



# An Overview of AIG

A Leading Provider of Property & Casualty Insurance, Life Insurance and Retirement Solutions

December 2020

# Cautionary Statement Regarding Forward-Looking Information, Comment on Regulation G and Other Information

This document and the remarks made within this presentation may include, and officers and representatives of American International Group, Inc. (AIG) may from time to time make and discuss, projections, goals, assumptions and statements that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These projections, goals, assumptions and statements are not historical facts but instead represent only a belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG’s control. These projections, goals, assumptions and statements include statements preceded by, followed by or including words such as “will,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “focused on achieving,” “view,” “target,” “goal” or “estimate.” These projections, goals, assumptions and statements may relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, the effect of catastrophes and macroeconomic events, such as the COVID-19 crisis, anticipated dispositions, monetization and/or acquisitions of businesses or assets, or successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results. It is possible that AIG’s actual results and financial condition will differ, possibly materially, from the results and financial condition indicated in these projections, goals, assumptions and statements. Factors that could cause AIG’s actual results to differ, possibly materially, from those in the specific projections, goals, assumptions and statements include: the adverse impact of COVID-19, including with respect to AIG’s business, financial condition and results of operations; changes in market and industry conditions, including the significant global economic downturn, general market declines, prolonged economic recovery and disruptions to AIG’s operations driven by COVID-19 and responses thereto, including new or changed governmental policy and regulatory actions; the occurrence of catastrophic events, both natural and man-made, including COVID-19, pandemics, civil unrest and the effects of climate change; AIG’s ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses, including any separation of the Life and Retirement business from AIG and the impact any separation may have on AIG, its businesses, employees, contracts and customers; AIG’s ability to effectively execute on AIG 200 operational programs designed to achieve underwriting excellence, modernization of AIG’s operating infrastructure, enhanced user and customer experiences and unification of AIG; the impact of potential information technology, cybersecurity or data security breaches, including as a result of cyber-attacks or security vulnerabilities, the likelihood of which may increase due to extended remote business operations as a result of COVID-19; disruptions in the availability of AIG’s electronic data systems or those of third parties; the effectiveness of our risk management policies and procedures, including with respect to our business continuity and disaster recovery plans; changes in judgments concerning potential cost-saving opportunities; concentrations in AIG’s investment portfolios; changes to the valuation of AIG’s investments; actions by credit rating agencies; changes in judgments concerning insurance underwriting and insurance liabilities; the effectiveness of strategies to recruit and retain key personnel and to implement effective succession plans; the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject; significant legal, regulatory or governmental proceedings; AIG’s ability to successfully manage Legacy Portfolios; changes in judgments concerning the recognition of deferred tax assets and the impairment of goodwill; and such other factors discussed in Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Part II, Item 1A. Risk Factors in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020, Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, Part I, Item 2. MD&A in AIG’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, and Part I, Item 1A. Risk Factors and Part II, Item 7. MD&A in AIG’s Annual Report on Form 10-K for the year ended December 31, 2019.

On October 26, 2020, AIG announced its intention to separate the Life and Retirement business from AIG. This document and the remarks made within this presentation are not an offer to sell, or a solicitation of an offer to buy any securities.

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projections, goals, assumptions or other statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

This document and the remarks made orally may also contain certain financial measure not calculated in accordance with generally accepted accounting principles (non-GAAP). The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the earnings release and Third Quarter 2020 Financial Supplement available in the Investor Information section of AIG’s corporate website, [www.aig.com](http://www.aig.com), as well as in the Appendix to this presentation.

Note: Amounts presented may not foot due to rounding.

# AIG is Focused on Building Long-Term Value for Shareholders by Elevating Our Market-Leading Businesses



## World-Class Insurance Franchises

that are among the leaders in their geographies and segmentations, providing differentiated service and expertise.

## Breadth of Loyal Customers

including millions of clients and policyholders ranging from multi-national Fortune 500 companies to individuals throughout the world.

## Broad and Long-Standing Distribution Relationships

with brokers, agents, advisors, banks and other distributors across all lines of business.

## Highly-Engaged Global Workforce

of approximately 46,000 employees in more than 80 countries and jurisdictions.

## Balance Sheet Quality and Strength

as demonstrated by over \$64B in shareholders' equity and AIG Parent liquidity of \$10.7B as of September 30, 2020<sup>1</sup>.

1) In addition, AIG has access to an additional \$4.5 billion in liquidity sources available through its undrawn credit facility.

# AIG Core Businesses Comprised of Two World Class Franchises



## About AIG

*As a leading global insurer with property and casualty, accident & health, life insurance and annuities, we help businesses and individuals around the world protect their assets, manage risks, and provide for retirement security.*

## Adjusted After-tax Income Attributable to AIG Common Shareholders\*

**FY2019 of \$4.1B (\$4.59/diluted share)**

**9M'20 of \$1.4B (\$1.58/diluted share)**

## Balance Sheet Strength (\$B)

**9/30/2020**

Total Assets	\$577
Total Investments	\$356
General Insurance Reserves (excludes Legacy) <sup>1</sup>	\$71
Life and Retirement Insurance Reserves & Mutual Fund Assets (excludes Legacy)	\$293
Adjusted common shareholders' equity*	\$49

\* Refers to financial measure not calculated in accordance with generally accepted accounting principles (Non-GAAP); definitions and abbreviations of Non-GAAP measures and reconciliations to their closest GAAP measures can be found in this presentation under the heading Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations.

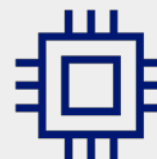
1) Represents gross liability for unpaid losses and loss adjustment expenses.

2) On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG.

3) Aligns to 2019 10-K business segment reporting; not based on legal entities.

4) The graph represents Adjusted revenues excluding revenues from our Legacy Portfolio operations of \$3B and consolidation and eliminations of (\$0.7B). Refer to page 191 of the 2019 10-K for reconciliation to total revenues.

## Core Businesses

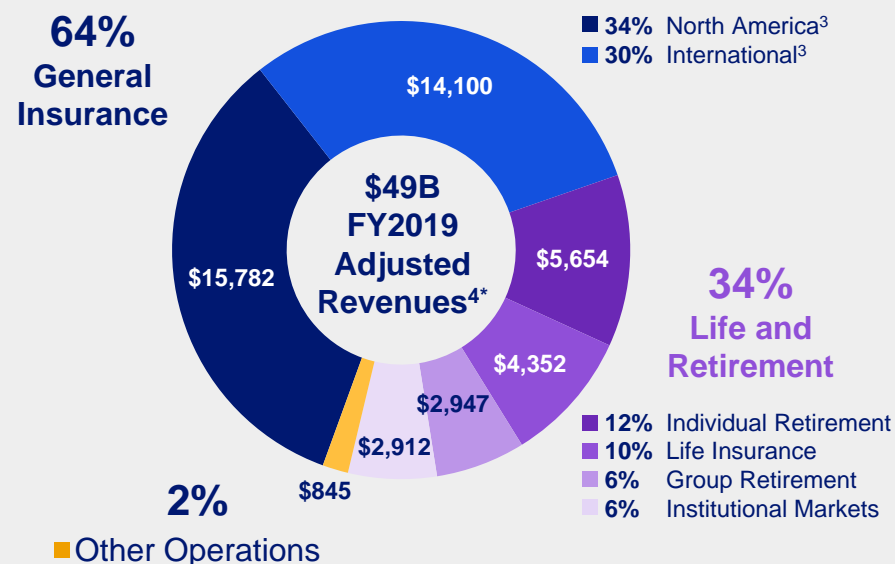


**General Insurance** is a leading global provider of insurance products and services for commercial and personal insurance customers.



