UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2023 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission File Number: 001-41197

APOLLO GLOBAL MANAGEMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-3155788**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

9 West 57th Street, 42nd Floor
New York, New York 10019
(Address of principal executive offices) (Zip Code)
(212) 515-3200
(Registrant’s telephone number, including area code)

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	**APO**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x   Accelerated filer ☐   Non-accelerated filer ☐   Smaller reporting company ☐   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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

As of August 2, 2023, there were 566,809,153 shares of the registrant’s common stock outstanding.

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Forward-Looking Statements

This report may contain forward-looking statements that are within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, discussions related to Apollo’s expectations regarding the performance of its business, its liquidity and capital resources and the other non-historical statements in the discussion and analysis. These forward-looking statements are based on management’s beliefs, as well as assumptions made by, and information currently available to, management. When used in this report, the words “believe,” “anticipate,” “estimate,” “expect,” “intend,” “target” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and variations of such words and similar expressions are intended to identify forward-looking statements. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are subject to certain risks, uncertainties and assumptions, including risks relating to inflation, market conditions and interest rate fluctuations generally, the impact of COVID-19, the impact of energy market dislocation, our ability to manage our growth, our ability to operate in highly competitive environments, the performance of the funds we manage, our ability to raise new funds, the variability of our revenues, earnings and cash flow, the accuracy of management’s assumptions and estimates, our dependence on certain key personnel, our use of leverage to finance our businesses and investments by the funds we manage, Athene’s ability to maintain or improve financial strength ratings, the impact of Athene’s reinsurers failing to meet their assumed obligations, Athene’s ability to manage its business in a highly regulated industry, changes in our regulatory environment and tax status, and litigation risks, among others. We believe these factors include but are not limited to those described under the section entitled “Risk Factors” in the Company’s annual report on Form 10-K filed with the United States Securities and Exchange Commission (“SEC”) on March 1, 2023 (the “2022 Annual Report”), as such factors may be updated from time to time in our periodic filings with the SEC, which are accessible on the SEC’s website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other filings with the SEC. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Terms Used in This Report

In this report, references to “Apollo,” “we,” “us,” “our,” and the “Company” for periods (i) on or before December 31, 2021 refer to Apollo Asset Management, Inc. (f/k/a Apollo Global Management, Inc.) (“AAM”) and its subsidiaries unless the context requires otherwise and (ii) subsequent to December 31, 2021, refer to Apollo Global Management, Inc. (f/k/a Tango Holdings, Inc.) (“AGM”) and its subsidiaries unless the context requires otherwise. Moreover, references to “Class A shares” refers to the Class A common stock, $0.00001 par value per share, of AAM prior to the Mergers; “Class B share” refers to the Class B common stock, $0.00001 par value per share, of AAM prior to the Mergers (as defined below); “Class C share” refers to the Class C common stock, $0.00001 par value per share, of AAM prior to the Mergers; “Series A Preferred shares” refers to the 6.375% Series A preferred stock of AAM both prior to and following the Mergers; “Series B Preferred shares” refers to the 6.375% Series B preferred stock of AAM both prior to and following the Mergers; and “Preferred shares” refers to the Series A Preferred shares and the Series B Preferred shares, collectively, both prior to and following the Mergers. In addition, for periods on or before December 31, 2021, references to “AGM common stock” or “common stock” of the Company refer to Class A shares unless the context otherwise requires, and for periods subsequent to December 31, 2021 refer to shares of common stock, par value $0.00001 per share, of AGM.

The use of any defined term in this report to mean more than one entity, person, security or other item collectively is solely for convenience of reference and in no way implies that such entities, persons, securities or other items are one indistinguishable group. For example, notwithstanding the use of the defined terms “Apollo,” “we,” “us,” “our,” and the “Company” in this report to refer to AGM and its subsidiaries, each subsidiary of AGM is a standalone legal entity that is separate and distinct from AGM and any of its other subsidiaries. Any AGM entity (including any Athene entity) referenced herein is responsible for its own financial, contractual and legal obligations.

Term or Acronym	Definition
AAA	Apollo Aligned Alternatives Aggregator, LP
AADE	Athene Annuity & Life Assurance Company
AARe	Athene Annuity Re Ltd., a Bermuda reinsurance subsidiary
ABS	Asset-backed securities
Accord+	Apollo Accord+ Fund, L.P., together with its parallel funds and alternative investment vehicles

Accord I	Apollo Accord Master Fund, L.P., together with its feeder funds
Accord II	Apollo Accord Master Fund II, L.P., together with its feeder funds
Accord III	Apollo Accord Master Fund III, L.P., together with its feeder funds
Accord III B	Apollo Accord Master Fund III B, L.P., together with its feeder funds
Accord IV	Apollo Accord Fund IV, L.P., together with its parallel funds and alternative investment vehicles
Accord V	Apollo Accord Fund V, L.P., together with its parallel funds and alternative investment vehicles
ACRA	ACRA 1 and ACRA 2
ACRA 1	Athene Co-Invest Reinsurance Affiliate Holding Ltd., together with its subsidiaries
ACRA 2	Athene Co-Invest Reinsurance Affiliate Holding 2 Ltd., together with its subsidiaries
ADCF	Apollo Diversified Credit Fund
ADIP	ADIP 1 and ADIP 2
ADIP 1	Apollo/Athene Dedicated Investment Program (A), L.P., together with its parallel funds, a series of funds managed by Apollo including third-party capital that, through ACRA 1, invests alongside Athene in certain investments
ADIP 2	Apollo/Athene Dedicated Investment Program II, L.P., together with its parallel funds, a series of funds managed by Apollo including third-party capital that, through ACRA 2, invests alongside Athene in certain investments
ADREF	Apollo Diversified Real Estate Fund
ADS	Apollo Debt Solutions BDC, a non-traded business development company managed by Apollo
AFS	Available-for-sale
AFT	Apollo Senior Floating Rate Fund, Inc.
AIF	Apollo Tactical Income Fund, Inc.
AIOF I	Apollo Infra Equity US Fund, L.P. and Apollo Infra Equity International Fund, L.P., including their feeder funds and alternative investment vehicles
AIOF II	Apollo Infrastructure Opportunities Fund II, L.P., together with its parallel funds and alternative investment vehicles
ALRe	Athene Life Re Ltd., a Bermuda reinsurance subsidiary
Alternative investments	Alternative investments, including investment funds, VIEs and certain equity securities due to their underlying characteristics
AMH	Apollo Management Holdings, L.P., a Delaware limited partnership, that is an indirect subsidiary of AGM
ANRP I	Apollo Natural Resources Partners, L.P., together with its alternative investment vehicles
ANRP II	Apollo Natural Resources Partners II, L.P., together with its alternative investment vehicles
ANRP III	Apollo Natural Resources Partners III, L.P., together with its parallel funds and alternative investment vehicles
AOCI	Accumulated other comprehensive income (loss)
AOG Unit Payment	On December 31, 2021, holders of units of the Apollo Operating Group (“AOG Units”) (other than Athene and the Company) sold and transferred a portion of such AOG Units to APO Corp., a wholly-owned consolidated subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction.
Apollo funds, our funds and references to the funds we manage	The funds (including the parallel funds and alternative investment vehicles of such funds), partnerships, accounts, including strategic investment accounts or “SIAs,” alternative asset companies and other entities for which subsidiaries of Apollo provide investment management or advisory services.
Apollo Operating Group	(i) The entities through which we currently operate our asset management business and (ii) one or more entities formed for the purpose of, among other activities, holding certain of our gains or losses on our principal investments in the funds, which we refer to as our “principal investments.”
APSG I	Apollo Strategic Growth Capital
APSG II	Apollo Strategic Growth Capital II
ARI	Apollo Commercial Real Estate Finance, Inc.

Assets Under Management, or AUM	The assets of the funds, partnerships and accounts to which Apollo provides investment management, advisory, or certain other investment-related services, including, without limitation, capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our AUM equals the sum of: 1. the NAV, plus used or available leverage and/or capital commitments, or gross assets plus capital commitments, of the yield and certain hybrid funds, partnerships and accounts for which we provide investment management or advisory services, other than certain CLOs, CDOs, and certain perpetual capital vehicles, which have a fee-generating basis other than the mark-to-market value of the underlying assets; for certain perpetual capital vehicles in yield, gross asset value plus available financing capacity; 2. the fair value of the investments of the equity and certain hybrid funds, partnerships and accounts Apollo manages or advises, plus the capital that such funds, partnerships and accounts are entitled to call from investors pursuant to capital commitments, plus portfolio level financings; 3. the gross asset value associated with the reinsurance investments of the portfolio company assets Apollo manages or advises; and 4. the fair value of any other assets that Apollo manages or advises for the funds, partnerships and accounts to which Apollo provides investment management, advisory, or certain other investment-related services, plus unused credit facilities, including capital commitments to such funds, partnerships and accounts for investments that may require pre-qualification or other conditions before investment plus any other capital commitments to such funds, partnerships and accounts available for investment that are not otherwise included in the clauses above. Apollo's AUM measure includes Assets Under Management for which Apollo charges either nominal or zero fees. Apollo's AUM measure also includes assets for which Apollo does not have investment discretion, including certain assets for which Apollo earns only investment-related service fees, rather than management or advisory fees. Apollo's definition of AUM is not based on any definition of Assets Under Management contained in its governing documents or in any management agreements of the funds Apollo manages. Apollo considers multiple factors for determining what should be included in its definition of AUM. Such factors include but are not limited to (1) Apollo's ability to influence the investment decisions for existing and available assets; (2) Apollo's ability to generate income from the underlying assets in the funds it manages; and (3) the AUM measures that Apollo uses internally or believes are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, Apollo's calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Apollo's calculation also differs from the manner in which its affiliates registered with the SEC report "Regulatory Assets Under Management" on Form ADV and Form PF in various ways. Apollo uses AUM, Gross capital deployment and Dry powder as performance measurements of its investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs.
Athene	Athene Holding Ltd. ("Athene Holding" or "AHL", together with its subsidiaries, "Athene"), a leading financial services company specializing in retirement services that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs, and to which Apollo, through its consolidated subsidiary ISG, provides asset management and advisory services.
Athora	Athora Holding, Ltd. ("Athora Holding", together with its subsidiaries, "Athora"), a strategic liabilities platform that acquires or reinsures blocks of insurance business in the German and broader European life insurance market (collectively, the "Athora Accounts"). Apollo, through ISGI, provides investment advisory services to Athora. Athora Non-Sub-Advised Assets includes the Athora assets which are managed by Apollo but not sub-advised by Apollo nor invested in Apollo funds or investment vehicles. Athora Sub-Advised includes assets which the Company explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages.
Atlas	An equity investment of AAA and refers to certain subsidiaries of Atlas Securitized Products Holdings LP
AUM with Future Management Fee Potential	The committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund.
AUSA	Athene USA Corporation
Bermuda RBC	The risk-based capital ratio of Athene's non-U.S. reinsurance subsidiaries by applying NAIC risk-based capital factors to the statutory financial statements on an aggregate basis. Adjustments are made to (1) exclude U.S. subsidiaries which are included within Athene's U.S. RBC Ratio, (2) exclude interests in other non-insurance subsidiary holding companies from its capital base and (3) limit RBC concentration charges such that when they are applied to determine target capital, the charges do not exceed 100% of the asset's carrying value.
BMA	Bermuda Monetary Authority
Capital solutions fees and other, net	Primarily includes transaction fees earned by our capital solutions business which we refer to as Apollo Capital Solutions ("ACS") related to underwriting, structuring, arrangement and placement of debt and equity securities, and syndication for funds managed by Apollo, portfolio companies of funds managed by Apollo, and third parties. Capital solutions fees and other, net also includes advisory fees for the ongoing monitoring of portfolio operations and directors' fees. These fees also include certain offsetting amounts, including reductions in management fees related to a percentage of these fees recognized ("management fee offset") and other additional revenue sharing arrangements.
CDO	Collateralized debt obligation

CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
CML	Commercial mortgage loans
Contributing Partners	Partners and their related parties (other than Messrs. Leon Black, Joshua Harris and Marc Rowan, our co-founders) who indirectly beneficially owned AOG units.
Consolidated RBC	The consolidated risk-based capital ratio of Athene's non-U.S. reinsurance and U.S. insurance subsidiaries calculated by applying NAIC risk-based capital factors to the statutory financial statements on an aggregate basis, including interests in other non-insurance subsidiary holding companies; with an adjustment in Bermuda and non-insurance holding companies to limit RBC concentration charges such that when they are applied to determine target capital, the charges do not exceed 100% of the asset's carrying value.
Cost of funds	Cost of funds includes liability costs related to cost of crediting on both deferred annuities, including, with respect to Athene's fixed indexed annuities, option costs, and institutional costs related to institutional products, as well as other liability costs, but does not include the proportionate share of the ACRA cost of funds associated with the noncontrolling interest. Other liability costs include DAC, DSI and VOBA amortization, certain market risk benefit costs, the cost of liabilities on products other than deferred annuities and institutional products, premiums and certain product charges and other revenues. Costs related to business that Athene has added through assumed reinsurance transactions are included and costs related to business that Athene has exited through ceded reinsurance transactions are excluded. Cost of funds is computed as the total liability costs divided by the average net invested assets for the relevant period, presented on an annualized basis for interim periods.
Credit Strategies	Apollo Credit Strategies Master Fund Ltd., together with its feeder funds
CS	Credit Suisse AG
DAC	Deferred acquisition costs
Deferred annuities	Fixed indexed annuities, annual reset annuities, multi-year guaranteed annuities and registered index-linked annuities
Dry Powder	The amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. Dry powder excludes uncalled commitments which can only be called for fund fees and expenses and commitments from perpetual capital vehicles.
DSI	Deferred sales inducement
EPF Funds	Apollo European Principal Finance Fund, L.P., Apollo European Principal Finance Fund II (Dollar A), L.P., Apollo European Principal Finance Fund III (Dollar A), L.P., and Apollo European Principal Finance Fund IV (Dollar A), L.P., together with their parallel funds and alternative investment vehicles
EPF III	Apollo European Principal Finance Fund III (Dollar A), L.P., together with its parallel funds and alternative investment vehicles
EPF IV	Apollo European Principal Finance Fund IV (Dollar A), L.P., together with its parallel funds and alternative investment vehicles
Equity Plan	Refers collectively to the Company's 2019 Omnibus Equity Incentive Plan and the Company's 2019 Omnibus Equity Incentive Plan for Estate Planning Vehicles.
FABN	Funding agreement backed notes
FABR	Funding agreement backed repurchase agreement
FCI Funds	Financial Credit Investment I, L.P., Financial Credit Investment II, L.P., together with its feeder funds, Financial Credit Investment Fund III L.P., Financial Credit Investment IV, L.P., together with its feeder funds, and Apollo/Athene Dedicated Investment Program (A), L.P., together with its parallel funds, a series of funds managed by Apollo including third-party capital that, through ACRA, invests alongside Athene in certain investments
Fee-Generating AUM	Fee-Generating AUM consists of assets of the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services and on which we earn management fees, monitoring fees or other investment-related fees pursuant to management or other fee agreements on a basis that varies among the Apollo funds, partnerships and accounts. Management fees are normally based on "net asset value," "gross assets," "adjusted par asset value," "adjusted cost of all unrealized portfolio investments," "capital commitments," "adjusted assets," "stockholders' equity," "invested capital" or "capital contributions," each as defined in the applicable management agreement. Monitoring fees, also referred to as advisory fees, with respect to the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, are generally based on the total value of such structured portfolio company investments, which normally includes leverage, less any portion of such total value that is already considered in Fee-Generating AUM.
Fee Related Earnings, or FRE	Component of Segment Income that is used to assess the performance of the Asset Management segment. FRE is the sum of (i) management fees, (ii) capital solutions and other related fees, (iii) fee-related performance fees from indefinite term vehicles, that are measured and received on a recurring basis and not dependent on realization events of the underlying investments and (iv) other income, net, less (a) fee-related compensation, excluding equity-based compensation, (b) non-compensation expenses incurred in the normal course of business, (c) placement fees and (d) non-controlling interests in the management companies of certain funds the Company manages.

FIA	Fixed indexed annuity, which is an insurance contract that earns interest at a crediting rate based on a specified index on a tax-deferred basis
Fixed annuities	FIAs together with fixed rate annuities
Former Managing Partners	Messrs. Leon Black, Joshua Harris and Marc Rowan collectively and, when used in reference to holdings of interests in Apollo or AP Professional Holdings, L.P. includes certain related parties of such individuals
Fund X	Apollo Investment Fund X, L.P. (together with its parallel funds and alternative investment vehicles)
Gross capital deployment	The gross capital that has been invested by the funds and accounts we manage during the relevant period, but excludes certain investment activities primarily related to hedging and cash management functions at the firm. Gross capital deployment is not reduced or netted down by sales or refinancings, and takes into account leverage used by the funds and accounts we manage in gaining exposure to the various investments that they have made.
GLWB	Guaranteed lifetime withdrawal benefit
GMDB	Guaranteed minimum death benefit
Gross IRR of accord series and the European principal finance funds	The annualized return of a fund based on the actual timing of all cumulative fund cash flows before management fees, performance fees allocated to the general partner and certain other expenses. Calculations may include certain investors that do not pay fees. The terminal value is the net asset value as of the reporting date. Non-U.S. dollar denominated ("USD") fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross IRR of a traditional private equity or hybrid value fund	The cumulative investment-related cash flows (i) for a given investment for the fund or funds which made such investment, and (ii) for a given fund, in the relevant fund itself (and not any one investor in the fund), in each case, on the basis of the actual timing of investment inflows and outflows (for unrealized investments assuming disposition on June 30, 2023 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, performance fees and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross IRR of infrastructure funds	The cumulative investment-related cash flows in the fund itself (and not any one investor in the fund), on the basis of the actual timing of cash inflows and outflows (for unrealized investments assuming disposition on June 30, 2023 or other date specified) starting on the date that each investment closes, and the return is annualized and compounded before management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund's investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund's investors. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.
Gross Return or Gross ROE of a total return yield fund or the hybrid credit hedge fund	The monthly or quarterly time-weighted return that is equal to the percentage change in the value of a fund's portfolio, adjusted for all contributions and withdrawals (cash flows) before the effects of management fees, incentive fees allocated to the general partner, or other fees and expenses. Returns for these categories are calculated for all funds and accounts in the respective strategies. Returns over multiple periods are calculated by geometrically linking each period's return over time. Gross return and gross ROE do not represent the return to any fund investor.
HoldCo	Apollo Global Management, Inc. (f/k/a Tango Holdings, Inc.)
HVF I	Apollo Hybrid Value Fund, L.P., together with its parallel funds and alternative investment vehicles
HVF II	Apollo Hybrid Value Fund II, L.P., together with its parallel funds and alternative investment vehicles
Inflows	(i) At the individual strategy level, subscriptions, commitments, and other increases in available capital, such as acquisitions or leverage, net of inter-strategy transfers, and (ii) on an aggregate basis, the sum of inflows across the yield, hybrid and equity investing strategies.
IPO	Initial Public Offering
ISG	Apollo Insurance Solutions Group LP
ISGI	Refers collectively to Apollo Asset Management Europe LLP, a subsidiary of AAM ("AAME") and Apollo Asset Management PC LLP, a wholly-owned subsidiary of AAME ("AAME PC")
Management Fee Offset	Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs.
Market risk benefits	Guaranteed lifetime withdrawal benefits and guaranteed minimum death benefits
Merger Agreement	The Agreement and Plan of Merger dated as of March 8, 2021 by and among AAM, AGM, AHL, Blue Merger Sub, Ltd., a Bermuda exempted company, and Green Merger Sub, Inc., a Delaware corporation.
Merger Date	January 1, 2022

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MFIC	MidCap Financial Investment Corporation (f/k/a Apollo Investment Corporation or "AINV")
MidCap Financial	MidCap FinCo Designated Activity Company
Modco	Modified coinsurance
NAIC	National Association of Insurance Commissioners
NAV	Net Asset Value
Net invested assets	Represent the investments that directly back Athene's net reserve liabilities as well as surplus assets. Net invested assets include Athene's (a) total investments on the condensed consolidated statements of financial condition, with available-for-sale securities, trading securities and mortgage loans at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE and VOE assets, liabilities and noncontrolling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an adjustment for the allowance for credit losses. Net invested assets exclude assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions) and include investments supporting assumed funds withheld and modco agreements in order to match the assets with the income received. Net invested assets include Athene's economic ownership of ACRA investments but do not include the investments associated with the noncontrolling interest.
Net investment earned rate	Computed as income from Athene's net invested assets, excluding the proportionate share of the ACRA net investment income associated with the noncontrolling interest, divided by the average net invested assets for the relevant period, presented on an annualized basis for interim periods.
Net investment spread	Net investment spread measures Athene's investment performance plus its strategic capital management fees less its total cost of funds, presented on an annualized basis for interim periods.
Net IRR of accord series and the European principal finance funds	The annualized return of a fund after management fees, performance fees allocated to the general partner and certain other expenses, calculated on investors that pay such fees. The terminal value is the net asset value as of the reporting date. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net IRR of a traditional private equity or the hybrid value funds	The gross IRR applicable to a fund, including returns for related parties which may not pay fees or performance fees, net of management fees, certain expenses (including interest incurred or earned by the fund itself) and realized performance fees all offset to the extent of interest income, and measures returns at the fund level on amounts that, if distributed, would be paid to investors of the fund. The timing of cash flows applicable to investments, management fees and certain expenses, may be adjusted for the usage of a fund's subscription facility. To the extent that a fund exceeds all requirements detailed within the applicable fund agreement, the estimated unrealized value is adjusted such that a percentage of up to 20.0% of the unrealized gain is allocated to the general partner of such fund, thereby reducing the balance attributable to fund investors. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net IRR of infrastructure funds	The cumulative cash flows in a fund (and not any one investor in the fund), on the basis of the actual timing of cash inflows received from and outflows paid to investors of the fund (assuming the ending net asset value as of the reporting date or other date specified is paid to investors), excluding certain non-fee and non-performance fee bearing parties, and the return is annualized and compounded after management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns to investors of the fund as a whole. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.
Net reserve liabilities	Represent Athene's policyholder liability obligations net of reinsurance and used to analyze the costs of liabilities. Net reserve liabilities include Athene's (a) interest sensitive contract liabilities, (b) future policy benefits, (c) net market risk benefits, (d) long-term repurchase obligations, (e) dividends payable to policyholders and (f) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Net reserve liabilities include Athene's economic ownership of ACRA reserve liabilities but do not include the reserve liabilities associated with the noncontrolling interest. Net reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and, therefore, Athene has no net economic exposure to such liabilities, assuming its reinsurance counterparties perform under the agreements. Net reserve liabilities include the underlying liabilities assumed through modco reinsurance agreements in order to match the liabilities with the expenses incurred.
Net Return or Net ROE of a total return yield fund or the hybrid credit hedge fund	The gross return after management fees, performance fees allocated to the general partner, or other fees and expenses. Returns over multiple periods are calculated by geometrically linking each period's return over time. Net return and net ROE do not represent the return to any fund investor.

Non-Fee-Generating AUM	AUM that does not produce management fees or monitoring fees. This measure generally includes the following: (i) fair value above invested capital for those funds that earn management fees based on invested capital; (ii) net asset values related to general partner and co-investment interests; (iii) unused credit facilities; (iv) available commitments on those funds that generate management fees on invested capital; (v) structured portfolio company investments that do not generate monitoring fees; and (vi) the difference between gross asset and net asset value for those funds that earn management fees based on net asset value.
NYC UBT	New York City Unincorporated Business Tax
Other operating expenses within the Principal Investing segment	Expenses incurred in the normal course of business and includes allocations of non-compensation expenses related to managing the business.
Other operating expenses within the Retirement Services segment	Expenses incurred in the normal course of business inclusive of compensation and non-compensation expenses.
Payout annuities	Annuities with a current cash payment component, which consist primarily of single premium immediate annuities, supplemental contracts and structured settlements.
PCD	Purchased Credit Deteriorated Investments
Performance allocations, Performance fees, Performance revenues, Incentive fees and Incentive income	The interests granted to Apollo by a fund managed by Apollo that entitle Apollo to receive allocations, distributions or fees which are based on the performance of such fund or its underlying investments.
Performance Fee-Eligible AUM	AUM that may eventually produce performance fees. All funds for which we are entitled to receive a performance fee allocation or incentive fee are included in Performance Fee-Eligible AUM, which consists of the following: (i) "Performance Fee-Generating AUM", which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently above its hurdle rate or preferred return, and profit of such funds, partnerships and accounts is being allocated to, or earned by, the general partner in accordance with the applicable limited partnership agreements or other governing agreements; (ii) "AUM Not Currently Generating Performance Fees", which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently below its hurdle rate or preferred return; and (iii) "Uninvested Performance Fee-Eligible AUM", which refers to capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is available for investment or reinvestment subject to the provisions of applicable limited partnership agreements or other governing agreements, which capital is not currently part of the NAV or fair value of investments that may eventually produce performance fees allocable to, or earned by, the general partner.
Perpetual capital	Assets under management of certain vehicles with an indefinite duration, which assets may only be withdrawn under certain conditions or subject to certain limitations, including satisfying required hold periods or percentage limits on the amounts that may be redeemed over a particular period. The investment management, advisory or other service agreements with our perpetual capital vehicles may be terminated under certain circumstances.
Principal Investing Income, or PII	Component of Segment Income that is used to assess the performance of the Principal Investing segment. For the Principal Investing segment, PII is the sum of (i) realized performance fees, including certain realizations received in the form of equity, (ii) realized investment income, less (x) realized principal investing compensation expense, excluding expense related to equity-based compensation, and (y) certain corporate compensation and non-compensation expenses.
Principal investing compensation	Realized performance compensation, distributions related to investment income and dividends, and includes allocations of certain compensation expenses related to managing the business.
Policy loan	A loan to a policyholder under the terms of, and which is secured by, a policyholder's policy.
Realized value	All cash investment proceeds received by the relevant Apollo fund, including interest and dividends, but does not give effect to management fees, expenses, incentive compensation or performance fees to be paid by such Apollo fund.
Redding Ridge	Redding Ridge Asset Management, LLC and its subsidiaries, which is a standalone, self-managed asset management business established in connection with risk retention rules that manages CLOs and retains the required risk retention interests.
Redding Ridge Holdings	Redding Ridge Holdings LP
Remaining Cost	The initial investment of a fund in a portfolio investment, reduced for any return of capital distributed to date on such portfolio investment
RMBS	Residential mortgage-backed securities
RML	Residential mortgage loan
RSUs	Restricted share units
SIA	Strategic investment account
SPACs	Special purpose acquisition companies

Spread Related Earnings, or SRE	Component of Segment Income that is used to assess the performance of the Retirement Services segment, excluding certain market volatility and certain expenses related to integration, restructuring, equity-based compensation, and other expenses. For the Retirement Services segment, SRE equals the sum of (i) the net investment earnings on Athene's net invested assets and (ii) management fees received on business managed for others, primarily the ADIP portion of Athene's business ceded to ACRA, less (x) cost of funds, (y) operating expenses excluding equity-based compensation and (z) financing costs including interest expense and preferred dividends, if any, paid to Athene preferred stockholders.
Surplus assets	Assets in excess of Athene's policyholder obligations, determined in accordance with the applicable domiciliary jurisdiction's statutory accounting principles.
Tax receivable agreement	The tax receivable agreement entered into by and among APO Corp., the Former Managing Partners, the Contributing Partners, and other parties thereto
Total Invested Capital	The aggregate cash invested by the relevant Apollo fund and includes capitalized costs relating to investment activities, if any, but does not give effect to cash pending investment or available for reserves and excludes amounts, if any, invested on a financed basis with leverage facilities
Total Value	The sum of the total Realized Value and Unrealized Value of investments
Traditional private equity funds	Apollo Investment Fund I, L.P. ("Fund I"), AIF II, L.P. ("Fund II"), a mirrored investment account established to mirror Fund I and Fund II for investments in debt securities ("MIA"), Apollo Investment Fund III, L.P. (together with its parallel funds, "Fund III"), Apollo Investment Fund IV, L.P. (together with its parallel fund, "Fund IV"), Apollo Investment Fund V, L.P. (together with its parallel funds and alternative investment vehicles, "Fund V"), Apollo Investment Fund VI, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VI"), Apollo Investment Fund VII, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VII"), Apollo Investment Fund VIII, L.P. (together with its parallel funds and alternative investment vehicles, "Fund VIII") and Apollo Investment Fund IX, L.P. (together with its parallel funds and alternative investment vehicles, "Fund IX").
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. RBC	The CAL RBC ratio for AADE, Athene's parent U.S. insurance company
U.S. Treasury	United States Department of the Treasury
Unrealized Value	The fair value consistent with valuations determined in accordance with GAAP, for investments not yet realized and may include payments in kind, accrued interest and dividends receivable, if any, and before the effect of certain taxes. In addition, amounts include committed and funded amounts for certain investments.
Venerable	Venerable Holdings, Inc., together with its subsidiaries
VIAC	Venerable Insurance and Annuity Company, formerly Voya Insurance and Annuity Company
VIE	Variable interest entity
Vintage Year	The year in which a fund's final capital raise occurred, or, for certain funds, the year of a fund's effective date or the year in which a fund's investment period commences pursuant to its governing agreements.
VOBA	Value of business acquired
VOE	Voting interest entity
WACC	Weighted average cost of capital

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Index to Condensed Consolidated Financial Statements (unaudited)

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In millions, except share data)	As of June 30, 2023	As of December 31, 2022
Assets		
Asset Management		
Cash and cash equivalents	$ 1,469	$ 1,201
Restricted cash and cash equivalents	270	1,048
Investments	5,498	5,582
Assets of consolidated variable interest entities		
Cash and cash equivalents	119	110
Investments	2,973	2,369
Other assets	20	30
Due from related parties	503	465
Goodwill	264	264
Other assets	2,432	2,333
	13,548	13,402
Retirement Services		
Cash and cash equivalents	10,601	7,779
Restricted cash and cash equivalents	2,203	628
Investments	187,552	172,488
Investments in related parties	27,770	23,960
Assets of consolidated variable interest entities		
Cash and cash equivalents	122	362
Investments	17,231	15,699
Other assets	116	112
Reinsurance recoverable	4,236	4,358
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,166	4,466
Goodwill	4,065	4,058
Other assets	9,374	9,905
	268,436	243,815
Total Assets	**$ 281,984**	**$ 257,217**

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (UNAUDITED)

(In millions, except share data)	As of June 30, 2023	As of December 31, 2022
Liabilities, Redeemable non-controlling interests and Equity		
Liabilities		
Asset Management		
Accounts payable, accrued expenses, and other liabilities	$ 3,286	$ 2,975
Due to related parties	892	998
Debt	2,812	2,814
Liabilities of consolidated variable interest entities		
Notes payable	268	50
Other liabilities	1,493	1,899
	8,751	8,736
Retirement Services		
Interest sensitive contract liabilities	184,359	173,616
Future policy benefits	50,284	42,110
Market risk benefits	3,195	2,970
Debt	3,642	3,658
Payables for collateral on derivatives and securities to repurchase	9,845	6,707
Other liabilities	3,392	3,213
Liabilities of consolidated variable interest entities		
Other liabilities	1,189	809
	255,906	233,083
Total Liabilities	**264,657**	**241,819**
Commitments and Contingencies (note 18)		
Redeemable non-controlling interests		
Redeemable non-controlling interests	285	1,032
Equity		
Common Stock, $0.00001 par value, 90,000,000,000 shares authorized, 566,809,153 and 570,276,188 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	—
Additional paid in capital	14,468	14,982
Retained earnings (accumulated deficit)	153	(1,007)
Accumulated other comprehensive income (loss)	(6,392)	(7,335)
Total Apollo Global Management, Inc. Stockholders' Equity	8,229	6,640
Non-controlling interests	8,813	7,726
Total Equity	**17,042**	**14,366**
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 281,984**	**$ 257,217**

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
(In millions, except per share data)	**2023**	**2022**	**2023**	**2022**
Revenues				
Asset Management				
Management fees	$ 452	$ 375	$ 866	$ 711
Advisory and transaction fees, net	170	110	325	176
Investment income (loss)	138	(195)	590	506
Incentive fees	26	2	41	8
	786	292	1,822	1,401
Retirement Services				
Premiums	9,041	5,614	9,137	7,724
Product charges	207	175	405	341
Net investment income	2,948	1,903	5,560	3,634
Investment related gains (losses)	366	(5,745)	1,431	(9,975)
Revenues of consolidated variable interest entities	347	55	628	34
Other revenues	7	(8)	20	(11)
	12,916	1,994	17,181	1,747
Total Revenues	13,702	2,286	19,003	3,148
Expenses				
Asset Management				
Compensation and benefits	516	309	1,186	1,043
Interest expense	31	31	62	63
General, administrative and other	226	157	423	305
	773	497	1,671	1,411
Retirement Services				
Interest sensitive contract benefits	2,012	(653)	3,301	(752)
Future policy and other policy benefits	9,512	5,776	9,978	7,960
Market risk benefits remeasurement (gains) losses	(71)	(609)	275	(1,231)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	153	108	291	206
Policy and other operating expenses	452	334	889	643
	12,058	4,956	14,734	6,826
Total Expenses	12,831	5,453	16,405	8,237
Other income (loss) – Asset Management				
Net gains (losses) from investment activities	20	146	18	180
Net gains (losses) from investment activities of consolidated variable interest entities	12	13	46	380
Other income (loss), net	48	21	80	(2)
Total Other income (loss)	80	180	144	558
Income (loss) before income tax (provision) benefit	951	(2,987)	2,742	(4,531)
Income tax (provision) benefit	(201)	381	(454)	866
Net income (loss)	750	(2,606)	2,288	(3,665)
Net (income) loss attributable to non-controlling interests	(151)	969	(679)	1,627
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ 599	$ (1,637)	$ 1,609	$ (2,038)
Earnings (loss) per share				
Net income (loss) attributable to common stockholders - Basic	$ 1.00	$ (2.82)	$ 2.67	$ (3.52)
Net income (loss) attributable to common stockholders - Diluted	$ 1.00	$ (2.82)	$ 2.67	$ (3.52)
Weighted average shares outstanding – Basic	579.0	584.8	581.5	585.6
Weighted average shares outstanding – Diluted	579.0	584.8	581.5	585.6

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Net income (loss)	$ 750	$ (2,606)	$ 2,288	$ (3,665)
Other comprehensive income (loss), before tax				
Unrealized investment gains (losses) on available-for-sale securities	(711)	(7,554)	1,388	(14,252)
Unrealized gains (losses) on hedging instruments	(171)	81	(67)	(46)
Remeasurement gains (losses) on future policy benefits related to discount rate	813	2,897	11	6,459
Remeasurement gains (losses) on market risk benefits related to credit risk	(55)	179	34	576
Foreign currency translation and other adjustments	11	(110)	33	(119)
Other comprehensive income (loss), before tax	(113)	(4,507)	1,399	(7,382)
Income tax expense (benefit) related to other comprehensive income (loss)	11	(878)	301	(1,493)
Other comprehensive income (loss)	(124)	(3,629)	1,098	(5,889)
Comprehensive income (loss)	626	(6,235)	3,386	(9,554)
Comprehensive (income) loss attributable to non-controlling interests	(257)	1,217	(834)	1,820
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ 369	$ (5,018)	$ 2,552	$ (7,734)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	For the three and six months ended June 30, 2022								
	Apollo Global Management, Inc. Stockholders								
(In millions)	Common Stock	Series A Preferred Stock	Series B Preferred Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Apollo Global Management, Inc. Stockholders' Equity (Deficit)	Non-Controlling Interests	Total Equity
Balance at April 1, 2022	**570**	**$ —**	**$ —**	**$ 15,762**	**$ 376**	**$ (2,320)**	**$ 13,818**	**$ 8,271**	**$ 22,089**
Consolidation/deconsolidation of VIEs	—	—	—	8	(7)	—	1	(2,534)	(2,533)
Issuance of common stock related to equity transactions	4	—	—	231	—	—	231	—	231
Accretion of redeemable non-controlling interests	—	—	—	(28)	—	—	(28)	—	(28)
Capital increase related to equity-based compensation	1	—	—	117	—	—	117	—	117
Capital contributions	—	—	—	—	—	—	—	665	665
Dividends/distributions	—	—	—	(470)	229	—	(241)	(310)	(551)
Payments related to issuances of common stock for equity-based awards	—	—	—	3	(21)	—	(18)	—	(18)
Repurchase of common stock	(4)	—	—	(211)	—	—	(211)	—	(211)
Net income (loss)	—	—	—	—	(1,637)	—	(1,637)	(969)	(2,606)
Other comprehensive income (loss)	—	—	—	—	—	(3,381)	(3,381)	(248)	(3,629)
Balance at June 30, 2022	**571**	**$ —**	**$ —**	**$ 15,412**	**$ (1,060)**	**$ (5,701)**	**$ 8,651**	**$ 4,875**	**$ 13,526**
Balance at January 1, 2022	**249**	**$ 264**	**$ 290**	**$ 2,096**	**$ 1,144**	**$ (5)**	**$ 3,789**	**$ 6,405**	**$ 10,194**
Merger with Athene	166	—	—	13,050	—	—	13,050	4,942	17,992
Issuance of warrants	—	—	—	149	—	—	149	—	149
Reclassification of preferred stock to non-controlling interests	—	(264)	(290)	—	—	—	(554)	554	—
Consolidation/deconsolidation of VIEs	—	—	—	8	(7)	—	1	(5,382)	(5,381)
Issuance of common stock related to equity transactions	4	—	—	252	—	—	252	—	252
Accretion of redeemable non-controlling interests	—	—	—	(48)	—	—	(48)	—	(48)
Capital increase related to equity-based compensation	1	—	—	258	—	—	258	—	258
Capital contributions	—	—	—	—	—	—	—	3,677	3,677
Dividends/distributions	—	—	—	(482)	—	—	(482)	(910)	(1,392)
Payments related to issuances of common stock for equity-based awards	3	—	—	31	(159)	—	(128)	—	(128)
Repurchase of common stock	(8)	—	—	(437)	—	—	(437)	—	(437)
Exchange of AOG Units for common stock	156	—	—	535	—	—	535	(2,591)	(2,056)
Net income (loss)	—	—	—	—	(2,038)	—	(2,038)	(1,627)	(3,665)
Other comprehensive income (loss)	—	—	—	—	—	(5,696)	(5,696)	(193)	(5,889)
Balance at June 30, 2022	**$ 571**	**$ —**	**$ —**	**$ 15,412**	**$ (1,060)**	**$ (5,701)**	**$ 8,651**	**$ 4,875**	**$ 13,526**

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

For the three and six months ended June 30, 2023

(In millions)	Common Stock	Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Apollo Global Management, Inc. Stockholders' Equity (Deficit)	Non-Controlling Interests	Total Equity
	Apollo Global Management, Inc. Stockholders						
Balance at April 1, 2023	**567**	**$ 14,408**	**$ (172)**	**$ (6,162)**	**$ 8,074**	**$ 8,618**	**$ 16,692**
Other changes in equity of non-controlling interests	—	—	—	—	—	(37)	(37)
Accretion of redeemable non-controlling interests	—	(5)	(1)	—	(6)	—	(6)
Capital increase related to equity-based compensation	—	123	—	—	123	—	123
Capital contributions	—	—	—	—	—	112	112
Dividends/distributions	—	2	(258)	—	(256)	(102)	(358)
Payments related to issuances of common stock for equity-based awards	1	8	(15)	—	(7)	—	(7)
Repurchase of common stock	(1)	(78)	—	—	(78)	—	(78)
Stock option exercises	—	10	—	—	10	—	10
Net income (loss)	—	—	599	—	599	116	715
Other comprehensive income (loss)	—	—	—	(230)	(230)	106	(124)
Balance at June 30, 2023	**567**	**$ 14,468**	**$ 153**	**$ (6,392)**	**$ 8,229**	**$ 8,813**	**$ 17,042**
Balance at January 1, 2023	**570**	**$ 14,982**	**$ (1,007)**	**$ (7,335)**	**$ 6,640**	**$ 7,726**	**$ 14,366**
Other changes in equity of non-controlling interests	—	—	—	—	—	(155)	(155)
Accretion of redeemable non-controlling interests	—	(15)	(1)	—	(16)	—	(16)
Capital increase related to equity-based compensation	—	245	—	—	245	—	245
Capital contributions	—	—	—	—	—	729	729
Dividends/distributions	—	(239)	(258)	—	(497)	(286)	(783)
Payments related to issuances of common stock for equity-based awards	5	23	(190)	—	(167)	—	(167)
Repurchase of common stock	(8)	(538)	—	—	(538)	—	(538)
Stock option exercises	—	10	—	—	10	—	10
Net income (loss)	—	—	1,609	—	1,609	644	2,253
Other comprehensive income (loss)	—	—	—	943	943	155	1,098
Balance at June 30, 2023	**567**	**$ 14,468**	**$ 153**	**$ (6,392)**	**$ 8,229**	**$ 8,813**	**$ 17,042**

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30,	
(In millions)	**2023**	**2022**
Cash Flows from Operating Activities		
Net Income (Loss)	$ 2,288	$ (3,665)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Equity-based compensation	280	293
Net investment income	(639)	(797)
Net recognized (gains) losses on investments and derivatives	(1,483)	4,813
Depreciation and amortization	345	227
Net amortization of net investment premiums, discount and other	48	155
Policy acquisition costs deferred	(706)	(434)
Other non-cash amounts included in net income (loss), net	81	(30)
Changes in consolidation	(51)	(642)
Changes in operating assets and liabilities:		
Purchases of investments by Funds and VIEs	(2,959)	(7,505)
Proceeds from sale of investments by Funds and VIEs	2,397	2,694
Interest sensitive contract liabilities	2,080	(1,724)
Future policy benefits, market risk benefits and reinsurance recoverable	3,827	3,000
Other assets and liabilities, net	(886)	3,595
Net cash provided by (used in) operating activities	$ 4,622	$ (20)
Cash Flows from Investing Activities		
Purchases of investments and contributions to equity method investments	$ (2,313)	$ (395)
Purchases of available-for-sale securities	(16,213)	(18,665)
Purchases of mortgage loans	(8,700)	(7,832)
Purchases of investment funds	(1,222)	(3,517)
Purchases of U.S. Treasury securities	(490)	(3,006)
Purchases of derivatives instruments and other investments	(3,551)	(1,334)
Sales, maturities and repayments of investments and distributions from equity method investments	14,666	23,511
Cash acquired through merger	—	10,420
Other investing activities, net	315	—
Net cash used in investing activities	$ (17,508)	$ (818)
Cash Flows from Financing Activities		
Issuance of debt	$ 2,417	$ 3,751
Repayment of debt	(2,262)	(735)
Repurchase of common stock	(535)	(437)
Common stock dividends	(497)	(458)
Distributions paid to non-controlling interests	(271)	(947)
Contributions from non-controlling interests	725	4,086
Distributions to redeemable non-controlling interests	(798)	(776)
Deposits on investment-type policies and contracts	21,942	13,925
Withdrawals on investment-type policies and contracts	(6,804)	(4,074)
Net change in cash collateral posted for derivative transactions and securities to repurchase	3,138	(1,024)
Other financing activities, net	(518)	(31)
Net cash provided by financing activities	$ 16,537	$ 13,280
Effect of exchange rate changes on cash and cash equivalents	5	(20)

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30,	
(In millions)	**2023**	**2022**
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	3,656	12,422
Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities, Beginning of Period	11,128	2,088
Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities, End of Period	$ 14,784	$ 14,510
Supplemental Disclosure of Cash Flow Information		
Cash paid for taxes	$ 134	$ 327
Cash paid for interest	345	314
Non-Cash Investing Activities		
Asset Management and Other		
Distributions from principal investments	1	5
Acquisition of goodwill and intangibles	—	335
Retirement Services		
Investments received from settlements on reinsurance agreements	164	20
Investments received from pension group annuity premiums	4,776	2,510
Assets contributed to consolidated VIEs	—	7,845
Non-Cash Financing Activities		
Asset Management and Other		
Capital increases related to equity-based compensation	221	233
Retirement Services		
Deposits on investment-type policies and contracts through reinsurance agreements	57	719
Withdrawals on investment-type policies and contracts through reinsurance agreements	6,906	3,944
Supplemental Disclosure of Cash Flow Information of Consolidated VIEs		
Cash Flows from Operating Activities		
Purchases of investments - *Asset Management*	(2,958)	(7,505)
Proceeds from sale of investments - *Asset Management*	2,397	2,693
Cash Flows from Investing Activities		
Purchases of investments - *Retirement Services*	(1,306)	(668)
Proceeds from sale of investments - *Retirement Services*	275	751
Purchase of U.S. Treasury Securities	—	(1,163)
Proceeds from maturities of U.S. Treasury Securities	—	1,980
Cash Flows from Financing Activities		
Issuance of debt	2,417	3,751
Principal repayment of debt	(2,261)	(735)
Distributions paid to non-controlling interests	(47)	(908)
Contributions from non-controlling interests	726	2,785
Distributions to redeemable non-controlling interests	(798)	(776)

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)	Six months ended June 30, 2023	2022
Changes in Consolidation		
Investments, at fair value	(48)	(2,975)
Other assets	(1)	(102)
Debt, at fair value	—	3,933
Notes payable	—	(386)
Other liabilities	—	(276)
Non-controlling interest	5	448
Equity	95	—
Reconciliation of Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities to the Condensed Consolidated Statements of Financial Condition:		
Cash and cash equivalents	$ 12,070	$ 12,718
Restricted cash and cash equivalents	2,473	1,446
Cash and cash equivalents held at consolidated variable interest entities	241	346
Total Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	$ 14,784	$ 14,510

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Organization

Apollo Global Management, Inc. together with its consolidated subsidiaries (collectively, "Apollo" or the "Company") is a high-growth, global alternative asset manager and a retirement services provider. Its asset management business focuses on three investing strategies: yield, hybrid and equity. Through its asset management business, Apollo raises, invests and manages funds, accounts and other vehicles, on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds and insurance companies, as well as other institutional and individual investors. Apollo's retirement services business is conducted by Athene, a leading financial services company that specializes in issuing, reinsuring and acquiring retirement savings products for the increasing number of individuals and institutions seeking to fund retirement needs.

Merger with Athene

On January 1, 2022, Apollo and Athene completed the previously announced merger transactions pursuant to the Merger Agreement (the "Mergers"). As a result of the Mergers, AAM and AHL became consolidated subsidiaries of AGM.

Athene's results are included in the condensed consolidated financial statements commencing from the Merger Date. References herein to "Apollo" and the "Company" refer to AGM and its subsidiaries, including Athene, unless the context requires otherwise such as in sections where it refers to the asset management business only. See note 4 for additional information.

Corporate Recapitalization

In connection with the closing of the Mergers, the Company completed a corporate recapitalization (the "Corporate Recapitalization") which resulted in the recapitalization of the Company from an umbrella partnership C corporation ("Up-C") structure to a corporation with a single class of common stock with one vote per share.

Griffin Capital Acquisitions

On March 1, 2022, the company completed the acquisition of Griffin Capital's U.S. wealth distribution business. On May 3, 2022, the Company completed the acquisition of the U.S. asset management business of Griffin Capital in exchange for closing consideration of $213 million and contingent consideration of $64 million, substantially all of which was settled in shares of AGM common stock, per the transaction agreement signed December 2, 2021. As a result of the final close, the Griffin Institutional Access Real Estate Fund and the Griffin Institutional Access Credit Fund are advised by Apollo and have been renamed the Apollo Diversified Real Estate Fund and Apollo Diversified Credit Fund, respectively.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with U.S. GAAP. These condensed consolidated financial statements should be read in conjunction with the annual financial statements included in the 2022 Annual Report. Certain disclosures included in the annual financial statements have been condensed or omitted as they are not required for interim financial statements under U.S. GAAP and the rules of the SEC. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year.

The results of the Company and its subsidiaries are presented on a consolidated basis. Any ownership interest other than the Company's interest in its subsidiaries is reflected as a non-controlling interest. Intercompany accounts and transactions have been eliminated. Management believes it has made all necessary adjustments (consisting only of normal recurring items) so that the condensed consolidated financial statements are presented fairly and that any estimates made are reasonable and prudent. Certain reclassifications have been made to previously reported amounts to conform to the current period's presentation.

Furthermore, in conjunction with the Mergers, Apollo was deemed to be the accounting acquirer and Athene the accounting acquiree, which, for financial reporting purposes, results in Apollo's historical financial information prior to the Mergers becoming that of the Company. Athene's results before the Mergers have not been included in the condensed consolidated financial statements of the Company. The condensed consolidated financial statements include the assets, liabilities, operating results and cash flows of Athene from the date of acquisition. For information on Athene prior to the Mergers, please refer to the annual financial statements included in AHL's annual report on Form 10-K for the year ended December 31, 2022.

The Company's principal subsidiaries, AAM and AHL, together with their subsidiaries, operate an asset management business and a retirement services business, respectively, which possess distinct characteristics. As a result, the Company's financial statement presentation is organized into two tiers: asset management and retirement services. The Company believes that separate presentation provides a more informative view of the Company's consolidated financial condition and results of operations than an aggregated presentation.

The following summary of significant accounting policies first includes those most significant to the overall Company and then specific accounting policies for each of the asset management and retirement services businesses, respectively.

Significant Accounting Policies— Overall

Consolidation

The Company consolidates entities where it has a controlling financial interest unless there is a specific scope exception that prevents consolidation. The types of entities with which the Company is involved generally include, but are not limited to:

- subsidiaries, which includes AAM and its subsidiaries, including management companies and general partners of funds that the Company manages, and AHL and its subsidiaries
- funds, including entities that have attributes of an investment company
- SPACs
- CLOs

Each of these entities is assessed for consolidation based on its specific facts and circumstances. In determining whether to consolidate an entity, the Company first evaluates whether the entity is a VIE or a VOE and applies the appropriate consolidation model as discussed below. If an entity is not consolidated, then the Company's investment is generally accounted for under the equity method of accounting or as a financial instrument as discussed in the related policy discussions below.

Investment Companies

Judgment is required to evaluate whether an entity has the necessary characteristics to be accounted for as an investment company. The funds managed by the Company that meet the investment company criteria are generally not required to consolidate operating companies and generally reflect their investments in operating companies and other investment companies at fair value. The Company has retained this specialized accounting for investment companies in consolidation.

Variable Interest Entities

All entities are first considered under the VIE model. VIEs are entities that 1) do not have sufficient equity at risk to finance their activities without additional subordinated financial support or 2) have equity investors at risk that do not have the ability to make significant decisions related to the entity's operations, absorb expected losses, or receive expected residual returns.

The Company consolidates a VIE if it is the primary beneficiary of the entity. The Company is deemed the primary beneficiary when it has a controlling financial interest in the VIE, which is defined as possessing both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance ("primary beneficiary power") and (ii) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant ("significant variable interest"). The Company performs the VIE and primary beneficiary assessment at inception of its involvement with a VIE and on an ongoing basis if facts and circumstances change.

To assess whether the Company has the primary beneficiary power under the VIE consolidation model, it considers the design of the entity as well as ongoing rights and responsibilities. In general, the parties that can make the most significant decisions regarding asset management have control over servicing, liquidation rights or the unilateral right to remove the decision-makers. To assess whether the Company has a significant variable interest, the Company considers all its economic interests that are considered variable interests in the entity, including interests held through related parties. This assessment requires judgment in considering whether those interests are significant.

Assets and liabilities of the consolidated VIEs, other than SPACs, are primarily shown in separate sections within the condensed consolidated statements of financial condition. Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses are primarily presented within net gains from investment activities of consolidated variable interest entities in the condensed consolidated statements of operations. The portion attributable to non-controlling interests is reported within net income attributable to non-controlling interests in the condensed consolidated statements of operations. For additional disclosures regarding VIEs, see notes 7 and 17.

Voting Interest Entities

Entities that are not determined to be VIEs are generally considered VOEs. Under the voting interest model, the Company consolidates those entities it controls through a majority voting interest. The Company does not consolidate those VOEs in which substantive kick-out rights have been granted to the unrelated investors to either dissolve the fund or remove the general partner.

Non-controlling Interests

For entities that are consolidated, but not wholly owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the condensed consolidated financial statements. Non-controlling interests also include ownership interests in certain consolidated funds and VIEs.

Non-controlling interests are presented as a separate component of equity on the Company's condensed consolidated statements of financial condition. Net income (loss) includes the net income (loss) attributable to the holders of non-controlling interests on the Company's condensed consolidated statements of operations. Profits and losses are allocated to non-controlling interests in proportion to their relative ownership interests regardless of their basis.

Use of Estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements and related footnotes. The Company's most significant estimates include goodwill and intangible assets, income taxes, performance allocations, incentive fees, non-cash compensation, fair value of investments (including derivatives) and debt, impairment of investments and allowances for expected credit losses, and future policy benefit reserves. While such impact may change considerably over time, the estimates and assumptions affecting the Company's condensed consolidated financial statements are based on the best available information as of June 30, 2023. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments, including money market funds and U.S. Treasury securities, with original maturities of three months or less when purchased to be cash equivalents. Interest income from cash and cash equivalents is recorded in other income for asset management and net investment income for retirement services in the condensed consolidated statements of operations. The carrying values of the money market funds and U.S. Treasury securities represent their fair values due to their short-term nature. Substantially all of the Company's cash on deposit is in interest bearing accounts with major financial institutions and exceed insured limits.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represent balances that are restricted as to withdrawal or usage.

Restricted cash consists of cash and cash equivalents held in funds in trust as part of certain coinsurance agreements to secure statutory reserves and liabilities of the coinsured parties. Restricted cash also includes cash deposited at a bank that is pledged as collateral in connection with leased premises.

Restricted cash and cash equivalents also consists of money market funds and U.S. Treasury bills with original maturities of three months or less, that were purchased with funds raised through the respective IPOs of APSG II and Acropolis Infrastructure Acquisition Corp. ("Acropolis"), both SPACs sponsored by Apollo. The restricted cash and cash equivalents may only be used for purposes of completing an initial business combination or redemption of public shares as set forth in the respective trust agreements.

Foreign Currency

The Company holds foreign currency denominated assets and liabilities. Non-monetary assets and liabilities of the Company's international subsidiaries are remeasured into the functional currency using historical exchange rates specific to each asset and liability, the exchange rates prevailing at the end of each reporting period are used for all others. The results of the Company's foreign operations are remeasured using an average exchange rate for the respective reporting period. Currency remeasurement adjustments and gains and losses on the settlement of foreign currency translations are included within other income (loss), net for asset management or investment related gains (losses) for retirement services in the condensed consolidated statements of operations. Foreign currency denominated assets and liabilities are translated into the reporting currency using the exchange rates prevailing at the end of each reporting period. Currency translation adjustments are included within other comprehensive income (loss), before tax within the condensed consolidated statements of comprehensive income (loss). The change in unrealized foreign currency exchange of any non-U.S. dollar denominated available-for-sale ("AFS") securities are included in other comprehensive income ("OCI") unless they are designated as part of a fair value hedge.

Investments

Equity Method Investments

For investments in entities over which the Company exercises significant influence but does not meet the requirements for consolidation and has not elected the fair value option, the Company uses the equity method of accounting. Under the equity method of accounting, the Company records its share of the underlying income or loss of such entities adjusted for distributions. The Company's share of the underlying net income or loss of such entities is recorded in Investment income (loss) for asset management and Net investment income for retirement services in the condensed consolidated statements of operations.

The carrying amounts of equity method investments are recorded in investments in the condensed consolidated statements of financial condition. Generally, the underlying entities that the Company manages and invests in are primarily investment companies, and the carrying value of the Company's equity method investments approximates fair value.

Reverse Repurchase Agreements and Repurchase Agreements

A reverse repurchase agreement is a transaction in which the Company purchases financial instruments from a seller and simultaneously enters into an agreement to resell the same or substantially the same financial instruments to the seller at a fixed and determinable price at a future date. A repurchase agreement is a transaction in which the Company sells financial instruments to a buyer, typically in exchange for cash, and simultaneously enters into an agreement to repurchase the same or substantially the same financial instruments from the buyer at a fixed and determinable price at a future date.

Although reverse repurchase and repurchase agreements generally involve the legal transfer of ownership of financial instruments, they are accounted for as financing arrangements because they require the financial instruments to be resold or repurchased before or at the maturity of the agreement. As a result, the collateral received under reverse repurchase agreements are not recognized and the collateral pledged under repurchase agreements are not derecognized in the condensed consolidated statements of financial condition.

Within asset management, reverse repurchase and repurchase agreements generally sit within consolidated VIEs and as such, those reverse repurchase and repurchase agreements are reflected as investments and other liabilities, respectively, within the consolidated VIE section of the statements of financial condition. Additionally, the income (loss) related to those reverse repurchase and repurchase agreements from consolidated VIEs are included in Net gains (losses) from investment activities of consolidated variable interest entities on the condensed consolidated statements of operations. Reverse repurchase agreements within asset management are generally accounted for by electing the fair value option. For retirement services, the receivable under the reverse repurchase agreement is recorded as investment for the principal amount loaned under the agreement and the payable under a repurchase agreement is recognized as payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition. Earnings from reverse repurchase agreements are included in net investment income for retirement services on the condensed consolidated statements of operations.

For reverse repurchase agreements, the Company generally requires collateral with a fair value at least equal to the carrying value of the loaned amount, monitors the market value of the collateral on a periodic basis, and delivers or obtains additional collateral due to changes in the fair value of the collateral, as appropriate, in order to mitigate credit exposure.

Financial Instruments held by Consolidated VIEs

The consolidated VIEs managed by the Company are primarily investment companies and CLOs. Their investments include debt and equity securities held at fair value and reverse repurchase agreements. Financial instruments are generally accounted for on a trade date basis.

Under a measurement alternative permissible for consolidated collateralized financing entities, the Company measures both the financial assets and financial liabilities of consolidated CLOs in its condensed consolidated financial statements in both cases using the fair value of the financial assets or financial liabilities, whichever are more observable.

Where financial assets are more observable, the financial assets of the consolidated CLOs are measured at fair value and the financial liabilities are measured in consolidation as: (i) the sum of the fair value of the financial assets and the carrying value of any non-financial assets that are incidental to the operations of the CLOs less (ii) the sum of the fair value of any beneficial interests retained by the Company (other than those that represent compensation for services) and the Company’s carrying value of any beneficial interests that represent compensation for services. The resulting amount is allocated to the individual financial liabilities (other than the beneficial interest retained by the Company) using a reasonable and consistent methodology.

Where financial liabilities are more observable, the financial liabilities of the consolidated CLOs are measured at fair value and the financial assets are measured in consolidation as: (i) the sum of the fair value of the financial liabilities, and the carrying value of any non-financial liabilities that are incidental to the operations of the CLOs less (ii) the carrying value of any non-financial assets that are incidental to the operations of the CLOs. The resulting amount is allocated to the individual financial assets using a reasonable and consistent methodology.

Net income attributable to Apollo Global Management, Inc. reflects the Company’s own economic interests in the consolidated CLOs, including (i) changes in the fair value of the beneficial interests retained by the Company and (ii) beneficial interests that represent compensation for collateral management services.

