



# Fourth Quarter and Full Year 2020 Financial Results Presentation

February 17, 2021

Note (March 15, 2021): Pages 13, 25, and 37 have been updated to reflect revisions to segment balance sheets, debt and interest allocated to segments and return on adjusted segment common equity.

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

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(Fortitude Re); changes in judgments concerning potential cost-saving opportunities; concentrations in AIG’s investment portfolios; changes to the valuation of AIG’s investments; changes to our sources of or access to liquidity; actions by rating agencies with respect to our credit and financial strength ratings; changes in judgments or assumptions 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; changes in judgments concerning the recognition of deferred tax assets and the impairment of goodwill; and such other factors discussed in Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Part I, Item 1A. Risk Factors in AIG’s Annual Report on Form 10-K for the year ended December 31, 2020 (which will be filed with the Securities and Exchange Commission), Part I, Item 2. MD&A 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 II, Item 7. MD&A and Part I, Item 1A. Risk Factors 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.

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This document and the remarks made orally may also contain certain financial measures 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 Fourth 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.



# 4Q20 and FY'20 APTI reflect continued improvement in General Insurance accident year, as adjusted\*, underwriting profitability and strong Life and Retirement APTI

## 4Q20 Financial Results

- Adjusted after-tax income attributable to AIG common shareholders (AATI)\* of \$827M (\$0.94 per diluted common share) and adjusted pre-tax income (APTI)\* of \$1.1B reflecting:
  - Improvement in the General Insurance accident year combined ratio (AYCR), as adjusted\*, by 2.9 pts driven by North America and International Commercial Lines and International Personal Insurance
  - Increased Life and Retirement APTI with strong net investment income (NII) driving improved APTI in Individual and Group Retirement and Institutional Markets
  - Lower NII, APTI basis\*, primarily driven by the sale of Fortitude Group Holdings LLC (Fortitude) on June 2, 2020; Excluding the impact of Fortitude in 4Q19, NII, APTI basis\*, increased \$262M primarily reflecting higher private equity and hedge fund returns
- Net loss attributable to AIG common shareholders of \$60M (\$0.07 per common share) reflects \$1.2B of after-tax net realized capital losses, principally from the non-economic impact of the non-performance risk adjustment on the fair value of variable annuity embedded derivatives, net of hedges, and from losses on other derivatives and hedges
- Return on Common Equity (ROCE) and Adjusted ROCE\* were (0.4)% and 6.7%, respectively, for 4Q20, annualized
- Book value per common share was \$76.46, an increase of 3.5% compared to September 30, 2020; Adjusted book value per common share\* was \$57.01, an increase of 0.4% from September 30, 2020

## FY'20 Financial Results

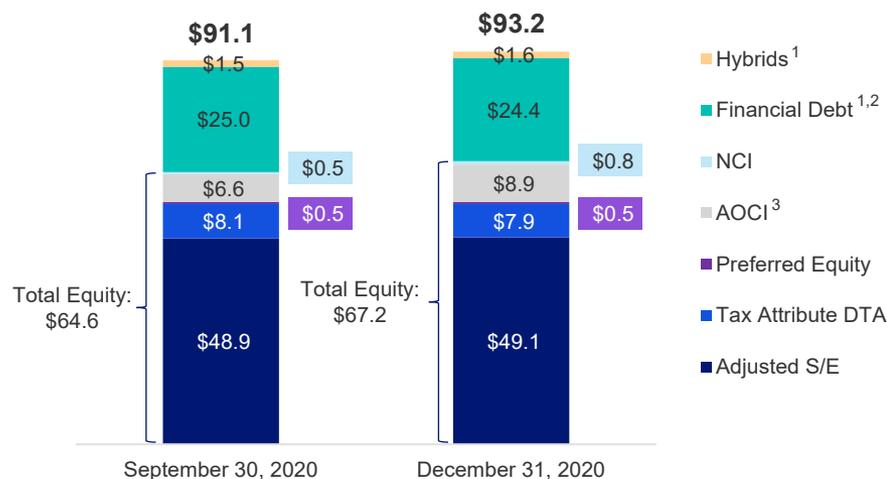
- AATI of \$2.2B (\$2.52 per diluted common share) and APTI of \$3.0B reflecting:
  - Improvement in the General Insurance AYCR, as adjusted, by 1.9 pts driven by North America and International Commercial Lines and International Personal Insurance
  - Life and Retirement APTI of \$3.5B despite COVID-19 mortality and base spread compression, driven by strong equity market performance and higher call and tender income
  - \$2.4B of catastrophe losses, net of reinsurance, (CATs) in General Insurance including \$1.3B of non-COVID-19 CATs from windstorms and hailstorms, wildfires, civil unrest and other events, and \$1.1B of COVID-19 CATs, primarily in Commercial Property, Validus Re, Contingency and Travel
  - Lower FY'20 NII, APTI basis, primarily driven by the sale of Fortitude, lower fair value option (FVO) bond income, and yield compression on available for sale securities
- Net loss attributable to AIG common shareholders of \$6.0B (\$6.88 per common share) primarily driven by a \$6.7B after-tax loss from the sale and deconsolidation of Fortitude in 2Q20. The sale, for which AIG received \$2.2B in consideration at closing, improved AIG's risk profile and reduced exposure to long-tail runoff liabilities and related interest rate risk
- ROCE and Adjusted ROCE were (9.4)% and 4.4%, respectively, for FY'20



\* 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.

# Financial flexibility remains robust with strong balance sheet and lower leverage; Total debt & preferred stock leverage of 28.4% reflects \$708M debt repayment in December 2020; \$1.5B senior notes redeemed in February 2021

## Capital Structure (\$B)



## Risk Based Capital (RBC) Ratios<sup>4</sup>

Year	Life and Retirement Companies	General Insurance Companies
2019	402% (CAL)	419% (ACL)
2020 Estimated <sup>5</sup>	425% - 435% (CAL)	450% - 460% (ACL)

*Pending finalization of Statutory financials*

### Ratios:

	Sept. 30, 2020	Dec. 31, 2020
Hybrids / Total capital	1.7%	1.7%
Financial debt / Total capital (incl. AOCI)	27.4%	26.2%
Total Hybrids & Financial debt / Total capital	29.1%	27.9%
Preferred stock / Total capital (incl. AOCI)	0.5%	0.5%
Total debt and preferred stock / Total capital (incl. AOCI)	29.6%	28.4%
Total debt and preferred stock / Total capital (ex. AOCI) <sup>2*</sup>	32.0%	31.4%

### Credit Ratings<sup>6</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

\* 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) Hybrids and financial debt values include changes in foreign exchange.

2) 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.

3) December 31, 2020 AOCI is computed as GAAP AOCI of \$13.5B excluding \$4.7B of cumulative unrealized gains and losses related to Fortitude Re's funds withheld assets; 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.

4) 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.

5) Preliminary range subject to change with completion of statutory closing process.

6) 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, On review for downgrade; 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.



# **Fourth Quarter 2020**

## **Financial Detail**

## APTI of \$1.1B reflects continued improvement in Commercial Lines AYCR, as adjusted, strong Life and Retirement results reflecting higher NII, APTI basis

(\$M, except per common share amounts)	4Q19	4Q20	Variances
<b>Adjusted pre-tax income (loss):</b>			
General Insurance	\$778	\$809	\$31
Life and Retirement	858	1,027	169
Other Operations <sup>1</sup>	(425)	(720)	(295)
<b>Total adjusted pre-tax income</b>	<b>\$1,211</b>	<b>\$1,116</b>	<b>(\$95)</b>
<b>AATI attributable to AIG common shareholders</b>	<b>\$923</b>	<b>\$827</b>	<b>(\$96)</b>
<b>AATI per diluted share attributable to AIG common shareholders</b>	<b>\$1.03</b>	<b>\$0.94</b>	<b>(\$0.09)</b>
<b>Net income (loss) attributable to AIG common shareholders</b>	<b>\$922</b>	<b>(\$60)</b>	<b>(\$982)</b>
<b>Consolidated adjusted ROCE</b>	<b>7.3%</b>	<b>6.7%</b>	<b>(0.6) pts</b>
<b>General Insurance underwriting ratios:</b>			<b><u>B / (W)</u></b>
Loss ratio	65.6%	70.2%	(4.6) pts
<i>Less: impact on loss ratio</i>			
Catastrophe losses and reinstatement premiums	(6.5%)	(9.0%)	(2.5) pts
Prior year development	2.2%	(0.9%)	(3.1) pts
Adjustments for ceded premium under reinsurance contracts and other	0.3%	0.0%	(0.3) pts
<b>Accident year loss ratio, as adjusted</b>	<b>61.6%</b>	<b>60.3%</b>	<b>1.3 pts</b>
Expense ratio	34.2%	32.6%	1.6 pts
<b>Accident year combined ratio, as adjusted</b>	<b>95.8%</b>	<b>92.9%</b>	<b>2.9 pts</b>
<b>Calendar year combined ratio</b>	<b>99.8%</b>	<b>102.8%</b>	<b>(3.0) pts</b>

Key Takeaways
<ul style="list-style-type: none"> <li>General Insurance APTI increased by \$31M primarily due to: <ul style="list-style-type: none"> <li>2.9 pt improvement in AYCR, as adjusted, and</li> <li>\$214M increase in NII, APTI basis, reflecting higher alternative investment income;</li> <li>partially offset by \$134M increase in CATs primarily due to higher non-COVID-19 CATs and the ongoing impact of COVID-19 CATs related to Travel, Contingency and Validus Reinsurance, Ltd., and</li> <li>3.1 pt decrease in prior year development, net of reinsurance, (PYD) ratio reflecting unfavorable PYD in 4Q20 compared to favorable PYD in 4Q19; 4Q19 included favorable PYD from California wildfire subrogation recoverables</li> </ul> </li> <li>Life and Retirement APTI increased \$169M reflecting higher NII driven by private equity returns, which are reported on a one quarter lag, and higher call and tender income due to favorable impacts from lower interest rates and tighter credit spreads as well as lower general operating expenses (GOE). The increase in APTI was partially offset by base spread compression and, in Life Insurance, impacts from COVID-19 mortality claims</li> <li>Other Operations adjusted pre-tax loss (APTL) was \$720M, including \$292M of reductions from consolidation and eliminations, compared to APTL of \$425M, including \$134M of reductions from consolidation and eliminations, in the prior year quarter. The increase in APTL in consolidation and eliminations reflects the impact of consolidated investment entities. Before consolidation and eliminations, the increase in APTL was primarily due to lower NII associated with available for sale securities; the sale of Fortitude in 2Q20, which had APTI of \$70M in 4Q19; and increased interest expense related to debt issuances in 2Q20</li> </ul>



1) Other Operations is primarily comprised of corporate, our institutional asset management business and consolidation and eliminations.

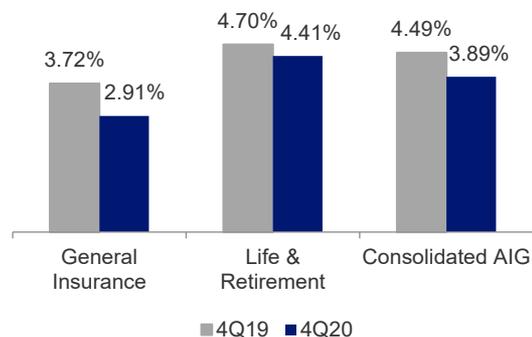
Gross investment income (GII), APTI basis<sup>1\*</sup>, decreased \$186M reflecting the June 2020 sale of Fortitude; Excluding Fortitude from 4Q19, GII, APTI basis, increased \$324M reflecting higher private equity and hedge fund returns

## Invested Assets & Gross Investment Income, APTI Basis<sup>1</sup>

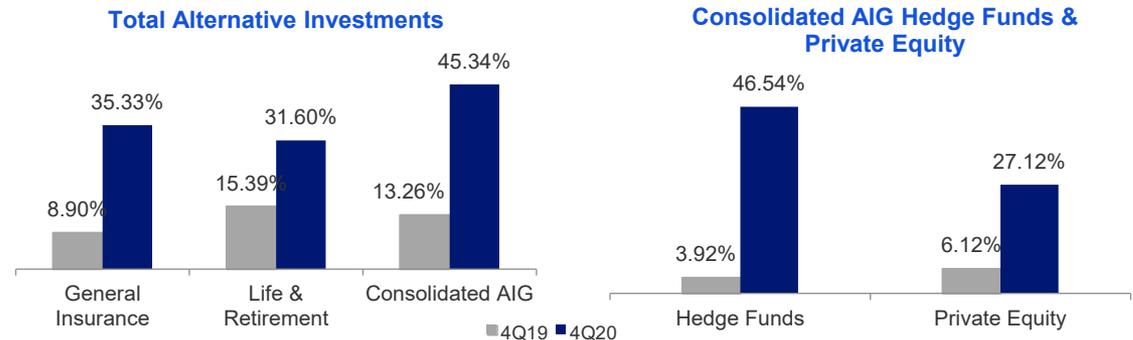
4Q20 Invested Assets				Gross Investment Income, APTI basis <sup>1</sup> (\$M)					
\$B	Fixed Maturities	Alternatives	All Other						
General Insurance	\$75.9	\$5.3	\$2.8	4Q19	\$680	\$124	\$14	\$818	
				4Q20	\$553	\$452	\$34	\$1,039	
Life & Retirement	\$187.3	\$3.9	\$4.4	4Q19	\$2,060	\$100	\$67	\$2,227	
				4Q20	\$2,063	\$293	\$79	\$2,435	
Other Operations <sup>1</sup>	\$10.1	(\$1.2)	\$7.4	4Q19	\$547	\$64	\$116	\$727	
				4Q20	\$46	\$110	\$32	\$188	
<b>Total AIG</b>	<b>\$273.3</b>	<b>\$8.0</b>	<b>\$14.6</b>	4Q19	(\$209)	\$3,287	\$288	\$197	\$3,563
				4Q20	(\$285)	\$2,662	\$855	\$145	\$3,377

## 4Q20 and 4Q19 Annualized Investment Yields

### Fixed Maturities<sup>2</sup>



### Alternative Investments<sup>3</sup>



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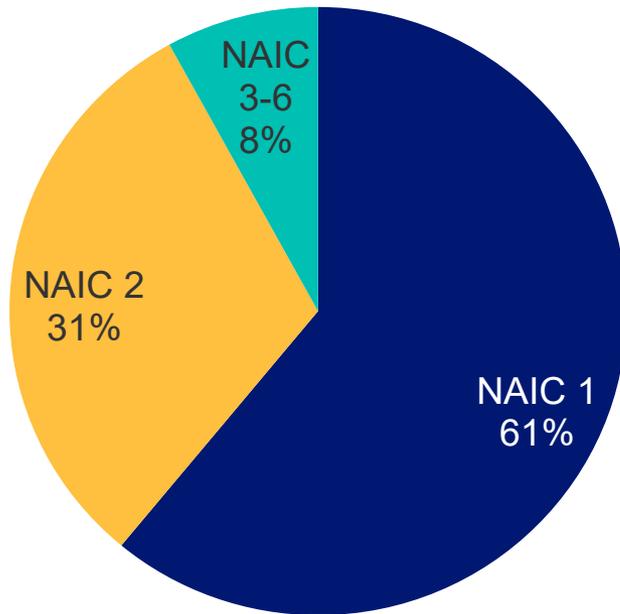
1) 4Q19 includes GII of \$510M (\$498M on a net basis) related to investment income on Fortitude assets. Excluding Fortitude, 4Q19 GII, APTI basis, is \$3,053M and NII, APTI basis, is \$2,964M.

2) Interest and dividends include amounts related to commercial mortgage loan prepayments and call and tender income; Life and Retirement annualized yields include yield on collateral related to hedging program.

3) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships.

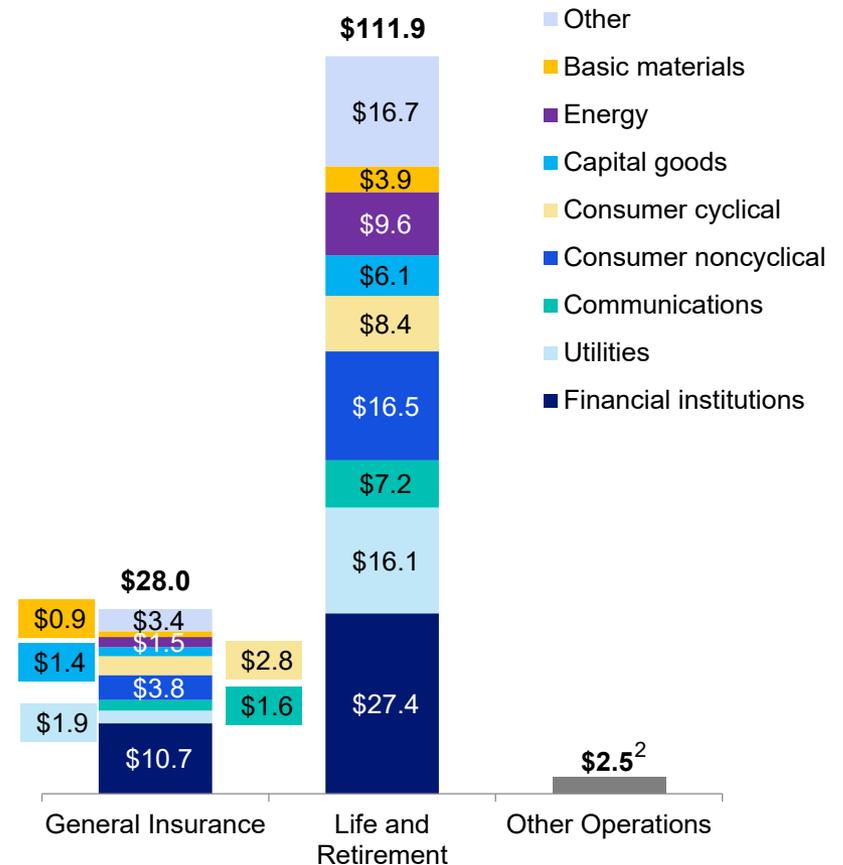
AI G’s corporate debt investment portfolio is well diversified by industry sector; credit quality remains strong with limited ratings downgrades in 4Q20

**Fixed Maturity Securities by NAIC Designation  
December 31, 2020 – \$240.5B<sup>1</sup>**



**Fair value of total Fixed Maturity securities increased 2% since September 30, 2020**

**Corporate Debt by Industry Sector  
December 31, 2020 – \$142.0B<sup>1</sup>**



Note: Amounts shown for segments are before consolidation and eliminations.  
 1) Asset balances exclude Fortitude Re Funds Withheld Assets.  
 2) Other Operations by industry sector breakout is not shown due to scale.

# 4Q19 and 4Q20 noteworthy items

(\$M, except per share amounts)	4Q19 – Income / (Loss)			4Q20 – Income / (Loss)		
	Pre-tax	After-tax <sup>1</sup>	EPS – diluted <sup>2</sup>	Pre-tax	After-tax <sup>1</sup>	EPS – diluted <sup>2</sup>
CATs excluding General Insurance COVID-19 CATs	(\$413)	(\$326)	(\$0.36)	(\$377)	(\$298)	(\$0.34)
General Insurance COVID-19 CATs	-	-	-	(178)	(141)	(0.16)
Favorable/(unfavorable) PYD	153	121	0.13	(49)	(39)	(0.04)
<b>Investment performance:</b>						
Better than expected alternative investment returns <sup>3,4</sup>	59	47	0.05	613	484	0.56
Better than expected fair value changes on fixed maturity securities – other accounted under FVO <sup>3</sup>	29	23	0.03	41	32	0.04
<b>Total noteworthy items – APTI basis</b>	<b>(\$172)</b>	<b>(\$136)</b>	<b>(\$0.15)</b>	<b>\$50</b>	<b>\$40</b>	<b>\$0.05</b>

1) Computed using a U.S. statutory tax rate of 21%.

2) Computed using weighted average diluted shares on an operating basis, which is provided on page 6 of the 4Q20 Financial Supplement.

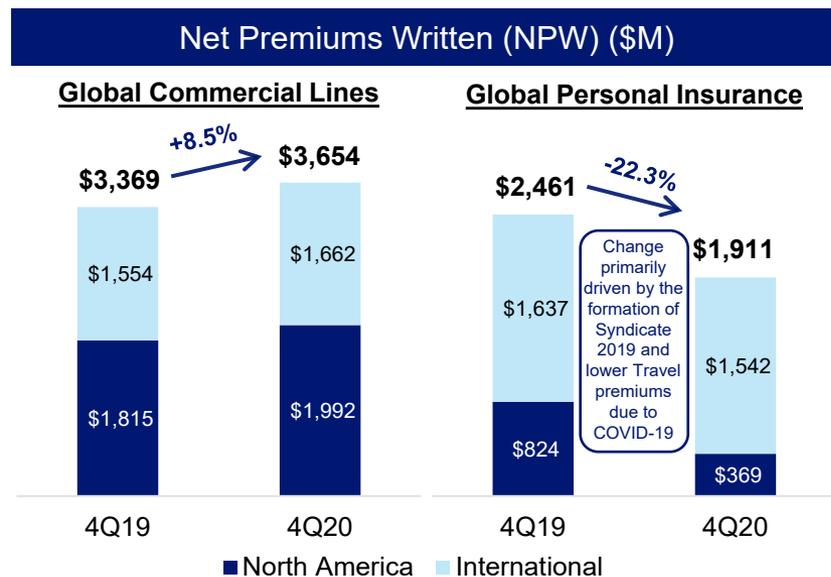
3) The annualized expected rate of return for 4Q19 and 4Q20 is 8% and 6% for alternative investments and 6% and 4% for FVO fixed maturity securities, respectively.

