

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
Financial Supplement

December 31, 2006

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

	December 31, 2006	December 31, 2005
	<u> </u>	<u> </u>
Assets		
Investments:		
Fixed maturity securities:		
Available for sale, at fair value	\$ 4,177,029	\$ 4,188,683
Held for investment, at amortized cost	5,128,146	4,711,427
Equity securities, available for sale, at fair value	45,512	84,846
Mortgage loans on real estate	1,652,757	1,321,637
Derivative instruments	381,601	185,391
Policy loans	419	362
Total investments	<u>11,385,464</u>	<u>10,492,346</u>
Cash and cash equivalents	38,047	112,395
Coinsurance deposits—related party	1,841,720	1,959,663
Accrued investment income	68,323	59,584
Deferred policy acquisition costs	1,088,890	977,015
Deferred sales inducements	427,554	315,848
Deferred income tax asset	73,831	92,459
Other assets	74,392	33,484
Total assets	<u>\$ 14,998,221</u>	<u>\$ 14,042,794</u>

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

	December 31, 2006	December 31, 2005
Liabilities and Stockholders' Equity		
Liabilities:		
Policy benefit reserves	\$ 13,207,931	\$ 12,237,988
Other policy funds and contract claims	128,579	126,387
Other amounts due to related parties	45,504	27,677
Notes payable	266,383	281,043
Subordinated debentures	268,489	230,658
Amounts due under repurchase agreements	385,973	396,697
Other liabilities	<u>102,793</u>	<u>222,986</u>
Total liabilities	14,405,652	13,523,436
Stockholders' equity:		
Common stock	56,144	55,527
Additional paid-in capital	384,504	379,107
Accumulated other comprehensive loss	(38,769)	(27,306)
Retained earnings	<u>190,690</u>	<u>112,030</u>
Total stockholders' equity	<u>592,569</u>	<u>519,358</u>
Total liabilities and stockholders' equity	<u>\$ 14,998,221</u>	<u>\$ 14,042,794</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Revenues:				
Traditional life and accident and health insurance premiums	\$ 3,574	\$ 3,019	\$ 13,622	\$ 13,578
Annuity and single premium universal life product charges	10,376	6,296	39,472	25,686
Net investment income	172,799	153,707	677,638	554,118
Realized gains (losses) on investments	1,329	(1,030)	1,345	(7,635)
Change in fair value of derivatives	123,757	3,895	183,783	(18,029)
Total revenues	311,835	165,887	915,860	567,718
Benefits and expenses:				
Insurance policy benefits and change in future policy benefit	2,194	1,587	8,808	8,504
Interest credited to account balances	140,442	83,288	429,062	311,479
Change in fair value of embedded derivatives	85,689	19,706	151,057	31,087
Interest expense on notes payable	2,393	4,053	20,382	16,324
Interest expense on subordinated debentures	5,238	4,131	21,354	14,145
Interest expense on amounts due under repurchase agreements	7,603	4,455	32,931	11,280
Amortization of deferred policy acquisition costs	27,326	21,004	94,923	68,109
Other operating costs and expenses	10,780	9,370	40,418	35,896
Total benefits and expenses	281,665	147,594	798,935	496,824
Income before income taxes and minority interest	30,170	18,293	116,925	70,894
Income tax expense	10,986	7,224	41,440	25,402
Income before minority interest	19,184	11,069	75,485	45,492
Minority interest	–	–	–	2,500
Net income	\$ 19,184	\$ 11,069	\$ 75,485	\$ 42,992
Earnings per common share	\$ 0.34	\$ 0.26	\$ 1.34	\$ 1.09
Earnings per common share - assuming dilution (a)	\$ 0.32	\$ 0.24	\$ 1.27	\$ 0.99
Weighted average common shares outstanding (in thousands):				
Earnings per common share	55,889	42,053	56,243	39,333
Earnings per common share - assuming dilution	59,926	46,823	60,421	44,513

(a) The numerator for earnings per common share - assuming dilution is equal to net income plus the after tax cost of interest on convertible subordinated debentures issued to a subsidiary trust. The after tax cost of such interest was \$265 for the three months ended December 31, 2006, \$300 for the three months ended December 31, 2005, \$1,068 for the year ended December 31, 2006 and \$1,202 for the year ended December 31, 2005.