Certain consolidated VIEs have applied the fair value option for certain investments in private debt securities that otherwise would not have been carried at fair value with gains and losses in net income.

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date under current market conditions. The actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based.

Fair Value Option

Entities are permitted to elect the fair value option (“FVO”) to carry at fair value certain financial assets and financial liabilities, including investments otherwise accounted for under the equity method of accounting. The FVO election is irrevocable and is applied to financial instruments on an individual basis at initial recognition or at eligible remeasurement events. Please refer to note 5 for additional information and other instances of when the Company has elected the FVO.

Fair Value Hierarchy

U.S. GAAP establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

Level 1 – Quoted prices are available in active markets for identical financial instruments as of the reporting date. The Company does not adjust the quoted price for these financial instruments, even in situations where the Company holds a large position and the sale of such position would likely deviate from the quoted price.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. These financial instruments exhibit higher levels of liquid market observability as compared to Level 3 financial instruments.

Level 3 – Pricing inputs are unobservable for the financial instrument and includes situations where there is little observable market activity for the financial instrument. The inputs into the determination of fair value may require significant management judgment or estimation. Financial instruments that are included in this category generally include investments where the fair value is based on observable inputs as well as unobservable inputs.

When a security is valued based on broker quotes, the Company subjects those quotes to various criteria in making the determination as to whether a particular financial instrument would qualify for classification as Level 2 or Level 3. These criteria include, but are not limited to, the number and quality of the broker quotes, the standard deviations of the observed broker quotes, and the percentage deviation from external pricing services.

Investments in securities that are traded on a securities exchange or comparable over-the-counter quotation systems are valued based on the last reported sale price at that date. If no sales of such investments are reported on such date, and in the case of over-the-counter securities or other investments for which the last sale date is not available, valuations are based on independent market quotations obtained from market participants, recognized pricing services or other sources deemed relevant, and the prices are based on the average of the "bid" and "ask" prices, or at ascertainable prices at the close of business on such day. Market quotations are generally based on valuation pricing models or market transactions of similar securities adjusted for security-specific factors such as relative capital structure priority and interest and yield risks, among other factors. When market quotations are not available, a model-based approach is used to determine fair value.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument when the fair value is based on unobservable inputs.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting where the consideration transferred for the acquisition is allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date. Contingent consideration obligations that are elements of the consideration transferred are recognized as of the acquisition date as part of the fair value transferred in exchange for the acquired business. Acquisition-related costs incurred in connection with a business combination are expensed as incurred.

Compensation and Benefits

Compensation consists of (i) salary, bonus, and benefits, which includes base salaries, discretionary and non-discretionary bonuses, severance and employee benefits, (ii) equity-based awards granted to employees and non-employees that are measured based on the grant date fair value of the award and (iii) profit sharing expense, which primarily consists of a portion of performance revenues earned from certain funds that are allocated to employees and former employees. Compensation costs are recorded in compensation and benefits for asset management and policy and other operating expense for retirement services in the condensed consolidated statements of operations.

Employees and non-employees who provide services to the Company are granted equity-based awards as compensation that are measured based on the grant date fair value of the award. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately. Equity-based employee awards that require future service are expensed over the relevant period of service. Equity-based awards that require performance metrics to be met are expensed only when the performance metric is met or deemed probable. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized. Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments (which may be distributed in cash or in-kind).

Earnings Per Share

As the Company has issued participating securities, the two-class method of computing earnings per share is used for all periods presented for common stock and participating securities as if all earnings for the period had been distributed. Under the two-class method, during periods of net income, the net income is first reduced for distributions declared on all classes of securities to arrive at undistributed earnings. During periods of net losses, the net loss is reduced for distributions declared on participating securities only if the security has the right to participate in the earnings of the entity and an objectively determinable contractual obligation to share in net losses of the entity. Participating securities include vested and unvested RSUs that participate in distributions, as well as unvested restricted shares.

Whether during a period of net income or net loss, under the two-class method the remaining earnings are allocated to common stock and participating securities to the extent that each security shares in earnings as if all of the earnings for the period had been distributed. Earnings or losses allocated to each class of security are then divided by the applicable weighted average outstanding shares to arrive at basic earnings per share. For the diluted earnings, the denominator includes all outstanding shares of common stock and includes the number of additional shares of common stock that would have been outstanding if the dilutive potential shares of common stock had been issued. The numerator is adjusted for any changes in income or loss that would result from the issuance of these potential shares of common stock.

Share Repurchase

When shares are repurchased, the Company can choose to record treasury shares or account for the repurchase as a constructive retirement. The Company accounted for share repurchases as constructive retirement, whereby it reduced common stock and additional paid-in capital by the amount of the original issuance, with any excess purchase price recorded as a reduction to retained earnings. Under this method, issued and outstanding shares are reduced by the shares repurchased, and no treasury stock is recognized on the condensed consolidated statements of financial condition.

Income Taxes

AGM is a Delaware corporation and generally all of its income is subject to U.S. corporate income taxes. Certain subsidiaries of the Company operate as partnerships for U.S. income tax purposes and are subject to NYC UBT. Certain non-U.S. entities are also subject to non-U.S. corporate income taxes. In conjunction with the Mergers, Apollo underwent a reorganization from an Up-C structure to a C-corporation with a single class of common stock. Athene, and certain of its non-U.S. subsidiaries, are Bermuda exempted companies that have historically not been subject to U.S. corporate income taxes on their earnings. Due to the Mergers, Athene's non-U.S. earnings will generally be subject to U.S. corporate income taxes.

Significant judgment is required in determining tax expense and in evaluating certain and uncertain tax positions. The Company recognizes the tax benefit of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company's tax positions are reviewed and evaluated quarterly to determine whether the Company has uncertain tax positions that require financial statement recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amount of assets and liabilities and their respective tax bases using currently enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period during which the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that all or a portion of the deferred tax assets will not be realized.

Significant judgment and estimates are required in determining whether valuation allowances should be established as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

- whether sufficient taxable income exists within the allowed carryback or carryforward periods;
- whether future reversals of existing taxable temporary differences will occur, including any tax planning strategies that could be used;
- the nature or character (e.g., ordinary vs. capital) of the deferred tax assets and liabilities; and
- whether future taxable income exclusive of reversing temporary differences and carryforwards exists.

Recently Issued Accounting Pronouncements

Fair Value Measurement — Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)

In June 2022, the Financial Accounting Standards Board ("FASB") issued clarifying guidance that a restriction which is a characteristic of the holding entity rather than a characteristic of the equity security itself should not be considered in its fair value measurement. As a result, the Company is required to measure the fair value of equity securities subject to contractual restrictions attributable to the holding entity on the basis of the market price of the same equity security without those contractual restrictions. Companies are not permitted to recognize a contractual sale restriction attributable to the holding entity as a separate unit of account. The guidance also requires disclosures for these equity securities.

The new guidance is mandatorily effective for the Company by January 1, 2024 with early adoption permitted. The Company will apply the guidance on a prospective basis as an adjustment to current-period earnings with the adoption impact disclosed in the period of adoption.

The Company is currently evaluating the new guidance and its impact on the condensed consolidated financial statements.

Investments– Equity Method and Joint Ventures (ASU 2023-02)

In March 2023, the FASB issued guidance in ASU 2023-02 to introduce the option of applying the proportional amortization method ("PAM") to account for investments made primarily for the purpose of receiving income tax credits or other income tax benefits when certain requirements are met. Currently, PAM only applies to low-income housing tax credit ("LIHTC") investments. The guidance becomes mandatorily effective for the Company on January 1, 2024, but early adoption is permitted.

The Company is currently evaluating the new guidance and its impact on the condensed consolidated financial statements.

Recently Adopted Accounting Pronouncements

Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts (ASU 2020-11, ASU 2019-09, ASU 2018-12)

These updates amend four key areas pertaining to the accounting and disclosures for long-duration insurance and investment contracts and are commonly referred to as long-duration targeted improvements ("LDTI").

- The update requires cash flow assumptions used to measure the liability for future policy benefits to be updated at least annually and no longer allows a provision for adverse deviation. The remeasurement of the liability associated with the update of assumptions is required to be recognized in net income. Loss recognition testing is eliminated for traditional and limited-payment contracts. The update also requires the discount rate used in measuring the liability to be an upper-medium grade fixed-income instrument yield, which is to be updated at each reporting date. The change in liability due to changes in the discount rate is to be recognized in OCI.
- The update simplifies the amortization of DAC and other balances amortized in proportion to premiums, gross profits, or gross margins, requiring such balances to be amortized on a constant level basis over the expected term of the contracts. Deferred costs are required to be written off for unexpected contract terminations but are not subject to impairment testing.
- The update requires certain contract features meeting the definition of market risk benefits to be measured at fair value. Among the features included in this definition are the GLWB and GMDB riders attached to annuity products. The

change in fair value of the market risk benefits is to be recognized in net income, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in OCI.

- The update also introduces disclosure requirements around the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgments, assumptions and methods used in their measurement.

The Company adopted these updates on January 1, 2023 and, for all provisions of the update, applied a retrospective transition approach using a transition date of January 1, 2022, the date of the Mergers. At the acquisition date, VOBA balances were established as the difference between the fair value of the liabilities and the reserves established as of this date. Upon transition to LDTI, the liability for future policy benefits and contractual features that meet the criteria for market risk benefits were adjusted to conform to LDTI, with an offsetting adjustment made to positive or negative VOBA. No adjustments were recorded to accumulated other comprehensive income (loss) ("AOCI") or retained earnings. See note 3 for the effects of LDTI adoption on the 2022 condensed consolidated financial statements.

Business Combinations – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (ASU 2021-08)

In October 2021, the FASB issued guidance to add contract assets and contract liabilities from contracts with customers acquired in a business combination to the list of exceptions to the fair value recognition and measurement principles that apply to business combinations, and instead require them to be accounted for in accordance with revenue recognition guidance.

The new guidance was adopted by the Company on January 1, 2023 and applied prospectively. There was no financial statement impact upon adoption.

Reference Rate Reform (Topic 848) — Deferral of the Sunset Date of Topic 848 (ASU 2022-06, ASU 2021-01, ASU 2020-04)

The Company adopted ASU 2020-04 and ASU 2021-01 and elected to apply certain of the practical expedients related to contract modifications, hedge accounting relationships, and derivative modifications pertaining to discounting, margining, or contract price alignment. The main purpose of the practical expedients is to ease the administrative burden of accounting for contracts impacted by reference rate reform, and these elections did not have, and are not expected to have, a material impact on the consolidated financial statements. ASU 2022-06 amended and deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which the Company will no longer be permitted to apply the expedients provided in Topic 848. The Company will continue to evaluate the impact of reference rate reform on contract modifications and hedging relationships.

Significant Accounting Policies – Asset Management

U.S. Treasury Securities, at fair value

U.S. Treasury securities, at fair value includes U.S. Treasury bills with original maturities greater than three months when purchased. These securities are recorded at fair value in investments in the condensed consolidated statements of financial condition. Interest income on such securities is separately presented from the overall change in fair value and is recognized in interest income for asset management in the condensed consolidated statements of operations. Any remaining change in fair value of such securities, that is not recognized as interest income, is recognized in net gains (losses) from investment activities for asset management in the condensed consolidated statements of operations.

Due from/to Related Parties

Due from/to related parties includes amounts due from and due to existing employees, certain former employees, portfolio companies of the funds and non-consolidated funds.

Deferred Revenue

Apollo records deferred revenue, which is a type of contract liability, when consideration is received in advance of management services provided. Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. It is included in accounts payable, accrued expenses, and other liabilities in the condensed consolidated statements of financial condition.

Apollo also earns management fees which are subject to an offset. When Apollo receives cash for advisory and transaction fees, a certain percentage of such advisory and/or transaction fees, as applicable, is allocated as a credit to reduce future management fees, otherwise payable by the relevant fund. Such credit is recorded as deferred revenue in the condensed consolidated statements of financial condition within the accounts payable, accrued expenses and other liabilities line item. A portion of any excess advisory and transaction fees may be required to be returned to the limited partners of certain funds upon such fund’s liquidation. As the management fees earned by Apollo are presented on a gross basis, any management fee offsets calculated are presented as a reduction to advisory and transaction fees in the condensed consolidated statements of operations.

Additionally, Apollo earns advisory fees pursuant to the terms of the advisory agreements with certain of the portfolio companies that are owned by the funds Apollo manages. When Apollo receives a payment from a portfolio company that exceeds the advisory fees earned at that point in time, the excess payment is recorded as deferred revenue in the condensed consolidated statements of financial condition. The advisory agreements with the portfolio companies vary in duration and the associated fees are received monthly, quarterly, or annually.

Deferred revenue is reversed and recognized as revenue over the period that the agreed upon services are performed. There was $170 million of revenue recognized during the six months ended June 30, 2023 that was previously deferred as of January 1, 2023.

Under the terms of the funds’ partnership agreements, Apollo is normally required to bear organizational expenses over a set dollar amount and placement fees or costs in connection with the offering and sale of interests in the funds it manages to investors. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract and amortized over the life of the customer contract. Capitalized placement fees are recorded within other assets in the condensed consolidated statements of financial condition, while amortization is recorded within general, administrative and other in the condensed consolidated statements of operations. In certain instances, the placement fees are paid over a period of time. Based on the management agreements with the funds, Apollo considers placement fees and organizational costs paid in determining if cash has been received in excess of the management fees earned. Placement fees and organizational costs are normally the obligation of Apollo but can be paid for by the funds. When these costs are paid by the fund, the resulting obligations are included within deferred revenue. The deferred revenue balance will also be reduced during future periods when management fees are earned but not paid.

Redeemable non-controlling interests

Redeemable non-controlling interests are attributable to VIEs and primarily represent the shares issued by the Company’s consolidated SPACs whose shares are redeemable for cash by the respective public shareholders in connection with the applicable SPAC’s failure to complete a business combination or its tender offer/stockholder approval provisions. The redeemable non-controlling interests are initially recorded at their original issue price, net of issuance costs and the initial fair value of separately traded warrants. The carrying amount is accreted to its redemption value over the period from the date of issuance to the earliest redemption date of the instrument. The accretion to redemption value is generally recorded against additional paid-in capital. Refer to note 17 for further detail.

Revenues

The revenues of the asset management business include (i) management fees; (ii) advisory and transaction fees, net; (iii) investment income, which is comprised of performance allocations and principal investment income; and (iv) incentive fees.

The revenue guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (i.e., the transaction price). When determining the transaction price under the revenue guidance, an entity may recognize variable consideration only to the extent that it is probable to not be significantly reversed. The revenue guidance also requires disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized.

Performance allocations are accounted for under guidance applicable to equity method investments, and therefore not within the scope of the revenue guidance. Apollo recognizes performance allocations within investment income along with the related principal investment income (as further described below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

Refer to disclosures below for additional information on each of the revenue streams of the asset management business.

Management Fees

Management fees are recognized over time during the periods in which the related services are performed in accordance with the contractual terms of the related agreement. Management fees are generally based on (1) a percentage of the capital committed during the commitment period, and thereafter based on the remaining invested capital of unrealized investments, or (2) net asset value, gross assets or as otherwise provided in the respective agreements. Included in management fees are certain expense reimbursements where Apollo is considered the principal under the agreements and is required to record the expense and related reimbursement revenue on a gross basis.

Advisory and Transaction Fees, Net

Advisory fees, including management consulting fees and directors' fees, are generally recognized over time as the underlying services are provided in accordance with the contractual terms of the related agreement. Apollo receives such fees in exchange for ongoing management consulting services provided to portfolio companies of funds it manages. Transaction fees, including structuring fees and arranging fees related to Apollo's funds, portfolio companies of funds and third parties are generally recognized at a point in time when the underlying services rendered are complete.

The amounts due from fund portfolio companies are recorded in due from related parties on the condensed consolidated statements of financial condition. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage of such advisory and transaction fees, net of applicable broken deal costs. Advisory and transaction fees are reduced by these management fee offsets in the condensed consolidated statements of operations.

Underwriting fees, which are also included within advisory and transaction fees, net, include gains, losses and fees, arising from securities offerings in which one of the Company's subsidiaries participates in the underwriter syndicate. Underwriting fees are recognized at a point in time when the underwriting is completed. Underwriting fees recognized but not received are recorded in other assets on the condensed consolidated statements of financial condition.

During the normal course of business, Apollo incurs certain costs related to certain transactions that are not consummated, or "broken deal costs". These costs (e.g., research costs, due diligence costs, professional fees, legal fees and other related items) are determined to be broken deal costs upon management's decision to no longer pursue the transaction. In accordance with the related fund agreement, in the event the deal is deemed broken, all of the costs are reimbursed by the funds and then included as a component of the calculation of the management fee offset. If a deal is successfully completed, Apollo is reimbursed by the fund or fund's portfolio company for all costs incurred and no offset is generated. As Apollo acts as an agent for the funds it manages, any transaction costs incurred and paid by Apollo on behalf of the respective funds relating to successful or broken deals are recorded net on the Company's condensed consolidated statements of operations, and any receivable from the respective funds is recorded in due from related parties on the condensed consolidated statements of financial condition.

Investment Income

Investment income is comprised of performance allocations and principal investment income.

Performance Allocations. Performance allocations are a type of performance revenue (i.e., income earned based on the extent to which an entity's performance exceeds predetermined thresholds). Performance allocations are generally structured from a legal standpoint as an allocation of capital in which Apollo's capital account receives allocations of the returns of an entity when those returns exceed predetermined thresholds. The determination of which performance revenues are considered performance allocations is primarily based on the terms of an agreement with the entity.

Apollo recognizes performance allocations within investment income along with the related principal investment income (as described further below) in the condensed consolidated statements of operations and within the investments line in the condensed consolidated statements of financial condition.

When applicable, Apollo may record a general partner obligation to return previously distributed performance allocations. The general partner obligation is based upon an assumed liquidation of a fund's net assets as of the reporting date and is reported within due to related parties on the condensed consolidated statements of financial condition. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Principal Investment Income. Principal investment income includes Apollo's income or loss from equity method investments and certain other investments in entities in which Apollo is generally eligible to receive performance allocations. Income from equity method investments includes Apollo's share of net income or loss generated from its investments, which are not consolidated, but in which it exerts significant influence.

Incentive Fees

Incentive fees are a type of performance revenue. Incentive fees differ from performance allocations in that incentive fees do not represent an allocation of capital but rather a contractual fee arrangement with the entity. Incentive fees are considered a form of variable consideration as they are subject to clawback or reversal and therefore must be deferred until the fees are probable to not be significantly reversed. Accrued but unpaid incentive fees are reported within other assets in Apollo's condensed consolidated statements of financial condition. Apollo's incentive fees are generally received from CLOs, managed accounts and certain other vehicles it manages.

Profit Sharing

Profit sharing expense and profit sharing payable primarily consist of a portion of performance revenues earned from certain funds that are allocated to employees and former employees. Profit sharing amounts are recognized as the related performance revenues are earned. Accordingly, profit sharing amounts can be reversed during periods when there is a decline in performance revenues that were previously recognized. Profit sharing expense is recorded in compensation and benefits for asset management in the condensed consolidated statements of operations. Profit sharing payable is recorded in accounts payable, accrued expenses and other liabilities for Asset Management in the condensed consolidated statements of financial condition.

Profit sharing amounts are generally not paid until the related performance revenue is distributed to the general partner upon realization of the fund's investments. Under certain profit-sharing arrangements, Apollo requires that a portion of certain of the performance revenues distributed to its employees be used to purchase restricted common stock issued under the Equity Plan. Prior to distribution of the performance revenue, the Company records the value of the equity-based awards expected to be granted in other assets and other liabilities within the condensed consolidated statements of financial condition. Such equity-based awards are recorded as equity-based compensation expense over the relevant service period once granted.

Additionally, profit sharing amounts previously distributed may be subject to clawback from employees and former employees. When applicable, the accrual for potential clawback of previously distributed profit sharing amounts, which is a component of due from related parties on the condensed consolidated statements of financial condition, represents all amounts previously distributed to employees and former employees that would need to be returned to the general partner if the funds were to be liquidated based on the fair value of the underlying fund's investments as of the reporting date. The actual general partner receivable, however, would not become realized until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Profit sharing payable also includes contingent consideration obligations that were recognized in connection with certain acquisitions. Changes in the fair value of the contingent consideration obligations are reflected in the condensed consolidated statements of operations as compensation and benefits for asset management.

Apollo has performance-based incentive arrangements for certain employees designed to more closely align compensation on an annual basis with the overall realized performance of the Company's asset management business. These arrangements enable certain employees to earn discretionary compensation based on performance revenue earned by Apollo's asset management business in a given year, which amounts are reflected in compensation and benefits in the accompanying condensed consolidated financial statements for asset management. Apollo may also use dividends it receives from investments in certain perpetual capital vehicles to compensate employees. These amounts are recorded as compensation and benefits in the condensed consolidated statements of operations for asset management.

Significant Accounting Policies – Retirement Services

Investments

Fixed Maturity Securities

Fixed maturity securities includes bonds, collateralized loan obligations (CLOs), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and redeemable preferred stock. Athene classifies fixed maturity securities as AFS or trading at the time of purchase and subsequently carries them at fair value. Classification is dependent on a variety of factors, including expected holding period, election of the fair value option and asset and liability matching.

AFS Securities

AFS securities are held at fair value on the condensed consolidated statements of financial condition, with unrealized gains and losses, exclusive of allowances for expected credit losses, generally reflected in AOCI on the condensed consolidated statements of financial condition. Unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships are reflected in investment related gains (losses) on the condensed consolidated statements of operations.

Trading Securities

The fair value option is elected for certain fixed maturity securities. These fixed maturity securities are classified as trading, with changes to fair value included in investment related gains (losses) on the condensed consolidated statements of operations. Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the condensed consolidated statements of cash flows is classified as investing activities.

Transactions in trading securities are generally recorded on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the condensed consolidated statements of financial condition. Bank loans, private placements and investment funds are recorded on settlement date basis.

Equity Securities

Equity securities includes common stock, mutual funds and non-redeemable preferred stock. Equity securities with readily determinable fair values are carried at fair value with subsequent changes in fair value recognized in net income. Athene has elected to account for certain equity securities without readily determinable fair values that do not qualify for the practical expedient to estimate fair values based on NAV per share (or its equivalent) at cost less impairment, subject to adjustments based on observable price changes in orderly transactions for identical or similar investments of the same issuer.

Purchased Credit Deteriorated Investments

Athene purchases certain structured securities, primarily RMBS, which upon assessment have been determined to meet the definition of PCD investments. Additionally, structured securities classified as beneficial interests follow the initial measurement guidance for PCD investments if there is a significant difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The initial allowance for credit losses for PCD investments is recorded through a gross-up adjustment to the initial amortized cost. For structured securities classified as beneficial interests, the initial allowance is calculated as the present value of the difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The non-credit purchase discount or premium is amortized into investment income using the effective interest method. The credit discount, represented by the allowance for expected credit losses, is remeasured each period following the policies for measuring credit losses described in *Credit Losses – Available-for-Sale Securities* section below.

Mortgage Loans

Athene elected the fair value option on its mortgage loan portfolio. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. Interest is accrued on loans until it is probable it will not be received, or the loan is 90 days past due, unless guaranteed by U.S. government-sponsored agencies. Interest income and prepayment fees are reported in net investment income on the condensed consolidated statements of operations. Changes in the fair value of the mortgage loan portfolio are reported in investment related gains (losses) on the condensed consolidated statements of operations.

Investment Funds

Athene invests in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which it does not hold a controlling financial interest, Athene typically accounts for such investments using the equity method, where the cost is recorded as an investment in the fund, or it has elected the fair value option. Adjustments to the carrying amount reflect pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner.

Athene's proportionate share of investment fund income is recorded within net investment income on the condensed consolidated statements of operations. Contributions paid or distributions received by Athene are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

Policy Loans

Policy loans are funds provided to policyholders in return for a claim on the policyholder's account balance. The funds provided are limited to a specified percentage of the account balance. The majority of policy loans do not have a stated maturity and the balances and accrued interest are repaid with proceeds from the policyholder's account balance. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in net investment income on the condensed consolidated statements of operations.

Funds Withheld at Interest

Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance ("funds withheld") and modified coinsurance ("modco") reinsurance agreements in which Athene is the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

Short-term Investments

Short-term investments consist of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with the policies for those investments. Short-term loans are carried at amortized cost.

Other Investments

Other investments includes, but is not limited to, term loans collateralized by mortgages on residential and commercial real estate and other uncollateralized loans. Athene elected the fair value option on these loans. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. Interest on loans is accrued until it is probable it will not be received or the loan is 90 days past due. Interest income and prepayment and other fees are reported in net investment income on the condensed consolidated statements of operations. Changes in fair value are reported in investment related gains (losses) on the condensed consolidated statements of operations.

Investment Income

Investment income is recognized as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupons interest. Realized gains and losses on sales of investments are included in investment related gains (losses) on the condensed consolidated statements of operations. Realized gains and losses on investments sold are determined based on a first-in first-out method.

Credit Losses – Available-for-Sale Securities

AFS securities with a fair value that has declined below amortized cost are evaluated to determine how the decline in fair value should be recognized. If based on the facts and circumstances related to the specific security, Athene intends to sell a security or it is more likely than not that it would be required to sell a security before the recovery of its amortized cost, any existing allowance for expected credit losses is reversed and the amortized cost of the security is written down to fair value. If neither of these conditions exist, the decline in fair value is evaluated to determine whether it has resulted from a credit loss or other factors.

For non-structured AFS securities, relevant facts and circumstances are qualitatively considered in evaluating whether a decline below fair value is credit-related. Relevant facts and circumstances include but are not limited to: (1) the extent to which the fair value is less than amortized cost; (2) changes in agency credit ratings, (3) adverse conditions related to the security's industry or geographical area, (4) failure to make scheduled payments, and (5) other known changes in the financial condition of the issuer or quality of any underlying collateral or credit enhancements. For structured AFS securities meeting the definition of beneficial interests, the qualitative assessment is bypassed, and any securities having experienced a decline in fair value below amortized cost move directly to a quantitative analysis.

If upon completion of this analysis it is determined that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited by the amount by which fair value is less than amortized cost. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances, including timing, security interests and loss severity. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. The expected cash flows are discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete a structured security. For securities with a contractual interest rate that varies based on changes in an independent factor, such as an index or rate, the effective interest rate is calculated based on the factor as it changes over the life of the security. Inherently under the discounted cash flow model, both the timing and amount of expected cash flows affect the measurement of the allowance for expected credit losses.

The allowance for expected credit losses is remeasured each period for the passage of time, any change in expected cash flows, and changes in the fair value of the security. All impairments, whether intent or requirement to sell or credit-related, are recorded through a charge to the provision for credit losses within investment related gains (losses) on the condensed consolidated statements of operations. All changes in the allowance for expected credit losses are recorded through the provision for credit losses within investment related gains (losses) on the condensed consolidated statements of operations.

The Company has elected to present accrued interest receivable separately in other assets on the condensed consolidated balance sheets. It has also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance for expected credit losses, as it has a policy to write off such balances in a timely manner, when they become 90 days past due. Any write-off of accrued interest is recorded through a reversal of net investment income on the condensed consolidated statements of operations.

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through the provision for credit losses within investment related gains (losses) on the condensed consolidated statements of operations.

Derivative Instruments

Athene invests in derivatives to hedge the risks experienced from ongoing operations, such as equity, interest rate and cash flow risks, or for other risk management purposes, which primarily involve managing liability risks associated with indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates, foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivative assets and liabilities are carried at fair value on the condensed consolidated statements of financial condition. The Company elects to present any derivatives subject to master netting provisions as a gross asset or liability and gross of collateral. It may designate derivatives as cash flow, fair value or net investment hedges.

Hedge Documentation and Hedge Effectiveness

To qualify for hedge accounting, at the inception of the hedging relationship, Athene formally documents its designation of the hedge as a cash flow, fair value or net investment hedge and risk management objective and strategy for undertaking the hedging transaction. This documentation identifies how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship.

For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI and the related gains or losses on the derivative are reclassified into the condensed consolidated statements of operations when the cash flows of the hedged item affect earnings.

For a fair value hedge, changes in the fair value of the hedging derivative and changes in the fair value of the hedged item related to the designated risk being hedged are reported on the condensed consolidated statements of operations according to the nature of the risk being hedged. Additionally, changes in the fair value of amounts excluded from the assessment of effectiveness are recorded in AOCI and amortized into income over the life of the hedge accounting relationship.

For a net investment hedge, changes in the fair value of the hedging derivative are reported within AOCI to offset the translation adjustments for subsidiaries with functional currencies other than U.S. dollar.

Athene discontinues hedge accounting prospectively when: (1) it determines the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the condensed consolidated statements of financial condition at fair value, with changes in fair value recognized in investment related gains (losses) on the condensed consolidated statements of operations.

For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the condensed consolidated statements of operations.

Embedded Derivatives

Athene issues and reinsures products, primarily indexed annuity products, or purchases investments that contain embedded derivatives. If it determines the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the condensed consolidated statements of operations. Embedded derivatives are carried on the condensed consolidated statements of financial condition at fair value in the same line item as the host contract.

Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain equity market indices. The equity market option is an embedded derivative. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives represents the present value of cash flows attributable to the indexed strategies. The embedded derivative cash flows are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior assumptions, including lapses and the use of benefit riders. The embedded derivative cash flows are discounted using a rate that reflects Athene's own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. Contracts acquired through a business combination which contain an embedded derivative are re-bifurcated as of the acquisition date. Changes in the fair value of embedded derivatives associated with fixed indexed annuities, index-linked variable annuities and indexed universal life insurance contracts are included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Additionally, reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. Athene has determined that the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is included within funds withheld at interest for assumed agreements, and for ceded agreements the funds withheld liability is included in other liabilities on the condensed consolidated statements of financial condition. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the condensed consolidated statements of operations. Assumed and ceded earnings from funds withheld at interest, funds withheld liability and changes in the fair value of embedded derivatives are reported in operating activities on the condensed consolidated statements of cash flows. Contributions to and withdrawals from funds withheld at interest and funds withheld liability are reported in operating activities on the condensed consolidated statements of cash flows.

Reinsurance

Athene assumes and cedes insurance and investment contracts under coinsurance, funds withheld, and modco. Reinsurance accounting is applied for transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must transfer insurance risk arising from uncertainties about both underwriting and timing risks. Cessions under reinsurance do not discharge obligations as the primary insurer, unless the requirements of assumption reinsurance have been met. Athene generally has the right of offset on reinsurance transactions, but has elected to present reinsurance settlement amounts due to and from Athene on a gross basis.

For assets and liabilities ceded under reinsurance agreements, Athene generally applies the same measurement guidance for Athene's directly issued or assumed contracts. Ceded amounts are recorded within reinsurance recoverable on the condensed consolidated statements of financial condition. For reinsurance of in-force contracts that pass risk transfer, the issue year used for the purpose of measuring the reinsurance recoverable is dependent on the effective date of the reinsurance agreement, which may differ from the issue year for the direct or assumed contract. The issue year informs the locked-in discount rate used for the purposes of interest accretion. This may result in different discount rates used for the direct or assumed reserves and ceded reserves when reinsuring an in-force block of insurance contracts. For flow reinsurance of insurance contracts that pass risk transfer, the contracts have the same cash flow assumptions as the direct or assumed contracts when the terms are consistent between those respective contracts and the ceded reinsurance agreement. When Athene recognizes an immediate loss due to the present value of future benefits and expenses exceeding the present value of future gross premiums, a gain is recognized on the corresponding reinsurance recoverable to the extent it does not result in gain recognition at treaty inception. Likewise, where the direct or assumed reserve has been floored to zero, the corresponding reinsurance recoverable will be consistently set to zero. See "Future Policy Benefits" below for further information.

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. Athene attempts to minimize its counterparty credit risk through the structuring of the terms of its reinsurance agreements, including the use of trusts, and monitors credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, Athene records accruals based on the best available information at the time, which includes the reinsurance agreement terms and historical experience. Athene periodically compares actual and anticipated experience to the assumptions used to establish reinsurance assets and liabilities.

Assets and liabilities assumed or ceded under coinsurance, funds withheld, or modco are presented gross on the condensed consolidated statements of financial condition. For investment contracts, the change in the direct or assumed and ceded reserves are presented net in interest sensitive contract benefits on the condensed consolidated statements of operations. For insurance contracts, the change in the direct or assumed and ceded reserves and benefits are presented net in future policy and other policy benefits on the condensed consolidated statements of operations, except for changes related to the discount rate which are presented net in OCI on the condensed consolidated statements of comprehensive income (loss). For market risk benefits, the change in the direct or assumed and ceded reserves are presented net in market risk benefits remeasurement (gain) loss on the condensed consolidated statements of operations, except for changes related to instrument-specific credit risk on direct and assumed contracts which are presented net in OCI on the condensed consolidated statements of comprehensive income (loss).

For the reinsurance of existing in-force blocks that transfer significant insurance risk, the difference between the assets received or paid and the liabilities assumed or ceded represents the net cost of reinsurance at the inception of the reinsurance agreement. The net cost of reinsurance is amortized on a basis consistent with the methodologies and assumptions used to amortize DAC and deferred sales inducements ("DSI").

Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

Deferred Acquisition Costs and Deferred Sales Inducements

Costs related directly to the successful acquisition of new, or the renewal of existing, insurance or investment contracts are deferred. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition. These costs are not capitalized until they are incurred.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are grouped into cohorts based on issue year and contract type and amortized on a constant level basis over the expected term of the related contracts. The cohorts and assumptions used for the amortization of deferred costs are consistent with those used in estimating the related liabilities for these contracts. The constant level basis generally is the initial premium or deposit and is projected based on assumptions related to policyholder behavior, including lapses and mortality, over the expected term of the contracts. Each reporting period, Athene replaces expected experience with actual experience to determine the related amortization expense. Changes to projected experience are recognized in amortization expense prospectively over the remaining contract term. Amortization of DAC and DSI is included in amortization of deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of operations.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. The break-even rate is solved for such that the present value of future liability cash flows is equal to the net liability at the inception of the contract. The deferred costs represent the difference between the net and gross liability and the change relates to amortization for the period.

Value of Business Acquired

Athene establishes VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. It records the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using Athene’s best estimate assumptions as of the business combination date. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative and is amortized in relation to respective policyholder liabilities. Significant assumptions that impact VOBA amortization are consistent with those that impact the measurement of policyholder liabilities. Athene performs periodic tests to determine if positive VOBA remains recoverable. If Athene determines that positive VOBA is not recoverable, Athene records a cumulative charge to the current period. Any negative VOBA is recorded to the same financial statement line on the condensed consolidated statements of financial condition as the associated reserves. Positive VOBA is recorded in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

Interest Sensitive Contract Liabilities

Universal life-type policies and investment contracts include traditional deferred annuities, indexed annuities consisting of fixed indexed and index-linked variable annuities in the accumulation phase, funding agreements, immediate annuities without significant mortality risk (which include pension group annuities without life contingencies), universal life insurance, and other investment contracts inclusive of assumed endowments without significant mortality risk. Athene carries liabilities for traditional deferred annuities, indexed annuities, funding agreements and universal life insurance at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic Financial Group Limited (together with its subsidiaries, “Global Atlantic”), which it carries at fair value. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. Certain of Athene’s universal life-type policies and investment contracts are offered with additional contract features that meet the definition of a market risk benefit. See “Market Risk Benefits” below for further information.

Unearned revenue liabilities are established when amounts are assessed against the policyholder for services to be provided in future periods. These balances are amortized consistent with the methodologies and assumptions used to amortize DAC and DSI.

Changes in interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the condensed consolidated statements of operations. Interest sensitive contract liabilities are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the condensed consolidated statements of financial condition.

Future Policy Benefits

Athene issues contracts classified as long-duration, which include term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which includes pension group annuities with life contingencies). Liabilities for non-participating long-duration contracts are established as the estimated present value of benefits we expect to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. The contracts are grouped into cohorts based on issue year and contract type, with an exception for pension group annuities, which are generally assessed at the group annuity contract level. Contracts with different issuance years are not combined. Contracts acquired in a business combination are grouped into a single cohort by contract type, except for pension group annuities, which follow the group annuity contract level.

Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses, longevity, mortality, morbidity, persistency and other policyholder behavior. Athene bases certain key assumptions, such as longevity, mortality and morbidity, on industry standard data adjusted to align with actual company experience, if needed. Athene has elected to use expense assumptions that are locked in at issuance for each cohort. All other cash flow assumptions are established at contract issuance and reviewed annually or more frequently if actual experience suggests a revision is necessary. The effect of changes in cash flow assumptions impacting the net premium ratio are recorded as remeasurement changes in the period in which they are made. As cash flow assumptions are reviewed at least annually, there is no provision for adverse deviation included within the liability.

Actual experience is recognized in the period in which the experience arises. Actual experience is then incorporated into the net premium ratio for all products and cohorts on a quarterly basis. When the net premium ratio is revised, whether to incorporate actual experience each reporting period or for the review of cash flow assumptions, the liability is recalculated as of the beginning of the period, discounted at the original contract issuance discount rate, and compared with the carrying amount of the liability as of the same date to determine the current period change. The current period change in the liability is recognized as remeasurement gain or loss.

To the extent the present value of future benefits and expenses exceeds the present value of gross premiums, Athene will cap the net premium ratio at one hundred percent by increasing the corresponding liability and recognizing an immediate loss through the condensed consolidated statements of operations. The liability is never recorded at an amount less than zero for the cohort.

The liability for nonparticipating long-duration contracts is discounted using an upper-medium grade fixed income instrument yield aligned to the duration of the liability. In determining reference portfolio of instruments, Athene has used a single A equivalent level rate and maximized the use of observable data to the extent possible for the duration of its liabilities. The discount rate is required to be updated at the end of each reporting period for the remeasurement of the liability but is locked-in for each cohort for the purpose of interest accretion expense.

Changes in the value of the liability for nonparticipating long-duration contracts due to changes in the discount rate are recognized as a component of OCI on the condensed consolidated statements of comprehensive income (loss). The change in the liability for the remeasurement gain or loss and all other changes in the liability is recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits include liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance that do not meet the criteria to be classified as and accounted for as a market risk benefit. Athene establishes future policy benefits for no-lapse guarantees by estimating the expected value of death benefits paid after policyholder account balances have been exhausted. Athene recognizes these benefits proportionally over the life of the contracts based on total actual and expected assessments. The methods Athene uses to estimate the liabilities have assumptions about policyholder behavior, mortality, expected yield on investments supporting the liability and market conditions affecting policyholder account balance growth.

For the liabilities associated with no-lapse guarantees, each reporting period Athene updates expected excess benefits and assessments with actual excess benefits and assessments and adjusts the liability balances due to the OCI effects of unrealized investment gains and losses on AFS securities. Athene also periodically revises the key assumptions used in the calculation of the liabilities that result in revisions to the expected excess benefits and assessments. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made. Changes in the liabilities associated with no-lapse guarantees, other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the condensed consolidated statements of financial condition.

Market Risk Benefits

Market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and expose the insurance entity to, other-than-nominal capital market risk. Athene issues and reinsures deferred annuity contracts which contain guaranteed lifetime withdrawal benefits ("GLWB") and guaranteed minimum death benefit ("GMDB") riders that meet the criteria for, and are classified as, market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset, which are recorded on the condensed consolidated statements of financial condition in market risk benefits or other assets, respectively. Multiple market risk benefits on a contract are treated as a single, compound market risk benefit. At contract inception, Athene assesses the fees and assessments that are collectible from the policyholder and allocate them to the extent they are attributable to the market risk benefit. These attributed fees are used in the valuation of the market risk benefits and are never negative or exceed total explicit fees collectible from the policyholder. If the fees are sufficient to cover the projected benefits, a non-option based valuation model is used. If the fees are insufficient to cover the projected benefits, an option-based valuation model is used to compute the market risk benefit liability at contract inception, with an equal and offsetting adjustment recognized in interest sensitive contract liabilities.

Changes in fair value of market risk benefits are recorded in market risk benefits remeasurement (gain) loss on the condensed consolidated statements of operations, excluding portions attributed to changes in instrument-specific credit risk, which are recorded in OCI on the condensed consolidated statements of comprehensive income (loss). Market risk benefits are not reduced for market risk benefits ceded under reinsurance agreements. Ceded market risk benefits are measured at fair value and recorded within reinsurance recoverable on the condensed consolidated statements of financial condition.

Upon annuitization of the contract or the extinguishment of the account balance, the market risk benefit, related annuity contract and unamortized deferred costs are derecognized, including amounts within AOCI. A payout annuity is then established for GLWBs.

Revenues

Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. When premiums are due over a significantly shorter period than the period over which benefits are provided, such as immediate annuities with life contingencies (which includes pension group annuities), a deferred profit liability is established equal to the excess of the gross premium over the net premium. The deferred profit liability is recognized in future policy benefits on the condensed consolidated statements of financial condition and amortized into income in relation to applicable policyholder liabilities through future policy and other policy benefits on the condensed consolidated statements of operations.

When the net premium ratio for the corresponding future policy benefit is updated for actual experience and changes to projected cash flow assumptions, the deferred profit liability is retrospectively recalculated from the contract issuance date through the beginning of the current reporting period. The revised deferred profit liability is compared to the beginning of the period carrying amount to determine the change to be recognized as a remeasurement gain or loss within future policy and other policy benefits on the condensed consolidated statements of operations. Unlike the related future policy benefit, the deferred profit liability will not be remeasured for changes in discount rates each reporting period. Negative VOBA balances associated with payout contracts involving life contingencies, including pension group annuities, are accounted for in a manner similar to the deferred profit liability.

All insurance-related revenue is reported net of reinsurance ceded.

3. Adoption of Accounting Pronouncement

The following table summarizes future policy benefits and changes to the liability:

(In millions)	Traditional deferred annuities	Indexed annuities	Payout annuities	Reconciling items[1]	Total
Balance as of January 1, 2022	$ 221	$ 5,389	$ 32,872	$ 8,632	$ 47,114
Change in discount rate assumptions	—	—	2,406	—	2,406
Adjustment for removal of balances related to market risk benefits	(221)	(5,389)	—	—	(5,610)
Adjustment for offsetting balance in negative VOBA[2]	—	—	—	(2,428)	(2,428)
Adjusted balance as of January 1, 2022	$ —	$ —	$ 35,278	$ 6,204	$ 41,482

[1] Reconciling items primarily include negative VOBA associated with our liability for future policy benefits, as well as reserves for our immaterial lines of business including term and whole life, accident and health and disability, as well as other insurance benefit reserves for our no-lapse guarantees with universal life contracts, all of which are fully ceded.

[2] Uneliminated adjustments were recorded to positive VOBA within deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

Adjustments to the deferred profit liability were not required as these balances were set to zero on the Merger Date. Since the liability for future policy benefits was measured at fair value on the Merger Date, there were no instances upon transition in which net premiums exceeded gross premiums which would have required an immediate loss to be recognized in net income.

The following table presents the net liability position of market risk benefits:

(In millions)	Traditional deferred annuities	Indexed annuities	Total
Balance as of January 1, 2022	$ —	$ —	$ —
Adjustment for addition of existing balances[1]	221	5,389	5,610
Adjustment to positive VOBA due to fair value adjustment for market risk benefits[2]	32	(1,165)	(1,133)
Adjustment to negative VOBA due to fair value adjustment for market risk benefits[3]	—	(30)	(30)
Adjusted balance as of January 1, 2022	$ 253	$ 4,194	$ 4,447

[1] Previously recorded within future policy benefits on the condensed consolidated statements of financial condition.

[2] Previously recorded within deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

[3] Previously recorded within interest sensitive contract liabilities on the condensed consolidated statements of financial condition.

The following table represents market risk benefits by asset and liability positions:

(In millions)	Asset[1]	Liability	Net liability
Traditional deferred annuities	$ —	$ 253	$ 253
Indexed annuities	366	4,560	4,194
Adjusted balance as of January 1, 2022	$ 366	$ 4,813	$ 4,447

[1] Included within other assets on the condensed consolidated statements of financial condition.

The following table summarizes the change in deferred acquisition costs, deferred sales inducements and value of business acquired:

(In millions)	VOBA
Balance as of January 1, 2022	$ 4,527
Change in discount rate assumptions for future policy benefits	(22)
Fair value adjustment of market risk benefits	(1,133)
Adjusted balance as of January 1, 2022	$ 3,372

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's consolidated statement of financial condition:

	December 31, 2022		
(In millions)	Reported	Adoption	Adjusted
Assets			
Retirement Services			
Reinsurance recoverable	$ 4,367	$ (9)	$ 4,358
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,576	(1,110)	4,466
Other assets	10,902	(997)	9,905
Total Assets	**$ 259,333**	**$ (2,116)**	**$ 257,217**
Liabilities and Equity			
Liabilities			
Retirement Services			
Interest sensitive contract liabilities	$ 173,653	$ (37)	$ 173,616
Future policy benefits	55,328	(13,218)	42,110
Market risk benefits	—	2,970	2,970
Total Liabilities	**252,104**	**(10,285)**	**241,819**
Equity			
Retained earnings (accumulated deficit)	(2,259)	1,252	(1,007)
Accumulated other comprehensive income (loss)	(12,326)	4,991	(7,335)
Total Apollo Global Management, Inc. Stockholders' Equity	397	6,243	6,640
Non-controlling interests	5,800	1,926	7,726
Total Equity	**6,197**	**8,169**	**14,366**
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 259,333**	**$ (2,116)**	**$ 257,217**

APOLLO GLOBAL MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company’s condensed consolidated statements of operations:

	Three months ended March 31, 2022		
(In millions, except per share data)	**Reported**	**Adoption**	**Adjusted**
Revenues			
Retirement Services			
Investment related gains (losses)	$ (4,217)	$ (13)	$ (4,230)
Total Revenues	875	(13)	862
Expenses			
Retirement Services			
Interest sensitive contract benefits	(41)	(58)	(99)
Future policy and other policy benefits	2,085	99	2,184
Market risk benefits remeasurement (gains) losses	—	(622)	(622)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	125	(27)	98
Policy and other operating expenses	308	1	309
Total Expenses	3,391	(607)	2,784
Income (loss) before income tax (provision) benefit	(2,138)	594	(1,544)
Income tax (provision) benefit	608	(123)	485
Net income (loss)	(1,530)	471	(1,059)
Net (income) loss attributable to non-controlling interests	660	(2)	658
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (870)	$ 469	$ (401)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (1.50)	$ 0.80	$ (0.70)

	Six months ended June 30, 2022		
(In millions, except per share data)	**Reported**	**Adoption**	**Adjusted**
Revenues			
Retirement Services			
Investment related gains (losses)	$ (9,976)	$ 1	$ (9,975)
Total Revenues	3,147	1	3,148
Expenses			
Retirement Services			
Interest sensitive contract benefits	(662)	(90)	(752)
Future policy and other policy benefits	7,694	266	7,960
Market risk benefits remeasurement (gains) losses	—	(1,231)	(1,231)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	250	(44)	206
Policy and other operating expenses	639	4	643
Total Expenses	9,332	(1,095)	8,237
Income (loss) before income tax (provision) benefit	(5,627)	1,096	(4,531)
Income tax (provision) benefit	1,095	(229)	866
Net income (loss)	(4,532)	867	(3,665)
Net (income) loss attributable to non-controlling interests	1,611	16	1,627
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (2,921)	$ 883	$ (2,038)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (5.03)	$ 1.51	$ (3.52)

APOLLO GLOBAL MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Nine months ended September 30, 2022		
(In millions, except per share data)	**Reported**	**Adoption**	**Adjusted**
Revenues			
Retirement Services			
Investment related gains (losses)	$ (12,823)	$ 1	$ (12,822)
Total Revenues	6,126	1	6,127
Expenses			
Retirement Services			
Interest sensitive contract benefits	(573)	(8)	(581)
Future policy and other policy benefits	10,988	242	11,230
Market risk benefits remeasurement (gains) losses	—	(1,689)	(1,689)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	375	(57)	318
Policy and other operating expenses	982	3	985
Total Expenses	13,767	(1,509)	12,258
Income (loss) before income tax (provision) benefit	(6,986)	1,510	(5,476)
Income tax (provision) benefit	1,280	(318)	962
Net income (loss)	(5,706)	1,192	(4,514)
Net (income) loss attributable to non-controlling interests	1,909	4	1,913
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (3,797)	$ 1,196	$ (2,601)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (6.55)	$ 2.04	$ (4.51)

	Year ended December 31, 2022		
(In millions, except per share data)	**Reported**	**Adoption**	**Adjusted**
Total Revenues	$ 10,968	$ —	$ 10,968
Expenses			
Retirement Services			
Interest sensitive contract benefits	541	(3)	538
Future policy and other policy benefits	12,310	155	12,465
Market risk benefits remeasurement (gains) losses	—	(1,657)	(1,657)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	509	(65)	444
Policy and other operating expenses	1,371	1	1,372
Total Expenses	17,480	(1,569)	15,911
Income (loss) before income tax (provision) benefit	(5,815)	1,569	(4,246)
Income tax (provision) benefit	1,069	(330)	739
Net income (loss)	(4,746)	1,239	(3,507)
Net (income) loss attributable to non-controlling interests	1,533	13	1,546
Net income (loss) attributable to Apollo Global Management, Inc. common stockholders	$ (3,213)	$ 1,252	$ (1,961)
Earnings (loss) per share			
Net income (loss) attributable to common stockholders - Basic and Diluted	$ (5.57)	$ 2.14	$ (3.43)

APOLLO GLOBAL MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's condensed consolidated statements of comprehensive income (loss):

	Three months ended March 31, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (1,530)	$ 471	$ (1,059)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(6,431)	(267)	(6,698)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	3,562	3,562
Remeasurement gains (losses) on market risk benefits related to credit risk	—	397	397
Foreign currency translation and other adjustments	(2)	(7)	(9)
Other comprehensive income (loss), before tax	(6,560)	3,685	(2,875)
Income tax expense (benefit) related to other comprehensive income (loss)	(1,170)	555	(615)
Other comprehensive income (loss)	(5,390)	3,130	(2,260)
Comprehensive income (loss)	(6,920)	3,601	(3,319)
Comprehensive (income) loss attributable to non-controlling interests	1,379	(776)	603
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (5,541)	$ 2,825	$ (2,716)

	Six months ended June 30, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (4,532)	$ 867	$ (3,665)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(13,705)	(547)	(14,252)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	6,459	6,459
Remeasurement gains (losses) on market risk benefits related to credit risk	—	576	576
Foreign currency translation and other adjustments	(92)	(27)	(119)
Other comprehensive income (loss), before tax	(13,843)	6,461	(7,382)
Income tax expense (benefit) related to other comprehensive income (loss)	(2,453)	960	(1,493)
Other comprehensive income (loss)	(11,390)	5,501	(5,889)
Comprehensive income (loss)	(15,922)	6,368	(9,554)
Comprehensive (income) loss attributable to non-controlling interests	3,216	(1,396)	1,820
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (12,706)	$ 4,972	$ (7,734)

	Nine months ended September 30, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (5,706)	$ 1,192	$ (4,514)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(19,404)	(764)	(20,168)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	8,833	8,833
Remeasurement gains (losses) on market risk benefits related to credit risk	—	524	524
Foreign currency translation and other adjustments	(81)	(59)	(140)
Other comprehensive income (loss), before tax	(19,611)	8,534	(11,077)
Income tax expense (benefit) related to other comprehensive income (loss)	(3,444)	1,224	(2,220)
Other comprehensive income (loss)	(16,167)	7,310	(8,857)
Comprehensive income (loss)	(21,873)	8,502	(13,371)
Comprehensive (income) loss attributable to non-controlling interests	4,323	(2,024)	2,299
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (17,550)	$ 6,478	$ (11,072)

	Year ended December 31, 2022		
(In millions)	Reported	Adoption	Adjusted
Net income (loss)	$ (4,746)	$ 1,239	$ (3,507)
Other comprehensive income (loss), before tax			
Unrealized investment gains (losses) on available-for-sale securities	(17,459)	(699)	(18,158)
Remeasurement gains (losses) on future policy benefits related to discount rate	—	8,425	8,425
Remeasurement gains (losses) on market risk benefits related to credit risk	—	366	366
Foreign currency translation and other adjustments	(46)	(12)	(58)
Other comprehensive income (loss), before tax	(17,501)	8,080	(9,421)
Income tax expense (benefit) related to other comprehensive income (loss)	(3,083)	1,150	(1,933)
Other comprehensive income (loss)	(14,418)	6,930	(7,488)
Comprehensive income (loss)	(19,164)	8,169	(10,995)
Comprehensive (income) loss attributable to non-controlling interests	3,630	(1,926)	1,704
Comprehensive income (loss) attributable to Apollo Global Management, Inc.	$ (15,534)	$ 6,243	$ (9,291)

The Company made corresponding adjustments to the condensed consolidated statements of equity for the relevant periods to reflect the changes to net income (loss) and comprehensive income (loss), as presented above.

The following represents the effects of LDTI adoption on the applicable financial statement lines of the Company's condensed consolidated statements of cash flows:

	Three months ended March 31, 2022		
(In millions)	Reported	Adoption	Adjusted
Net income (loss)	$ (1,530)	$ 471	$ (1,059)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Net recognized (gains) losses on investments and derivatives	1,659	12	1,671
Depreciation and amortization	133	(27)	106
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(480)	(68)	(548)
Future policy benefits, market risk benefits and reinsurance recoverable	(266)	(510)	(776)
Other assets and liabilities, net	2,067	122	2,189
Net cash used in operating activities	(3,993)	—	(3,993)
Net cash provided by investing activities	3,103	—	3,103
Net cash provided by financing activities	11,240	—	11,240
Effect of exchange rate changes on cash and cash equivalents	(4)	—	(4)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	10,346	—	10,346
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 12,434	$ —	$ 12,434

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	Six months ended June 30, 2022		
(In millions)	Reported	Adoption	Adjusted
Net income (loss)	$ (4,532)	$ 867	$ (3,665)
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Depreciation and amortization	271	(44)	227
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(1,604)	(120)	(1,724)
Future policy benefits, market risk benefits and reinsurance recoverable	3,933	(933)	3,000
Other assets and liabilities, net	3,365	230	3,595
Net cash used in operating activities	(20)	—	(20)
Net cash used in investing activities	(818)	—	(818)
Net cash provided by financing activities	13,280	—	13,280
Effect of exchange rate changes on cash and cash equivalents	(20)	—	(20)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	12,422	—	12,422
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 14,510	$ —	$ 14,510

	Nine months ended September 30, 2022		
(In millions)	Reported	Adoption	Adjusted
Net income (loss)	$ (5,706)	$ 1,192	$ (4,514)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Net recognized (gains) losses on investments and derivatives	5,856	(1)	5,855
Depreciation and amortization	433	(57)	376
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(2,002)	(50)	(2,052)
Future policy benefits, market risk benefits and reinsurance recoverable	5,240	(1,403)	3,837
Other assets and liabilities, net	4,909	319	5,228
Net cash provided by operating activities	2,324	—	2,324
Net cash used in investing activities	(12,171)	—	(12,171)
Net cash provided by financing activities	21,013	—	21,013
Effect of exchange rate changes on cash and cash equivalents	(18)	—	(18)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	11,148	—	11,148
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 13,236	$ —	$ 13,236

APOLLO GLOBAL MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Year ended December 31, 2022		
(In millions)	**Reported**	**Adoption**	**Adjusted**
Net income (loss)	$ (4,746)	$ 1,239	$ (3,507)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	594	(65)	529
Changes in operating assets and liabilities:			
Interest sensitive contract liabilities	(1,269)	(68)	(1,337)
Future policy benefits, market risk benefits and reinsurance recoverable	5,339	(1,438)	3,901
Other assets and liabilities	3,049	332	3,381
Net cash provided by operating activities	3,789	—	3,789
Net cash used in investing activities	(23,444)	—	(23,444)
Net cash provided by financing activities	28,710	—	28,710
Effect of exchange rate changes on cash and cash equivalents	(15)	—	(15)
Net increase in cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities	9,040	—	9,040
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, Beginning of Period	2,088	—	2,088
Cash and cash equivalents, restricted cash and cash equivalents, and cash and cash equivalents held at consolidated variable interest entities, End of Period	$ 11,128	$ —	$ 11,128

4. Merger with Athene

On January 1, 2022, Apollo and Athene completed the previously announced merger transactions pursuant to the Merger Agreement. As a result of the Mergers, AAM and AHL became subsidiaries of AGM.

Under the Merger Agreement, each issued and outstanding Athene common share was converted automatically into1.149 shares of common stock of AGM and any cash paid in lieu of fractional shares. The purchase price was as follows:

(In millions, except share price data and exchange ratio)		
AHL common shares purchased		138
Exchange ratio		1.149
Shares of common stock issued in exchange		158
AGM Class A shares closing price	$	72.43
Total merger consideration at closing	$	11,455
Fair value of estimated RSUs, options and warrants assumed and other equity consideration[1,2]		699
Effective settlement of pre-existing relationships[3]		896
Total merger consideration		13,050
Fair value of AHL common shares previously held (55 million shares) and other adjustments[4,5]		4,554
Total AHL equity value held by AGM		17,604
Non-controlling interest[6]		4,942
Total AHL equity value	$	22,546

[1] AGM issued one-time grants of fully vested RSUs and options to certain executives and shareholders of Athene vesting upon consummation of the Mergers. Additionally, all issued and outstanding warrants of Athene prior to the Merger Date were exchanged for shares of AGM common stock at the time of the Mergers. The fair value of these awards is $600 million and is treated as part of consideration transferred.

[2] AGM issued replacement awards for all outstanding Athene equity awards. $ 99 million was included as part of consideration for the portion that was attributable to pre-combination services and $ 53 million will be treated as post-combination compensation expense.

[3] The pre-existing relationship related to receivables, payables, and dividends between Apollo and Athene. Total fees payable to AGM by Athene for asset management and advisory services were approximately $146 million. A cash dividend of $ 750 million was declared by Athene to its common shareholders with Apollo owning 100% of the common shares as of the dividend record date.

[4] Based on the December 31, 2021 closing price of AHL common shares on the NYSE.

[5] Other adjustments includes pushdown of goodwill arising out of deferred tax liabilities associated with identifiable net assets of Athene.

[6] Non-controlling interest in Athene includes holders of Athene's preferred shares and third-party investors in ACRA 1 and in consolidated VIEs of Athene. The fair value of Athene's preferred shares was based on the closing stock price of Athene's preferred shares immediately prior to the consummation of the Athene merger and the fair value of the non-controlling interest in ACRA 1 was determined using the discounted distribution model approach.

The Mergers were accounted for as a business combination. The consideration was allocated to Athene's assets acquired and liabilities assumed based on estimates of their fair values as of the Merger Date. The business combination was achieved in steps. The Company previously held its equity interests in the acquiree at fair value.

Goodwill of $4.1 billion was recorded based on the amount that the Athene equity value exceeded the fair value of the net assets acquired less the amounts attributable to non-controlling interests. Goodwill is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved subsequent to the Mergers. The goodwill recorded is not expected to be deductible for tax purposes. Goodwill on the condensed consolidated statements of financial position includes the impacts of foreign currency translation.