4) Alternative investment returns reflect General Insurance and Life and Retirement alternative investment income only and exclude Other Operations, which includes the impact of consolidation and eliminations. On an AIG consolidated basis, better than expected alternative investment returns were \$37M, pre-tax, in 4Q19 and \$491M, pre-tax, in 4Q20.

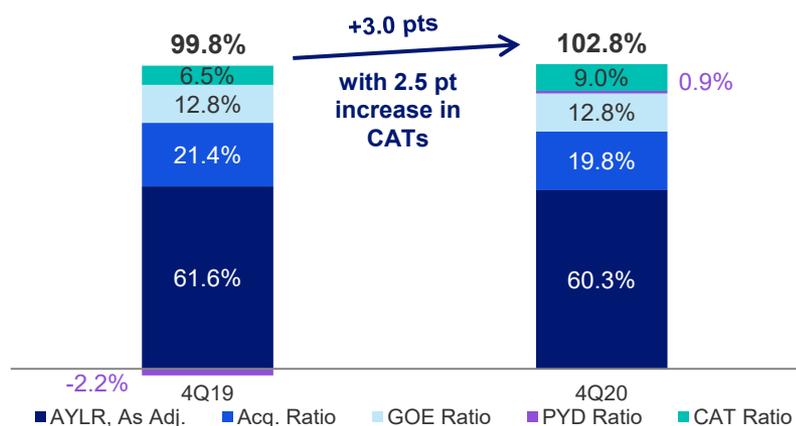


# General Insurance: 2.9 pts better AYCR, as adjusted; 4.4 pt improvement in Global Commercial Lines due to improved business mix as a result of underwriting actions

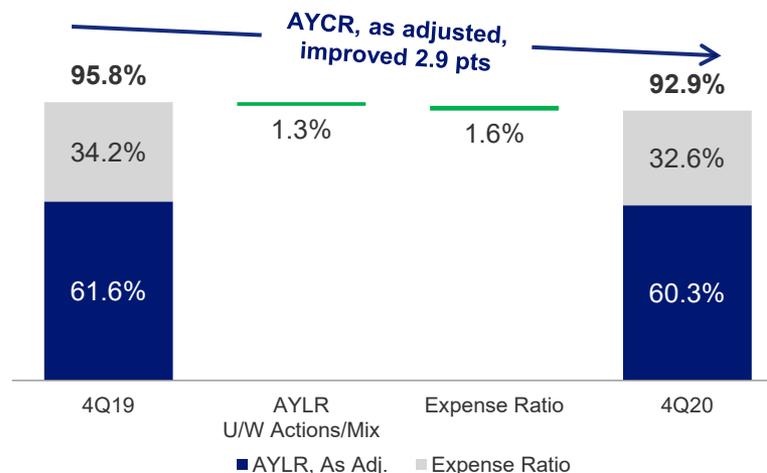
(\$M)	4Q19	4Q20
Net premiums written	\$5,830	\$5,565
Net premiums earned	\$6,372	\$5,993
Loss and loss adjustment expense	4,180	4,210
Acquisition expenses	1,362	1,186
General operating expenses	818	768
Underwriting income (loss)	\$12	(\$171)
Net investment income	\$766	\$980
Adjusted pre-tax income	\$778	\$809
Note: Impact of CATs <sup>1</sup> , pre-tax	(\$411)	(\$545)



## Calendar Year Combined Ratios (CYCR)<sup>2</sup>



## Accident Year Combined Ratios (excl. CATs) walk



1) 4Q20 includes non-COVID-19 CATs of \$367M and COVID-19 CATs of \$178M, pre-tax.  
 2) 4Q19 CYCR includes adjustments for ceded premium under reinsurance contracts and other of (0.3) pts.

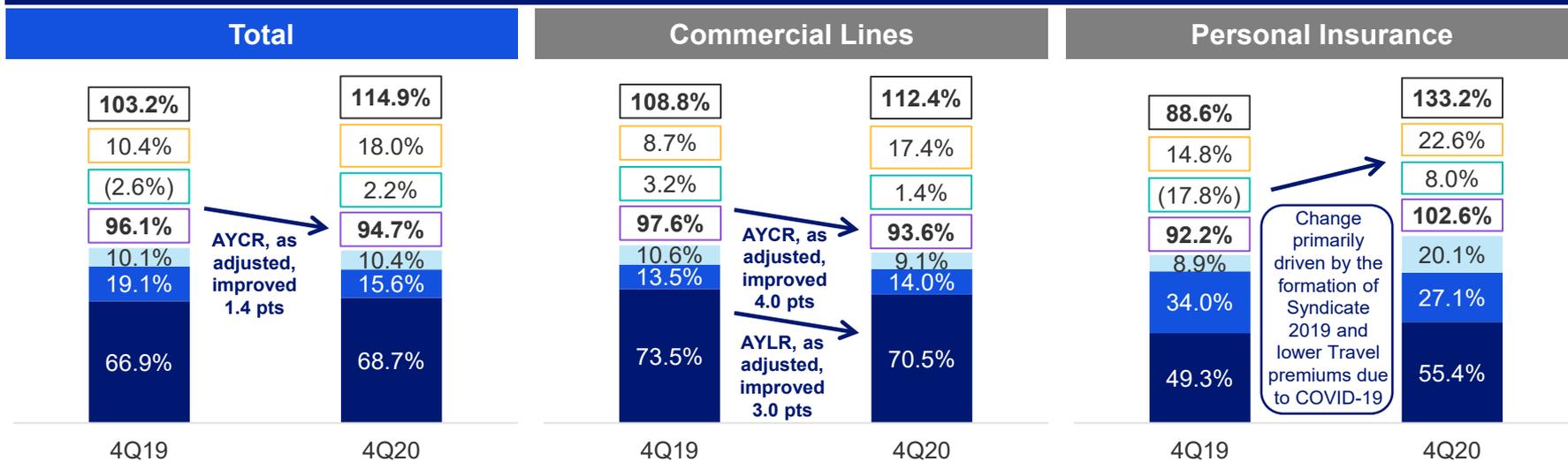
# General Insurance: 4.0 pt improvement in North America Commercial Lines AYCR, as adjusted; Personal Insurance impacted by Travel and Syndicate 2019

(\$M)	4Q19	4Q20
<b>Net premiums written</b>	<b>\$2,639</b>	<b>\$2,361</b>
Commercial Lines	1,815	1,992
Personal Insurance	824	369
<b>Net premiums earned</b>	<b>\$2,948</b>	<b>\$2,603</b>
Commercial Lines	2,141	2,289
Personal Insurance	807	314
<b>Underwriting loss</b>	<b>(\$96)</b>	<b>(\$389)</b>
Commercial Lines	(188)	(285)
Personal Insurance	92	(104)
<b>Note: Impact of CATs, pre-tax</b>	<b>(\$313)</b>	<b>(\$477)</b>

## Key Takeaways:

- North America (NA) Commercial Lines NPW grew 10% from the prior year quarter reflecting strong rate momentum, improved retention and higher writings in AIG Re. NA Personal Insurance NPW decreased as a result of cessions pursuant to a series of quota share reinsurance agreements placed in 2Q20 to form Syndicate 2019 and the adverse impact of COVID-19 on the Travel business
- NA Commercial Lines AYCR, as adjusted, improved 4.0 pts reflecting improved business mix and rate increases, as well as expense discipline
- NA Personal Insurance AYCR, as adjusted, increased 10.4 pts due to impact on the loss ratio from the change in business mix driven by a series of quota share reinsurance agreements as described above and the adverse impact of COVID-19 on Travel. The GOE ratio was also impacted negatively by the reduction in net premiums earned, offset slightly by a lower acquisition ratio
- CATs of \$477M; \$371M related to non-COVID-19 CATs and \$106M related to COVID-19 CATs
- Unfavorable PYD of \$51M with \$26M in Commercial Lines and \$25M in Personal Insurance; PYD includes \$52M of favorable amortization from the ADC

## North America Combined Ratios<sup>1</sup>



  CYCR 
   CAT Ratio 
   PYD Ratio 
   AYCR, As adjusted 
   GOE Ratio 
   Acquisition Ratio 
   AYLR, As adjusted

1) 4Q19 CYCR includes adjustments for ceded premium under reinsurance contracts and other of (0.7) pts, (0.7) pts, and (0.6) pts in Total North America, North America Commercial Lines, and North America Personal Insurance, respectively.



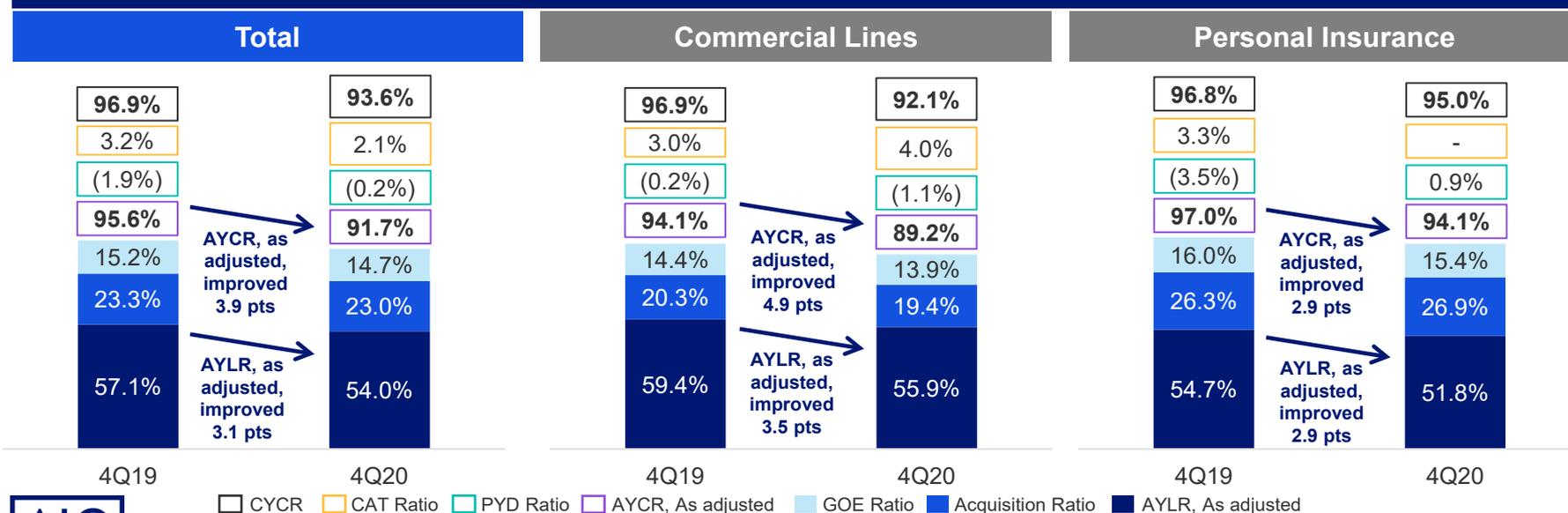
# General Insurance: Strong 3.9 pt improvement in International AYCR, as adjusted, due to improved business mix along with rate increases

