

American Equity Investment Life Holding Company



Investor Financial Overview *September 30, 2017*



Safe Harbor Statement

We make forward-looking statements that are based on our current expectations and projections about current events. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995, and we are including this statement for purposes of invoking these safe harbor provisions. You can identify these statements from our use of the words “estimate,” “project,” “believe,” “intend,” “anticipate,” “expect,” “target” and similar expressions. These forward-looking statements may include, among other things:

- *statements relating to projected growth; anticipated changes in earnings, earnings per share, other financial performance measures; and management’s long-term performance goals;*
- *statements relating to the anticipated effects on our results of operations or our financial condition from expected developments or events;*
- *statements relating to our business and growth strategies, including any potential acquisitions and*
- *any other statements which are not historical facts.*

These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results, performance or achievements or industry results to differ materially from our expectations of future results, performance or achievements expressed or implied by the forward-looking statements.

Company Overview

- Founded in 1995
- Headquarters: West Des Moines, IA
- 530 Employees^(a)
- Market cap of \$2.6 billion^(b), public since 2003
- Principal product: fixed index annuity
- Sell primarily through independent agents
- Policyholder funds under management: \$48 billion
- AEL has been a top 3 fixed index annuity producer by annual sales for 16 out of the last 17 years

(a) As of December 31, 2016

(b) As of November 2, 2017

Investment Thesis

Simple Business; Easy to Understand

- Vast majority of business is fixed indexed annuities that offer upside participation with downside protection
- Majority of income derived from investment spread (the difference between what our investments yield and what we credit to policyholders)

Strong Operating Performance

- Track record of consistent growth with 6% and 15% compounded annual growth rate in operating income and assets under management, respectively, over the past 10 years
- Strong operating performance with 11.5% average operating return on equity over the past 5 years

Investment Thesis

Strong Distribution Relationships

- Has been a top 3 fixed index annuity producer by annual sales for 16 out of the last 17 years
- Strong relationships with approximately 35 national marketing organizations (NMOs) and nearly 25,000 independent agents
- Recruiting and marketing focus on agents selling over \$1 million of premiums in a calendar year

Conservative Investment Portfolio

- Highly rated and liquid investment portfolio diversified across multiple industries
- Predominantly fixed maturity portfolio (89% of cash and investments) with high credit quality (97% investment grade)
- Low impairment experience and strong investment culture

Investment Thesis

Disciplined Risk Management

- Tight controls on product designs
- Extensive use of options to manage exposure to index appreciation with highly effective outcomes
- Diverse group of highly rated options counterparties with strict concentration limits
- Surrender charges protect approximately 94% of annuity portfolio account value

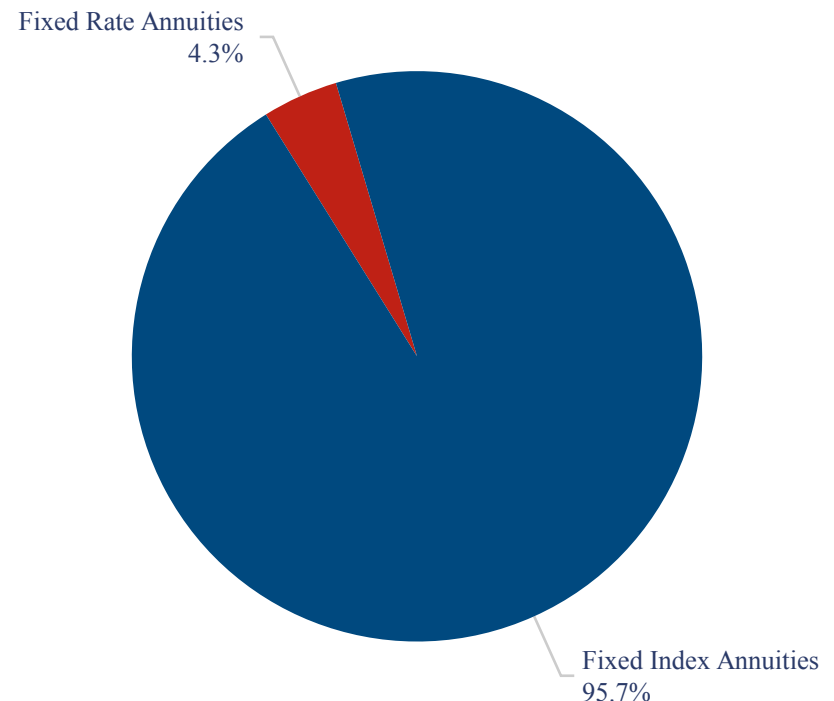
Future Growth Opportunities

- Favorable demographics – growing customer base as aging population looking for lifetime income
- New distribution channels outside of independent agents (Eagle Life targeting broker/dealers)

Single Product Focus

- Fixed Indexed Annuities
 - Deposits build tax-deferred
 - “Interest” based on performance of equity index or traditional fixed rate
 - Index crediting funded by call options
 - Offers more upside potential than simple fixed annuities
 - Index resets annually
 - Don’t have to “make back” market losses
 - Minimum guaranteed return with no losses, unlike variable annuities
 - Policy value and minimum crediting rates backed by fixed income portfolio

**Account Value
September 30, 2017**

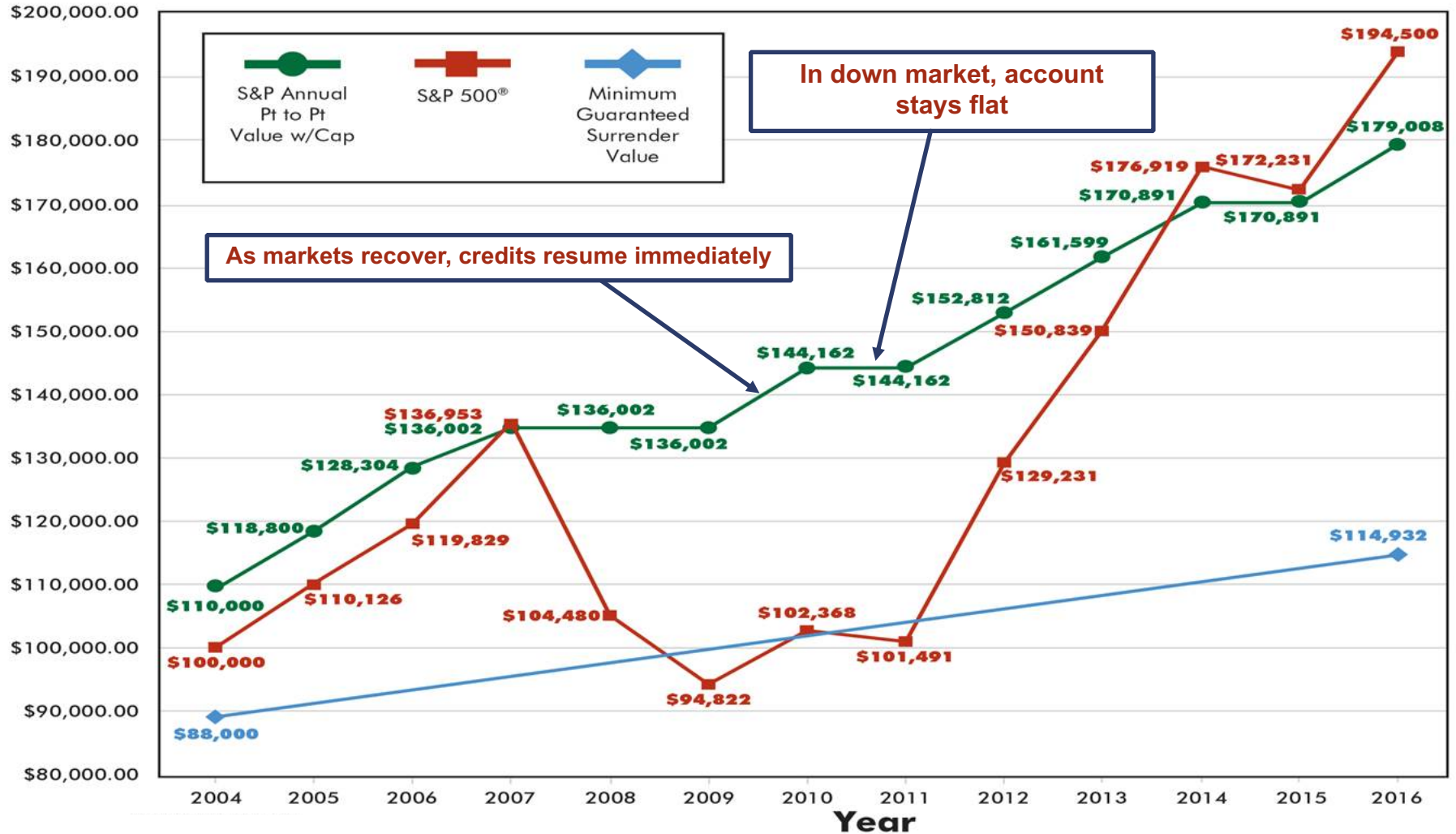


Total: \$47.6 billion

Compelling Benefits vs. Competing Categories

- Product offers principal guarantee and upside potential from equity markets
- AEL pays commission, not policyholder
- No additional fees
- Premium bonus of 3% – 10%
- No market risk
- Guaranteed minimum exit value
- Opportunity for lifetime income

Principal Protected Growth



*Based on actual credited rates for the period shown on the Bonus Gold (Index-1-05) product issued on 09/30/2004.