The financial statements were not retrospectively adjusted for the changes to the provisional values of assets acquired and liabilities assumed that occurred in subsequent periods. Adjustments were recognized as information related to the preliminary fair value calculation was obtained. The effect on earnings of changes in depreciation, amortization, or other income effects, as a result of changes to the provisional amounts, were recorded in the same period as the financial statements, calculated as if the accounting had been completed at the Merger Date.

The following table summarizes the fair value amounts recognized for the assets acquired and liabilities assumed and resulting goodwill as of the Merger Date:

(In millions)	Fair Value and Goodwill Calculation
Merger consideration	$ 13,050
Fair value of previously held equity interest	4,554
Total Athene Value to be Held by the Company	17,604
Total Value to Allocate	
Investments	176,015
Cash and cash equivalents	9,479
Restricted cash and cash equivalents	796
Investment in related parties	33,863
Reinsurance recoverable	4,977
VOBA	3,372
Assets of consolidated variable interest entities	3,635
Other assets	6,115
Estimated fair value of total assets acquired (excluding goodwill)	238,252
Interest sensitive contract liabilities	160,241
Future policy benefits	41,482
Market risk benefits	4,813
Debt	3,295
Payables for collateral on derivatives and securities to repurchase	7,044
Liabilities of consolidated variable interest entities	461
Other liabilities	2,443
Estimated fair value of total liabilities assumed	219,779
Non-controlling interest	4,942
Estimated fair value of net assets acquired, excluding goodwill	13,531
Goodwill attributable to Athene	$ 4,073

The Company finalized purchase accounting during the fourth quarter of 2022. During the year ended December 31, 2022, the Company recorded adjustments which decreased provisional goodwill by $108 million. The adjustments were comprised of $25 million for measurement period adjustments and $83 million to adjust the valuation of an investment. The measurement period adjustments were primarily related to decreases in interest sensitive contract liabilities and future policy benefits and the effects to the condensed consolidated statements of operations were immaterial to those periods.

The Company performed a valuation of the acquired investments, policy liabilities, VOBA, other identifiable intangibles, and funds withheld at interest payables and receivables using methodologies consistent with those described in note 2 and note 8.

Value of business acquired and Other identifiable intangible assets

VOBA represents the difference between the fair value of liabilities acquired and reserves established using best estimate assumptions at the Merger Date. Other identifiable intangible assets are included in other assets on the condensed consolidated statements of financial condition and summarized as follow:

Distribution Channels	Trade Name	Insurance Licenses
These assets are valued using the excess earnings method, which derives value based on the present value of the cash flow attributable to the distribution channels, less returns for contributory assets. Amortization of these assets is on a straight-line basis.	This represents the Athene trade name and was valued using the relief-from-royalty method considering publicly available third-party trade name royalty rates as well as expected premiums generated by the use of the trade name over its anticipated life. Amortization of this asset is on a straight-line basis.	Licenses are protected through registration and were valued using the market approach based on third-party market transactions from which the prices paid for state insurance licenses could be derived. These assets are not amortized.

The fair value and weighted average estimated useful lives of VOBA and other identifiable intangible assets acquired in the Mergers consist of the following:

	Fair value (in millions)	Average useful life (in years)
VOBA Asset	$ 3,372	7
Distribution Channels	1,870	18
Trade Name	160	20
State Insurance Licenses	26	Indefinite
Total	$ 5,428	

As of the Merger Date, Athene's financial results are reflected in these condensed consolidated financial statements. Athene's revenues of $1,994 million and $1,747 million and net income (loss) of $(2,746) million and $(3,588) million are included in the condensed consolidated statement of operations for the three and six months ended June 30, 2022, respectively.

5. Investments

The following table outlines the Company’s investments:

(In millions)	June 30, 2023	December 31, 2022
Asset Management		
Investments, at fair value	$ 1,402	$ 1,320
Equity method investments	1,043	979
Performance allocations	2,805	2,574
U.S. Treasury securities, at fair value	248	709
Total Investments – Asset Management	5,498	5,582
Retirement Services		
AFS securities, at fair value	$ 128,559	$ 112,225
Trading securities, at fair value	2,495	2,473
Equity securities	1,609	1,766
Mortgage loans, at fair value	35,964	28,756
Investment funds	1,759	1,648
Policy loans	336	347
Funds withheld at interest	36,861	42,688
Derivative assets	5,114	3,309
Short-term investments	1,541	2,160
Other investments	1,084	1,076
Total Investments, including related parties – Retirement Services	215,322	196,448
Total Investments	$ 220,820	$ 202,030

Asset Management

Net Gains (Losses) from Investment Activities

The following outlines realized and net change in unrealized gains (losses) reported in net gains (losses) from investment activities:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Realized gains (losses) on sales of investments, net	$ (6)	$ (4)	$ (1)	$ (6)
Net change in unrealized gains (losses) due to changes in fair value	26	150	19	186
Net gains (losses) from investment activities	$ 20	$ 146	$ 18	$ 180

Performance Allocations

Performance allocations receivable is recorded within investments in the condensed consolidated statements of financial condition.The table below provides a roll forward of the performance allocations balance:

(In millions)	Total
Performance allocations, January 1, 2023	$ 2,574
Change in fair value of funds	583
Fund distributions to the Company	(352)
Performance allocations, June 30, 2023	$ 2,805

The change in fair value of funds excludes the general partner obligation to return previously distributed performance allocations, which is recorded in due to related parties in the condensed consolidated statements of financial condition.

The timing of the payment of performance allocations due to the general partner or investment manager varies depending on the terms of the applicable fund agreements. Generally, performance allocations with respect to the private equity funds and certain credit and real assets funds are payable and are distributed to the fund's general partner upon realization of an investment if the fund's cumulative returns are in excess of the preferred return.

Retirement Services

AFS Securities

The following table represents the amortized cost, allowance for credit losses, gross unrealized gains and losses and fair value of Athene's AFS investments by asset type:

	June 30, 2023				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
U.S. government and agencies	$ 5,564	$ —	$ 3	$ (746)	$ 4,821
U.S. state, municipal and political subdivisions	1,301	—	—	(247)	1,054
Foreign governments	1,285	(27)	9	(259)	1,008
Corporate	80,329	(73)	130	(12,976)	67,410
CLO	19,320	(3)	174	(970)	18,521
ABS	12,169	(35)	17	(801)	11,350
CMBS	5,064	(6)	11	(569)	4,500
RMBS	7,210	(377)	185	(530)	6,488
Total AFS securities	132,242	(521)	529	(17,098)	115,152
AFS securities – related parties					
Corporate	1,401	—	—	(58)	1,343
CLO	3,980	—	21	(195)	3,806
ABS	8,588	(1)	17	(346)	8,258
Total AFS securities – related parties	13,969	(1)	38	(599)	13,407
Total AFS securities, including related parties	$ 146,211	$ (522)	$ 567	$ (17,697)	$ 128,559

	December 31, 2022				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
U.S. government and agencies	$ 3,333	$ —	$ —	$ (756)	$ 2,577
U.S. state, municipal and political subdivisions	1,218	—	—	(291)	927
Foreign governments	1,207	(27)	3	(276)	907
Corporate	74,644	(61)	92	(13,774)	60,901
CLO	17,722	(7)	115	(1,337)	16,493
ABS	11,447	(29)	15	(906)	10,527
CMBS	4,636	(5)	6	(479)	4,158
RMBS	6,775	(329)	64	(596)	5,914
Total AFS securities	120,982	(458)	295	(18,415)	102,404
AFS securities – related parties					
Corporate	1,028	—	1	(47)	982
CLO	3,346	(1)	10	(276)	3,079
ABS	6,066	—	3	(309)	5,760
Total AFS securities – related parties	10,440	(1)	14	(632)	9,821
Total AFS securities, including related parties	$ 131,422	$ (459)	$ 309	$ (19,047)	$ 112,225

The amortized cost and fair value of AFS securities, including related parties, are shown by contractual maturity below:

	June 30, 2023	
(In millions)	Amortized Cost	Fair Value
AFS securities		
Due in one year or less	$ 1,701	$ 1,662
Due after one year through five years	15,322	14,243
Due after five years through ten years	22,000	18,953
Due after ten years	49,456	39,435
CLO, ABS, CMBS and RMBS	43,763	40,859
Total AFS securities	132,242	115,152
AFS securities – related parties		
Due after one year through five years	889	864
Due after five years through ten years	131	128
Due after ten years	381	351
CLO and ABS	12,568	12,064
Total AFS securities – related parties	13,969	13,407
Total AFS securities, including related parties	$ 146,211	$ 128,559

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities

The following summarizes the fair value and gross unrealized losses for AFS securities, including related parties, for which an allowance for credit losses has not been recorded, aggregated by asset type and length of time the fair value has remained below amortized cost:

	June 30, 2023					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
U.S. government and agencies	$ 2,092	$ (51)	$ 2,365	$ (695)	$ 4,457	$ (746)
U.S. state, municipal and political subdivisions	116	(4)	898	(243)	1,014	(247)
Foreign governments	137	(2)	829	(256)	966	(258)
Corporate	14,711	(729)	47,967	(12,225)	62,678	(12,954)
CLO	1,150	(18)	12,364	(910)	13,514	(928)
ABS	4,147	(131)	4,363	(573)	8,510	(704)
CMBS	819	(24)	1,670	(443)	2,489	(467)
RMBS	754	(22)	1,798	(263)	2,552	(285)
Total AFS securities	23,926	(981)	72,254	(15,608)	96,180	(16,589)
AFS securities – related parties						
Corporate	732	(25)	361	(32)	1,093	(57)
CLO	479	(27)	2,310	(167)	2,789	(194)
ABS	3,840	(159)	2,059	(176)	5,899	(335)
Total AFS securities – related parties	5,051	(211)	4,730	(375)	9,781	(586)
Total AFS securities, including related parties	$ 28,977	$ (1,192)	$ 76,984	$ (15,983)	$ 105,961	$ (17,175)

	December 31, 2022					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
U.S. government and agencies	$ 2,539	$ (756)	$ —	$ —	$ 2,539	$ (756)
U.S. state, municipal and political subdivisions	911	(291)	—	—	911	(291)
Foreign governments	891	(275)	—	—	891	(275)
Corporate	58,256	(13,773)	—	—	58,256	(13,773)
CLO	13,486	(1,277)	—	—	13,486	(1,277)
ABS	8,119	(801)	—	—	8,119	(801)
CMBS	2,650	(427)	—	—	2,650	(427)
RMBS	2,621	(365)	—	—	2,621	(365)
Total AFS securities	89,473	(17,965)	—	—	89,473	(17,965)
AFS securities – related parties						
Corporate	619	(47)	—	—	619	(47)
CLO	2,752	(273)	—	—	2,752	(273)
ABS	5,487	(308)	—	—	5,487	(308)
Total AFS securities – related parties	8,858	(628)	—	—	8,858	(628)
Total AFS securities, including related parties	$ 98,331	$ (18,593)	$ —	$ —	$ 98,331	$ (18,593)

The following summarizes the number of AFS securities that were in an unrealized loss position, including related parties, for which an allowance for credit losses has not been recorded:

	June 30, 2023	
	Unrealized Loss Position	Unrealized Loss Position 12 Months or More
AFS securities	9,345	7,580
AFS securities – related parties	190	113

The unrealized losses on AFS securities can primarily be attributed to changes in market interest rates since acquisition. Athene did not recognize the unrealized losses in income, unless as required for hedge accounting, as it intends to hold these securities and it is not more likely than not it will be required to sell a security before the recovery of its amortized cost.

Allowance for Credit Losses

The following table summarizes the activity in the allowance for credit losses for AFS securities by asset type:

	Three months ended June 30, 2023					
		Additions		Reductions		
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities						
Foreign governments	$ 27	$ —	$ —	$ —	$ —	$ 27
Corporate	79	—	—	—	(6)	73
CLO	4	—	—	—	(1)	3
ABS	31	1	—	—	3	35
CMBS	5	2	—	—	(1)	6
RMBS	356	8	11	(4)	6	377
Total AFS securities	502	11	11	(4)	1	521
AFS securities – related parties						
CLO	1	—	—	—	(1)	—
ABS	—	1	—	—	—	1
Total AFS securities – related parties	1	1	—	—	(1)	1
Total AFS securities including related parties	$ 503	$ 12	$ 11	$ (4)	$ —	$ 522

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Three months ended June 30, 2022					
		Additions		Reductions		
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities						
Foreign governments	$ 66	$ —	$ —	$ —	$ (5)	$ 61
Corporate	55	6	—	—	9	70
CLO	18	4	—	—	85	107
ABS	11	4	—	—	(1)	14
CMBS	6	8	—	—	(5)	9
RMBS	312	20	1	(9)	24	348
Total AFS securities	468	42	1	(9)	107	609
AFS securities – related parties						
CLO	3	—	—	—	16	19
ABS	17	1	—	—	(17)	1
Total AFS securities – related parties	20	1	—	—	(1)	20
Total AFS securities including related parties	$ 488	$ 43	$ 1	$ (9)	$ 106	$ 629

	Six months ended June 30, 2023					
		Additions		Reductions		
(In millions)	Beginning balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Additions (reductions) to previously impaired securities	Ending Balance
AFS Securities						
Foreign governments	$ 27	$ —	$ —	$ —	$ —	$ 27
Corporate	61	21	—	(6)	(3)	73
CLO	7	1	—	—	(5)	3
ABS	29	1	—	—	5	35
CMBS	5	3	—	—	(2)	6
RMBS	329	11	39	(8)	6	377
Total AFS securities	458	37	39	(14)	1	521
AFS securities – related parties						
CLO	1	—	—	—	(1)	—
ABS	—	1	—	—	—	1
Total AFS securities – related parties	1	1	—	—	(1)	1
Total AFS securities including related parties	$ 459	$ 38	$ 39	$ (14)	$ —	$ 522

	Six months ended June 30, 2022					
		Additions		Reductions		
(In millions)	Beginning balance[1]	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Additions (reductions) to previously impaired securities	Ending Balance
AFS securities						
Foreign governments	$ —	$ 66	$ —	$ —	$ (5)	61
Corporate	—	61	—	—	9	70
CLO	—	22	—	—	85	107
ABS	5	9	—	—	—	14
CMBS	—	14	—	—	(5)	9
RMBS	306	29	1	(17)	29	348
Total AFS securities	311	201	1	(17)	113	609
AFS securities – related parties						
CLO	—	3	—	—	16	19
ABS	—	18	—	—	(17)	1
Total AFS securities – related parties	—	21	—	—	(1)	20
Total AFS securities, including related parties	$ 311	$ 222	$ 1	$ (17)	$ 112	$ 629

[1] Beginning balance reflects allowances established at the time of the Mergers under purchase accounting for PCD investments.

Net Investment Income

Net investment income by asset class consists of the following:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
AFS securities	$ 1,649	$ 930	$ 3,118	$ 1,785
Trading securities	44	48	86	92
Equity securities	25	9	40	24
Mortgage loans	543	297	990	534
Investment funds	27	104	61	315
Funds withheld at interest	453	476	882	813
Other	219	48	407	90
Investment revenue	2,960	1,912	5,584	3,653
Investment expenses	(12)	(9)	(24)	(19)
Net investment income	$ 2,948	$ 1,903	$ 5,560	$ 3,634

Investment Related Gains (Losses)

Investment related gains (losses) by asset class consists of the following:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
AFS securities[1]				
Gross realized gains on investment activity	$ 141	$ 217	$ 324	$ 320
Gross realized losses on investment activity	(112)	(832)	(216)	(1,242)
Net realized investment gains (losses) on AFS securities	29	(615)	108	(922)
Net recognized investment gains (losses) on trading securities	(32)	(157)	32	(378)
Net recognized investment losses on equity securities	(13)	(271)	(31)	(251)
Net recognized investment gains (losses) on mortgage loans	(204)	(1,099)	73	(1,895)
Derivative gains (losses)	421	(3,932)	1,414	(6,973)
Provision for credit losses	(111)	(172)	(177)	(364)
Other gains	276	501	12	808
Investment related gains (losses)	$ 366	$ (5,745)	$ 1,431	$ (9,975)

[1] Includes the effects of recognized gains or losses on AFS securities associated with designated hedges.

Proceeds from sales of AFS securities were $2,054 million and $1,614 million for the three months ended June 30, 2023 and 2022, respectively, and $3,194 million and $5,785 million for the six months ended June 30, 2023 and 2022, respectively.

The following table summarizes the change in unrealized gains (losses) on trading and equity securities held as of the respective period end:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Trading securities	$ (23)	$ (160)	$ 40	$ (349)
Trading securities – related parties	(4)	(1)	(1)	(5)
Equity securities	(7)	(255)	3	(238)
Equity securities – related parties	4	(8)	(7)	(13)

Repurchase Agreements

The following table summarizes the remaining contractual maturities of repurchase agreements, which are included in payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition:

(In millions)	June 30, 2023	December 31, 2022
Less than 30 days	2,071	608
30-90 days	1,324	1,268
1 year and greater	2,866	2,867
Payables for repurchase agreements	$ 6,261	$ 4,743

The following table summarizes the securities pledged as collateral for repurchase agreements:

	June 30, 2023		December 31, 2022	
(In millions)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
AFS securities				
U.S. government and agencies	$ 2,307	$ 1,792	$ 2,559	$ 1,941
Foreign governments	141	103	146	107
Corporate	3,923	3,197	1,940	1,605
CLO	267	260	273	261
ABS	1,216	1,076	1,243	1,082
Total securities pledged under repurchase agreements	$ 7,854	$ 6,428	$ 6,161	$ 4,996

Reverse Repurchase Agreements

As of June 30, 2023 and December 31, 2022, amounts loaned under reverse repurchase agreements were $891 million and $1,640 million, respectively, and the fair value of the collateral, comprised primarily of commercial and residential mortgage loans, was $1,375 million and $1,753 million, respectively.

Mortgage Loans, including related parties and consolidated VIEs

Mortgage loans includes both commercial and residential loans. Athene has elected the fair value option on its mortgage loan portfolio. See note 8 for further fair value option information. The following represents the mortgage loan portfolio, with fair value option loans presented at unpaid principal balance:

(In millions)	June 30, 2023	December 31, 2022
Commercial mortgage loans	$ 23,891	$ 21,061
Commercial mortgage loans under development	966	790
Total commercial mortgage loans	24,857	21,851
Mark to fair value	(1,986)	(1,743)
Commercial mortgage loans	22,871	20,108
Residential mortgage loans	16,265	11,802
Mark to fair value	(1,059)	(1,099)
Residential mortgage loans	15,206	10,703
Mortgage loans	$ 38,077	$ 30,811

Athene primarily invests in commercial mortgage loans on income producing properties, including office and retail buildings, apartments, hotels, and industrial properties. Athene diversifies the commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. Athene evaluates mortgage loans based on relevant current information to confirm if properties are performing at a consistent and acceptable level to secure the related debt.

The distribution of commercial mortgage loans, including those under development, by property type and geographic region is as follows:

	June 30, 2023		December 31, 2022	
(In millions, except percentages)	Fair Value	Percentage of Total	Fair Value	Percentage of Total
Property type				
Office building	$ 4,426	19.4 %	$ 4,651	23.1 %
Retail	1,666	7.3 %	1,454	7.2 %
Apartment	8,217	35.9 %	6,692	33.3 %
Hotels	2,138	9.3 %	1,855	9.2 %
Industrial	2,609	11.4 %	2,047	10.2 %
Other commercial	3,815	16.7 %	3,409	17.0 %
Total commercial mortgage loans	$ 22,871	100.0 %	$ 20,108	100.0 %
U.S. Region				
East North Central	$ 1,471	6.4 %	$ 1,437	7.1 %
East South Central	429	1.9 %	413	2.1 %
Middle Atlantic	5,960	26.1 %	5,183	25.8 %
Mountain	987	4.3 %	898	4.5 %
New England	1,123	4.9 %	1,076	5.4 %
Pacific	4,231	18.5 %	3,781	18.8 %
South Atlantic	3,802	16.6 %	2,756	13.7 %
West North Central	203	0.9 %	231	1.1 %
West South Central	1,034	4.5 %	1,085	5.4 %
Total U.S. Region	19,240	84.1 %	16,860	83.9 %
International Region				
United Kingdom	2,167	9.5 %	1,898	9.4 %
Other international[1]	1,464	6.4 %	1,350	6.7 %
Total International Region	3,631	15.9 %	3,248	16.1 %
Total commercial mortgage loans	$ 22,871	100.0 %	$ 20,108	100.0 %

[1] Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Athene's residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties in various geographic locations and is summarized by proportion of the portfolio in the following table:

	June 30, 2023	December 31, 2022
U.S. States		
California	28.6 %	28.9 %
Florida	10.7 %	9.7 %
New York	6.4 %	5.6 %
New Jersey	5.3 %	5.3 %
Texas	5.1 %	4.3 %
Arizona	4.5 %	5.1 %
Other[1]	28.8 %	27.4 %
Total U.S. residential mortgage loan percentage	89.4 %	86.3 %
International		
United Kingdom	4.4 %	5.4 %
Other[2]	6.2 %	8.3 %
Total international residential mortgage loan percentage	10.6 %	13.7 %
Total residential mortgage loan percentage	100.0 %	100.0 %

[1] Represents all other states, with each individual state comprising less than 5% of the portfolio.

[2] Represents all other countries, with each individual country comprising less than 5% of the portfolio.

Investment Funds

Athene’s investment fund portfolio consists of funds that employ various strategies and include investments in origination platforms,insurance platforms, and equity, hybrid, yield and other funds. Investment funds can meet the definition of VIEs. The investment funds do not specify timing of distributions on the funds’ underlying assets.

The following summarizes Athene’s investment funds, including related parties and consolidated VIEs:

	June 30, 2023		December 31, 2022	
(In millions, except percentages)	Carrying value	Percent of total	Carrying value	Percent of total
Investment funds				
Equity funds	$ 89	72.4 %	$ 46	58.2 %
Hybrid funds	24	19.5 %	32	40.5 %
Other	10	8.1 %	1	1.3 %
Total investment funds	123	100.0 %	79	100.0 %
Investment funds – related parties				
Strategic origination platforms	43	2.6 %	34	2.2 %
Strategic insurance platforms	1,315	80.4 %	1,259	80.2 %
Apollo and other fund investments				
Equity funds	252	15.4 %	246	15.7 %
Yield funds	6	0.4 %	5	0.3 %
Other	20	1.2 %	25	1.6 %
Total investment funds – related parties	1,636	100.0 %	1,569	100.0 %
Investment funds – consolidated VIEs				
Strategic origination platforms	5,094	36.3 %	4,829	38.7 %
Strategic insurance platforms	513	3.7 %	529	4.2 %
Apollo and other fund investments				
Equity funds	2,784	19.9 %	2,640	21.2 %
Hybrid funds	3,582	25.6 %	3,112	24.9 %
Yield funds	1,374	9.8 %	1,044	8.4 %
Other	659	4.7 %	326	2.6 %
Total investment funds – consolidated VIEs	14,006	100.0 %	12,480	100.0 %
Total investment funds, including related parties and consolidated VIEs	$ 15,765		$ 14,128	

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Concentrations—The following table represents Athene's investment concentrations in excess of 10% of stockholders' equity:

(In millions)	June 30, 2023
AT&T Inc.	$ 1,509
PK AirFinance[1]	1,445
Wheels Donlen[1]	1,437
MFI Investments	1,362
Athora[1]	1,308
Atlas[1]	1,004
AP Tundra	877
Atlas[1] – reverse repurchase agreement	861
SoftBank Vision Fund II	857
	—

(In millions)	December 31, 2022
Wheels Donlen[1]	$ 1,288
Athora[1]	1,232
PK AirFinance[1]	999
AP Tundra	896
MFI Investments	878
SoftBank Vision Fund II	789
MidCap[1]	788
Cayman Universe	756
Concord Music CL A2	684
Redding Ridge	683
AOP Finance	671

[1] Related party amounts are representative of single issuer risk and may only include a portion of the total investments associated with a related party. See further discussion of these related parties in note 17.

6. Derivatives

The Company uses a variety of derivative instruments to manage risks, primarily equity, interest rate, credit, foreign currency and market volatility. See note 8 for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

	June 30, 2023			December 31, 2022		
		Fair Value			Fair Value	
(In millions)	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Derivatives designated as hedges						
Foreign currency hedges						
Swaps	7,460	$ 659	$ 189	6,677	$ 747	$ 154
Forwards	6,432	331	80	6,283	406	52
Interest rate swaps	4,468	—	719	4,468	—	803
Forwards on net investments	227	2	—	216	2	—
Interest rate swaps	10,031	25	168	9,332	9	150
Total derivatives designated as hedges		1,017	1,156		1,164	1,159
Derivatives not designated as hedges						
Equity options	69,779	3,326	97	65,089	1,374	114
Futures	35	87	—	18	33	—
Foreign currency swaps	3,981	290	109	3,563	251	112
Interest rate swaps	1,013	90	—	488	74	—
Other swaps	231	5	1	89	—	4
Foreign currency forwards	19,833	299	390	16,376	413	257
Embedded derivatives						
Funds withheld, including related parties		(5,653)	(28)		(6,272)	(77)
Interest sensitive contract liabilities		—	8,198		—	5,841
Total derivatives not designated as hedges		(1,556)	8,767		(4,127)	6,251
Total derivatives		$ (539)	$ 9,923		$ (2,963)	$ 7,410

Derivatives Designated as Hedges

Cash Flow Hedges

Athene uses interest rate swaps to convert floating-rate interest payments to fixed-rate interest payments to reduce exposure to interest rate changes. The interest rate swaps will expire by July 2027. During the three months ended June 30, 2023 and 2022, Athene recognized losses of $53 million and $0 million, respectively, in OCI associated with these hedges. During the six months ended June 30, 2023 and 2022, Athene recognized losses of $126 million and $0 million, respectively, in OCI associated with these hedges. There were no amounts deemed ineffective during the three and six months ended June 30, 2023 and 2022. As of June 30, 2023,no amounts are expected to be reclassified to income within the next 12 months.

Fair Value Hedges

Athene uses foreign currency forward contracts, foreign currency swaps, foreign currency interest rate swaps, and interest rate swaps that are designated and accounted for as fair value hedges to hedge certain exposures to foreign currency risk and interest rate risk. The foreign currency forward price is agreed upon at the time of the contract and payment is made at a specified future date.

The following represents the carrying amount and the cumulative fair value hedging adjustments included in the hedged assets or liabilities:

	June 30, 2023		December 31, 2022	
(In millions)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)
AFS securities				
Foreign currency forwards	$ 5,500	$ (73)	$ 5,259	$ (217)
Foreign currency swaps	5,472	(240)	4,797	(398)
Interest sensitive contract liabilities				
Foreign currency swaps	1,176	57	1,081	88
Foreign currency interest rate swaps	3,811	552	4,348	632
Interest rate swaps	6,781	323	6,577	323

[1] The carrying amount disclosed for AFS securities is amortized cost.

The following is a summary of the gains (losses) related to the derivatives and related hedged items in fair value hedge relationships:

				Amount Excluded	
(In millions)	Derivatives	Hedged Items	Net	Recognized in income through amortization approach	Recognized in income through changes in fair value
Three months ended June 30, 2023					
Investment related gains (losses)					
Foreign currency forwards	$ (35)	$ 37	$ 2	$ (42)	$ 3
Foreign currency swaps	(43)	45	2	—	—
Foreign currency interest rate swaps	7	(10)	(3)	—	—
Interest rate swaps	(120)	120	—	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	13	(15)	(2)	—	—
Three months ended June 30, 2022					
Investment related gains (losses)					
Foreign currency forwards	$ 201	$ (232)	$ (31)	$ 16	$ —
Foreign currency swaps	242	(252)	(10)	—	—
Foreign currency interest rate swaps	(335)	298	(37)	—	—
Interest rate swaps	(5)	18	13	—	—
Interest sensitive contract benefits					
Foreign currency swaps	—	—	—	—	—
Foreign currency interest rate swaps	15	(14)	1	—	—

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				Amount Excluded	
(In millions)	**Derivatives**	**Hedged Items**	**Net**	**Recognized in income through amortization approach**	**Recognized in income through changes in fair value**
Six months ended June 30, 2023					
Investment related gains (losses)					
Foreign currency forwards	$ (105)	$ 110	$ 5	$ 45	$ 7
Foreign currency swaps	(102)	109	7	—	—
Foreign currency interest rate swaps	85	(80)	5	—	—
Interest rate swaps	(18)	16	(2)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	28	(30)	(2)	—	—
Six months ended June 30, 2022					
Investment related gains (losses)					
Foreign currency forwards	$ 328	$ (358)	$ (30)	$ 30	$ 1
Foreign currency swaps	333	(347)	(14)	—	—
Foreign currency interest rate swaps	(494)	495	1	—	—
Interest rate swaps	(77)	93	16	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	25	(23)	2	—	—

The following is a summary of the gains (losses) excluded from the assessment of hedge effectiveness that were recognized in OCI:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Foreign currency forwards	$ (61)	$ 16	$ 2	$ (57)
Foreign currency swaps	(57)	65	57	9

Net Investment Hedges

Athene uses foreign currency forwards to hedge the foreign currency exchange rate risk of its investments in subsidiaries that have a reporting currency other than the U.S. dollar. Hedge effectiveness is assessed based on the changes in forward rates. During the three months ended June 30, 2023 and 2022, these derivatives had losses of $4 million and gains of $23 million, respectively. During the six months ended June 30, 2023 and 2022, these derivatives had losses of $8 million and gains of $25 million, respectively. These derivatives are included in foreign currency translation and other adjustments on the condensed consolidated statements of comprehensive income (loss). As of June 30, 2023 and December 31, 2022, the cumulative foreign currency translations recorded in AOCI related to these net investment hedges were gains of $22 million and $30 million, respectively. During the three and six months ended June 30, 2023 and 2022, there were no amounts deemed ineffective.

Derivatives Not Designated as Hedges

Equity options

Athene uses equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, Athene enters into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

Futures

Athene purchases futures contracts to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. Athene enters into exchange-traded futures with regulated futures commission clearing brokers who are members of a trading exchange. Under exchange-traded futures contracts, Athene agrees to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts.

Interest rate swaps

Athene uses interest rate swaps to reduce market risks from interest rate changes and to alter interest rate exposure arising from duration mismatches between assets and liabilities. With an interest rate swap, Athene agrees with another party to exchange the difference between fixed-rate and floating-rate interest amounts tied to an agreed upon notional principal amount at specified intervals.

Other swaps

Other swaps include total return swaps and credit default swaps. Athene purchases total rate of return swaps to gain exposure and benefit from a reference asset or index without ownership. Credit default swaps provide a measure of protection against the default of an issuer or allow Athene to gain credit exposure to an issuer or traded index. Athene uses credit default swaps coupled with a bond to synthetically create the characteristics of a reference bond.

Embedded derivatives

Athene has embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on a modco or funds withheld basis and indexed annuity products.

The following is a summary of the gains (losses) related to derivatives not designated as hedges:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Equity options	$ 991	$ (1,571)	$ 1,341	$ (2,279)
Futures	61	(86)	95	(119)
Swaps	29	(74)	62	(11)
Foreign currency forwards	(168)	362	(337)	517
Embedded derivatives on funds withheld	(262)	(2,682)	341	(5,202)
Amounts recognized in investment related gains (losses)	651	(4,051)	1,502	(7,094)
Embedded derivatives in indexed annuity products[1]	(1,055)	1,519	(1,528)	2,553
Total gains (losses) on derivatives not designated as hedges	$ (404)	$ (2,532)	$ (26)	$ (4,541)

[1] Included in interest sensitive contract benefits on the condensed consolidated statements of operations.

Credit Risk

The Company may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of Athene's derivative contracts is the fair value at the reporting date less any collateral received from the counterparty.

Athene manages credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties. Where possible, Athene maintains collateral arrangements and uses master netting agreements that provide for a single net payment from one counterparty to another at each due date and upon termination. Athene has also established counterparty exposure limits, where possible, in order to evaluate if there is sufficient collateral to support the net exposure.

Collateral arrangements typically require the posting of collateral in connection with its derivative instruments. Collateral agreements often contain posting thresholds, some of which may vary depending on the posting party's financial strength ratings. Additionally, a decrease in Athene's financial strength rating to a specified level can result in settlement of the derivative position.

The estimated fair value of net derivative and other financial assets and liabilities after the application of master netting agreements and collateral were as follows:

(In millions)	Gross amount recognized[1]	Gross amounts not offset on the condensed consolidated statements of financial condition: Financial instruments[2]	Collateral (received)/pledged	Net amount	Off-balance sheet securities collateral[3]	Net amount after securities collateral
June 30, 2023						
Derivative assets	$ 5,114	$ (1,584)	$ (3,584)	$ (54)	$ —	$ (54)
Derivative liabilities	(1,753)	1,584	644	475	—	475
December 31, 2022						
Derivative assets	$ 3,309	$ (1,477)	$ (1,952)	$ (120)	$ —	$ (120)
Derivative liabilities	(1,646)	1,477	478	309	—	309

[1] The gross amounts of recognized derivative assets and derivative liabilities are reported on the condensed consolidated statements of financial condition. As of June 30, 2023 and December 31, 2022, amounts not subject to master netting or similar agreements were immaterial.

[2] Represents amounts offsetting derivative assets and derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the condensed consolidated statements of financial condition.

[3] For non-cash collateral received, the Company does not recognize the collateral on the condensed consolidated statement of financial condition unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to redeem the pledged asset. Amounts do not include any excess of collateral pledged or received.

7. Variable Interest Entities

A variable interest in a VIE is an investment or other interest that will absorb portions of the VIE's expected losses and/or receive expected residual returns. Refer to note 2 for more details about the Company's VIE assessment and consolidation policy. Variable interests in consolidated VIEs and unconsolidated VIEs are discussed separately below.

Consolidated VIEs

Consolidated VIEs include consolidated SPACs as well as certain CLOs and funds managed by the Company. See note 17 for further details regarding Apollo's consolidated SPACs.

The assets of consolidated VIEs are not available to creditors of the Company, and the investors in these consolidated VIEs have no recourse against the assets of the Company. Similarly, there is no recourse to the Company for the consolidated VIEs' liabilities.

Other assets of the consolidated funds include interest receivables, receivables from affiliates and reverse repurchase agreements. Other liabilities include debt held at amortized cost, short-term payables and repurchase agreements.

Each series of notes in a respective consolidated VIE participates in distributions from the VIE, including principal and interest from underlying investments. Amounts allocated to the noteholders reflect amounts that would be distributed if the VIE's affairs were wound up and its assets sold for cash equal to their respective carrying values, its liabilities satisfied in accordance with their terms, and all the remaining amounts distributed to the noteholders. The respective VIEs that issue the notes payable are marked at their prevailing net asset value, which approximates fair value.

Results from certain funds managed by Apollo are reported on a three-month lag based upon the availability of financial information.

Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities—Asset Management

The following table presents net gains (losses) from investment activities of the consolidated VIEs:

(In millions)	Three months ended June 30, 2023[1]	Three months ended June 30, 2022[1]	Six months ended June 30, 2023[1]	Six months ended June 30, 2022[1]
Net gains (losses) from investment activities	$ (6)	$ (127)	$ 24	$ 10
Net gains (losses) from debt	—	113	—	144
Interest and other income	41	61	74	269
Interest and other expenses	(23)	(34)	(52)	(43)
Net gains (losses) from investment activities of consolidated variable interest entities	$ 12	$ 13	$ 46	$ 380

[1] Amounts reflect consolidation eliminations.

Senior Secured Notes, Subordinated Notes and Subscription Lines

Included within notes payable and other liabilities are amounts due to third-party institutions by the consolidated VIEs.The following table summarizes the principal provisions of those amounts:

(In millions, except percentages)	June 30, 2023 Principal Outstanding	June 30, 2023 Weighted Average Interest Rate	June 30, 2023 Weighted Average Remaining Maturity in Years	December 31, 2022 Principal Outstanding	December 31, 2022 Weighted Average Interest Rate	December 31, 2022 Weighted Average Remaining Maturity in Years
Asset Management						
Senior secured notes[1]	$ 244	6.00 %	25	$ —	N/A	N/A
Subordinated notes[1]	4	12.00 %	25	—	N/A	N/A
Subscription lines[1]	$ 1,510	7.46 %	0.07	$ 686	6.22 %	0.08
Total – Asset Management	$ 1,758			$ 686		

[1] The notes and subscription lines of the consolidated VIEs are collateralized by assets held by each respective vehicle and assets of one vehicle may not be used to satisfy the liabilities of another vehicle.

The consolidated VIEs' debt obligations contain various customary loan covenants. As of June 30, 2023, the Company was not aware of any instances of non-compliance with any of these covenants.

Repurchase Agreements

The following table summarizes the maturities of repurchase agreements:

Remaining Contractual Maturity	June 30, 2023	December 31, 2022
91 days to 364 days	$ —	$ 1,254
Total payables for repurchase agreements[(1)]	$ —	$ 1,254

[(1)] Included in other liabilities of consolidated variable interest entities on the condensed consolidated statements of financial condition.

The following table summarizes the gross carrying value of repurchase agreements by class of collateral pledged:

(In millions)	June 30, 2023	December 31, 2022
Loans backed by residential real estate	$ —	$ 770
Loans backed by commercial real estate	—	484
Total	$ —	$ 1,254

Note: These repurchase agreements are carried at cost which approximates fair value and is classified as Level 2 of the fair value hierarchy.

Reverse Repurchase Agreements

As of June 30, 2023 and December 31, 2022, fair value of collateral received under reverse repurchase agreements was $422 million and $1,522 million, respectively, and fair value of collateral rehypothecated was $0 million and $1,522 million, respectively.

Revenues of Consolidated Variable Interest Entities—Retirement Services

The following summarizes the statements of operations activity of the consolidated VIEs:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	**2023**	**2022**	**2023**	**2022**
Trading securities	$ 25	$ 2	$ 48	$ 2
Mortgage loans	30	25	54	45
Investment funds	—	(7)	35	(6)
Other	(1)	13	(1)	13
Net investment income	54	33	136	54
Net recognized investment gains (losses) on trading securities	(5)	—	1	—
Net recognized investment losses on mortgage loans	(29)	(47)	(20)	(159)
Net recognized investment gains on investment funds	315	48	539	118
Other gains (losses)	12	21	(28)	21
Investment related gains (losses)	293	22	492	(20)
Revenues of consolidated variable interest entities	$ 347	$ 55	$ 628	$ 34

Unconsolidated Variable Interest Entities—Asset Management

The following table presents the maximum exposure to losses relating to these VIEs for which Apollo has concluded that it holds a significant variable interest, but that it is not the primary beneficiary.

(In millions)	**June 30, 2023**[2]	**December 31, 2022**[2]
Maximum Loss Exposure[1]	$ 330	$ 343

[1] Represents Apollo's direct investment in those entities in which it holds a significant variable interest and certain other investments. Additionally, cumulative performance allocations are subject to reversal in the event of future losses.

[2] Some amounts included are a quarter in arrears.

Unconsolidated Variable Interest Entities—Retirement Services

The Company has variable interests in certain unconsolidated VIEs in the form of securities and ownership stakes in investment funds.

Fixed maturity securities

Athene invests in securitization entities as a debt holder or an investor in the residual interest of the securitization vehicle. These entities are deemed VIEs due to insufficient equity within the structure and lack of control by the equity investors over the activities that significantly impact the economics of the entity. In general, Athene is a debt investor within these entities and, as such, holds a variable interest; however, due to the debt holders' lack of ability to control the decisions within the trust that significantly impact the entity, and the fact the debt holders are protected from losses due to the subordination of the equity tranche, the debt holders are not deemed the primary beneficiary. Securitization vehicles in which Athene holds the residual tranche are not consolidated because Athene does not unilaterally have substantive rights to remove the general partner, or when assessing related party interests, Athene is not under common control, as defined by U.S. GAAP, with the related parties, nor are substantially all of the activities conducted on Athene's behalf; therefore, Athene is not deemed the primary beneficiary. Debt investments and investments in the residual tranche of securitization entities are considered debt instruments and are held at fair value on the condensed consolidated statements of financial condition and classified as AFS or trading.

Investment funds

Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures.

Equity securities

Athene invests in preferred equity securities issued by entities deemed to be VIEs due to insufficient equity within the structure.

Athene's risk of loss associated with its non-consolidated investments depends on the investment. Investment funds, equity securities and trading securities are limited to the carrying value plus unfunded commitments. AFS securities are limited to amortized cost plus unfunded commitments.

The following summarizes the carrying value and maximum loss exposure of these non-consolidated investments:

	June 30, 2023		December 31, 2022	
(In millions)	Carrying Value	Maximum Loss Exposure	Carrying Value	Maximum Loss Exposure
Investment funds	$ 123	$ 562	$ 79	$ 340
Investment in related parties – investment funds	1,636	2,374	1,569	2,253
Assets of consolidated VIEs – investment funds	14,006	20,696	12,480	20,278
Investment in fixed maturity securities	41,220	44,604	37,454	40,992
Investment in related parties – fixed maturity securities	12,931	16,136	9,717	10,290
Investment in related parties – equity securities	313	313	279	279
Total non-consolidated investments	$ 70,229	$ 84,685	$ 61,578	$ 74,432

8. Fair Value

Fair Value Measurements of Financial Instruments

The following summarize the Company's financial assets and liabilities recorded at fair value hierarchy level:

	June 30, 2023				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Assets					
Asset Management					
Cash and cash equivalents	$ 1,469	$ —	$ —	$ —	$ 1,469
Restricted cash and cash equivalents[1]	270	—	—	—	270
Cash and cash equivalents of VIEs	119	—	—	—	119
U.S. Treasury securities	248	—	—	—	248
Investments, at fair value	213	38	1,147 [2]	4	1,402
Investments of VIEs	—	231	2,608	133	2,972
Due from related parties[3]	—	—	34	—	34
Derivative assets[4]	—	12	18	—	30
Total Assets – Asset Management	2,319	281	3,807	137	6,544

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	June 30, 2023				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Retirement Services					
AFS Securities					
U.S. government and agencies	4,814	7	—	—	4,821
U.S. state, municipal and political subdivisions	—	1,054	—	—	1,054
Foreign governments	—	960	48	—	1,008
Corporate	10	64,940	2,460	—	67,410
CLO	—	18,521	—	—	18,521
ABS	—	6,045	5,305	—	11,350
CMBS	—	4,488	12	—	4,500
RMBS	—	6,482	6	—	6,488
Total AFS securities	4,824	102,497	7,831	—	115,152
Trading securities	24	1,566	38	—	1,628
Equity securities	194	635	67	—	896
Mortgage loans	—	—	34,668	—	34,668
Funds withheld at interest – embedded derivative	—	—	(4,356)	—	(4,356)
Derivative assets	111	5,003	—	—	5,114
Short-term investments	—	620	30	—	650
Other investments	—	210	337	—	547
Cash and cash equivalents	10,601	—	—	—	10,601
Restricted cash and cash equivalents	2,203	—	—	—	2,203
Investments in related parties					
AFS securities					
Corporate	—	172	1,171	—	1,343
CLO	—	3,311	495	—	3,806
ABS	—	516	7,742	—	8,258
Total AFS securities – related parties	—	3,999	9,408	—	13,407
Trading securities	—	—	867	—	867
Equity securities	61	—	252	—	313
Mortgage loans	—	—	1,296	—	1,296
Investment funds	—	—	1,061	—	1,061
Funds withheld at interest – embedded derivative	—	—	(1,297)	—	(1,297)
Other investments	—	—	343	—	343
Reinsurance recoverable	—	—	1,436	—	1,436
Other assets[7]	—	—	433	—	433
Assets of consolidated VIEs					
Trading securities	—	295	717	—	1,012
Mortgage loans	—	—	2,113	—	2,113
Investment funds	—	—	1,351	12,655	14,006
Other investments	—	1	99	—	100
Cash and cash equivalents	122	—	—	—	122
Total Assets – Retirement Services	18,140	114,826	56,694	12,655	202,315
Total Assets	$ 20,459	$ 115,107	$ 60,501	$ 12,792	$ 208,859

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	June 30, 2023				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Liabilities					
Asset Management					
Contingent consideration obligations[5]	$ —	$ —	$ 69	$ —	$ 69
Derivative liabilities[4]	—	1	—	—	1
Other liabilities[6]	2	—	—	—	2
Total Liabilities – Asset Management	2	1	69	—	72
Retirement Services					
Interest sensitive contract liabilities					
Embedded derivative	—	—	8,198	—	8,198
Universal life benefits	—	—	854	—	854
Future policy benefits					
AmerUs closed block	—	—	1,159	—	1,159
ILICO closed block and life benefits	—	—	571	—	571
Market risk benefits[7]	—	—	3,195	—	3,195
Derivative liabilities	35	1,717	1	—	1,753
Other liabilities	—	(28)	209	—	181
Total Liabilities – Retirement Services	35	1,689	14,187	—	15,911
Total Liabilities	$ 37	$ 1,690	$ 14,256	$ —	$ 15,983

(Concluded)

	December 31, 2022				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**NAV**	**Total**
Assets					
Asset Management					
Cash and cash equivalents	$ 1,201	$ —	$ —	$ —	$ 1,201
Restricted cash and cash equivalents[1]	1,048	—	—	—	1,048
Cash and cash equivalents of VIEs	110	—	—	—	110
U.S. Treasury securities	709	—	—	—	709
Investments, at fair value	190	39	1,083 [2]	8	1,320
Investments of VIEs	—	1,537	727	105	2,369
Due from related parties[3]	—	—	43	—	43
Derivative assets[4]	—	—	15	—	15
Total Assets – Asset Management	3,258	1,576	1,868	113	6,815
Retirement Services					
AFS Securities					
U.S. government and agencies	2,570	7	—	—	2,577
U.S. state, municipal and political subdivisions	—	927	—	—	927
Foreign governments	—	906	1	—	907
Corporate	—	59,236	1,665	—	60,901
CLO	—	16,493	—	—	16,493
ABS	—	5,660	4,867	—	10,527
CMBS	—	4,158	—	—	4,158
RMBS	—	5,682	232	—	5,914
Total AFS securities	2,570	93,069	6,765	—	102,404

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	December 31, 2022				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Trading securities	23	1,519	53	—	1,595
Equity securities	150	845	92	—	1,087
Mortgage loans	—	—	27,454	—	27,454
Funds withheld at interest – embedded derivative	—	—	(4,847)	—	(4,847)
Derivative assets	42	3,267	—	—	3,309
Short-term investments	29	455	36	—	520
Other investments	—	170	441	—	611
Cash and cash equivalents	7,779	—	—	—	7,779
Restricted cash and cash equivalents	628	—	—	—	628
Investments in related parties					
AFS securities					
Corporate	—	170	812	—	982
CLO	—	2,776	303	—	3,079
ABS	—	218	5,542	—	5,760
Total AFS securities – related parties	—	3,164	6,657	—	9,821
Trading securities	—	—	878	—	878
Equity securities	—	—	279	—	279
Mortgage loans	—	—	1,302	—	1,302
Investment funds	—	—	959	—	959
Funds withheld at interest – embedded derivative	—	—	(1,425)	—	(1,425)
Other investments	—	—	303	—	303
Reinsurance recoverable	—	—	1,388	—	1,388
Other assets[7]	—	—	481	—	481
Assets of consolidated VIEs					
Trading securities	5	436	622	—	1,063
Mortgage loans	—	—	2,055	—	2,055
Investment funds	—	—	2,471	10,009	12,480
Other investments	—	2	99	—	101
Cash and cash equivalents	362	—	—	—	362
Total Assets – Retirement Services	11,588	102,927	46,063	10,009	170,587
Total Assets	$ 14,846	$ 104,503	$ 47,931	$ 10,122	$ 177,402
Liabilities					
Asset Management					
Contingent consideration obligations[5]	$ —	$ —	$ 86	$ —	$ 86
Derivative liabilities[4]	—	57	—	—	57
Other liabilities[6]	2	—	—	—	2
Total Liabilities – Asset Management	2	57	86	—	145

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	December 31, 2022				
(In millions)	Level 1	Level 2	Level 3	NAV	Total
Retirement Services					
Interest sensitive contract liabilities					
Embedded derivative	—	—	5,841	—	5,841
Universal life benefits	—	—	829	—	829
Future policy benefits					
AmerUs closed block	—	—	1,164	—	1,164
ILICO closed block and life benefits	—	—	548	—	548
Market risk benefits[7]	—	—	2,970	—	2,970
Derivative liabilities	38	1,607	1	—	1,646
Other liabilities	—	(77)	142	—	65
Total Liabilities – Retirement Services	38	1,530	11,495	—	13,063
Total Liabilities	$ 40	$ 1,587	$ 11,581	$ —	$ 13,208

[1] Restricted cash and cash equivalents as of June 30, 2023 and December 31, 2022 includes $ 0.3 billion and $ 1.0 billion, respectively, of restricted cash and cash equivalents held by consolidated SPACs.

[2] Investments as of June 30, 2023 and December 31, 2022 excludes $ 217 million and $ 198 million, respectively, of performance allocations classified as Level 3 related to certain investments for which the Company elected the fair value option. The Company's policy is to account for performance allocations as investments.

[3] Due from related parties represents a receivable from a fund.

[4] Derivative assets and derivative liabilities are presented as a component of Other assets and Other liabilities, respectively, in the condensed consolidated statements of financial condition.

[5] As of June 30, 2023 and December 31, 2022, other liabilities includes $ 17 million and $ 31 million, respectively, of contingent obligations related to the Griffin Capital acquisition, classified as Level 3 and profit sharing payable includes $52 million and $ 55 million, respectively, related to contingent obligations classified as Level 3.

[6] Other liabilities as of June 30, 2023 and December 31, 2022 includes the publicly traded warrants of APSG II.

[7] Other assets consists of market risk benefits assets. See note 10 for additional information on market risk benefits assets and liabilities valuation methodology and additional fair value disclosures.

Changes in fair value of contingent consideration obligations in connection with the acquisitions of Stone Tower and Griffin Capital are recorded in compensation and benefits expense and other income (loss), net, respectively, in the condensed consolidated statements of operations. Refer to note 18 for further details.

Level 3 Financial Instruments

The following tables summarize the valuation techniques and quantitative inputs and assumptions used for financial assets and liabilities categorized as Level 3:

	June 30, 2023					
	Fair Value *(In millions)*	Valuation Technique	Unobservable Inputs	Ranges	Weighted Average	
Financial Assets						
Asset Management						
Investments	$ 562	Embedded value	N/A	N/A	N/A	
	277	Discounted cash flow	Discount rate	9.5% – 52.8%	26.7%	1
	103	Direct capitalization	Capitalization rate	7.0%	7.0%	
	205	Adjusted transaction value	N/A	N/A	N/A	
Due from related parties	34	Discounted cash flow	Discount rate	14.0%	14.0%	
Derivative assets	18	Option model	Volatility rate	60.0%	60.0%	
Investments of consolidated VIEs						
Bank loans	976	Discounted cash flow	Discount rate	7.6% – 35.4%	11.0%	1
		Adjusted transaction value	N/A	N/A	N/A	
Equity securities	459	Dividend discount model	Discount rate	13.3%	13.3%	
	1,149	Adjusted transaction value	N/A	N/A	N/A	
Bonds	24	Discounted cash flow	Discount rate	7.5% -11.0%	11.0%	1

	June 30, 2023					
	Fair Value *(In millions)*	Valuation Technique	Unobservable Inputs	Ranges	Weighted Average	
Retirement Services						
AFS, trading and equity securities	13,800	Discounted cash flow	Discount rate	2.2% – 18.7%	6.9%	1
Mortgage loans[2]	38,077	Discounted cash flow	Discount rate	2.0% – 24.2%	6.5%	1
Investment funds[2]	502	Discounted cash flow	Discount rate	6.4% – 6.4%	6.4%	1
	512	Net tangible asset values	Implied multiple	1.20x	1.20x	
	337	Reported net asset value	Reported net asset value	N/A	N/A	
	1,061	Embedded value	N/A	N/A	N/A	
Financial Liabilities						
Asset Management						
Contingent consideration obligations	69	Discounted cash flow	Discount rate	21.0% – 26.0%	24.2%	1
		Option model	Volatility rate	31.6% – 36.2%	36.2%	1
Retirement Services						
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	8,198	Discounted cash flow	Nonperformance risk	0.4% – 1.8%	1.2%	3
			Option budget	0.5% – 5.7%	2.2%	4
			Surrender rate	5.4% – 12.0%	8.1%	4

[1] Unobservable inputs were weighted based on the fair value of the investments included in the range.

[2] Includes those of consolidated VIEs.

[3] The nonperformance risk weighted average is based on the projected cash flows attributable to the embedded derivative.

[4] The option budget and surrender rate weighted averages are calculated based on projected account values.

	December 31, 2022				
	Fair Value *(In millions)*	Valuation Techniques	Unobservable Inputs	Ranges	Weighted Average
Financial Assets					
Asset Management					
Investments	$ 526	Embedded value	N/A	N/A	N/A
	128	Discounted cash flow	Discount rate	8.9% – 52.8%	28.7% [1]
	429	Adjusted transaction value	N/A	N/A	N/A
Due from related parties	43	Discounted cash flow	Discount rate	15.0%	15.0%
Derivative assets	15	Option model	Volatility rate	60.0%	60.0%
Investments of consolidated VIEs					
Equity securities	458	Dividend discount model	Discount rate	12.1%	12.1%
Bank loans	244	Discounted cash flow	Discount rate	6.4% – 32.7%	8.0% [1]
		Adjusted transaction value	N/A	N/A	N/A
Bonds	25	Discounted cash flow	Discount rate	7.9%	7.9%
Retirement Services					
AFS, trading and equity securities	10,671	Discounted cash flow	Discount rate	2.2% – 18.8%	6.8% [1]
Mortgage loans[2]	30,811	Discounted cash flow	Discount rate	1.5% – 22.1%	6.3% [1]
Investment funds[2]	506	Discounted cash flow	Discount rate	6.4%	6.4%
	873	Discounted cash flow / Guideline public equity	Discount rate / P/E	16.5% / 9x	16.5% / 9x
	529	Net tangible asset values	Implied multiple	1.26x	1.26x
	563	Reported net asset value	Reported net asset value	N/A	N/A
	959	Embedded value	N/A	N/A	N/A
Financial Liabilities					
Contingent consideration obligations	86	Discounted cash flow	Discount rate	20.0% – 25.0%	22.7% [1]
		Option model	Volatility rate	29.8% – 39.6%	34.7% [1]
Retirement Services					
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	5,841	Discounted cash flow	Nonperformance risk	0.1% – 1.7%	1.0% [3]
			Option budget	0.5% – 5.3%	1.9% [4]
			Surrender rate	5.1% – 11.5%	8.1% [4]

[1] Unobservable inputs were weighted based on the fair value of the investments included in the range.
[2] Includes those of consolidated VIEs.
[3] The nonperformance risk weighted average is based on the projected cash flows attributable to the embedded derivative.
[4] The option budget and surrender rate weighted averages are calculated based on projected account values.

The following are reconciliations for Level 3 assets and liabilities measured at fair value on a recurring basis:

	Three months ended June 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 1,131	$ 17	$ —	$ 17	$ —	$ 1,165	$ 19	$ —
Investments of Consolidated VIEs	1,282	(2)	—	1,328	—	2,608	6	—
Total Level 3 assets – Asset Management	$ 2,413	$ 15	$ —	$ 1,345	$ —	$ 3,773	$ 25	$ —

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(In millions)	Three months ended June 30, 2023							
		Total realized and unrealized gains (losses)						
	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 1	$ —	$ —	$ 47	$ —	$ 48	$ —	$ —
Corporate	1,622	—	12	1,070	(244)	2,460	—	12
ABS	4,942	—	(31)	894	(500)	5,305	—	(30)
CMBS	—	—	—	—	12	12	—	—
RMBS	238	3	(1)	(3)	(231)	6	—	—
Trading securities	42	1	—	(3)	(2)	38	—	—
Equity securities	71	(4)	—	—	—	67	(4)	—
Mortgage loans	29,949	(195)	—	4,914	—	34,668	(195)	—
Funds withheld at interest – embedded derivative	(4,291)	(65)	—	—	—	(4,356)	—	—
Short-term investments	30	—	—	—	—	30	—	—
Other investments	286	(1)	—	52	—	337	(1)	—
Investments in related parties								
AFS securities								
Corporate	959	—	(1)	(2)	215	1,171	—	(1)
CLO	498	—	(3)	—	—	495	—	(3)
ABS	7,005	5	5	443	284	7,742	1	2
Trading securities	885	(4)	—	(14)	—	867	(4)	—
Equity securities	251	1	—	—	—	252	1	—
Mortgage loans	1,324	(9)	—	(19)	—	1,296	(9)	—
Investment funds	1,034	27	—	—	—	1,061	27	—
Funds withheld at interest – embedded derivative	(1,266)	(31)	—	—	—	(1,297)	—	—
Other investments	338	5	—	—	—	343	5	—
Reinsurance recoverable	1,470	(34)	—	—	—	1,436	—	—
Assets of consolidated VIEs								
Trading securities	648	(4)	—	(8)	81	717	(4)	—
Mortgage loans	2,119	(17)	—	11	—	2,113	(17)	—
Investment funds	2,581	5	—	—	(1,235)	1,351	6	—
Other investments	97	2	—	—	—	99	2	—
Total Level 3 assets – Retirement Services	$ 50,833	$ (315)	$ (19)	$ 7,382	$ (1,620)	$ 56,261	$ (192)	$ (20)
Liabilities – Asset Management								
Contingent consideration obligations	$ 78	$ (9)	$ —	$ —	$ —	$ 69	$ —	$ —
Total Level 3 liabilities – Asset Management	$ 78	$ (9)	$ —	$ —	$ —	$ 69	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (6,747)	$ (1,055)	$ —	$ (396)	$ —	$ (8,198)	$ —	$ —
Universal life benefits	(879)	25	—	—	—	(854)	—	—
Future policy benefits								
AmerUs Closed Block	(1,190)	31	—	—	—	(1,159)	—	—
ILICO Closed Block and life benefits	(579)	8	—	—	—	(571)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Other liabilities	(189)	(20)	—	—	—	(209)	—	—
Total Level 3 liabilities – Retirement Services	$ (9,585)	$ (1,011)	$ —	$ (396)	$ —	$ (10,992)	$ —	$ —

[1] Related to instruments held at end of period.