**Life and Retirement** brings together a broad portfolio of life insurance, retirement and institutional products offered through an extensive, multichannel distribution network.<sup>2</sup>

## Diversified Revenue Mix (\$M)



# General Insurance: Offering a Breadth of Products and Services to Clients Through a Global Franchise and Distribution Network



## Commercial Clients

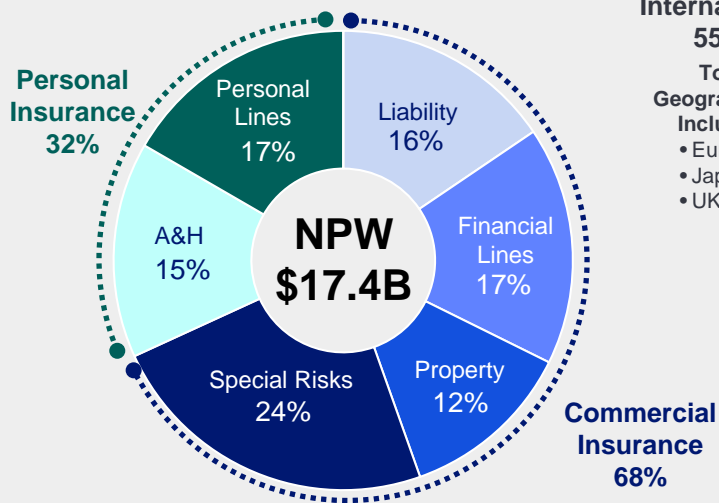
- Liability
- Financial Lines
- Property
- Special Risks
- Reinsurance

## Personal Customers

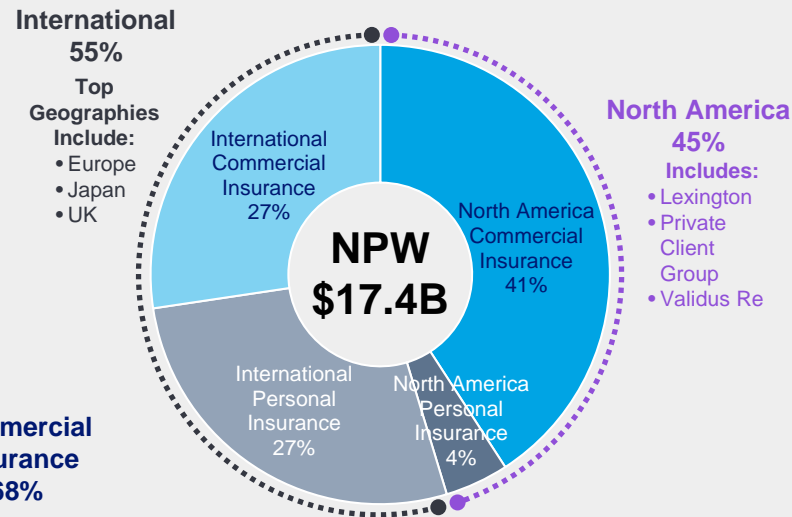
- Accident & Health
- Private Client Group serving High Net Worth clients
- Personal Auto (including Japanese Personal Auto)
- Personal Property
- Travel
- Warranty



9M'20 NPW by Business Segment<sup>1</sup>



9M'20 NPW by Geography<sup>1,2</sup>



Distribution Channels



**Liability:** Products include general liability, environmental, commercial automobile liability, workers' compensation, excess casualty and crisis management insurance products. Casualty also includes risk-sharing and other customized structured programs for large corporate and multinational customers.

**Financial Lines:** Products include professional liability insurance for a range of businesses and risks, including directors & officers (D&O), mergers and acquisitions, fidelity, employment practices, fiduciary liability, cyber risk, kidnap and ransom, and errors and omissions insurance.

**Special Risks:** Products include aerospace, political risk, trade credit, portfolio solutions, energy-related property insurance products, surety, marine and crop insurance.

1) The results of AIG's assumed reinsurance business, which principally includes Validus Re, are included in the North America segment and Special Risks business segment in the charts above.

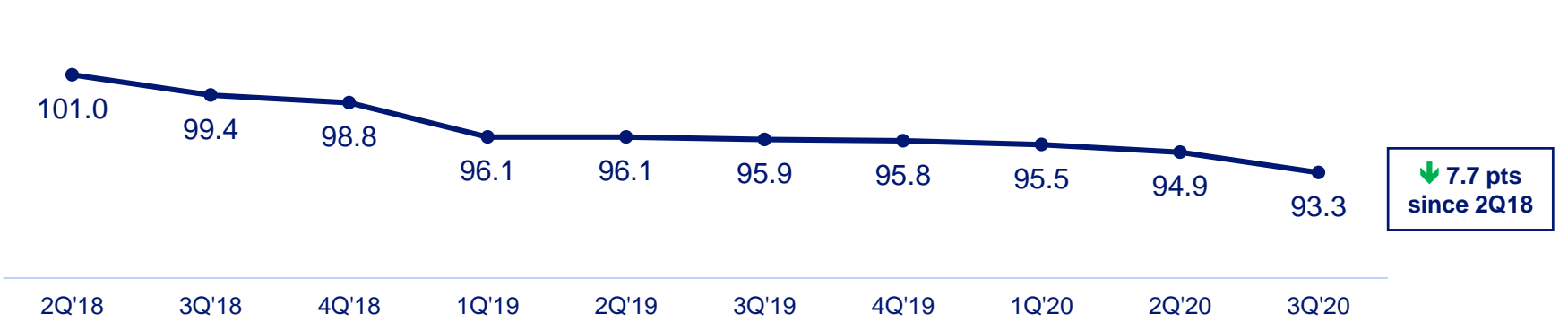
2) Aligns to 3Q20 10-Q business segment reporting; not based on legal entities.

# General Insurance: Improved Accident Year Results through Underwriting Excellence, Revised Risk Appetite and Reduced Risk and Volatility

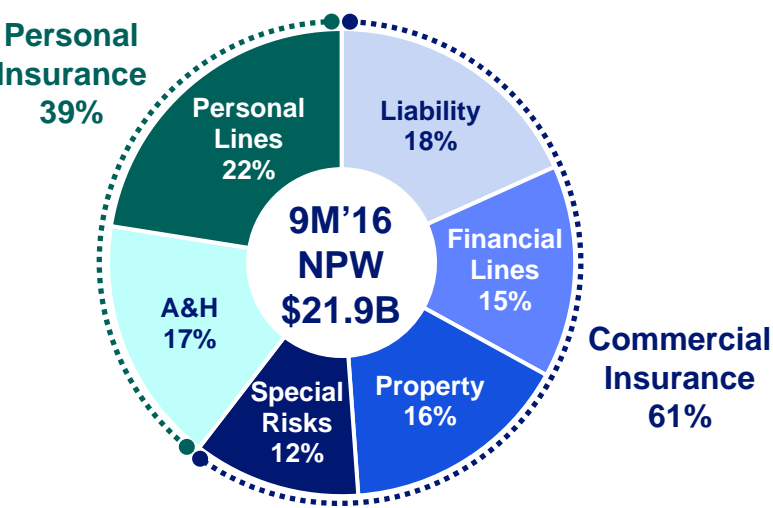


The General Insurance accident year combined ratio, as adjusted, improved for the ninth consecutive quarter reflecting a higher-quality book of business driven by better business mix and portfolio management actions

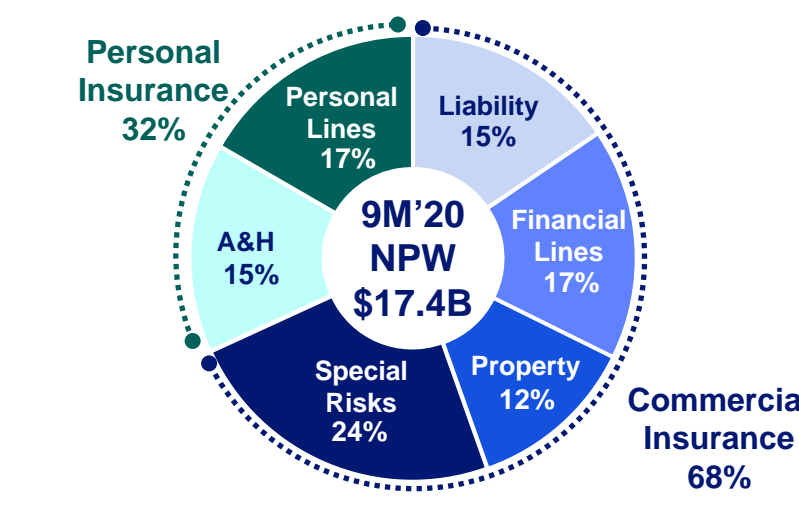
## Accident Year Combined Ratio, As Adjusted, Trend Since 2Q18



## 9M'16 Net Premiums Written



## 9M'20 Net Premiums Written<sup>1</sup>



1) The results of AIG's assumed reinsurance business, which principally includes Validus Re, are included in the North America segment and Special Risks business segment in the charts above. In May 2020 AIG formed Syndicate 2019, a Lloyd's syndicate managed by Talbot, and set up a series of quota share arrangements to reinsure risks related to AIG's Private Client Group, a recognized market leader in the High Net Worth market; the impact of the changes are reflected in North America Personal Lines.

