited liability companies	1,089,591	2.7 %	1,266,779	2.8 %
Derivative instruments	1,207,288	3.0 %	431,727	1.0 %
Other investments	590,271	1.5 %	829,900	1.8 %
Total investments, net of modified coinsurance investments	40,219,506	100.0 %	45,143,428	100.0 %
Coinsurance investments (a)	8,007,518		6,181,870	
Total investments	\$ 48,227,024		\$ 51,325,298	

(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, 2023

NAIC Designation (b)	Amortized Cost	Carrying Amount	Percent	Rating Agency Rating (b)	Amortized Cost	Carrying Amount	Percent
1	\$ 19,330,614	\$ 17,116,519	60.1 %	Aaa/Aa/A	\$ 19,237,683	\$ 17,030,736	59.8 %
2	11,895,433	10,680,088	37.5 %	Baa	12,036,591	10,801,336	37.9 %
3	517,425	476,419	1.7 %	Ba	539,417	489,286	1.7 %
4	168,694	147,692	0.5 %	B	144,657	128,150	0.4 %
5	88,581	68,538	0.2 %	Caa	21,295	18,497	0.1 %
6	9,400	10,132	— %	Ca and lower	30,504	31,383	0.1 %
	32,010,147	28,499,388	100.0 %		32,010,147	28,499,388	100.0 %
Coinsurance investments (a)	6,277,105	6,014,040		Coinsurance investments (a)	6,277,105	6,014,040	
	\$ 38,287,252	\$ 34,513,428			\$ 38,287,252	\$ 34,513,428	

(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.

(b) The table excludes residual tranche securities that are not rated with an amortized cost of \$250,210 and carrying amount of \$267,054 as of December 31, 2023.

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Watch List Securities - December 31, 2023

General Description (a)	Amortized Cost	Allowance for Credit Losses	Amortized Cost, Net of Allowance	Net Unrealized Gains (Losses), Net of Allowance	Fair Value
States, municipalities and territories	\$ 22,715	\$ —	\$ 22,715	\$ (5,491)	\$ 17,224
Corporate securities - Public securities	31,502	—	31,502	(768)	30,734
Corporate securities - Private placement securities	5,180	(3,412)	1,768	(58)	1,710
Residential mortgage backed securities	55,054	—	55,054	(8,050)	47,004
Commercial mortgage backed securities	139,961	—	139,961	(27,340)	112,621
Other asset backed securities	1,524	—	1,524	131	1,655
Collateralized loan obligations	159,600	(618)	158,982	(19,980)	139,002
	<u>\$ 415,536</u>	<u>\$ (4,030)</u>	<u>\$ 411,506</u>	<u>\$ (61,556)</u>	<u>\$ 349,950</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, 2023		December 31, 2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale:				
U.S. Government and agencies	\$ 172,683	\$ 171,141	\$ 173,638	\$ 169,071
States, municipalities and territories	3,615,861	3,075,024	4,356,191	3,822,943
Foreign corporate securities and foreign governments	471,188	408,936	680,263	616,938
Corporate securities:				
Capital goods	1,180,367	1,036,451	1,601,113	1,395,595
Consumer discretionary	3,613,225	3,121,655	5,086,479	4,320,219
Energy	881,404	811,482	1,219,370	1,111,891
Financials	5,795,094	5,198,811	6,467,052	5,634,229
Government non-guaranteed	167,059	145,579	202,740	179,440
Industrials	16,966	16,206	166,061	138,999
Information technology	963,228	835,461	1,344,461	1,160,067
Materials	834,268	722,468	1,169,188	1,021,288
Telecommunications	1,047,936	882,396	1,306,495	1,090,868
Transportation	899,832	803,538	1,100,681	975,393
Utilities	2,838,788	2,437,216	3,620,946	3,115,520
Other	66,440	65,243	58,184	58,265
Residential mortgage backed securities:				
Government agency	732,557	689,920	806,999	754,349
Prime	352,524	299,353	387,838	334,613
Alt-A	52,923	52,493	54,910	58,091
Non-qualified mortgage	156,648	148,516	169,847	157,960
Other	17,759	18,035	62,235	61,914
Commercial mortgage backed securities:				
Government agency	144,372	134,737	170,307	157,903
Non-agency	2,892,601	2,489,386	3,668,300	3,289,172
Other asset backed securities:				
Auto	239,142	237,596	44,450	41,896
Consumer discretionary	544,455	520,327	122,068	118,843
Financials	307,150	285,018	283,238	252,493
Collateralized loan obligations	3,503,091	3,410,445	4,071,929	3,775,347
Other	752,796	749,009	1,005,440	966,675
	<u>32,260,357</u>	<u>28,766,442</u>	<u>39,400,423</u>	<u>34,779,982</u>
Coinsurance investments (a)	6,277,105	6,014,040	5,465,596	5,024,635
	<u>\$ 38,537,462</u>	<u>\$ 34,780,482</u>	<u>\$ 44,866,019</u>	<u>\$ 39,804,617</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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Mortgage Loans on Real Estate