	Three months ended June 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 1,087	$ (9)	$ —	$ 1	$ 1	$ 1,080	$ 31	$ —
Investments of Consolidated VIEs	931	(43)	—	588	(286)	1,190	(15)	—
Total Level 3 assets – Asset Management	$ 2,018	$ (52)	$ —	$ 589	$ (285)	$ 2,270	$ 16	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 2	$ —	$ —	$ —	$ —	$ 2	$ —	$ —
Corporate	1,499	—	(58)	40	107	1,588	—	(58)
CLO	5	—	(3)	(2)	—	—	—	—
ABS	3,783	2	(65)	148	(274)	3,594	—	(66)
CMBS	10	—	—	—	(10)	—	—	—
RMBS	—	—	—	68	—	68	—	—
Trading securities	90	(1)	—	2	(33)	58	—	—
Equity securities	438	8	—	(3)	(381)	62	8	—
Mortgage loans	23,696	(1,027)	—	2,549	—	25,218	(1,025)	—
Investment funds	19	—	—	—	—	19	—	—
Funds withheld at interest – embedded derivative	(1,882)	(2,076)	—	—	—	(3,958)	—	—
Short-term investments	59	—	(1)	—	—	58	—	—
Investments in related parties								
AFS securities								
Corporate	761	—	(7)	42	53	849	—	(7)
CLO	332	—	(7)	—	—	325	—	(7)
ABS	4,409	16	(125)	(1,096)	1,822	5,026	—	(126)
Trading securities	252	4	—	(808)	1,443	891	—	—
Equity securities	166	(9)	—	(119)	125	163	—	—
Mortgage loans	1,456	(72)	—	32	—	1,416	(73)	—
Investment funds	814	4	—	—	—	818	28	—
Short-term investments	53	—	—	—	(53)	—	—	—
Funds withheld at interest – embedded derivative	(570)	(559)	—	—	—	(1,129)	—	—
Reinsurance recoverable	1,814	(234)	—	—	—	1,580	—	—
Assets of consolidated VIEs						—		
Trading securities	—	—	—	—	330	330	—	—
Mortgage loans	1,880	(50)	—	(2)	(202)	1,626	(50)	—
Investment funds	10,577	33	—	(77)	(9,480)	1,053	27	—
Other investments	1,902	—	—	31	(1,902)	31	—	—
Total Level 3 assets – Retirement Services	$ 51,565	$ (3,961)	$ (266)	$ 805	$ (8,455)	$ 39,688	$ (1,085)	$ (264)
Liabilities – Asset Management								
Contingent consideration obligations	$ 110	$ (7)	$ —	$ 36	$ —	$ 139	$ —	$ —
Total Level 3 liabilities – Asset Management	$ 110	$ (7)	$ —	$ 36	$ —	$ 139	$ —	$ —

(Continued

Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	(6,485)	1,519	—	(210)	—	(5,176)	—	—
Universal life benefits	(1,096)	153	—	—	—	(943)	—	—
Future policy benefits								
AmerUs Closed Block	(1,378)	131	—	—	—	(1,247)	—	—
ILICO Closed Block and life benefits	(704)	81	—	—	—	(623)	—	—
Derivative liabilities	(3)	2	—	—	—	(1)	—	—
Total Level 3 liabilities – Retirement Services	$ (9,666)	$ 1,886	$ —	$ (210)	$ —	$ (7,990)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

	Six Months Ended June 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 1,098	$ 43	$ —	$ 24	$ —	$ 1,165	$ 46	$ —
Investments of Consolidated VIEs	727	32	—	1,851	(2)	2,608	15	—
Total Level 3 assets – Asset Management	$ 1,825	$ 75	$ —	$ 1,875	$ (2)	$ 3,773	$ 61	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 1	$ —	$ —	$ 47	$ —	$ 48	$ —	$ —
Corporate	1,665	(1)	24	1,196	(424)	2,460	—	17
ABS	4,867	—	(50)	1,049	(561)	5,305	—	(46)
CMBS	—	—	—	—	12	12	—	(1)
RMBS	232	6	2	(3)	(231)	6	—	—
Trading securities	53	3	—	(7)	(11)	38	1	—
Equity securities	92	(12)	—	—	(13)	67	(12)	—
Mortgage loans	27,454	56	—	7,158	—	34,668	57	—
Funds withheld at interest – embedded derivative	(4,847)	491	—	—	—	(4,356)	—	—
Short-term investments	36	—	(2)	(30)	26	30	—	—
Other investments	441	—	—	(104)	—	337	(1)	—
Investments in related parties								
AFS securities								
Corporate	812	1	(8)	151	215	1,171	—	(8)
CLO	303	—	7	185	—	495	—	7
ABS	5,542	9	49	1,858	284	7,742	4	46
Trading securities	878	2	—	(13)	—	867	(1)	—
Equity securities	279	5	—	(32)	—	252	5	—
Mortgage loans	1,302	17	—	(23)	—	1,296	17	—
Investment funds	959	70	—	32	—	1,061	70	—
Funds withheld at interest – embedded derivative	(1,425)	128	—	—	—	(1,297)	—	—
Other investments	303	(2)	—	42	—	343	(2)	—
Reinsurance recoverable	1,388	48	—	—	—	1,436	—	—

(Continued

	Six Months Ended June 30, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets of consolidated VIEs								
Trading securities	622	8	—	(10)	97	717	8	—
Mortgage loans	2,055	2	—	56	—	2,113	2	—
Investment funds	2,471	23	—	(8)	(1,135)	1,351	23	—
Other investments	99	2	—	(2)	—	99	2	—
Total Level 3 assets – Retirement Services	$ 45,582	$ 856	$ 22	$ 11,542	$ (1,741)	$ 56,261	$ 173	$ 15
Liabilities – Asset Management								
Contingent consideration obligations	$ 86	$ (17)	$ —	$ —	$ —	$ 69	$ —	$ —
Debt and other liabilities of consolidated VIEs	—	—	—	—	—	—	—	—
Total Level 3 liabilities – Asset Management	$ 86	$ (17)	$ —	$ —	$ —	$ 69	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (5,841)	$ (1,528)	$ —	$ (829)	$ —	$ (8,198)	$ —	$ —
Universal life benefits	(829)	(25)	—	—	—	(854)	—	—
Future policy benefits								
AmerUs Closed Block	(1,164)	5	—	—	—	(1,159)	—	—
ILICO Closed Block and life benefits	(548)	(23)	—	—	—	(571)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Other liabilities	(142)	(67)	—	—	—	(209)	—	—
Total Level 3 liabilities – Retirement Services	$ (8,525)	$ (1,638)	$ —	$ (829)	$ —	$ (10,992)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

	Six Months Ended June 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets – Asset Management								
Investments and derivative assets	$ 946	$ 9	$ —	$ 102	$ 23	$ 1,080	$ 59	$ —
Investments of Consolidated VIEs	13,188	173	—	1,717	(13,888)	1,190	(17)	—
Total Level 3 assets – Asset Management	$ 14,134	$ 182	$ —	$ 1,819	$ (13,865)	$ 2,270	$ 42	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 2	$ —	$ —	$ —	$ —	$ 2	$ —	$ —
Corporate	1,339	(3)	(77)	180	149	1,588	—	(76)
CLO	14	(2)	—	(12)	—	—	—	—
ABS	3,619	7	(95)	—	63	3,594	—	(89)
CMBS	43	—	(17)	—	(26)	—	—	1
RMBS	—	—	—	68	—	68	—	—

(Continued)

APOLLO GLOBAL MANAGEMENT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Six Months Ended June 30, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Trading securities	69	(6)	—	8	(13)	58	—	—
Equity securities	429	17	—	(3)	(381)	62	16	—
Mortgage loans	21,154	(1,771)	—	5,835	—	25,218	(1,767)	—
Investment funds	18	1	—	—	—	19	1	—
Funds withheld at interest – embedded derivative	—	(3,958)	—	—	—	(3,958)	—	—
Short-term investments	29	—	(1)	30	—	58	—	—
Investments in related parties								
AFS securities								
Corporate	670	(4)	(6)	136	53	849	—	(6)
CLO	202	—	(7)	130	—	325	—	(7)
ABS	6,445	(1)	(135)	(1,241)	(42)	5,026	—	(138)
Trading securities	1,771	(1)	—	(1,062)	183	891	—	—
Equity securities	284	(14)	—	(119)	12	163	—	—
Mortgage loans	1,369	(124)	—	171	—	1,416	(124)	—
Investment funds	2,855	28	—	(34)	(2,031)	818	28	—
Funds withheld at interest – embedded derivative	—	(1,129)	—	—	—	(1,129)	—	—
Short-term investments	—	—	—	53	(53)	—	—	—
Reinsurance recoverable	1,991	(411)	—	—	—	1,580	—	—
Assets of consolidated VIEs								
Trading securities	—	—	—	—	330	330	—	—
Mortgage loans	2,152	(170)	—	(154)	(202)	1,626	(170)	—
Investment funds	1,297	28	—	161	(433)	1,053	28	—
Other investments	—	—	—	31	—	31	—	—
Total Level 3 assets – Retirement Services	$ 45,752	$ (7,513)	$ (338)	$ 4,178	$ (2,391)	$ 39,688	$ (1,988)	$ (315)
Liabilities – Asset Management								
Contingent consideration obligations	$ 126	$ (10)	$ —	$ 23	$ —	$ 139	$ —	$ —
Debt and other liabilities of consolidated VIEs	7,528	(28)	—	1,126	(8,626)	—	—	—
Total Level 3 liabilities – Asset Management	$ 7,654	$ (38)	$ —	$ 1,149	$ (8,626)	$ 139	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Embedded derivative	$ (7,408)	$ 2,553	$ —	$ (321)	$ —	$ (5,176)	$ —	$ —
Universal life benefits	(1,235)	292	—	—	—	(943)	—	—
Future policy benefits								
AmerUs Closed Block	(1,520)	273	—	—	—	(1,247)	—	—
ILICO Closed Block and life benefits	(742)	119	—	—	—	(623)	—	—
Derivative liabilities	(3)	2	—	—	—	(1)	—	—
Total Level 3 liabilities – Retirement Services	$ (10,908)	$ 3,239	$ —	$ (321)	$ —	$ (7,990)	$ —	$ —

(Concluded)

[1] Related to instruments held at end of period.

The following represents the gross components of purchases, issuances, sales and settlements, net, and net transfers in (out) shown above:

	Three months ended June 30, 2023							
(In millions)	**Purchases**	**Issuances**	**Sales**	**Settlements**	**Net purchases, issuances, sales and settlements**	**Transfers In**	**Transfers Out**	**Net Transfers In (Out)**
Assets – Asset Management								
Investments and derivative assets	$ 18	$ —	$ (1)	$ —	17	$ —	$ —	$ —
Investments of Consolidated VIEs	1,728	—	(400)	—	1,328	—	—	—
Total Level 3 assets – Asset Management	$ 1,746	$ —	$ (401)	$ —	$ 1,345	$ —	$ —	$ —
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 53	$ —	$ —	$ (6)	$ 47	$ —	$ —	$ —
Corporate	1,104	—	—	(34)	1,070	—	(244)	(244)
ABS	1,033	—	(20)	(119)	894	123	(623)	(500)
CMBS	—	—	—	—	—	12	—	12
RMBS	—	—	—	(3)	(3)	5	(236)	(231)
Trading securities	8	—	—	(11)	(3)	—	(2)	(2)
Mortgage loans	5,783	—	(31)	(838)	4,914	—	—	—
Other investments	325	—	—	(273)	52	—	—	—
Investments in related parties								
AFS securities								
Corporate	1	—	—	(3)	(2)	215	—	215
ABS	1,072	—	(162)	(467)	443	284	—	284
Trading securities	25	—	(37)	(2)	(14)	—	—	—
Mortgage loans	—	—	—	(19)	(19)	—	—	—
Assets of consolidated VIEs								—
Trading securities	10	—	(18)	—	(8)	109	(28)	81
Mortgage loans	13	—	—	(2)	11	—	—	—
Investment funds	—	—	—	—	—	327	(1,562)	(1,235)
Total Level 3 assets – Retirement Services	$ 9,427	$ —	$ (268)	$ (1,777)	$ 7,382	$ 1,075	$ (2,695)	$ (1,620)
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (558)	$ —	$ 162	$ (396)	$ —	$ —	—
Total Level 3 liabilities – Retirement Services	$ —	$ (558)	$ —	$ 162	$ (396)	$ —	$ —	$ —

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Three months ended June 30, 2022							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers In[1]	Transfers Out[2]	Net Transfers In (Out)
Assets – Asset Management								
Investments and derivative assets	$ 2	$ —	$ (1)	$ —	$ 1	$ 1	$ —	$ 1
Investments of Consolidated VIEs	1,235	—	(647)	—	588	30	(316)	(286)
Total Level 3 assets – Asset Management	$ 1,237	$ —	$ (648)	$ —	$ 589	$ 31	$ (316)	$ (285)
Assets – Retirement Services								
AFS securities								
Corporate	$ 129	$ —	$ (2)	$ (87)	40	$ 150	$ (43)	107
CLO	—	—	—	(2)	(2)	—	—	—
ABS	746	—	(341)	(257)	148	30	(304)	(274)
CMBS	—	—	—	—	—	—	(10)	(10)
RMBS	68	—	—	—	68	—	—	—
Trading securities	2	—	—	—	2	9	(42)	(33)
Equity securities	—	—	(3)	—	(3)	19	(400)	(381)
Mortgage loans	3,386	—	(48)	(789)	2,549	—	—	—
Short-term investments	29	—	—	(29)	—	—	—	—
Investments in related parties								
AFS securities								
Corporate	52	—	—	(10)	42	53	—	53
ABS	899	—	(6)	(1,989)	(1,096)	1,822	—	1,822
Trading securities	7	—	(787)	(28)	(808)	1,443	—	1,443
Equity securities	—	—	(119)	—	(119)	125	—	125
Mortgage loans	36	—	—	(4)	32	—	—	—
Short-term investments	—	—	—	—	—	—	(53)	(53)
Assets of consolidated VIEs								
Trading securities	—	—	—	—	—	330	—	330
Mortgage loans	—	—	—	(2)	(2)	21	(223)	(202)
Investment funds	33	—	(110)	—	(77)	1,006	(10,486)	(9,480)
Other investments	31	—	—	—	31	—	(1,902)	(1,902)
Total Level 3 assets – Retirement Services	$ 5,418	$ —	$ (1,416)	$ (3,197)	$ 805	$ 5,008	$ (13,463)	$ (8,455)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ 36	$ —	$ —	$ 36	$ —	$ —	$ —
Total Level 3 liabilities – Asset Management	$ —	$ 36	$ —	$ —	$ 36	$ —	$ —	$ —
Liabilities – Retirement Services								
Interest sensitive contract liabilities – embedded derivative	$ —	$ (337)	$ —	$ 127	$ (210)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (337)	$ —	$ 127	$ (210)	$ —	$ —	$ —

[1] Transfers in are primarily assets of consolidated VIEs that Athene consolidated effective in the second quarter of 2022.
[2] Transfers out are primarily the deconsolidation of certain of Athene's VIEs effective in the second quarter of 2022.

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Six Months Ended June 30, 2023							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers In	Transfers Out	Net Transfers In (Out)
Assets – Asset Management								
Investments and derivative assets	$ 26	$ —	$ (2)	$ —	$ 24	$ —	$ —	$ —
Investments of consolidated VIEs	2,599	—	(748)	—	1,851	—	(2)	(2)
Total Level 3 assets – Asset Management	$ 2,625	$ —	$ (750)	$ —	$ 1,875	$ —	$ (2)	$ (2)
Assets – Retirement Services								
AFS securities								
Foreign governments	$ 53	$ —	$ —	$ (6)	$ 47	$ —	$ —	$ —
Corporate	1,312	—	—	(116)	1,196	29	(453)	(424)
ABS	1,331	—	(20)	(262)	1,049	338	(899)	(561)
CMBS	—	—	—	—	—	12	—	12
RMBS	1	—	—	(4)	(3)	5	(236)	(231)
Trading securities	8	—	—	(15)	(7)	5	(16)	(11)
Equity securities	—	—	—	—	—	—	(13)	(13)
Mortgage loans	8,665	—	(63)	(1,444)	7,158	—	—	—
Short-term investments	—	—	—	(30)	(30)	26	—	26
Other investments	327	—	—	(431)	(104)	—	—	—
Investments in related parties								
AFS securities								
Corporate	157	—	—	(6)	151	215	—	215
CLO	185	—	—	—	185	—	—	—
ABS	2,706	—	(162)	(686)	1,858	284	—	284
Trading securities	27	—	(37)	(3)	(13)	—	—	—
Equity securities	—	—	—	(32)	(32)	—	—	—
Mortgage loans	—	—	—	(23)	(23)	—	—	—
Investment funds	32	—	—	—	32	—	—	—
Other investments	42	—	—	—	42	—	—	—
Assets of consolidated VIEs								
Trading securities	20	—	(30)	—	(10)	128	(31)	97
Mortgage loans	59	—	—	(3)	56	—	—	—
Investment funds	—	—	(8)	—	(8)	475	(1,610)	(1,135)
Other investments	5	—	(7)	—	(2)	—	—	—
Total Level 3 assets – Retirement Services	$ 14,930	$ —	$ (327)	$ (3,061)	$ 11,542	$ 1,517	$ (3,258)	$ (1,741)
Liabilities – Retirement Services								
Interest sensitive contract liabilities								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (1,135)	$ —	$ 306	$ (829)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (1,135)	$ —	$ 306	$ (829)	$ —	$ —	$ —

APOLLO GLOBAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

	Six Months Ended June 30, 2022							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers In[1]	Transfers Out[2]	Net Transfers In (Out)
Assets – Asset Management								
Investments	$ 106	$ —	$ (4)	$ —	$ 102	$ 23	$ —	$ 23
Investments of consolidated VIEs	3,704	—	(1,987)	—	1,717	482	(14,370)	(13,888)
Total Level 3 assets – Asset Management	$ 3,810	$ —	$ (1,991)	$ —	$ 1,819	$ 505	$ (14,370)	$ (13,865)
Assets – Retirement Services								
AFS securities								
Corporate	$ 453	$ —	$ (170)	$ (103)	$ 180	$ 193	$ (44)	$ 149
CLO	—	—	—	(12)	(12)	—	—	—
ABS	2,235	—	(1,791)	(444)	—	368	(305)	63
CMBS	—	—	—	—	—	—	(26)	(26)
RMBS	68	—	—	—	68	—	—	—
Trading securities	8	—	—	—	8	39	(52)	(13)
Equity securities	—	—	(3)	—	(3)	19	(400)	(381)
Mortgage loans	7,477	—	(130)	(1,512)	5,835	—	—	—
Short-term investments	59	—	—	(29)	30	—	—	—
Investments in related parties								
AFS securities								
Corporate	367	—	(217)	(14)	136	53	—	53
CLO	130	—	—	—	130	—	—	—
ABS	1,273	—	(93)	(2,421)	(1,241)	1,822	(1,864)	(42)
Trading securities	36	—	(1,052)	(46)	(1,062)	1,443	(1,260)	183
Equity securities	—	—	(119)	—	(119)	125	(113)	12
Mortgage loans	182	—	—	(11)	171	—	—	—
Investment funds	—	—	(34)	—	(34)	—	(2,031)	(2,031)
Short-term investments	53	—	—	—	53	—	(53)	(53)
Assets of consolidated VIEs								
Trading Securities	—	—	—	—	—	330	—	330
Mortgage loans	—	—	—	(154)	(154)	21	(223)	(202)
Investment funds	286	—	(125)	—	161	11,087	(11,520)	(433)
Other investments	31	—	—	—	31	1,902	(1,902)	—
Total Level 3 assets – Retirement Services	$ 12,658	$ —	$ (3,734)	$ (4,746)	$ 4,178	$ 17,402	$ (19,793)	$ (2,391)
Liabilities - Asset Management								
Contingent consideration obligations	$ —	$ 36	$ —	$ (13)	$ 23	$ —	$ —	$ —
Debt and other liabilities of consolidated VIEs	—	1,644	—	(518)	1,126	—	(8,626)	(8,626)
Total Level 3 liabilities – Asset Management	$ —	$ 1,680	$ —	$ (531)	$ 1,149	$ —	$ (8,626)	$ (8,626)
Liabilities – Retirement Services								
Interest sensitive contract liabilities - Embedded derivative	$ —	$ (597)	$ —	$ 276	$ (321)	$ —	$ —	$ —
Total Level 3 liabilities – Retirement Services	$ —	$ (597)	$ —	$ 276	$ (321)	$ —	$ —	$ —

[1] Transfers in are primarily assets of consolidated VIEs that Athene consolidated effective in the second quarter of 2022.

[2] Transfers out are primarily the deconsolidation of certain of Athene's VIEs effective in the second quarter of 2022.

Fair Value Option – Retirement Services

The following represents the gains (losses) recorded for instruments for which Athene has elected the fair value option, including related parties and VIEs:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Trading securities	$ (32)	$ (161)	$ 32	$ (368)
Mortgage loans	(221)	(1,149)	75	(2,065)
Investment funds	25	36	89	56
Future policy benefits	31	131	5	273
Other liabilities	(21)	—	(67)	—
Total gains (losses)	$ (218)	$ (1,143)	$ 134	$ (2,104)

Gains and losses on trading securities and other liabilities are recorded in investment related gains (losses) on the condensed consolidated statements of operations. For fair value option mortgage loans, interest income is recorded in net investment income and subsequent changes in fair value in investment related gains (losses) on the condensed consolidated statements of operations. Gains and losses related to investment funds, including related party investment funds, are recorded in net investment income on the condensed consolidated statements of operations. The change in fair value of future policy benefits is recorded to future policy and other policy benefits on the condensed consolidated statements of operations.

The following summarizes information for fair value option mortgage loans, including related parties and VIEs:

(In millions)	June 30, 2023	December 31, 2022
Unpaid principal balance	$ 41,122	$ 33,653
Mark to fair value	(3,045)	(2,842)
Fair value	$ 38,077	$ 30,811

The following represents the commercial mortgage loan portfolio 90 days or more past due and/or in non-accrual status:

(In millions)	June 30, 2023	December 31, 2022
Unpaid principal balance of commercial mortgage loans 90 days or more past due and/or in non-accrual status	$ 208	$ 74
Mark to fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	(62)	(55)
Fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	$ 146	$ 19
Fair value of commercial mortgage loans 90 days or more past due	$ 21	$ 2
Fair value of commercial mortgage loans in non-accrual status	125	19

The following represents the residential loan portfolio 90 days or more past due and/or in non-accrual status:

(In millions)	June 30, 2023	December 31, 2022
Unpaid principal balance of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 439	$ 522
Mark to fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	(40)	(50)
Fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 399	$ 472
Fair value of residential mortgage loans 90 days or more past due[1]	$ 399	$ 472
Fair value of residential mortgage loans in non-accrual status	239	360

[1] As of June 30, 2023 and December 31, 2022, includes $ 160 million and $ 221 million, respectively, of residential mortgage loans that are guaranteed by U.S. government-sponsored agencies.

The following is the estimated amount of gains (losses) included in earnings during the period attributable to changes in instrument-specific credit risk on our mortgage loan portfolio:

(In millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Mortgage loans	$ (8)	$ (34)	$ (11)	$ (52)

The portion of gains and losses attributable to changes in instrument-specific credit risk is estimated by identifying commercial loans with loan-to-value ratios meeting credit quality criteria, and residential mortgage loans with delinquency status meeting credit quality criteria.

Financial Instruments Without Readily Determinable Fair Values

Athene has elected the measurement alternative for certain equity securities that do not have a readily determinable fair value. As of June 30, 2023 and December 31, 2022, the carrying amount of the equity securities was $400 million and $400 million, respectively, with no cumulative recorded impairment.

Fair Value of Financial Instruments Not Carried at Fair Value – Retirement Services

The following represents Athene's financial instruments not carried at fair value on the condensed consolidated statements of financial condition:

	June 30, 2023					
(In millions)	**Carrying Value**	**Fair Value**	**NAV**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Investment funds	$ 123	$ 123	$ 123	$ —	$ —	$ —
Policy loans	336	336	—	—	336	—
Funds withheld at interest	32,200	32,200	—	—	—	32,200
Other investments	194	195	—	—	—	195
Investments in related parties						
Investment funds	575	575	575	—	—	—
Funds withheld at interest	10,314	10,314	—	—	—	10,314
Short-term investments	891	891	—	—	891	—
Total financial assets not carried at fair value	$ 44,633	$ 44,634	$ 698	$ —	$ 1,227	$ 42,709
Financial liabilities						
Interest sensitive contract liabilities	$ 134,154	$ 121,326	$ —	$ —	$ —	$ 121,326
Debt	3,642	2,873	—	—	2,873	—
Securities to repurchase	6,261	6,261	—	—	6,261	—
Funds withheld liability	305	305	—	—	305	—
Total financial liabilities not carried at fair value	$ 144,362	$ 130,765	$ —	$ —	$ 9,439	$ 121,326

	December 31, 2022					
(In millions)	Carrying Value	Fair Value	NAV	Level 1	Level 2	Level 3
Financial assets						
Investment funds	$ 79	$ 79	$ 79	$ —	$ —	$ —
Policy loans	347	347	—	—	347	—
Funds withheld at interest	37,727	37,727	—	—	—	37,727
Short-term investments	1,640	1,640	—	—	1,614	26
Other investments	162	162	—	—	—	162
Investments in related parties						
Investment funds	610	610	610	—	—	—
Funds withheld at interest	11,233	11,233	—	—	—	11,233
Total financial assets not carried at fair value	$ 51,798	$ 51,798	$ 689	$ —	$ 1,961	$ 49,148
Financial liabilities						
Interest sensitive contract liabilities	$ 125,101	$ 111,608	$ —	$ —	$ —	$ 111,608
Debt	3,658	2,893	—	—	2,893	—
Securities to repurchase	4,743	4,743	—	—	4,743	—
Funds withheld liability	360	360	—	—	360	—
Total financial liabilities not carried at fair value	$ 133,862	$ 119,604	$ —	$ —	$ 7,996	$ 111,608

The fair value for financial instruments not carried at fair value are estimated using the same methods and assumptions as those carried at fair value. The financial instruments presented above are reported at carrying value on the condensed consolidated statements of financial condition; however, in the case of policy loans, funds withheld at interest and liability, short-term investments, and securities to repurchase, the carrying amount approximates fair value.

Interest sensitive contract liabilities

The carrying and fair value of interest sensitive contract liabilities above includes fixed indexed and traditional fixed annuities without mortality or morbidity risks, funding agreements and payout annuities without life contingencies. The embedded derivatives within fixed indexed annuities without mortality or morbidity risks are excluded, as they are carried at fair value. The valuation of these investment contracts is based on discounted cash flow methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates, adding a spread to reflect nonperformance risk and subtracting a risk margin to reflect uncertainty inherent in the projected cash flows.

Debt

The fair value of debt is obtained from commercial pricing services. These are classified as Level 2. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data.

Significant Unobservable Inputs

Asset Management

Discounted Cash Flow and Direct Capitalization Model

When a discounted cash flow or direct capitalization model is used to determine fair value, the significant input used in the valuation model is the discount rate applied to present value the projected cash flows or the capitalization rate, respectively. Increases in the discount or capitalization rate can significantly lower the fair value of an investment and the contingent consideration obligations; conversely decreases in the discount or capitalization rate can significantly increase the fair value of an investment and the contingent consideration obligations.

Consolidated VIEs' Investments

The significant unobservable input used in the fair value measurement of the equity securities, bank loans and bonds is the discount rate applied in the valuation models. This input in isolation can cause significant increases or decreases in fair value, which would result in a significantly lower or higher fair value measurement. The discount rate is determined based on the market rates an investor would expect for a similar investment with similar risks.

Certain investments of VIEs are valued using the NAV per share equivalent calculated by the investment manager as a practical expedient to determine an independent fair value.

Contingent Consideration Obligations

The significant unobservable inputs used in the fair value measurement of the contingent consideration obligations are discount rate and volatility rate applied in the valuation models. These inputs in isolation can cause significant increases or decreases in fair value. See note 18 for further discussion of the contingent consideration obligations.

Retirement Services

AFS, trading and equity securities

Athene uses discounted cash flow models to calculate the fair value for certain fixed maturity and equity securities. The discount rate is a significant unobservable input because the credit spread includes adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. This excludes assets for which fair value is provided by independent broker quotes.

Mortgage loans

Athene uses discounted cash flow models from independent commercial pricing services to calculate the fair value of its mortgage loan portfolio. The discount rate is a significant unobservable input. This approach uses market transaction information and client portfolio-oriented information, such as prepayments or defaults, to support the valuations.

Interest sensitive contract liabilities – embedded derivative

Significant unobservable inputs used in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Nonperformance risk – For contracts Athene issues, it uses the credit spread, relative to the U.S. Treasury curve based on Athene's public credit rating as of the valuation date. This represents Athene's credit risk for use in the estimate of the fair value of embedded derivatives.
2. Option budget – Athene assumes future hedge costs in the derivative's fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior – Athene regularly reviews the full withdrawal (surrender rate) assumptions. These are based on initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

Valuation of Underlying Investments

Asset Management

As previously noted, the underlying entities that Apollo manages and invests in are primarily investment companies that account for their investments at estimated fair value.

On a quarterly basis, valuation committees consisting of members from senior management review and approve the valuation results related to the investments of the funds Apollo manages. For certain publicly traded vehicles managed by Apollo, a review is performed by an independent board of directors. Apollo also retains external valuation firms to provide third-party valuation consulting services to Apollo, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the external valuation firms assist management with validating their valuation results or determining fair value. Apollo performs various back-testing procedures to validate their valuation approaches, including comparisons between expected and observed outcomes, forecast evaluations and variance analyses. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Yield Investments

Yield investments are generally valued based on third party vendor prices and/or quoted market prices and valuation models. Valuations using quoted market prices are based on the average of the “bid” and the “ask” quotes provided by multiple brokers wherever possible without any adjustments. Apollo will designate certain brokers to use to value specific securities. In determining the designated brokers, Apollo considers the following: (i) brokers with which Apollo has previously transacted, (ii) the underwriter of the security and (iii) active brokers indicating executable quotes. In addition, when valuing a security based on broker quotes wherever possible Apollo tests the standard deviation amongst the quotes received and the variance between the concluded fair value and the value provided by a pricing service. When broker quotes are not available Apollo considers the use of pricing service quotes or other sources to mark a position. When relying on a pricing service as a primary source, Apollo (i) analyzes how the price has moved over the measurement period, (ii) reviews the number of brokers included in the pricing service’s population, if available, and (iii) validates the valuation levels with Apollo’s pricing team and traders.

Debt securities that are not publicly traded or whose market prices are not readily available are valued at fair value utilizing a model based approach to determine fair value. Valuation approaches used to estimate the fair value of illiquid credit investments also may include the income approach, as described below. The valuation approaches used consider, as applicable, market risks, credit risks, counterparty risks and foreign currency risks.

Equity and Hybrid Investments

The majority of illiquid equity and hybrid investments are valued using the market approach and/or the income approach, as described below.

Market Approach

The market approach is driven by current market conditions, including actual trading levels of similar companies and, to the extent available, actual transaction data of similar companies. Judgment is required by management when assessing which companies are similar to the subject company being valued. Consideration may also be given to any of the following factors: (1) the subject company’s historical and projected financial data; (2) valuations given to comparable companies; (3) the size and scope of the subject company’s operations; (4) the subject company’s individual strengths and weaknesses; (5) expectations relating to the market’s receptivity to an offering of the subject company’s securities; (6) applicable restrictions on transfer; (7) industry and market information; (8) general economic and market conditions; and (9) other factors deemed relevant. Market approach valuation models typically employ a multiple that is based on one or more of the factors described above.

Enterprise value as a multiple of EBITDA is common and relevant for most companies and industries, however, other industry specific multiples are employed where available and appropriate. Sources for gaining additional knowledge related to comparable companies include public filings, annual reports, analyst research reports and press releases. Once a comparable company set is determined, Apollo reviews certain aspects of the subject company’s performance and determines how its performance compares to the group and to certain individuals in the group. Apollo compares certain measurements such as EBITDA margins, revenue growth over certain time periods, leverage ratios and growth opportunities. In addition, Apollo compares the entry multiple and its relation to the comparable set at the time of acquisition to understand its relation to the comparable set on each measurement date.

Income Approach

The income approach provides an indication of fair value based on the present value of cash flows that a business or security is expected to generate in the future. The most widely used methodology for the income approach is a discounted cash flow method. Inherent in the discounted cash flow method are significant assumptions related to the subject company’s expected results, the determination of a terminal value and a calculated discount rate, which is normally based on the subject company’s WACC. The WACC represents the required rate of return on total capitalization, which is comprised of a required rate of return on equity, plus the current tax-effected rate of return on debt, weighted by the relative percentages of equity and debt that are typical in the industry. The most critical step in determining the appropriate WACC for each subject company is to select companies that are comparable in nature to the subject company and the credit quality of the subject company. Sources for gaining additional knowledge about the comparable companies include public filings, annual reports, analyst research reports and press releases. The general formula then used for calculating the WACC considers the after-tax rate of return on debt capital and the rate of return on common equity capital, which further considers the risk-free rate of return, market beta, market risk premium and small stock premium, if applicable. The variables used in the WACC formula are inferred from the comparable market data obtained. The Company evaluates the comparable companies selected and concludes on WACC inputs based on the most comparable company or analyzes the range of data for the investment.

The value of liquid investments, where the primary market is an exchange (whether foreign or domestic), is determined using period end market prices. Such prices are generally based on the close price on the date of determination.

Certain of the funds Apollo manages may also enter into foreign currency exchange contracts, total return swap contracts, credit default swap contracts and other derivative contracts, which may include options, caps, collars and floors. Foreign currency exchange contracts are marked-to-market by recognizing the difference between the contract exchange rate and the current market rate as unrealized appreciation or depreciation. If securities are held at the end of the period, the changes in value are recorded in income as unrealized. Realized gains or losses are recognized when contracts are settled. Total return swap and credit default swap contracts are recorded at fair value as an asset or liability with changes in fair value recorded as unrealized appreciation or depreciation. Realized gains or losses are recognized at the termination of the contract based on the difference between the close-out price of the total return or credit default swap contract and the original contract price. Forward contracts are valued based on market rates obtained from counterparties or prices obtained from recognized financial data service providers.

Retirement Services

NAV

Investment funds are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. The carrying value reflects a pro rata ownership percentage as indicated by NAV in the investment fund financial statements, which may be adjusted if it is determined NAV is not calculated consistent with investment company fair value principles. The underlying investments of the investment funds may have significant unobservable inputs, which may include but are not limited to, comparable multiples and WACC rates applied in valuation models or a discounted cash flow model.

AFS and trading securities

The fair value for most marketable securities without an active market are obtained from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes U.S. and non-U.S. corporate bonds, U.S. agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

Athene also has fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and are included in Level 3 in fair value hierarchy. Significant unobservable inputs used include discount rates, issue-specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. These inputs are usually considered unobservable, as not all market participants have access to this data.

Privately placed fixed maturity securities are valued based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, a matrix-based pricing model is used. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security. Additional factors such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees and Athene’s evaluation of the borrower’s ability to compete in its relevant market are also considered. Privately placed fixed maturity securities are classified as Level 2 or 3.

Equity securities

Fair values of publicly traded equity securities are based on quoted market prices and classified as Level 1. Other equity securities, typically private equities or equity securities not traded on an exchange, are valued based on other sources, such as commercial pricing services or brokers, and are classified as Level 2 or 3.

Mortgage loans

Athene estimates fair value monthly using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Investment funds

Certain investment funds for which Athene has elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions. These inputs are usually considered unobservable, as not all market participants have access to this data.

Other investments

The fair value of other investments are determined using a discounted cash flow model using discount rates for similar investments.

Funds withheld at interest embedded derivative

Athene estimates the fair value of the embedded derivative based on the change in the fair value of the assets supporting the funds withheld payable under modco and funds withheld reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 2 or 3 based on the valuation methods used for the assets held supporting the reinsurance agreements.

Derivatives

Derivative contracts can be exchange traded or over the counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. Athene considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. Athene also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of Athene's derivatives trade in liquid markets; therefore, it can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Interest sensitive contract liabilities embedded derivative

Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

AmerUs Closed Block

Athene elected the fair value option for the future policy benefits liability in the AmerUs Closed Block. The valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component is the present value of the projected release of required capital and future earnings before income taxes on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital.

Unobservable inputs include estimates for these items. The AmerUs Closed Block policyholder liabilities and any corresponding reinsurance recoverable are classified as Level 3.

ILICO Closed Block

Athene elected the fair value option for the ILICO Closed Block. The valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component uses the present value of future cash flows which include commissions, administrative expenses, reinsurance premiums and benefits, and an explicit cost of capital. The discount rate includes a margin to reflect the business and nonperformance risk. Unobservable inputs include estimates for these items. The ILICO Closed Block policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Universal life liabilities and other life benefits

Athene elected the fair value option for certain blocks of universal and other life business ceded to Global Atlantic. Athene uses a present value of liability cash flows. Unobservable inputs include estimates of mortality, persistency, expenses, premium payments and a risk margin used in the discount rates that reflects the riskiness of the business. The universal life policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Other liabilities

Other liabilities includes funds withheld liability, as described above in funds withheld at interest embedded derivative, and a ceded modco agreement of certain inforce funding agreement contracts for which Athene elected the fair value option. Athene estimates the fair value of the ceded modco agreement by discounting projected cash flows for net settlements and certain periodic and non-periodic payments. Unobservable inputs include estimates for asset portfolio returns and economic inputs used in the discount rate, including risk margin. Depending on the projected cash flows and other assumptions, the contract may be recorded as an asset or liability. The estimate is classified as Level 3.

9. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The following represents a rollforward of DAC and DSI by product, and a rollforward of VOBA. See note 10 for more information on Athene's products.

	Six months ended June 30, 2023						
	DAC				DSI		
(In millions)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Indexed annuities	VOBA	Total DAC, DSI and VOBA
Balance at December 31, 2022	$ 304	$ 755	$ 11	$ 9	$ 399	$ 2,988	$ 4,466
Additions	298	405	1	2	285	—	991
Amortization	(42)	(41)	(2)	—	(23)	(183)	(291)
Balance at June 30, 2023	$ 560	$ 1,119	$ 10	$ 11	$ 661	$ 2,805	$ 5,166

	Six months ended June 30, 2022						
	DAC				DSI		
(In millions)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Indexed annuities	VOBA	Total DAC, DSI and VOBA
Balance at January 1, 2022	$ —	$ —	$ —	$ —	$ —	$ 3,372	$ 3,372
Additions	58	358	13	5	160	—	$ 594
Amortization	(1)	(8)	(1)	—	(1)	(195)	(206)
Balance at June 30, 2022	$ 57	$ 350	$ 12	$ 5	$ 159	$ 3,177	$ 3,760

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds, including traditional deferred annuities and indexed annuities, are amortized on a constant-level basis for a cohort of contracts using initial premium or deposit. Significant inputs and assumptions are required for determining the expected duration of the cohort and involves using accepted actuarial methods to determine decrement rates related to policyholder behavior for lapses, withdrawals (surrenders) and mortality. The assumptions used to determine the amortization of DAC and DSI are consistent with those used to estimate the related liability balance.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of policyholder funds are amortized using the effective interest method, which primarily includes funding agreements. The effective interest method requires inputs to project future cash flows, which for funding agreements includes contractual terms of notional value, periodic interest payments based on either fixed or floating interest rates, and duration. For other investment-type contracts which include immediate annuities and assumed endowments without significant mortality risks, assumptions are required related to policyholder behavior for lapses and withdrawals (surrenders).

The expected amortization of VOBA for the next five years is as follows:

(In millions)	**Expected amortization**
2023[1]	$ 169
2024	316
2025	289
2026	260
2027	230
2028	200

[1] Expected amortization for the remainder of 2023.

10. Long-duration Contracts

Interest sensitive contract liabilities – Interest sensitive contract liabilities primarily include:

- traditional deferred annuities,
- indexed annuities consisting of fixed indexed and index-linked variable annuities,
- funding agreements, and
- other investment-type contracts comprising of immediate annuities without significant mortality risk (which includes pension group annuities without life contingencies) and assumed endowments without significant mortality risks.

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The following represents a rollforward of the policyholder account balance by product within interest sensitive contract liabilities. Where explicit policyholder account balances do not exist, the disaggregated rollforward represents the recorded reserve.

	Six months ended June 30, 2023				
(In millions, except percentages)	**Traditional deferred annuities**	**Indexed annuities**	**Funding agreements**	**Other investment-type**	**Total**
Balance at December 31, 2022	$ 43,518	$ 92,660	$ 27,439	$ 4,722	$ 168,339
Deposits	12,174	5,808	1,648	2,607	22,237
Policy charges	(1)	(318)	—	—	(319)
Surrenders and withdrawals	(4,986)	(5,563)	(110)	(11)	(10,670)
Benefit payments	(505)	(826)	(1,910)	(167)	(3,408)
Interest credited	802	364	401	71	1,638
Foreign exchange	(31)	—	161	(218)	(88)
Other	(54)	—	(11)	(37)	(102)
Balance at June 30, 2023	$ 50,917	$ 92,125	$ 27,618	$ 6,967	$ 177,627
	June 30, 2023				
Weighted average crediting rate	3.5 %	2.3 %	2.7 %	2.9 %	2.7 %
Net amount at risk	$ 424	$ 14,158	$ —	$ 104	$ 14,686
Cash surrender value	48,135	84,200	—	4,442	136,777

	Six months ended June 30, 2022				
(In millions, except percentages)	**Traditional deferred annuities**	**Indexed annuities**	**Funding agreements**	**Other investment-type**	**Total**
Balance at January 1, 2022	$ 35,599	$ 89,755	$ 23,623	$ 2,413	$ 151,390
Deposits	2,476	5,186	5,820	1,286	14,768
Policy charges	(1)	(287)	—	—	(288)
Surrenders and withdrawals	(2,115)	(3,610)	(50)	(2)	(5,777)
Benefit payments	(480)	(847)	(969)	(166)	(2,462)
Interest credited	465	1,245	299	38	2,047
Foreign exchange	—	—	(449)	(58)	(507)
Other	—	—	(334)	(8)	(342)
Balance at June 30, 2022	$ 35,944	$ 91,442	$ 27,940	$ 3,503	$ 158,829
	June 30, 2022				
Weighted average crediting rate	2.7 %	2.0 %	2.0 %	2.9 %	2.2 %
Net amount at risk	$ 419	$ 12,788	$ —	$ 25	$ 13,232
Cash surrender value	34,402	83,837	—	1,206	119,445

The following is a reconciliation of interest sensitive contract liabilities to the condensed consolidated statements of financial condition:

	June 30,	
(In millions)	**2023**	**2022**
Traditional deferred annuities	$ 50,917	$ 35,944
Indexed annuities	92,125	91,442
Funding agreements	27,618	27,940
Other investment-type	6,967	3,503
Reconciling items[1]	6,732	5,658
Interest sensitive contract liabilities	$ 184,359	$ 164,487

[1] Reconciling items primarily include embedded derivatives in indexed annuities, unaccreted host contract adjustments on indexed annuities, negative VOBA, sales inducement liabilities, and wholly ceded universal life insurance contracts.

The following represents policyholder account balances by range of guaranteed minimum crediting rates, as well as the related range of the difference between rates being credited to policyholders and the respective guaranteed minimums:

	June 30, 2023			
(In millions)	At guaranteed minimum	1 basis point – 100 basis points above guaranteed minimum	Greater than 100 basis points above guaranteed minimum	Total
< 2.0%	$ 27,210	$ 19,740	$ 86,622	$ 133,572
2.0% – < 4.0%	29,994	2,285	408	32,687
4.0% – < 6.0%	10,141	9	1	10,151
6.0% and greater	1,217	—	—	1,217
Total	$ 68,562	$ 22,034	$ 87,031	$ 177,627

	June 30, 2022			
(In millions)	At guaranteed minimum	1 basis point – 100 basis points above guaranteed minimum	Greater than 100 basis points above guaranteed minimum	Total
< 2.0%	$ 26,768	$ 28,238	$ 61,001	$ 116,007
2.0% – < 4.0%	37,017	955	69	38,041
4.0% – < 6.0%	4,625	11	6	4,642
6.0% and greater	139	—	—	139
Total	$ 68,549	$ 29,204	$ 61,076	$ 158,829

Future policy benefits – Future policy benefits consist primarily of payout annuities, including single premium immediate annuities with life contingencies (which include pension group annuities with life contingencies).

The following is a rollforward of the present value of expected net premiums and expected value of future policy benefits:

	Payout annuities with life contingencies	
	Six months ended June 30,	
(In millions)	2023	2022
Present value of expected future policy benefits		
Beginning balance	$ 36,422	$ 35,278
Effect of changes in discount rate assumptions	8,425	—
Beginning balance at original discount rate	44,847	35,278
Effect of actual experience to expected experience	(60)	(91)
Adjusted beginning balance	44,787	35,187
Issuances	9,097	7,624
Interest accrual	751	483
Benefit payments	(1,748)	(1,480)
Foreign exchange	18	(58)
Ending balance at original discount rate	52,905	41,756
Effect of changes in discount rate assumptions	(8,436)	(6,459)
Ending balance	$ 44,469	$ 35,297

The following is a reconciliation of future policy benefits to the condensed consolidated statements of financial condition:

	June 30,	
(In millions)	2023	2022
Payout annuities with life contingencies	$ 44,469	$ 35,297
Reconciling items[1]	5,815	5,902
Total future policy benefits	$ 50,284	$ 41,199

[1] Reconciling items primarily include the deferred profit liability and negative VOBA associated with Athene's liability for future policy benefits. Additionally, it includes reserves for Athene's immaterial lines of business including term and whole life, accident and health and disability, as well as other insurance benefit reserves for Athene's no-lapse guarantees with universal life contracts, all of which are fully ceded.

The following is a reconciliation of premiums to the condensed consolidated statements of operations:

	Six months ended June 30,	
(In millions)	2023	2022
Payout annuities with life contingencies	$ 9,123	$ 7,708
Reconciling items[1]	14	16
Premiums	$ 9,137	$ 7,724

[1] Reconciling items premiums related to Athene's immaterial lines of business including term and whole life and accident and health and disability.

Gross premiums are recorded within premiums on the condensed consolidated statements of operations. Interest expense (accretion) related to future policy benefits was $751 million and $483 million during the six months ended June 30, 2023 and 2022, respectively, and is recorded as a component of policy and other operating expenses on the condensed consolidated statements of operations.

Significant assumptions and inputs to the calculation of future policy benefits for payout annuities with life contingencies include policyholder demographic data, assumptions for policyholder longevity and policyholder utilization for contracts with deferred lives, and discount rates. Athene bases certain key assumptions related to policyholder behavior on industry standard data adjusted to align with actual company experience, if necessary. At least annually, Athene reviews all significant cash flow assumptions and updates as necessary, unless emerging experience indicates a more frequent review is necessary. The discount rate reflects market observable inputs from upper-medium grade fixed income instrument yields and is interpolated, where necessary, to conform to the duration of Athene's liabilities.

During the six months ended June 30, 2023, future policy benefits for payout annuities with life contingencies increased by $8,047 million, which was primarily driven by $9,097 million of pension group annuity issuances and $751 million of interest accrual, partially offset by $1,748 million of benefit payments.

During the six months ended June 30, 2022, future policy benefits for payout annuities with life contingencies increased by $9 million, which was primarily driven by $7,624 million of pension group annuity issuances and $483 million of interest accrual, partially offset by a $6,459 million change in discount rate assumptions related to an increase in rates and $1,480 million of benefit payments.

The following represents the undiscounted and discounted expected future benefit payments for the liability for future policy benefits. As these relate to payout annuities for single premium immediate annuities with life contingencies, there are no expected future gross premiums.

	June 30, 2023		June 30, 2022	
(In millions)	Undiscounted	Discounted	Undiscounted	Discounted
Expected future benefit payments	$ 77,248	$ 52,905	$ 60,043	$ 41,756

The following represents the weighted-average durations and the weighted-average interest rates of future policy benefits:

	June 30, 2023	June 30, 2022
Weighted-average liability duration *(in years)*	9.6	10.4
Weighted-average interest accretion rate	3.5 %	3.0 %
Weighted-average current discount rate	5.5 %	4.8 %

The following is a summary of remeasurement gains (losses) included within future policy and other policy benefits on the condensed consolidated statements of operations:

(In millions)	Six months ended June 30, 2023	Six months ended June 30, 2022
Reserves	$ 60	$ 90
Deferred profit liability	(44)	(85)
Negative VOBA	(10)	5
Total remeasurement gains (losses)	$ 6	$ 10

During the six months ended June 30, 2023 and 2022, Athene recorded reserve increases of $111 million and $29 million, respectively, on the condensed consolidated statements of operations as a result of the present value of benefits and expenses exceeding the present value of gross premiums.

Market risk benefits – Athene issues and reinsures traditional deferred and indexed annuity products that contain GLWB and GMDB riders that meet the criteria to be classified as market risk benefits.

The following is a rollfoward of net market risk benefit liabilities by product:

(In millions)	Six months ended June 30, 2023: Traditional deferred annuities	Indexed annuities	Total
Balance at December 31, 2022	$ 170	$ 2,319	$ 2,489
Effect of changes in instrument-specific credit risk	13	353	366
Balance, beginning of period, before changes in instrument-specific credit risk	183	2,672	2,855
Issuances	—	31	31
Interest accrual	5	70	75
Attributed fees collected	1	165	166
Benefit payments	(1)	(15)	(16)
Effect of changes in interest rates	3	71	74
Effect of changes in equity	—	(61)	(61)
Effect of actual policyholder behavior compared to expected behavior	3	35	38
Balance, end of period, before changes in instrument-specific credit risk	194	2,968	3,162
Effect of changes in instrument-specific credit risk	(15)	(385)	(400)
Balance at June 30, 2023	$ 179	$ 2,583	$ 2,762
	June 30, 2023		
Net amount at risk	$ 424	$ 14,158	$ 14,582
Weighted-average attained age of contract holders *(in years)*	75	69	69

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(In millions)	Six months ended June 30, 2022 Traditional deferred annuities	Indexed annuities	Total
Balance at January 1, 2022	$ 253	$ 4,194	$ 4,447
Issuances	—	31	31
Interest accrual	—	4	4
Attributed fees collected	1	161	162
Benefit payments	(1)	(27)	(28)
Effect of changes in interest rates	(56)	(1,502)	(1,558)
Effect of changes in equity	1	164	165
Effect of actual policyholder behavior compared to expected behavior	3	24	27
Balance, end of period, before changes in instrument-specific credit risk	201	3,049	3,250
Effect of changes in instrument-specific credit risk	(20)	(556)	(576)
Balance at June 30, 2022	$ 181	$ 2,493	$ 2,674
		June 30, 2022	
Net amount at risk	$ 419	$ 12,788	$ 13,207
Weighted-average attained age of contract holders *(in years)*	75	69	69

The following is a reconciliation of market risk benefits to the condensed consolidated statements of financial condition. Market risk benefit assets are included in other assets on the condensed consolidated statements of financial condition.

	June 30, 2023			June 30, 2022		
(In millions)	Asset	Liability	Net liability	Asset	Liability	Net liability
Traditional deferred annuities	$ —	$ 179	$ 179	$ —	$ 181	$ 181
Indexed annuities	433	3,016	2,583	489	2,982	2,493
Total	$ 433	$ 3,195	$ 2,762	$ 489	$ 3,163	$ 2,674

During the six months ended June 30, 2023, net market risk benefit liabilities increased by $273 million, which was primarily driven by $166 million in fees collected from policyholders and $74 million related to a decrease in discount rates across the curve.

During the six months ended June 30, 2022, net market risk benefit liabilities decreased by $1,773 million, which was primarily driven by $1,558 million related to an increase in discount rates across the curve and a $576 million change in instrument-specific credit risk related to widening of credit spreads, partially offset by $165 million of changes related to equity market performance and $162 million of fees collected from policyholders.

The determination of the fair value of market risk benefits requires the use of inputs related to fees and assessments and assumptions in determining the projected benefits in excess of the projected account balance. Judgment is required for both economic and actuarial assumptions, which can be either observable or unobservable, that impact future policyholder account growth.

Economic assumptions include interest rates and implied volatilities throughout the duration of the liability. For indexed annuities, assumptions also include projected equity returns which impact cash flows attributable to indexed strategies, implied equity volatilities, expected index credits on the next policy anniversary date and future equity option costs. Assumptions related to the level of option budgets used for determining the future equity option costs and the impact on future policyholder account value growth are considered unobservable inputs.

Policyholder behavior assumptions are unobservable inputs and are established using accepted actuarial valuation methods to estimate withdrawals (surrender rate) and income rider utilization. Assumptions are generally based on industry data and pricing assumptions which are updated for actual experience, if necessary. Actual experience may be limited for recently issued products.

All inputs are used to project excess benefits and fees over a range of risk-neutral, stochastic interest rate scenarios. For indexed annuities, stochastic equity return scenarios are also included within the range. A risk margin is incorporated within the discount rate to reflect uncertainty in the projected cash flows such as variations in policyholder behavior, as well as a credit spread to reflect our nonperformance risk, which is considered an unobservable input. Athene uses the credit spread, relative to the U.S. Treasury curve based on its public credit rating as of the valuation date, as the credit spread to reflect its nonperformance risk in the estimate of the fair value of market risk benefits.

The following summarizes the unobservable inputs for market risk benefits:

	June 30, 2023						
(In millions, except for percentages)	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
Market risk benefits, net	$ 2,762	Discounted cash flow	Nonperformance risk	0.4 %	1.8 %	1.5 % [1]	Decrease
			Option budget	0.5 %	5.7 %	1.8 % [2]	Decrease
			Surrender rate	3.3 %	6.9 %	4.5 % [2]	Decrease
			Utilization rate	28.6 %	95.0 %	83.1 % [3]	Increase

	June 30, 2022						
(In millions, except for percentages)	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
Market risk benefits, net	$ 2,674	Discounted cash flow	Nonperformance risk	0.5 %	2.0 %	1.6 % [1]	Decrease
			Option budget	0.5 %	4.0 %	1.6 % [2]	Decrease
			Surrender rate	3.3 %	6.8 %	4.5 % [2]	Decrease
			Utilization rate	28.6 %	95.0 %	81.6 % [3]	Increase

[1] The nonperformance risk weighted average is based on the cash flows underlying the market risk benefit reserve.

[2] The option budget and surrender rate weighted averages are calculated based on projected account values.

[3] The utilization of GLWB withdrawals represents the estimated percentage of policyholders that are expected to use their income rider over the duration of the contract, with the weighted average based on current account values.

11. Profit Sharing Payable

Profit sharing payable was 1.6 billion and $1.4 billion as of June 30, 2023 and December 31, 2022, respectively. The below is a roll-forward of the profit-sharing payable balance:

(In millions)	Total
Profit sharing payable, January 1, 2023	$ 1,392
Profit sharing expense	429
Payments/other	(224)
Profit sharing payable, June 30, 2023	$ 1,597

Profit sharing expense includes (i) changes in amounts due to current and former employees entitled to a share of performance revenues in funds managed by Apollo and (ii) changes to the fair value of the contingent consideration obligations recognized in connection with certain of the Company's acquisitions. Profit sharing payable excludes the potential return of profit-sharing distributions that would be due if certain funds were liquidated, which is recorded in due from related parties in the condensed consolidated statements of financial condition.

The Company requires that a portion of certain of the performance revenues distributed to the Company's employees be used to purchase restricted shares of common stock issued under its Equity Plan. Prior to distribution of the performance revenues, the Company records the value of the equity-based awards expected to be granted in other assets and accounts payable, accrued expenses, and other liabilities.

12. Income Taxes

The Company's income tax (provision) benefit totaled $(201) million and $381 million for the three months ended June 30, 2023 and 2022, respectively, and totaled $(454) million and $866 million for the six months ended June 30, 2023 and 2022, respectively. The Company's effective income tax rate was approximately 21.1% and 12.8% for the three months ended June 30, 2023 and 2022, respectively, and 16.6% and 19.1% for the six months ended June 30, 2023 and 2022, respectively.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 (the "IRA"). The IRA contains a number of tax-related provisions, including a 15% minimum corporate income tax on certain large corporations as well as an excise tax on stock repurchases. It is unclear how the IRA will be implemented by the U.S. Department of the Treasury through regulation. The Company is evaluating the impact of the IRA on its tax liability, which tax liability could also be affected by how the provisions of the IRA are implemented through such regulation. The Company will continue to evaluate the IRA's impact as further information becomes available.

Under U.S. GAAP, a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the position. As of June 30, 2023, the Company recorded $16 million of unrecognized tax benefits for uncertain tax positions. Approximately all of the unrecognized tax benefits, if recognized, would impact the effective tax rate. The Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

The primary jurisdictions in which the Company operates and incurs income taxes are the United States and the United Kingdom. There are no unremitted earnings with respect to the United Kingdom or other foreign jurisdictions.

In the normal course of business, the Company is subject to examination by federal, state, local and foreign tax authorities. As of June 30, 2023, the Company's U.S. federal, state, local and foreign income tax returns for the years 2019 through 2021 are open under the general statute of limitations provisions and therefore subject to examination. Currently, the Internal Revenue Service is examining the tax returns of the Company and certain subsidiaries for tax years 2019 to 2021. The State and City of New York are examining certain subsidiaries' tax returns for tax years 2011 to 2021. The United Kingdom tax authorities are currently examining certain subsidiaries' tax returns for tax year 2017. There are other examinations ongoing in other foreign jurisdictions in which the Company operates. No provisions with respect to these examinations have been recorded, other than the unrecognized tax benefits discussed above.

The Company has historically recorded deferred tax assets resulting from the step-up in the tax basis of assets, including intangibles, resulting from exchanges of AOG Units for Class A shares by the Former Managing Partners and Contributing Partners. A related liability has also historically been recorded in due to related parties in the condensed consolidated statements of financial condition for the expected payments under the tax receivable agreement entered into by and among the Company, the Former Managing Partners, the Contributing Partners, and other parties thereto (as amended, the "tax receivable agreement") (see note 17). The benefit the Company has historically obtained from the difference in the tax asset recognized and the related liability was recorded as an increase to additional paid in capital. The amortization period for the portion of the increase in tax basis related to intangibles is 15 years. The realization of the remaining portion of the increase in tax basis relates to the disposition of the underlying assets to which the step-up is attributed. The associated deferred tax assets reverse at the time of the corresponding asset disposition.

After the Mergers, the Former Managing Partners and Contributing Partners no longer own AOG Units. Therefore, there were no new exchanges subject to the tax receivable agreement during the three and six months ended June 30, 2023 and 2022.

13. Debt

Company debt consisted of the following:

		June 30, 2023		December 31, 2022	
(In millions, except percentages)	Maturity Date	Outstanding Balance	Fair Value	Outstanding Balance	Fair Value
Asset Management					
4.00% 2024 Senior Notes [1,2]	May 30, 2024	$ 499	$ 490 [4]	$ 499	$ 486 [4]
4.40% 2026 Senior Notes [1,2]	May 27, 2026	498	477 [4]	498	476 [4]
4.87% 2029 Senior Notes [1,2]	February 15, 2029	675	649 [4]	675	639 [4]
2.65% 2030 Senior Notes [1,2]	June 5, 2030	496	410 [4]	495	407 [4]
5.00% 2048 Senior Notes [1,2]	March 15, 2048	297	264 [4]	297	262 [4]
4.95% 2050 Subordinated Notes [1,2]	January 14, 2050	297	252 [4]	297	252 [4]
1.70% Secured Borrowing II	April 15, 2032	17	16 [4]	18	17 [4]
1.30% 2016 AMI Term Facility I	January 15, 2025	18	18 [3]	18	18 [3]
1.40% 2016 AMI Term Facility II	October 18, 2024	15	14 [3]	17	17 [3]
		2,812	2,590	2,814	2,574
Retirement Services					
4.13% 2028 Notes [1]	January 12, 2028	1,073	912	1,081	921
6.15% 2030 Notes [1]	April 3, 2030	599	503	606	508
3.50% 2031 Notes [1]	January 15, 2031	524	413	526	413
3.95% 2051 Notes [1]	May 25, 2051	546	335	546	342
3.45% 2052 Notes [1]	May 15, 2052	505	307	504	311
6.65% 2033 Notes [1]	February 1, 2033	395	403	395	398
		3,642	2,873	3,658	2,893
Total Debt		$ 6,454	$ 5,463	$ 6,472	$ 5,467

[1] Interest rate is calculated as weighted average annualized.