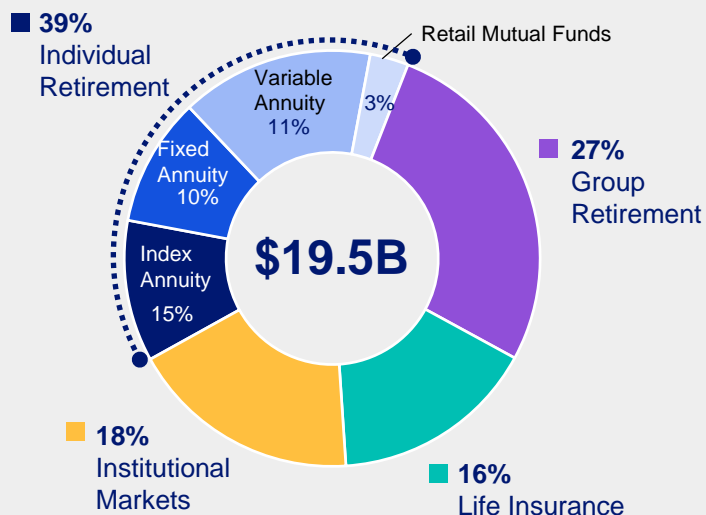


# Life and Retirement: Broad Market Leadership Position Reflects Deep Product Expertise and Diversified Distribution Network

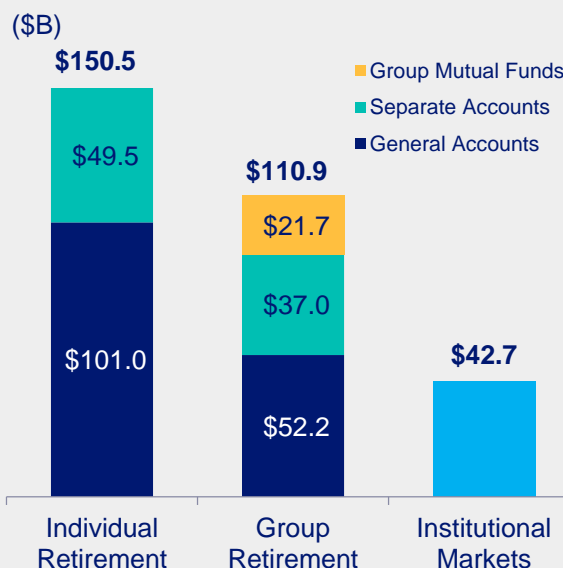


Market Position <sup>1</sup>					
Annuities	Rank	Group Retirement	Rank	Life Insurance	Rank
Total Annuity Sales	#2	Total K-12 Assets	#2	Total Life Issued	#8
Index Annuity Sales	#3	Total Higher Education Assets	#3	Term Life Sales	#7
Fixed-Rate Deferred Annuity Sales	#5	Total Healthcare Assets	#5	Universal Life Sales	#13
Variable Annuity Sales	#5				
Structured Settlements Annuity Sales	#6				

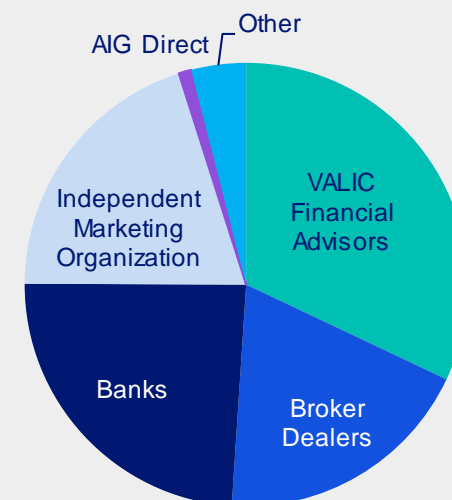
**9M'20 Premiums & Deposits by Business Segment**



**Assets Under Management / Administration as of 9/30/20<sup>2</sup>**



**9M'20 Sales Break Down by Distribution Channel**











1) Annuities and Life Insurance market positions based on LIMRA rankings in the U.S. for 3Q20 Year-to-Date; Group Retirement market positions based on LIMRA rankings in the U.S. for 2Q20.  
 2) Assets Under Management / Administration chart above exclude Retail Mutual Funds and the Life Insurance business. In addition, Institutional Markets comprises the notional value of stable value wrap contracts only, excluding the portion included in total insurance reserves.

# Management Team Leading Transformative Improvements at AIG



Eight new Executive Leadership appointments since May 2017; Peter Zaffino named CEO and Brian Duperreault to become Executive Chairman, effective March 2021

					
<p><b>Brian Duperreault</b>  <i>Chief Executive Officer (CEO)*</i></p> <p>Joined in May 2017                      *To become Executive Chairman March 2021</p>	<p><b>Peter Zaffino</b>  <i>President, Global COO &amp; CEO-Elect*</i></p> <p>Joined AIG in July 2017                      *To become CEO March 2021</p>	<p><b>Mark Lyons</b>  <i>EVP &amp; Chief Financial Officer</i></p> <p>Joined in June 2018                      Promoted in December 2018</p>	<p><b>Lucy Fato</b>  <i>EVP, General Counsel &amp; Global Head of Communications and Gov't Affairs</i></p> <p>Joined AIG in October 2017                      Promoted in November 2020</p>	<p><b>Doug Dachille</b>  <i>EVP &amp; Chief Investment Officer</i></p>	<p><b>Kevin Hogan</b>  <i>EVP &amp; CEO, Life and Retirement</i></p>
					
<p><b>David McElroy</b>  <i>EVP &amp; CEO, General Insurance</i></p> <p>Joined in October 2018                      Promoted in August 2020</p>	<p><b>Shane Fitzsimons</b>  <i>EVP, Global Head of AIG Operations and Head of FP&amp;A</i></p> <p>Joined in July 2019                      Promoted in September 2020</p>	<p><b>Karen Ling</b>  <i>EVP &amp; Chief Human Resources Officer</i></p> <p>Joined in July 2019</p>	<p><b>John Repko</b>  <i>EVP &amp; Chief Information Officer</i></p> <p>Joined in September 2018</p>	<p><b>Naohiro Mouri</b>  <i>EVP &amp; Chief Auditor</i></p> <p>Promoted in March 2018</p>	<p><b>Alessandra Quane</b>  <i>EVP &amp; Chief Risk Officer</i></p>

Joined Since 2017



# Enhancing Next Layer of Leadership with the Promotion and Hiring of Several Key Business Leaders



General Insurance		Life and Retirement	
 <p><b>Allison Barrett</b> Chief Underwriting Officer (CUO) Financial Lines</p> <p>Joined in December 2019 Promoted in October 2020</p>	 <p><b>Thomas Bolt</b> CUO General Insurance</p> <p>Joined in January 2018</p>	 <p><b>Terri Fiedler</b> CEO Financial Distributors Life and Retirement</p> <p>Promoted in May 2019</p>	
 <p><b>John Cusano</b> Chief Operating Officer General Insurance</p> <p>Joined in July 2019 Promoted in August 2020</p>	 <p><b>Kean Driscoll</b> CUO, Property and Agriculture Head of Reinsurance Strategy General Insurance</p> <p>Joined in June 2019 Promoted in September 2020</p>	 <p><b>Sharon French</b> CEO Life &amp; Retirement Funds Life and Retirement</p> <p>Joined in June 2019</p>	
 <p><b>Paul Greensmith</b> Global Head of Specialty General Insurance</p> <p>Joined in October 2020</p>	 <p><b>Jon Hancock</b> CEO International General Insurance</p> <p>Joined in June 2020</p>	 <p><b>Gilliane Isabelle</b> Chief Distribution Officer, Retirement Services Life and Retirement</p> <p>Promoted in July 2020</p>	
 <p><b>James Nash</b> CEO Japan General Insurance</p> <p>To join in 2021</p>	 <p><b>Richard Olsen</b> Chief Actuary General Insurance</p> <p>Joined in August 2019</p>	 <p><b>Rob Scheinerman</b> CEO Retirement Services Life and Retirement</p> <p>Promoted in July 2019</p>	
 <p><b>Michael Price</b> CEO North America General Insurance</p> <p>Joined in November 2018 Promoted in August 2020</p>	 <p><b>Chris Schaper</b> CEO AIG Re General Insurance</p> <p>Joined in July 2019</p>	 <p><b>Alan Smith</b> Head of Human Resources Life and Retirement</p> <p>Joined in October 2020</p>	
 <p><b>Anthony Vidovich</b> Chief Claims Officer General Insurance</p> <p>Joined in May 2018</p>	 <p><b>Kathleen Zortman</b> CEO Private Client Group General Insurance</p> <p>Joined in July 2019</p>	 <p><b>Todd Solash</b> CEO Individual Retirement &amp; Life Insurance Life and Retirement</p> <p>Promoted in December 2020</p>	