	December 31, 2023		December 31, 2022	
	Principal	Percent	Principal	Percent
Property type distribution				
Commercial mortgage loans:				
Office	\$ 239,086	3.3 %	\$ 277,767	4.1 %
Retail	784,047	10.9 %	878,352	13.0 %
Industrial/Warehouse	895,966	12.4 %	853,215	12.6 %
Apartment	965,474	13.4 %	893,910	13.2 %
Hotel	280,733	3.9 %	285,271	4.2 %
Mixed Use/Other	76,039	1.0 %	200,756	3.0 %
Agricultural mortgage loans	581,287	8.1 %	567,630	8.4 %
Residential mortgage loans	3,384,737	47.0 %	2,807,652	41.5 %
	7,207,369	100.0 %	6,764,553	100.0 %
Coinsurance investments (a)	308,859		171,633	
	<u>\$ 7,516,228</u>		<u>\$ 6,936,186</u>	

	Commercial		Agricultural	
	Amortized Cost	Average LTV	Amortized Cost	Average LTV
As of December 31, 2023:				
Debt Service Coverage Ratio:				
Greater than or equal to 1.5	\$ 2,256,505	50%	\$ 259,384	50%
Greater than or equal to 1.2 and less than 1.5	388,135	58%	186,598	51%
Greater than or equal to 1.0 and less than 1.2	456,845	47%	17,216	53%
Less than 1.0	136,172	53%	116,435	45%
	3,237,657	51%	579,633	49%
Coinsurance investments (a)	307,342	51%	—	—%
	<u>\$ 3,544,999</u>	<u>51%</u>	<u>\$ 579,633</u>	<u>49%</u>

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>

(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, 2023			
	Commercial	Agricultural	Residential	Total
Credit exposure - by payment activity				
Performing	\$ 3,241,345	\$ 568,691	\$ 3,287,763	\$ 7,097,799
In workout	—	—	—	—
Delinquent	—	12,596	96,974	109,570
Principal outstanding	3,241,345	581,287	3,384,737	7,207,369
Unamortized discounts and premiums, net	(902)	—	65,802	64,900
Deferred fees and costs, net	(2,786)	(1,654)	558	(3,882)
Amortized cost	3,237,657	579,633	3,451,097	7,268,387
Valuation allowance	(16,487)	(2,590)	(17,643)	(36,720)
Carrying value	3,221,170	577,043	3,433,454	7,231,667
Coinsurance investments (a)	305,927	—	—	305,927
	<u>\$ 3,527,097</u>	<u>\$ 577,043</u>	<u>\$ 3,433,454</u>	<u>\$ 7,537,594</u>

	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>

(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- (watch)	A- (watch)	A- (stable)
American Equity Investment Life Insurance Company of New York	A- (watch)	A- (watch)	A- (stable)
Eagle Life Insurance Company	A- (watch)	A- (watch)	A- (stable)
Credit Ratings			
American Equity Investment Life Holding Company	bbb- (watch)	BBB- (watch)	BBB
Senior unsecured debt	bbb- (watch)	BBB-	BBB-
Perpetual, non-cumulative preferred stock	bb (watch)	BB	BB

Corporate Offices:

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Common Stock and Dividend Information:

New York Stock Exchange symbol: "AEL"

	High	Low	Close	Dividend Declared
2023				
First Quarter	\$48.37	\$31.57	\$36.49	\$0.00
Second Quarter	\$53.68	\$35.22	\$52.11	\$0.00
Third Quarter	\$54.44	\$51.73	\$53.64	\$0.00
Fourth Quarter	\$56.09	\$52.70	\$55.80	\$0.00
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

Transfer Agent:

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

Annual Report and Other Information:

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

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