[2] Includes amortization of note discount, as applicable, totaling $ 15 million and $ 16 million as of June 30, 2023 and December 31, 2022, respectively. Outstanding balance is presented net of unamortized debt issuance costs.

[3] Fair value is based on a discounted cash flow method. These notes are classified as a Level 3 liability within the fair value hierarchy.

[4] Fair value is based on broker quotes. These notes are valued using Level 2 inputs based on the number and quality of broker quotes obtained, the standard deviations of the observed broker quotes and the percentage deviation from external pricing services.

Asset Management - Notes Issued

The indentures governing the 2024 Senior Notes, the 2026 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2048 Senior Notes and the 2050 Subordinated Notes include covenants that restrict the ability of Apollo Management Holdings, L.P., an Apollo subsidiary and issuer of the notes ("AMH") and, as applicable, the guarantors of the notes under the indentures, to incur indebtedness secured by liens on voting stock or profit participating equity interests of their respective subsidiaries, or merge, consolidate or sell, transfer or lease assets. The indentures also provide for customary events of default.

Retirement Services - Notes Issued

Athene's senior unsecured notes are callable by AHL at any time. If called prior to three months before the scheduled maturity date, the price is equal to the greater of (1) 100% of the principal and any accrued and unpaid interest and (2) an amount equal to the sum of the present values of remaining scheduled payments, discounted from the scheduled payment date to the redemption date treasury rate plus a spread as defined in the applicable prospectus supplement and any accrued and unpaid interest.

Credit and Liquidity Facilities

The following table represents the Company’s credit and liquidity facilities as of June 30, 2023:

Instrument/Facility	Borrowing Date	Maturity Date	Administrative Agent	Key terms
Asset Management - 2022 AMH credit facility	N/A	October 12, 2027	Citibank	The commitment fee on the $ 1.0 billion undrawn 2022 AMH credit facility as of June 30, 2023 was 0.08%.
Retirement Services - AHL credit facility	N/A	June 30, 2028	Citibank	The borrowing capacity under the AHL credit facility is $ 1.25 billion, subject to being increased up to $1.75 billion in total.
Retirement Services - AHL liquidity facility	N/A	June 28, 2024	Wells Fargo Bank	The borrowing capacity under the AHL liquidity facility is $ 2.6 billion, subject to being increased up to $3.1 billion in total.

Asset Management - Credit Facility

On October 12, 2022, AMH, as borrower, entered into a $1.0 billion revolving credit facility with Citibank, N.A., as administrative agent, which matures on October 12, 2027 (“2022 AMH credit facility”). Borrowings under the 2022 AMH credit facility may be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions. As of June 30, 2023, AMH, the borrower under the facility, could incur incremental facilities in an aggregate amount not to exceed $ 250 million plus additional amounts so long as AMH was in compliance with a net leverage ratio not to exceed 4.00 to 1.00.

As of June 30, 2023, there wereno amounts outstanding under the 2022 AMH credit facility and the Company was in compliance with all financial covenants under the facility.

Retirement Services - Credit Facility and Liquidity Facility

AHL Credit Facility—On June 30, 2023, AHL, ALRe, AUSA and AARe entered into a new, five-year revolving credit agreement with a syndicate of banks and Citibank, N.A. as administrative agent (“AHL credit facility”), which replaced Athene’s previous revolving credit agreement dated as of December 3, 2019. The previous agreement, and the commitments under it, terminated as of June 30, 2023. The AHL credit facility is unsecured and has a commitment termination date of June 30, 2028, subject to up to two one-year extensions, in accordance with the terms of the AHL credit facility. In connection with the AHL credit facility, AHL and AUSA guaranteed all of the obligations of AHL, ALRe, AARe and AUSA under the AHL credit facility and the related loan documents, and ALRe and AARe guaranteed certain of the obligations of AHL, ALRe, AARe and AUSA under the AHL credit facility and the related loan documents. The borrowing capacity under the AHL credit facility is $ 1.25 billion, subject to being increased up to $1.75 billion in total on the terms described in the AHL credit facility. The AHL credit facility contains various standard covenants with which Athene must comply, including the following:

1. Consolidated debt to capitalization ratio not to exceed 35%;
2. Minimum consolidated net worth of no less than $14.8 billion; and
3. Restrictions on Athene’s ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at either the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with the applicable margin varying based on AHL’s debt rating. Rates and terms are as defined in the AHL credit facility.

As of June 30, 2023 and December 31, 2022, there wereno amounts outstanding under the current or previous AHL credit facilities and Athene was in compliance with all financial covenants under the facilities.

AHL Liquidity Facility—On June 30, 2023, AHL and ALRe entered into a new revolving credit agreement with a syndicate of banks and Wells Fargo Bank, National Association, as administrative agent, (“AHL liquidity facility”), which replaced Athene’s previous revolving credit agreement dated as of July 1, 2022. The previous credit agreement, and the commitments under it, expired on June 30, 2023. The AHL liquidity facility is unsecured and has a commitment termination date of June 28, 2024, subject to any extensions of additional 364-day periods with consent of extending lenders and/or “term-out” of outstanding loans (by which, at Athene’s election, the outstanding loans may be converted to term loans which shall have a maturity of up to one year after the original maturity date), in each case in accordance with the terms of the AHL liquidity facility. In connection with the AHL liquidity facility, ALRe guaranteed all of the obligations of AHL under the AHL liquidity facility and the related loan documents. The AHL liquidity facility will be used for liquidity and working capital needs to meet short-term cash flow and investment timing differences. The borrowing capacity under the AHL liquidity facility is $2.6 billion, subject to being increased up to $3.1 billion in total on the terms described in the AHL liquidity facility. The AHL liquidity facility contains various standard covenants with which Athene must comply, including the following:

1. ALRe minimum consolidated net worth of no less than $8.8 billion; and
2. Restrictions on Athene's ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with applicable margin varying based on ALRe's financial strength rating. Rates and terms are as defined in the AHL liquidity facility.

On February 7, 2023, Athene borrowed $1.0 billion from the previous AHL liquidity facility for short-term cash flow needs, which was repaid in the first quarter of 2023. As of June 30, 2023 and December 31, 2022, there were no amounts outstanding under the current or previous AHL liquidity facilities and Athene was in compliance with all financial covenants under the facilities.

Interest Expense

The following table presents the interest expense incurred related to the Company's debt:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Asset Management	$ 31	$ 31	$ 62	$ 63
Retirement Services[1]	31	23	61	47
Total Interest Expense	$ 62	$ 54	$ 123	$ 110

Note: Debt issuance costs incurred are amortized into interest expense over the term of the debt arrangement, as applicable.

[1] Interest expense for Retirement Services is included in policy and other operating expenses on the condensed consolidated statements of operations.

14. Equity-Based Compensation

Under the Equity Plan, the Company grants equity-based awards to employees of AAM and AHL. Equity-based awards granted to employees and non-employees as compensation are measured based on the grant date fair value of the award, which considers the public share price of AGM's common stock subject to certain discounts, as applicable.

The Company grants both service-based and performance-based awards. The estimated total grant date fair value for service-based awards is charged to compensation expense on a straight-line basis over the vesting period, which is generally one to six years from the date of grant. Certain service-based awards are tied to profit sharing arrangements in which a portion of the performance fees distributed to the general partner are required to be used by employees to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Company's Equity Plan. Performance-based awards vest subject to continued employment and the Company's achievement of specified performance goals. In accordance with U.S. GAAP, equity-based compensation expense for performance grants are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable. Equity-based awards that do not require future service (i.e., vested awards) are expensed immediately.

For the three months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense of $139 million and $126 million, respectively. For the six months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense of $280 million and $294 million, respectively. As of June 30, 2023, there was $881 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period o2.7 years.

Service-Based Awards

During the six months ended June 30, 2023 and 2022, the Company awarded4.7 million and 4.6 million of service-based RSUs, respectively, with a grant date fair value of $319 million and $281 million, respectively.

During the three months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense on service-based RSUs of $80 million and $56 million, respectively. During the six months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense on service-based RSUs of $148 million and $123 million, respectively.

Performance-Based Awards

During the six months ended June 30, 2023 and 2022, the Company awarded 1.3 million and 2.6 million of performance-based RSUs, respectively, with a grant date fair value of $81 million and $148 million, respectively, which primarily vest subject to continued employment and the Company's receipt of performance revenues, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

During the three months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense on performance-based awards of $41 million and $50 million, respectively. During the six months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense on performance-based awards of $96 million and $124 million, respectively.

In December 2021, the Company awarded one-time grants to the Co-Presidents of AAM of 6.0 million RSUs which vest on a cliff basis subject to continued employment over five years, with 2.0 million of those RSUs also subject to the Company's achievement of certain fee related earnings and spread related earnings per share metrics.

During the three months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense for service-based awards related to these one-time grants of $14 million and $14 million, respectively. During the six months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense for service-based awards related to these one-time grants of $28 million and $28 million, respectively.

During the three months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense for performance-based awards related to these one-time grants of $6 million and $6 million, respectively. During the six months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense for performance-based awards related to these one-time grants of $12 million and $12 million, respectively.

The following table summarizes all RSU activity for the current period:

	Unvested	Weighted Average Grant Date Fair Value	Vested	Total Number of RSUs Outstanding
Balance at January 1, 2023	18,263,875	$57.18	15,656,775	33,920,650
Granted	5,986,813	$66.83	—	5,986,813
Forfeited	(98,259)	$62.39	—	(98,259)
Vested	(3,716,445)	$48.48	3,716,445	—
Issued[1]	—	—	(6,596,312)	(6,596,312)
Balance at June 30, 2023	20,435,984	61.62	12,776,908	33,212,892

[1] Refers to issued shares that became freely transferable in 2023.

Restricted Stock Awards

During the six months ended June 30, 2023 and 2022, the Company awarded 0.3 million and 0.5 million restricted stock awards, respectively, from profit sharing arrangements with a grant date fair value of $23 million and $31 million, respectively.

During the three months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense related to restricted stock awards from profit sharing arrangements of $11 million and $14 million, respectively. During the six months ended June 30, 2023 and 2022, the Company recorded equity-based compensation expense related to restricted stock awards from profit sharing arrangements of $21 million and $33 million, respectively.

15. Equity

Common Stock

Holders of common stock are entitled to participate in dividends from the Company on a pro rata basis.

During the three and six months ended June 30, 2023 and 2022, the Company issued shares of common stock in settlement of vested RSUs. The Company has generally allowed holders of vested RSUs and exercised share options to settle their tax liabilities by reducing the number of shares of common stock issued to them, which the Company refers to as "net share settlement." Additionally, the Company has generally allowed holders of share options to settle their exercise price by reducing the number of shares of common stock issued to them at the time of exercise by an amount sufficient to cover the exercise price. The net share settlement results in a liability for the Company and a corresponding accumulated deficit adjustment.

On January 3, 2022, the Company announced a share repurchase program, pursuant to which, the Company is authorized to repurchase (i) up to an aggregate of $1.5 billion of shares of its common stock in order to opportunistically reduce its share count and (ii) up to an aggregate of $1.0 billion of shares of its common stock in order to offset the dilutive impact of share issuances under its equity incentive plans. On February 21, 2023, the AGM board of directors approved a reallocation of the Company's share repurchase program, pursuant to which, the Company is authorized to repurchase (i) up to an aggregate of $1.0 billion of shares of its common stock in order to opportunistically reduce its share count, a decrease of $0.5 billion of shares from the previously authorized amount and (ii) up to an aggregate of $1.5 billion of shares of its common stock in order to offset the dilutive impact of share issuances under its equity incentive plans, an increase of $0.5 billion of shares from the previously authorized amount. Shares of common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions, pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act, or otherwise, as well as through reductions of shares that otherwise would have been issued to participants under the Company's Equity Plan in order to satisfy associated tax obligations. The repurchase program does not obligate the Company to make any repurchases at any specific time. The program is effective until the aggregate repurchase amount that has been approved by the AGM board of directors has been expended and may be suspended, extended, modified or discontinued at any time.

The table below outlines the share activity for the six months ended June 30, 2023 and 2022.

	Six months ended June 30,	
	2023	2022
Shares of common stock issued in settlement of vested RSUs and options exercised[1]	5,623,962	5,409,467
Shares issued to Apollo Opportunity Foundation[2]	—	200,000
Reduction of shares of common stock issued[3]	(2,358,570)	(2,442,133)
Shares of common stock purchased related to share issuances and forfeitures[4]	(160,545)	(219,633)
Issuance of shares of common stock for equity-based awards	3,104,847	2,947,701

[1] The gross value of shares issued was $392 million and $347 million for the six months ended June 30, 2023 and 2022, respectively, based on the closing price of the shares of common stock at the time of issuance.

[2] Shares issued to Apollo Opportunity Foundation in connection with an irrevocable pledge to contribute 1.7 million shares of common stock. The gross value of shares issued for the six months ended June 30, 2022 totaled $10.4 million.

[3] Cash paid for tax liabilities associated with net share settlement was $ 166 million and $ 158 million for the six months ended June 30, 2023 and 2022, respectively.

[4] Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted shares of common stock that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase shares of common stock on the open market and retire them. During the six months ended June 30, 2023 and 2022, Apollo issued 338,885 and 472,774 of such restricted shares and 160,545 and 219,633 of such RSUs under the Equity Plan, respectively, and repurchased 499,430 and 692,407 shares of common stock in open-market transactions not pursuant to a publicly-announced repurchase plan or program, respectively.

During the six months ended June 30, 2023 and 2022,7,386,570 and 6,889,593 shares of common stock, respectively, were repurchased in open market transactions as part of the publicly announced share repurchase program discussed above, and such shares were subsequently canceled by the Company. The Company paid $501 million and $394 million for these open market share repurchases during the six months ended June 30, 2023 and 2022, respectively.

Dividends and Distributions

Outlined below is information regarding quarterly dividends and distributions (in millions, except per share data). Certain subsidiaries of the Company may be subject to U.S. federal, state, local and non-U.S. income taxes at the entity level and may pay taxes and/or make payments under the tax receivable agreement.

Dividend Declaration Date	Dividend per Share of Common Stock	Payment Date	Dividend to Common Stockholders	Distribution to Non-Controlling Interest Holders in the Apollo Operating Group	Total Distributions	Distribution Equivalents on Participating Securities
February 11, 2022	$ 0.40	February 28, 2022	$ 229	$ —	$ 229	$ 12
May 5, 2022	0.40	May 31, 2022	229	—	229	12
August 4, 2022	0.40	August 31, 2022	229	—	229	11
November 2, 2022	0.40	November 30, 2022	229	—	229	11
Year ended December 31, 2022	$ 1.60		$ 916	$ —	$ 916	$ 46
February 9, 2023	$ 0.40	February 28, 2023	$ 229	$ —	$ 229	$ 12
May 9, 2023	0.43	May 31, 2023	244	—	244	12
Six months ended June 30, 2023	$ 0.83		$ 473	$ —	$ 473	$ 24

Accumulated Other Comprehensive Income (Loss)

The following provides the details and changes in AOCI:

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at March 31, 2023	$ (10,882)	$ (467)	$ 110	$ 4,735	$ 355	$ (13)	$ (6,162)
Other comprehensive income (loss) before reclassifications	(829)	55	(213)	813	(55)	11	(218)
Less: Reclassification adjustments for gains (losses) realized[1]	(63)	—	(42)	—	—	—	(105)
Less: Income tax expense (benefit)	(486)	(32)	(37)	577	(12)	1	11
Less: Other comprehensive loss attributable to non-controlling interests	(110)	(2)	(51)	263	—	6	106
Balance at June 30, 2023	$ (11,052)	$ (378)	$ 27	$ 4,708	$ 312	$ (9)	$ (6,392)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2022	$ (12,568)	$ (334)	$ 48	$ 5,256	$ 285	$ (22)	$ (7,335)
Other comprehensive income (loss) before reclassifications	1,358	(64)	(22)	11	34	33	1,350
Less: Reclassification adjustments for gains (losses) realized[1]	(94)	—	45	—	—	—	(49)
Less: Income tax expense (benefit)	(174)	(18)	(22)	504	6	5	301
Less: Other comprehensive income (loss) attributable to non-controlling interests	110	(2)	(24)	55	1	15	155
Balance at June 30, 2023	$ (11,052)	$ (378)	$ 27	$ 4,708	$ 312	$ (9)	$ (6,392)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at March 31, 2022	$ (4,749)	$ (65)	$ (78)	$ 2,259	$ 309	$ 4	$ (2,320)
Other comprehensive income (loss) before reclassifications	(7,569)	(94)	96	2,897	179	(110)	$ (4,601)
Less: Reclassification adjustments for gains (losses) realized[1]	(116)	7	15	—	—	—	$ (94)
Less: Income tax expense (benefit)	(1,341)	(18)	17	430	38	(4)	(878)
Less: Other comprehensive income (loss) attributable to non-controlling interests	(862)	(10)	13	647	2	(38)	(248)
Balance at June 30, 2022	$ (9,999)	$ (138)	$ (27)	$ 4,079	$ 448	$ (64)	$ (5,701)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

(In millions)	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2021	$ (1)	$ —	$ (1)	$ —	$ —	$ (3)	$ (5)
Other comprehensive income (loss) before reclassifications	(14,215)	(191)	(31)	6,459	576	(119)	$ (7,521)
Less: Reclassification adjustments for gains (losses) realized[1]	(154)	—	15	—	—	—	$ (139)
Less: Income tax expense (benefit)	(2,525)	(34)	(9)	959	121	(5)	(1,493)
Less: Other comprehensive income (loss) attributable to non-controlling interests	(1,538)	(19)	(11)	1,421	7	(53)	(193)
Balance at June 30, 2022	$ (9,999)	$ (138)	$ (27)	$ 4,079	$ 448	$ (64)	$ (5,701)

[1] Recognized in investment related gains (losses) on the condensed consolidated statements of operations.

16. Earnings per Share

The following presents basic and diluted net income (loss) per share of common stock computed using the two-class method:

	Basic and Diluted			
	Three months ended June 30,		Six months ended June 30,	
(In millions, except share and per share amounts)	2023	2022	2023	2022
Numerator:				
Net income (loss) attributable to common stockholders	$ 599	$ (1,637)	$ 1,609	$ (2,038)
Dividends declared on common stock[1]	(244)	(229)	(473)	(458)
Dividends on participating securities[2]	(12)	(12)	(24)	(24)
Earnings allocable to participating securities[3]	(10)	—	(31)	—
Undistributed income (loss) attributable to common stockholders: Basic	333	(1,878)	1,081	(2,520)
Denominator:				
Weighted average number of shares of common stock outstanding: Basic and Diluted	578,975,612	584,773,771	581,531,570	585,630,085
Net income (loss) per share of common stock: Basic and Diluted[4]				
Distributed income	$ 0.43	$ 0.40	$ 0.83	$ 0.80
Undistributed income (loss)	0.57	(3.22)	1.84	(4.32)
Net income (loss) per share of common stock: Basic and Diluted	$ 1.00	$ (2.82)	$ 2.67	$ (3.52)

[1] See note 15 for information regarding quarterly dividends.

[2] Participating securities consist of vested and unvested RSUs that have rights to dividends and unvested restricted shares.

[3] No allocation of undistributed losses was made to the participating securities as the holders do not have a contractual obligation to share in the losses of the Company with common stockholders.

[4] For the three and six months ended June 30, 2023 and 2022, all of the classes of securities were determined to be anti-dilutive.

The Company has granted RSUs that provide the right to receive, subject to vesting during continued employment, shares of common stock pursuant to the Equity Plan.

Any dividend equivalent paid to an employee on RSUs will not be returned to the Company upon forfeiture of the award by the employee. Vested and unvested RSUs that are entitled to non-forfeitable dividend equivalents qualify as participating securities and are included in the Company’s basic and diluted earnings per share computations using the two-class method. The holder of an RSU participating security would have a contractual obligation to share in the losses of the entity if the holder is obligated to fund the losses of the issuing entity or if the contractual principal or mandatory redemption amount of the participating security is reduced as a result of losses incurred by the issuing entity. The RSU participating securities do not have a mandatory redemption amount and the holders of the participating securities are not obligated to fund losses; therefore, neither the vested RSUs nor the unvested RSUs are subject to any contractual obligation to share in losses of the Company.

The following table summarizes the anti-dilutive securities:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Weighted average unvested RSUs	15,885,511	14,013,743	14,975,982	12,945,436
Weighted average unexercised options	2,178,359	2,424,407	2,244,803	2,424,407
Weighted average unexercised warrants	5,065,938	2,600,000	4,452,859	1,953,591
Weighted average unvested restricted shares	1,765,935	2,275,962	1,742,712	2,271,481
Weighted average contingent shares outstanding	—	204,940	63,322	102,470

17. Related Parties

Asset Management

Due from/ to related parties

Due from/ to related parties includes:
- unpaid management fees, transaction and advisory fees and reimbursable expenses from the funds Apollo manages and their portfolio companies;
- reimbursable payments for certain operating costs incurred by these funds as well as their related parties; and
- other related party amounts arising from transactions, including loans to employees and periodic sales of ownership interests in funds managed by Apollo.

Due from related parties and Due to related parties consisted of the following as of June 30, 2023 and December 31, 2022:

(In millions)	June 30, 2023	December 31, 2022
Due from Related Parties:		
Due from funds[1]	$ 317	$ 269
Due from portfolio companies	85	106
Due from employees and former employees	101	90
Total Due from Related Parties	$ 503	$ 465
Due to Related Parties:		
Due to Former Managing Partners and Contributing Partners[2]	$ 736	$ 874
Due to funds	156	124
Total Due to Related Parties	$ 892	$ 998

[1] Includes $34 million and $43 million as of June 30, 2023 and December 31, 2022, respectively, related to a receivable from a fund in connection with the Company's sale of a platform investment to such fund. The amount is payable to the Company over five years and is held at fair value.

[2] Includes $263 million and $351 million as of June 30, 2023 and December 31, 2022, respectively, related to the AOG Unit Payment, payable in equal quarterly installments through December 31, 2024.

Tax Receivable Agreement

Prior to the consummation of the Mergers, each of the Former Managing Partners and Contributing Partners had the right to exchange vested AOG Units for Class A shares, subject to certain restrictions. All Apollo Operating Group entities have made, or will make, an election under Section 754 of the U.S. Internal Revenue Code ("IRC"), which will result in an adjustment to the tax basis of the assets owned by the Apollo Operating Group entities at the time an exchange was made. The election results in an increase to the tax basis of underlying assets which will reduce the amount of gain and associated tax that AGM and its subsidiaries will otherwise be required to pay in the future.

The tax receivable agreement ("TRA") provides for payment to the Former Managing Partners and Contributing Partners of85% of the amount of cash tax savings, if any, in U.S. federal, state, local and foreign income taxes the Company realizes as a result of the increases in tax basis of assets resulting from transactions and other exchanges of AOG Units for Class A shares that have occurred in prior years. AGM and its subsidiaries retain the benefit from the remaining 15% of actual cash tax savings. If the Company does not make the required annual payment on a timely basis as outlined in the tax receivable agreement, interest is accrued on the balance until the payment date.

Following the closing of the Mergers, as the Former Managing Partners and Contributing Partners no longer own AOG Units, there were no new exchanges subject to the TRA.

AOG Unit Payment

On December 31, 2021, holders of AOG Units (other than Athene and the Company) sold and transferred a portion of such AOG Units to a wholly-owned consolidated subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction. The remainder of the AOG Units held by such holders were exchanged for shares of AGM common stock concurrently with the consummation of the Mergers on January 1, 2022.

As of June 30, 2023, the outstanding payable amount due to Former Managing Partners and Contributing Partners was $263 million, which is payable in equal quarterly installments through December 31, 2024.

Due from Employees and Former Employees

As of June 30, 2023 and December 31, 2022, due from related parties includes various amounts due to Apollo, including employee loans and return of profit-sharing distributions. As of June 30, 2023 and December 31, 2022, the balance includes interest-bearing employee loans receivable of $11 million and $9 million, respectively. The outstanding principal amount of the loans as well as all accrued and unpaid interest is required to be repaid at the earlier of the eighth anniversary of the date of the relevant loan or at the date of the relevant employee's resignation.

The receivable from certain employees and former employees includes an amount for the potential return of profit-sharing distributions that would be due if certain funds were liquidated of $83 million and $72 million at June 30, 2023 and December 31, 2022, respectively.

Indemnity

Certain of the performance revenues Apollo earns from funds may be subject to repayment by its subsidiaries that are general partners of the funds in the event that certain specified return thresholds are not ultimately achieved. The Former Managing Partners, Contributing Partners and certain other investment professionals have personally guaranteed, subject to certain limitations, the obligations of these subsidiaries in respect of this obligation. Such guarantees are several and not joint and are limited to a particular individual's distributions. Apollo has agreed to indemnify each of the Former Managing Partners and certain Contributing Partners against all amounts that they pay pursuant to any of these personal guarantees in favor of certain funds that it manages (including costs and expenses related to investigating the basis for or objecting to any claims made in respect of the guarantees) for all interests that the Former Managing Partners and Contributing Partners contributed or sold to the Apollo Operating Group.

Apollo recorded an indemnification liability of $13 million and $13 million as of June 30, 2023 and December 31, 2022, respectively.

Due to Related Parties

Based upon an assumed liquidation of certain of the funds Apollo manages, it has recorded a general partner obligation to return previously distributed performance allocations, which represents amounts due to certain funds. The obligation is recognized based upon an assumed liquidation of a fund's net assets as of the reporting date. The actual determination and any required payment would not take place until the final disposition of a fund's investments based on the contractual termination of the fund or as otherwise set forth in the respective governing document of the fund.

Apollo recorded general partner obligations to return previously distributed performance allocations related to certain funds of $134 million and $107 million as of June 30, 2023 and December 31, 2022, respectively.

Athora

Apollo, through ISGI, provides investment advisory services to certain portfolio companies of funds managed by Apollo and Athora, a strategic liabilities platform that acquires or reinsures blocks of insurance business in the German and broader European life insurance market (collectively, the "Athora Accounts"). AAM and its subsidiaries had equity commitments outstanding to Athora of up to $349 million as of June 30, 2023, subject to certain conditions.

Athora Sub-Advised

Apollo provides sub-advisory services with respect to a portion of the assets in certain portfolio companies of funds managed by Apollo and the Athora Accounts. Apollo broadly refers to "Athora Sub-Advised" assets as those assets in the Athora Accounts which Apollo explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages.

Apollo earns a base management fee on the aggregate market value of substantially all of the investment accounts of or relating to Athora and also a sub-advisory fee on the Athora Sub-Advised assets, which varies depending on the specific asset class.

See "—Athora" in the Retirement Services section below for further details on Athene's relationship with Athora.

Regulated Entities and Affiliated Service Providers

Apollo Global Securities, LLC ("AGS") is a registered broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. AGS was in compliance with these requirements as of June 30, 2023. From time to time AGS, as well as other Apollo affiliates, provide services to related parties of Apollo, including Apollo funds and their portfolio companies, whereby the Company or its affiliates earn fees for providing such services.

Griffin Capital Securities, LLC ("GCS") is a registered broker-dealer with the SEC and is a member of the Financial Industry Regulatory Authority, subject to the minimum net capital requirements of the SEC. GCS was in compliance with these requirements as of June 30, 2023.

MidCap Financial

During the three months ended June 30, 2023, the Company modified a performance allocation arrangement with MidCap Financial which included a reversal of unrealized performance allocations of $124 million. This resulted in a modification to the calculation of performance allocations beginning in June 2023 to be based solely on net income.

Investment in SPACs

In October 2020, APSG I, a SPAC sponsored by Apollo, completed an IPO, ultimately raising total gross proceeds of $817 million. APSG Sponsor, L.P., a subsidiary of Apollo, held Class B ordinary shares of APSG I, and consolidated it as a VIE. In May 2022, APSG I completed a business combination with American Express Global Business Travel. As a result of the business combination, Apollo no longer consolidates APSG I as a VIE. The deconsolidation resulted in an unrealized gain of $ 162 million, which includes $82 million of unrealized gains related to previously held Class B ordinary shares, which converted to Class A ordinary shares of the newly merged entity, presented in net gains from investment activities within Other income (loss) - Asset Management in the condensed consolidated statements of operations for the three and six months ended June 30, 2022. Apollo continues to hold a non-controlling interest in the merged entity at fair value, elected under the fair value option, which is primarily presented within Investments (Asset Management) in the condensed consolidated statements of financial condition.

On February 12, 2021, APSG II, a SPAC sponsored by Apollo, completed an IPO, raising total gross proceeds of $690 million. APSG Sponsor II, L.P., a subsidiary of Apollo, holds Class B ordinary shares of APSG II, and consolidates APSG II as a VIE. In May 2023, APSG II amended its articles of association and now has until February 12, 2024 to complete an initial business combination. Also in May 2023, shareholders holding an aggregate of 51,089,882 of APSG II's Class A ordinary shares exercised their right to redeem their shares. Following such redemptions, 17,910,118 Class A ordinary shares remain outstanding and approximately $186 million remained in APSG II's trust account as of June 30, 2023.

On July 13, 2021, Acropolis Infrastructure Acquisition Corp. ("Acropolis"), a SPAC sponsored by Apollo, completed an IPO, ultimately raising total gross proceeds of $345 million. Acropolis Infrastructure Acquisition Sponsor, L.P., a subsidiary of Apollo, holds Class B common stock of Acropolis, and consolidates Acropolis as a VIE. In June 2023, Acropolis amended its certificate of incorporation and now has until July 13, 2024 to complete an initial business combination. Also in June 2023, shareholders holding an aggregate of 26,499,201 shares of Acropolis' Class A common stock exercised their right to redeem their shares. Following such redemptions, 8,000,799 shares of Class A common stock remain outstanding and approximately $83 million remained in Acropolis' trust account as of June 30, 2023.

As described in note 2, the Company consolidates entities that are VIEs for which the Company has been designated as the primary beneficiary. Through its interests in the respective sponsors, the Company has the primary beneficiary power to direct the activities that most significantly impact the economic performance of these SPACs. In addition, the Company's combined interests in these VIEs are significant. Assets and liabilities of the consolidated SPACs are shown within the respective line items of the condensed consolidated financial statements.

Retirement Services

AAA

Athene consolidates AAA as a VIE. Apollo established AAA for the purpose of providing a single vehicle through which Athene and third-party investors can participate in a portfolio of alternative investments, which include those managed by Apollo. Additionally, the Company believes AAA enhances its ability to increase alternative assets under management by raising capital from third parties, which will allow Athene to achieve greater scale and diversification for alternatives. Third-party investors began to invest in AAA on July 1, 2022. During the second quarter of 2022, Athene contributed $7,845 million of certain of its alternative investments to AAA in exchange for limited partnership interests in AAA.

Wheels Donlen

Athene has a limited partnership investment in Athene Freedom Parent, LP (“Athene Freedom”), for which Apollo is the general partner, and which Athene contributed to AAA during the second quarter of 2022. Athene Freedom indirectly invests in both Wheels, Inc. (“Wheels”) and Donlen, LLC (“Donlen”). During the fourth quarter of 2022, Athene Freedom also invested in LeasePlan USA, Inc. (“LeasePlan). As of June 30, 2023 and December 31, 2022, Athene owned $1,493 million and $1,024 million, respectively, of AFS securities issued by Wheels, Donlen and LeasePlan, which are held as investments in related parties on the condensed consolidated statements of financial condition.

Athora

Athene has a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of30 days from the receipt of notice of a cession, Athene has the right of first refusal to reinsure (i) up to 50% of the liabilities ceded from Athora’s reinsurance subsidiaries to Athora Life Re Ltd. and (ii) up to20% of the liabilities ceded from a third party to any of Athora’s insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora’s liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by Athene’s insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora’s insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary’s total assets, (3) Athene provides Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK) and (4) Athora provides Athene and its subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the UK. Notwithstanding the foregoing, pursuant to the cooperation agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the cooperation agreement and therefore Athora’s ability to cause its subsidiaries to act pursuant to the cooperation agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of June 30, 2023, Athene had not exercised its right of first refusal to reinsure liabilities ceded to Athora’s insurance or reinsurance subsidiaries.

The following table summarizes Athene’s investments in Athora:

(In millions)	June 30, 2023	December 31, 2022
Investment fund	$ 1,061	$ 959
Non-redeemable preferred equity securities	247	273
Total investment in Athora	$ 1,308	$ 1,232

Additionally, as of June 30, 2023 and December 31, 2022, Athene had $60 million and $59 million, respectively, of funding agreements outstanding to Athora. Athene also has commitments to make additional investments in Athora of $529 million as of June 30, 2023.

Catalina

Athene has an investment in Apollo Rose II (B) (“Apollo Rose”) which Athene consolidates as a VIE. Apollo Rose holds equity interests in Catalina Holdings (Bermuda) Ltd. (“Catalina”). During the fourth quarter of 2022, Athene entered into a strategic modco reinsurance agreement with Catalina General Insurance Ltd., which is a subsidiary of Catalina, to cede certain inforce funding agreements. Athene elected the fair value option on this agreement and had a liability of $209 million and $142 million as of June 30, 2023 and December 31, 2022, respectively, which is included in other liabilities on the condensed consolidated statements of financial condition.

Venerable

Athene has coinsurance and modco agreements with Venerable Insurance and Annuity Company ("VIAC"). Effective July 1, 2023, VIAC recaptured $2.7 billion of reserves, which represent a portion of their business that was subject to those coinsurance and modco agreements. Athene expects to recognize a gain of approximately $550 to $590 million under U.S. GAAP in the third quarter of 2023 as a result of the settlement of the recapture agreement. As a result of Athene's intent to transfer the assets supporting this business to VIAC in connection with the recapture, Athene was required by U.S. GAAP to recognize the unrealized losses on these assets of $104 million as intent-to-sell impairments in the second quarter of 2023, which are expected to be more than offset by the gain on the settlement of the recapture agreement. VIAC is a related party due to Athene's minority equity investment in its holding company's parent, VA Capital Company LLC ("VA Capital"), which was $ 214 million and $240 million as of June 30, 2023 and December 31, 2022, respectively. The minority equity investment in VA Capital is included in investments in related parties on the condensed consolidated statements of financial condition and accounted for as an equity method investment. VA Capital is owned by a consortium of investors, led by affiliates of Apollo, Crestview Partners III Management, LLC and Reverence Capital Partners L.P., and is the parent of Venerable, which is the parent of VIAC.

Additionally, Athene has term loans receivable from Venerable due in 2033, which is included in investments in related parties on the condensed consolidated statements of financial condition. The loans are held at fair value and were $343 million and $303 million as of June 30, 2023 and December 31, 2022, respectively. While management views the overall transactions with Venerable as favorable to Athene, the stated interest rate of 6.257% on the term loans to Venerable represented a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the reinsurance transactions.

PK AirFinance

Athene has investments in PK AirFinance ("PK Air"), an aviation lending business with a portfolio of loans ("Aviation Loans"). The Aviation Loans are generally fully secured by aircraft leases and aircraft and are securitized by a special purpose vehicle ("SPV") for which Apollo acts as ABS manager ("ABS-SPV"). The ABS-SPV issues tranches of senior notes and subordinated notes, which are secured by the Aviation Loans. Athene has purchased both senior and subordinated notes of PK Air, which are included in investments in related parties on the condensed consolidated statements of financial condition. During the first quarter of 2022, Athene contributed its investment in the subordinated notes to PK Air Holdings, LP, and then contributed PK Air Holdings, LP to AAA during the second quarter of 2022. As of June 30, 2023 and December 31, 2022, Athene held $ 1.7 billion and $1.2 billion, respectively, of PK Air senior notes and had commitments to make additional investments in PK Air of $1.5 billion as of June 30, 2023.

Apollo/Athene Dedicated Investment Programs

Athene's subsidiary, ACRA 1 is partially owned by ADIP 1, a fund managed by Apollo. Athene's subsidiary, ALRe, currently holds 36.55% of the economic interests in ACRA 1 and all of ACRA 1's voting interests, with ADIP 1 holding the remaining 63.45% of the economic interests. During the three months ended June 30, 2023 and 2022, Athene received capital contributions of $0 million and $400 million, respectively, from ADIP 1, and paid dividends of $0 million and $0 million, respectively, to ADIP 1. During the six months ended June 30, 2023 and 2022, Athene received capital contributions of $0 million and $711 million, respectively, from ADIP 1 and paid dividends of $127 million and $0 million, respectively, to ADIP 1.

Effective July 1, 2023, ALRe sold 50% of its non-voting, economic interests in ACRA 2 to ADIP 2, a fund managed by Apollo, for $640 million. ALRe holds all of ACRA 2's voting interests.

Atlas

Athene has an equity investment in Atlas, an asset-backed specialty lender, through its investment in AAA and, as of June 30, 2023 and December 31, 2022, also had $1,004 million and $0 million, respectively, of AFS securities issued by Atlas. Athene had $ 861 million and $0 million of reverse repurchase agreements issued by Atlas as of June 30, 2023 and December 31, 2022, respectively. See note 18 for further information on assurance letters issued in support of Atlas.

18. Commitments and Contingencies

Investment Commitments

The Company has unfunded capital commitments of $696 million as of June 30, 2023 related to the funds it manages. Separately, Athene had commitments to make investments, primarily capital contributions to investment funds, inclusive of related party commitments discussed previously, of $20.6 billion as of June 30, 2023. The Company expects most of the current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

Contingent Obligations

Performance allocations with respect to certain funds are subject to reversal in the event of future losses to the extent of the cumulative revenues recognized in income to date. If all of the existing investments became worthless, the amount of cumulative revenues that have been recognized by Apollo through June 30, 2023 and that could be reversed approximates $4.9 billion. Performance allocations are affected by changes in the fair values of the underlying investments in the funds that Apollo manages. Valuations, on an unrealized basis, can be significantly affected by a variety of external factors including, but not limited to, bond yields and industry trading multiples. Movements in these items can affect valuations quarter to quarter even if the underlying business fundamentals remain stable. Management views the possibility of all of the investments becoming worthless as remote.

Additionally, at the end of the life of certain funds, Apollo may be obligated as general partner, to repay the funds' performance allocations received in excess of what was ultimately earned. This obligation amount, if any, will depend on final realized values of investments at the end of the life of each fund or as otherwise set forth in the partnership agreement of the fund.

Certain funds may not generate performance allocations as a result of unrealized and realized losses that are recognized in the current and prior reporting periods. In certain cases, performance allocations will not be generated until additional unrealized and realized gains occur. Any appreciation would first cover the deductions for invested capital, unreturned organizational expenses, operating expenses, management fees and priority returns based on the terms of the respective fund agreements.

One of Apollo's subsidiaries, AGS, provides underwriting commitments in connection with securities offerings of related parties of Apollo, including portfolio companies of the funds Apollo manages, as well as third parties. As of June 30, 2023, there were no open underwriting commitments.

As of June 30, 2023, one of the Company's subsidiaries had unfunded contingent commitments of $46 million, to facilitate fundings at closing by the lead arrangers for a syndicated term loan issued by a portfolio company of a fund managed by Apollo. The commitments expire on August 10, 2023. As of August 3, 2023, the unfunded commitments were approximately $0.2 million.

The Company, along with a third-party institutional investor, has committed to provide financing to a consolidated VIE that invests across Apollo's capital markets platform (such VIE, the "Apollo Capital Markets Partnership"). Pursuant to these arrangements, the Company has committed equity financing to the Apollo Capital Markets Partnership. The Apollo Capital Markets Partnership also has a revolving credit facility with Sumitomo Mitsui Banking Corporation, as lead arranger, administrative agent and letter of credit issuer, Mizuho Bank Ltd., and other lenders party thereto, pursuant to which it may borrow up to $2.25 billion. The revolving credit facility, which has a final maturity date of April 1, 2025, is non-recourse to the Company, except that the Company provided customary comfort letters with respect to its capital contributions to the Apollo Capital Markets Partnership. As of June 30, 2023, the Apollo Capital Markets Partnership had funded commitments of $ 1.39 billion, on a net basis, to transactions across Apollo's capital markets platform, all of which were funded through the revolving credit facility and other asset-based financing. No capital had been funded by the Company to the Apollo Capital Markets Partnership pursuant to its commitment.

Whether the commitments of the Apollo Capital Markets Partnership are actually funded, in whole or in part, depends on the contractual terms of such commitments, including the satisfaction or waiver of any conditions to closing or funding. It is expected that between the time the Apollo Capital Markets Partnership makes a commitment and funding of such commitment, efforts will be made to syndicate such commitment to, among others, third parties, which should reduce its risk when committing to certain transactions. The Apollo Capital Markets Partnership may also, with respect to a particular transaction, enter into other arrangements with third parties which reduce its commitment risk.

In connection with the acquisition of Stone Tower in 2012, Apollo agreed to pay its former owners a specified percentage of future performance revenues earned from certain of its funds, CLOs, and strategic investment accounts. This obligation was determined based on the present value of estimated future performance revenue payments and is recorded in other liabilities. The fair value of the remaining contingent obligation was $52 million and $55 million as of June 30, 2023 and December 31, 2022, respectively. This contingent consideration obligation is remeasured to fair value at each reporting period until the obligations are satisfied. The changes in the fair value of the Stone Tower contingent consideration obligation is reflected in profit sharing expense in the condensed consolidated statements of operations.

In connection with the acquisition of Griffin Capital's U.S. asset management business on May 3, 2022, Apollo agreed to pay its former owners certain share-based consideration contingent on specified AUM and capital raising thresholds. This obligation was determined based on the present value of estimated future performance relative to such thresholds and is recorded in other liabilities. The fair value of the remaining contingent obligation was $17 million and $31 million as of June 30, 2023 and December 31, 2022, respectively. This contingent consideration obligation is remeasured to fair value at each reporting period until the respective thresholds are met such that the contingencies are satisfied. The changes in the fair value of the Griffin Capital contingent consideration obligation are reflected in other income (loss) in the condensed consolidated statements of income.

Funding Agreements

Athene is a member of the Federal Home Loan Bank of Des Moines ("FHLB") and, through its membership, has issued funding agreements to the FHLB in exchange for cash advances. As of June 30, 2023 and December 31, 2022, Athene had $4.8 billion and $3.7 billion, respectively, of FHLB funding agreements outstanding. Athene is required to provide collateral in excess of the funding agreement amounts outstanding, considering any discounts to the securities posted and prepayment penalties.

Athene has a funding agreement backed notes ("FABN") program, which allows Athene Global Funding, a special purpose, unaffiliated statutory trust, to offer its senior secured medium-term notes. Athene Global Funding uses the net proceeds from each sale to purchase one or more funding agreements from Athene. As of June 30, 2023 and December 31, 2022, Athene had $20.3 billion and $21.0 billion, respectively, of board-authorized FABN funding agreements outstanding. Athene had $14.4 billion of board-authorized FABN capacity remaining as of June 30, 2023.

Athene established a secured funding agreement backed repurchase agreement ("FABR") program, in which a special-purpose, unaffiliated entity enters into repurchase agreements with a bank and the proceeds of the repurchase agreements are used by the special purpose entity to purchase funding agreements from Athene. As of June 30, 2023 and December 31, 2022, Athene had $3.0 billion and $3.0 billion, respectively, of FABR funding agreements outstanding.

Pledged Assets and Funds in Trust (Restricted Assets)

Athene's total restricted assets included on the condensed consolidated statements of financial condition are as follows:

(In millions)	June 30, 2023	December 31, 2022
AFS securities	$ 23,477	$ 15,366
Trading securities	139	55
Equity securities	75	38
Mortgage loans	8,872	8,849
Investment funds	127	103
Derivative assets	93	65
Short-term investments	69	120
Other investments	210	170
Restricted cash and cash equivalents	2,203	628
Total restricted assets	$ 35,265	$ 25,394

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements and the FHLB and FABR funding agreements described above.

Letters of Credit

Athene has undrawn letters of credit totaling $1.3 billion as of June 30, 2023. These letters of credit were issued for Athene's reinsurance program and have expirations through July 28, 2025.

Atlas

In connection with the Company and CS's previously announced transaction, whereby Atlas acquired certain assets of the CS Securitized Products Group, two subsidiaries of the Company have each issued an assurance letter to CS to guarantee the full five year deferred purchase obligation of Atlas in the amount of $3.3 billion. The fair value of the liability related to the Company's guarantee is not material to the Company's condensed consolidated financial statements.

Litigation and Regulatory Matters

The Company is party to various legal actions arising from time to time in the ordinary course of business, including claims and lawsuits, arbitrations, reviews, investigations or proceedings by governmental and self-regulatory agencies regarding the Company's business.

On August 3, 2017, a complaint was filed in the United States District Court for the Middle District of Florida against AAM, a senior partner of Apollo and a former principal of Apollo by Michael McEvoy on behalf of a purported class of employees of subsidiaries of CEVA Group, LLC ("CEVA Group") who purchased shares in CEVA Investment Limited ("CIL"), the former parent company of CEVA Group. The complaint alleged that the defendants breached fiduciary duties to and defrauded the plaintiffs by inducing them to purchase shares in CIL and subsequently participating in a debt restructuring of CEVA Group in which shareholders of CIL did not receive a recovery. The complaint was determined by a bankruptcy court to be void *ab initio* because it asserted claims that were property of CIL's bankruptcy estate. On December 7, 2018, McEvoy revised his complaint to attempt to assert claims that do not belong to CIL. The amended complaint no longer named any individual defendants, but Apollo Management VI, L.P. and CEVA Group were added as defendants. The amended complaint sought damages of approximately €30 million and asserted, among other things, claims for violations of the Investment Advisers Act of 1940 (as amended, the "Investment Advisers Act"), breach of fiduciary duties, and breach of contract. On January 6, 2020, the Florida court granted in part Apollo's motion to dismiss, dismissing McEvoy's Investment Advisers Act claim with prejudice, and denying without prejudice Apollo's motion with respect to the remaining claims, and directing the parties to conduct limited discovery, and submit new briefing, solely with respect to the statute of limitations. After extensive motion practice, the District Court granted defendants' motion for summary judgment on statute of limitations grounds on March 10, 2022 and entered judgment in defendants' favor. Plaintiff appealed the District Court's decision to the United States Court of Appeals for the Eleventh Circuit. On March 30, 2023, the Eleventh Circuit affirmed the District Court's decision, and subsequently denied Plaintiffs' motion for rehearing on May 1, 2023. This matter is now concluded.

On December 21, 2017, several entities referred to collectively as "Harbinger" commenced an action in New York Supreme Court captioned *Harbinger Capital Partners II LP et al. v. Apollo Global Management LLC, et al.* (No. 657515/2017). The complaint named as defendants AAM, and funds managed by Apollo that invested in SkyTerra Communications, Inc. ("SkyTerra"), among others. The complaint alleged that during the period of Harbinger's various equity and debt investments in SkyTerra from 2004 to 2010, the defendants concealed from Harbinger material defects in SkyTerra technology. The complaint further alleged that Harbinger would not have made investments in SkyTerra totaling approximately $1.9 billion had it known of the defects, and that the public disclosure of these defects ultimately led to SkyTerra filing for bankruptcy in 2012 (after it had been renamed LightSquared). The complaint sought $1.9 billion in damages, as well as punitive damages, interest, costs, and fees. On June 12, 2019, Harbinger voluntarily discontinued the state action without prejudice. On June 8, 2020, Harbinger refiled its litigation in New York Supreme Court, captioned *Harbinger Capital Partners II, LP et al. v. Apollo Global Management, LLC et al.* (No. 652342/2020). The complaint adds eight new defendants and three new claims relating to Harbinger's contention that the new defendants induced Harbinger to buy CCTV One Four Holdings, LLC ("CCTV") to support SkyTerra's network even though they allegedly knew that the network had material defects. On November 23, 2020, Defendants refiled a bankruptcy motion, and on November 24, 2020, filed in the state court a motion to stay the state court proceedings pending a ruling by the bankruptcy court on the bankruptcy motion. On February 1, 2021, the bankruptcy court denied the bankruptcy motion. Defendants filed their motions to dismiss the New York Supreme Court action on March 31, 2021, which were granted in part and denied in part on May 23, 2023. The court granted in full the Defendants' motion to dismiss Harbinger's complaint as time-barred and denied as moot the Defendants' motion to dismiss the complaint for failure to state a claim. Plaintiffs have appealed the court's decision. Apollo believes the claims in this action are without merit. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

In March 2020, Frank Funds, which claims to be a former shareholder of MPM Holdings, Inc. ("MPM"), commenced an action in the Delaware Court of Chancery, captioned *Frank Funds v. Apollo Global Management, Inc., et al*., C.A. No. 2020-0130, against AAM, certain former MPM directors (includingthree Apollo officers and employees), and members of the consortium that acquired MPM in a May 2019 merger. The complaint asserted, on behalf of a putative class of former MPM shareholders, a claim against Apollo for breach of its fiduciary duties as MPM's alleged controlling shareholder in connection with the May 2019 merger. Frank Funds seeks unspecified compensatory damages. On July 23, 2019, a group of former MPM shareholders filed an appraisal petition in Delaware Chancery Court seeking the fair value of their MPM shares that were purchased through MPM's May 15, 2019 merger, in an action captioned *In re Appraisal of MPM Holdings, Inc*., C.A. No. 2019-0519 (Del. Ch.). On June 3, 2020, petitioners moved for leave to file a verified amended appraisal petition and class-action complaint that included claims for breach of fiduciary duty and/or aiding and abetting breaches of fiduciary duty against AAM, the Apollo-affiliated fund that owned MPM's shares before the merger, certain former MPM directors (including three Apollo employees), and members of the consortium that acquired MPM, based on alleged actions related to the May 2019 merger. The petitioners also sought to consolidate their appraisal proceeding with the Frank Funds action. On November 13, 2020, the Chancery Court granted the parties' stipulated order to consolidate the two matters, and on December 21, 2020, the Chancery Court granted petitioners' motion for leave to file the proposed amended complaint. This new consolidated action is captioned *In Re MPM Holdings Inc. Appraisal and Stockholder Litigation*, C.A. No. 2019-0519 (Del Ch.). On January 13, 2022, the Chancery Court denied Apollo's motion to dismiss. Apollo believes the claims in this action are without merit. Because this action is in the early stages, no reasonable estimate of possible loss, if any, can be made at this time.

On August 4, 2020, a putative class action complaint was filed in the United States District Court for the District of Nevada against PlayAGS Inc. ("PlayAGS"), all of the members of PlayAGS's board of directors (including three directors who are affiliated with Apollo), certain underwriters of PlayAGS (including Apollo Global Securities, LLC), as well as AAM, Apollo Investment Fund VIII, L.P., Apollo Gaming Holdings, L.P., and Apollo Gaming Voteco, LLC (these last four parties, together, the "Apollo Defendants"). The complaint asserted claims against all defendants arising under the Securities Act of 1933 in connection with certain secondary offerings of PlayAGS stock conducted in August 2018 and March 2019, alleging that the registration statements issued in connection with those offerings did not fully disclose certain business challenges facing PlayAGS. The complaint further asserted a control person claim under Section 20(a) of the Exchange Act against the Apollo Defendants and the director defendants (including the directors affiliated with Apollo), alleging such defendants were responsible for certain misstatements and omissions by PlayAGS about its business. On December 2, 2022, the Court dismissed all claims against the underwriters (including Apollo Global Securities, LLC) and the Apollo Defendants, but allowed a claim against PlayAGS and two of PlayAGS's executives to proceed. No reasonable estimate of possible loss, if any, can be made at this time.

Certain of Apollo's investment adviser subsidiaries have received a request for information and documents from the SEC in connection with an investigation concerning compliance with record retention requirements relating to business communications sent or received via electronic messaging channels. As has been publicly reported, the SEC is conducting similar investigations of other investment advisers.

19. Segments

The Company conducts its business throughthree reportable segments: (i) Asset Management, (ii) Retirement Services and (iii) Principal Investing. Segment information is utilized by the Company's chief operating decision maker to assess performance and to allocate resources.

The performance is measured by the Company's chief operating decision maker on an unconsolidated basis because the chief operating decision maker makes operating decisions and assesses the performance of each of the Company's business segments based on financial and operating metrics and data that exclude the effects of consolidation of any of the affiliated funds.

Segment Income

Segment Income is the key performance measure used by management in evaluating the performance of the asset management, retirement services, and principal investing segments. Management uses Segment Income to make key operating decisions such as the following:

- decisions related to the allocation of resources such as staffing decisions, including hiring and locations for deployment of the new hires;

- decisions related to capital deployment such as providing capital to facilitate growth for the business and/or to facilitate expansion into new businesses;
- decisions related to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in the funds and those of Apollo's stockholders by providing such individuals a profit sharing interest in the performance fees earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on Apollo's performance and growth for the year; and
- decisions related to the amount of earnings available for dividends to common stockholders and holders of equity-based awards that participate in dividends.

Segment Income is a measure of profitability and has certain limitations in that it does not take into account certain items included under U.S. GAAP. Segment Income is the sum of (i) Fee Related Earnings, (ii) Spread Related Earnings and (iii) Principal Investing Income. Segment Income excludes the effects of the consolidation of any of the related funds and SPACs, interest and other financing costs related to AGM not attributable to any specific segment, taxes and related payables, transaction-related charges and any acquisitions. Transaction-related charges includes equity-based compensation charges, the amortization of intangible assets, contingent consideration, and certain other charges associated with acquisitions, and restructuring charges. In addition, Segment Income excludes non-cash revenue and expense related to equity awards granted by unconsolidated related parties to employees of the Company, compensation and administrative related expense reimbursements, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the condensed consolidated financial statements.

Segment Income may not be comparable to similarly titled measures used by other companies and is not a measure of performance calculated in accordance with U.S. GAAP. We use Segment Income as a measure of operating performance, not as a measure of liquidity. Segment Income should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of Segment Income without consideration of related U.S. GAAP measures is not adequate due to the adjustments described above. Management compensates for these limitations by using Segment Income as a supplemental measure to U.S. GAAP results, to provide a more complete understanding of our performance as management measures it. A reconciliation of Segment Income to its most directly comparable U.S. GAAP measure of income (loss) before income tax provision can be found in this footnote.

Fee Related Earnings

Fee Related Earnings ("FRE") is a component of Segment Income that is used to assess the performance of the Asset Management segment. FRE is the sum of (i) management fees, (ii) capital solutions and other related fees, (iii) fee-related performance fees from indefinite term vehicles, that are measured and received on a recurring basis and not dependent on realization events of the underlying investments and (iv) other income, net, less (a) fee-related compensation, excluding equity-based compensation, (b) non-compensation expenses incurred in the normal course of business, (c) placement fees and (d) non-controlling interests in the management companies of certain funds the Company manages.

Spread Related Earnings

Spread Related Earnings ("SRE") is a component of Segment Income that is used to assess the performance of the Retirement Services segment, excluding certain market volatility and certain expenses related to integration, restructuring, equity-based compensation, and other expenses. For the Retirement Services segment, SRE equals the sum of (i) the net investment earnings on Athene's net invested assets and (ii) management fees received on business managed for others, primarily the ADIP portion of Athene's business ceded to ACRA, less (x) cost of funds, (y) operating expenses excluding equity-based compensation and (z) financing costs, including interest expense and preferred dividends, if any, paid to Athene preferred stockholders.

Principal Investing Income

Principal Investing Income ("PII") is a component of Segment Income that is used to assess the performance of the Principal Investing segment. For the Principal Investing segment, PII is the sum of (i) realized performance fees, including certain realizations received in the form of equity, and (ii) realized investment income, less (x) realized principal investing compensation expense, excluding expense related to equity-based compensation, and (y) certain corporate compensation and non-compensation expenses.

The following presents financial data for the Company's reportable segments.

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Asset Management				
Management fees[1]	$ 620	$ 522	$ 1,197	$ 1,027
Capital solutions fees and other, net	138	103	276	167
Fee-related performance fees	35	12	62	26
Fee-related compensation	(212)	(187)	(423)	(362)
Other operating expenses	(139)	(109)	(273)	(207)
Fee Related Earnings	442	341	839	651
Retirement Services				
Fixed income and other investment income, net	2,207	1,302	4,164	2,509
Alternative investment income, net	259	186	444	634
Strategic capital management fees	16	13	30	25
Cost of funds	(1,437)	(873)	(2,672)	(1,695)
Other operating expenses	(117)	(109)	(241)	(218)
Interest and other financing costs	(129)	(64)	(238)	(126)
Spread Related Earnings	799	455	1,487	1,129
Principal Investing				
Realized performance fees	177	151	341	278
Realized investment income	2	37	30	263
Principal investing compensation	(145)	(155)	(315)	(311)
Other operating expenses	(14)	(13)	(28)	(23)
Principal Investing Income	20	20	28	207
Segment Income	$ 1,261	$ 816	$ 2,354	$ 1,987

Segment Assets:	June 30, 2023	December 31, 2022
Asset Management	$ 2,081	$ 1,918
Retirement Services	264,792	240,483
Principal Investing	8,270	8,099
Total Assets[2]	$ 275,143	$ 250,500

[1] Includes intersegment management fees from Retirement Services of $ 232 million and $448 million for the three and six months ended June 30, 2023, respectively, and $ 181 million and $363 million for the three and six months ended June 30, 2022, respectively.

[2] Refer below for a reconciliation of total assets for Apollo's total reportable segments to total consolidated assets.

The following reconciles total consolidated revenues to total asset management fee related revenues:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Total Consolidated Revenues	$ 13,702	$ 2,286	$ 19,003	$ 3,148
Retirement services GAAP revenue	(12,916)	(1,994)	(17,181)	(1,747)
Equity awards granted by unconsolidated related parties, reimbursable expenses and other[1]	(94)	(38)	(163)	(79)
Adjustments related to consolidated funds and VIEs[1]	3	(5)	2	71
Performance fees	(90)	336	(491)	(235)
Principal investment income	(44)	(129)	(83)	(301)
Retirement services management fees	232	181	448	363
Total Asset Management Fee Related Revenues	$ 793	$ 637	$ 1,535	$ 1,220

[1] Represents advisory fees, management fees and performance fees earned from consolidated VIEs which are eliminated in consolidation. Includes non-cash revenues related to equity awards granted by unconsolidated related parties to employees of the Company and certain compensation and administrative related expense reimbursements.

