

**CHARTER OF THE AUDIT  
AND RISK MANAGEMENT COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
AMERICAN EQUITY INVESTMENT LIFE HOLDING COMPANY**

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**I. PURPOSE OF THE COMMITTEE**

The purpose of the Audit and Risk Management Committee (the "Committee") of the Board of Directors (the "Board") of American Equity Investment Life Holding Company (the "Corporation") is to (a) assist the Board's oversight of (i) the integrity of the Corporation's financial statements, (ii) the Corporation's compliance with legal and regulatory requirements as they pertain to the financial statements and annual audit process, (iii) the Corporation's independent auditors' qualifications and independence, (iv) the performance of the Corporation's independent auditors and the Corporation's internal audit function, (v) the Corporation's risk management governance structure, (vi) the Corporation's risk management taxonomy and risk assessment guidelines for the identification and review of those risks that could have a material impact on the Corporation and (vii) the Corporation's risk appetite, and (b) prepare the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the "SEC") for inclusion in the Corporation's annual proxy statement.

The Corporation will provide appropriate funding for the Committee consistent with SEC Rule 10A-3.

**II. COMPOSITION OF THE COMMITTEE**

The Committee shall consist of three (3) or more directors as determined from time to time by the Board. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange (the "NYSE"), SEC Rule 10A-3, the categorical standards for director independence, and any additional requirements that the Board deems appropriate.

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Corporation's annual proxy statement.

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by majority vote of the Board. No member of the Committee shall be removed except by majority vote of the Board.

Each member of the Committee must be financially literate; as such qualification is interpreted by the Board in its business judgment or must become financially literate within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee must be designated by the Board to be the "audit committee financial expert," as defined by the SEC pursuant to the Sarbanes-Oxley Act of 2002 (the "Act").

### **III. MEETINGS OF THE COMMITTEE**

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee should meet separately on a periodic basis with (i) management, (ii) the firm engaged to execute or individual employed to lead the internal audit function and (iii) the Corporation's independent auditors, in each case to discuss any matters that the Committee or any of the above persons or firms believe warrant Committee attention.

A majority of the members of the Committee present, in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings.

### **IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

The Committee shall have the following duties and responsibilities and in carrying out these duties and responsibilities the Committee shall:

#### ***Selection, Evaluation and Oversight of the Auditors***

(a) Appoint, evaluate, compensate, retain and oversee the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Corporation's Annual Report on Form 10-K is referred to herein as the "independent auditors");

(b) Review and, in its sole discretion, approve in advance the Corporation's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the Act and the SEC rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Corporation and such independent auditors (which approval should be made after receiving input from the Corporation's management, if desired).

(c) Review the independent auditors' annual letter pursuant to Independence Standards Board Statement No. 1, Independence Discussions with Audit Committees, outlining all relationships that may impact their independence;

(d) Obtain at least annually from the Corporation's independent auditors and review a report describing:

- (i) the independent auditors' internal quality-control procedures;
- (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and
- (iii) all relationships between the independent auditors and the Corporation (including a description of each category of services provided by the independent auditors to the Corporation and a list of the fees billed for each such category);

(e) Review and evaluate the qualifications, independence and performance of the Corporation's independent auditors, including the lead partner and reviewing partner of the independent auditors; and

The Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner and the reviewing partner of the independent auditors, and its views on whether there should be a regular rotation of the independent auditors, to the Board.

#### ***Oversight of Annual Audit and Quarterly Reviews***

(f) Review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;

(g) Review with management, the Corporation's independent auditors and, if appropriate, firm engaged to execute or individual employed to lead the Corporation's internal audit function, the following:

- (i) the Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any major issues related thereto;
- (ii) major issues regarding accounting principles and financial statements presentations, including any significant changes in the Corporation's selection or application of accounting principles;

- (iii) any analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles methods on the Corporation's financial statements; and
- (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation;
- (h) Oversee the resolution of any disagreements between the Corporation's independent auditors and management regarding accounting matters or financial reporting; and
- (i) Review on a regular basis with the Corporation's independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

***Oversight of the Financial Reporting Process, Risk Management and Internal Controls***

- (j) Review the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures on a regular basis, through inquiry and discussions with the Corporation's independent auditors, firm engaged to execute or individual employed to lead the Corporations' internal audit function, and management;
- (k) Review and oversee management's risk appetite policy, risk oversight and mitigation reports, reports relating to the Corporation's risk management governance structure, risk management and risk assessment guidelines and policies regarding operational, financial, capital, credit, regulatory, reinsurance, reputational risks and other risks that could have material impact on the Corporation;
- (l) Review management's material risk reporting to federal, state and other regulators including the "Own Risk and Solvency Assessment Summary Report," as necessary to fulfill the Committee's duties and responsibilities;
- (m) Review with management the Corporation's administrative, operational and accounting internal controls, including any special audit steps adopted in light of the discovery of material control deficiencies; and
- (n) Receive periodic reports from the Corporation's independent auditors, management and the firm engaged to execute or individual employed to lead the Corporation's internal audit function to assess the impact on the Corporation of significant accounting or financial reporting developments that may have a bearing on the Corporation.

### ***Oversight of the Internal Auditor Function***

(o) Appoint, evaluate, compensate, retain, and oversee the work of the firm engaged to execute Corporation's internal audit function (the "internal audit firm") or, to the extent the Corporation (or an affiliate) has employed an individual to lead a team to execute Corporation's the internal audit function, oversee and advise on the appointment, evaluation, retention, and evaluation of such employee and, through such employee as it determines appropriate, such team (in either case, the "internal audit function"); the head of the internal audit function will report functionally to the Audit and Risk Committee and administratively (i.e., day to day operations) to the Chief Executive Officer;

(p) Review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, make recommendations to the Corporation's chief executive officer regarding the assignment of additional internal audit projects to the Corporation's internal audit function;

(q) In the case of the Corporation's retention of an internal audit firm:

(i) review and, in its sole discretion, approve in advance the Corporation's independent auditor firm engagement letter, including the proposed fees contained therein, as well as all engagements and relationships between the Corporation and such internal audit firm (which approval should be made after receiving input from the Corporation's management, if desired).

(ii) Review and evaluate the qualifications, independence and performance of the Corporation's internal audit firm, including the lead individual of the internal auditor firm;

(r) The Committee should present its conclusions with respect to the above matters to the Board.

### ***Miscellaneous***

(s) Review the type and presentation of information to be included in the Corporation's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance provided by the Corporation to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Corporation may provide earnings guidance);

(t) Establish clear hiring policies by the Corporation for employees or former employees of the Corporation's independent auditors;

(u) Prepare the report required by the rules of the SEC to be included in the Corporation's annual proxy statement and such other reports as may from time to time be necessary or appropriate;

(v) Establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(w) Secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining, at the Corporation's expense, with or without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities;

(x) Report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors, or the performance of the internal audit function; and

(y) Perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

## **V. EVALUATION OF THE COMMITTEE**

The Committee shall, on an annual basis, evaluate its performance. The evaluation may address any matters that the Committee considers relevant to its performance, and shall be conducted in such manner as the Committee deems appropriate.

## **VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS**

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary.