



## INVESTORS SERVICE

### **Rating Action: Moody's assigns A1 IFS rating to Athene's insurance subs, Baa1 debt rating to the holding company; stable outlook**

---

22 July 2022

New York, July 22, 2022 – Moody's Investors Service, ("Moody's") has assigned an A1 insurance financial strength (IFS) rating to insurance subsidiaries of Athene Holding Ltd. (AHL and, together with its subsidiaries, Athene). See below for a listing of the insurance companies. Moody's has assigned a Baa1 senior unsecured debt rating and a Baa3(hyb) preferred stock rating to the outstanding obligations of AHL. The outlook on the ratings is stable.

#### RATINGS RATIONALE

##### ATHENE SUBSIDIARIES, excluding ACRA

The A1 rating of Athene's US and Bermuda-based life insurance companies (excluding ACRA (as defined below) and its affiliated entities) reflects the company's strong market position in its core insurance products, which include retail and pension group annuities, as well as flow reinsurance. In addition, the group has a strong presence in the market for funding agreement backed notes. Other strengths include very good capital levels, modest financial leverage, and strong interest coverage metrics, as well as solid profitability driven by strong asset returns and higher interest margins on spread-based products. Athene benefits from Apollo Global Management's (AGM) ownership, which supports the company's business profile and provides access to investment expertise through AGM's ownership of Apollo Asset Management Inc (AAM, issuer rating A2 stable), as well as increased financial flexibility. These strengths are offset by a large sizable concentration in specific asset classes, such as collateralized loan obligations (CLOs) and asset-backed security (ABS) investments, particularly its high-grade alpha investments, which are largely underwritten by Athene and AAM using their own acquired underwriting platforms. While these asset classes provide unique and higher yielding investment opportunities for Athene, they can be larger, concentrated investments with less transparency to outside parties than publicly traded investments. Interest rate movements could impact Athene's annuities as well, causing spread compression when rates fall and disintermediation risk when rates suddenly rise, although the liabilities generally have a predictable cash flow. Furthermore, certain products, such as funding agreement backed notes and pension group annuities, have experienced rapid growth in recent years, necessitating tight asset-liability management (ALM) and potentially exposing companies to mispricing risk.

Athene Co-Invest Reinsurance Affiliate 1A Ltd, Athene Co-Invest Reinsurance Affiliate 1B Ltd. and Athene Co-Invest Reinsurance Affiliate International Ltd. (collectively ACRA)

ACRA's IFS Rating of A1 reflects one-notch of uplift over its A2 stand-alone outcome. The uplift recognizes ACRA's importance as a source of growth and external capital, and our expectation that Athene will provide financial support to ACRA in the event of a capital call during times of stress.

##### HOLDING COMPANY

The notching between AHL's Baa1 senior unsecured debt rating and the A1 insurance financial strength rating of its operating companies is three notches, which is consistent with Moody's typical notching for a simple US insurance holding company structure.

The rating takes into account AHL's governance as part of Moody's environmental, social and governance considerations. The company benefits from regulatory oversight in Bermuda and US and has an experienced management team. Although it has a sound enterprise risk management framework its governance risk is negatively impacted by its concentrated ownership by AGM.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

##### ATHENE

Moody's said the following factors could lead to an upgrade of Athene's rating: (1) growth in liabilities that have limited sensitivity to interest rates and diversify product risk (e.g. mortality-based protection type products); (2) adjusted financial leverage (excluding accumulated other comprehensive income or AOCI) of less than 15%; and (3) an upgrade in the ratings or improvement in the credit profile of AAM. Conversely, the following factors could downgrade the company's ratings: (1) adjusted financial leverage (excluding accumulated other comprehensive income or AOCI) above 25%; (2) BMA solvency ratio falls below 200% or regulatory capital falls by more than 10%; (3) a disproportionate growth in liabilities (such as institutional business is greater than 30% of total reserves); (4) increased investment and ALM risk; and (5) a deterioration in the credit profile or a rating downgrade of AAM.

##### ACRA

Moody's said the following factors could lead to an upgrade of ACRA's rating: (1) an upgrade in Athene's IFS ratings. Conversely, the following factors could downgrade ACRA's ratings: (1) a downgrade in Athene's IFS ratings; (2) diminished implicit support from Athene.

The following ratings were assigned with a stable outlook:

Athene Holding Ltd. – senior unsecured debt rating at Baa1, preferred stock rating at Baa3(hyb);

Athene Life Re International Ltd. – insurance financial strength rating at A1;

Athene Life Re Ltd. – insurance financial strength rating at A1;

Athene Co-Invest Reinsurance Affiliate International Ltd. – insurance financial strength rating at A1;

Athene Co-Invest Reinsurance Affiliate 1A Ltd. – insurance financial strength rating at A1;

Athene Co-Invest Reinsurance Affiliate 1B Ltd. – insurance financial strength rating at A1;

Athene Annuity and Life Assurance Company – insurance financial strength rating at A1;

Athene Annuity & Life Company – insurance financial strength rating at A1;

Athene Annuity Re Ltd. – insurance financial strength rating at A1;

Athene Annuity And Life Assurance Company of New York – insurance financial strength rating at A1;

Athene Global Funding - senior secured rating at A1; backed senior secured MTN at (P)A1;

Athene Holdings Ltd, is a financial services company specializing in retirement services, headquartered in Hamilton, Bermuda. As of December 31, 2021, the company had total consolidated GAAP assets of \$235 billion and total shareholders' equity of \$22 billion. ACRA, a sidecar vehicle, headquartered in Hamilton, Bermuda is consolidated under Athene Holdings Ltd. As of December 31, 2021, ACRA had total GAAP assets of \$56 billion and total shareholders' equity of \$3.2 billion.

The principal methodology used in these ratings was Life Insurers Methodology published in September 2021 and available at <https://ratings.moodys.com/api/rmc-documents/74857>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at [https://ratings.moodys.com/documents/PBC\\_1288235](https://ratings.moodys.com/documents/PBC_1288235).

At least one ESG consideration was material to the credit rating action(s) announced and described above.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on <https://ratings.moodys.com>.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the UK and is endorsed by Moody's Investors Service Limited, One Canada Square, Canary Wharf, London E14 5FA under the law applicable to credit rating agencies in the UK. Further information on the UK endorsement status and on the Moody's office that issued the credit rating is available on <https://ratings.moody.com>.

Please see <https://ratings.moody.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moody.com> for additional regulatory disclosures for each credit rating.

Manoj Jethani  
VP-Sr Credit Officer  
Financial Institutions Group  
Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A.

JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Scott Robinson, CFA  
Associate Managing Director  
Financial Institutions Group  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Releasing Office:  
Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A.  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

**MOODY'S**  
INVESTORS SERVICE

© 2022 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK,**

**INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS (“ASSESSMENTS”), AND OTHER OPINIONS INCLUDED IN MOODY’S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY’S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY’S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY’S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

**MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.**

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY’S PRIOR WRITTEN CONSENT. MOODY’S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY’S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided “AS IS” without warranty of any kind. MOODY’S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY’S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY’S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY’S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY’S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to:

(a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moodys.com](http://www.moodys.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.