The following presents the reconciliation of income before income tax provision reported in the condensed consolidated statements of operations to Segment Income:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2023	2022	2023	2022
Income (loss) before income tax provision (benefit)	$ 951	$ (2,987)	$ 2,742	$ (4,531)
Asset Management Adjustments:				
Equity-based profit sharing expense and other[1]	57	67	124	164
Equity-based compensation	58	37	110	93
Transaction-related charges[2]	(4)	—	(7)	(1)
Merger-related transaction and integration costs[3]	5	18	12	36
(Gains) losses from change in tax receivable agreement liability	—	—	—	14
Net (income) loss attributable to non-controlling interests in consolidated entities	(192)	960	(715)	1,609
Unrealized performance fees	86	488	(153)	43
Unrealized profit sharing expense	1	(188)	136	3
HoldCo interest and other financing costs[4]	20	35	41	74
Unrealized principal investment income (loss)	(29)	(72)	(39)	10
Unrealized net (gains) losses from investment activities and other	8	(139)	20	(157)
Retirement Services Adjustments:				
Investment (gains) losses, net of offsets	563	2,841	166	5,477
Non-operating change in insurance liabilities and related derivatives	(304)	(290)	(169)	(939)
Integration, restructuring and other non-operating expenses	28	33	57	67
Equity-based compensation	13	13	29	25
Segment Income	$ 1,261	$ 816	$ 2,354	$ 1,987

[1] Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are required to be used by employees of Apollo to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Equity Plan. Equity-based profit sharing expense and other also includes performance grants which are tied to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

[2] Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisitions, and restructuring charges.

[3] Merger-related transaction and integration costs includes advisory services, technology integration, equity-based compensation charges and other costs associated with the Mergers.

[4] Represents interest and other financing costs related to AGM not attributable to any specific segment.

The following table presents the reconciliation of the Company's total reportable segment assets to total assets:

(In millions)	June 30, 2023	December 31, 2022
Total reportable segment assets	$ 275,143	$ 250,500
Adjustments[1]	6,841	6,717
Total assets	$ 281,984	$ 257,217

[1] Represents the addition of assets of consolidated funds and VIEs and consolidation elimination adjustments.

20. Subsequent Events

Dividends

On August 3, 2023, the Company declared a cash dividend of $0.43 per share of common stock, which will be paid on August 31, 2023 to holders of record at the close of business on August 18, 2023.

ITEM 1A. UNAUDITED SUPPLEMENTAL PRESENTATION OF STATEMENTS OF FINANCIAL CONDITION

	June 30, 2023			
(In millions)	Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets				
Asset Management				
Cash and cash equivalents	$ 1,469	$ —	$ —	$ 1,469
Restricted cash and cash equivalents	2	268	—	270
Investments	5,644	—	(146)	5,498
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	119	—	119
Investments	—	3,009	(36)	2,973
Other assets	—	58	(38)	20
Due from related parties	535	—	(32)	503
Goodwill	264	—	—	264
Other assets	2,429	3	—	2,432
	10,343	3,457	(252)	13,548
Retirement Services				
Cash and cash equivalents	10,601	—	—	10,601
Restricted cash and cash equivalents	2,203	—	—	2,203
Investments	187,552	—	—	187,552
Investments in related parties	40,080	—	(12,310)	27,770
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	122	—	122
Investments	1,479	16,564	(812)	17,231
Other assets	7	113	(4)	116
Reinsurance recoverable	4,236	—	—	4,236
Deferred acquisition costs, deferred sales inducements and value of business acquired	5,166	—	—	5,166
Goodwill	4,065	—	—	4,065
Other assets	9,405	—	(31)	9,374
	264,794	16,799	(13,157)	268,436
Total Assets	$ 275,137	$ 20,256	$ (13,409)	$ 281,984

(Continued)

(In millions)	June 30, 2023 Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Liabilities, Redeemable non-controlling interests and Equity				
Liabilities				
Asset Management				
Accounts payable, accrued expenses, and other liabilities	$ 3,237	$ 49	$ —	$ 3,286
Due to related parties	929	10	(47)	892
Debt	2,812	—	—	2,812
Liabilities of consolidated variable interest entities				
Notes payable	—	976	(708)	268
Other liabilities	(1)	1,498	(4)	1,493
	6,977	2,533	(759)	8,751
Retirement Services				
Interest sensitive contract liabilities	184,359	—	—	184,359
Future policy benefits	50,284	—	—	50,284
Market risk benefits	3,195	—	—	3,195
Debt	3,642	—	—	3,642
Payables for collateral on derivatives and securities to repurchase	9,845	—	—	9,845
Other liabilities	3,392	—	—	3,392
Liabilities of consolidated variable interest entities				
Other liabilities	119	1,070	—	1,189
	254,836	1,070	—	255,906
Total Liabilities	261,813	3,603	(759)	264,657
Commitments and Contingencies (note 18)				
Redeemable non-controlling interests:				
Redeemable non-controlling interests	—	280	5	285
Equity				
Additional paid in capital	14,542	(88)	14	14,468
Retained earnings (accumulated deficit)	185	12,549	(12,581)	153
Accumulated other comprehensive income (loss)	(6,392)	(25)	25	(6,392)
Total AGM Stockholders' Equity	8,335	12,436	(12,542)	8,229
Non-controlling interests	4,989	3,937	(113)	8,813
Total Equity	13,324	16,373	(12,655)	17,042
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 275,137**	**$ 20,256**	**$ (13,409)**	**$ 281,984**

(Concluded)

(In millions)	December 31, 2022 Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Assets				
Asset Management				
Cash and cash equivalents	$ 1,201	$ —	$ —	$ 1,201
Restricted cash and cash equivalents	2	1,046	—	1,048
Investments	5,713	—	(131)	5,582
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	110	—	110
Investments	—	2,371	(2)	2,369
Other assets	—	88	(58)	30
Due from related parties	504	1	(40)	465
Goodwill	264	—	—	264
Other assets	2,321	12	—	2,333
	10,005	3,628	(231)	13,402
Retirement Services				
Cash and cash equivalents	7,779	—	—	7,779
Restricted cash and cash equivalents	628	—	—	628
Investments	172,488	—	—	172,488
Investments in related parties	35,286	—	(11,326)	23,960
Assets of consolidated variable interest entities				
Cash and cash equivalents	—	362	—	362
Investments	1,492	14,207	—	15,699
Other assets	8	104	—	112
Reinsurance recoverable	4,358	—	—	4,358
Deferred acquisition costs, deferred sales inducements and value of business acquired	4,466	—	—	4,466
Goodwill	4,058	—	—	4,058
Other assets	9,919	—	(14)	9,905
	240,482	14,673	(11,340)	243,815
Total Assets	$ 250,487	$ 18,301	$ (11,571)	$ 257,217

(Continued)

(In millions)	December 31, 2022 Apollo Global Management, Inc. and Consolidated Subsidiaries	Consolidated Funds and VIEs	Eliminations	Consolidated
Liabilities, Redeemable non-controlling interests and Equity				
Liabilities				
Asset Management				
Accounts payable, accrued expenses, and other liabilities	$ 2,915	$ 61	$ (1)	$ 2,975
Due to related parties	1,056	8	(66)	998
Debt	2,814	—	—	2,814
Liabilities of consolidated variable interest entities				
Notes payable	—	50	—	50
Other liabilities	—	1,899	—	1,899
	6,785	2,018	(67)	8,736
Retirement Services				
Interest sensitive contract liabilities	173,616	—	—	173,616
Future policy benefits	42,110	—	—	42,110
Market risk benefits	2,970	—	—	2,970
Debt	3,658	—	—	3,658
Payables for collateral on derivatives and securities to repurchase	6,707	—	—	6,707
Other liabilities	3,213	—	—	3,213
Liabilities of consolidated variable interest entities				
Other liabilities	124	691	(6)	809
	232,398	691	(6)	233,083
Total Liabilities	239,183	2,709	(73)	241,819
Commitments and Contingencies (note 18)				
Redeemable non-controlling interests				
Redeemable non-controlling interests	—	1,027	5	1,032
Equity				
Additional paid in capital	15,040	(72)	14	14,982
Retained earnings (accumulated deficit)	(1,002)	11,734	(11,739)	(1,007)
Accumulated other comprehensive income (loss)	(7,337)	(34)	36	(7,335)
Total AGM Stockholders' Equity	6,701	11,628	(11,689)	6,640
Non-controlling interests	4,603	2,937	186	7,726
Total Equity	11,304	14,565	(11,503)	14,366
Total Liabilities, Redeemable non-controlling interests and Equity	**$ 250,487**	**$ 18,301**	**$ (11,571)**	**$ 257,217**

(Concluded)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with Apollo Global Management, Inc.'s condensed consolidated financial statements and the related notes within this quarterly report. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those included in the section entitled "Item 1A. Risk Factors" in the 2022 Annual Report. The highlights listed below have had significant effects on many items within our condensed consolidated financial statements and affect the comparison of the current period's activity with those of prior periods. Target returns included in this report are presented gross and do not account for fees, expenses and taxes, which will reduce returns. Target returns are neither guarantees nor predictions or projections of future performance. There can be no assurance that target returns will be achieved or that Apollo will be successful in implementing the applicable strategy. Actual gross and net returns for funds managed by Apollo, and individual investors participating directly or indirectly in funds managed by Apollo, may vary significantly from the target returns set forth herein.

General

Our Businesses

Founded in 1990, Apollo is a high-growth, global alternative asset manager and a retirement services provider. Apollo conducts its business primarily in the United States through the following three reportable segments: Asset Management, Retirement Services and Principal Investing. These business segments are differentiated based on the investment services they provide as well as varying investing strategies. As of June 30, 2023, Apollo had a team of 4,575 employees, including 1,921 employees of Athene.

Asset Management

Our Asset Management segment focuses on three investing strategies: yield, hybrid and equity. We have a flexible mandate in many of the funds we manage which enables the funds to invest opportunistically across a company's capital structure. We raise, invest and manage funds, accounts and other vehicles on behalf of some of the world's most prominent pension, endowment and sovereign wealth funds and insurance companies, as well as other institutional and individual investors. As of June 30, 2023, we had total AUM of $617 billion.

The yield, hybrid and equity investing strategies of our Asset Management segment reflect the range of investment capabilities across our platform based on relative risk and return. As an asset manager, we earn fees for providing investment management services and expertise to our client base. The amount of fees charged for managing these assets depends on the underlying investment strategy, liquidity profile, and, ultimately, our ability to generate returns for our clients. We also earn capital solutions fees as part of our growing capital solutions business and as part of monitoring and deployment activity alongside our sizeable private equity franchise. After expenses, we call the resulting earnings stream "Fee Related Earnings" or "FRE", which represents the primary performance measure for the Asset Management segment.

Yield

Yield is our largest asset management strategy with $450 billion of AUM as of June 30, 2023. Our yield strategy focuses on generating excess returns through high-quality credit underwriting and origination. Beyond participation in the traditional issuance and secondary credit markets, through our origination platforms and corporate solutions capabilities we seek to originate attractive and safe-yielding assets for the investors in the funds we manage. Within our yield strategy, we target 4% to 10% returns for our clients. Since inception, the total return yield fund has generated a 5% gross Return on Equity ("ROE") and 4% net ROE annualized through June 30, 2023.

Hybrid

Our hybrid strategy, with $62 billion of AUM as of June 30, 2023, brings together our capabilities across debt and equity to seek to offer a differentiated risk-adjusted return with an emphasis on structured downside protected opportunities across asset classes. We target 8% to 15% returns within our hybrid strategy by pursuing investments in all market environments, deploying capital during both periods of dislocation and market strength, and focusing on different investing strategies and asset classes.

The flagship hybrid credit hedge fund we manage has generated an 11% gross ROE and a 7% net ROE annualized and the hybrid value funds we manage have generated a 20% gross IRR and a 16% net IRR from inception through June 30, 2023.

Equity

Our equity strategy manages $105 billion of AUM as of June 30, 2023. Our equity strategy emphasizes flexibility, complexity, and purchase price discipline to drive opportunistic-like returns for our clients throughout market cycles. Apollo's equity team has experience across sectors, industries, and geographies in both private equity and real estate equity. Our control equity transactions are principally buyouts, corporate carveouts and distressed investments, while the real estate funds we manage generally transact in single asset, portfolio and platform acquisitions. Within our equity strategy, we target upwards of 15% returns in the funds we manage. We have consistently produced attractive long-term investment returns in the traditional private equity funds we manage, generating a 39% gross IRR and a 24% net IRR on a compound annual basis from inception through June 30, 2023.

Retirement Services

Our retirement services business is conducted by Athene, a leading financial services company that specializes in issuing, reinsuring and acquiring retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. Athene's primary product line is annuities, which include fixed, payout and group annuities issued in conjunction with pension group annuity transactions. Athene also offers funding agreements, which are comprised of funding agreements issued under its FABN and FABR programs, funding agreements issued to the FHLB and repurchase agreements with an original maturity exceeding one year. Our asset management business provides a full suite of services for Athene's investment portfolio, including direct investment management, asset allocation, merger and acquisition asset diligence and certain operational support services, including investment compliance, tax, legal and risk management support.

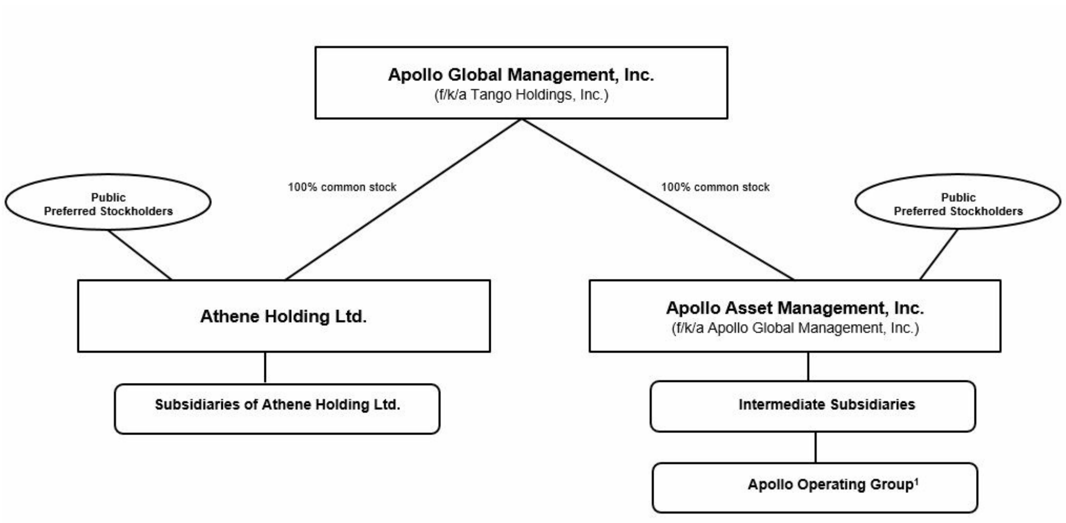
Our retirement services business focuses on generating spread income by combining the two core competencies of (1) sourcing long-term, persistent liabilities and (2) using the global scale and reach of our asset management business to actively source or originate assets with Athene's preferred risk and return characteristics. Athene's investment philosophy is to invest a portion of its assets in securities that earn an incremental yield by taking measured liquidity and complexity risk and capitalizing on its long-dated funding profile to prudently achieve higher net investment earned rates, rather than assuming incremental credit risk. A cornerstone of Athene's investment philosophy is that given the operating leverage inherent in its business, modest investment outperformance can translate to outsized return performance. Because Athene maintains discipline in underwriting attractively priced liabilities, it has the ability to invest in a broad range of high-quality assets to generate attractive earnings.

Principal Investing

Our Principal Investing segment is comprised of our realized performance fee income, realized investment income from our balance sheet investments, and certain allocable expenses related to corporate functions supporting the entire company. The Principal Investing segment also includes our growth capital and liquidity resources at AGM. We expect to deploy capital into strategic investments over time that will help accelerate the growth of our Asset Management segment, by broadening our investment management and/or product distribution capabilities or increasing the efficiency of our operations. We believe these investments will translate into greater compounded annual growth of Fee Related Earnings.

Given the cyclical nature of performance fees, earnings from our Principal Investing segment, or Principal Investing Income ("PII"), are inherently more volatile in nature than earnings from the Asset Management and Retirement Services segments. We earn fees based on the investment performance of the funds we manage and compensate our employees, primarily investment professionals, with a meaningful portion of these proceeds to align our team with the investors in the funds we manage and incentivize them to deliver strong investment performance over time. We expect to increase the proportion of performance fee income we pay to our employees over time, and as such proportion increases, we expect PII to represent a relatively smaller portion of our total company earnings.

The diagram below depicts our current organizational structure:



Note: The organizational structure chart above depicts a simplified version of the Apollo structure. It does not include all legal entities in the structure.
(1) Includes direct and indirect ownership by AGM.

Business Environment

Economic and Market Conditions

Our asset management and retirement services businesses are affected by the condition of global financial markets and the economy. Price fluctuations within equity, credit, commodity, foreign exchange markets, as well as interest rates and global inflation, which may be volatile and mixed across geographies, can significantly impact the performance of our business, including, but not limited to, the valuation of investments, including those of the funds we manage, and related income we may recognize.

Adverse economic conditions may result from domestic and global economic and political developments, including plateauing or decreasing economic growth and business activity, civil unrest, geopolitical tensions or military action, such as the armed conflict between Ukraine and Russia and corresponding sanctions imposed by the United States and other countries, and new or evolving legal and regulatory requirements on business investment, hiring, migration, labor supply and global supply chains.

We carefully monitor economic and market conditions that could potentially give rise to global market volatility and affect our business operations, investment portfolios and derivatives, which includes global inflation. The global financial system has experienced increased volatility in 2023 due to the failure of certain financial institutions, primarily U.S. regional banks. The current macroeconomic environment, recent bank failures and consolidations, changes in business and consumer behavior and other events affecting financial institutions, have also contributed to volatility in the commercial real estate market, and concerns regarding commercial real estate liquidity, financing availability and asset values, particularly in the office subsector. The potential impacts of rising interest rates and continued deposit outflows on global markets, financial institutions and macroeconomic conditions, generally, remain uncertain. Episodes of increased economic and market volatility may continue to occur and could worsen if there are additional instances of actual or threatened bank failures. For further information on the risks related to market or economic conditions and commercial real estate, see the section entitled "Item 1A. Risk Factors" in the 2022 Annual Report.

U.S. inflation continued to recede during the second quarter of 2023, however the U.S. Federal Reserve continued its interest rate hiking cycle, given that the Consumer Price Index ("CPI") persisted above the 2% target. The U.S. Bureau of Labor Statistics reported that the annual U.S. inflation rate edged down to 3.0% as of June 30, 2023, compared to 5.0% as of

March 31, 2023, as action from the U.S. Federal Reserve continues to temper inflation. While declining, the heightened U.S. inflation rate persists due to a combination of supply and demand factors. As a result, in July 2023, the Federal Reserve raised the benchmark interest rate to a target range of 5.25% to 5.50%, up from a target range of 4.75% to 5.00% in March 2023, which marked the fourth interest rate hike in 2023.

Equity market performance continued to rally during the second quarter alongside a rebound in credit markets. In the U.S., the S&P 500 Index increased by 8.3% during the second quarter of 2023, following an increase of 7.0% during the first quarter of 2023. Global equity markets also increased during the quarter, with the MSCI All Country World ex USA Index increasing 3.3%, following an increase of 8.2% in the first quarter of 2023.

Conditions in the credit markets have a significant impact on our business. Credit markets were positive in the second quarter of 2023, with the BofAML HY Master II Index increasing by 1.6%, while the S&P/LSTA Leveraged Loan Index increased by 3.3%.

In terms of economic conditions in the U.S., the Bureau of Economic Analysis reported real GDP increased at an annual rate of 2.4% in the second quarter of 2023, following an increase of 2.0% in the first quarter of 2023. As of July 2023, the International Monetary Fund estimated that the U.S. economy will expand by 1.8% in 2023 and 1.0% in 2024. The U.S. Bureau of Labor Statistics reported that the U.S. unemployment rate increased to 3.6% as of June 30, 2023.

Foreign exchange rates can materially impact the valuations of our investments and those of the funds we manage that are denominated in currencies other than the U.S. dollar. The U.S. dollar weakened in the second quarter of 2023 compared to the euro and the British pound. Relative to the U.S. dollar, the euro appreciated 0.6% during the second quarter of 2023, after appreciating 1.3% in the first quarter of 2023, while the British pound appreciated 3.0% in the second quarter of 2023, after appreciating 2.1% in the first quarter of 2023. Oil finished a volatile quarter down 6.6%, after depreciating by 5.7% in the first quarter of 2023, as the general downward trend from 2022 has continued into 2023.

We are actively monitoring the developments in Ukraine resulting from the Russia/Ukraine conflict and the economic sanctions and restrictions imposed against Russia, Belarus, and certain Russian and Belarussian entities and individuals. The Company continues to (i) identify and assess any exposure to designated persons or entities across the Company's business; (ii) ensure existing surveillance and controls are calibrated to the evolving sanctions; and (iii) ensure appropriate levels of communication across the Company, and with other relevant market participants, as appropriate.

As of June 30, 2023, the funds we manage have no investments that would cause Apollo or any Apollo managed fund to be in violation of current international sanctions, and we believe the direct exposure of investment portfolios of the funds we manage to Russia and Ukraine is insignificant. The Company and the funds we manage do not intend to make any new material investments in Russia, and have appropriate controls in place to ensure review of any new exposure.

Institutional investors continue to allocate capital towards alternative investment managers in search of more attractive returns, and we believe the business environment remains generally accommodative to raise larger successor funds, launch new products, and pursue attractive strategic growth opportunities.

Interest Rate Environment

Rates had a slightly less volatile second quarter of 2023 compared to the first quarter, with the U.S. 10-year Treasury yield increasing during the quarter to end the quarter at 3.81%. The U.S. 2-year and 10-year Treasury yield curves remain inverted, with the magnitude of the inversion having increased in the second quarter, which continues to drive recessionary concerns. Given these competing dynamics, it is difficult to predict the level of interest rates and the shape of the yield curve.

With respect to Retirement Services, Athene's investment portfolio consists predominantly of fixed maturity investments. If prevailing interest rates were to rise, we believe the yield on Athene's new investment purchases may also rise and Athene's investment income from floating rate investments would increase, while the value of Athene's existing investments may decline. If prevailing interest rates were to decline significantly, the yield on Athene's new investment purchases may decline and Athene's investment income from floating rate investments would decrease, while the value of Athene's existing investments may increase.

Athene addresses interest rate risk through managing the duration of the liabilities it sources with assets it acquires through asset liability management ("ALM") modeling. As part of its investment strategy, Athene purchases floating rate investments, which are expected to perform well in a rising interest rate environment and are expected to underperform in a declining rate environment. As of June 30, 2023, Athene's net invested asset portfolio included $42.8 billion of floating rate investments, or 20% of its net invested assets, and its net reserve liabilities included $14.0 billion of floating rate liabilities at notional, or 7% of its net invested assets, resulting in $28.8 billion of net floating rate assets, or 13% of its net invested assets.

If prevailing interest rates were to rise, we believe Athene's products would be more attractive to consumers and its sales would likely increase. If prevailing interest rates were to decline, it is likely that Athene's products would be less attractive to consumers and its sales would likely decrease. In periods of prolonged low interest rates, the net investment spread may be negatively impacted by reduced investment income to the extent that Athene is unable to adequately reduce policyholder crediting rates due to policyholder guarantees in the form of minimum crediting rates or otherwise due to market conditions. A significant majority of Athene's deferred annuity products have crediting rates that it may reset annually upon renewal, following the expiration of the current guaranteed period. While Athene has the contractual ability to lower these crediting rates to the guaranteed minimum levels, its willingness to do so may be limited by competitive pressures.

See "Part I—Item 3. Quantitative and Qualitative Disclosures About Market Risk," in this report and "Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk," in our 2022 Annual Report, which include a discussion regarding interest rate and other significant risks and our strategies for managing these risks.

Overview of Results of Operations

Financial Measures under U.S. GAAP - Asset Management

The following discussion of financial measures under U.S. GAAP is based on Apollo's asset management business as of June 30, 2023.

Revenues

Management Fees

The significant growth of the assets we manage has had a positive effect on our revenues. Management fees are typically calculated based upon any of "net asset value," "gross assets," "adjusted par asset value," "adjusted costs of all unrealized portfolio investments," "capital commitments," "invested capital," "adjusted assets," "capital contributions," or "stockholders' equity," each as defined in the applicable limited partnership agreement and/or management agreement of the unconsolidated funds or accounts.

Advisory and Transaction Fees, Net

As a result of providing advisory services with respect to actual and potential investments, we are entitled to receive fees for transactions related to the acquisition and, in certain instances, disposition and financing of companies, some of which are portfolio companies of the funds we manage, as well as fees for ongoing monitoring of portfolio company operations and directors' fees. We also receive advisory fees for advisory services provided to certain funds. In addition, monitoring fees are generated on certain structured portfolio company investments. Under the terms of the limited partnership agreements for certain funds, the management fee payable by the funds may be subject to a reduction based on a certain percentage (up to 100%) of such advisory and transaction fees, net of applicable broken deal costs ("Management Fee Offset"). Such amounts are presented as a reduction to advisory and transaction fees, net, in the condensed consolidated statements of operations (see note 2 to our condensed consolidated financial statements for more detail on advisory and transaction fees, net).

Performance Fees

The general partners of the funds we manage are entitled to an incentive return of normally up to 20% of the total returns of a fund's capital, depending upon performance of the underlying funds and subject to preferred returns and high water marks, as applicable. Performance fees, categorized as performance allocations, are accounted for as an equity method investment, and effectively, the performance fees for any period are based upon an assumed liquidation of the funds' assets at the reporting date, and distribution of the net proceeds in accordance with the funds' allocation provisions. Performance fees categorized as incentive fees, which are not accounted for as an equity method investment, are deferred until fees are probable to not be significantly reversed. The majority of performance fees are comprised of performance allocations.

As of June 30, 2023, approximately 44% of the value of the investments of the funds we manage, on a gross basis, was determined using market-based valuation methods (i.e., reliance on broker or listed exchange quotes) and the remaining 56% was determined primarily by comparable company and industry multiples or discounted cash flow models. See "Item 1A. Risk Factors—Risks Relating to Our Asset Management Business—*The performance of the funds we manage, and our performance, may be adversely affected by the financial performance of portfolio companies of the funds we manage and the industries in which the funds we manage invest"* in the 2022 Annual Report for discussion regarding certain industry-specific risks that could affect the fair value of certain of the portfolio company investments of the funds we manage.

In certain funds we manage, generally in our equity strategy, the Company does not earn performance fees until the investors have achieved cumulative investment returns on invested capital (including management fees and expenses) in excess of an 8% hurdle rate. Additionally, certain of the yield and hybrid funds we manage have various performance fee rates and hurdle rates. Certain of the yield and hybrid funds we manage allocate performance fees to the general partner in a similar manner as the equity funds. In certain funds we manage, as long as the investors achieve their priority returns, there is a catch-up formula whereby the Company earns a priority return for a portion of the return until the Company's performance fees equate to its performance fee rate for that fund; thereafter, the Company participates in returns from the fund at the performance fee rate. Performance fees, categorized as performance allocations, are subject to reversal to the extent that the performance fees distributed exceed the amount due to the general partner based on a fund's cumulative investment returns. The Company recognizes potential repayment of previously received performance fees as a general partner obligation representing all amounts previously distributed to the general partner that would need to be repaid to the Apollo funds if these funds were to be liquidated based on the current fair value of the underlying fund's investments as of the reporting date. The actual general partner obligation, however, would not become payable or realized until the end of a fund's life or as otherwise set forth in the respective limited partnership agreement of the fund.

The table below presents an analysis of Apollo's (i) performance fees receivable on an unconsolidated basis and (ii) realized and unrealized performance fees:

	As of June 30, 2023	Performance Fees for the Three Months Ended June 30, 2023			Performance Fees for the Six Months Ended June 30, 2023		
(in millions)	Performance Fees Receivable on an Unconsolidated Basis	Unrealized	Realized	Total	Unrealized	Realized	Total
AIOF I and II	$ 20.5	$ 10.5	$ —	$ 10.5	$ 9.8	$ —	$ 9.8
ANRP I, II and III[1]	34.5	(8.7)	0.8	(7.9)	(23.8)	1.2	(22.6)
EPF Funds[1]	76.5	6.9	—	6.9	4.3	—	4.3
FCI Funds	142.1	3.1	—	3.1	4.0	—	4.0
Fund IX	1,590.4	29.8	110.7	140.5	328.6	134.1	462.7
Fund VIII	142.7	(59.3)	—	(59.3)	(226.5)	118.3	(108.2)
Fund VII[2]	37.4	(1.9)	1.0	(0.9)	(2.6)	1.7	(0.9)
Fund VI	21.4	(0.1)	2.3	2.2	(0.3)	4.0	3.7
Fund IV and Fund V[1]	—	—	—	—	(0.1)	—	(0.1)
HVF I	46.8	3.5	9.6	13.1	3.0	20.8	23.8
Real Estate Equity	57.0	(12.7)	0.9	(11.8)	(14.0)	1.1	(12.9)
Corporate Credit	33.7	7.7	10.1	17.8	13.9	18.9	32.8
Structured Finance and ABS	96.3	12.3	7.4	19.7	20.1	15.1	35.2
Direct Origination	67.1	(159.1)	42.7	(116.4)	(147.5)	53.1	(94.4)
Other[1,3]	564.2	79.4	26.7	106.1	178.2	34.3	212.5
Total	$ 2,930.6	$ (88.6)	$ 212.2	$ 123.6	$ 147.1	$ 402.6	$ 549.7
Total, net of profit sharing payable[4]/expense	$ 1,426.9	$ (87.7)	$ 78.5	$ (9.2)	$ 14.7	$ 111.4	$ 126.1

[1] As of June 30, 2023, certain funds had $133.6 million in general partner obligations to return previously distributed performance fees. The fair value gain on investments and income at the fund level needed to reverse the general partner obligations was $1.8 billion as of June 30, 2023.

[2] As of June 30, 2023, the remaining investments and escrow cash of Fund VII was valued at 110% of the fund's unreturned capital, which was below the required escrow ratio of 115%. As a result, the fund is required to place in escrow current and future performance fee distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. As of June 30, 2023, Fund VII had $85.5 million of gross performance fees or $48.7 million net of profit sharing, in escrow. With respect to Fund VII, realized performance fees currently distributed to the general partner are limited to potential tax distributions and interest on escrow balances per the fund's partnership agreements. Performance fees receivable as of June 30, 2023 and realized performance fees for the three and six months ended June 30, 2023 include interest earned on escrow balances that is not subject to contingent repayment.

[3] Other includes certain SIAs.

[4] There was a corresponding profit sharing payable of $1.5 billion as of June 30, 2023, including profit sharing payable related to amounts in escrow and contingent consideration obligations of $52.0 million.

The general partners of certain of the funds we manage accrue performance fees, categorized as performance allocations, when the fair value of investments exceeds the cost basis of the individual investors' investments in the fund, including any allocable share of expenses incurred in connection with such investments, which we refer to as "high water marks." These high water marks are applied on an individual investor basis. Certain of the funds we manage have investors with various high water marks, the achievement of which is subject to market conditions and investment performance.

Performance fees from certain funds we manage are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. These general partner obligations, if applicable, are included in due to related parties on the condensed consolidated statements of financial condition.

The following table summarizes our performance fees since inception through June 30, 2023:

	Performance Fees Since Inception[1]				
(In millions)	Undistributed by Fund and Recognized	Distributed by Fund and Recognized[2]	Total Undistributed and Distributed by Fund and Recognized[3]	General Partner Obligation[3]	Maximum Performance Fees Subject to Potential Reversal[4]
AIOF I and II	$ 20.5	$ 58.4	$ 78.9	$ —	$ 48.4
ANRP I, II and III	34.5	159.1	193.6	45.1	37.8
EPF Funds	76.5	490.7	567.2	43.0	245.7
FCI Funds	142.1	24.2	166.3	—	142.1
Fund IX	1,590.4	723.6	2,314.0	—	2,028.5
Fund VIII	142.7	1,779.1	1,921.8	—	1,295.2
Fund VII	37.4	3,227.3	3,264.7	—	11.0
Fund VI	21.4	1,663.9	1,685.3	—	—
Fund IV and Fund V	—	2,053.1	2,053.1	31.4	—
HVF I	46.8	222.2	269.0	—	157.6
Real Estate Equity	57.0	69.8	126.8	7.6	61.3
Corporate Credit	33.7	928.1	961.8	—	23.9
Structured Finance and ABS	96.3	52.3	148.6	—	81.6
Direct Origination	67.1	82.2	149.3	—	23.3
Other[5]	564.2	1,713.6	2,277.8	6.5	735.7
Total	$ 2,930.6	$ 13,247.6	$ 16,178.2	$ 133.6	$ 4,892.1

[1] Certain funds are denominated in euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to $1.09 as of June 30, 2023. Certain funds are denominated in pounds sterling and historical figures are translated into U.S. dollars at an exchange rate of £1.00 to $1.27 as of June 30, 2023.

[2] Amounts in "Distributed by Fund and Recognized" for the Citi Property Investors ("CPI"), Gulf Stream Asset Management, LLC ("Gulf Stream"), Stone Tower Capital LLC and its related companies ("Stone Tower") funds and SIAs are presented for activity subsequent to the respective acquisition dates. Amounts exclude certain performance fees from business development companies and Redding Ridge Holdings LP ("Redding Ridge Holdings"), an affiliate of Redding Ridge.

[3] Amounts were computed based on the fair value of fund investments on June 30, 2023. Performance fees have been allocated to and recognized by the general partner. Based on the amount allocated, a portion is subject to potential reversal or, to the extent applicable, has been reduced by the general partner obligation to return previously distributed performance fees at June 30, 2023. The actual determination and any required payment of any such general partner obligation would not take place until the final disposition of the fund's investments based on contractual termination of the fund.

[4] Represents the amount of performance fees that would be reversed if remaining fund investments became worthless on June 30, 2023. Amounts subject to potential reversal of performance fees include amounts undistributed by a fund (i.e., the performance fees receivable), as well as a portion of the amounts that have been distributed by a fund, net of taxes and not subject to a general partner obligation to return previously distributed performance fees, except for those funds that are gross of taxes as defined in the respective funds' governing documents.

[5] Other includes certain SIAs.

Expenses

Compensation and Benefits

The most significant expense in our asset management business is compensation and benefits expense. This consists of fixed salary, discretionary and non-discretionary bonuses, profit sharing expense associated with the performance fees earned and compensation expense associated with the vesting of non-cash equity-based awards.

Our compensation arrangements with certain employees contain a significant performance-based incentive component. Therefore, as our net revenues increase, our compensation costs rise. Our compensation costs also reflect the increased investment in people as we expand geographically and create new funds.

In addition, certain professionals and selected other individuals have a profit sharing interest in the performance fees earned in order to better align their interests with our own and with those of the investors in the funds we manage. Profit sharing expense is part of our compensation and benefits expense and is generally based upon a fixed percentage of performance fees. Certain of our performance-based incentive arrangements provide for compensation based on realized performance fees which includes fees earned by the general partners of the funds we manage under the applicable fund limited partnership agreements based upon transactions that have closed or other rights to incentive income cash that have become fixed in the applicable calendar year period. Profit sharing expense can reverse during periods when there is a decline in performance fees that were previously recognized. Profit sharing amounts are normally distributed to employees after the corresponding investment gains have been realized and generally before preferred returns are achieved for the investors. Therefore, changes in our unrealized performance fees have the same effect on our profit sharing expense. Profit sharing expense increases when unrealized performance fees increase. Realizations only impact profit sharing expense to the extent that the effects on investments have not been recognized previously. If losses on other investments within a fund are subsequently realized, the profit sharing amounts previously distributed are normally subject to a general partner obligation to return performance fees previously distributed back to the funds. This general partner obligation due to the funds would be realized only when the fund is liquidated, which generally occurs at the end of the fund's term. However, indemnification obligations also exist for realized gains with respect to Fund IV, Fund V and Fund VI, which, although our Former Managing Partners and Contributing Partners would remain personally liable, may indemnify our Former Managing Partners and Contributing Partners for 17.5% to 100% of the previously distributed profits regardless of the fund's future performance. See note 17 to our condensed consolidated financial statements for further information regarding the Company's indemnification liability.

The Company grants equity awards to certain employees, including RSUs and restricted shares of common stock, that generally vest and become exercisable in quarterly installments or annual installments depending on the award terms. In some instances, vesting of an RSU is also subject to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense. See note 14 to our condensed consolidated financial statements for further discussion of equity-based compensation.

Other expenses

The balance of our other expenses includes interest, placement fees, and general, administrative and other operating expenses. Interest expense consists primarily of interest related to the 2024 Senior Notes, the 2026 Senior Notes, the 2029 Senior Notes, the 2030 Senior Notes, the 2048 Senior Notes and the 2050 Subordinated Notes as discussed in note 13 to our condensed consolidated financial statements. Placement fees are incurred in connection with our capital raising activities. In cases where the limited partners of the funds are determined to be the customer in an arrangement, placement fees may be capitalized as a cost to acquire a customer contract, and amortized over the life of the customer contract. General, administrative and other expenses includes occupancy expense, depreciation and amortization, professional fees and costs related to travel, information technology and administration. Occupancy expense represents charges related to office leases and associated expenses, such as utilities and maintenance fees. Depreciation and amortization of fixed assets is normally calculated using the straight-line method over their estimated useful lives, ranging from two to sixteen years, taking into consideration any residual value. Leasehold improvements are amortized over the shorter of the useful life of the asset or the expected term of the lease. Intangible assets are amortized based on the future cash flows over the expected useful lives of the assets.

Other Income (Loss)

Net Gains (Losses) from Investment Activities

Net gains (losses) from investment activities include both realized gains and losses and the change in unrealized gains and losses in our investment portfolio between the opening reporting date and the closing reporting date. Net unrealized gains (losses) are a result of changes in the fair value of unrealized investments and reversal of unrealized gains (losses) due to dispositions of investments during the reporting period. Significant judgment and estimation goes into the assumptions that drive these models and the actual values realized with respect to investments could be materially different from values obtained based on the use of those models. The valuation methodologies applied impact the reported value of investment company holdings and their underlying portfolios in our condensed consolidated financial statements.

Net Gains (Losses) from Investment Activities of Consolidated Variable Interest Entities ("VIEs")

Changes in the fair value of the consolidated VIEs' assets and liabilities and related interest, dividend and other income and expenses subsequent to consolidation are presented within net gains (losses) from investment activities of consolidated variable interest entities and are attributable to non-controlling interests in the condensed consolidated statements of operations.

Other Income (Losses), Net

Other income (losses), net includes gains (losses) arising from the remeasurement of foreign currency denominated assets and liabilities, remeasurement of the tax receivable agreement liability and other miscellaneous non-operating income and expenses.

Financial Measures under U.S. GAAP - Retirement Services

The following discussion of financial measures under U.S. GAAP is based on the Company’s retirement services business which is operated by Athene as of June 30, 2023.

Revenues

Premiums

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. Insurance revenues are reported net of reinsurance ceded.

Product charges

Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period.

Net investment income

Net investment income is a significant component of Athene’s total revenues. Athene recognizes investment income as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupon interest.

Investment related gains (losses)

Investment related gains (losses) primarily consist of (i) realized gains and losses on sales of investments, (ii) unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships, (iii) gains and losses on trading securities, (iv) gains and losses on equity securities, (v) change in the fair value of the embedded derivatives and derivatives not designated as a hedge, (vi) change in fair value of mortgage loan assets and (vii) allowance for expected credit losses recorded through the provision for credit losses.

Expenses

Interest sensitive contract benefits

Universal life-type policies and investment contracts include traditional deferred annuities, indexed annuities consisting of fixed indexed and index-linked variable annuities in the accumulation phase, funding agreements, immediate annuities without significant mortality risk (which include pension group annuities without life contingencies), universal life insurance, and other investment contracts inclusive of assumed endowments without significant mortality risk. Liabilities for traditional deferred annuities, indexed annuities, funding agreements and universal life insurance are carried at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic which is carried at fair value. Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts contain an embedded derivative. Benefit reserves for fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts are reported as the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. Certain contracts are offered with additional contract features that meet the definition of a market risk benefit. See “—Market risk benefits remeasurement (gains) losses” below for further information.

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the condensed consolidated statements of operations.

Future policy and other policy benefits

Athene issues contracts classified as long-duration, which include term and whole life, accident and health, disability, and immediate annuities with life contingencies (which include pension group annuities with life contingencies). Liabilities for nonparticipating long-duration contracts are established as the estimated present value of benefits Athene expects to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses, longevity, mortality, morbidity, persistency and other policyholder behavior. The liability for nonparticipating long-duration contracts is discounted using an upper-medium grade fixed income instrument yield aligned to the duration of the liability.

Changes in the value of the liability for nonparticipating long-duration contracts due to changes in the discount rate are recognized as a component of OCI on the condensed consolidated statements of comprehensive income (loss). The change in the liability for the remeasurement gain or loss and all other changes in the liability are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Future policy benefits include liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance that do not meet the criteria to be classified and accounted for as a market risk benefit. Each reporting period, expected excess benefits and assessments are updated with actual benefits and assessments and the liability balance is adjusted due to the OCI effects of unrealized investment gains and losses on AFS securities.

Changes in the liabilities associated with no-lapse guarantees, other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the condensed consolidated statements of operations.

Market risk benefits remeasurement (gains) losses

Market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and expose the insurance entity to, other-than-nominal capital market risk. Athene issues and reinsures deferred annuity contracts which contain GLWB and GMDB riders that meet the criteria for, and are classified as, market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset, which are included in market risk benefits or other assets, respectively, on the condensed consolidated statements of financial condition. Fees and assessments that are collectible from the policyholder at contract inception are allocated to the extent they are attributable to the market risk benefit. If the fees are sufficient to cover the projected benefits, a non-option based valuation model is used. If the fees are insufficient to cover the projected benefits, an option-based valuation model is used to compute the market risk benefit liability at contract inception, with an equal and offsetting adjustment recognized in interest sensitive contract liabilities.

Changes in fair value of market risk benefits are recorded in market risk benefits remeasurement (gains) losses on the condensed consolidated statements of operations, excluding portions attributed to changes in instrument-specific credit risk, which are recorded in OCI on the condensed consolidated statements of comprehensive income (loss). Ceded market risk benefits are measured at fair value and recorded within reinsurance recoverable on the condensed consolidated statements of financial condition.

Amortization of deferred acquisition costs, deferred sales inducements, and value of business acquired

Costs related directly to the successful acquisition of new, or the renewal of existing, insurance or investment contracts are deferred. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of financial condition.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are grouped into cohorts based on issue year and contract type and amortized on a constant level basis over the expected term of the related contracts. The cohorts and assumptions used for the amortization of deferred costs are consistent with those used in estimating the related liabilities for these contracts. Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. VOBA associated with acquired contracts is amortized in relation to applicable policyholder liabilities. Significant assumptions that impact VOBA amortization are consistent with those that impact the measurement of policyholder liabilities.

Amortization of DAC, DSI and VOBA is included in amortization of deferred acquisition costs, deferred sales inducements and value of business acquired on the condensed consolidated statements of operations.

Policy and other operating expenses

Policy and other operating expenses include normal operating expenses, policy acquisition expenses, interest expense, dividends to policyholders, integration, restructuring and other non-operating expenses, and stock compensation expenses.

Other Financial Measures under U.S. GAAP

Income Taxes

Significant judgment is required in determining the provision for income taxes and in evaluating income tax positions, including evaluating uncertainties. We recognize the income tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the positions. The tax benefit is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. If a tax position is not considered more likely than not to be sustained, then no benefits of the position are recognized. The Company's income tax positions are reviewed and evaluated quarterly to determine whether or not we have uncertain tax positions that require financial statement recognition or de-recognition.

Deferred tax assets and liabilities are recognized for the expected future tax consequences, using currently enacted tax rates, of differences between the carrying amount of assets and liabilities and their respective tax basis. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Non-Controlling Interests

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than Apollo. The aggregate of the income or loss and corresponding equity that is not owned by the Company is included in non-controlling interests in the condensed consolidated financial statements. Non-controlling interests primarily include limited partner interests in certain consolidated funds and VIEs. Prior to the Mergers on January 1, 2022, the non-controlling interests relating to Apollo Global Management, Inc. also included the ownership interest in the Apollo Operating Group held by the Former Managing Partners and Contributing Partners through their limited partner interests in AP Professional Holdings, L.P. and the non-controlling interest in the Apollo Operating Group held by Athene.

The authoritative guidance for non-controlling interests in the condensed consolidated financial statements requires reporting entities to present non-controlling interest as equity and provides guidance on the accounting for transactions between an entity and non-controlling interests. According to the guidance, (1) non-controlling interests are presented as a separate component of stockholders' equity on the Company's condensed consolidated statements of financial condition, (2) net income (loss) includes the net income (loss) attributable to the non-controlling interest holders on the Company's condensed consolidated statements of operations, (3) the primary components of non-controlling interest are separately presented in the Company's condensed consolidated statements of changes in stockholders' equity to clearly distinguish the interests in the Apollo Operating Group and other ownership interests in the consolidated entities and (4) profits and losses are allocated to non-controlling interests in proportion to their ownership interests regardless of their basis.

Results of Operations

Below is a discussion of our condensed consolidated statements of operations for the three and six months ended June 30, 2023 and 2022. For additional analysis of the factors that affected our results at the segment level, see "—Segment Analysis" below:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Total Change	Percentage Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Total Change	Percentage Change
		(In millions)				(In millions)		
Revenues								
Asset Management								
Management fees	$ 452	$ 375	$ 77	20.5%	$ 866	$ 711	$ 155	21.8%
Advisory and transaction fees, net	170	110	60	54.5	325	176	149	84.7
Investment income (loss)	138	(195)	333	NM	590	506	84	16.6
Incentive fees	26	2	24	NM	41	8	33	412.5
	786	292	494	169.2	1,822	1,401	421	30.0
Retirement Services								
Premiums	9,041	5,614	3,427	61.0	9,137	7,724	1,413	18.3
Product charges	207	175	32	18.3	405	341	64	18.8
Net investment income	2,948	1,903	1,045	54.9	5,560	3,634	1,926	53.0
Investment related gains (losses)	366	(5,745)	6,111	NM	1,431	(9,975)	11,406	NM
Revenues of consolidated variable interest entities	347	55	292	NM	628	34	594	NM
Other revenues	7	(8)	15	NM	20	(11)	31	NM
	12,916	1,994	10,922	NM	17,181	1,747	15,434	NM
Total Revenues	13,702	2,286	11,416	499.4	19,003	3,148	15,855	NM
Expenses								
Asset Management								
Compensation and benefits:								
Salary, bonus and benefits	257	234	23	9.8	512	452	60	13.3
Equity-based compensation	126	113	13	11.5	250	269	(19)	(7.1)
Profit sharing expense	133	(38)	171	NM	424	322	102	31.7
Total compensation and benefits	516	309	207	67.0	1,186	1,043	143	13.7
Interest expense	31	31	—	—	62	63	(1)	(1.6)
General, administrative and other	226	157	69	43.9	423	305	118	38.7
	773	497	276	55.5	1,671	1,411	260	18.4
Retirement Services								
Interest sensitive contract benefits	2,012	(653)	2,665	NM	3,301	(752)	4,053	NM
Future policy and other policy benefits	9,512	5,776	3,736	64.7	9,978	7,960	2,018	25.4
Market risk benefits remeasurement (gains) losses	(71)	(609)	538	(88.3)	275	(1,231)	1,506	NM
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	153	108	45	41.7	291	206	85	41.3
Policy and other operating expenses	452	334	118	35.3	889	643	246	38.3
	12,058	4,956	7,102	143.3	14,734	6,826	7,908	115.9
Total Expenses	12,831	5,453	7,378	135.3	16,405	8,237	8,168	99.2

	Three months ended June 30, 2023	Three months ended June 30, 2022	Total Change	Percentage Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Total Change	Percentage Change
	(In millions)				(In millions)			
Other income (loss) – Asset Management								
Net gains (losses) from investment activities	20	146	(126)	(86.3)	18	180	(162)	(90.0)
Net gains (losses) from investment activities of consolidated variable interest entities	12	13	(1)	(7.7)	46	380	(334)	(87.9)
Other income (loss), net	48	21	27	128.6	80	(2)	82	NM
Total Other income (loss)	80	180	(100)	(55.6)	144	558	(414)	(74.2)
Income (loss) before income tax (provision) benefit	951	(2,987)	3,938	NM	2,742	(4,531)	7,273	NM
Income tax (provision) benefit	(201)	381	(582)	NM	(454)	866	(1,320)	NM
Net income (loss)	750	(2,606)	3,356	NM	2,288	(3,665)	5,953	NM
Net (income) loss attributable to non-controlling interests	(151)	969	(1,120)	NM	(679)	1,627	(2,306)	NM
Net income (loss) available to Apollo Global Management, Inc. common stockholders	$ 599	$ (1,637)	$ 2,236	NM	$ 1,609	$ (2,038)	$ 3,647	NM

Note: "NM" denotes not meaningful. Changes from negative to positive amounts and positive to negative amounts are not considered meaningful. Increases or decreases from zero and changes greater than 500% are also not considered meaningful.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

In this section, references to 2023 refer to the three months ended June 30, 2023 and references to 2022 refer to the three months ended June 30, 2022.

Asset Management

Revenues

Revenues were $786 million in 2023, an increase of $494 million from $292 million in 2022, primarily driven by higher investment income. Investment income increased $333 million in 2023 to $138 million compared to a loss of $195 million in 2022. The increase in investment income of $333 million in 2023 was driven by an increase in performance allocations of $423 million, partially offset by a decrease in principal investment income of $90 million.

Significant drivers for performance allocations in 2023 were performance allocations earned from Fund IX, Credit Strategies, Redding Ridge Holdings and HVF I of $144 million, $27 million, $17 million and $14 million, respectively, partially offset by performance allocation losses from MidCap Financial of $123 million. The performance allocation losses in 2022 were primarily driven by losses of $329 million from Fund VIII.

See below for details on the respective performance allocations in 2023.

The performance allocations earned from Fund IX in 2023 were primarily driven by appreciation and realization of the fund's investments in the media, telecom and technology, and leisure sectors.

The performance allocations earned from Credit Strategies in 2023 were primarily driven by the net income generated by the fund's investments.

The performance allocations earned from Redding Ridge Holdings in 2023 were primarily driven by new CLO issuances and accumulation of warehouse assets.

The performance allocations earned from HVF I in 2023 were primarily driven by appreciation and realization of the fund's investments in the leisure, consumer and retail, and consumer services sectors.

The performance allocation losses from MidCap Financial in 2023 were primarily driven by the reversal of unrealized performance allocations in connection with the modification of a performance allocation arrangement with MidCap Financial. This resulted in a realization of performance allocations and a modification to the calculation of performance allocations beginning in June 2023 to be based solely on net income. See note 17 to the condensed consolidated financial statements for further information.

Management fees increased by $77 million to $452 million in 2023 from $375 million in 2022. The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $39 million, inclusive of Fund X catch-up fees of $18 million.

Advisory and transaction fees increased by $60 million to $170 million in 2023 from $110 million in 2022. Advisory and transaction fees earned during 2023 were primarily attributable to advisory and transaction fees earned from companies in the real estate, media, telecom and technology, manufacturing and financial services sectors.

Expenses

Expenses were $773 million in 2023, an increase of $276 million from $497 million in 2022 due to an increase in profit sharing expense of $171 million, resulting from the corresponding higher investment income during 2023. In any period, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. Additionally, there was an increase in salary, bonus and benefits of $23 million due to an increase in headcount and an increase in equity-based compensation expense of $13 million in 2023. Equity-based compensation expense, in any given period, is generally comprised of: (i) performance grants which are tied to the Company's receipt of performance fees, within prescribed periods and are typically recognized on an accelerated recognition method over the requisite service period to the extent the performance revenue metrics are met or deemed probable, and (ii) the impact of the 2021 one-time grants awarded to the Co-Presidents, all of which vest on a cliff basis subject to continued employment over five years, and a portion of which also vest on the Company's achievement of FRE and SRE per share metrics.

General, administrative and other expenses were $226 million in 2023, an increase of $69 million from $157 million in 2022. The increase in 2023 was primarily driven by an increase in professional fees, higher travel and entertainment expenses and an increase in technology expenses.

Other Income (Loss)

Other income (loss) was $80 million in 2023, a decrease of $100 million from $180 million in 2022. Other Income in 2022 was primarily attributable to a gain from one of the Company's balance sheet investments and income earned as a result of APSG I's deconsolidation event, partially offset by foreign currency losses. Other income in 2023 was primarily attributable to interest income earned on the Company's money market funds and U.S. Treasury securities, as a result of the rising interest rate environment, as well as interest income and net gains earned through the Company's consolidated SPACs.

Retirement Services

Revenues

Retirement Services revenues were $12.9 billion in 2023, an increase of $10.9 billion from $2.0 billion in 2022. The increase was primarily driven by an increase in investment related gains (losses), an increase in premiums, an increase in net investment income and an increase in revenues of consolidated VIEs.

Investment related gains (losses) were $366 million in 2023, an increase of $6.1 billion from $(5.7) billion in 2022primarily due to the changes in the fair value ofFIA hedging derivatives, reinsurance assets, mortgage loans and trading and equity securities, as well as net realized gains on AFS securities compared to net realized losses in the prior year partially offset by foreign exchange losses on derivatives. The change in fair value of FIA hedging derivatives increased $2.7 billion, primarily driven by the favorable performance of the indices upon which Athene's call options are based. The largest percentage of Athene's call options are based on the S&P 500 index, which increased 8.3% in 2023, compared to a decrease of 16.4% in 2022. The change in fair value of reinsurance assets increased $2.4 billion, the change in fair value of mortgage loans increased $895 million and the change in fair value of trading and equity securities increased $383 million, primarily driven by credit spread tightening in the current year compared to credit spread widening in the prior year, a smaller increase in U.S. Treasury rates compared to the prior year and more favorable economics. The favorable change in net realized gains and losses on AFS securities of $644 million was primarily related to foreign exchange impacts as foreign currencies strengthened against the U.S. dollar in comparison to the prior year. The increase in foreign exchange losses on derivatives reflects foreign currencies having strengthened against the U.S. dollar in comparison to the prior year.

Premiums were $9.0 billion in 2023, an increase of $3.4 billion from $5.6 billion in 2022, primarilydriven by a $3.5 billion increase in pension group annuity premiums compared to the prior year.

Net investment income was $2.9 billion in 2023, an increase of $1.0 billion from $1.9 billion in 2022, primarily driven by higher floating rate income, growth in Athene's investment portfolio attributed to strong net flows during the previous twelve months and higher new money rates related to higher short-term interest rates.

Revenues of consolidated VIEs were $347 million in 2023, an increase of $292 million from $55 million in 2022, primarily driven by unrealized gains on assets held by AAA and the consolidation of additional VIEs.

Expenses

Retirement Services expenses were $12.1 billion in 2023, an increase of $7.1 billion from 5.0 billion in 2022. The increase was primarily driven by an increase in future policy and other policy benefits, an increase in interest sensitive contract benefits, an increase in market risk benefits remeasurement (gains) losses and an increase in policy and other operating expenses.

Future policy and other policy benefits were $9.5 billion in 2023, an increase of $3.7 billion from $5.8 billion in 2022primarily driven by a $3.5 billion increase in pension group annuity obligations, a $107 million increase in benefit payments and an increase in the AmerUs Closed Block fair value liability. The change in the AmerUs Closed Block fair value liability was primarily due to credit spread tightening in the current year compared to credit spread widening in the prior year as well as a smaller increase in U.S. Treasury rates compared to the prior year.

Interest sensitive contract benefits were $2.0 billionin 2023, an increase of $2.7 billion from $(653) million in 2022, primarily driven by an increase in the change in FIA fair value embedded derivatives of $2.6 billion, an increase in rates on deferred annuity and funding agreement issuances, as well as on existing floating rate funding agreements, driven by higher U.S. Treasury rates and growth in the block of business. The change in the FIA fair value embedded derivatives was primarily due to the performance of the equity indices to which Athene's FIA policies are linked. The largest percentage of Athene's FIA policies are linked to the S&P 500 index, which increased 8.3% in 2023, compared to a decrease of 16.4% in 2022. The change in the FIA fair value embedded derivatives was also driven by the unfavorable change in discount rates used in Athene's embedded derivative calculations as the current year experienced a smaller increase in discount rates compared to the prior year. These impacts were partially offset by the favorable impact of rates on policyholder projected benefits.

Market risk benefits remeasurement (gains) losses were $(71) million in 2023, an increase of $538 million from $(609) million in 2022. The lower gains in2023 were primarily driven by a less favorable change in the fair value of market risk benefits. The change in fair value of market risk benefits was $648 million less favorable compared to the prior year due to a smaller increase in the risk-free discount rate across the curve, which is used in the fair value measurement of the liability for market risk benefit. This was partially offset by a more favorable change in fair value of $153 million related to favorable equity market performance compared to the prior year.

Policy and other operating expenses were $452 million in 2023, an increase of $118 million from $334 million in 2022, primarily driven by an increase in interest expense related to an increase in issuances of short-term repurchase agreements compared to the prior year, higher rates on floating rate long-term repurchase agreements and the issuance of debt in the fourth quarter of 2022, as well as an increase in general operating expenses related to growth in the business.

Income Tax (Provision) Benefit

The Company's income tax (provision) benefit totaled $(201) million and $381 million in 2023 and 2022, respectively. The change to the provision was primarily related to the increase in pre-tax income and a one-time deferred tax benefit recognized in 2022 due to the Mergers. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 21.1% and 12.8% for 2023 and 2022, respectively. The most significant reconciling items between the U.S. federal statutory income tax rate and the effective income tax rate were due to the following: (i) foreign, state and local income taxes, including NYC UBT, (ii) income attributable to non-controlling interests and (iii) equity-based compensation net of the limiting provisions for executive compensation under IRC Section 162(m) (see note 12 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

In this section, references to 2023 refer to the six months ended June 30, 2023 and references to 2022 refer to the six months ended June 30, 2022.

Asset Management

Revenues

Revenues were $1,822 million in 2023, an increase of $421 million from $1,401 million in 2022, primarily driven by an increase in management fees, advisory and transaction fees, net and investment income. Management fees increased by $155 million to $866 million in 2023 from $711 million in 2022. The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $54 million, inclusive of Fund X catch-up fees of $21 million. Management fees also benefited from increases in management fees earned from ADREF and ADCF, and Midcap Financial of $30 million and $15 million, respectively. The increases in management fees earned from ADREF and ADCF, and MidCap Financial were driven by the management fee contribution from the Griffin Capital U.S. asset management business and higher fee-generating AUM, respectively.

Advisory and transaction fees increased by $149 million to $325 million in 2023 from $176 million in 2022. Advisory and transaction fees earned during 2023 were primarily attributable to advisory and transaction fees earned from companies in the financial services, business services, real estate, media, telecom and technology and manufacturing sectors.

Investment income increased $84 million in 2023 to $590 million compared to $506 million in 2022. The increase in investment income of $84 million in 2023 was driven by an increase in performance allocations of $296 million, partially offset by a decrease in principal investment income of $212 million.