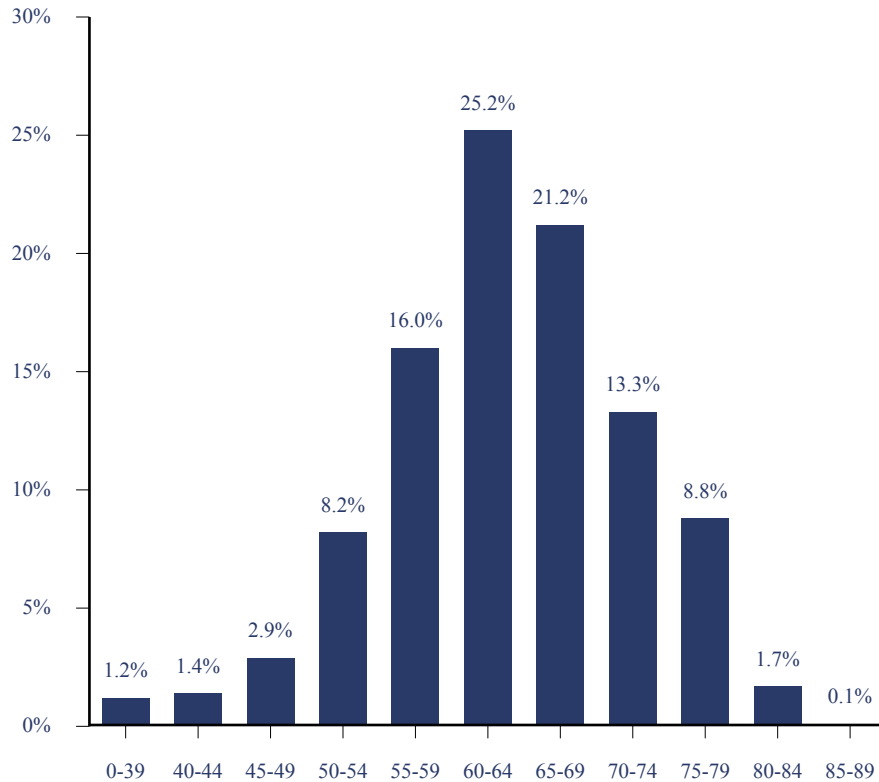
Market Growth

- Aging population needs retirement savings & income
 - Longevity risk favors lifetime guarantee
 - 2008-2009 bear market left permanent scars
- Indexed annuity characteristics attracting attention
 - Low volatility of returns
 - Principal guarantee
 - Upside potential versus straight fixed income
 - Tax deferred accumulation
 - Guaranteed lifetime income

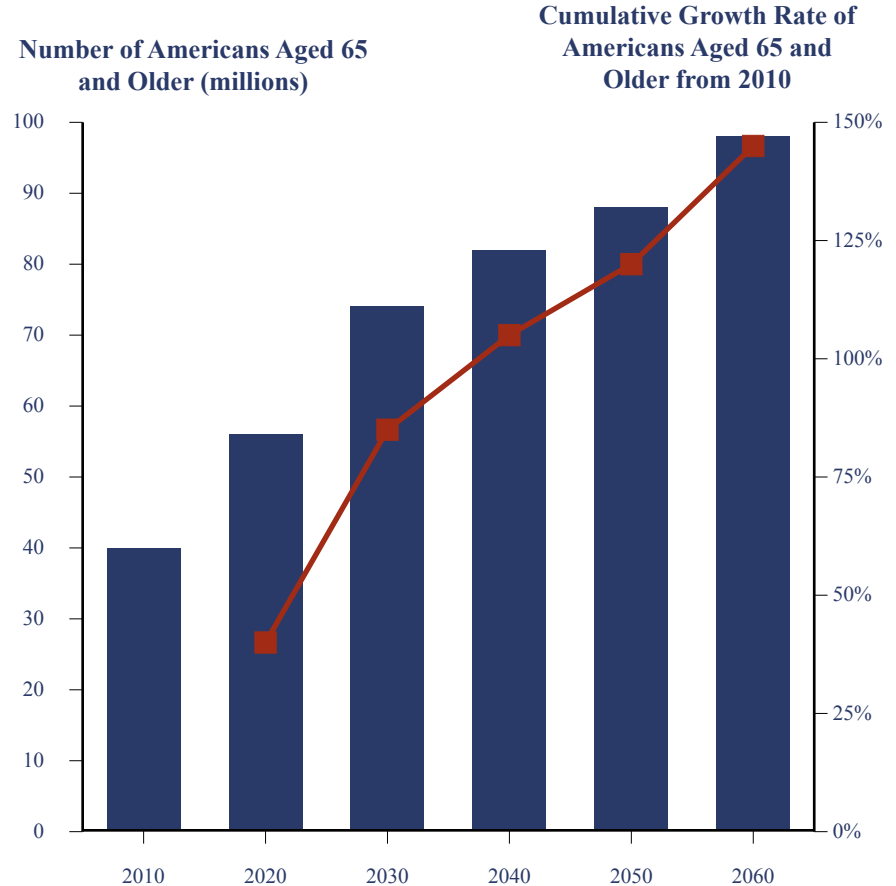
Growing Market Demographic

- Our typical policyholder ^(a)
 - 63 years old
 - Average fund value of \$86,408

Percentage of Fund Value
by Policyholder's Age



- Projected Growth in our Target Market ^(b)

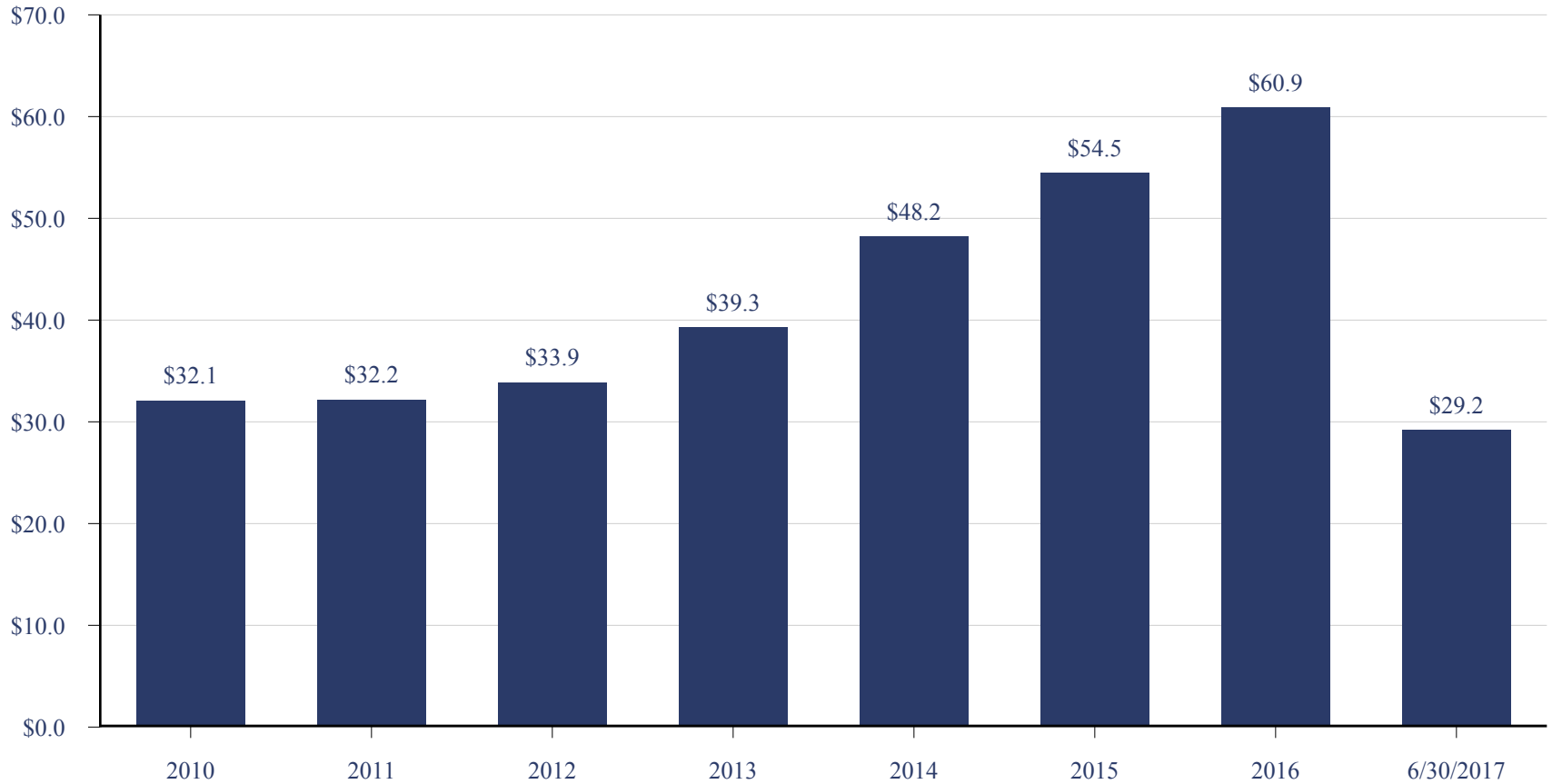


(a) As of September 30, 2017, American Equity Investment Life Insurance Company only data