(\$M)	4Q19	4Q20
<b>Net premiums written</b>	<b>\$3,191</b>	<b>\$3,204</b>
Commercial Lines	1,554	1,662
Personal Insurance	1,637	1,542
<b>Net premiums earned</b>	<b>\$3,424</b>	<b>\$3,390</b>
Commercial Lines	1,720	1,771
Personal Insurance	1,704	1,619
<b>Underwriting income</b>	<b>\$108</b>	<b>\$218</b>
Commercial Lines	52	138
Personal Insurance	56	80
<b>Note: Impact of CATs, pre-tax</b>	<b>(\$98)</b>	<b>(\$68)</b>

## Key Takeaways:

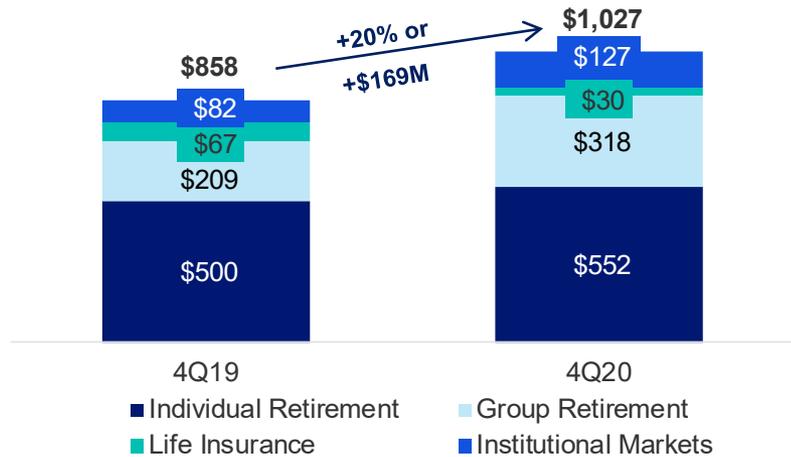
- International Commercial Lines NPW grew 7% from the prior year quarter reflecting strong rate momentum and improving retention across most lines. International Personal Insurance NPW decreased due to the impact from COVID-19 on the Travel business
- International Commercial Lines AYCR, as adjusted, improved 4.9 pts due to enhanced risk selection along with rate increases
- International Personal Insurance AYCR, as adjusted, improved 2.9 pts reflecting lower claims frequency and changes in business mix
- CATs of \$68M; (\$4M) CAT recovery related to non-COVID-19 CATs and \$72M related to COVID-19 CATs
- Favorable PYD of \$6M driven by \$21M favorable PYD in Commercial Lines offset by \$15M unfavorable PYD in Personal Insurance

## International Combined Ratios



# Life and Retirement: Strong increase in APTI compared to 4Q19 driven by higher NII and lower GOE, partially offset by base spread compression and COVID-19 mortality

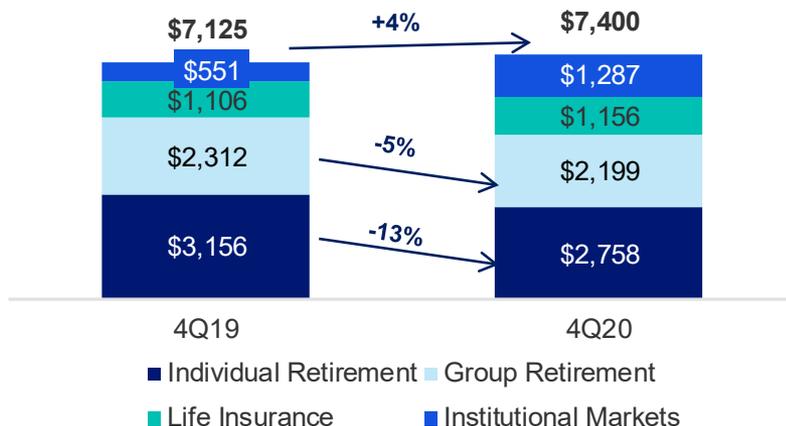
## Adjusted Pre-Tax Income (APTI) (\$M)



## Key Takeaways

- 4Q20 APTI reflects higher NII, APTI basis, driven by private equity returns, which are reported on a one quarter lag, and favorable impacts from lower interest rates and tighter credit spreads resulting in higher call and tender income; and lower GOE. The increase in APTI was partially offset by base spread compression and, in Life Insurance, impacts from COVID-19 mortality claims
- Favorable GOE reflects AIG 200 efficiencies and other cost savings as a result of COVID-19
- Premiums and deposits rose 4% benefitting from strong GIC<sup>1</sup> demand in Institutional Markets, while Individual and Group Retirement continue to recover from the broad industry sales channel disruptions resulting from COVID-19 and headwinds from low interest rates

## Premiums and Deposits (\$M)



## Noteworthy Items (\$M, unless noted)

	4Q19	4Q20	Variance
Return on adjusted segment common equity (Annualized)	14.3%	16.0%	1.7%
<b>Noteworthy Items (\$M)</b>	<b>4Q19</b>	<b>4Q20</b>	<b>Variance</b>
Return on alternative investments	\$ 101	\$ 293	\$ 192
Other yield enhancements	\$ 93	\$ 206	\$ 113
Includes:			
Fair value changes on Fixed Maturity Securities - Other accounted under FVO	\$ 16	\$ 19	\$ 3
All other yield enhancements	\$ 77	\$ 187	\$ 110



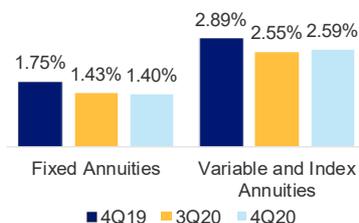
Note (March 15, 2021): Return on adjusted segment common equity has been updated to reflect revisions to segment balance sheets and debt and interest allocated to segments.

1) GIC is defined as Guaranteed Investment Contracts.

Life and Retirement: Individual and Group Retirement APTI up 10% and 52%, respectively, driven by strong equity markets and favorable impacts from lower interest rates and tighter credit spreads, partially offset by base spread compression

Individual Retirement*			
Premiums and Deposits (\$M)	Net Flows (\$M)	Assets Under Administration (\$B)	APTI (\$M)
\$2,758 (-13% vs. 4Q19)	(\$878)	\$ 163.4 (+5% vs. 4Q19)	\$552 (+10% vs. 4Q19)

#### Base Net Investment Spreads

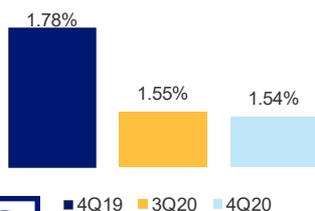


#### Total Net Investment Spreads

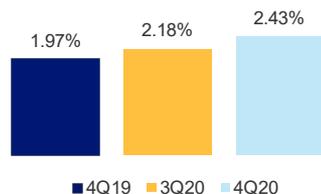


Group Retirement			
Premiums and Deposits (\$M)	Net Flows (\$M)	Assets Under Administration (\$B)	APTI (\$M)
\$2,199 (-5% vs. 4Q19)	(\$153)	\$ 130.1 (+10% vs. 4Q19)	\$318 (+52% vs. 4Q19)

#### Base Net Investment Spreads



#### Total Net Investment Spreads



\* Includes Retail Mutual Funds

#### Key Takeaways

4Q20 vs 4Q19 APTI results reflect

##### Favorable impacts from:

- Equity markets resulting in higher fees and favorable alternatives, mainly from private equity returns
- Lower interest rates and tighter credit spreads
- Total investment spreads

##### Unfavorable impacts from:

- Base spread compression

##### Other Key Metrics

##### Favorable impacts from:

- Net flows
- Assets under administration growth

#### Key Takeaways

4Q20 vs 4Q19 APTI results reflect

##### Favorable impacts from:

- Equity markets resulting in higher fees, lower DAC amortization and favorable alternatives, mainly from private equity returns
- Lower interest rates and tighter credit spreads
- Lower GOE
- Total investment spreads

##### Unfavorable impacts from:

- Base spread compression

##### Other Key Metrics

##### Favorable impacts from

- Net flows
- Assets under administration growth

Life and Retirement: Life Insurance APTI reflects COVID-19 mortality impact, offset in part by strong private equity returns and favorable impacts from lower interest rates and tighter credit spreads; Institutional Markets APTI reflects strong private equity returns and growth in reserves

Life Insurance	
(\$M)	
New Business Sales	\$104 (-5% vs. 4Q19)
<i>Domestic US</i>	65%
<i>International</i>	35%
Premiums and Deposits	\$1,156 (+5% vs. 4Q19)
APTI	\$30 (-55% vs. 4Q19)

### Key Takeaways

4Q20 vs 4Q19 APTI results reflect

#### Favorable impacts from:

- Equity markets returns from favorable alternatives, mainly higher private equity returns
- Lower interest rates and tighter credit spreads
- Lower GOE

#### Unfavorable impacts from:

- Mortality, driven by COVID-19
- Lower reinvestment rates

#### Other Key Metrics

#### Unfavorable impacts from:

- New business sales impact on APTI

Institutional Markets	
(\$M)	
APTI	\$127 (+55% vs. 4Q19)

### Key Takeaways

4Q20 vs 4Q19 APTI results reflect

#### Favorable impacts from:

- Equity markets returns from favorable alternatives, mainly higher private equity returns
- Higher base investment income, growth in reserves

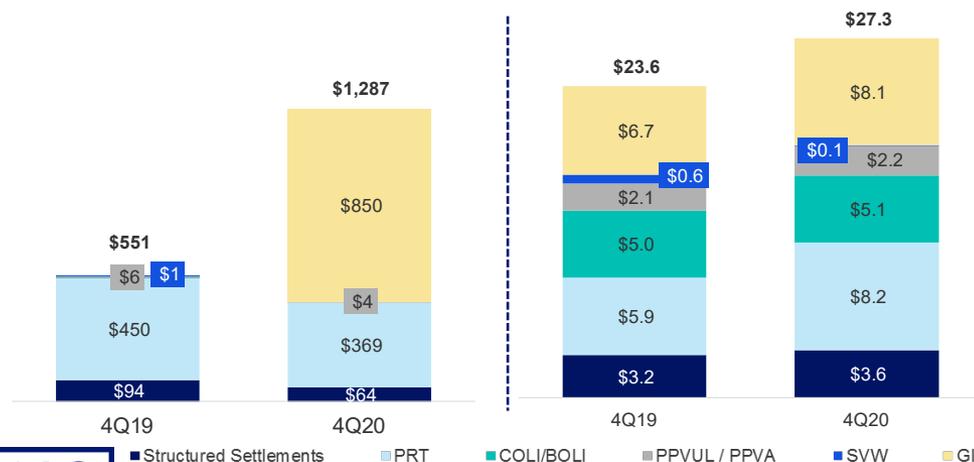
#### Other Key Metrics

#### Favorable impacts from:

- Growth in reserves, including 4Q20 GIC issuance

Premiums and Deposits (\$M)