# We Are Committed to Corporate Responsibility Through an Evolving Environmental, Social, and Governance (ESG) Framework



## Board-Level Governance and Oversight

- Nominating and Corporate Governance Committee oversees sustainability (including climate-related issues), corporate social responsibility and public policy matters
- Nominating and Corporate Governance Committee and the Board receive periodic reports on sustainability-related matters

## Sustainability Leadership and External Reporting

- Chief Sustainability Officer sits within AIG's Global Legal, Compliance & Regulatory Group, which provides visibility and a voice within the Executive Leadership Team
- Cross-functional teams have been established to drive integration and advancement of sustainability initiatives into all lines of business



Published our second **Task Force on Climate-related Financial Disclosures (TCFD)** report to provide greater transparency and align reporting activities with industry standards; AIG has also responded publicly to CDP's (formerly known as Carbon Disclosure Project) climate change questionnaire since 2010.

## AIG Foundation<sup>SM</sup>

- In 2020, the AIG Foundation was reinstated with an initial \$5M contribution.
- In support of racial equality, the AIG Foundation inaugural grants consisted of \$500,000 split evenly between the **NAACP Legal Defense and Educational Fund Inc.** and **Equal Justice Initiative.**
- The Foundation recently directed \$4.5M in grants to three organizations leading vital COVID-19 relief efforts. **International Medical Corps** and **Feeding America** were awarded \$2M each and **U.S. Chamber of Commerce Foundation's Coalition to Back Black Businesses** has received \$500,000.
- Over time, the Foundation's grants will fund organizations that support financial security and community resilience.

## Four Sustainability Priorities Align With Our Core Business Strategy and Focus on Future Proofing Communities

### 1. Community Resilience



AIG has **partnered with Wood Group plc to create a Resilience Framework** that helps our clients and communities arrive at more resilient solutions for **urban development projects** through a multi-tiered approach for design and construction.

### 2. Financial Security



AIG is a **founding member of Blue Marble**, a microinsurance consortium, which supports insurance solutions for low-income populations. Blue Marble's **weather index insurance program** for smallholder coffee farmers **provides tailor-made insurance coverage** for severe rainfall and drought.

### 3. Sustainable Operations



AIG UK operations **decreased office energy emissions by 69% from 2010** baseline, exceeding three times the UK Carbon Reduction Commitment target (20% reduction by 2020).

AIG NYC operations **decreased office energy emissions by 40% from 2011** baseline, exceeding the NYC Carbon Challenge target (30% reduction by 2023) by 10 percentage points four years early.

### 4. Sustainable Investing



AIG has been a **leading investor in renewable energy projects for over 30 years**. The company is also leading investor in green energy projects, such as waste-to-energy, transmission and distributed generation.

To learn more, visit: [www.aig.com/about-us](http://www.aig.com/about-us)

# AIG's Capital Position Remains Strong at the Holding Company and Principal Insurance Companies

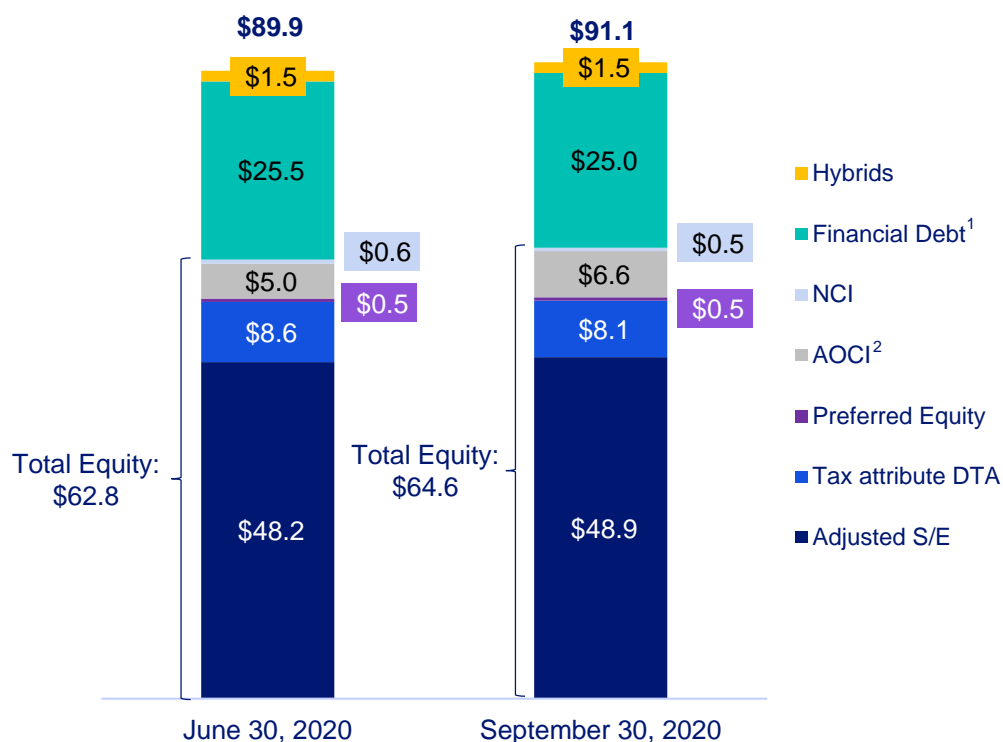


\$10.7B holding company liquidity at September 30, 2020; Parent debt & preferred stock leverage of 29.6%, an improvement of 1 point from June 30, 2020

## Capital Structure (\$B)

### Debt and Preferred Stock / Total Capital

June 30, 2020	September 30, 2020
30.6% (incl. AOCI)	29.6% (incl. AOCI)
32.4% (ex. AOCI)	32.0% (ex. AOCI)



## Risk Based Capital (RBC) Ratios<sup>3</sup>

Year End	Life and Retirement Companies	General Insurance Companies
2019	402% (CAL)	419% (ACL)
3Q20E	410% - 420% (CAL)	430% - 440% (ACL)

## Credit Ratings<sup>4</sup>

	S&P	Moody's	Fitch	A.M. Best
<b>AIG – Senior Debt</b>	BBB+	Baa1	BBB+	NR
<b>General Insurance – FSR</b>	A+	A2	A	A
<b>Life and Retirement – FSR</b>	A+	A2	A+	A