(b) Source: U.S. Census Bureau, 2014 National Projections

Growing Market

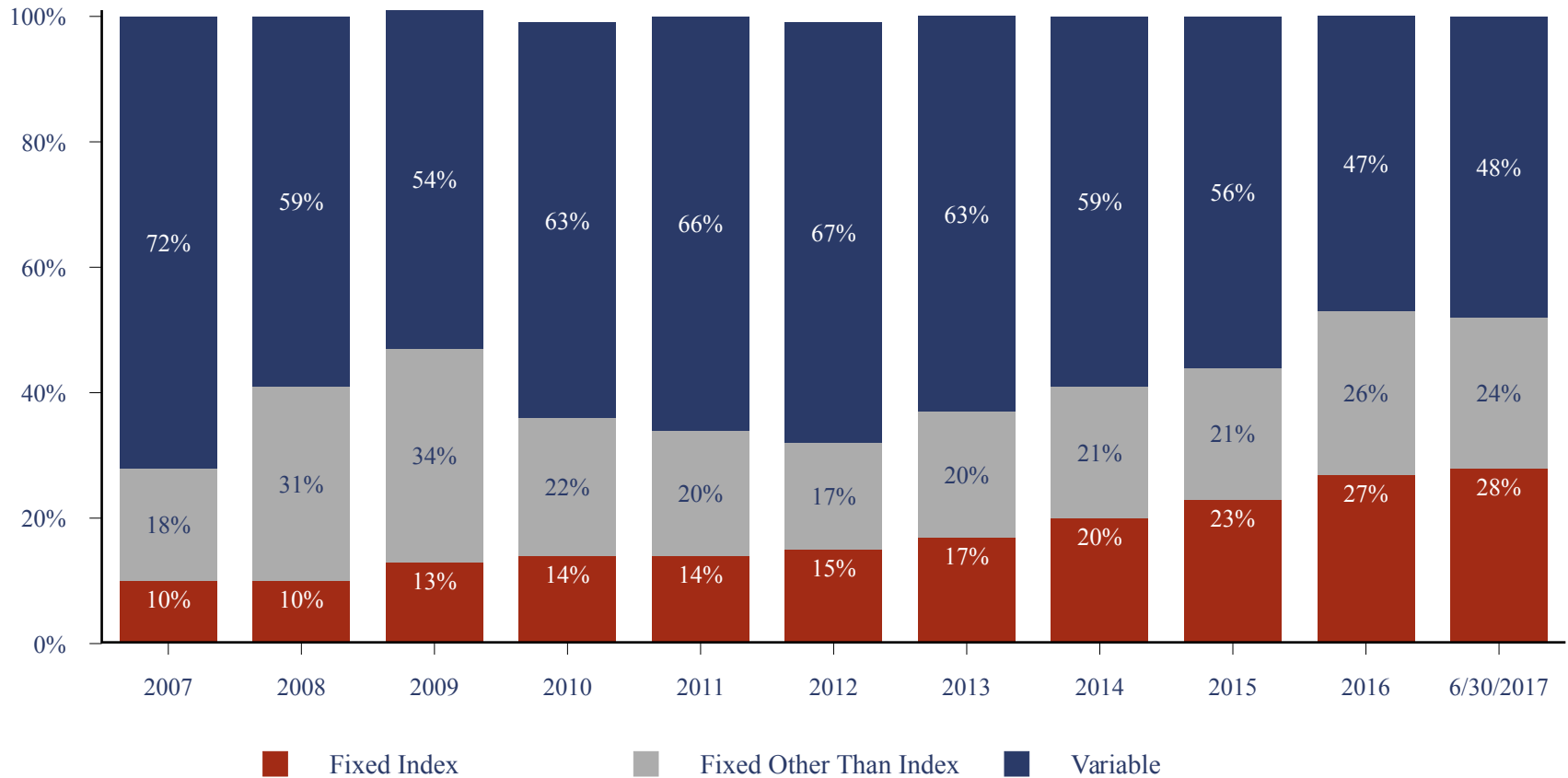
Index Annuity Sales (*\$ in billions*)



Source: LIMRA U.S. Individual Annuity Yearbook – 2013, 2015, LIMRA U.S. Individual Annuity Sales Survey Participant Report for Q2 2017

Continued Room to Grow

Annuity Market Share (Sales)



Source: LIMRA U.S. Individual Annuity Yearbook – 2009, 2015, LIMRA U.S. Individual Annuity Sales Survey Participant Report for Q2 2017

AEL is an Industry Leader

Index Annuity Market Share (Sales)

2012		
1	Allianz	15.90%
2	Aviva	11.95%
3	American Equity	10.55%
4	Security Benefit	8.67%
5	Great American	6.00%

2013		
1	Allianz	15.56%
2	Security Benefit	11.75%
3	American Equity	10.40%
4	Great American	7.91%
5	Athene	7.10%

2014		
1	Allianz	27.16%
2	Security Benefit	8.92%
3	American Equity	8.85%
4	Great American	6.61%
5	Athene	5.33%

2015		
1	Allianz	16.48%
2	American Equity	13.10%
3	Great American	6.95%
4	AIG	6.21%
5	Athene	4.80%

2016		
1	Allianz	17.51%
2	American Equity	10.06%
3	Athene	7.94%
4	Great American	6.44%
5	AIG	6.23%

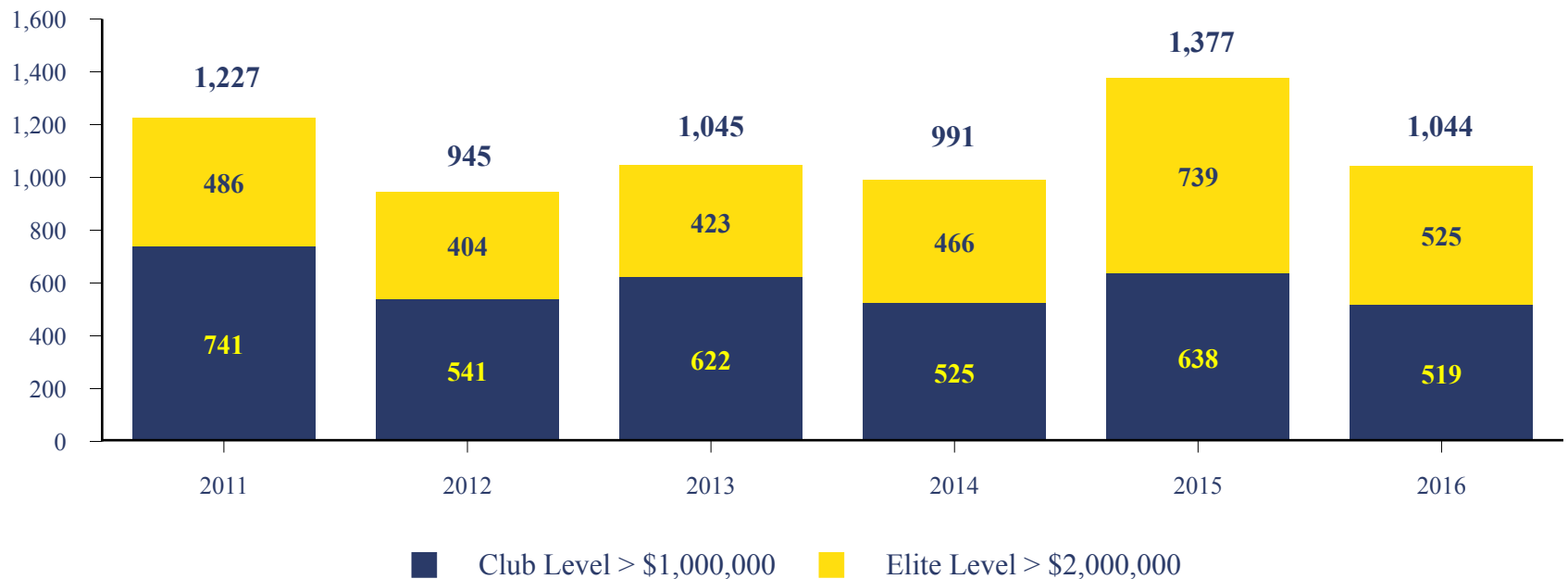
2Q2017		
1	Allianz	14.15%
2	Athene	9.17%
3	Nationwide	8.21%
4	American Equity	8.03%
5	Great American	7.16%