GAAP Reserves (\$B)



**Definitions:** GIC = Guaranteed Investment Contracts | SVW = Stable Value Wrap | COLI/BOLI = Corporate and Bank-owned life insurance | PRT = Pension Risk Transfer | PPVUL/PPVA = Private placement variable life and annuities

Other Operations: APTL increased principally due to higher consolidation and eliminations from consolidated investment entities, the sale of Fortitude in 2Q20, as well as higher interest expense from May 2020 bond issuance

(\$M)	4Q19	4Q20
Corporate and Other	(\$301)	(\$519)
Asset Management	10	91
<b>Adjusted pre-tax loss before consolidation and eliminations</b>	<b>(\$291)</b>	<b>(\$428)</b>
Consolidation and eliminations:		
Consolidation and eliminations – Consolidated investment entities	(126)	(285)
Consolidation and eliminations – Other	(8)	(7)
Total Consolidation and eliminations	(134)	(292)
<b>Adjusted pre-tax loss</b>	<b>(\$425)</b>	<b>(\$720)</b>

**Key Takeaways:**

- Fourth quarter APTL was \$720M, including \$292M of reductions from consolidation and eliminations, compared to APTL of \$425M, including \$134M of reductions from consolidation and eliminations, in the prior year quarter. The increase in consolidation and eliminations from 4Q19 reflects the impact of consolidated investment entities
- Before consolidation and eliminations, the increase in APTL was primarily due to lower NII associated with available for sale securities; the sale of Fortitude in 2Q20, which had APTI of \$70M in 4Q19; and increased interest expense related to debt issuances in 2Q20

# Full Year 2020

## Financial Detail

# FY'20 APTI of \$3.0B reflects higher CATs, including COVID-19, and lower NII than the prior year; General Insurance AYCR, as adjusted, improved 1.9 pts; Life and Retirement APTI nearly flat

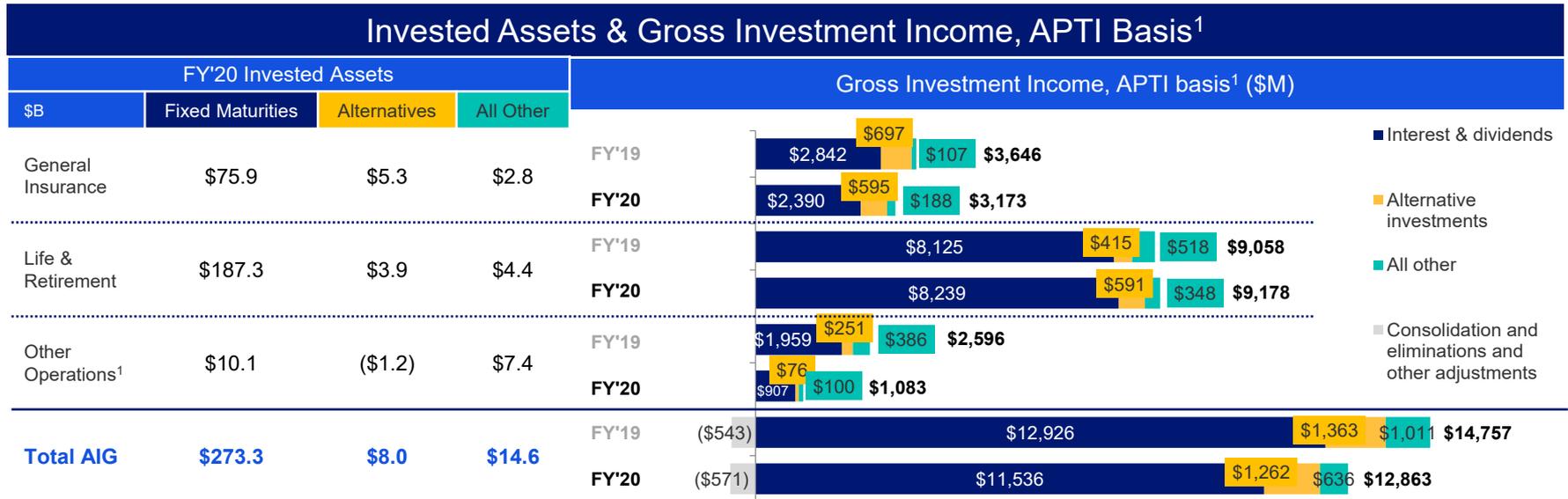
(\$M, except per common share amounts)	FY'19	FY'20	Variances
<b>Adjusted pre-tax income (loss):</b>			
General Insurance	\$3,533	\$1,901	(\$1,632)
Life and Retirement	3,553	3,531	(22)
Other Operations <sup>1</sup>	(1,616)	(2,429)	(813)
<b>Total adjusted pre-tax income</b>	<b>\$5,470</b>	<b>\$3,003</b>	<b>(\$2,467)</b>
<b>AATI attributable to AIG common shareholders</b>	<b>\$4,078</b>	<b>\$2,201</b>	<b>(\$1,877)</b>
<b>AATI per diluted share attributable to AIG common shareholders</b>	<b>\$4.58</b>	<b>\$2.52</b>	<b>(\$2.06)</b>
<b>Net income (loss) attributable to AIG common shareholders</b>	<b>\$3,326</b>	<b>(\$5,973)</b>	<b>(\$9,299)</b>
<b>Consolidated adjusted ROCE</b>	<b>8.3%</b>	<b>4.4%</b>	<b>(3.9) pts</b>
<b>General Insurance underwriting ratios:</b>			<b><u>B / (W)</u></b>
Loss ratio	65.2%	71.0%	(5.8) pts
<i>Less: impact on loss ratio</i>			
Catastrophe losses and reinstatement premiums	(4.8%)	(10.3%)	(5.5) pts
Prior year development	1.1%	0.1%	(1.0) pts
Adjustments for ceded premium under reinsurance contracts and other	0.1%	0.0%	(0.1) pts
<b>Accident year loss ratio, as adjusted</b>	<b>61.6%</b>	<b>60.8%</b>	<b>0.8 pts</b>
Expense ratio	34.4%	33.3%	1.1 pts
<b>Accident year combined ratio, as adjusted</b>	<b>96.0%</b>	<b>94.1%</b>	<b>1.9 pts</b>
<b>Calendar year combined ratio</b>	<b>99.6%</b>	<b>104.3%</b>	<b>(4.7) pts</b>

Key Takeaways
<ul style="list-style-type: none"> <li>General Insurance APTI decreased by \$1.6B from FY'19 primarily due to: <ul style="list-style-type: none"> <li>\$1.2B increase in CATs including \$1.1B of COVID-19 CATs,</li> <li>\$0.5B decrease in NII, APTI basis, and</li> <li>1.0 pt decrease in favorable PYD ratio reflecting lower favorable PYD in FY'20 compared to FY'19;</li> <li>partially offset by 1.9 pt improvement in AYCR, as adjusted</li> </ul> </li> <li>Life and Retirement APTI was nearly flat; results reflect the impact of COVID-19 mortality, base spread compression and lower FVO bond income, almost entirely offset by higher private equity returns and favorable impacts from lower interest rates and tighter credit spreads resulting in higher call and tender income</li> <li>Other Operations APTL was \$2.4B, including \$0.5B of reductions from consolidation and eliminations, compared to \$1.6B, including \$0.3B of reductions from consolidation and eliminations, in the prior year quarter. The increase in consolidation and eliminations reflects the impact of consolidated investment entities. Before consolidation and eliminations, the increase in the pre-tax loss was primarily due to the sale of Fortitude in 2Q20, lower NII associated with available for sale securities (excluding Fortitude), and increased interest expense related to debt issuances in 2Q20</li> </ul>

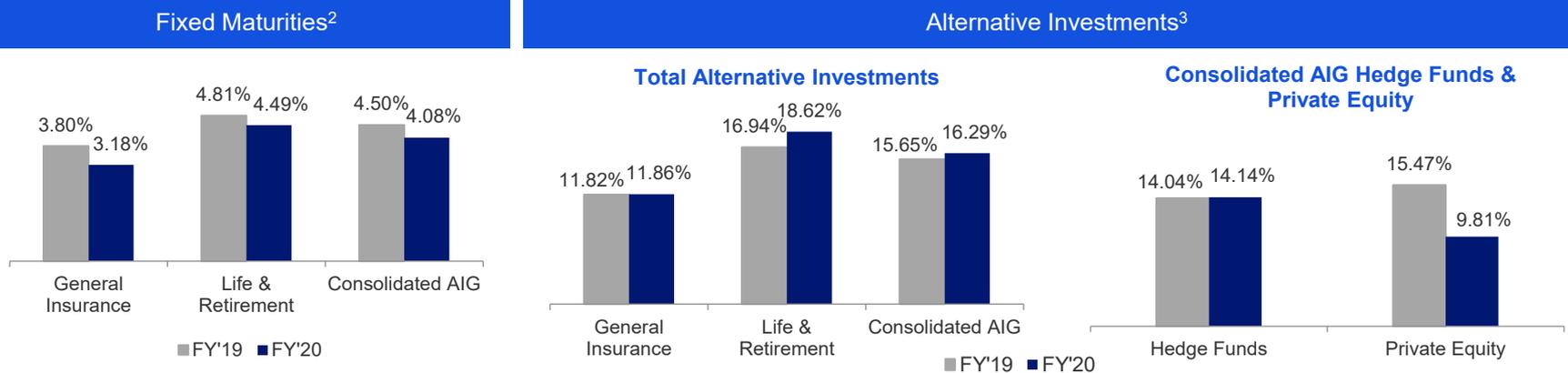


1) Other Operations is primarily comprised of corporate, our institutional asset management business and consolidation and eliminations.

GII, APTI basis<sup>1</sup>, decrease of \$1.9B reflects the June 2020 Fortitude sale, lower FVO bond income, and yield compression on available for sale securities



### FY'20 and FY'19 Annualized Investment Yields



1) FY'20 and FY'19 includes GII \$521M (\$499M on a net basis) and \$2.0B (\$1.9B on a net basis), respectively, related to investment income on Fortitude assets. Excluding Fortitude, FY'20 and FY'19 GII, APTI basis, is \$12,342M and \$12,806M, respectively, and Nil, APTI basis, is \$11,822M and \$12,490M, respectively.  
 2) Interest and dividends include amounts related to commercial mortgage loan prepayments and call and tender income; Life and Retirement annualized yields include yield on collateral related to hedging program.  
 3) Alternative investment income includes income on hedge funds, private equity funds and affordable housing partnerships.