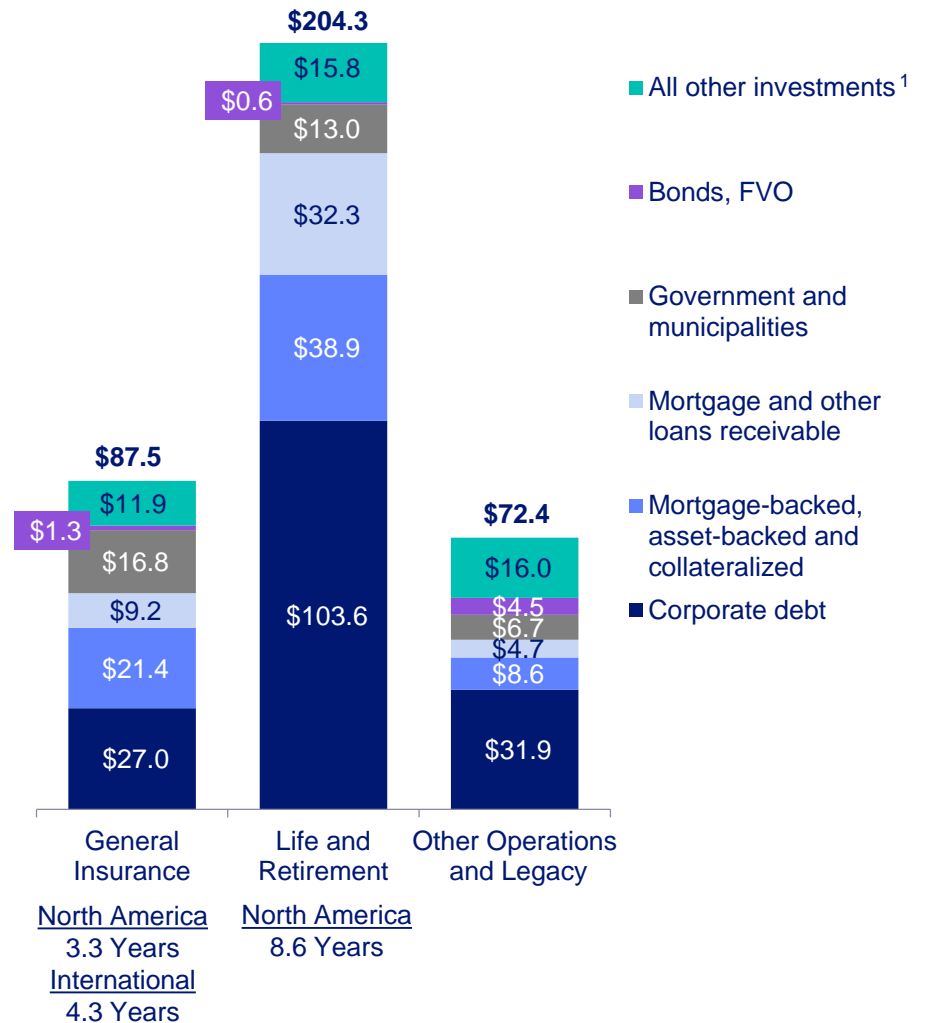
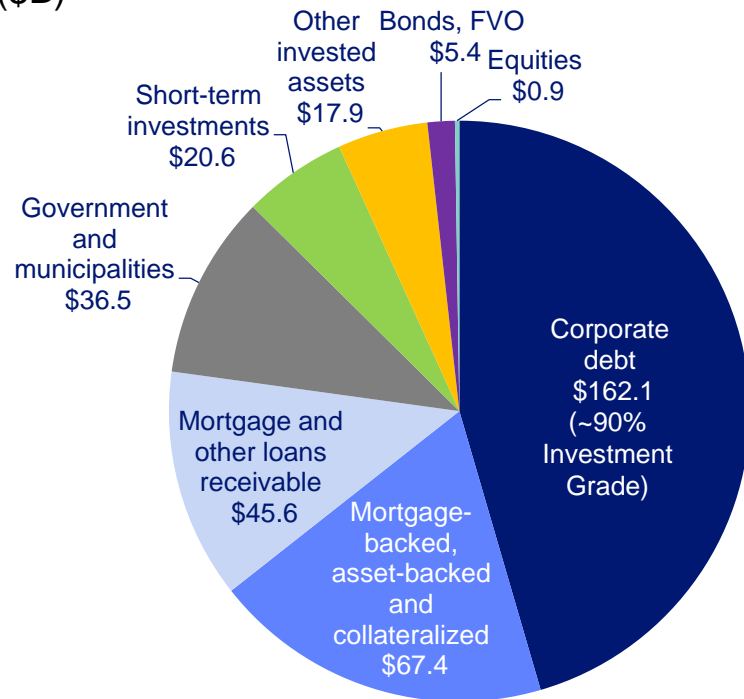
- 1) Includes AIG notes, bonds, loans and mortgages payable, AIG Life Holdings, Inc. (AIGLH) notes and bonds payable and junior subordinated debt, and Validus notes and bonds payable.
- 2) September 30, 2020 AOCI is computed as GAAP AOCI of \$11.0B excluding \$4.4B of cumulative unrealized gains and losses related to Fortitude Re's funds withheld assets; June 30, 2020 AOCI is computed as GAAP AOCI of \$9.2B excluding \$4.2B of cumulative unrealized gains and losses related to Fortitude Re's funds withheld assets.
- 3) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. ACL is defined as Authorized Control Level and CAL is defined as Company Action Level. RBC ratio for Domestic Life and Retirement companies excludes holding company, AGC Life Insurance Company.
- 4) As of the date of this presentation: S&P Outlook: CreditWatch Negative, with the exception of the Life Insurance Companies, which is CreditWatch Developing; Moody's Outlook: Stable, with the exception of AIG Sr. Debt, which is Under Review Negative; Fitch Outlook: Stable, Non-Life Companies; Negative, Life Insurance Companies; Rating Watch Negative, AIG Sr. Debt; A.M. Best Outlook: Stable. For General Insurance companies FSR and Life and Retirement companies FSR, ratings only reflect those of the core insurance companies.

# \$356B Investment Portfolio at September 30, 2020 Significantly De-risked Since 2015

- Life-only or P&C-only companies tend to have very different asset allocation, duration and credit characteristics due to the very different liability and product profiles; AIG's consolidated investment portfolio reflects a combination of the two.
- AIG's investment portfolio has been significantly de-risked over the last 5 years and with \$356B in assets, is well diversified, with solid credit characteristics.

## Investment Portfolio Composition by Segment (\$B)

### Investment Portfolio Composition – \$356B (\$B)



Note: Amounts shown for segments are before consolidations and eliminations.  
 1) All other investments includes other invested assets, short-term investments, and equities.

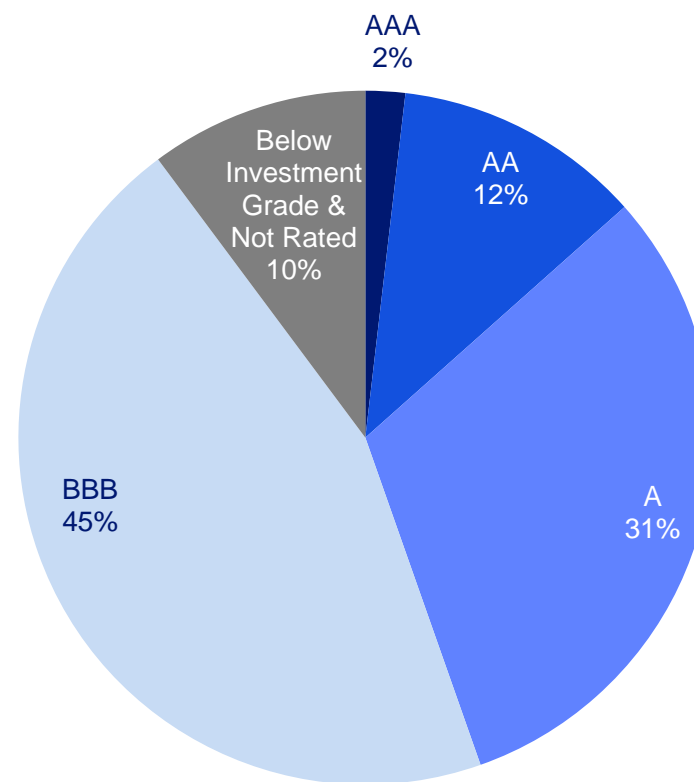
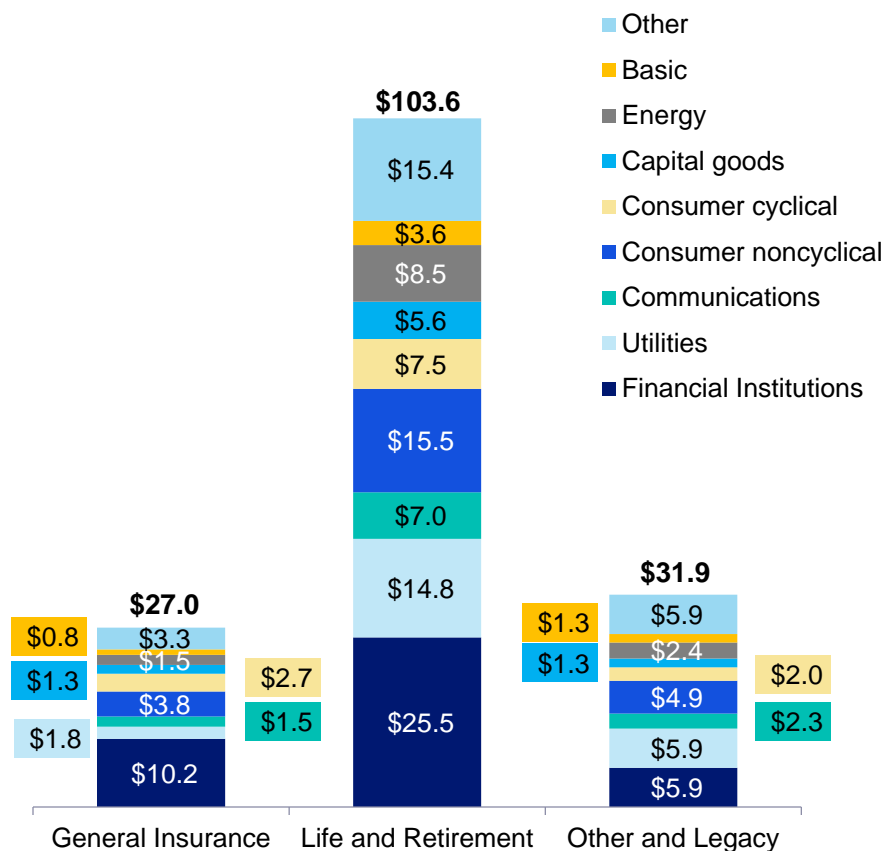
# Corporate Debt Portfolio Held Primarily in Life and Retirement