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Operating Income
Year ended December 31, 2006

	<u>As Reported</u>	<u>Realized Gain and Other Adjustments</u>	<u>FAS 133 Adjustments</u>	<u>Operating Income (a)</u>
(Dollars in thousands, except per share data)				
Revenues:				
Traditional life and accident and health insurance premiums	\$ 13,622	\$ –	\$ –	\$ 13,622
Annuity and single premium universal life product charges	39,472	–	–	39,472
Net investment income	677,638	–	–	677,638
Realized gains on investments	1,345	(1,345)	–	–
Change in fair value of derivatives	183,783	–	(149,989)	33,794
Total revenues	<u>915,860</u>	<u>(1,345)</u>	<u>(149,989)</u>	<u>764,526</u>
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	8,808	–	–	8,808
Interest credited to account balances	429,062	(215)	2,915	431,762
Change in fair value of embedded derivatives	151,057	–	(151,057)	–
Interest expense on notes payable	20,382	–	(4,841)	15,541
Interest expense on subordinated debentures	21,354	–	–	21,354
Interest expense on amounts due under repurchase agreements	32,931	–	–	32,931
Amortization of deferred policy acquisition costs	94,923	(470)	6,647	101,100
Other operating costs and expenses	40,418	–	–	40,418
Total benefits and expenses	<u>798,935</u>	<u>(685)</u>	<u>(146,336)</u>	<u>651,914</u>
Income before income taxes	116,925	(660)	(3,653)	112,612
Income tax expense	41,440	(233)	(1,929)	39,278
Net income	<u>\$ 75,485</u>	<u>\$ (427)</u>	<u>\$ (1,724)</u>	<u>\$ 73,334</u>
Earnings per common share	\$ 1.34			\$ 1.30
Earnings per common share – assuming dilution	\$ 1.27			\$ 1.23

- (a) In addition to net income, we have consistently utilized operating income, operating income per common share and operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Operating income equals net income adjusted to eliminate the impact of net realized gains and losses on investments and the impact of FAS 133, dealing with market value changes in derivatives. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income, provides information that may enhance an investor's understanding of our underlying results and profitability.

Change in fair value of derivatives:

Proceeds received at expiration or gains recognized upon early termination	\$ 216,834	\$ –	\$ 216,834
Cost of money for index annuities	(183,144)	–	(183,144)
Change in the difference between fair value and remaining option cost at beginning and end of period	150,093	(149,989)	104
	<u>\$ 183,783</u>	<u>\$ (149,989)</u>	<u>\$ 33,794</u>

Index credits included in interest credited to account balances	<u>\$219,586</u>		<u>\$ 219,586</u>
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Operating Income
Three months ended December 31, 2006

	<u>As Reported</u>	<u>Realized Gain and Other Adjustments</u>	<u>FAS 133 Adjustments</u>	<u>Operating Income (a)</u>
(Dollars in thousands, except per share data)				
Revenues:				
Traditional life and accident and health insurance premiums	\$ 3,574	\$ –	\$ –	\$ 3,574
Annuity and single premium universal life product charges	10,376	–	–	10,376
Net investment income	172,799	–	–	172,799
Realized losses on investments	1,329	(1,329)	–	–
Change in fair value of derivatives	123,757	–	(84,877)	38,880
Total revenues	<u>311,835</u>	<u>(1,329)</u>	<u>(84,877)</u>	<u>225,629</u>
Benefits and expenses:				
Insurance policy benefits and change in future policy benefits	2,194	–	–	2,194
Interest credited to account balances	140,442	(215)	249	140,476
Change in fair value of embedded derivatives	85,689	–	(85,689)	–
Interest expense on notes payable	2,393	–	1,344	3,737
Interest expense on subordinated debentures	5,238	–	–	5,238
Interest expense on amounts due under repurchase agreements	7,603	–	–	7,603
Amortization of deferred policy acquisition costs	27,326	(470)	329	27,185
Other operating costs and expenses	10,780	–	–	10,780
Total benefits and expenses	<u>281,665</u>	<u>(685)</u>	<u>(83,767)</u>	<u>197,213</u>
Income before income taxes	30,170	(644)	(1,110)	28,416
Income tax expense	10,986	(611)	(725)	9,650
Net income	<u>\$ 19,184</u>	<u>\$ (33)</u>	<u>\$ (385)</u>	<u>\$ 18,766</u>
Earnings per common share	\$ 0.34			\$ 0.34
Earnings per common share – assuming dilution	\$ 0.32			\$ 0.32