Source: Wink's Sales & Market Reports

Strong Distribution Relationships

- Approximately 35 NMOs and nearly 25,000 independent agents, incentivized by:
 - Competitive commissions
 - Customary incentives
 - Industry leading service
 - Attractive product profile
- Focus on great agent relationships
 - Pay commissions daily
 - Phones answered by people
 - Access to senior management
 - Coinsure excess business – keep operating even when sales outpace capital

Gold Eagle Agents



B-D Channel Will Extend Leadership

- Fixed index annuities under-represented in broker – dealer and bank channels
- AEL created Eagle Life to penetrate broker-dealer channel

4Q2012	
Independent Insurance Agents	87.0%
Bank	6.5%
Broker Dealer	1.2%
Career Insurance Agents	5.3%
Direct Response	—

4Q2013	
Independent Insurance Agents	80.9%
Bank	11.5%
Broker Dealer	2.6%
Career Insurance Agents	5.0%
Direct Response	—

4Q2014	
Independent Insurance Agents	81.1%
Bank	10.2%
Broker Dealer	5.3%
Career Insurance Agents	3.4%
Direct Response	—

4Q2015	
Independent Insurance Agents	61.5%
Bank	16.7%
Broker Dealer	16.6%
Career Insurance Agents	5.2%
Direct Response	—

4Q2016	
Independent Insurance Agents	61.5%
Bank	14.8%
Broker Dealer	17.4%
Career Insurance Agents	6.3%
Direct Response	—%

2Q2017	
Independent Insurance Agents	58.0%
Bank	17.9%
Broker Dealer	19.0%
Career Insurance Agents	5.1%
Direct Response	—%

Source: Wink's Sales & Market Reports

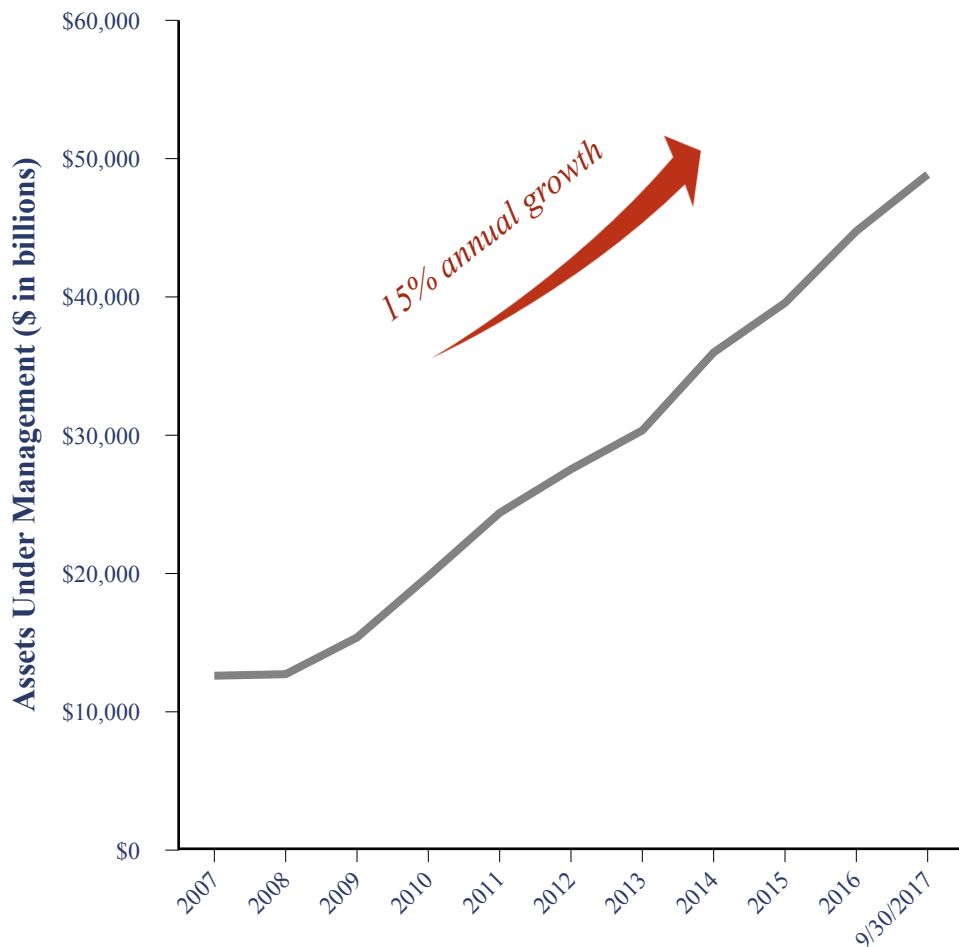
DOL Fiduciary Rule Requirements & Strategy

- On April 4, 2017, the DOL released a rule delaying the April 10, 2017 applicability date of the Fiduciary Rule to June 9, 2017 and further delaying certain requirements until January 1, 2018
 - As of June 9, 2017, independent agents selling fixed annuities to qualified accounts are fiduciaries
 - Until January 1, 2018, independent agents may rely on Prohibited Transaction Exemption ("PTE") 84-24
 - Compliance with Impartial Conduct Standards
 - Disclosure of compensation and product fees and charges
 - Attestation of compliance to insurance carrier
- On June 6, 2017, the DOL issued a request for information on whether the January 1, 2018 effective date should be delayed and whether modifications to the rule or additional exemptions are necessary.
- FIA non-qualified sales not subject to the new rule
 - \$1.6 billion of 2016 sales
 - Independent agents may prospect for more non-qualified business
- Mitigate disruption of qualified sales by independent agent distribution
 - \$3.8 billion of 2016 FIA sales
 - Introduce traditional fixed rate annuities with lifetime income benefit riders that can be sold under the less onerous PTE 84-24
- Continue to expand qualified sales by broker-dealer and bank distribution
 - \$350 million of 2016 FIA sales
 - Administrative infrastructure already in place
 - 7 anchor distributors; 58 distribution relationships
- Substantial majority of independent distribution has a path to a Financial Institution for BICE
 - Insurance Intermediary Prohibited Transaction Exemption
 - Many large NMOs have broker-dealers or registered investment advisory operations that may be able to serve as the Financial Institution