AIG's investment portfolio is well diversified by asset class and industry sector; credit quality continues to be strong with limited impact on ratings in 3Q20

**Corporate Debt by Sector**  
September 30, 2020 – \$162B

**Corporate Debt by Credit Rating**  
September 30, 2020 – \$162B



Note: Amounts shown for segments are before consolidations and eliminations.

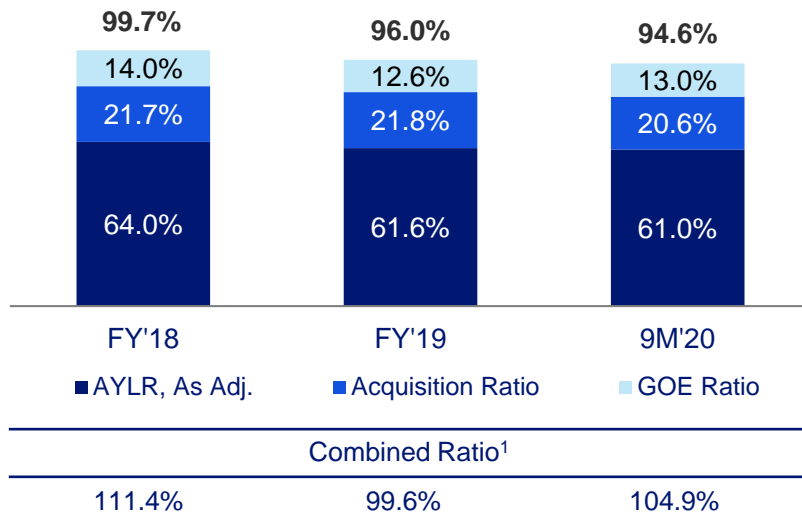


# 9M'20 Core Results Reflect Continued Improvement in General Insurance and Solid Life and Retirement Earnings

## General Insurance Delivered Improved AY U/W Margin Despite Catastrophe Losses, the Impact of COVID-19 and the Formation of Syndicate 2019

Results benefitted from changes in business mix and continued underwriting actions taken to strengthen our portfolio

### Accident Year Combined Ratio, As Adjusted



## 9M'20 Catastrophe Losses, Net of Reinsurance, (CATs) Related to natural CATs and COVID-19

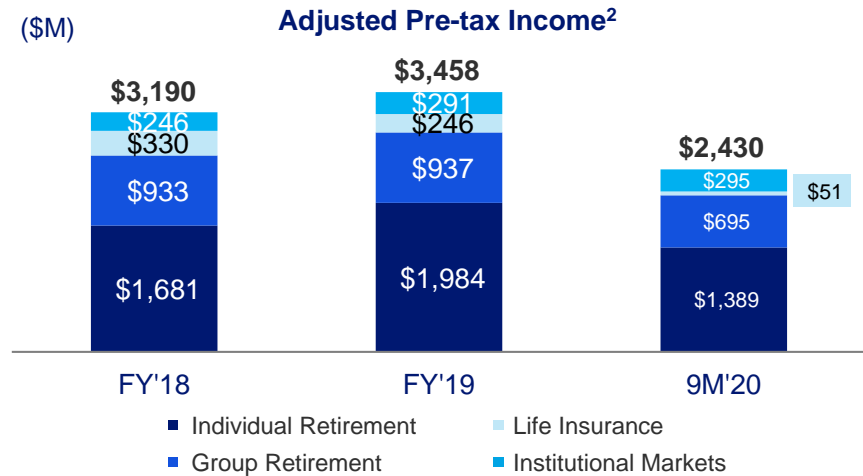
\$1.9B of CATs; includes \$1.0B of natural CATs and \$0.9B of estimated COVID-19 losses primarily related to travel, contingency and Validus Re

## Efficient Management of Legacy Portfolio

On June 2, 2020, we completed the sale of a majority interest in Fortitude Group Holdings, LLC, the reinsurer of the majority of AIG's Legacy Portfolio, to The Carlyle Group and T&D Holdings following its announcement on November 25, 2019; transaction accounting reflected in GAAP results; the transaction did not negatively impact the statutory capital of AIG's insurance subsidiaries

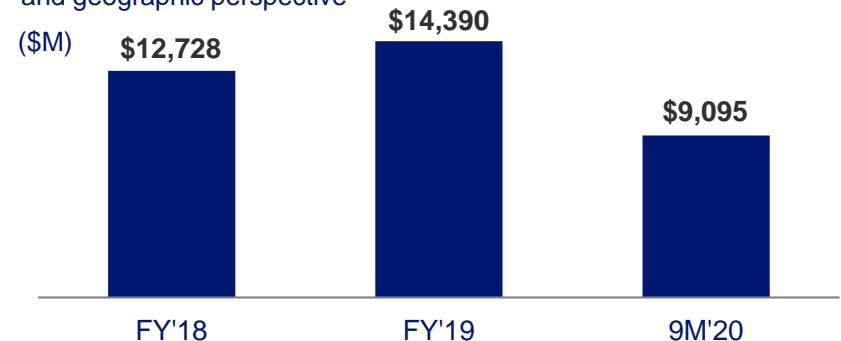
## Life and Retirement Continued to Deliver Solid Returns Despite Impact from Capital Markets and the Annual Assumption Update

Results reflected ongoing strategy to leverage our broad product portfolio and diverse distribution network to satisfy customer needs



## Net Investment Income, APTI Basis

Investment strategies tailored to Life and Retirement, General Insurance and Legacy; along with asset liability management, investments target an asset allocation mix that provides diversification from an asset class, sector, issuer, and geographic perspective



1) Calendar year combined ratio includes adjustments for ceded premium under reinsurance contracts and other in FY'18 and FY'19 respectively.  
2) Life and Retirement adjusted pre-tax income includes net investment income.