(a) In addition to net income, we have consistently utilized operating income, operating income per common share and operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Operating income equals net income adjusted to eliminate the impact of net realized gains and losses on investments, the impact of FAS 133, dealing with market value changes in derivatives and the impact of an income tax contingency liability established in the prior year. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income, provides information that may enhance an investor's understanding of our underlying results and profitability.

Change in fair value of derivatives:

Proceeds received at expiration or gains recognized upon early termination	\$ 89,904	\$ –	\$ 89,904
Cost of money for index annuities	(51,128)	–	(51,128)
Change in the difference between fair value and remaining option cost at beginning and end of period	84,981	(84,877)	104
	<u>\$ 123,757</u>	<u>\$ (84,877)</u>	<u>\$ 38,880</u>
Index credits included in interest credited to account balances	<u>\$ 90,401</u>		<u>\$ 90,401</u>

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Operating Income/Net Income
Quarterly Summary – Most Recent 5 Quarters (Unaudited)

	<u>Q4 2006</u>	<u>Q3 2006</u>	<u>Q2 2006</u>	<u>Q1 2006</u>	<u>Q4 2005</u>
	(Dollars in thousands, except per share data)				
Revenues:					
Traditional life and accident and health insurance premiums	\$ 3,574	\$ 3,313	\$ 3,211	\$ 3,524	\$ 3,019
Annuity and single premium universal life product charges	10,376	10,756	10,740	7,600	6,296
Net investment income	172,799	173,272	169,182	162,385	153,707
Change in fair value of derivatives	38,880	(5,992)	7,474	(6,568)	(12,550)
Total revenues	<u>225,629</u>	<u>181,349</u>	<u>190,607</u>	<u>166,941</u>	<u>150,472</u>
Benefits and expenses:					
Insurance policy benefits and change in future policy benefits	2,194	1,947	2,269	2,398	1,587
Interest credited to account balances	140,476	93,415	108,420	89,451	83,213
Interest expense on notes payable	3,737	3,960	3,909	3,935	4,053
Interest expense on subordinated debentures	5,238	5,796	5,402	4,918	4,131
Interest expense on amounts due under repurchase agreements	7,603	10,997	8,532	5,799	4,455
Amortization of deferred policy acquisition costs	27,185	26,635	24,473	22,807	20,734
Other operating costs and expenses	10,780	9,527	9,931	10,180	9,370
Total benefits and expenses	<u>197,213</u>	<u>152,277</u>	<u>162,936</u>	<u>139,488</u>	<u>127,543</u>
Operating income before income taxes	28,416	29,072	27,671	27,453	22,929
Income tax expense	<u>9,650</u>	<u>10,193</u>	<u>9,720</u>	<u>9,715</u>	<u>8,290</u>
Operating income (a)	18,766	18,879	17,951	17,738	14,639
Realized gains (losses) on investments, net of offsets	417	(177)	214	(27)	(348)
Net effect of FIN 46 and income tax contingency	(384)	384	–	–	(905)
Net effect of FAS 133	<u>385</u>	<u>(9,669)</u>	<u>24,746</u>	<u>(13,738)</u>	<u>(2,317)</u>
Net income	<u>\$ 19,184</u>	<u>\$ 9,417</u>	<u>\$ 42,911</u>	<u>\$ 3,973</u>	<u>\$ 11,069</u>
Operating income per common share (a)	\$ 0.34	\$ 0.34	\$ 0.32	\$ 0.32	\$ 0.35
Operating income per common share – assuming dilution (a)	\$ 0.32	\$ 0.32	\$ 0.30	\$ 0.30	\$ 0.32
Earnings per common share	\$ 0.34	\$ 0.17	\$ 0.77	\$ 0.07	\$ 0.26
Earnings per common share – assuming dilution	\$ 0.32	\$ 0.16	\$ 0.71	\$ 0.07	\$ 0.24
Weighted average common shares outstanding (in thousands):					
Earnings per common share	55,889	55,684	55,644	55,554	42,053
Earnings per common share - assuming dilution	59,926	60,314	60,655	60,799	46,823