FINANCIAL PERFORMANCE

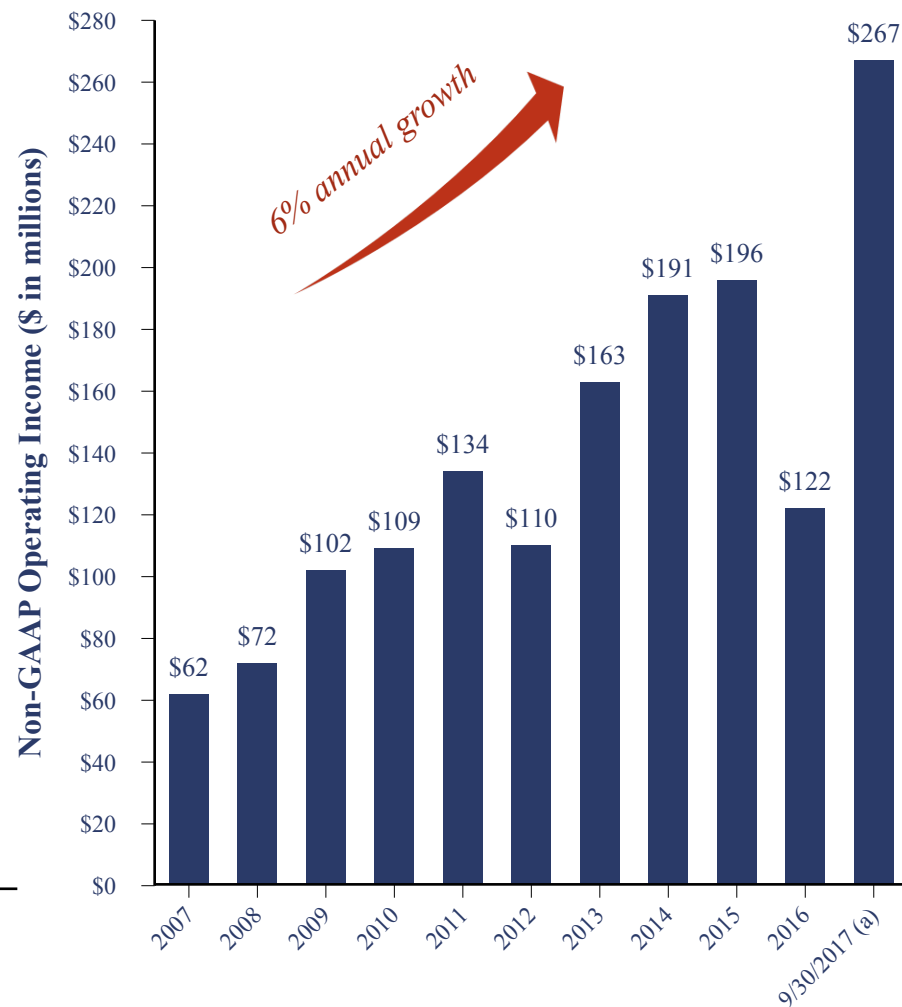
Strong Growth Over the Past Decade

Ten Year Growth of Assets Under Management

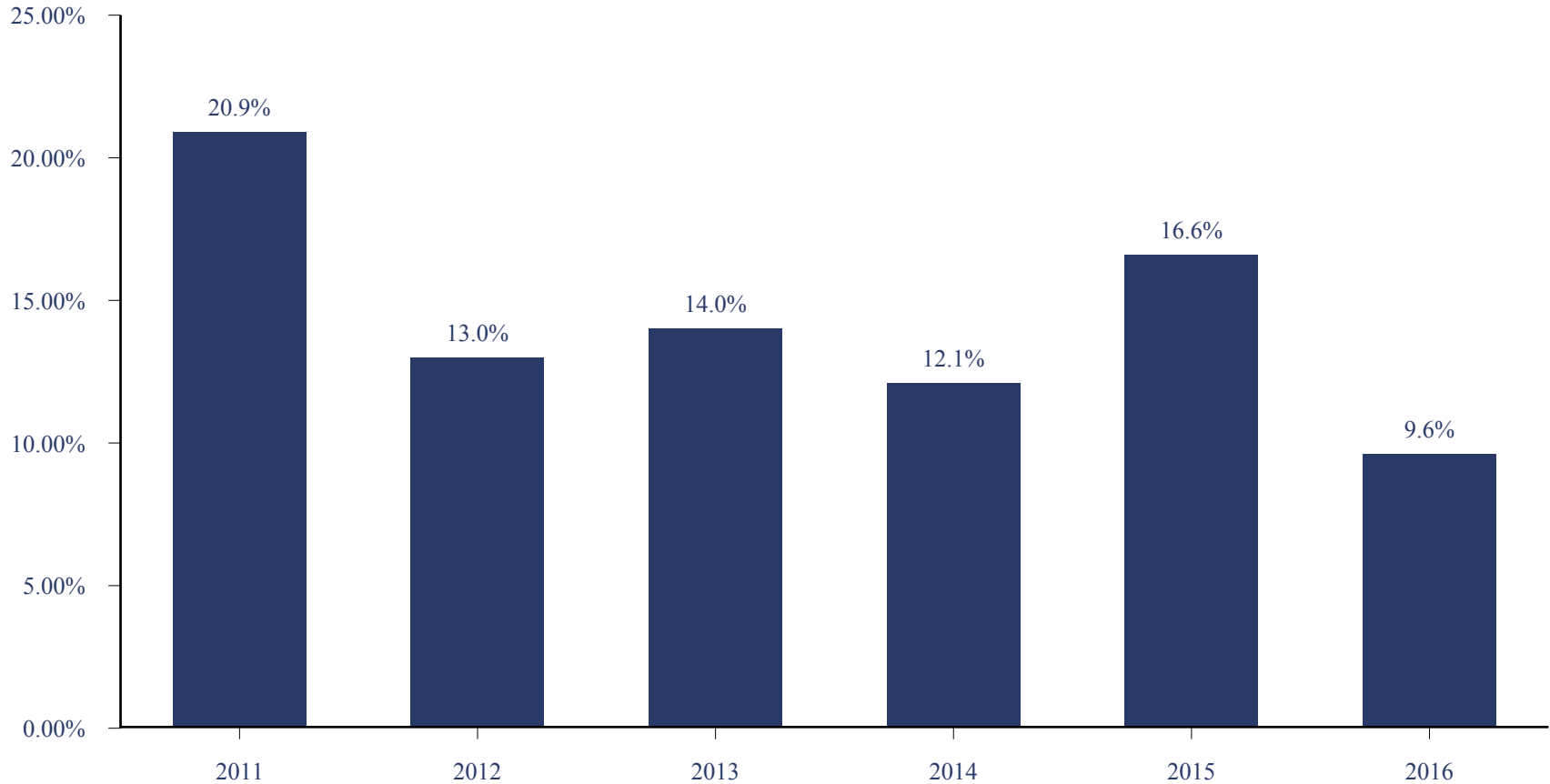


(a) Trailing 12 months

Ten Year Growth of Non-GAAP Operating Income



Grow invested assets and policyholder funds under management by more than 10%



Operating Results

(\$ in millions - except per share data)

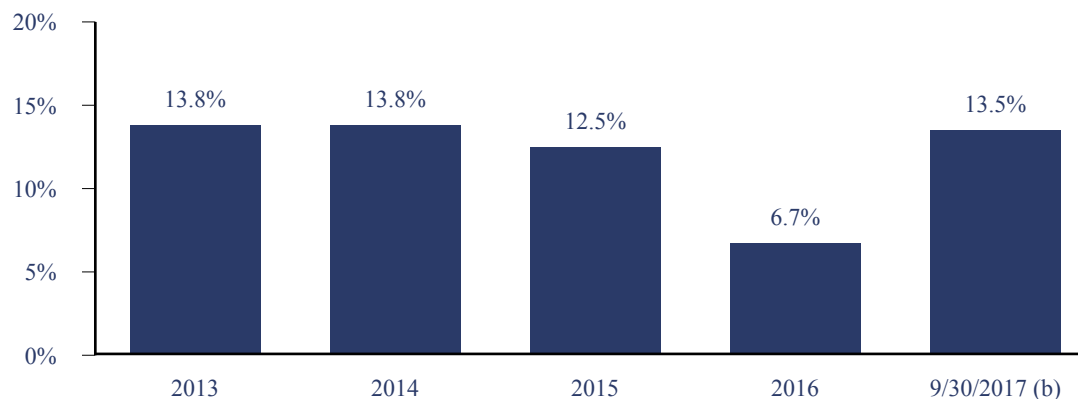
	YTD 9/30/2017	YTD 9/30/2016	2016	2015	2014
Annuities margin:					
Before LIBR ^(a) assumption revision	\$ 891.4	\$ 769.0	\$ 1,039.0	\$ 955.2	\$ 847.6
LIBR ^(a) assumption revision impact	(21.6)	(42.0)	(42.0)	(16.4)	(12.4)
Life margin	0.2	0.2	0.3	0.7	1.4
Interest expense	(34.6)	(31.4)	(42.6)	(42.8)	(49.6)
Loss on extinguishment of debt	(18.8)	—	—	—	—
Amortization:					
Before unlocking	(492.4)	(428.1)	(577.4)	(507.5)	(457.9)
Unlocking impact	75.0	(84.0)	(84.0)	4.8	43.7
Operating expenses	(78.8)	(79.7)	(102.5)	(93.7)	(82.1)
Pretax non-GAAP operating income ^(b)	\$ 320.4	\$ 104.0	\$ 190.8	\$ 300.3	\$ 290.7
Non-GAAP operating income ^(b)	\$ 210.5	\$ 66.4	\$ 122.3	\$ 195.8	\$ 190.6
Non-GAAP operating income per diluted common share ^(b)	\$ 2.33	\$ 0.79	\$ 1.43	\$ 2.42	\$ 2.39

(a) Lifetime Income Benefit Riders ("LIBR")

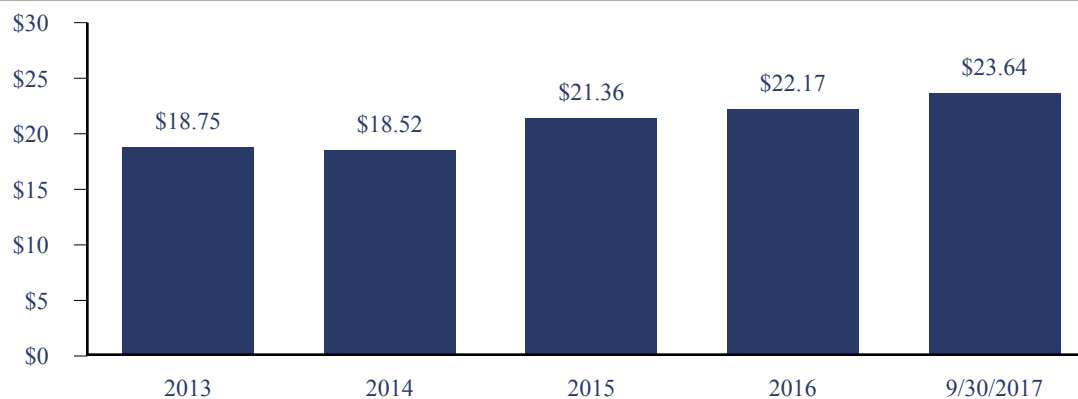
(b) Non-GAAP pretax operating income, non-GAAP operating income and non-GAAP operating income per diluted common share are non-GAAP financial measures. Non-GAAP operating income equals net income (loss) adjusted to eliminate the impact of net realized gains and losses on investments, including net OTTI losses recognized in operations, fair value changes in derivatives and embedded derivatives, loss on extinguishment of debt, the effect of a counterparty default on expired call options and changes in litigation reserves.