# Creating Value Through Profitable Growth and Instilling a Culture of Underwriting and Operational Excellence



## Operational Priorities for 2020 and Beyond

### Separation of Life & Retirement Business from AIG

Evaluate alternatives for separation of Life & Retirement business from AIG in a way that maximizes value for shareholders and other stakeholders and establishes two strong, market-leading companies

### Leadership, Culture and Talent

Execute on thoughtful, well-coordinated CEO succession plan leading to the October 2020 announcement of Peter Zaffino to become CEO, Brian Duperreault to become Executive Chair and Doug Steenland to become Lead Independent Director, effective March 1, 2021

Continue to attract and develop world-class employees; Further our commitment to diversity & inclusion, including through support of robust employee resource groups and thoughtfully designed leadership programs designed to enhance diversity of AIG's workforce, particularly at senior levels

### AIG 200

AIG 200 is a global initiative to achieve transformational change at AIG and \$1B of GOE savings; Execute multi-year efficiency initiatives to support underwriting excellence, modernize our operating infrastructure, enhance user and customer experiences and become a more unified company

### Business Mix & Targeted Growth

Build on strategic portfolio improvement and product diversity by investing in attractive growth opportunities in our best-performing businesses or new areas, and optimizing our global footprint

### Underwriting Excellence & Disciplined Product Pricing

Maintain discipline in risk selection for General Insurance by continuing to use recently implemented underwriting framework and guidelines to enhance the existing portfolio; Continue long-standing disciplined approach in Life & Retirement with respect to product pricing and features

### Effective Risk Management

Continue to manage risk and volatility for the company by maintaining discipline in underwriting, de-risking the investment portfolio, and optimizing reinsurance

Examples year to date include establishing Syndicate 2019 with Lloyd's to address catastrophe risk in AIG's high net worth business and completing the sale of our majority interest in Fortitude Holdings to mitigate a significant portion of our legacy risks



# **Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations**

# Glossary of Non-GAAP Financial Measures

## Glossary of Non-GAAP

Throughout this presentation, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “Non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for generally accepted accounting principles in the United States. The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the Second Quarter 2020 Financial Supplement available in the Investor Information section of AIG’s website, [www.aig.com](http://www.aig.com).

**We may use certain non-GAAP operating performance measures as forward-looking financial targets or projections.** These financial targets or projections are provided based on management’s estimates. The most directly comparable GAAP financial targets or projections would be heavily dependent upon results that are beyond management’s control and the outcome of these items could be significantly different than management’s estimates. Therefore, we do not provide quantitative reconciliations for these financial targets or projections as we cannot predict with accuracy future actual events (e.g., catastrophe losses) and impacts from changes in macro-economic market conditions, including the interest rate environment (e.g. estimate for DIB & GCM returns, net reserve discount change and returns on alternative investments).

We use the following operating performance measures because we believe they enhance the understanding of the underlying profitability of continuing operations and trends of our business segments. We believe they also allow for more meaningful comparisons with our insurance competitors. When we use these measures, reconciliations to the most comparable GAAP measure are provided on a consolidated basis.

- **Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. APTI is a GAAP measure for our segments. Excluded items include the following:
  - changes in fair value of securities used to hedge guaranteed living benefits;
  - changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses;
  - changes in the fair value of equity securities;
  - net investment income on Fortitude Re funds withheld assets post deconsolidation of Fortitude Re;
  - following deconsolidation of Fortitude Re, net realized capital gains and losses on Fortitude Re funds withheld assets held by AIG in support of Fortitude Re’s reinsurance obligations to AIG (Fortitude Re funds withheld assets);
  - loss (gain) on extinguishment of debt;
  - all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
  - income or loss from discontinued operations;
  - net loss reserve discount benefit (charge);
  - pension expense related to a one-time lump sum payment to former employees;
  - income and loss from divested businesses;
  - non-operating litigation reserves and settlements;
  - restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
  - the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
  - integration and transaction costs associated with acquired businesses;
  - losses from the impairment of goodwill; and
  - non-recurring costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles.
- **Adjusted After-tax Income attributable to AIG Common Shareholders (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above, dividends on preferred stock, and the following tax items from net income attributable to AIG:
  - deferred income tax valuation allowance releases and charges;
  - changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
  - net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act);and by excluding the net realized capital gains (losses) and other charges from noncontrolling interests.

# Glossary of Non-GAAP Financial Measures

## Glossary of Non-GAAP

- **Adjusted Revenues** exclude Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). Adjusted revenues is a GAAP measure for our operating segments.
- **Ratios:** We, along with most property and casualty insurance companies, use the loss ratio, the expense ratio and the combined ratio as measures of underwriting performance. These ratios are relative measurements that describe, for every \$100 of net premiums earned, the amount of losses and loss adjustment expenses (which for General Insurance excludes net loss reserve discount), and the amount of other underwriting expenses that would be incurred. A combined ratio of less than 100 indicates underwriting income and a combined ratio of over 100 indicates an underwriting loss. Our ratios are calculated using the relevant segment information calculated under GAAP, and thus may not be comparable to similar ratios calculated for regulatory reporting purposes. The underwriting environment varies across countries and products, as does the degree of litigation activity, all of which affect such ratios. In addition, investment returns, local taxes, cost of capital, regulation, product type and competition can have an effect on pricing and consequently on profitability as reflected in underwriting income and associated ratios.
- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural catastrophe losses are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and man-made catastrophe losses, such as terrorism and civil disorders that exceed the \$10 million threshold. We believe that as adjusted ratios are meaningful measures of our underwriting results on an ongoing basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. We also exclude prior year development to provide transparency related to current accident year results.

Underwriting ratios are computed as follows:

- a) Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
  - b) Acquisition ratio = Total acquisition expenses ÷ NPE
  - c) General operating expense ratio = General operating expenses ÷ NPE
  - d) Expense ratio = Acquisition ratio + General operating expense ratio
  - e) Combined ratio = Loss ratio + Expense ratio
  - f) Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/-(-) CYRIPs] – Loss ratio
  - g) Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/-(-) Reinstatement premiums related to catastrophes (CYRIPs) +/-(-) RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
  - h) Accident year combined ratio, as adjusted = AYLR + Expense ratio
  - i) Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/-(-) CYRIPs +/-(-) PYRIPs + (AP)RP] – Loss ratio – CAT ratio
- **Premiums and deposits:** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.

Results from discontinued operations are excluded from all of these measures.

# Non-GAAP Reconciliations

## Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)

**Pre-tax income (loss) from continuing operations**

**Adjustments to arrive at Adjusted pre-tax income**

Changes in fair value of securities used to hedge guaranteed living benefits	(194)	(24)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(56)	205
Changes in the fair value of equity securities	(158)	16
Loss on extinguishment of debt	32	15
Net investment income on Fortitude Re funds withheld assets (a)	-	(574)
Net realized capital (gains) losses on Fortitude Re funds withheld assets (a)	-	(128)
Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (a)	-	1,493
Net realized capital (gains) losses (b)	(448)	(1,369)
Loss from divested businesses	75	8,652
Non-operating litigation reserves and settlements	(2)	(5)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(267)	(71)
Net loss reserve discount charge	955	41
Integration and transaction costs associated with acquired businesses	24	7
Restructuring and other costs	218	324
Non-recurring costs related to regulatory or accounting changes	12	46

**Adjusted pre-tax income**

	<b>FY2019</b>	<b>9M'20</b>
\$	5,287	\$ (6,735)
	(194)	(24)
	(56)	205
	(158)	16
	32	15
	-	(574)
	-	(128)
	-	1,493
	(448)	(1,369)
	75	8,652
	(2)	(5)
	(267)	(71)
	955	41
	24	7
	218	324
	12	46
<b>\$</b>	<b>5,478</b>	<b>\$ 1,893</b>

(a) Represents activity subsequent to the deconsolidation of Fortitude Re on June 2, 2020.

(b) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets.