- (a) In addition to net income, we have consistently utilized operating income, operating income per common share and operating income per common share - assuming dilution, non-GAAP financial measures commonly used in the life insurance industry, as economic measures to evaluate our financial performance. Operating income equals net income adjusted to eliminate the impact of net realized gains and losses on investments, the impact of FAS 133, dealing with market value changes in derivatives, the impact of an income tax contingency liability, and the impact of FIN 46, dealing with the consolidation of variable interest entities. Because these items fluctuate from quarter to quarter in a manner unrelated to core operations, we believe measures excluding their impact are useful in analyzing operating trends. We believe the combined presentation and evaluation of operating income together with net income, provides information that may enhance an investor's understanding of our underlying results and profitability.

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Capitalization/ Book Value per Share

	<u>December 31,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
	(Dollars in thousands, except per share data)	
Capitalization:		
Notes payable	\$ 266,383	\$ 281,043
Subordinated debentures payable to subsidiary trusts	<u>268,489</u>	<u>230,658</u>
Total debt	534,872	511,701
Total stockholders' equity	<u>592,569</u>	<u>519,358</u>
Total capitalization	1,127,441	1,031,059
Accumulated other comprehensive loss (AOCL)	<u>38,769</u>	<u>27,306</u>
Total capitalization excluding AOCL (a)	<u>\$ 1,166,210</u>	<u>\$ 1,058,365</u>
Total stockholders' equity	\$ 592,569	\$ 519,358
Accumulated other comprehensive loss	<u>38,769</u>	<u>27,306</u>
Total stockholders' equity excluding AOCL (a)	<u>\$ 631,338</u>	<u>\$ 546,664</u>
Common shares outstanding	56,144,074	55,527,180
Book Value per Share: (b)		
Book value per share including AOCL	\$ 10.55	\$ 9.35
Book value per share excluding AOCL (a)	\$ 11.25	\$ 9.84
Debt-to-Capital Ratios: (c)		
Senior debt / Total capitalization	22.8%	26.6%
Adjusted debt / Total capitalization	31.4%	33.7%

- (a) Total capitalization, total stockholders' equity and book value per share excluding AOCL, non-GAAP financial measures, are based on stockholders' equity excluding the effect of accumulated other comprehensive loss. Since AOCL fluctuates from quarter to quarter due to unrealized changes in the fair market value of available for sale investments caused principally by changes in market interest rates, we believe these non-GAAP financial measures provide useful supplemental information.
- (b) Book value per share including and excluding AOCL is calculated as total stockholders' equity and total stockholders' equity excluding AOCL divided by the total number of shares of common stock outstanding.
- (c) Debt-to-capital ratios are computed using total capitalization excluding AOCL. Adjusted debt includes notes payable and the portion of the total subordinated debentures payable to subsidiary trusts outstanding (qualifying trust preferred securities) that exceeds 15% of total capitalization including AOCL.