High ROE on Growing Book Value Per Share

Operating Return on Equity (ex. AOCI)^(a)



Book Value Per Share (ex. AOCI)



(a) Operating return on equity is a non-GAAP financial measure. Operating return on equity equals operating income divided by average stockholders' equity excluding accumulated other comprehensive income.

(b) Trailing 12 months

Capital Structure

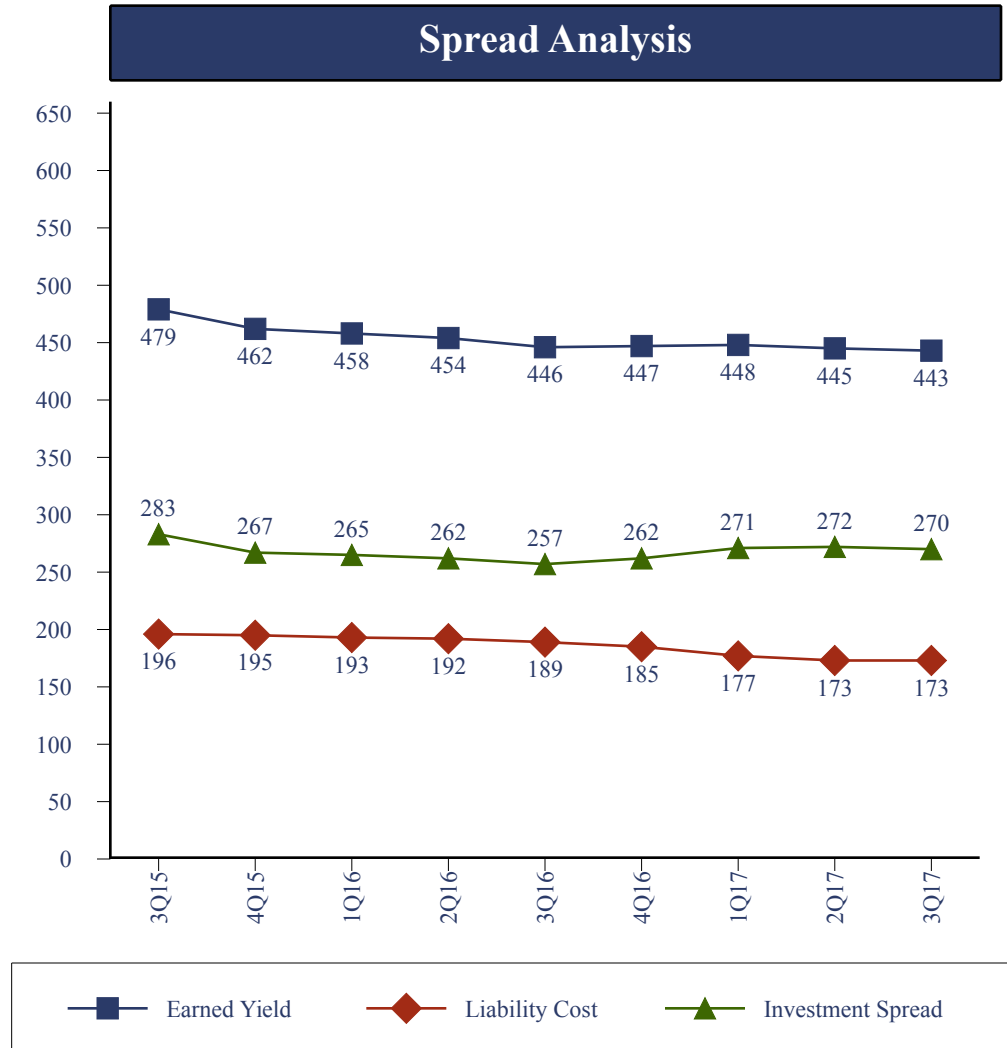
(\$ in millions)

	December 31,			
	September 30, 2017	2016	2015	2014
Notes and loan payable:				
5.000% Notes due 2027	\$ 500.0	\$ —	\$ —	\$ —
6.625% Notes due 2021	—	400.0	400.0	400.0
Term loan due 2019	—	100.0	—	—
Convertible notes	—	—	—	21.7
Total notes and loan payable	500.0	500.0	400.0	421.7
Subordinated debentures	246.8	246.7	246.5	246.2
Stockholders' equity excluding AOCI ^(a)	2,103.2	1,951.6	1,742.9	1,418.5
Total capitalization excluding AOCI ^(a)	<u>\$ 2,850.0</u>	<u>\$ 2,698.3</u>	<u>\$ 2,389.4</u>	<u>\$ 2,086.4</u>
Total capitalization including AOCI	\$ 3,509.5	\$ 3,038.3	\$ 2,591.0	\$ 2,807.8
Adjusted debt/Total capitalization	17.5%	18.5%	16.7%	20.2%

(a) Total capitalization and stockholders' equity excluding AOCI are non-GAAP financial measures 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.

Spread Management

- Majority of our income is derived from our investment spread – the difference between the earned yield of our investments and the liability cost of our policies
- Target investment spread:
 - 290 - 310 bps^(a)
 - 205 - 225 bps^(b)
- Earned yield has been under pressure due to lower interest rates and higher cash balances
- Liability costs are decreasing
 - We have been reducing crediting rates prudently
 - Current base rates
 - New money^(a) = 1.00% - 1.15%
 - New money^(b) = 1.80% - 2.10%
 - Renewals = 1.00% - 3.00%



(a) Bonus products

(b) Non-bonus products, introduction of MVA option

Surrender Charge Protection

- Surrenders are assumed to increase as surrender charges decrease
- 10% penalty-free withdrawals are assumed to remain level at 3% - 4% of fund values per year

2017

- Expected Surr: 2.7%
- Actual Surr: 1.6%
- Expected WD 3.0%
- Actual WD 2.8%

2016

- Expected Surr: 1.7%
- Actual Surr: 1.5%
- Expected WD 2.9%
- Actual WD 2.8%

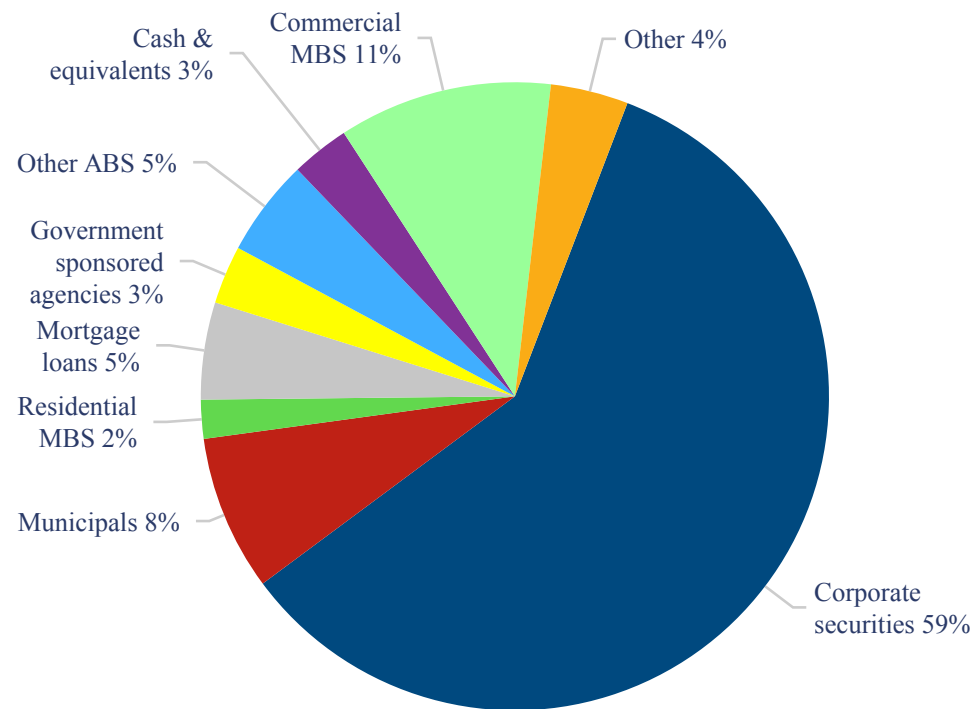
Index Linked Interest

- Overview of Hedging Strategy
 - One year customized call
 - Bought continuously to match inflows/renewals
 - High correlation with liability terms
 - Volume is key operational risk
 - Counterparty risk
 - Approximately 10 counterparties
 - All rated A- or better
 - Credit support annex
 - Concentration limit