# FY'19 and FY'20 noteworthy items

(\$M, except per share amounts)	FY'19 – Income / (Loss)			FY'20 – Income / (Loss)		
	Pre-tax	After-tax <sup>1</sup>	EPS – diluted <sup>2</sup>	Pre-tax	After-tax <sup>1</sup>	EPS – diluted <sup>2</sup>
CATs excluding General Insurance COVID-19 CATs	(\$1,273)	(\$1,006)	(\$1.13)	(\$1,358)	(\$1,073)	(\$1.23)
General Insurance COVID-19 CATs	-	-	-	(1,093)	(863)	(0.99)
Favorable/(unfavorable) PYD	294	232	0.26	74	58	0.07
Charge related to annual actuarial assumption update in Life and Retirement	(173)	(137)	(0.15)	(107)	(85)	(0.10)
<b>Investment Performance:</b>						
Better than expected alternative investment returns <sup>3,4</sup>	451	356	0.40	572	452	0.52
Better than expected fair value changes on Fixed Maturity Securities – Other accounted under FVO <sup>3</sup>	20	16	0.02	157	124	0.14
<b>Total noteworthy items – APTI basis</b>	<b>(\$681)</b>	<b>(\$538)</b>	<b>(\$0.60)</b>	<b>(\$1,755)</b>	<b>(\$1,386)</b>	<b>(\$1.59)</b>

1) Computed using a U.S. statutory tax rate of 21%.

2) Computed using weighted average diluted shares on an operating basis, which is provided on page 6 of the 4Q20 Financial Supplement.

3) The annualized expected rate of return for FY'19 and FY'20 is 8% and 6% for alternative investments and 6% and 4% for FVO fixed maturity securities, respectively.

4) Alternative investment returns reflect General Insurance and Life and Retirement alternative investment income only and exclude Other Operations, which includes the impact of consolidation and eliminations. On an AIG consolidated basis, better than expected alternative investment returns were \$395M, pre-tax, in FY'19 and \$460M, pre-tax, in FY'20.



AIG 200, a global, multi-year initiative to achieve transformational change and \$1B of GOE savings; FY'20 exit run-rate savings of ~\$400M, exceeding original GOE target of \$300M by ~33%

General Insurance	1	The <b>Standard Commercial Underwriting Platform</b> will modernize global underwriting capabilities by simplifying processes and tools to create a contemporary data architecture
	2	Transform <b>Japan business</b> into a next-generation digital insurance company with the ability to offer “anywhere, anytime, any device” experience
	3	Improve decision-making in <b>Private Client Group</b> through modernizing legacy technology and moving to digitized workloads
Shared Services	4	Create <b>AIG Global Operations</b> , a multifunctional, fully integrated operating model with digitally enabled end-to-end process and increased scope and scale
Information Technology	5	Transform <b>IT operating model</b>
	6	Build a modern, scalable and secure <b>technology foundation</b> to improve operational stability and enable faster business technology deployment
Finance	7	Transform <b>Finance operating model</b>
	8	Modernize infrastructure through technology solutions and simplify <b>finance and actuarial processes</b> , while materially improving <b>analytics capabilities</b>
Procurement	9	Create a highly efficient <b>global procurement and sourcing organization</b> to leverage our purchasing power, maximize value, minimize risk, and support sustained profitable growth
Real Estate	10	<b>Optimize portfolio</b> to ensure it is cost effective, resilient and reflective of global footprint

#### AIG 200 Costs to Achieve and GOE Benefits

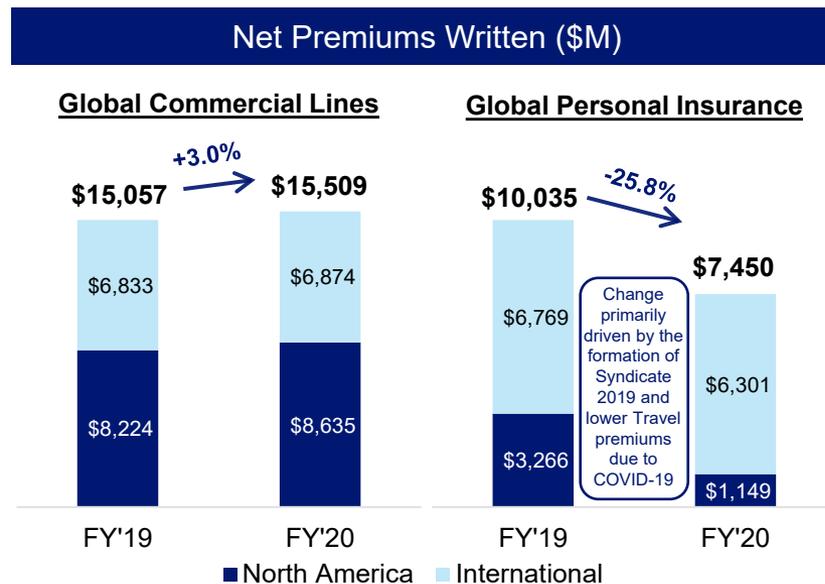
(\$M)	2020 Estimate	2020 Actual	Targets		Total	Comments
			2021E	2022E		
<b>Investment / Costs to Achieve</b>						
Capitalized assets, not in APTI initially	\$100	~\$80	\$200	\$120	\$400	Amortized / depreciated in GOE / APTI when IT or capital asset placed into service <sup>1</sup>
Restructuring and Other charges, offset by Gain on Sale, in Net Income	\$250	~\$150	\$300	\$450	\$900	Modest impact to APTI; primarily related to professional, IT and other restructuring fees, offset by gain on sale on divested entities
<b>Total investment</b>	<b>\$350</b>	<b>~\$230</b>	<b>\$500</b>	<b>\$570</b>	<b>\$1,300</b>	
<b>Run-rate net GOE savings, cumulative<sup>1</sup></b>	<b>\$300</b>	<b>~\$400</b>	<b>\$650</b>	<b>\$1,000</b>		Estimated exit run-rate savings will emerge over a period of time, beginning in 2020, as a result of actions taken in the AIG 200 program
<b>Annual net benefit to APTI</b>	<b>\$150</b>	<b>~\$175</b>				Estimated GOE benefit in 2020 as a result of actions taken in the AIG 200 program



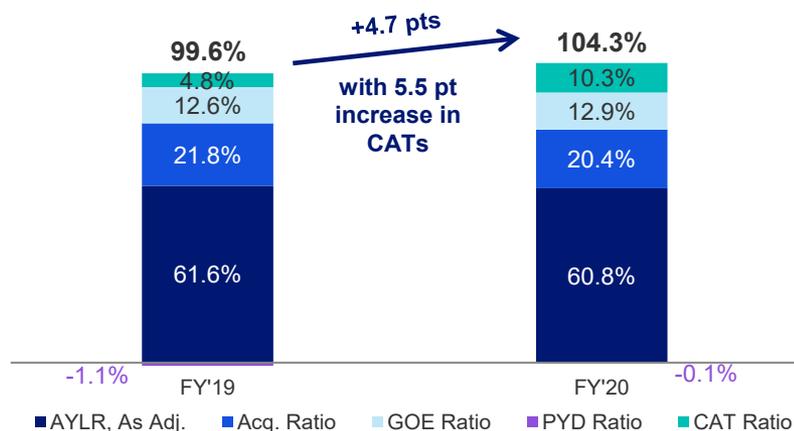
1) Targets assume estimated amortization / depreciation related to the capitalized assets of ~\$10M-\$15M and ~\$25M-\$30M for 2021 and 2022, respectively. Targets assume that the unamortized balance will be expensed at ~\$50M per year from 2023-2027 and the remainder will trail off in the periods thereafter.

# General Insurance: 1.9 pts better AYCR, as adjusted; 3.4 pt improvement in Global Commercial Lines due to improved business mix as a result of underwriting actions

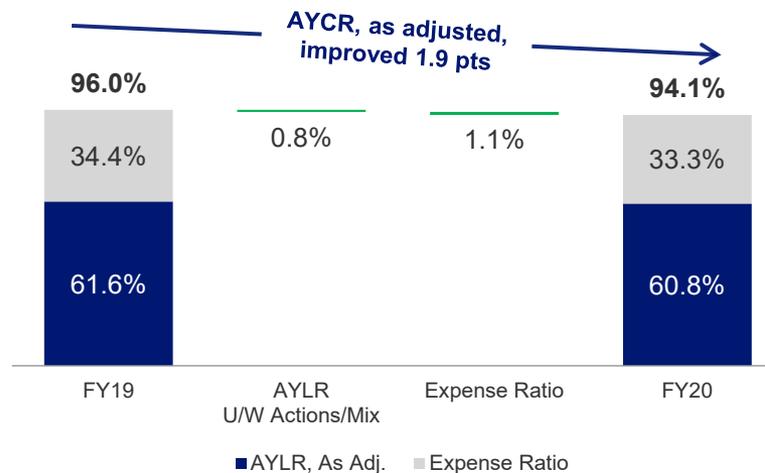
(\$M)	FY'19	FY'20
Net premiums written	\$25,092	\$22,959
Net premiums earned	\$26,438	\$23,662
Loss and loss adjustment expense	17,246	16,803
Acquisition expenses	5,774	4,821
General operating expenses	3,329	3,062
<b>Underwriting income (loss)</b>	<b>\$89</b>	<b>(\$1,024)</b>
<b>Net investment income</b>	<b>\$3,444</b>	<b>\$2,925</b>
<b>Adjusted pre-tax income</b>	<b>\$3,533</b>	<b>\$1,901</b>
<b>Note: Impact of CATs<sup>1</sup>, pre-tax</b>	<b>(\$1,257)</b>	<b>(\$2,428)</b>



## Calendar Year Combined Ratios<sup>2</sup>



## Accident Year Combined Ratios (excl. CATs) walk



1) FY'20 includes non-COVID-19 CATs of \$1,335M and COVID-19 CATs of \$1,093M, pre-tax.  
 2) FY'19 CYCR includes adjustments for ceded premium under reinsurance contracts and other of (0.1) pts.