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Annuity Deposits by Product Type

<u>Product Type</u>	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	(Dollars in thousands)			
Index Annuities:				
Index Strategies	\$ 245,915	\$ 463,367	\$ 1,160,467	\$ 1,780,092
Fixed Strategy	159,845	223,579	626,791	908,868
	<u>405,760</u>	<u>686,946</u>	<u>1,787,258</u>	<u>2,688,960</u>
Fixed Rate Annuities:				
Single-Year Rate Guaranteed	14,135	28,929	76,164	193,288
Multi-Year Rate Guaranteed	1,811	2,087	6,544	12,807
	<u>15,946</u>	<u>31,016</u>	<u>82,708</u>	<u>206,095</u>
Total before coinsurance ceded	421,706	717,962	1,869,966	2,895,055
Coinsurance ceded	<u>535</u>	<u>633</u>	<u>2,859</u>	<u>4,688</u>
Net after coinsurance ceded	<u>\$ 421,171</u>	<u>\$ 717,329</u>	<u>\$ 1,867,107</u>	<u>\$ 2,890,367</u>

Surrender Charge Protection and Fund Values by Product Type

Annuity Surrender Charges and Net (of coinsurance) Fund Values at December 31, 2006

<u>Product Type</u>	<u>Surrender Charge</u>			<u>Net Fund Value</u>	
	<u>Avg. Years At Issue</u>	<u>Avg. Years Remaining</u>	<u>Avg. % Remaining</u>	<u>Dollars in Thousands</u>	<u>%</u>
Index Annuities	13.8	11.4	14.8%	\$ 8,764,286	79.4%
Single-Year Fixed Rate Guaranteed Annuities	10.6	6.0	9.1%	1,660,484	15.0%
Multi-Year Fixed Rate Guaranteed Annuities	6.8	3.2	5.9%	<u>616,069</u>	<u>5.6%</u>
Total	12.9	10.1	13.4%	<u>\$11,040,839</u>	<u>100.0%</u>

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Annuity Liability Characteristics

	Fixed Annuities Account Value	Index Annuities Account Value
	(Dollars in thousands)	
<u>SURRENDER CHARGE PERCENTAGES (1):</u>		
No surrender charge	\$ 220,628	\$ 66,507
1.0% < 2.0%	17,420	1,556
2.0% < 3.0%	46,953	6,879
3.0% < 4.0%	17,783	17,439
4.0% < 5.0%	117,745	42,209
5.0% < 6.0%	52,187	48,902
6.0% < 7.0%	192,602	187,058
7.0% < 8.0%	219,751	275,308
8.0% < 9.0%	259,549	522,310
9.0% < 10.0%	402,105	541,389
10.0% or greater	729,830	7,054,729
	<u>\$ 2,276,553</u>	<u>\$ 8,764,286</u>

	Fixed and Index Annuities Account Value	Weighted Average Surrender Charge
	(Dollars in thousands)	
<u>SURRENDER CHARGE EXPIRATION BY YEAR</u>		
Out of Surrender Charge	\$ 287,135	0.00%
2007	121,166	4.03%
2008	129,786	5.30%
2009	402,896	7.48%
2010	463,561	7.18%
2011	432,136	7.64%
2012	643,500	8.27%
2013	731,815	8.90%
2014	684,158	10.40%
2015	603,138	12.33%
2016	776,803	13.47%
2017	955,226	14.05%
2018	739,416	14.93%
2019	247,924	15.22%
2020	611,208	16.03%
2021	682,727	17.44%
2022	1,317,731	19.33%
2023	1,210,513	20.00%
	<u>\$ 11,040,839</u>	<u>13.34%</u>

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Annuity Liability Characteristics