Conservative Portfolio

- Maintain / protect policyholder and stakeholder value
- Maximize investment income within risk parameters
- Minimize credit risk
- 97.2% of fixed maturity securities have NAIC 1 or NAIC 2 designation
- Manage duration and convexity

Cash and Invested Assets by Type
September 30, 2017

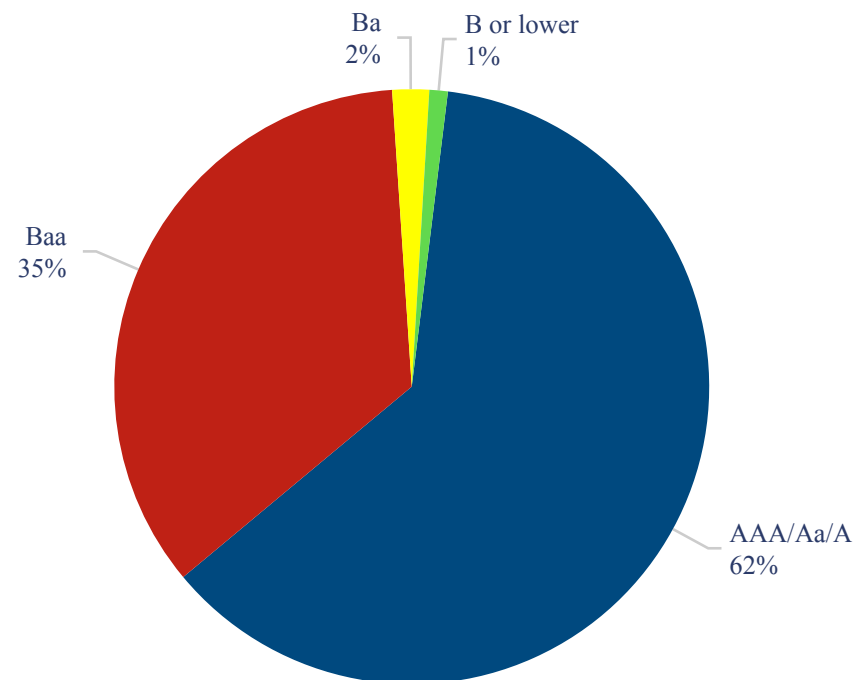


Total: \$50.1 billion

Fixed Maturity Breakdown

- Overall credit quality remains high – weighted average of ‘A’
- Focus on shorter maturities and BBB rated assets
- Diversified by sector and issuer
- Current investment watchlist comprised of \$46.4 million (amortized cost) of securities

Fixed Maturity by Rating
September 30, 2017

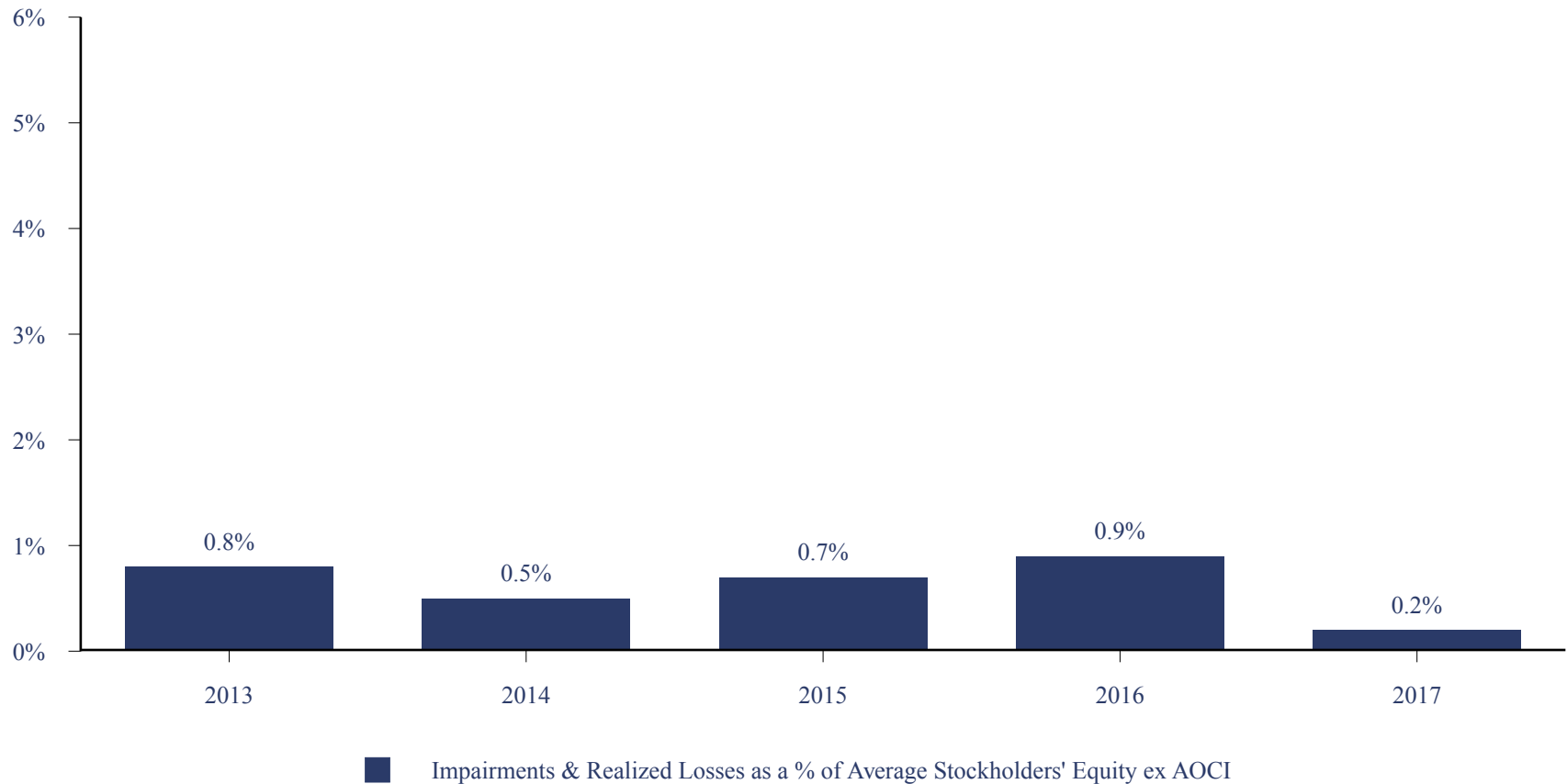


Total: \$44.7 billion

97% of AEL fixed income portfolio is investment grade

Conservative Portfolio

Low Impairments & Realized Losses



Portfolio \$44.7 billion at September 30, 2017

Concluding Remarks

- Key Investment Thesis
 - Simple Business; Easy to Understand
 - Strong Operating Performance
 - Strong Distribution Relationships
 - Conservative Investment Portfolio
 - Disciplined Risk Management
 - Future Growth Opportunities

APPENDIX

Commercial Mortgage Loan Portfolio

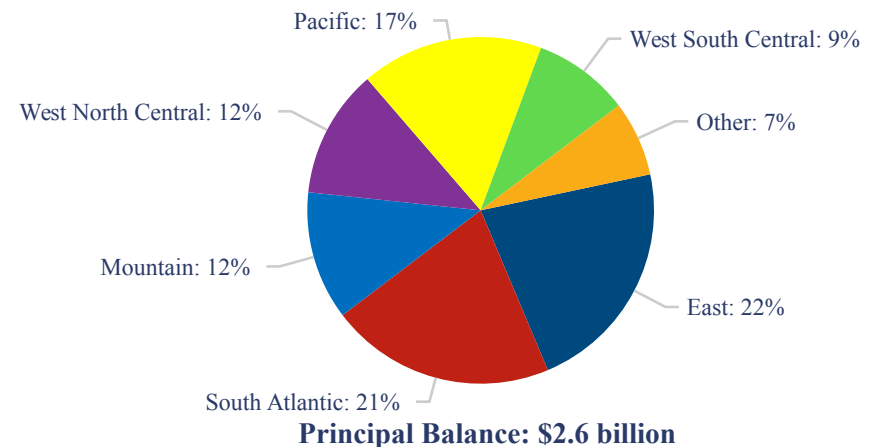
Key Credit Metrics

- Total number of loans – 761; Average loan size - \$3.44 million
- Weighted LTV of 59.4% based on internal underwriting and 53.8% based on appraised value
- Weighted average coupon rate of 4.56%