# General Insurance: Strong 2.8 pt improvement in North America Commercial AYCR, as adjusted; Personal Insurance impacted by Travel and Syndicate 2019

(\$M)	FY'19	FY'20
<b>Net premiums written</b>	<b>\$11,490</b>	<b>\$9,784</b>
Commercial Lines	8,224	8,635
Personal Insurance	3,266	1,149
<b>Net premiums earned</b>	<b>\$12,136</b>	<b>\$10,302</b>
Commercial Lines	8,877	8,516
Personal Insurance	3,259	1,786
<b>Underwriting loss</b>	<b>(\$365)</b>	<b>(\$1,301)</b>
Commercial Lines	(364)	(861)
Personal Insurance	(1)	(440)
<b>Note: Impact of CATs, pre-tax</b>	<b>(\$827)</b>	<b>(\$1,737)</b>

## Key Takeaways:

- NA Commercial Lines NPW grew 5% over the prior year reflecting strong rate momentum, improved retention and higher writings in AIG Re. NA Personal Insurance NPW decreased as a result of the impact from COVID-19 on the Travel business, and cessions pursuant to a series of quota share reinsurance agreements placed in the 2Q20 related to Syndicate 2019
- NA Commercial Lines AYCR, as adjusted, improved 2.8 pts due to enhanced risk selection along with higher rate change, as well as a lower expense ratio due to changes in the business mix and expense discipline
- NA Personal Insurance AYCR, as adjusted, increased 8.8 pts due to the impact on the loss ratio of COVID-19 on Travel and the change in business mix driven by a series of quota share reinsurance agreements as described above. The GOE ratio was also impacted by the reduction in net premiums earned
- CATs of \$1.7B; \$1.0B related to non-COVID-19 CATs and \$0.7B related to COVID-19 CATs
- Favorable PYD of \$157M with \$239M favorable PYD in Commercial Lines and \$82M in unfavorable PYD in Personal Insurance; PYD reflects \$211M of favorable amortization from the ADC

## North America Combined Ratios<sup>1</sup>



  CYCR 
   CAT Ratio 
   PYD Ratio 
   AYCR, As adjusted 
   GOE Ratio 
   Acquisition Ratio 
   AYLR, As adjusted



1) FY'19 CYCR includes adjustments for ceded premium under reinsurance contracts and other of (0.2) pts, (0.2) pts, and (0.3) pts in Total North America, North America Commercial Lines, and North America Personal Insurance, respectively.

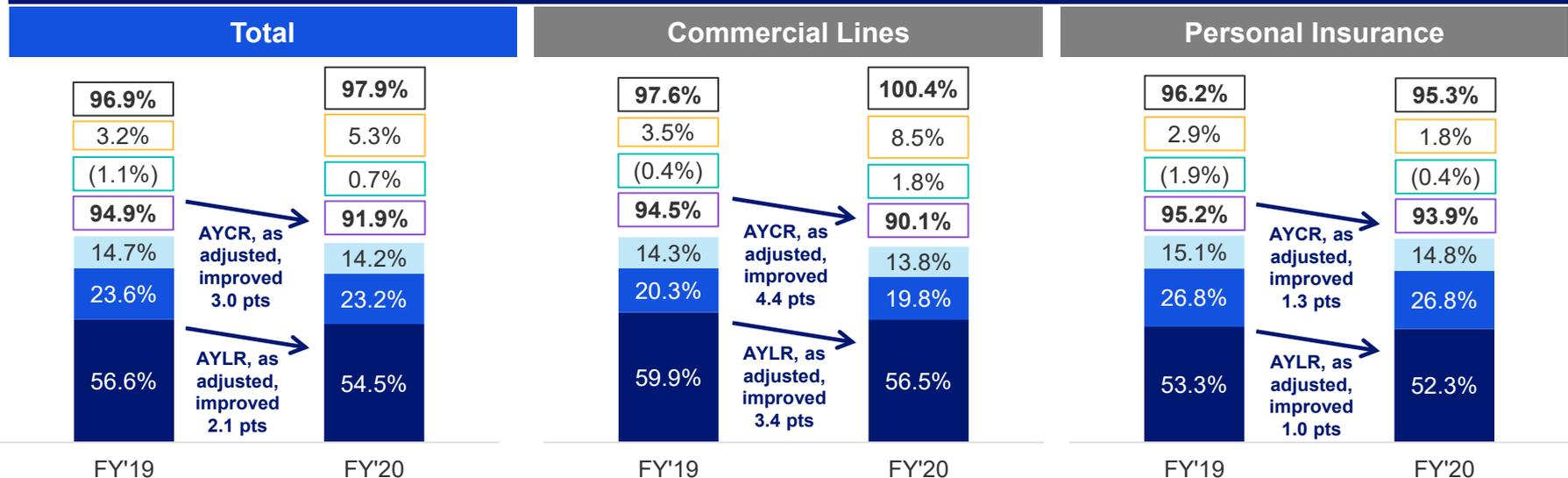
# General Insurance: 3.0 pt improvement in International AYCR, as adjusted, due to improved risk selection, rate increases, and ongoing expense discipline

(\$M)	FY'19	FY'20
<b>Net premiums written</b>	<b>\$13,602</b>	<b>\$13,175</b>
Commercial Lines	6,833	6,874
Personal Insurance	6,769	6,301
<b>Net premiums earned</b>	<b>\$14,302</b>	<b>\$13,360</b>
Commercial Lines	7,087	6,927
Personal Insurance	7,215	6,433
<b>Underwriting income</b>	<b>\$454</b>	<b>\$277</b>
Commercial Lines	177	(27)
Personal Insurance	277	304
<b>Note: Impact of CATs, pre-tax</b>	<b>(\$430)</b>	<b>(\$691)</b>

## Key Takeaways:

- International Commercial Lines NPW grew 1% and International Personal Insurance NPW decreased 7% largely from the adverse impact of COVID-19 on Travel, Accident & Health (A&H) and Personal Lines (Auto and Personal Property)
- International Commercial Lines AYCR, as adjusted, improved 4.4 pts due to enhanced risk selection along with rate increases and ongoing expense discipline
- International Personal Insurance AYCR, as adjusted, improved 1.3 pts reflecting lower claims frequency and changes in business mix
- CATs of \$691M; \$301M related to non-COVID-19 CATs and \$390M related to COVID-19 CATs
- Unfavorable PYD of \$81M with \$112M unfavorable PYD in Commercial Lines and \$31M in favorable PYD in Personal Insurance

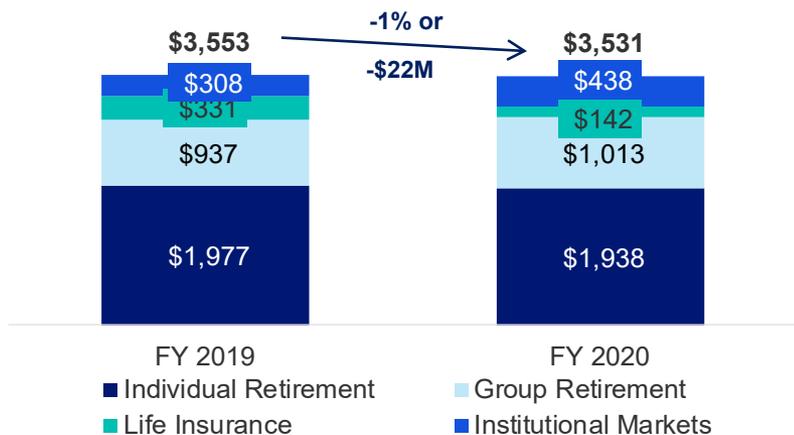
## International Combined Ratios<sup>1</sup>



1) FY'19 CYCR includes adjustments for ceded premium under reinsurance contracts and other of (0.1) pts in Total International.

Life and Retirement: Stable APTI in 2020 despite COVID-19 mortality and base spread compression impacts that were largely offset by strong equity markets and higher call and tender income

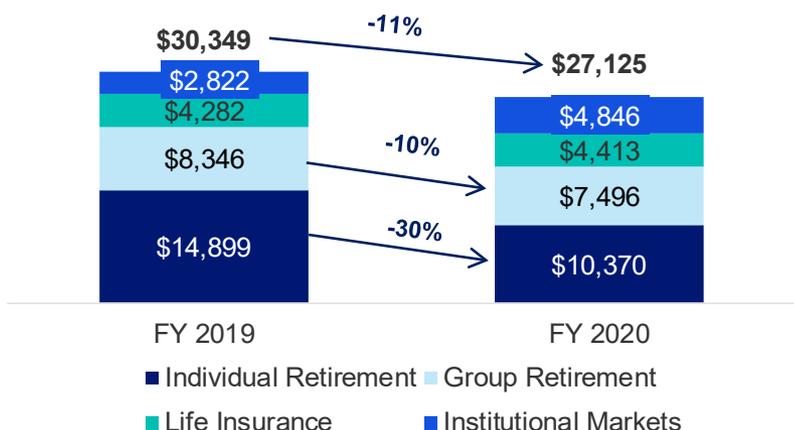
### Adjusted Pre-Tax Income (APTI) (\$M)



### Key Takeaways

- APTI reflects the impact of COVID-19 mortality, base spread compression and lower fair value option bond income, offset by higher private equity returns, and favorable impacts from lower interest rates and tighter credit spreads resulting in higher call and tender income
- 2020 premiums and deposits were negatively impacted by industry sales channel disruptions resulting from COVID-19 and headwinds from low interest rates

### Premiums and Deposits (\$M)



### Noteworthy Items (\$M, unless noted)

	2019	2020	Variance
Return on adjusted segment common equity (Annualized)	14.5%	13.6%	-0.9%
<b>Noteworthy Items (\$M)</b>	<b>2019</b>	<b>2020</b>	<b>Variance</b>
Annual actuarial assumption updates	\$ (144)	\$ (107)	\$ 37
Return on alternative investments	\$ 416	\$ 591	\$ 175
Other yield enhancements	\$ 583	\$ 682	\$ 99
Includes:			
Fair value changes on Fixed Maturity Securities - Other accounted under FVO	\$ 192	\$ 58	\$ (134)
All other yield enhancements	\$ 391	\$ 624	\$ 233

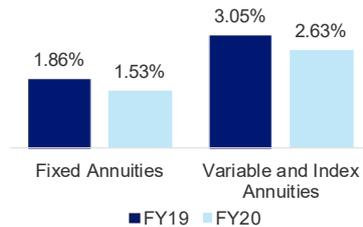


Note (March 15, 2021): Return on adjusted segment common equity has been updated to reflect revisions to segment balance sheets and debt and interest allocated to segments.