Significant drivers for performance allocations in 2023 were performance allocations primarily earned from Fund IX, Credit Strategies and Redding Ridge Holdings of $474 million, $65 million and $30 million, respectively, partially offset by performance allocation losses from Fund VIII and MidCap Financial of $112 million and $107 million, respectively.

See below for details on the respective performance allocations in 2023.

The performance allocations earned from Fund IX in 2023 were primarily driven by appreciation and realization of the fund's investments in the media, telecom and technology, and leisure sectors.

The performance allocations earned from Credit Strategies in 2023 were primarily driven by the net income generated by the fund's investments.

The performance allocations earned from Redding Ridge Holdings in 2023 were primarily driven by new CLO issuances and accumulation of warehouse assets.

The performance allocation losses from Fund VIII in 2023 were primarily driven by depreciation and realization of the fund's investments in the consumer services, and media, telecom and technology sectors.

The performance allocation losses from MidCap Financial in 2023 were primarily driven by the reversal of unrealized performance allocations in connection with the modification of the performance allocation arrangement with MidCap Financial. This resulted in a realization of performance allocations and a modification to the calculation of performance allocations beginning in June 2023 to be based solely on net income. See note 17 to the condensed consolidated financial statements for further information.

The decrease in principal investment income in 2023 was driven by the depreciation in value of investments held by certain funds we manage in which the Company has a direct interest, as a result of the continued equity market volatility in 2023.

Expenses

Expenses were $1,671 million in 2023, an increase of $260 million from $1,411 million in 2022, primarily due to an increase in profit sharing expense of $102 million, resulting from the higher investment income during 2023. Additionally, there was an increase in salary, bonus and benefits of $60 million due to an increase in headcount in 2023, partially offset by a decrease in equity-based compensation expense of $19 million due to a decrease in RSU amortization.

General, administrative and other expenses were $423 million in 2023, an increase of $118 million from $305 million in 2022. The increase in 2023 was primarily driven by an increase in professional fees, higher travel and entertainment expenses, amortization expense from the Company's commitment asset and other intangible assets, and an increase in technology expenses.

Other Income (Loss)

Other income (loss) was $144 million in 2023, a decrease of $414 million from $558 million in 2022. This decrease was primarily driven by a decrease in net gains from investment activities of consolidated VIEs of $334 million and a decrease in net gains from investment activities of $162 million. Other Income in 2022 was primarily attributable to net gains from investment activities of consolidated VIEs and income earned as a result of APSG I's deconsolidation event. Other income in 2023 was primarily attributable to interest income earned on the Company's money market funds and U.S. treasury securities, as a result of the rising interest rate environment, as well as interest income and net gains earned through the Company's consolidated SPACs.

Retirement Services

Revenues

Retirement Services revenues were $17.2 billion in 2023, an increase of $15.4 billion from $1.7 billion in 2022. The increase was primarily driven by an increase in investment related gains (losses), an increase in net investment income, an increase in premiums and an increase in revenues of consolidated VIEs.

Investment related gains (losses) were $1.4 billion in 2023, an increase of $11.4 billion from $(10.0) billion in 2022primarily due to the changes in the fair value of reinsurance assets, FIA hedging derivatives, mortgage loans and trading and equity securities, as well as net realized gains on AFS securities compared to net realized losses in the prior year partially offset by foreign exchange losses on derivatives. The change in fair value of reinsurance assets increased $5.5 billion, the change in fair value of mortgage loans increased $2.0 billion and the change in fair value of trading and equity securities increased $630 million, primarily driven by credit spread tightening in the current year compared to credit spread widening in the prior year, a smaller increase in U.S. Treasury rates compared to the prior year and more favorable economics. The change in fair value of FIA hedging derivatives increased $3.8 billion, primarily driven by the favorable performance of the indices upon which Athene's call options are based. The largest percentage of Athene's call options are based on the S&P 500 index, which increased 15.9% in 2023, compared to a decrease of 20.6% in 2022. The favorable change in net realized gains and losses on AFS securities of $1.0 billion was primarily related to foreign exchange impacts as foreign currencies strengthened against the U.S. dollar in comparison to the prior year. The increase in foreign exchange losses on derivatives reflects foreign currencies having strengthened against the U.S. dollar in comparison to the prior year.

Net investment income was $5.6 billion in 2023, an increase of $1.9 billion from $3.6 billion in 2022, primarily driven by higher floating rate income, growth in Athene's investment portfolio attributed to strong net flows during the previous twelve months and higher new money rates related to higher short-term interest rates. These increases were partially offset by a decrease in alternative income due to less favorable alternative investment performance and the transfer, beginning in the second quarter of 2022, of a significant portion of Athene's alternative investments to AAA, a consolidated VIE.

Premiums were $9.1 billion in 2023, an increase of $1.4 billion from $7.7 billion in 2022, primarilydriven by a $1.6 billion increase in pension group annuity premiums compared to the prior year.

Revenues of consolidated VIEs were $628 million in 2023, an increase of $594 million from $34 million in 2022, primarily driven by unrealized gains on assets held by AAA, the consolidation of additional VIEs and a favorable change in the fair value of mortgage loans held in VIEs related to credit spread tightening in the current year compared to credit spread widening in the prior year as well as a smaller increase in U.S. Treasury rates compared to the prior year.

Expenses

Retirement Services expenses were $14.7 billion in 2023, an increase of $7.9 billion from $6.8 billion in 2022. The increase was primarily driven by an increase in interest sensitive contract benefits, an increase in future policy and other policy benefits, an increase in market risk benefits remeasurement (gains) losses and an increase in policy and other operating expenses.

Interest sensitive contract benefits were $3.3 billion in 2023, an increase of $4.1 billion from $(752) million in 2022, primarily driven by an increase in the change in FIA fair value embedded derivatives of $4.1 billion, an increase in rates on deferred annuity and funding agreement issuances, as well as on existing floating rate funding agreements, driven by higher U.S. Treasury rates and growth in the block of business. The change in the FIA fair value embedded derivatives was primarily due to the performance of the equity indices to which Athene's FIA policies are linked. The largest percentage of Athene's FIA policies are linked to the S&P 500 index, which increased 15.9% in 2023, compared to a decrease of 20.6% in 2022. The change in the FIA fair value embedded derivatives was also driven by the unfavorable change in discount rates used in Athene's embedded derivative calculations as the current year experienced a decrease in discount rates compared to an increase in discount rates in the prior year. These impacts were partially offset by the favorable impact of rates on policyholder projected benefits.

Future policy and other policy benefits were $10.0 billion in 2023, an increase of $2.0 billion from $8.0 billion in 2022primarily driven by a $1.6 billion increase in pension group annuity obligations, a $268 million increase in benefit payments and an increase in the AmerUs Closed Block fair value liability. The change in the AmerUs Closed Block fair value liability was primarily due to credit spread tightening in the current year compared to credit spread widening in the prior year as well as a smaller increase in U.S. Treasury rates compared to the prior year.

Market risk benefits remeasurement (gains) losses were $275 million in 2023, an increase of $1.5 billion from $(1.2) billion in 2022. The losses in 2023 compared to gains in 2022 were primarily driven by a less favorable change in the fair value of market risk benefits. The change in fair value of market risk benefits was $1.6 billion less favorable compared to the prior year due to a decrease in the risk-free discount rate across the curve, which is used in the fair value measurement of the liability for market risk benefits. This was partially offset by a more favorable change in fair value of $226 million related to favorable equity market performance compared to the prior year.

Policy and other operating expenses were $889 million in 2023, an increase of $246 million from $643 million in 2022, primarily driven by an increase in interest expense related to an increase in issuances of short-term repurchase agreements compared to the prior year, higher rates on floating rate long-term repurchase agreements and the issuance of debt in the fourth quarter of 2022, as well as an increase in general operating expenses related to growth in the business.

Income Tax (Provision) Benefit

The Company's income tax (provision) benefit totaled $(454) million and $866 million in 2023 and 2022, respectively. The change to the provision was primarily related to the increase in pre-tax income and a one-time deferred tax benefit recognized in 2022 due to the Mergers. The provision for income taxes includes federal, state, local and foreign income taxes resulting in an effective income tax rate of 16.6% and 19.1% for 2023 and 2022, respectively. The most significant reconciling items between the U.S. federal statutory income tax rate and the effective income tax rate were due to the following: (i) a benefit realized from the derecognition of a deferred tax liability related to the Company's historical holdings in Athene, (ii) foreign, state and local income taxes, including NYC UBT, (iii) income attributable to non-controlling interests and (iv) equity-based compensation net of the limiting provisions for executive compensation under IRC Section 162(m) (see note 12 to the condensed consolidated financial statements for further details regarding the Company's income tax provision).

Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures

We believe that the presentation of Segment Income supplements a reader's understanding of the economic operating performance of each of our segments.

Segment Income and Adjusted Net Income

Segment Income is the key performance measure used by management in evaluating the performance of the Asset Management, Retirement Services, and Principal Investing segments. See note 19 to the condensed consolidated financial statements for more details regarding the components of Segment Income and management's consideration of Segment Income.

We believe that Segment Income is helpful for an understanding of our business and that investors should review the same supplemental financial measure that management uses to analyze our segment performance. This measure supplements and should be considered in addition to and not in lieu of the results of operations discussed above in "—Overview of Results of Operations" that have been prepared in accordance with U.S. GAAP.

Adjusted Net Income ("ANI") represents Segment Income less HoldCo interest and other financing costs and estimated income taxes. For purposes of calculating the Adjusted Net Income tax rate, Segment Income is reduced by HoldCo interest and financing costs. Income taxes on FRE and PII represents the total current corporate, local, and non-U.S. taxes as well as the current payable under Apollo's tax receivable agreement. Income taxes on FRE and PII excludes the impacts of deferred taxes and the remeasurement of the tax receivable agreement, which arise from changes in estimated future tax rates. Certain assumptions and methodologies that impact the implied FRE and PII income tax provision are similar to those used under U.S. GAAP. Specifically, certain deductions considered in the income tax provision under U.S. GAAP relating to transaction related charges, equity-based compensation, and tax deductible interest expense are taken into account for the implied tax provision. Income Taxes on SRE represent the total current and deferred tax expense or benefit on income before taxes adjusted to eliminate the impact of the tax expense or benefit associated with the non-operating adjustments. Management believes the methodologies used to compute income taxes on FRE, SRE, and PII are meaningful to each segment and increases comparability of income taxes between periods.

Fee Related Earnings, Spread Related Earnings and Principal Investing Income

Fee Related Earnings, or "FRE", is a component of Segment Income that is used as a supplemental performance measure to assess the performance of the Asset Management segment.

Spread Related Earnings, or "SRE", is a component of Segment Income that is used as a supplemental performance measure to assess the performance of the Retirement Services segment, excluding certain market volatility and certain expenses related to integration, restructuring, equity-based compensation, and other expenses.

Principal Investing Income, or "PII", is a component of Segment Income that is used as a supplemental performance measure to assess the performance of the Principal Investing segment.

See note 19 to the condensed consolidated financial statements for more details regarding the components of FRE, SRE, and PII.

We use Segment Income, ANI, FRE, SRE and PII as measures of operating performance, not as measures of liquidity. These measures should not be considered in isolation or as a substitute for net income or other income data prepared in accordance with U.S. GAAP. The use of these measures without consideration of their related U.S. GAAP measures is not adequate due to the adjustments described above.

Net Invested Assets

In managing its business, Athene analyzes net invested assets, which do not correspond to total Athene investments, including investments in related parties, as disclosed in the condensed consolidated statements of financial condition and notes thereto. Net invested assets represent the investments that directly back Athene's net reserve liabilities as well as surplus assets. Net invested assets is used in the computation of net investment earned rate, which is used to analyze the profitability of Athene's investment portfolio. Net invested assets include (a) total investments on the condensed consolidated statements of financial condition with AFS securities, trading securities and mortgage loans at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) VIE and VOE assets, liabilities and non-controlling interest adjustments, (f) net investment payables and receivables, (g) policy loans ceded (which offset the direct policy loans in total investments) and (h) an adjustment for the allowance for credit losses. Net invested assets exclude assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). Athene includes the underlying investments supporting its assumed funds withheld and modco agreements in its net invested assets calculation in order to match the assets with the income received. Athene believes the adjustments for reinsurance provide a view of the assets for which it has economic exposure. Net invested assets include Athene's proportionate share of ACRA investments, based on its economic ownership, but do not include the proportionate share of investments associated with the noncontrolling interest. Net invested assets are averaged over the number of quarters in the relevant period to compute a net investment earned rate for such period. While Athene believes net invested assets is a meaningful financial metric and enhances the understanding of the underlying drivers of its investment portfolio, it should not be used as a substitute for Athene's total investments, including related parties, presented under U.S. GAAP.

Segment Analysis

Discussed below are our results of operations for each of our reportable segments. They represent the segment information available and utilized by management to assess performance and to allocate resources. See note 19 to our condensed consolidated financial statements for more information regarding our segment reporting.

Asset Management

The following table presents Fee Related Earnings, the performance measure of our Asset Management segment.

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	Total Change	Percentage Change	2023	2022	Total Change	Percentage Change
	(In millions)				(In millions)			
Asset Management:								
Management fees - Yield	$ 392	$ 342	$ 50	14.6%	$ 771	$ 675	$ 96	14.2%
Management fees - Hybrid	62	53	9	17.0	119	101	18	17.8
Management fees - Equity	166	127	39	30.7	307	251	56	22.3
Management fees	620	522	98	18.8	1,197	1,027	170	16.6
Capital solutions fees and other, net	138	103	35	34.0	276	167	109	65.3
Fee-related performance fees	35	12	23	191.7	62	26	36	138.5
Fee-related compensation	(212)	(187)	25	13.4	(423)	(362)	61	16.9
Other operating expenses	(139)	(109)	30	27.5	(273)	(207)	66	31.9
Fee Related Earnings (FRE)	**$ 442**	**$ 341**	**$ 101**	29.6%	**$ 839**	**$ 651**	**$ 188**	28.9%

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

In this section, references to 2023 refer to the three months ended June 30, 2023 and references to 2022 refer to the three months ended June 30, 2022.

FRE was $442 million in 2023, an increase of $101 million compared to $341 million in 2022. This increase was primarily attributable to increases in management fees and capital solutions fees and other, net.

The increase in management fees was primarily attributable to management fees earned from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $39 million, inclusive of Fund X catch-up fees of $18 million. Management fees also benefited from increases in management fees earned from Athene of $36 million, which was primarily driven by higher fee-generating AUM as a result of growth in retirement services clients.

Capital solutions fees earned in 2023 were primarily attributable to fees earned from companies in the real estate, media, telecom and technology, manufacturing and financial services sectors.

The growth in revenues was offset, in part, by increases in other operating expenses and fee-related compensation expense associated with increased headcount to support the Company's growth.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

In this section, references to 2023 refer to the six months ended June 30, 2023 and references to 2022 refer to the six months ended June 30, 2022.

FRE was $839 million in 2023, an increase of $188 million compared to $651 million in 2022. This increase was primarily attributable to increases in management fees and capital solutions fees and other, net.

The increase in management fees was primarily attributable to management fees earned from Athene of $58 million, which was driven by higher fee-generating AUM as a result of growth in retirement services clients. Management fees also benefited from the net impact of the commencement of Fund X's fees and the fee basis step-down of Fund IX from committed to remaining invested capital, which added net fees of $54 million, inclusive of Fund X catch-up fees of $21 million.

Capital solutions fees earned in 2023 were primarily attributable to fees earned from companies in the financial services, business services, real estate, media, telecom and technology and manufacturing sectors.

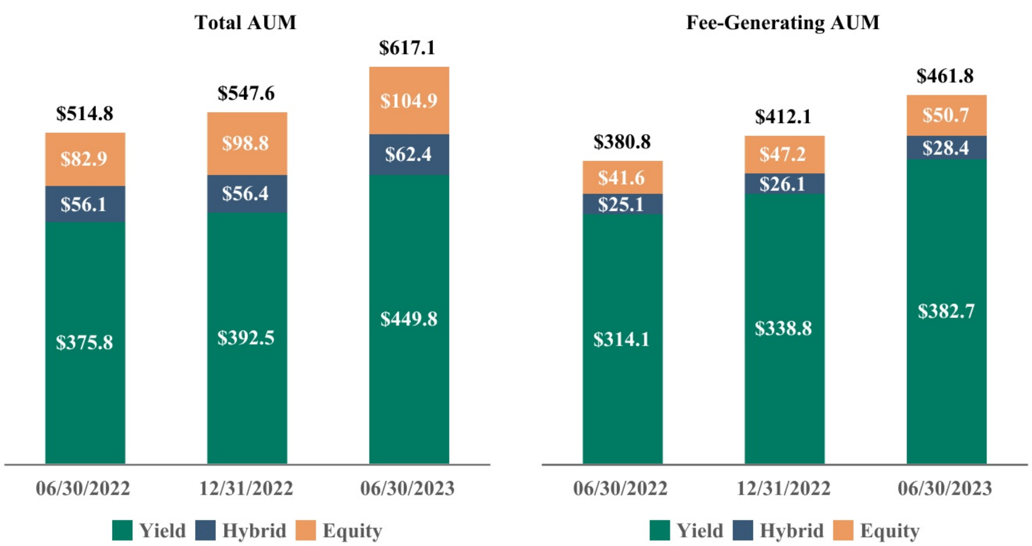
The growth in revenues was offset, in part, by increases in other operating expenses and fee-related compensation expense associated with the re-basing of cost structure and increased headcount to support the Company's growth, as well as costs associated with the acquisition of Griffin Capital's U.S. asset management business occurring in the second quarter of 2022.

Asset Management Operating Metrics

We monitor certain operating metrics that are common to the alternative asset management industry and directly impact the performance of our Asset Management segment. These operating metrics include Assets Under Management, gross capital deployment and uncalled commitments.

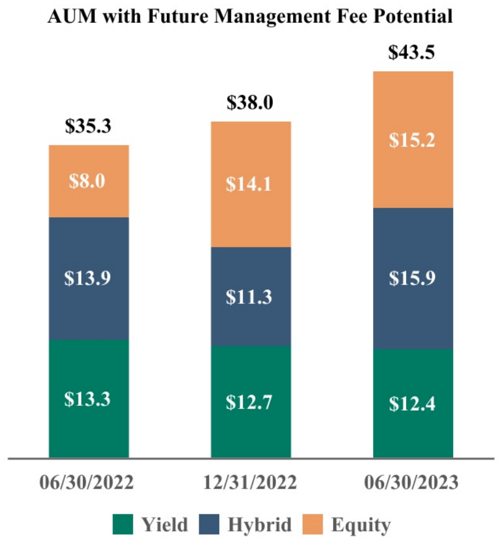
Assets Under Management

The following presents Apollo's Total AUM and Fee-Generating AUM by investing strategy (in billions):



Note: Totals may not add due to rounding.

The following presents Apollo's AUM with Future Management Fee Potential by investing strategy (in billions):



Note: Totals may not add due to rounding

The following tables present the components of Performance Fee-Eligible AUM for each of Apollo's three investing strategies within the Asset Management segment:

	As of June 30, 2023			
	Yield	Hybrid	Equity	Total
	(In millions)			
Performance Fee-Generating AUM [1]	$ 52,431	$ 24,939	$ 43,560	$ 120,930
AUM Not Currently Generating Performance Fees	4,603	6,150	4,406	15,159
Uninvested Performance Fee-Eligible AUM	6,600	14,877	32,982	54,459
Total Performance Fee-Eligible AUM	$ 63,634	$ 45,966	$ 80,948	$ 190,548

	As of June 30, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Performance Fee-Generating AUM [1]	$ 36,855	$ 12,777	$ 39,922	$ 89,554
AUM Not Currently Generating Performance Fees	11,493	12,798	3,856	28,147
Uninvested Performance Fee-Eligible AUM	4,163	16,509	17,861	38,533
Total Performance Fee-Eligible AUM	$ 52,511	$ 42,084	$ 61,639	$ 156,234

	As of December 31, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Performance Fee-Generating AUM [1]	$ 40,169	$ 12,177	$ 42,126	$ 94,472
AUM Not Currently Generating Performance Fees	15,912	17,777	3,166	36,855
Uninvested Performance Fee-Eligible AUM	4,628	12,839	30,836	48,303
Total Performance Fee-Eligible AUM	$ 60,709	$ 42,793	$ 76,128	$ 179,630

[1] Performance Fee-Generating AUM of $3.7 billion, $3.1 billion and $3.9 billion as of June 30, 2023, June 30, 2022 and December 31, 2022, respectively, are above the hurdle rates or preferred returns and have been deferred to future periods when the fees are probable to not be significantly reversed.

The components of Fee-Generating AUM by investing strategy are presented below:

	As of June 30, 2023			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 2,531	$ 23,104	$ 25,635
Fee-Generating AUM based on invested capital	3,396	10,123	26,113	39,632
Fee-Generating AUM based on gross/adjusted assets	334,737	4,783	873	340,393
Fee-Generating AUM based on NAV	44,530	10,979	614	56,123
Total Fee-Generating AUM	$ 382,663	$ 28,416	$ 50,704 [1]	$ 461,783

[1] The weighted average remaining life of the traditional private equity funds as of June 30, 2023 was 74 months.

	As of June 30, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 3,580	$ 27,552	$ 31,132
Fee-Generating AUM based on invested capital	2,431	7,722	13,059	23,212
Fee-Generating AUM based on gross/adjusted assets	272,211	5,035	618	277,864
Fee-Generating AUM based on NAV	39,420	8,786	380	48,586
Total Fee-Generating AUM	$ 314,062	$ 25,123	$ 41,609 [1]	$ 380,794

[1] The weighted average remaining life of the traditional private equity funds at June 30, 2022 was 59 months.

	As of December 31, 2022			
	Yield	Hybrid	Equity	Total
	(In millions)			
Fee-Generating AUM based on capital commitments	$ —	$ 2,531	$ 19,434	$ 21,965
Fee-Generating AUM based on invested capital	3,381	9,528	26,695	39,604
Fee-Generating AUM based on gross/adjusted assets	293,240	4,827	593	298,660
Fee-Generating AUM based on NAV	42,200	9,227	431	51,858
Total Fee-Generating AUM	$ 338,821	$ 26,113	$ 47,153 [1]	$ 412,087

[1] The weighted average remaining life of the traditional private equity funds as of December 31, 2022 was 76 months.

Apollo, through its consolidated subsidiary, ISG, provides asset management services to Athene with respect to assets in the accounts owned by or related to Athene (“Athene Accounts”), including asset allocation services, direct asset management services, asset and liability matching management, mergers and acquisitions, asset diligence, hedging and other asset management services and receives management fees for providing these services. The Company, through ISG, also provides sub-allocation services with respect to a portion of the assets in the Athene Accounts. Apollo, through its asset management business, managed or advised $257.9 billion, $236.0 billion and $225.4 billion of AUM on behalf of Athene as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

Apollo, through ISGI, provides investment advisory services with respect to certain assets in certain portfolio companies of Apollo funds and sub-advises the Athora Accounts and broadly refers to “Athora Sub-Advised” assets as those assets in the

Athora Accounts which the Company explicitly sub-advises as well as those assets in the Athora Accounts which are invested directly in funds and investment vehicles Apollo manages. The Company refers to the portion of the Athora AUM that is not Athora Sub-Advised AUM as “Athora Non-Sub Advised” AUM. See note 17 to the condensed consolidated financial statements for more details regarding the fee arrangements with respect to the assets in the Athora Accounts. Apollo managed or advised $50.6 billion, $52.6 billion and $44.1 billion of AUM on behalf of Athora as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

The following tables summarize changes in total AUM for each of Apollo’s three investing strategies within the Asset Management segment:

	Three months ended June 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(In millions)							
Change in Total AUM[1]:								
Beginning of Period	$ 438,070	$ 58,955	$ 100,704	$ 597,729	$ 372,696	$ 53,740	$ 86,407	$ 512,843
Inflows	25,774	3,458	5,758	34,990	27,262	4,163	4,205	35,630
Outflows[2]	(13,658)	(263)	(509)	(14,430)	(11,045)	(291)	(3)	(11,339)
Net Flows	12,116	3,195	5,249	20,560	16,217	3,872	4,202	24,291
Realizations	(3,801)	(767)	(1,431)	(5,999)	(1,000)	(1,061)	(4,754)	(6,815)
Market Activity[3]	3,458	1,027	330	4,815	(12,160)	(431)	(2,966)	(15,557)
End of Period	$ 449,843	$ 62,410	$ 104,852	$ 617,105	$ 375,753	$ 56,120	$ 82,889	$ 514,762

[1] At the individual segment level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions, and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

2 Outflows for Total AUM include redemptions of $1.5 billion and $0.8 billion during the three months ended June 30, 2023 and 2022, respectively.

3 Includes foreign exchange impacts of $0.5 billion and $(4.7) billion during the three months ended June 30, 2023 and 2022, respectively.

	Six months ended June 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(in millions)							
Change in Total AUM[1]:								
Beginning of Period	$ 392,466	$ 56,410	$ 98,771	$ 547,647	$ 360,289	$ 52,772	$ 84,491	$ 497,552
Inflows	76,846	6,616	8,298	91,760	54,121	6,601	5,564	66,286
Outflows[2]	(21,124)	(1,289)	(811)	(23,224)	(20,592)	(744)	(3)	(21,339)
Net Flows	55,722	5,327	7,487	68,536	33,529	5,857	5,561	44,947
Realizations	(4,985)	(1,426)	(2,917)	(9,328)	(1,626)	(2,700)	(7,000)	(11,326)
Market Activity[3]	6,640	2,099	1,511	10,250	(16,439)	191	(163)	(16,411)
End of Period	$ 449,843	$ 62,410	$ 104,852	$ 617,105	$ 375,753	$ 56,120	$ 82,889	$ 514,762

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Total AUM include redemptions of $3.8 billion and $1.4 billion during the six months ended June 30, 2023 and 2022, respectively.

[3] Includes foreign exchange impacts of $1.5 billion and $(7.2) billion during the six months ended June 30, 2023 and 2022, respectively.

Three Months Ended June 30, 2023

Total AUM was $617.1 billion at June 30, 2023, an increase of $19.4 billion, or 3.2%, compared to $597.7 billion at March 31, 2023. The net increase was primarily due to subscriptions across the platform, growth of our retirement services AUM, and market activity specifically across the yield and hybrid strategies, partially offset by distributions, redemptions and leverage. More specifically, the net increase was due to:

- Net flows of $20.6 billion primarily attributable to:

- a $12.1 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $8.2 billion related to the growth of our retirement services clients, (ii) $6.8 billion of subscriptions mostly related to corporate fixed income, corporate credit and consumer and residential credit funds we manage; partially offset by $(1.3) billion of redemptions primarily in the corporate credit funds we manage and $(1.2) billion of change in leverage;
- a $3.2 billion increase related to funds we manage in our hybrid strategy primarily due to $2.5 billion of subscriptions across the hybrid credit funds we manage and $0.9 billion of net transfer activity; partially offset by $(0.2) billion of redemptions; and
- a $5.2 billion increase related to funds we manage in the equity strategy primarily due to $5.3 billion of subscriptions mostly from the traditional private equity funds we manage and $0.5 billion of leverage; partially offset by $(0.4) billion of net transfer activity.

- Realizations of $(6.0) billion primarily attributable to:
  - $(3.8) billion related to funds we manage in our yield strategy;
  - $(0.8) billion related to funds we manage in our hybrid strategy primarily consisting of $(0.3) billion related to share redemptions; and
  - $(1.4) billion related to funds we manage in our equity strategy driven by distributions across our traditional private equity funds.

- Market activity of $4.8 billion, primarily attributable to:
  - $3.5 billion related to funds we manage in our yield strategy primarily consisting of $2.4 billion driven by our retirement services clients; and
  - $1.0 billion related to funds we manage in our hybrid strategy primarily consisting of $0.5 billion across the hybrid credit funds we manage.

Six Months Ended June 30, 2023

Total AUM was $617.1 billion at June 30, 2023, an increase of $69.5 billion, or 12.7%, compared to $547.6 billion at December 31, 2022. The net increase was primarily driven by Atlas, growth of our retirement services AUM, and subscriptions across the platform; partially offset by distributions and redemptions. More specifically, the net increase was due to:

- Net flows of $68.5 billion primarily attributable to:
  - a $55.7 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $36.9 billion related to Atlas, (ii) $15.3 billion related to the growth of our retirement services clients, and (iii) $8.5 billion of subscriptions mostly related to the corporate fixed income and corporate credit funds we manage; partially offsetting these increases were $(3.4) billion of redemptions primarily in the corporate credit funds we manage;
  - a $5.3 billion increase related to funds we manage in our hybrid strategy due to $5.0 billion of fundraising primarily across the financial credit instruments and hybrid credit funds we manage; and
  - a $7.5 billion increase related to funds we manage in our equity strategy primarily consisting of $7.8 billion of fundraising primarily related to the traditional private equity funds we manage and leverage; partially offset by $(0.6) billion of transfer activity.

- Realizations of $(9.3) billion primarily attributable to:
  - $(5.0) billion related to funds we manage in our yield strategy;
  - $(1.4) billion related to funds we manage in our hybrid strategy, partially driven by distributions from the hybrid value funds we manage; and
  - $(2.9) billion related to funds we manage in our equity strategy primarily consisting of distributions across the traditional private equity funds we manage.

- Market activity of $10.3 billion primarily attributable to:
  - $6.6 billion related to funds we manage in our yield strategy primarily consisting of $5.4 billion related to our retirement services clients and $1.6 billion and $0.8 billion related to the corporate credit and direct origination funds we manage, respectively; offset by ($1.8) billion driven by Athora;
  - $2.1 billion related to funds we manage in our hybrid strategy related to the hybrid credit funds we manage; and
  - $1.5 billion related to funds we manage in our equity strategy related to the traditional private equity funds we manage.

The following tables summarize changes in Fee-Generating AUM for each of Apollo's three investing strategies within the Asset Management segment:

	Three months ended June 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(In millions)							
Change in Fee-Generating AUM[1]:								
Beginning of Period	$ 368,237	$ 28,481	$ 48,489	$ 445,207	$ 311,318	$ 23,501	$ 40,900	$ 375,719
Inflows	26,300	675	3,515	30,490	21,900	2,649	1,402	25,951
Outflows[2]	(14,329)	(869)	(1,072)	(16,270)	(8,411)	(457)	(413)	(9,281)
Net Flows	11,971	(194)	2,443	14,220	13,489	2,192	989	16,670
Realizations	(346)	(223)	(237)	(806)	(367)	(309)	(157)	(833)
Market Activity[3]	2,801	352	9	3,162	(10,378)	(261)	(123)	(10,762)
End of Period	$ 382,663	$ 28,416	$ 50,704	$ 461,783	$ 314,062	$ 25,123	$ 41,609	$ 380,794

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Fee-Generating AUM include redemptions of $1.3 billion and $0.5 billion during the three months ended June 30, 2023 and 2022, respectively.

[3] Includes foreign exchange impacts of $0.4 billion and $(3.8) billion during the three months ended June 30, 2023 and 2022, respectively.

	Six months ended June 30,							
	2023				2022			
	Yield	Hybrid	Equity	Total	Yield	Hybrid	Equity	Total
	(in millions)							
Change in Fee-Generating AUM[1]:								
Beginning of Period	$ 338,821	$ 26,113	$ 47,153	$ 412,087	$ 307,306	$ 21,845	$ 39,950	$ 369,101
Inflows	61,074	2,963	5,279	69,316	38,352	5,160	2,710	46,222
Outflows[2]	(22,537)	(1,130)	(1,162)	(24,829)	(17,183)	(757)	(482)	(18,422)
Net Flows	38,537	1,833	4,117	44,487	21,169	4,403	2,228	27,800
Realizations	(733)	(379)	(554)	(1,666)	(676)	(891)	(420)	(1,987)
Market Activity[3]	6,038	849	(12)	6,875	(13,737)	(234)	(149)	(14,120)
End of Period	$ 382,663	$ 28,416	$ 50,704	$ 461,783	$ 314,062	$ 25,123	$ 41,609	$ 380,794

[1] At the individual strategy level, inflows include new subscriptions, commitments, capital raised, other increases in available capital, purchases, acquisitions and portfolio company appreciation. Outflows represent redemptions, other decreases in available capital and portfolio company depreciation. Realizations represent fund distributions of realized proceeds. Market activity represents gains (losses), the impact of foreign exchange rate fluctuations and other income.

[2] Outflows for Fee-Generating AUM include redemptions of $3.6 billion and $0.9 billion during the six months ended June 30, 2023 and 2022, respectively.

[3] Includes foreign exchange impacts of $1.1 billion and $(5.7) billion during the six months ended June 30, 2023 and 2022, respectively.

Three Months Ended June 30, 2023

Total Fee-Generating AUM was $461.8 billion at June 30, 2023, an increase of $16.6 billion, or 3.7%, compared to $445.2 billion at March 31, 2023. The net increase was primarily due to growth of our retirement services AUM, fundraising and market activity primarily in our yield strategy, partially offset by redemptions and leverage. More specifically, the net increase was due to:

- Net flows of $14.2 billion primarily attributable to:
  - a $12.0 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $8.2 billion related to the growth of our retirement services clients, (ii) $6.4 billion of subscriptions primarily related to corporate fixed income, corporate credit and consumer and residential credit funds we manage; partially offset by redemptions primarily related to the corporate credit funds we manage;

    - a $(0.2) billion decrease related to funds we manage in our hybrid strategy primarily due to recallable distributions related to hybrid credit and hybrid value funds we manage, partially offset by $0.2 billion of subscriptions related to hybrid credit and hybrid real estate funds we manage; and
    - a $2.4 billion increase related to funds we manage in our equity strategy primarily related to fundraising in our traditional private equity funds.

- Market activity of $3.2 billion primarily attributable to:
    - $2.8 billion related to funds we manage in our yield strategy primarily consisting of $2.4 billion driven by our retirement services clients; and
    - $0.4 billion related to funds we manage in our hybrid strategy primarily driven by the hybrid credit funds we manage.

- Realizations of $(0.8) billion across the yield, hybrid and equity strategies.

Six Months Ended June 30, 2023

Total Fee-Generating AUM was $461.8 billion at June 30, 2023, an increase of $49.7 billion, or 12.1%, compared to $412.1 billion at December 31, 2022. The net increase was primarily driven by Atlas, growth of our retirement services client assets, deployment and fundraising. More specifically, the net increase was due to:

- Net flows of $44.5 billion primarily attributable to:
    - a $38.5 billion increase related to funds we manage in our yield strategy primarily consisting of (i) $20.0 billion related to Atlas, (ii) a $15.3 billion increase in AUM related to the growth of our retirement services clients, (iii) $7.4 billion of subscriptions primarily related to the corporate fixed income, corporate credit and consumer and residential credit funds we manage and deployment; partially offset by $(3.3) billion of redemptions mostly related to the corporate credit funds we manage;
    - a $1.8 billion increase related to funds we manage in our hybrid strategy primarily due to (i) $0.9 billion of deployment, (ii) $0.6 billion of subscriptions primarily related to the hybrid credit funds we manage and (iii) $0.6 billion of net transfers, partially offset by $(0.2) billion of redemptions related to hybrid credit funds we manage; and
    - a $4.1 billion increase related to funds we manage in our equity strategy primarily related to (i) $3.8 billion of subscriptions largely related to traditional private equity funds we manage and (ii) $0.7 billion of fee-generating capital deployment.

- Market Activity of $6.9 billion primarily attributable to funds we manage in our yield strategy, consisting of $5.4 billion related to our retirement services clients and $1.3 billion related to corporate credit funds we manage, partially offset by ($1.6) billion related to Athora.

- Realizations of $(1.7) billion across the yield, hybrid and equity strategies.

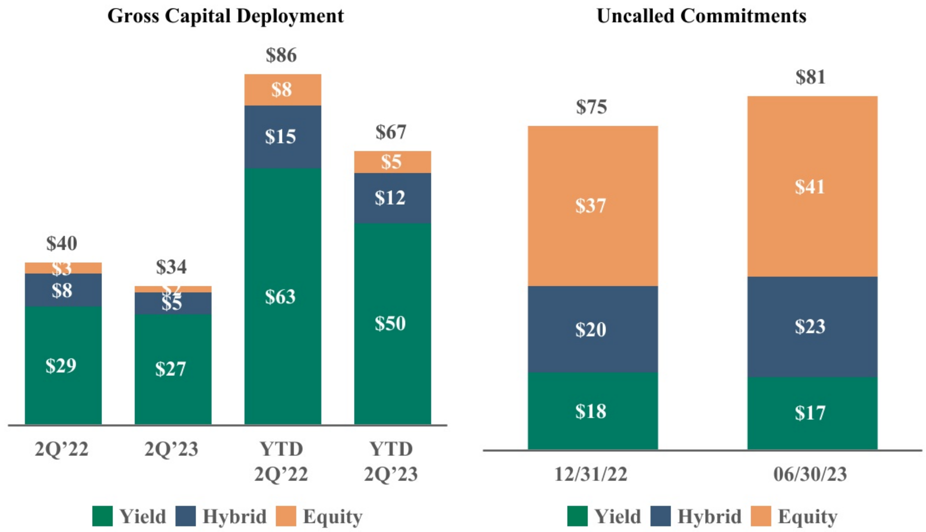
Gross Capital Deployment and Uncalled Commitments

Gross capital deployment represents the gross capital that has been invested by the funds and accounts we manage during the relevant period, but excludes certain investment activities primarily related to hedging and cash management functions at the Company. Gross Capital Deployment is not reduced or netted down by sales or refinancings, and takes into account leverage used by the funds and accounts we manage in gaining exposure to the various investments that they have made.

Uncalled commitments, by contrast, represent unfunded capital commitments that certain of the funds we manage have received from fund investors to fund future or current fund investments and expenses.

Gross capital deployment and uncalled commitments are indicative of the pace and magnitude of fund capital that is deployed or will be deployed, and which therefore could result in future revenues that include management fees, transaction fees and performance fees to the extent they are fee-generating. Gross capital deployment and uncalled commitments can also give rise to future costs that are related to the hiring of additional resources to manage and account for the additional capital that is deployed or will be deployed. Management uses gross capital deployment and uncalled commitments as key operating metrics since we believe the results are measures of investment activities of the funds we manage.

The following presents gross capital deployment and uncalled commitments (in billions):



As of June 30, 2023 and December 31, 2022, Apollo had $56 billion and $51 billion of dry powder, respectively, which represents the amount of capital available for investment or reinvestment subject to the provisions of the applicable limited partnership agreements or other governing agreements of the funds, partnerships and accounts we manage. These amounts exclude uncalled commitments which can only be called for fund fees and expenses and commitments from perpetual capital vehicles.

Retirement Services

The following table presents Spread Related Earnings, the performance measure of our Retirement Services segment:

	Three months ended June 30,		Total Change	Percentage Change	Six months ended June 30,		Total Change	Percentage Change
	2023	2022			2023	2022		
	(In millions)				*(In millions)*			
Retirement Services:								
Fixed income and other net investment income	$ 2,207	$ 1,302	$ 905	69.5%	$ 4,164	$ 2,509	$ 1,655	66.0%
Alternative net investment income	259	186	73	39.2	444	634	(190)	(30.0)
Net investment earnings	2,466	1,488	978	65.7	4,608	3,143	1,465	46.6
Strategic capital management fees	16	13	3	23.1	30	25	5	20.0
Cost of funds	(1,437)	(873)	564	64.6	(2,672)	(1,695)	977	57.6
Net investment spread	1,045	628	417	66.4	1,966	1,473	493	33.5
Other operating expenses	(117)	(109)	8	7.3	(241)	(218)	23	10.6
Interest and other financing costs	(129)	(64)	65	101.6	(238)	(126)	112	88.9
Spread Related Earnings (SRE)	**$ 799**	**$ 455**	**$ 344**	75.6%	**$ 1,487**	**$ 1,129**	**$ 358**	31.7%

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

In this section, references to 2023 refer to the three months ended June 30, 2023 and references to 2022 refer to the three months ended June 30, 2022.

Spread Related Earnings

SRE was $799 million in 2023, an increase of $344 million, or 76%, compared to $455 million in 2022. The increase in SRE was driven by higher net investment earnings, partially offset by higher cost of funds and interest and other financing costs. Net investment earnings increased $978 million, primarily driven by higher floating rate income, $23.4 billion of growth in Athene's average net invested assets, higher new money rates and more favorable alternative investment performance. The favorable alternative investment performance compared to 2022 was primarily driven by income from Redding Ridge related to an increase in average NAV, a decrease in share price of Athene's previously held investment in Jackson Financial, Inc. ("Jackson") in 2022 and favorable performance from Wheels Donlen and private equity funds, partially offset by less favorable performance in real estate funds related to home price appreciation in 2022. Cost of funds increased $564 million, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements and growth in the block of business. Interest and other financing costs increased $65 million related to interest expense on the increase in issuances of short term repurchase agreements in 2023 as well as interest expense and preferred stock dividends related to Athene's debt and preferred stock issuances in the fourth quarter of 2022.

Net Investment Spread

	Three months ended June 30,		
	2023	**2022**	**Change**
Fixed income and other net investment earned rate	4.46 %	2.97 %	149bps
Alternative net investment earned rate	8.53 %	6.38 %	215bps
Net investment earned rate	4.69 %	3.19 %	150bps
Strategic capital management fees	0.03 %	0.03 %	0bps
Cost of funds	(2.73)%	(1.88)%	(85)bps
Net investment spread	1.99 %	1.34 %	65bps

Net investment spread was 1.99% in 2023, an increase of 65 basis points compared to 1.34% in 2022, driven by a higher net investment earned rate, partially offset by higher cost of funds.

Net investment earned rate was 4.69% in 2023, an increase of 150 basis points compared to 3.19% in 2022,primarily due to higher returns in Athene's fixed income portfolio as well as more favorable performance in its alternative investment portfolio. Fixed income and other net investment earned rate was 4.46% in 2023, an increase from 2.97% in 2022, primarily driven by higher floating rate income andhigher new money rates. Alternative net investment earned rate was 8.53% in 2023, an increase from 6.38% in 2022,primarily driven by Redding Ridge, a decrease in share price of Athene's previously held investment in Jackson in 2022 and favorable performance from Wheels Donlen and private equity funds, partially offset by less favorable performance in real estate funds related to home price appreciation in 2022.

Cost of funds was 2.73% in 2023, an increase of 85 basis points compared to 1.88% in 2022, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

In this section, references to 2023 refer to the six months ended June 30, 2023 and references to 2022 refer to the six months ended June 30, 2022.

Spread Related Earnings

SRE was $1.5 billion in 2023, an increase of $358 million, or 32%, compared to $1.1 billion in 2022. The increase in SRE was driven by higher net investment earnings, partially offset by higher cost of funds and interest and other financing costs. Net investment earnings increased $1.5 billion, primarily driven by higher floating rate income, $21.6 billion of growth in Athene's average net invested assets and higher new money rates, partially offset by less favorable alternative investment performance. The less favorable alternative investment performance compared to 2022 was primarily driven by lower income from real estate funds related to home price appreciation in 2022, a decrease in share price on Athene's investment in Challenger Life Company

Limited ("Challenger") and less favorable performance from Athora related to a valuation increase in 2022, partially offset by favorable performance from Redding Ridge and a decrease in share price of Athene's previously held investment in Jackson in 2022. Cost of funds increased $977 million, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements and growth in the block of business. Interest and other financing costs increased $112 million related to interest expense on the increase in issuances of short term repurchase agreements in 2023 as well as interest expense and preferred stock dividends related to Athene's debt and preferred stock issuances in the fourth quarter of 2022.

Net Investment Spread

	Six Months Ended June 30,		
	2023	2022	Change
Fixed income and other net investment earned rate	4.30 %	2.90 %	140bps
Alternative net investment earned rate	7.33 %	11.39 %	NM
Net investment earned rate	4.48 %	3.42 %	106bps
Strategic capital management fees	0.03 %	0.03 %	0bps
Cost of funds	(2.60)%	(1.84)%	(76)bps
Net investment spread	1.91 %	1.61 %	30bps

Net investment spread was 1.91% in 2023, an increase of 30 basis points compared to 1.61% in 2022, driven by a higher net investment earned rate, partially offset by higher cost of funds.

Net investment earned rate was 4.48% in 2023, an increase of 106 basis points compared to 3.42% in 2022,primarily due to higher returns in Athene's fixed income portfolio, partially offset by less favorable performance in its alternative investment portfolio. Fixed income and other net investment earned rate was 4.30% in 2023, an increase from 2.90% in 2022, primarily driven by higher floating rate income andhigher new money rates. Alternative net investment earned rate was 7.33% in 2023, a decrease from 11.39% in 2022, primarily driven by lower returns on real estate funds related to home price appreciation in 2022, a decrease in share price on Athene's investment in Challenger and less favorable performance from Athora related to a valuation increase in 2022, partially offset by favorable performance from Redding Ridge and a decrease in share price of Athene's previously held investment in Jackson in 2022.

Cost of funds was 2.60% in 2023, an increase of 76 basis points compared to 1.84% in 2022, primarily driven by higher rates on deferred annuity, funding agreement and pension group annuity issuances as well as an increase in rates on existing floating rate funding agreements.

Investment Portfolio

Athene had investments, including related parties and VIEs, of $232.6 billion and $212.1 billion as of June 30, 2023 and December 31, 2022, respectively. Athene's investment strategy seeks to achieve sustainable risk-adjusted returns through the disciplined management of its investment portfolio against its long-duration liabilities, coupled with the diversification of risk. The investment strategies focus primarily on a buy and hold asset allocation strategy that may be adjusted periodically in response to changing market conditions and the nature of Athene's liability profile. Athene takes advantage of its generally persistent liability profile by identifying investment opportunities with an emphasis on earning incremental yield by taking liquidity and complexity risk rather than assuming incremental credit risk. Athene has selected a diverse array of primarily high-grade fixed income assets, including corporate bonds, structured securities and commercial and residential real estate loans, among others. Athene also maintains holdings in floating rate and less rate-sensitive instruments, including CLOs, non-agency RMBS and various types of structured products. In addition to its fixed income portfolio, Athene opportunistically allocates approximately 5% to 6% of its portfolio to alternative investments where it primarily focuses on fixed income-like, cash flow-based investments.

The following table presents the carrying values of Athene's total investments, including related parties and VIEs:

(In millions, except percentages)	As of June 30, 2023 Carrying Value	As of June 30, 2023 Percent of Total	As of December 31, 2022 Carrying Value	As of December 31, 2022 Percent of Total
AFS securities, at fair value				
U.S. government and agencies	$ 4,821	2.1 %	$ 2,577	1.2 %
U.S. state, municipal and political subdivisions	1,054	0.4 %	927	0.4 %
Foreign governments	1,008	0.4 %	907	0.4 %
Corporate	67,410	29.0 %	60,901	28.7 %
CLO	18,521	8.0 %	16,493	7.8 %
ABS	11,350	4.9 %	10,527	5.0 %
CMBS	4,500	1.9 %	4,158	2.0 %
RMBS	6,488	2.8 %	5,914	2.8 %
Total AFS securities, at fair value	115,152	49.5 %	102,404	48.3 %
Trading securities, at fair value	1,628	0.7 %	1,595	0.8 %
Equity securities	1,296	0.6 %	1,487	0.7 %
Mortgage loans, at fair value	34,668	14.9 %	27,454	12.9 %
Investment funds	123	0.1 %	79	— %
Policy loans	336	0.1 %	347	0.2 %
Funds withheld at interest	27,844	12.0 %	32,880	15.5 %
Derivative assets	5,114	2.2 %	3,309	1.6 %
Short-term investments	650	0.3 %	2,160	1.0 %
Other investments	741	0.3 %	773	0.4 %
Total investments	187,552	80.7 %	172,488	81.4 %
Investments in related parties				
AFS securities, at fair value				
Corporate	1,343	0.6 %	982	0.5 %
CLO	3,806	1.6 %	3,079	1.4 %
ABS	8,258	3.6 %	5,760	2.7 %
Total AFS securities, at fair value	13,407	5.8 %	9,821	4.6 %
Trading securities, at fair value	867	0.4 %	878	0.4 %
Equity securities, at fair value	313	0.1 %	279	0.1 %
Mortgage loans, at fair value	1,296	0.6 %	1,302	0.6 %
Investment funds	1,636	0.7 %	1,569	0.7 %
Funds withheld at interest	9,017	3.9 %	9,808	4.6 %
Short-term investments	891	0.4 %	—	— %
Other investments	343	0.1 %	303	0.2 %
Total related party investments	27,770	12.0 %	23,960	11.2 %
Total investments, including related parties	215,322	92.7 %	196,448	92.6 %
Investments owned by consolidated VIEs				
Trading securities, at fair value	1,012	0.4 %	1,063	0.5 %
Mortgage loans, at fair value	2,113	0.9 %	2,055	1.0 %
Investment funds, at fair value	14,006	6.0 %	12,480	5.9 %
Other investments, at fair value	100	— %	101	— %
Total investments owned by consolidated VIEs	17,231	7.3 %	15,699	7.4 %
Total investments, including related parties and VIEs	$ 232,553	100.0 %	$ 212,147	100.0 %

The $20.4 billion increase in Athene's total investments, including related parties and VIEs, as of June 30, 2023 compared to December 31, 2022 was primarily driven by growth from gross organic inflows of $30.6 billion in excess of gross liability outflows of $16.0 billion, unrealized gains on AFS securities in the six months ended June 30, 2023 of $1.4 billion resulting from credit spread tightening in 2023, the reinvestment of earnings and an increase in VIE investments. The increase in VIE investments was primarily related to contributions from third-party investors into AAA, the consolidation of additional VIEs and favorable investment fund performance.

Athene's investment portfolio consists largely of high quality fixed maturity securities, loans and short-term investments, as well as additional opportunistic holdings in investment funds and other instruments, including equity holdings. Fixed maturity securities and loans include publicly issued corporate bonds, government and other sovereign bonds, privately placed corporate bonds and loans, mortgage loans, CMBS, RMBS, CLOs and ABS. A significant majority of Athene's AFS portfolio, 96.3% and 95.8% as of June 30, 2023 and December 31, 2022, respectively, was invested in assets considered investment grade with a NAIC designation of 1 or 2.

Athene invests a portion of its investment portfolio in mortgage loans, which are generally comprised of high quality commercial first lien and mezzanine real estate loansAthene has acquired mortgage loans through acquisitions and reinsurance arrangements, as well as through an active program to invest in new mortgage loans. It invests in CMLs on income producing properties, including hotels, apartments, retail and office buildings, and other commercial and industrial properties. Athene's RML portfolio primarily consists of first lien RMLs collateralized by properties located in the U.S.

Funds withheld at interest represent a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which Athene acts as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company.

While the substantial majority of Athene's investment portfolio has been allocated to corporate bonds and structured credit products, a key component of Athene's investment strategy is the opportunistic acquisition of investment funds with attractive risk and return profiles. Athene's investment fund portfolio consists of funds or similar equity structures that employ various strategies, including equity, hybrid and yield funds. Athene has a strong preference for assets that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that Athene believes have less downside risk.

Athene holds derivatives for economic hedging purposes to reduce its exposure to the cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk and foreign exchange risk. Athene's primary use of derivative instruments relates to providing the income needed to fund the annual indexed credits on its FIA products. Athene primarily uses fixed indexed options to economically hedge indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specific market index.

Net Invested Assets

The following summarizes Athene's net invested assets:

	As of June 30, 2023		As of December 31, 2022	
(In millions, except percentages)	Net Invested Asset Value[1]	Percent of Total	Net Invested Asset Value[1]	Percent of Total
Corporate	$ 83,663	39.2 %	$ 80,800	41.1 %
CLO	21,124	9.9 %	19,881	10.1 %
Credit	104,787	49.1 %	100,681	51.2 %
CML	25,053	11.7 %	23,750	12.1 %
RML	15,178	7.1 %	11,147	5.7 %
RMBS	7,427	3.5 %	7,363	3.7 %
CMBS	4,700	2.2 %	4,495	2.3 %
Real estate	52,358	24.5 %	46,755	23.8 %
ABS	22,571	10.6 %	20,680	10.5 %
Alternative investments	12,190	5.7 %	12,079	6.1 %
State, municipal, political subdivisions and foreign government	2,730	1.3 %	2,715	1.4 %
Equity securities	1,648	0.8 %	1,737	0.9 %
Short-term investments	1,336	0.6 %	1,930	1.0 %
U.S. government and agencies	4,149	1.9 %	2,691	1.4 %
Other investments	44,624	20.9 %	41,832	21.3 %
Cash and equivalents	9,947	4.6 %	5,481	2.8 %
Policy loans and other	1,954	0.9 %	1,702	0.9 %
Net invested assets	$ 213,670	100.0 %	$ 196,451	100.0 %

[1] See "Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures" for the definition of net invested assets.

Athene's net invested assets were $213.7 billion and $196.5 billion as of June 30, 2023 and December 31, 2022, respectively. The increase in net invested assets as of June 30, 2023 from December 31, 2022 was primarily driven by growth from net organic inflows of $26.9 billion in excess of net liability outflows of $13.4 billion, an increase of $1.6 billion in short-term repurchase agreements during the year and reinvestment of earnings.

In managing its business, Athene utilizes net invested assets as presented in the above table. Net invested assets do not correspond to Athene's total investments, including related parties, on the condensed consolidated statements of financial condition, as discussed previously in "Managing Business Performance - Key Segment and Non-U.S. GAAP Performance Measures". Net invested assets represent Athene's investments that directly back its net reserve liabilities and surplus assets. Athene believes this view of its portfolio provides a view of the assets for which it has economic exposure. Athene adjusts the presentation for funds withheld and modco transactions to include or exclude the underlying investments based upon the contractual transfer of economic exposure to such underlying investments. Athene also adjusts for VIEs to show the net investment in the funds, which are included in the alternative investments line above, as well as adjusting for the allowance for credit losses. Net invested assets include Athene's proportionate share of ACRA investments, based on its economic ownership, but exclude the proportionate share of investments associated with the noncontrolling interest.

Net invested assets is utilized by management to evaluateAthene's investment portfolio. Net invested assets is used in the computation of net investment earned rate, which allows Athene to analyze the profitability of its investment portfolio. Net invested assets is also used in Athene's risk management processes for asset purchases, product design and underwriting, stress scenarios, liquidity and ALM.

Principal Investing

The following table presents Principal Investing Income, the performance measure of our Principal Investing segment.

	Three months ended June 30, 2023	Three months ended June 30, 2022	Total Change	Percentage Change	Six months ended June 30, 2023	Six months ended June 30, 2022	Total Change	Percentage Change
	(In millions)				*(In millions)*			
Principal Investing:								
Realized performance fees	$ 177	$ 151	$ 26	17.2%	$ 341	$ 278	$ 63	22.7%
Realized investment income	2	37	(35)	(94.6)	30	263	(233)	(88.6)
Principal investing compensation	(145)	(155)	(10)	(6.5)	(315)	(311)	4	1.3
Other operating expenses	(14)	(13)	1	7.7	(28)	(23)	5	21.7
Principal Investing Income (PII)	**$ 20**	**$ 20**	**$ —**	—%	**$ 28**	**$ 207**	**$ (179)**	(86.5)%

As described in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—General", earnings from our Principal Investing segment are inherently more volatile in nature than earnings from our Asset Management segment due to the intrinsic cyclical nature of performance fees, one of the key drivers of PII performance.

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

In this section, references to 2023 refer to the three months ended June 30, 2023 and references to 2022 refer to the three months ended June 30, 2022.

PII was $20 million in 2023, comparable to 2022. The increase in realized performance fees and the decrease in principal investing compensation of $26 million and $10 million, respectively, in 2023 was largely offset by the decrease in realized investment income of $35 million. The increase in realized performance fees of $26 million in 2023 was primarily driven by an increase in realized performance fees generated from Fund IX and MidCap Financial, partially offset by a decrease in realized performance fees earned from HVF I and EPF III. The increase in realized performance fees in 2023 remained relatively light as equity market volatility continued to delay monetization activity. Principal investing compensation expense of $145 million in 2023 decreased $10 million, as compared to $155 million in 2022. The decrease in 2023 was primarily due to a decrease in profit sharing expense attributable to the Incentive Pool, a compensation program through which certain employees are allocated discretionary compensation based on realized performance fees in a given year, partially offset by an increase in profit sharing expense associated with the corresponding increase in realized performance fees. In any period, the blended profit sharing percentage is impacted by the respective profit sharing ratios of the funds generating performance allocations in the period. Additionally, included in principal investing compensation are expenses related to the Incentive Pool. The Incentive Pool is separate from the fund related profit sharing expense and may result in greater variability in compensation and have a variable impact on the blended profit sharing percentage during a particular period.

Realized investment income was $2 million in 2023, a decrease of $35 million, as compared to $37 million in 2022. Realized investment income in 2022 was primarily driven by realized gains earned from one of our balance sheet investments.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

In this section, references to 2023 refer to the six months ended June 30, 2023 and references to 2022 refer to the six months ended June 30, 2022.

PII was $28 million in 2023, a decrease of $179 million, as compared to $207 million in 2022. This decrease was primarily attributable to a decrease in realized investment income of $233 million. Realized investment income in 2022 was primarily attributable to realized gains on the transfer to Athene of certain of Apollo's general partner fund co-investments that were subsequently transferred to AAA in the second quarter of 2022. The increase in realized performance fees of $63 million in 2023 was primarily driven by an increase in realized performance fees generated from Fund VIII and Fund IX, partially offset by decreases in realized performance fees from EPF III, HVF I and Fund VII. The increase in realized performance fees in 2023 remained relatively light as equity market volatility continued to delay monetization activity. Principal investing compensation expense of $315 million in 2023 remained relatively flat, with an increase of $4 million in 2023, as compared to $311 million in 2022. The increase in 2023 was primarily due to an increase in profit sharing expense associated with the corresponding increase in realized performance fees, partially offset by a decrease in profit sharing expense attributable to the Incentive Pool.

The Historical Investment Performance of Our Funds

Below we present information relating to the historical performance of the funds we manage, including certain legacy Apollo funds that do not have a meaningful amount of unrealized investments, and in respect of which the general partner interest has not been contributed to us.

When considering the data presented below, you should note that the historical results of funds we manage are not indicative of the future results that you should expect from such funds, from any future funds we may raise or from your investment in our common stock.

An investment in our common stock is not an investment in any of the Apollo managed funds, and the assets and revenues of the funds we manage are not directly available to us. The historical and potential future returns of the funds we manage are not directly linked to returns on our common stock. Therefore, you should not conclude that continued positive performance of the funds we manage will necessarily result in positive returns on an investment in our common stock. However, poor performance of the funds that we manage would cause a decline in our revenue from such funds, and would therefore have a negative effect on our performance and in all likelihood the value of our common stock.

Moreover, the historical returns of funds we manage should not be considered indicative of the future results you should expect from such funds or from any future funds we may raise. There can be no assurance that any Apollo fund will continue to achieve the same results in the future.