# Non-GAAP Reconciliations

## Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)

### After-tax net income (loss), including noncontrolling interests

Noncontrolling interests (income) loss

### Net income (loss) attributable to AIG

Dividends on preferred stock

### Net income (loss) attributable to AIG common shareholders

### Adjustments to arrive at Adjusted after-tax income (loss) (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):

Changes in uncertain tax positions and other tax adjustments (a)

Deferred income tax valuation allowance (releases) charges (b)

Changes in fair value of securities used to hedge guaranteed living benefits

Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)

Changes in the fair value of equity securities

Loss on extinguishment of debt

Net investment income on Fortitude Re funds withheld assets (c)

Net realized capital (gains) losses on Fortitude Re funds withheld assets (c)

Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (c)

Net realized capital (gains) losses (d)(e)

Loss from discontinued operations and divested businesses (e)

Non-operating litigation reserves and settlements

Favorable prior year development and related amortization

changes ceded under retroactive reinsurance agreements

Net loss reserve discount charge

Integration and transaction costs associated with acquired businesses

Restructuring and other costs

Non-recurring costs related to regulatory or accounting changes

Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (f)

### Adjusted after-tax income attributable to AIG common shareholders

### Weighted average diluted shares outstanding (g)

### Income (loss) per common share attributable to AIG common shareholders (diluted) (g)

### Adjusted after-tax income per common share attributable to AIG common shareholders (diluted) (g)

	FY2019	9M'20
After-tax net income (loss), including noncontrolling interests	\$ 4,169	\$ (5,813)
Noncontrolling interests (income) loss	(821)	(78)
Net income (loss) attributable to AIG	\$ 3,348	\$ (5,891)
Dividends on preferred stock	22	22
Net income (loss) attributable to AIG common shareholders	\$ 3,326	\$ (5,913)
Adjustments to arrive at Adjusted after-tax income (loss) (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):		
Changes in uncertain tax positions and other tax adjustments (a)	30	204
Deferred income tax valuation allowance (releases) charges (b)	(43)	92
Changes in fair value of securities used to hedge guaranteed living benefits	(154)	(19)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(44)	162
Changes in the fair value of equity securities	(125)	13
Loss on extinguishment of debt	25	12
Net investment income on Fortitude Re funds withheld assets (c)	-	(454)
Net realized capital (gains) losses on Fortitude Re funds withheld assets (c)	-	(101)
Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (c)	-	1,180
Net realized capital (gains) losses (d)(e)	(351)	(1,061)
Loss from discontinued operations and divested businesses (e)	18	6,932
Non-operating litigation reserves and settlements	(2)	(4)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(211)	(56)
Net loss reserve discount charge	754	32
Integration and transaction costs associated with acquired businesses	19	5
Restructuring and other costs	172	256
Non-recurring costs related to regulatory or accounting changes	10	36
Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (f)	660	63
Adjusted after-tax income attributable to AIG common shareholders	\$ 4,084	\$ 1,379
Weighted average diluted shares outstanding (g)	889.5	869.6
Income (loss) per common share attributable to AIG common shareholders (diluted) (g)	\$ 3.74	\$ (6.80)
Adjusted after-tax income per common share attributable to AIG common shareholders (diluted) (g)	4.59	1.58

(a) Nine months ended September 30, 2020 includes the write-down of net operating loss deferred tax assets in certain foreign jurisdictions, which is offset by valuation allowance release.

(b) Nine months ended September 30, 2020 includes valuation allowance established against a portion of foreign tax credit and net operating loss carryforwards of AIG's U.S. federal consolidated income tax group, as well as net valuation allowance release in certain foreign jurisdictions.

(c) Represents activity subsequent to the deconsolidation of Fortitude Re on June 2, 2020.

(d) Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets.

(e) Includes the impact of non-U.S. tax rates which differ from the applicable U.S. statutory tax rate and tax-only adjustments.

(f) Prior to June 2, 2020, noncontrolling interests was primarily due to the 19.9 percent investment in Fortitude Group Holdings, LLC (Fortitude Holdings) by an affiliate of The Carlyle Group L.P. (Carlyle), which occurred in the fourth quarter of 2018. Carlyle was allocated 19.9 percent of Fortitude Holdings' standalone financial results through the June 2, 2020 closing date of the Majority Interest Fortitude Sale. Fortitude Holdings' results were mostly eliminated in AIG's consolidated income from continuing operations given that its results arose from intercompany transactions. Noncontrolling interests was calculated based on the standalone financial results of Fortitude Holdings. The most significant component of Fortitude Holdings' standalone results was the change in fair value of the embedded derivatives which changes with movements in interest rates and credit spreads, and which was recorded in net realized capital gains and losses of Fortitude Holdings. In accordance with AIG's adjusted after-tax income definition, realized capital gains and losses are excluded from noncontrolling interests. Subsequent to the Majority Interest Fortitude Sale, AIG owns 3.5 percent of Fortitude Holdings and no longer consolidates Fortitude Holdings in its financial statements as of such date. The minority interest in Fortitude Holdings is carried at cost within AIG's Other invested assets, which was \$100 million as of September 30, 2020.

(g) For the nine-month period ended September 30, 2020, because we reported a net loss attributable to AIG common shareholders, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts. However, because we reported adjusted after-tax income attributable to AIG common shareholders, the calculation of adjusted after-tax income per diluted share attributable to AIG common shareholders includes 4,432,369 dilutive shares for the nine-month period ended September 30, 2020.



# Non-GAAP Reconciliations

## Adjusted Revenue

(in millions)

	<b>FY2019</b>
<b>Revenues</b>	\$ 49,746
<b>Adjustments to arrive at Adjusted revenues</b>	
Changes in fair value of securities used to hedge guaranteed living benefits	(228)
Changes in the fair value of equity securities	(158)
Other (income) expense – net	(46)
Net realized capital gains*	(388)
Non-operating litigation reserves and settlements	(9)
<b>Adjusted Revenues</b>	<b>\$ 48,917</b>

\* Includes all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets.

## Adjusted Common Shareholders' Equity

(in millions)

	<b>As of September 30, 2020</b>
Total AIG shareholders' equity	\$ 64,108
Less: Preferred equity	485
Total AIG common shareholders' equity	63,623
Less: Accumulated other comprehensive income (AOCI)	10,978
Add: Cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets	4,392
Total AIG common shareholders' equity, excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets	57,037
Less: Deferred tax assets (DTA)*	8,123
Total adjusted common shareholders' equity	<b>\$ 48,914</b>

\* Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.

# Non-GAAP Reconciliations

## Accident Year Loss Ratio, as adjusted, and Accident Year Combined Ratio, as adjusted

### General Insurance

	Quarterly									FY'18	FY'19	9M'20	
	2Q'18	3Q'18	4Q'18	1Q'19	2Q'19	3Q'19	4Q'19	1Q'20	2Q'20				3Q'20
Loss ratio	65.7	88.6	80.1	63.1	63.0	69.3	65.6	66.8	72.6	74.6	75.7	65.2	71.3
Catastrophe losses and reinstatement premiums	(2.3)	(22.0)	(11.3)	(2.7)	(2.6)	(7.5)	(6.5)	(6.9)	(11.9)	(13.5)	(10.5)	(4.8)	(10.8)
Prior year development	0.8	(2.7)	(5.3)	1.0	0.9	-	2.2	0.9	0.8	(0.4)	(1.5)	1.1	0.5
Adjustments for ceded premium under reinsurance contracts and other	1.2	(0.3)	0.4	0.4	-	(0.3)	0.3	-	-	-	0.3	0.1	-
Accident year loss ratio, as adjusted	65.4	63.6	63.9	61.8	61.3	61.5	61.6	60.8	61.5	60.7	64.0	61.6	61.0
Acquisition ratio	21.1	21.7	22.4	21.8	22.2	22.0	21.4	21.9	20.0	19.8	21.7	21.8	20.6
General operating expense ratio	14.5	14.1	12.5	12.5	12.6	12.4	12.8	12.8	13.4	12.8	14.0	12.6	13.0
Expense ratio	35.6	35.8	34.9	34.3	34.8	34.4	34.2	34.7	33.4	32.6	35.7	34.4	33.6
Combined ratio	101.3	124.4	115.0	97.4	97.8	103.7	99.8	101.5	106.0	107.2	111.4	99.6	104.9
Accident year combined ratio, as adjusted	101.0	99.4	98.8	96.1	96.1	95.9	95.8	95.5	94.9	93.3	99.7	96.0	94.6

## Reconciliation of Net Investment Income

(in millions)

	FY'18	FY'19	9M'20
<b>Net investment income per Consolidated Statements of Operations</b>	<b>\$ 12,476</b>	<b>\$ 14,619</b>	<b>\$ 9,674</b>
Changes in fair value of securities used to hedge guaranteed living benefits	128	(228)	(42)
Changes in the fair value of equity securities	-	(159)	16
Net investment income on Fortitude Re funds withheld assets	-	-	(574)
Net realized capital gains related to economic hedges and other	124	158	21
<b>Total Net investment income - APTI Basis</b>	<b>\$ 12,728</b>	<b>\$ 14,390</b>	<b>\$ 9,095</b>

## Premiums

(in millions)

	Nine Months Ended September 30, 2020
<b>Total Life and Retirement:</b>	
Premiums	\$ 3,544
Deposits	15,354
Other	619
<b>Premiums and deposits</b>	<b>\$ 19,517</b>