	<u>Fixed Annuities Account Value</u>	<u>Index Annuities Account Value</u>
	(Dollars in thousands)	
<u>APPLICABLE GUARANTEE PERIOD:</u>		
Annual reset (2)	\$ 1,886,687	\$ 8,631,669
Multi-year (3 - 5 years)	389,866	132,617
	<u>\$ 2,276,553</u>	<u>\$ 8,764,286</u>
 <u>ULTIMATE MINIMUM GUARANTEE RATE (3):</u>		
2.00%	–	\$ 8,767
2.20%	20,190	87,169
2.25% (3)	255,395	2,765,109
3.00%	1,897,336	4,350,982
3.50% (4)	–	1,552,259
4.00%	103,632	–
	<u>\$ 2,276,553</u>	<u>\$ 8,764,286</u>
 <u>CREDITED RATE (INCLUDING BONUS INTEREST) VS. ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL (5) (6)</u>		
No differential	\$ 95,433	\$ –
> 0.0% - 0.5%	1,450,288	930,112
> 0.5% - 1.0%	300,751	1,355,127
> 1.0% - 1.5%	174,687	124,741
> 1.5% - 2.0%	42,781	291
> 2.0% - 2.5%	84,556	1,190
> 2.5% - 3.0%	67,571	3,541
Greater than 3.0%	60,486	–
Index strategies	–	6,349,284
	<u>\$ 2,276,553</u>	<u>\$ 8,764,286</u>

- (1) In addition, \$1,437,841 (63%) of the Fixed Annuities Account Value have market value adjustment protection.
- (2) The contract features for substantially all of the Index Annuities Account Value provide for the annual reset of contractual features that effect the cost of money. The contract features for less than .5% of the Index Annuities Account Value are reset every two years.
- (3) Products have a guarantee of 2.25% for the first 10 years, & 3.00% thereafter.
- (4) Rates applicable to the minimum guaranteed surrender value are 3.50% for the first 5 years, & 3.00% thereafter (applied to less than 100% of the annuity deposits received). Minimum guaranteed rates for amounts allocated to the fixed rate strategy are 2.25% for the first 10 years, and 3.00% thereafter.
- (5) Recent issues may contain bonus interest rates ranging from 1.0% to 3.0%.
- (6) Includes products with multi-year guarantees for which the credited rate cannot be decreased to the ultimate minimum guaranteed rate until the end of the multi-year period. The weighted average differential between the current credited rate and the ultimate minimum guaranteed rate on the multi-year guarantee fixed annuity account values was approximately 179 basis points.

Spread Results

AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY
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	Year Ended December 31,	
	2006	2005
Average yield on invested assets	6.14%	6.18%
Cost of Money		
Aggregate	3.41%	3.70%
Average net cost of money for index annuities	3.28%	3.38%
Average crediting rate for fixed rate annuities:		
Annually adjustable	3.25%	3.32%
Multi-year rate guaranteed	4.81%	5.56%
Investment spread:		
Aggregate	2.73%	2.48%
Index annuities	2.86%	2.80%
Fixed rate annuities:		
Annually adjustable	2.89%	2.86%
Multi-year rate guaranteed	1.33%	0.62%

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Summary of Invested Assets

	<u>December 31,</u> <u>2006</u>		<u>December 31,</u> <u>2005</u>	
	<u>Carrying</u> <u>Amount</u>	<u>Percent</u>	<u>Carrying</u> <u>Amount</u>	<u>Percent</u>
	(Dollars in thousands)			
Fixed maturity securities:				
United States Government full faith and credit	\$ 2,746	–	\$ 2,774	–
United States Government sponsored agencies	7,966,485	70.0%	7,445,474	71.0%
Public utilities	137,461	1.2%	133,346	1.3%
Corporate securities	643,850	5.6%	674,230	6.4%
Redeemable preferred stocks	135,933	1.2%	46,896	0.4%
Mortgage and asset-backed securities:				
Government	67,883	0.6%	220,379	2.1%
Non-Government	350,817	3.1%	377,011	3.6%
Total fixed maturity securities	9,305,175	81.7%	8,900,110	84.8%
Equity securities	45,512	0.4%	84,846	0.8%
Mortgage loans on real estate	1,652,757	14.5%	1,321,637	12.6%
Derivative instruments	381,601	3.4%	185,391	1.8%
Policy loans	419	–	362	–
Total investments	<u>\$ 11,385,464</u>	<u>100.0%</u>	<u>\$ 10,492,346</u>	<u>100.0%</u>

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Credit Quality of Fixed Maturity Securities

NAIC Designation	Rating Agency Equivalent	December 31, 2006		December 31, 2005	
		Carrying Amount	Percent	Carrying Amount	Percent
(Dollars in thousands)					
1	Aaa/Aa/A	\$ 8,643,440	92.9%	\$ 8,368,330	94.0%
2	Baa	556,218	6.0%	416,614	4.7%
3	Ba	88,896	0.9%	93,335	1.0%
4	B	12,022	0.1%	3,396	0.1%
5	Caa and lower	–	–	11,719	0.1%
6	In or near default	4,599	0.1%	6,716	0.1%
	Total fixed maturity securities	<u>\$ 9,305,175</u>	<u>100.0%</u>	<u>\$ 8,900,110</u>	<u>100.0%</u>

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Mortgage Loans by Region and Property Type

	December 31, 2006		December 31, 2005	
	Carrying Amount	Percent	Carrying Amount	Percent
	(Dollars in thousands)			
Geographic distribution				
East	\$ 364,977	22.1%	\$ 283,085	21.4%
Middle Atlantic	115,930	7.0%	93,579	7.1%
Mountain	267,808	16.2%	198,476	15.0%
New England	43,228	2.6%	47,839	3.6%
Pacific	132,085	8.0%	117,977	8.9%
South Atlantic	299,373	18.1%	213,423	16.1%
West North Central	290,592	17.6%	258,181	19.6%
West South Central	138,764	8.4%	109,077	8.3%
Total mortgage loans	<u>\$ 1,652,757</u>	<u>100.0%</u>	<u>\$ 1,321,637</u>	<u>100.0%</u>
Property type distribution				
Office	\$ 508,093	30.7%	\$ 384,606	29.1%
Medical Office	78,147	4.7%	75,716	5.7%
Retail	389,534	23.6%	285,715	21.6%
Industrial/Warehouse	381,248	23.1%	346,461	26.2%
Hotel	71,510	4.3%	52,274	4.0%
Apartments	91,190	5.5%	68,795	5.2%
Mixed use/other	133,035	8.1%	108,070	8.2%
Total mortgage loans	<u>\$ 1,652,757</u>	<u>100.0%</u>	<u>\$ 1,321,637</u>	<u>100.0%</u>

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Shareholder Information

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Common Stock and Dividend Information:

New York Stock Exchange symbol: "AEL"

	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Dividend Declared</u>
2006				
First Quarter	\$14.34	\$12.76	\$14.34	\$0.00
Second Quarter	\$14.60	\$10.66	\$10.66	\$0.00
Third Quarter	\$12.55	\$10.07	\$12.27	\$0.00
Fourth Quarter	\$13.44	\$11.90	\$13.03	\$0.05
2005				
First Quarter	\$12.92	\$10.14	\$12.79	\$0.00
Second Quarter	\$12.79	\$10.08	\$11.88	\$0.00
Third Quarter	\$11.96	\$10.41	\$11.35	\$0.00
Fourth Quarter	\$13.06	\$10.83	\$13.05	\$0.04
2004				
First Quarter	\$13.15	\$10.05	\$12.85	\$0.00
Second Quarter	\$13.10	\$ 9.75	\$ 9.95	\$0.00
Third Quarter	\$10.22	\$ 8.79	\$ 9.49	\$0.00
Fourth Quarter	\$11.00	\$ 9.41	\$10.77	\$0.02

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Annual Report and Other Information:

Shareholders may receive when available, without charge, a copy of American Equity's Annual Report, SEC filings and/or press releases by calling Julie L. LaFollette, Investor Relations, at (515) 273-3602 or by visiting our web site at www.american-equity.com.

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