Finally, our private equity IRRs have historically varied greatly from fund to fund. For example, Fund VI generated a 12% gross IRR and a 9% net IRR since its inception through June 30, 2023, while Fund V generated a 61% gross IRR and a 44% net IRR since its inception through June 30, 2023. Accordingly, the IRR going forward for any current or future fund may vary considerably from the historical IRR generated by any particular fund, or for our private equity funds as a whole. Future returns will also be affected by the applicable risks, including risks of the industries and businesses in which a particular fund invests. See “Item 1A. Risk Factors—Risks Relating to Our Asset Management Business—“*Historical performance metrics are unreliable indicators of our current or future results of operations*” in the 2022 Annual Report.

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Investment Record

The following table summarizes the investment record by strategy of Apollo's significant commitment-based funds that have a defined maturity date in which investors make a commitment to provide capital at the formation of such funds and deliver capital when called as investment opportunities become available.

All amounts are as of June 30, 2023, unless otherwise noted:

(In millions, except IRR)	Vintage Year	Total AUM	Committed Capital	Total Invested Capital	Realized Value	Remaining Cost	Unrealized Value	Total Value	Gross IRR	Net IRR
Equity:										
Fund IX	2018	$ 34,518	$ 24,729	$ 19,565	$ 9,097	$ 15,068	$ 24,757	$ 33,854	36 %	24 %
Fund VIII	2013	9,536	18,377	16,536	22,018	5,038	6,338	28,356	14	10
Fund VII	2008	389	14,677	16,461	34,216	9	57	34,273	33	25
Fund VI	2006	369	10,136	12,457	21,136	405	—	21,136	12	9
Fund V	2001	62	3,742	5,192	12,724	120	—	12,724	61	44
Fund I, II, III, IV & MIA [1]	Various	10	7,320	8,753	17,400	—	—	17,400	39	26
Traditional Private Equity Funds[2]		$ 44,884	$ 78,981	$ 78,964	$ 116,591	$ 20,640	$ 31,152	$ 147,743	39	24
EPF IV	2023	3,051	3,033	476	52	426	494	546	NM[3]	NM[3]
EPF III	2017	4,393	4,471	4,862	3,502	2,220	3,162	6,664	15	9
Total Equity		$ 52,328	$ 86,485	$ 84,302	$ 120,145	$ 23,286	$ 34,808	$ 154,953		
Hybrid:										
AIOF II	2021	$ 2,612	$ 2,542	$ 1,449	$ 301	$ 1,309	$ 1,516	$ 1,817	22 %	19 %
AIOF I	2018	410	897	802	1,061	171	206	1,267	23	18
HVF II	2022	4,642	4,592	2,322	24	2,311	2,413	2,437	NM[3]	NM[3]
HVF I	2019	3,634	3,238	3,595	3,773	1,274	1,563	5,336	24	19
Accord V[4]	2022	1,998	1,922	1,938	1,092	901	935	2,027	9	6
Accord I, II, III, III B & IV [4]	Various	—	6,070	4,765	5,137	—	—	5,137	22	17
Accord+	2021	2,961	2,370	3,896	1,835	2,206	2,315	4,150	NM[3]	NM[3]
Total Hybrid		$ 16,257	$ 21,631	$ 18,767	$ 13,223	$ 8,172	$ 8,948	$ 22,171		

[1] The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III, were excluded assets in connection with the reorganization of the Company that occurred in 2007. As a result, Apollo did not receive the economics associated with these entities. The investment performance of these funds, combined with Fund IV, is presented to illustrate fund performance associated with Apollo's investment professionals.

[2] Total IRR is calculated based on total cash flows for all funds presented.

[3] Data has not been presented as the fund's effective date is less than 24 months prior to the period indicated and such information was deemed not meaningful.

[4] Accord funds have investment periods shorter than 24 months, therefore Gross and Net IRR are presented after 12 months of investing.

Equity

The following table summarizes the investment record for distressed investments made in our traditional private equity fund portfolios since the Company's inception. All amounts are as of June 30, 2023:

(In millions, except percentages)	Total Invested Capital	Total Value	Gross IRR
Distressed for Control	$ 7,795	$ 18,867	29 %
Non-Control Distressed	6,302	10,713	71
Total	14,097	29,580	49
Corporate Carve-outs, Opportunistic Buyouts and Other Credit[1]	64,867	118,163	21
Total	$ 78,964	$ 147,743	39 %

[1] Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

The following tables provide additional detail on the composition of the Fund IX, Fund VIII and Fund VII private equity portfolios based on investment strategy. Amounts for Fund I, II, III, IV, V and VI are included in the table above but not presented below as their remaining value is less than $100 million or the fund has been liquidated and such information was deemed not meaningful. All amounts are as of June 30, 2023.

Fund IX[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 4,899	$ 10,561
Opportunistic Buyouts	13,883	21,002
Distressed[2]	783	2,291
Total	$ 19,565	$ 33,854

Fund VIII[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 2,704	$ 7,048
Opportunistic Buyouts	13,265	20,554
Distressed[2]	567	754
Total	$ 16,536	$ 28,356

Fund VII[1]

(In millions)	Total Invested Capital	Total Value
Corporate Carve-outs	$ 2,539	$ 4,844
Opportunistic Buyouts	4,338	10,799
Distressed/Other Credit[2]	9,584	18,630
Total	$ 16,461	$ 34,273

1 Committed capital less unfunded capital commitments for Fund IX, Fund VIII and Fund VII were $16.9 billion, $17.8 billion and $14.7 billion, respectively, which represents capital commitments from limited partners to invest in such funds less capital that is available for investment or reinvestment subject to the provisions of the applicable governing agreements.

2 The distressed investment strategy includes distressed for control, non-control distressed and other credit. Other Credit is defined as investments in debt securities of issuers other than portfolio companies that are not considered to be distressed.

Perpetual Capital

The following table summarizes the investment record for the perpetual capital vehicles we manage, excluding Athene and Athora-related assets:

			Total Returns[1]			
	IPO Year[2]	Total AUM	For the Three Months Ended June 30, 2023	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
		(In millions)				
MidCap Financial[3]	N/A	$ 13,451	5 %	5 %	11 %	11 %
AIF	2013	351	8 %	(14) %	11 %	(18) %
AFT	2011	363	5 %	(11) %	10 %	(18) %
MFIC	2004	2,775	13 %	(16) %	17 %	(11) %
ADS[4]	N/A	6,401	3 %	(6) %	8 %	(5) %
ARI	2009	9,372	25 %	(22) %	13 %	(16) %
ADREF[5]	N/A	6,997	(1) %	(1) %	(2) %	(1) %
ADCF[5]	N/A	964	3 %	(10) %	8 %	(10) %
Other[6]	N/A	2,182	N/A	N/A	N/A	N/A
Total		$ 42,856				

[1] Total returns are based on the change in closing trading prices during the respective periods presented taking into account dividends and distributions, if any, as if they were reinvested without regard to commission.

[2] An initial public offering ("IPO") year represents the year in which the vehicle commenced trading on a national securities exchange.

[3] MidCap Financial is not a publicly traded vehicle and therefore IPO year is not applicable. The returns presented are a gross return based on NAV. The net returns based on NAV were 9% and 4% for the three months ended June 30, 2023 and 2022, respectively. The net returns based on NAV were 15% and 9% for the six months ended June 30, 2023 and 2022, respectively.

[4] ADS is not a publicly traded vehicle and therefore IPO year is not applicable. AUM is as of March 31, 2023. The returns presented are net returns based on NAV.

[5] ADREF and ADCF are not publicly traded vehicles and therefore IPO years are not applicable. The returns presented are for their respective Class I shares and are net returns based on NAV. Returns presented for the six months ended June 30, 2022 reflect one quarter of activity as we did not advise these vehicles prior to the second quarter of 2022.

[6] Other includes, among others, AUM of $1.9 billion related to a publicly traded business development company from which Apollo earns investment-related service fees, but for which Apollo does not provide management or advisory services, as of March 31, 2023. Returns and IPO year are not provided for this AUM.

Summary of Non-U.S. GAAP Measures

The table below sets forth a reconciliation of net income attributable to Apollo Global Management, Inc. common stockholders to Segment Income and Adjusted Net Income:

(In millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
GAAP Net Income (Loss) Attributable to Apollo Global Management, Inc.	**$ 599**	**$ (1,637)**	**$ 1,609**	**$ (2,038)**
Net income (loss) attributable to non-controlling interests	151	(969)	679	(1,627)
GAAP Net Income (Loss)	**$ 750**	**$ (2,606)**	**$ 2,288**	**$ (3,665)**
Income tax provision (benefit)	201	(381)	454	(866)
GAAP Income (Loss) Before Income Tax Provision (Benefit)	**$ 951**	**$ (2,987)**	**$ 2,742**	**$ (4,531)**
Asset Management Adjustments:				
Equity-based profit sharing expense and other[1]	57	67	124	164
Equity-based compensation	58	37	110	93
Transaction-related charges[2]	(4)	—	(7)	(1)
Merger-related transaction and integration costs[3]	5	18	12	36
(Gains) losses from change in tax receivable agreement liability	—	—	—	14
Net (income) loss attributable to non-controlling interests in consolidated entities	(192)	960	(715)	1,609
Unrealized performance fees	86	488	(153)	43
Unrealized profit sharing expense	1	(188)	136	3
HoldCo interest and other financing costs[4]	20	35	41	74
Unrealized principal investment income (loss)	(29)	(72)	(39)	10
Unrealized net (gains) losses from investment activities and other	8	(139)	20	(157)
Retirement Services Adjustments:				
Investment (gains) losses, net of offsets	563	2,841	166	5,477
Non-operating change in insurance liabilities and related derivatives	(304)	(290)	(169)	(939)
Integration, restructuring and other non-operating expenses	28	33	57	67
Equity-based compensation expense	13	13	29	25
Segment Income	**1,261**	**816**	**2,354**	**1,987**
HoldCo interest and other financing costs[4]	(20)	(35)	(41)	(74)
Taxes and related payables	(231)	(205)	(458)	(420)
Adjusted Net Income	**$ 1,010**	**$ 576**	**$ 1,855**	**$ 1,493**

[1] Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are required to be used by employees of Apollo to purchase restricted shares of common stock or is delivered in the form of RSUs, which are granted under the Equity Plan. Equity-based profit sharing expense and other also includes performance grants which are tied to the Company's receipt of performance fees, within prescribed periods, sufficient to cover the associated equity-based compensation expense.

[2] Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisitions, and restructuring charges.

[3] Merger-related transaction and integration costs includes advisory services, technology integration, equity-based compensation charges and other costs associated with the Mergers.

[4] Represents interest and other financing costs related to AGM not attributable to any specific segment.

The table below sets forth a reconciliation of common stock outstanding to our Adjusted Net Income Shares Outstanding:

	As of June 30, 2023	As of December 31, 2022
Total GAAP Common Stock Outstanding	566,809,153	570,276,188
Non-GAAP Adjustments:		
Vested RSUs	12,771,092	15,656,775
Unvested RSUs Eligible for Dividend Equivalents	15,790,288	12,827,921
Adjusted Net Income Shares Outstanding	595,370,533	598,760,884

The table below sets forth a reconciliation of Athene's total investments, including related parties, to net invested assets:

(In millions)	As of June 30, 2023	As of December 31, 2022
Total investments, including related parties	$ 215,322	$ 196,448
Derivative assets	(5,114)	(3,309)
Cash and cash equivalents (including restricted cash)	12,804	8,407
Accrued investment income	1,646	1,328
Net receivable (payable) for collateral on derivatives	(2,940)	(1,486)
Reinsurance funds withheld and modified coinsurance	1,046	1,423
VIE and VOE assets, liabilities and noncontrolling interest	13,693	12,747
Unrealized (gains) losses	20,676	22,284
Ceded policy loans	(174)	(179)
Net investment receivables (payables)	(217)	186
Allowance for credit losses	536	471
Other investments	(43)	(10)
Total adjustments to arrive at gross invested assets	41,913	41,862
Gross invested assets	257,235	238,310
ACRA noncontrolling interest	(43,565)	(41,859)
Net invested assets	$ 213,670	$ 196,451

Liquidity and Capital Resources

Overview

The Company primarily derives revenues and cash flows from the assets it manages and the retirement savings products it issues, reinsures and acquires. Based on management's experience, we believe that the Company's current liquidity position, together with the cash generated from revenues will be sufficient to meet the Company's anticipated expenses and other working capital needs for at least the next 12 months. For the longer-term liquidity needs of the asset management business, we expect to continue to fund the asset management business' operations through management fees and performance fees received. The principal sources of liquidity for the retirement services business, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

AGM is a holding company whose primary source of cash flow is distributions from its subsidiaries, which are expected to be sufficient to fund cash flow requirements based on current estimates of future obligations. AGM's primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, common stock dividend payments and strategic transactions, such as acquisitions.

At June 30, 2023, the Company had $12.1 billion of unrestricted cash and cash equivalents and $0.2 billion of U.S. Treasury securities, as well as $4.9 billion of available funds from the 2022 AMH credit facility, AHL credit facility, and AHL liquidity facility.

Primary Uses of Cash

Over the next 12 months, we expect the Company's primary liquidity needs will be to:

- support the future growth of Apollo's businesses through strategic corporate investments;
- pay the Company's operating expenses, including, compensation, general, administrative, and other expenses;
- make payments to policyholders for surrenders, withdrawals and payout benefits;
- make interest and principal payments on funding agreements;
- make payments to satisfy pension group annuity obligations and policy acquisition costs;
- pay taxes and tax related payments;
- pay cash dividends;
- make payments related to the AOG Unit Payment;
- repurchase common stock; and
- make payments under the tax receivable agreement.

Over the long term, we believe we will be able to (i) grow Apollo's Assets Under Management and generate positive investment performance in the funds we manage, which we expect will allow us to grow the Company's management fees and performance fees and (ii) grow the investment portfolio of retirement services, in each case in amounts sufficient to cover our long-term liquidity requirements, which may include:

- supporting the future growth of our businesses;
- creating new or enhancing existing products and investment platforms;
- making payments to policyholders;
- pursuing new strategic corporate investment opportunities;
- paying interest and principal on the Company's financing arrangements;
- repurchasing common stock;
- making payments under the tax receivable agreement;
- making payments related to the AOG Unit Payment; and
- paying cash dividends.

Cash Flow Analysis

The section below discusses in more detail the Company's primary sources and uses of cash and the primary drivers of cash flows within the Company's condensed consolidated statements of cash flows:

	For the Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Operating Activities	$ 4,622	$ (20)
Investing Activities	(17,508)	(818)
Financing Activities	16,537	13,280
Effect of exchange rate changes on cash and cash equivalents	5	(20)
Net Increase in Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, and Cash and Cash Equivalents Held at Consolidated Variable Interest Entities	$ 3,656	$ 12,422

The assets of our consolidated funds and VIEs, on a gross basis, could have a substantial effect on the accompanying statement of cash flows. Because our consolidated funds and VIEs are generally treated as investment companies for accounting purposes, their investing cash flow amounts are included in our cash flows from operating activities. The table below summarizes our condensed consolidated statements of cash flow by activity attributable to the Company and to our consolidated funds and VIEs.

	For the Six Months Ended June 30,	
(In millions)	**2023**	**2022**
Net cash provided by the Company's operating activities	$ 5,093	$ 5,237
Net cash used in the Consolidated Funds and VIEs operating activities	(471)	(5,257)
Net cash provided by (used in) operating activities	**4,622**	**(20)**
Net cash used in the Company's investing activities	(17,033)	(1,843)
Net cash provided by (used in) the Consolidated Funds and VIEs investing activities	(475)	1,025
Net cash used in investing activities	**(17,508)**	**(818)**
Net cash provided by the Company's financing activities	16,600	9,165
Net cash provided by (used in) the Consolidated Funds and VIEs financing activities	(63)	4,115
Net cash provided by financing activities	**$ 16,537**	**$ 13,280**

Operating Activities

The Company's operating activities support its Asset Management, Retirement Services and Principal Investing activities. The primary sources of cash within operating activities include: (a) management fees, (b) advisory and transaction fees, (c) realized performance revenues, (d) realized principal investment income, (e) investment sales from our consolidated funds and VIEs, (f) net investment income, (g) annuity considerations and (h) insurance premiums. The primary uses of cash within operating activities include: (a) compensation and non-compensation related expenses, (b) interest and taxes, (c) investment purchases from our consolidated funds and VIEs, (d) benefit payments and (e) other operating expenses.

- During the six months ended June 30, 2023, cash provided by operating activities reflects cash inflows of management fees, advisory and transaction fees, realized performance revenues, realized principal investment income, cash received from pension group annuity premiums, net of outflows and net investment income, partially offset by cash paid for policy acquisition and other operating expenses. Net cash provided by operating activities includes net cash used in our consolidated funds and VIEs, which primarily includes net proceeds from the sale of VIEs' investments, offset by purchases of VIEs' investments.

- During the six months ended June 30, 2022, cash used in operating activities primarily includes net cash used in our consolidated funds and VIEs for purchases of investments. Net cash provided by operating activities reflects cash inflows of management fees, advisory and transaction fees, realized performance revenues, and realized principal investment income, as well as cash received from pension group annuity transactions, net of outflows.

Investing Activities

The Company's investing activities support the growth of its business. The primary sources of cash within investing activities include: (a) distributions from investments and (b) sales, maturities and repayments of investments. The primary uses of cash within investing activities include: (a) capital expenditures, (b) purchases and acquisitions of new investments, including purchases of U.S. Treasury securities and (c) equity method investments in the funds we manage.

- During the six months ended June 30, 2023, cash used in investing activities primarily reflects the purchase of investments due to the deployment of significant cash inflows from Athene's organic growth, partially offset by the sales, maturities and repayments of investments.

- During the six months ended June 30, 2022, cash used in investing activities primarily reflects the purchase of investments due to the deployment of significant cash inflows from Athene's organic growth, offset by Athene cash acquired as a result of the Mergers and the sale, repayment and maturity of investments.

Financing Activities

The Company's financing activities reflect its capital market transactions and transactions with equity holders. The primary sources of cash within financing activities includes: (a) proceeds from debt and preferred equity issuances, (b) inflows on Athene's investment-type policies and contracts, (c) changes of cash collateral posted for derivative transactions, (d) capital contributions, and (e) proceeds from other borrowing activities. The primary uses of cash within financing activities include: (a) dividends, (b) payments under the tax receivable agreement, (c) share repurchases, (d) cash paid to settle tax withholding obligations in connection with net share settlements of equity-based awards, (e) repayments of debt, (f) withdrawals on Athene's investment-type policies and contracts and (g) changes of cash collateral posted for derivative transactions.

- During the six months ended June 30, 2023, cash provided by financing activities primarily reflects cash received from the strong organic inflows from retail and flow reinsurance, net of outflows, a favorable change in cash collateral posted for derivative transactions related to the favorable equity market performance in the current year, an increase in repurchase agreements and net capital contributions from non-controlling interests, partially offset by the payment of common and preferred stock dividends. Cash provided by financing activities of our consolidated funds and VIEs primarily includes proceeds from the issuance of debt, offset by payments for borrowings under repurchase agreements.

- During the six months ended June 30, 2022, cash provided by financing activities primarily reflects the strong organic inflows from retail, flow reinsurance and funding agreements, net of outflows. Cash provided by financing activities by our consolidated funds and VIEs primarily includes proceeds from the issuance of debt.

Contractual Obligations, Commitments and Contingencies

For a summary and a description of the nature of the Company's commitments, contingencies and contractual obligations, see note 18 to the condensed consolidated financial statements and "—Contractual Obligations, Commitments and Contingencies." The Company's commitments are primarily fulfilled through cash flows from operations and financing activities.

Consolidated Funds and VIEs

The Company manages its liquidity needs by evaluating unconsolidated cash flows; however, the Company's financial statements reflect the financial position of Apollo as well as Apollo's consolidated funds and VIEs (including SPACs). The primary sources and uses of cash at Apollo's consolidated funds and VIEs include: (a) raising capital from their investors, which have been reflected historically as non-controlling interests of the consolidated subsidiaries in our financial statements, (b) using capital to make investments, (c) generating cash flows from operations through distributions, interest and the realization of investments, (d) distributing cash flow to investors, (e) issuing debt to finance investments (CLOs) and (f) raising capital through SPAC vehicles for future acquisition of targeted entities.

Dividends and Distributions

For information regarding the quarterly dividends and distributions that were made to common stockholders and non-controlling interest holders in the Apollo Operating Group and participating securities, see note 15 to the condensed consolidated financial statements. Although the Company currently expects to pay dividends, we may not pay dividends if, among other things, we do not have the cash necessary to pay the dividends. To the extent we do not have cash on hand sufficient to pay dividends, we may have to borrow funds to pay dividends, or we may determine not to pay dividends. The declaration, payment and determination of the amount of our dividends are at the sole discretion of our board of directors.

Because AGM is a holding company, the primary source of funds for AGM's dividends is distributions from its operating subsidiaries, AAM and AHL, which are expected to be adequate to fund AGM's dividends and other cash flow requirements based on current estimates of future obligations. The ability of these operating subsidiaries to make distributions to AGM will depend on satisfying applicable law with respect to such distributions, including surplus and minimum solvency requirements among others, as well as making prior distributions on the AAM and AHL outstanding preferred stock. Moreover, the ability of AAM and AHL to receive distributions from their own respective subsidiaries will continue to depend on applicable law with respect to such distributions.

On August 3, 2023, AGM declared a cash dividend of $0.43 per share of its common stock, which will be paid on August 31, 2023 to holders of record at the close of business on August 18, 2023.

Repurchase of Securities

Share Repurchase Program

For information regarding the Company's share repurchase program, see note 15 to the condensed consolidated financial statements.

Repurchase of Other Securities

We may from time to time seek to retire or purchase our other outstanding debt or equity securities through cash purchases and/or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors. Whether or not we repurchase any of our other securities and the size and timing of any such repurchases will be determined at our discretion.

Asset Management Liquidity

Our asset management business requires limited capital resources to support the working capital or operating needs of the business. For the asset management business' longer-term liquidity needs, we expect to continue to fund the asset management business' operations through management fees and performance fees received. Liquidity needs are also met (to a limited extent) through proceeds from borrowings and equity issuances as described in notes 13 and 15 to the condensed consolidated financial statements, respectively. From time to time, if the Company determines that market conditions are favorable after taking into account our liquidity requirements, we may seek to raise proceeds through the issuance of additional debt or equity instruments. AGM has a registration statement on Form S-3 to provide it with access to the capital markets, subject to market conditions and other factors.

At June 30, 2023, the asset management business had $1.5 billion of unrestricted cash and cash equivalents and $0.2 billion of U.S. Treasury securities as well as $1.0 billion of available funds from the 2022 AMH credit facility.

Future Debt Obligations

The asset management business had long-term debt of $2.8 billion at June 30, 2023, which includes notes with maturities in 2024, 2026, 2029, 2030, 2048 and 2050. See note 13 to the condensed consolidated financial statements for further information regarding the asset management business' debt arrangements.

Future Cash Flows

Our ability to execute our business strategy, particularly our ability to increase our AUM, depends on our ability to establish new funds and to raise additional investor capital within such funds. Our liquidity will depend on a number of factors, such as our ability to project our financial performance, which is highly dependent on the funds we manage and our ability to manage our projected costs, fund performance, access to credit facilities, compliance with existing credit agreements, as well as industry and market trends. Also during economic downturns the funds we manage might experience cash flow issues or liquidate entirely. In these situations we might be asked to reduce or eliminate the management fee and performance fees we charge, which could adversely impact our cash flow in the future.

An increase in the fair value of the investments of the funds we manage, by contrast, could favorably impact our liquidity through higher management fees where the management fees are calculated based on the net asset value, gross assets or adjusted assets. Additionally, higher performance fees not yet realized would generally result when investments appreciate over their cost basis which would not have an impact on the asset management business' cash flow until realized.

Consideration of Financing Arrangements

As noted above, in limited circumstances, the asset management business may issue debt or equity to supplement its liquidity. The decision to enter into a particular financing arrangement is made after careful consideration of various factors, including the asset management business' cash flows from operations, future cash needs, current sources of liquidity, demand for the asset management business' debt or equity, and prevailing interest rates.

Revolver Facility

Under the 2022 AMH credit facility, AMH may borrow in an aggregate amount not to exceed $1.0 billion and may incur incremental facilities in an aggregate amount not to exceed $250 million plus additional amounts so long as AMH is in compliance with a net leverage ratio not to exceed 4.00 to 1.00. Borrowings under the 2022 AMH credit facility may be used for working capital and general corporate purposes, including without limitation, permitted acquisitions. The 2022 AMH credit facility has a final maturity date of October 12, 2027.

Tax Receivable Agreement

The tax receivable agreement provides for the payment to the Former Managing Partners and Contributing Partners of 85% of the amount of cash savings, if any, in U.S. federal, state, local and foreign income taxes that AGM and its subsidiaries realize subject to the agreement. For more information regarding the tax receivable agreement, see note 17 to the condensed consolidated financial statements.

AOG Unit Payment

On December 31, 2021, holders of AOG Units (other than Athene and Apollo) sold and transferred a portion of such AOG Units to a wholly-owned subsidiary of the Company, in exchange for an amount equal to $3.66 multiplied by the total number of AOG Units held by such holders immediately prior to such transaction (such payment, the “AOG Unit Payment”). The remainder of the AOG Units held by such holders were exchanged for shares of AGM common stock concurrently with the consummation of the Mergers on January 1, 2022.

As of June 30, 2023, the outstanding AOG Unit Payment amount was $263 million, payable in equal quarterly installments through December 31, 2024. See note 17 for more information.

Athora

Athora is a strategic liabilities platform that acquires and reinsures traditional closed life insurance policies and provides capital and reinsurance solutions to insurers in Europe. In 2017, an AAM subsidiary made a €125 million commitment to Athora, which was fully drawn as of April 2020. An AAM subsidiary committed an incremental €58 million in 2020 to purchase new equity interests. Additionally, in 2021, an AAM subsidiary acquired approximately €21.9 million of new equity interests in Athora.

In December 2021, an AAM subsidiary committed an additional €250 million to purchase new equity interests to support Athora’s ongoing growth initiatives, of which €180 million was drawn as of June 30, 2023.

An AAM subsidiary and Athene are minority investors in Athora with a long-term strategic relationship. Through its share ownership, the AAM subsidiary has approximately 19.9% of the total voting power in Athora, and Athene holds shares in Athora representing 10% of the total voting power in Athora. In addition, Athora shares held by funds and other accounts managed by Apollo represent, in the aggregate, approximately 15.1% of the total voting power in Athora.

Fund Escrow

As of June 30, 2023, the remaining investments and escrow cash of Fund VII was valued at 110% of the fund’s unreturned capital which was below the required escrow ratio of 115%. As a result, the fund is required to place in escrow current and future performance fee distributions to the general partner until the specified return ratio of 115% is met (at the time of a future distribution) or upon liquidation. Realized performance fees currently distributed to the general partner are limited to potential tax distributions and interest on escrow balances per the fund’s partnership agreement.

Clawback

Performance fees from certain of the funds we manage are subject to contingent repayment by the general partner in the event of future losses to the extent that the cumulative performance fees distributed from inception to date exceeds the amount computed as due to the general partner at the final distribution. See “—Overview of Results of Operations—Performance Fees” for the maximum performance fees subject to potential reversal by each fund.

Indemnification Liability

The asset management business recorded an indemnification liability in the event that the Former Managing Partners, Contributing Partners and certain investment professionals are required to pay amounts in connection with a general partner obligation to return previously distributed performance fees. See note 17 to the condensed consolidated financial statements for further information regarding the asset management business' indemnification liability.

Retirement Services Liquidity

There are two forms of liquidity relevant to our retirement services business: funding liquidity and balance sheet liquidity. Funding liquidity relates to the ability to fund operations. Balance sheet liquidity relates to the ability to liquidate or rebalance Athene's balance sheet without incurring significant costs from fees, bid-offer spreads, or market impact. Athene manages its liquidity position by matching projected cash demands with adequate sources of cash and other liquid assets. The principal sources of liquidity for our retirement services business, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

Athene's investment portfolio is structured to ensure a strong liquidity position over time to permit timely payment of policy and contract benefits without requiring asset sales at inopportune times or at depressed prices. In general, liquid assets include cash and cash equivalents, highly rated corporate bonds, unaffiliated preferred stock and public common stock, all of which generally have liquid markets with a large number of buyers. Assets included in modified coinsurance and funds withheld portfolios are available to fund the benefits for the associated obligations but are restricted from other uses. Although the investment portfolio of our retirement services business does contain assets that are generally considered illiquid for liquidity monitoring purposes (primarily mortgage loans, policy loans, real estate, investment funds and affiliated common stock), there is some ability to raise cash from these assets if needed. On June 30, 2023, Athene entered into a new AHL credit facility and AHL liquidity facility, which replaced its previous facilities. Athene has access to liquidity through the AHL credit facility with a borrowing capacity of $1.25 billion, subject to being increased up to $1.75 billion in total, the AHL liquidity facility with a borrowing capacity of $2.6 billion, subject to being increased up to $3.1 billion in total, and $2.0 billion of committed repurchase facilities. Both the AHL credit facility and AHL liquidity facility were undrawn as of June 30, 2023. Athene also has a registration statement on Form S-3 to provide it with access to the capital markets, subject to market conditions and other factors. Athene is also the counterparty to repurchase agreements with several different financial institutions, pursuant to which it may obtain short-term liquidity, to the extent available. In addition, through Athene's membership in the FHLB, it is eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity.

Athene proactively manages its liquidity position to meet cash needs while minimizing adverse impacts on investment returns. Athene analyzes its cash-flow liquidity over the upcoming 12 months by modeling potential demands on liquidity under a variety of scenarios, taking into account the provisions of its policies and contracts in force, its cash flow position, and the volume of cash and readily marketable securities in its portfolio.

Liquidity risk is monitored, managed and mitigated through a number of stress tests and analyses to assess Athene's ability to meet its cash flow requirements, as well as the ability of its reinsurance and insurance subsidiaries to meet their collateral obligations, under various stress scenarios. Athene further seeks to mitigate liquidity risk by maintaining access to alternative, external sources of liquidity.

Insurance Subsidiaries' Operating Liquidity

The primary cash flow sources for Athene's insurance subsidiaries include retirement services product inflows (premiums and deposits), investment income, principal repayments on its investments, net transfers from separate accounts and financial product inflows. Uses of cash include investment purchases, payments to policyholders for surrenders, withdrawals and payout benefits, interest and principal payments on funding agreements, payments to satisfy pension group annuity obligations, policy acquisition costs and general operating costs.

Athene's policyholder obligations are generally long-term in nature. However, policyholders may elect to withdraw some, or all, of their account value in amounts that exceed Athene's estimates and assumptions over the life of an annuity contract. Athene includes provisions within its annuity policies, such as surrender charges and market value adjustments ("MVA"), which are intended to protect it from early withdrawals. As of June 30, 2023 and December 31, 2022, approximately 79% and 76%, respectively, of Athene's deferred annuity liabilities were subject to penalty upon surrender. In addition, as of June 30, 2023 and December 31, 2022, approximately 62% and 60%, respectively, of policies contained MVAs that may also have the effect of limiting early withdrawals if interest rates increase, but may encourage early withdrawals by effectively subsidizing a portion of surrender charges when interest rates decrease. As of June 30, 2023, approximately 26% of Athene's net reserve liabilities were generally non-surrenderable, including buy-out pension group annuities other than those that can be withdrawn as lump sums, funding agreements and payout annuities, while 58% were subject to penalty upon surrender.

Membership in Federal Home Loan Bank

Through its membership in the FHLB, Athene is eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity. The borrowings must be secured by eligible collateral such as mortgage loans, eligible CMBS or RMBS, government or agency securities and guaranteed loans. As of June 30, 2023 and December 31, 2022, Athene had no outstanding borrowings under these arrangements.

Athene has issued funding agreements to the FHLB. These funding agreements were issued in an investment spread strategy, consistent with other investment spread operations. As of June 30, 2023 and December 31, 2022, Athene had funding agreements outstanding with the FHLB in the aggregate principal amount of $4.8 billion and $3.7 billion, respectively.

The maximum FHLB indebtedness by a member is determined by the amount of collateral pledged and cannot exceed a specified percentage of the member's total statutory assets dependent on the internal credit rating assigned to the member by the FHLB. As of June 30, 2023, the total maximum borrowing capacity under the FHLB facilities was limited to $58.8 billion. However, Athene's ability to borrow under the facilities is constrained by the availability of assets that qualify as eligible collateral under the facilities and certain other limitations. Considering these limitations, as of June 30, 2023 Athene had the ability to draw up to an estimated $6.8 billion, inclusive of borrowings then outstanding. This estimate is based on Athene's internal analysis and assumptions and may not accurately measure collateral which is ultimately acceptable to the FHLB.

Securities Repurchase Agreements

Athene engages in repurchase transactions whereby it sells fixed income securities to third parties, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase such securities at a determined future date. Athene requires that, at all times during the term of the repurchase agreements, it maintains sufficient cash or other liquid assets sufficient to allow it to fund substantially all of the repurchase price. Proceeds received from the sale of securities pursuant to these arrangements are generally invested in short-term investments or maintained in cash, with the offsetting obligation to repurchase the security included within payables for collateral on derivatives and securities to repurchase on the condensed consolidated statements of financial condition. As per the terms of the repurchase agreements, Athene monitors the market value of the securities sold and may be required to deliver additional collateral (which may be in the form of cash or additional securities) to the extent that the value of the securities sold decreases prior to the repurchase date.

As of June 30, 2023 and December 31, 2022, the payables for repurchase agreements were $6.3 billion and $4.7 billion, respectively, while the fair value of securities and collateral held by counterparties backing the repurchase agreements was $6.4 billion and $5.0 billion, respectively. As of June 30, 2023, payables for repurchase agreements were comprised of $3.4 billion of short-term and $2.9 billion of long-term repurchase agreements. As of December 31, 2022, payables for repurchase agreements were comprised of $1.9 billion of short-term and $2.9 billion of long-term repurchase agreements.

Dividends from Insurance Subsidiaries

AHL is a holding company whose primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations, debt servicing, preferred and common stock dividend payments and strategic transactions, such as acquisitions. The primary source of AHL's cash flow is dividends from its subsidiaries, which are expected to be adequate to fund cash flow requirements based on current estimates of future obligations.

The ability of AHL's insurance subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where the subsidiaries are domiciled, as well as agreements entered into with regulators. These laws and regulations require, among other things, the insurance subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations and prior notification to the appropriate regulatory agency, Athene's U.S. insurance subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile. Any distributions above the amount permitted by statute in any twelve month period are considered to be extraordinary dividends, and require the approval of the appropriate regulator prior to payment. AHL does not currently plan on having the U.S. subsidiaries pay any dividends to their parents.

Dividends from AHL's subsidiaries are projected to be the primary source of AHL's liquidity. Under the Bermuda Insurance Act, each of Athene's Bermuda insurance subsidiaries is prohibited from paying a dividend in an amount exceeding 25% of the prior year's statutory capital and surplus, unless at least two members of the board of directors of the Bermuda insurance subsidiary and its principal representative in Bermuda sign and submit to the Bermuda Monetary Authority ("BMA") an affidavit attesting that a dividend in excess of this amount would not cause the Bermuda insurance subsidiary to fail to meet its relevant margins. In certain instances, the Bermuda insurance subsidiary would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA in accordance with the Bermuda Insurance Act, and further subject to the Bermuda insurance subsidiary meeting its relevant margins, the Bermuda insurance subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of its total statutory capital. Distributions in excess of this amount require the approval of the BMA.

The maximum distribution permitted by law or contract is not necessarily indicative of the insurance subsidiaries' actual ability to pay such distributions, which may be further restricted by business and other considerations, such as the impact of such distributions on surplus, which could affect Athene's ratings or competitive position and the amount of premiums that can be written. Specifically, the level of capital needed to maintain desired financial strength ratings from rating agencies, including S&P, A.M. Best, Fitch and Moody's, is of particular concern when determining the amount of capital available for distributions. AHL believes its insurance subsidiaries have sufficient statutory capital and surplus, combined with additional capital available to be provided by AHL, to meet their financial strength ratings objectives. Finally, state insurance laws and regulations require that the statutory surplus of Athene's insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries' financial needs.

Other Sources of Funding

Athene may seek to secure additional funding at the AHL level by means other than dividends from subsidiaries, such as by drawing on the undrawn $1.25 billion AHL credit facility, drawing on the undrawn $2.6 billion AHL liquidity facility or by pursuing future issuances of debt or preference shares to third-party investors. The AHL credit facility contains various standard covenants with which Athene must comply, including maintaining a consolidated debt to capitalization ratio of not greater than 35%, maintaining a minimum consolidated net worth of no less than $14.8 billion and restrictions on the ability to incur liens, with certain exceptions. Rates and terms are as defined in the AHL credit facility. The AHL liquidity facility also contains various standard covenants with which Athene must comply, including maintaining an ALRe minimum consolidated net worth of no less than $8.8 billion and restrictions on the ability to incur liens, with certain exceptions. Rates and terms are as defined in the AHL liquidity facility.

Future Debt Obligations

Athene had long-term debt of $3.6 billion as of June 30, 2023, which includes notes with maturities in 2028, 2030, 2031, 2033, 2051 and 2052. See note 13 to the condensed consolidated financial statements for further information regarding Athene's debt arrangements.

Capital

Athene believes it has a strong capital position and is well positioned to meet policyholder and other obligations. Athene measures capital sufficiency using an internal capital model which reflects management's view on the various risks inherent to its business, the amount of capital required to support its core operating strategies and the amount of capital necessary to maintain its current ratings in a recessionary environment. The amount of capital required to support Athene's core operating strategies is determined based upon internal modeling and analysis of economic risk, as well as inputs from rating agency capital models and consideration of both NAIC RBC and Bermuda capital requirements. Capital in excess of this required amount is considered excess equity capital, which is available to deploy. As of December 31, 2022, Athene's U.S. RBC ratio was 387%, its Bermuda RBC ratio was 407% and its consolidated RBC ratio was 416%. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk.

ACRA

ACRA 1 provides Athene with access to on-demand capital to support its growth strategies and capital deployment opportunities. ACRA 1 provides a capital source to fund both Athene's inorganic and organic channels, including pension group annuity, funding agreement and retail channels.

Similar to ACRA 1, ACRA 2 was established in December 2022 as another long-duration, on-demand capital vehicle. At June 30, 2023, ACRA 2 had assumed U.S. GAAP reserves of approximately $14 billion. Effective July 1, 2023, ALRe sold 50% of its non-voting, economic interests in ACRA 2 to ADIP 2. ALRe holds all of ACRA 2's voting interests. ACRA 2 participates in certain transactions by drawing a portion of the required capital for such transactions from third-party investors equal to ADIP 2's proportionate economic interest in ACRA 2.

These strategic capital solutions allow Athene the flexibility to simultaneously deploy capital across multiple accretive avenues, while maintaining a strong financial position.

Critical Accounting Estimates and Policies

Other than as described in this Item 2, there have been no material changes to the Company's critical accounting estimates and policies from those previously disclosed in the 2022 Annual Report. The following updates and supplements the critical accounting estimates and policies in the 2022 Annual Report.

Future Policy Benefits

The future policy benefit liabilities associated with long duration contracts include term and whole-life products, accident and health, disability, and deferred and immediate annuities with life contingencies, which include pension group annuities with life contingencies. Liabilities for nonparticipating long duration contracts are established as the estimated present value of benefits Athene expects to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. For immediate annuities with life contingencies, the liability for future policy benefits is equal to the present value of future benefits and related expenses.

Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses and policyholder behavior. Athene bases certain key assumptions related to policyholder behavior on industry standard data, adjusted to align with company experience, if needed. All cash flow assumptions, apart from expense assumptions, are established at contract issuance and reviewed annually, or more frequently, if actual experience suggests a revision is necessary.

Immediate annuities with life contingencies, which include pension group annuities with life contingencies, represent the significant majority of Athene's liabilities for future policy benefits. Significant assumptions include discount rates, assumptions for policyholder longevity and policyholder utilization for contracts with deferred lives. In general, the reserve for future policy benefits will decrease when longevity decreases, resulting in remeasurement gains in the condensed consolidated statements of operations. Changes in the discount rate in periods after a cohort has closed will not impact interest expense recognition within the condensed consolidated statements of operations. However, changes in the discount rate will impact the recorded reserve on the condensed consolidated statements of financial condition, with an offsetting unrealized gain or loss recorded to other comprehensive income (loss). Athene uses a single A rate to calculate the present value of reserves related to its immediate annuities with life contingencies.

For these limited-payment contracts where premiums are due over a significantly shorter period than the period over which benefits are provided, a deferred profit liability is established to the extent that gross premium exceeds the net premium reserve and included within future policy benefits. When the net premium ratio for the corresponding future policy benefit is updated for actual experience and changes to projected cash flow assumptions, both the future policy benefit reserve and deferred profit liability are retrospectively recalculated from the contract issuance date. Also included within the liability for future policy benefits is negative VOBA that was established for blocks of insurance contracts acquired through the Mergers. Negative VOBA related to immediate annuities with life contingencies is subsequently measured on a basis generally consistent with the deferred profit liability.

The increase (decrease) to future policy benefit reserves from hypothetical changes in discount rates is summarized as follows:

(In millions)	June 30, 2023
+100 bps discount rate	$ (3,137)
–100 bps discount rate	3,644

Market Risk Benefits

Market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and exposes the insurance entity to, other-than-nominal capital market risk. Athene issues and reinsures deferred annuity contracts, which includes both traditional deferred and indexed annuities, that contain GLWB and GMDB riders. These riders meet the criteria for and are classified as market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset. At contract inception, Athene assesses the fees and assessments that are collectible from the policyholder, which include explicit rider fees and other contract fees, and allocates them to the extent they are attributable to the market risk benefit. These attributed fees are used in the valuation of the market risk benefits and are never negative or exceed total explicit fees collectible from the policyholder. Athene is also required to project the expected benefits that will be required for the riders in excess of the projected account balance. Determining the projected benefits in excess of the projected account balance requires judgment for economic and actuarial assumptions, both of which are used in determining future policyholder account growth that will drive the amount of benefits required.

Economic assumptions include interest rates and implied equity volatilities throughout the duration of the liability. For riders on indexed annuities, this also includes assumptions about projected equity returns, which impact expected index credits on the next policy anniversary date and future equity option costs. When economic assumptions lead to an increase in expected future policy growth from higher interest and index crediting during the accumulation period, the higher projected account balance at the time of rider utilization decreases the inherent value of the rider as less payments for benefits are required in excess of the account balance. All else constant, the increase in the projected account balance will, therefore, result in a decrease to the market risk benefit liability or an increase if the market risk benefit is in an asset position with remeasurement gains recorded in the condensed consolidated statements of operations.

Policyholder behavior assumptions are established using accepted actuarial valuation methods to estimate decrements to policies with riders including lapses, full and partial withdrawals (surrender rate) and mortality and the utilization of the benefit riders. Base lapse rates consider the level of surrender charges and are dynamically adjusted based on the level of current interest rates relative to the guaranteed rates and the amount by which any rider guarantees are in a net positive position. Rider utilization assumptions consider the number and timing of policyholders electing the riders. Athene tracks and updates this assumption as experience emerges. Mortality assumptions are set at the product level and are generally based on standard industry tables with adjustments for historical experience and a provision for mortality improvement. While economic assumptions impact the projected account value and the benefits paid in excess of the account value, policyholder behavior assumptions, such as surrenders, impact the expected number of policies that will elect to utilize the rider. An expected increase in decrements and decrease in rider utilization, all else constant, will result in a decrease to the market risk benefit liability or an increase in the market risk benefit asset with remeasurement gains recorded in the condensed consolidated statements of operations.

All inputs, including expected fees and assessments and economic and policyholder behavior assumptions, are used to project excess benefits and fees over a range of risk-neutral, stochastic interest rate scenarios. For riders on indexed annuities, stochastic equity return scenarios are also included within the range. The discount rate used to present value the projected cash flows is a significant assumption, with the change in risk free rates expected to drive most of the movement in discount rates between periods. A risk margin is deducted from the discount rate to reflect the uncertainty in the projected cash flows, such as variations in policyholder behavior, and a credit spread is added to reflect Athene’s risk of nonperformance. If the discount rates used were to fluctuate, there would be a resulting change in reserves for the market risk benefits recorded through the condensed consolidated statements of operations, except for the portion related to the change in nonperformance risk, which is recorded through other comprehensive income (loss).

The increase (decrease) to the net market risk benefit balance from hypothetical changes in the discount rate is summarized as follows:

(In millions)		June 30, 2023
+100 bps discount rate	$	(697)
–100 bps discount rate		875

Deferred Acquisition Costs, Deferred Sales Inducements, and Value of Business Acquired

DAC, DSI and VOBA are no longer considered critical accounting estimates as a result of the adoption of LDTI as of January 1, 2023.

Recent Accounting Pronouncements

A list of recent accounting pronouncements that are relevant to Apollo and its industries is included in note 2 to our condensed consolidated financial statements.

Contractual Obligations, Commitments and Contingencies

Fixed and determinable payments due in connection with the Company's material contractual obligations are as follows as of June 30, 2023:

	2023	2024 - 2025	2026 - 2027	2028 and Thereafter	Total
			(In millions)		
Asset Management					
Operating lease obligations[1]	$ 33	$ 154	$ 149	$ 550	$ 886
Other long-term obligations[2]	17	7	—	—	24
2022 AMH credit facility[3]	—	2	1	—	3
Debt obligations[3]	60	739	662	2,496	3,957
AOG Unit payment[4]	88	175	—	—	263
	198	1,077	812	3,046	5,133
Retirement Services					
Interest sensitive contract liabilities	8,213	38,690	36,295	101,161	184,359
Future policy benefits	1,167	5,224	5,318	38,575	50,284
Market risk benefits	—	—	—	6,020	6,020
Other policy claims and benefits	129	—	—	—	129
Dividends payable to policyholders	2	10	9	75	96
Debt[3]	77	306	306	4,592	5,281
Securities to repurchase[5]	3,510	1,394	1,941	—	6,845
	13,098	45,624	43,869	150,423	253,014
Obligations	$ 13,296	$ 46,701	$ 44,681	$ 153,469	$ 258,147

[1] Operating lease obligations excludes $222 million of other operating expenses associated with operating leases.

[2] Includes (i) payments on management service agreements related to certain assets and (ii) payments with respect to certain consulting agreements entered into by the Company. Note that a significant portion of these costs are reimbursable by funds.

[3] The obligations for debt payments include contractual maturities of principal and estimated future interest payments based on the terms of the debt agreements. See note 13 of the condensed consolidated financial statements for further discussion of these debt obligations.

[4] On December 31, 2021, each holder of AOG Units (other than those held by the Company and Athene) sold a portion of their limited partnership interests to the Company in exchange for the AOG Unit Payment. See note 17 to the condensed consolidated financial statements for more information.

[5] The obligations for securities for repurchase payments include contractual maturities of principal and estimated future interest payments based on the terms of the agreements. Future interest payments on floating rate repurchase agreements were calculated using the June 30, 2023 interest rate.

Note: Due to the fact that the timing of certain amounts to be paid cannot be determined or for other reasons discussed below, the following contractual commitments have not been presented in the table above.

(i) As noted previously, the tax receivable agreement requires us to pay to our Former Managing Partners and Contributing Partners 85% of any tax savings received by AGM and its subsidiaries from our step-up in tax basis. The tax savings achieved may not ensure that we have sufficient cash available to pay this liability and we might be required to incur additional debt to satisfy this liability.

(ii) Debt amounts related to the consolidated VIEs are not presented in the table above as the Company is not a guarantor of these non-recourse liabilities.
(iii) In connection with the Stone Tower acquisition, Apollo agreed to pay the former owners of Stone Tower a specified percentage of any future performance fees earned from certain of the Stone Tower funds, CLOs and strategic investment accounts. In connection with the acquisition of Griffin Capital's U.S. asset management business on May 3, 2022, Apollo agreed to pay the former owners certain share-based consideration contingent on specified AUM and capital raising thresholds. These contingent consideration liabilities are remeasured to fair value at each reporting period until the obligations are satisfied. See note 18 to the condensed consolidated financial statements for further information regarding the contingent consideration liabilities.
(iv) Commitments from certain of our subsidiaries to contribute to the funds we manage and certain related parties.

Atlas Securitized Products Holdings LP

In connection with the Company and CS's previously announced transaction, certain subsidiaries of Atlas acquired certain assets of the CS Securitized Products Group (the "Transaction"). Under the terms of the Transaction, Atlas has agreed to pay CS $3.3 billion, $0.4 billion of which is deferred until February 8, 2026, and $2.9 billion of which is deferred until February 8, 2028. This deferred purchase price is an obligation first of Atlas, second of AAA, third of AAM, fourth of AHL and fifth of AARe. Each of AARe and AAM has issued an assurance letter to CS for the full deferred purchase obligation amount of $3.3 billion. In exchange for the purchase price, Atlas received approximately $0.4 billion in cash and a portfolio of senior secured warehouse assets, subject to debt, with approximately $1 billion of tangible equity value. These warehouse assets are senior secured assets at industry standard loan-to-value ratios, structured to investment grade-equivalent criteria, and were approved by Atlas in connection with this Transaction. In addition, Atlas has received an investment management contract to manage certain unrelated assets on behalf of CS, providing for quarterly payments expected to total approximately $1.1 billion net to Atlas over 5 years. Finally, Atlas shall also benefit generally from the net spread earned on its assets in excess of its cost of financing. As a result, the fair value of the liability related to the Company's assurance letter is not material to the condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of incurring losses due to adverse changes in market rates and prices. Included in market risk are potential losses in value due to credit and counterparty risk, interest rate risk, currency risk, commodity price risk, equity price risk and inflation risk.

In our asset management business, our predominant exposure to market risk is related to our role as investment manager and general partner for the funds we manage and the sensitivity to movements in the fair value of their investments and resulting impact on performance fees and management fee revenues. Our direct investments in the funds we manage also expose us to market risk whereby movements in the fair values of the underlying investments will increase or decrease both net gains (losses) from investment activities and income (loss) from equity method investments.

Our retirement services business is exposed to market risk through its investment portfolio, its counterparty exposures, and its hedging and reinsurance activities. Athene's primary market risk exposures are to credit risk, interest rate risk and equity price risk.

For a discussion of our market risk exposures in general, please see "Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our 2022 Annual Report, which is accessible on the Securities and Exchange Commission's website at www.sec.gov and is incorporated by reference into this report.

There have been no material changes to market risk exposures from those previously disclosed in the Company's 2022 Annual Report other than those disclosed below.
Sensitivities

Retirement Services

Interest Rate Risk

Athene assesses interest rate exposure for financial assets and liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was an immediate parallel increase in interest rates of 100 basis points from levels as of June 30, 2023, Athene estimates a net decrease to its point-in-time income (loss) before income tax (provision) benefit from changes in the fair value of these financial instruments of $2.3 billion, net of offsets. If there was a similar parallel increase in interest rates from levels as of December 31, 2022, Athene estimates a net decrease to its point-in-time income (loss) before income tax (provision) benefit from changes in the fair value of these financial instruments of $2.1 billion, net of offsets. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include derivative instruments, embedded derivatives and certain fixed maturity securities. The sensitivity analysis excludes those financial instruments carried at fair value for which changes in fair value are recognized in equity, such as AFS fixed maturity securities.

Assuming a 25 basis point increase in interest rates persists, the estimated impact to spread related earnings over a 12-month period due to the change in net investment spread from floating rate assets and liabilities would be an increase of approximately $45 – $55 million, and a 25 basis point decrease would generally result in a similar decrease. This is calculated without regard to future changes to assumptions. Athene is unable to make forward-looking estimates regarding the impact on net income (loss) of changes in interest rates that persist for a period of time as a result of an inability to determine how such changes will affect certain of the items that Athene characterizes as "adjustments to income (loss) before income taxes" in its reconciliation between net income (loss) available to AHL common shareholder and spread related earnings. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Non-U.S. GAAP Measures" for the reconciliation of net income (loss) attributable to AGM common stockholders to adjusted net income, of which spread related earnings is a component. The impact of changing rates on these adjustments is likely to be significant. See above for a discussion regarding the estimated impact on income (loss) before income tax (provision) benefit of an immediate, parallel increase in interest rates of 100 basis points from levels as of June 30, 2023, which discussion encompasses the impact of such an increase on certain of the adjustment items.

The models used to estimate the impact of changes in market interest rates incorporate numerous assumptions, require significant estimates and assume an immediate change in interest rates without any discretionary management action to counteract such a change. Consequently, potential changes in Athene's valuations indicated by these simulations will likely be different from the actual changes experienced under any given interest rate scenarios and these differences may be material. Because Athene actively manages its assets and liabilities, the net exposure to interest rates can vary over time. However, any such decreases in the fair value of fixed maturity securities, unless related to credit concerns of the issuer requiring recognition of credit losses, would generally be realized only if Athene were required to sell such securities at losses to meet liquidity needs.

Public Equity Risk

Athene assesses public equity market risk for financial assets and liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was a decline in public equity market prices of 10% as of June 30, 2023, Athene estimates a net decrease to its pre-tax income from changes in the fair value of these financial instruments of $567 million. As of December 31, 2022, Athene estimates that a decline in public equity market prices of 10% would cause a net decrease to its pre-tax income from changes in the fair value of these financial instruments of $312 million. The increase in sensitivity to point-in-time pre-tax income from changes in the fair value of these financial instruments in the estimated outcome as of June 30, 2023, when compared to December 31, 2022, is driven by equity market performance during the year, which has resulted in more equity exposure to public equity market price declines. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include public equity investments, derivative instruments and the FIA embedded derivative.

ITEM 4. CONTROLS AND PROCEDURES

We maintain "disclosure controls and procedures", as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

No changes in our internal control over financial reporting (as such term is defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act) occurred during our most recent quarter, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See a summary of the Company's legal proceedings set forth in note 18 to our condensed consolidated financial statements, which is incorporated by reference herein.

ITEM 1A. RISK FACTORS

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in our 2022 Annual Report, which is accessible on the Securities and Exchange Commission's website at www.sec.gov. There have been no material changes to the risk factors for the three months ended June 30, 2023.

The risks described in our 2022 Annual Report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

Unregistered Sale of Equity Securities

On May 18, 2023, the Company issued 35,714 restricted shares under the 2019 Omnibus Equity Incentive Plan for Estate Planning Vehicles and 23,329 restricted shares under the 2019 Omnibus Equity Incentive Plan to certain holders of vested performance fee rights. The shares were issued in private placements in reliance on Regulation D or Section 4(a)(2) of the Securities Act.

Issuer Purchases of Equity Securities

The following table sets forth information regarding repurchases of shares of common stock during the fiscal quarter ended June 30, 2023.

Period	Total number of shares of common stock purchased[1]	Average price paid per share	Total number of shares of common stock purchased as part of publicly announced plans or programs[3]	Approximate dollar value of common stock that may yet be purchased under the plans or programs
April 1, 2023 through April 30, 2023				
Opportunistic repurchases	—		—	
Equity award-related repurchases[2]	—		—	
Total	—	$ —	—	$ 1,107,576,246
May 1, 2023 through May 31, 2023				
Opportunistic repurchases	445,815		445,815	
Equity award-related repurchases[2]	372,732		316,045	
Total	818,547	$ 63.93	761,860	$ 1,058,867,872
June 1, 2023 through June 30, 2023				
Opportunistic repurchases	631,875		631,875	
Equity award-related repurchases[2]	—		—	
Total	631,875	$ 68.31	631,875	$ 1,015,706,559
Total				
Opportunistic repurchases	1,077,690		1,077,690	
Equity award-related repurchases[2]	372,732		316,045	
Total	1,450,422		1,393,735	

[1] Certain Apollo employees receive a portion of the profit sharing proceeds of certain funds in the form of (a) restricted shares of common stock that they are required to purchase with such proceeds or (b) RSUs, in each case which equity-based awards generally vest over three years. These equity-based awards are granted under the Company's Equity Plan. To prevent dilution on account of these awards, Apollo may, in its discretion, repurchase shares of common stock on the open market and retire them. During the three months ended June 30, 2023, we repurchased 56,687 shares of common stock at an average price paid per share of $63.95 in open-market transactions not pursuant to a publicly-announced repurchase plan or program on account of these awards.

[2] Represents repurchases of shares of common stock in order to offset the dilutive impact of share issuances under the Equity Plan including reductions of shares of common stock that otherwise would have been issued to participants under the Company’s Equity Plan in order to satisfy associated tax obligations.

[3] Pursuant to a share repurchase program that was publicly announced on January 3, 2022, as amended on February 21, 2023, the Company is authorized to repurchase (i) up to an aggregate of $1.0 billion of shares of its common stock in order to opportunistically reduce its share count and (ii) up to an aggregate of $1.5 billion of shares of its common stock in order to offset the dilutive impact of share issuances under the its equity incentive plans, in each case with the timing and amount of repurchases to depend on a variety of factors including price, economic and market conditions as well as expected capital needs, evolution in Company’s capital structure, legal requirements and other factors. Under the share repurchase program, repurchases may be of outstanding shares of common stock occurring from time to time in open market transactions, in privately negotiated transactions, pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act, or otherwise, as well as through reductions of shares that otherwise would have been issued to participants under the Company’s Equity Plan in order to satisfy associated tax obligations. The share repurchase program does not obligate the Company to make any repurchases at any specific time. The program is effective until the aggregate repurchase amount that has been approved by the AGM board of directors has been expended. The program may be suspended, extended, modified or discontinued at any time.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2023, no director or officer of AGMadopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

APOLLO GLOBAL MANAGEMENT, INC.

EXHIBIT INDEX

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
2.1	Agreement and Plan of Merger, dated as of March 8, 2021, by and among Apollo Global Management, Inc., Athene Holding Ltd., Tango Holdings, Inc., Blue Merger Sub, Ltd., and Green Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to Apollo Asset Management, Inc.'s Form 8-K filed on March 8, 2021 (File No. 001-35107)).
3.1	Amended and Restated Certificate of Incorporation of Tango Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
3.2	Amendment to the Amended and Restated Certificate of Incorporation of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
3.3	Amended and Restated Bylaws of Apollo Global Management, Inc. (incorporated by reference to Exhibit 3.3 to the Registrant's Form 8-K12B filed on January 3, 2022 (File No. 001-41197)).
4.1	Certain instruments defining the rights of holders of long-term debt securities of the Registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The Registrant hereby undertakes to furnish to the Securities and Exchange Commission, upon request, copies of any such instruments.
*31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
*31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
*32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
*32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

ith.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

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, thereunto duly authorized.

		Apollo Global Management, Inc.
		(Registrant)
Date: August 7, 2023	By:	/s/ Martin Kelly
		Name: Martin Kelly
		Title: Chief Financial Officer (principal financial officer and authorized signatory)

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Marc Rowan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 of Apollo Global Management, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 7, 2023

/s/ Marc Rowan
Marc Rowan
Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Martin Kelly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 of Apollo Global Management, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 7, 2023

/s/ Martin Kelly
Martin Kelly
Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Apollo Global Management, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Marc Rowan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

/s/ Marc Rowan
Marc Rowan
Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Apollo Global Management, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Kelly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 7, 2023

/s/ Martin Kelly
Martin Kelly
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.