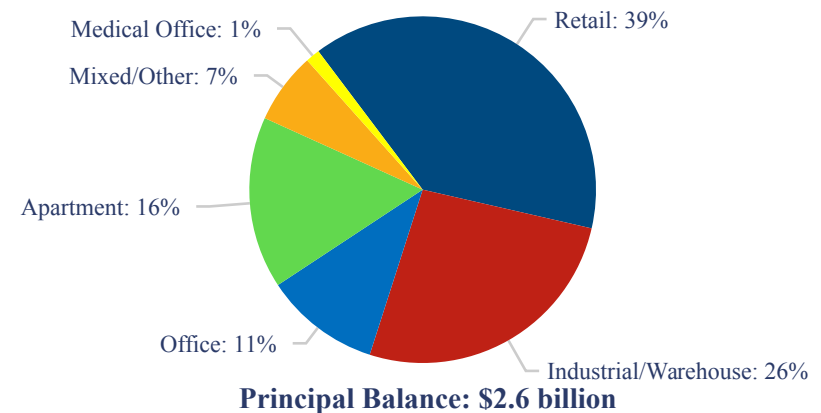
Key Portfolio Practice

- Diversified by geography and property type
- LTV at or below 75%, target DSCR above 1.50x
- Deal with experienced borrowers
- Target fully amortizing loans; no interest only loans
- Proactive portfolio monitoring
- Independent appraisals
- Conservative valuation
- Hard cash equity

Breakdown by Geography September 30, 2017



Breakdown by Property September 30, 2017



Key Credit Strengths

Significant Liquidity and Stable Income Generation of Operating Subsidiaries

- Multiple sources of parent company liquidity, including cash on hand, investment advisory fees, dividend capacity of subsidiaries and bank credit facility
- Increasing amounts of invested assets generating increasing investment advisory fees for holding company
- Significant dividend capacity of primary operating subsidiary (\$272.7 million in 2017)
- Since 2008, only \$10 million of dividends paid as operating company retained earnings to support business growth and holding company cash needs met through other sources

Strong Capital Adequacy of Operating Subsidiaries

- Retain statutory earnings in operating insurance companies to support business in-force and future growth
- Total adjusted statutory capital has grown each year since 2009, from \$1.2 billion at December 31, 2009 to \$2.9 billion at December 31, 2016 (CAGR of 13.1%)
- Average RBC ratio of 344% since 2008
- At December 31, 2016, approximately \$575mm of adjusted capital in excess of the amount required to maintain an RBC of 275% (required by revolving credit facility covenants)
- Selective use of reinsurance to supplement capital base and manage certain risks

Strong and Improving Credit Profile

- Retained earnings have supported deleveraging of company since 2008
- Stockholders equity (excluding AOCI) has grown from \$785 million at December 31, 2009 to \$2.1 billion at September 30, 2017 a CAGR of 13.9%
- Debt to capital has decreased from 44.5% at December 31, 2008 to 26.2% at September 30, 2017
- Adjusted debt to capital has fallen from 29.5% at December 31, 2008 to 17.5% at September 30, 2017
- Fixed charge coverage ratios excluding interest credited to policyholders has improved from 2.6x for 2008 to 4.1x for 2016

Quality Balance Sheet

- Conservative investment portfolio
- Disciplined risk management

Non-GAAP Financial Measure Reconciliations

Reconciliation from Net Income to Non-GAAP Operating Income	Nine Months Ended	Years Ended December 31,			
	September 30, 2017	2016	2015	2014	2013
Net income	\$ 137,842	\$ 83,243	\$ 219,830	\$ 126,023	\$ 253,283
Adjustments to arrive at non-GAAP operating income: (a)					
Net realized investment (gains) losses including OTTI	(4,417)	7,188	5,737	4,429	(18,170)
Change in fair value of derivatives and embedded derivatives – index annuities	116,383	56,634	(44,055)	79,052	(153,267)
Change in fair value of derivatives and embedded derivatives – debt	(139)	(1,265)	1,296	104	(2,038)
Loss on extinguishment of convertible debt	—	—	—	12,502	32,515
Litigation reserve	—	(1,957)	—	(1,417)	30
Income taxes	(39,127)	(21,499)	13,012	(30,047)	51,067
Non-GAAP operating income	<u>\$ 210,542</u>	<u>\$ 122,344</u>	<u>\$ 195,820</u>	<u>\$ 190,646</u>	<u>\$ 163,420</u>

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

Non-GAAP Financial Measure Reconciliations (cont'd)

	Twelve Months Ended September 30,	Year Ended December 31,			
	2017	2016	2015	2014	2013
Average Stockholders' Equity (1)					
Average Equity including average Accumulated Other Comprehensive Income (AOCI)	\$ 2,787,765	\$ 2,107,181	\$ 2,030,613	\$ 1,762,282	\$ 1,552,462
Average AOCI	(811,644)	(270,815)	(461,532)	(383,799)	(366,502)
Average equity excluding average AOCI	<u>\$ 1,976,121</u>	<u>\$ 1,836,366</u>	<u>\$ 1,569,081</u>	<u>\$ 1,378,483</u>	<u>\$ 1,185,960</u>
Net Income	\$ 258,638	\$ 83,243	\$ 219,830	\$ 126,023	\$ 253,283
Non-GAAP Operating Income	\$ 266,509	\$ 122,344	\$ 195,820	\$ 190,646	\$ 163,420
Return on Average Equity Excluding Average AOCI					
Net Income	13.1%	4.5%	14.0%	9.1%	21.4%
Non-GAAP Operating Income	13.5%	6.7%	12.5%	13.8%	13.8%

(1) Simple average based on stockholders' equity at beginning and end of the twelve month period.

Non-GAAP Financial Measure Reconciliations (cont'd)

Capitalization	As of	As of December 31,			
	9/30/2017	2016	2015	2014	2013
Notes and loan payable	\$ 500,000	\$ 500,000	\$ 400,000	\$ 421,679	\$ 549,958
Portion of subordinated debentures payable to statutory trusts outstanding that exceeds 15% of total capitalization excluding AOCI	—	—	—	—	—
Adjusted debt	500,000	500,000	400,000	421,679	549,958
Remaining portion of total subordinated debentures	246,847	246,671	246,450	246,243	246,050
Total subordinated debentures	246,847	246,671	246,450	246,243	246,050
Total debt	746,847	746,671	646,450	667,922	796,008
Total stockholders' equity	2,762,667	2,291,595	1,944,535	2,139,876	1,384,687
Total capitalization	3,509,514	3,038,266	2,590,985	2,807,798	2,180,695
AOCI	659,491	339,966	201,663	721,401	46,196
Total capitalization excluding AOCI	\$ 2,850,023	\$ 2,698,300	\$ 2,389,322	\$ 2,086,397	\$ 2,134,499

Debt-to-Capital Ratios

Senior debt/total capitalization - excluding AOCI	17.5%	18.5%	16.7%	20.2%	25.8%
Adjusted debt/total capitalization - excluding AOCI	17.5%	18.5%	16.7%	20.2%	25.8%
Total debt/total capitalization - excluding AOCI	26.2%	27.7%	27.1%	32.0%	37.3%

Non-GAAP Financial Measure Reconciliations (cont'd)

	As of	As of December 31,			
	9/30/2017	2016	2015	2014	2013
Book Value Per Share					
Total stockholders' equity	\$ 2,762,667	\$ 2,291,595	\$ 1,944,535	\$ 2,139,876	\$ 1,384,687
Accumulated other comprehensive income - AOCI	659,491	339,966	201,663	721,401	46,196
Total stockholders' equity excluding AOCI	\$ 2,103,176	\$ 1,951,629	\$ 1,742,872	\$ 1,418,475	\$ 1,338,491
Common shares outstanding	88,948,986	88,016,188	81,584,091	76,605,527	71,369,474
Book value per share including AOCI	\$ 31.06	\$ 26.04	\$ 23.83	\$ 27.93	\$ 19.40
Book value per share excluding AOCI	\$ 23.64	\$ 22.17	\$ 21.36	\$ 18.52	\$ 18.75

People...Service...Future

WE'RE THE ONE



AEL
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