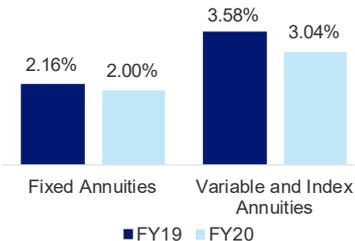
# Life and Retirement: Individual and Group Retirement APTI reflect strong equity markets, offset largely by base spread compression and lower income from FVO bonds

Individual Retirement*			
Premiums and Deposits (\$M)	Net Flows (\$M)	Assets Under Administration (\$B)	APTI (\$M)
\$10,370 (-30% vs. FY19)	(\$4,728)	\$ 163.4 (+5% vs. FY19)	\$1,938 (-2% vs. FY19)

### Base Net Investment Spreads

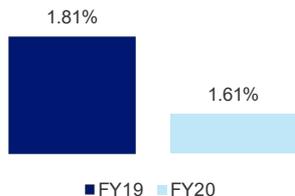


### Total Net Investment Spreads

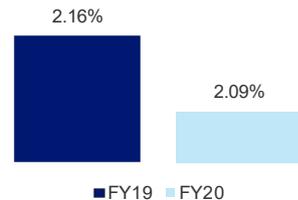


Group Retirement			
Premiums and Deposits (\$M)	Net Flows (\$M)	Assets Under Administration (\$B)	APTI (\$M)
\$7,496 (-10% vs. FY19)	(\$1,940)	\$ 130.1 (+10% vs. FY19)	\$1,013 (+8% vs. FY19)

### Base Net Investment Spreads



### Total Net Investment Spreads



## Key Takeaways

### FY20 vs FY19 APTI results reflect

#### Favorable impacts from:

- Equity markets resulting in higher fees and favorable alternatives, mainly from private equity returns
- Lower GOE

#### Unfavorable impacts from:

- Lower FVO assets, offset in part by favorable impact from lower interest rates and tighter credit spreads
- Unfavorable impact from annual actuarial assumption update
- Base spread compression
- Total investment spreads

### Other Key Metrics

#### Favorable impacts from:

- Assets under administration growth

#### Unfavorable impacts from:

- Net flows

## Key Takeaways

### FY20 vs FY19 APTI results reflect

#### Favorable impacts from:

- Equity markets resulting in higher fees, lower DAC amortization and favorable alternatives, mainly from private equity returns
- Favorable impact from annual actuarial assumption update

#### Unfavorable impacts from:

- Lower FVO assets, offset in part by favorable impact from lower interest rates and tighter credit spreads
- Base spread compression
- Total investment spreads

### Other Key Metrics

#### Favorable impacts from:

- Net flows
- Assets under administration growth



\* Includes Retail Mutual Funds

# Life and Retirement: Life Insurance 2020 APTI declined driven by higher mortality due to COVID-19, offset in part by strong equity markets; Institutional Markets APTI reflects strong private equity returns and growth in reserves

Life Insurance	
(\$M)	
New Business Sales	\$455 (-9% vs. FY19)
<b>Domestic US</b>	59%
<b>International</b>	41%
Premiums and Deposits	\$4,413 (+3% vs. FY19)
APTI	\$142 (-57% vs. FY19)

## Key Takeaways

FY20 APTI vs FY19 results reflect

### Favorable impacts from:

- Equity markets resulting in favorable alternatives, mainly from private equity returns
- Lower GOE

### Unfavorable impacts from:

- Lower FVO assets, offset in part by favorable impact from lower interest rates and tighter credit spreads
- Unfavorable impact from annual actuarial assumption update
- Mortality, driven by COVID-19
- Lower reinvestment rates

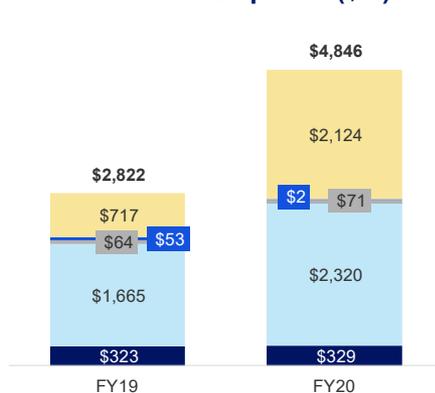
### Other Key Metrics

### Unfavorable impacts from:

- New business sales impact on APTI

Institutional Markets	
(\$M)	
APTI	\$438 (+42% vs. FY19)

### Premiums and Deposits (\$M)



### GAAP Reserves (\$B)



## Key Takeaways

FY20 vs F19 APTI results reflect

### Favorable impacts from:

- Equity markets resulting in favorable alternatives, mainly from private equity returns
- Higher base investment income, growth in reserves

### Unfavorable impacts from:

- Lower FVO assets, offset in part by favorable impact from lower interest rates and tighter credit spreads

### Other Key Metrics

### Favorable impacts from:

- Growth in reserves



**Definitions:** GIC = Guaranteed Investment Contracts | SVW = Stable Value Wrap | COLI/BOLI = Corporate and Bank-owned life insurance | PRT = Pension Risk Transfer | PPVUL/PPVA = Private placement variable life and annuities

# Life and Retirement: Balance sheet, capital generation and liquidity remained strong in 2020

## Strong Balance Sheet Fundamentals

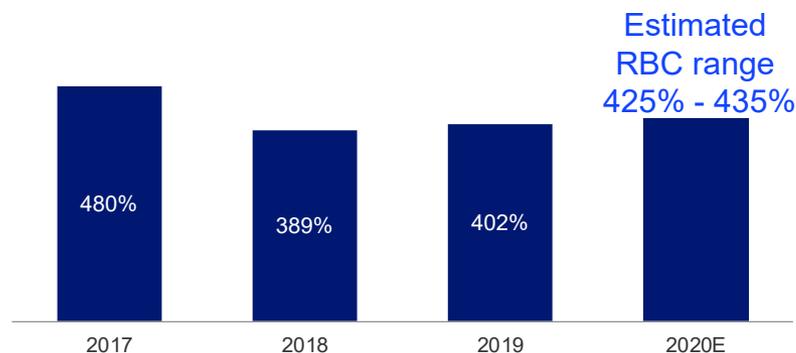
- Post-Fortitude sale, relatively limited net exposure to legacy blocks of business; no Long-Term Care exposure and limited pre-financial crisis Variable Annuities guarantees
- Disciplined pricing approach across a diverse set of products
- ~91% investment grade corporate debt investment portfolio, as of December 31, 2020, positioned well to navigate stress scenarios
- Estimated YE20 statutory capital levels improved from YE19 and remain above the target capital range, with modest impacts from investment downgrades and credit losses

On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG. No decisions have yet been made regarding the structure of the initial disposition of up to a 19.9% interest in the Life and Retirement business. In addition, any separation transaction will be subject to the satisfaction of various conditions and approvals, including approval by the AIG Board of Directors, receipt of insurance and other required regulatory approvals, and satisfaction of any applicable requirements of the Securities and Exchange Commission. No assurance can be given regarding the form that a separation transaction may take or the specific terms or timing thereof, or that a separation will in fact occur

## Dividends and Tax Sharing Payments (\$B)<sup>1</sup>



## Fleet RBC<sup>2</sup>



1) Includes US Life Companies. 2020 dividends reflect the impact of lower dividends from certain subsidiaries due to \$615M of proceeds from the sale of the majority interests in Fortitude Group Holdings LLC in June 2020 (Majority Interest Fortitude Sale) being retained at AIG rather than contributed to the Life and Retirement business, and a corresponding amount being retained by the Life and Retirement business rather than dividend up to AIG. Proceeds of \$0.1B contributed to certain Life and Retirement subsidiaries as a result of the Majority Interest Fortitude Sale are excluded from the FY2020 results above.

2) FY'20 RBC ratio is a preliminary range and subject to change with completion of statutory closing process. The RBC drop in 2018 due to tax reform and NYDFS additional cash flow testing requirements.

Other Operations: APTL increased principally due to the sale of Fortitude in 2Q20, lower NII associated with available for sale securities (excluding Fortitude), the impact of consolidated investment entities on consolidation and eliminations, as well as higher interest expense from May 2020 bond issuance

(\$M)	FY'19	FY'20
Corporate and Other	(\$1,378)	(\$2,041)
Asset Management	66	78
<b>Adjusted pre-tax loss before consolidation and eliminations</b>	<b>(\$1,312)</b>	<b>(\$1,963)</b>
Consolidation and eliminations:		
Consolidation and eliminations – Consolidated investment entities	(327)	(457)
Consolidation and eliminations – Other	23	(9)
Total Consolidation and eliminations	(304)	(466)
<b>Adjusted pre-tax loss</b>	<b>(\$1,616)</b>	<b>(\$2,429)</b>

**Key Takeaways:**

- Other Operations APTL was \$2.4B, including \$0.5B of reductions from consolidation and eliminations, compared to \$1.6B, including \$0.3B of reductions from consolidation and eliminations, in the prior year quarter. The increase in consolidation and eliminations reflects the impact of consolidated investment entities
- Before consolidation and eliminations, the increase in APTL was primarily due to the sale of Fortitude in 2Q20, lower NII associated with available for sale securities (excluding Fortitude), and increased interest expense related to debt issuances in 2Q20

# 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 Fourth 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. 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 acquiring or divesting 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

- **Book Value per Common Share, Excluding Accumulated Other Comprehensive Income (AOCI) adjusted for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets and Deferred Tax Assets (DTA) (Adjusted Book Value per Common Share)** is used to show the amount of our net worth on a per-common share basis after eliminating items that can fluctuate significantly from period to period including changes in fair value of AIG's available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. This measure also eliminates the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. In addition, we adjust for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets since these fair value movements are economically transferred to Fortitude Re. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in these book value per common share metrics. Adjusted Book Value per Common Share is derived by dividing Total AIG common shareholders' equity, excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets, and DTA (**Adjusted Common Shareholders' Equity**), by total common shares outstanding.
- **Book Value per Common Share, Excluding Goodwill, Value of Business Acquired (VOBA), Value of Distribution Channel Acquired (VODA), Other Intangible Assets, AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets, and Deferred Tax Assets (DTA) (Adjusted Tangible Book Value per Common Share)** is used to provide more accurate measure of the realizable value of shareholder on a per-common share basis. Adjusted Tangible Book Value per Common Share is derived by dividing Total AIG common shareholders' equity, excluding intangible assets, AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets, and DTA (**Adjusted Tangible Common Shareholders' Equity**), by total common shares outstanding.
- **AIG Return on Common Equity (ROCE) – Adjusted After-tax Income Excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets and DTA (Adjusted Return on Common Equity)** is used to show the rate of return on common shareholders' equity. We believe this measure is useful to investors because it eliminates items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. This measure also eliminates the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. In addition, we adjust for the cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets since these fair value movements are economically transferred to Fortitude Re. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Adjusted Return on Common Equity. Adjusted Return on Common Equity is derived by dividing actual or annualized adjusted after-tax income attributable to AIG common shareholders by average Adjusted Common Shareholders' Equity.
- **General Insurance and Life and Retirement Adjusted Segment Common Equity** is based on segment equity adjusted for the attribution of debt and preferred stock (Segment Common Equity) and is consistent with AIG's Adjusted Common Shareholders' Equity definition.
- **General Insurance and Life and Retirement Return on Adjusted Segment Common Equity – Adjusted After-tax Income (Return on Adjusted Segment Common Equity)** is used to show the rate of return on Adjusted Segment Common Equity. Return on Adjusted Segment Common Equity is derived by dividing actual or annualized Adjusted After-tax Income by Average Adjusted Segment Common Equity.
- **Adjusted After-tax Income Attributable to General Insurance and Life and Retirement** is derived by subtracting attributed interest expense, income tax expense and attributed dividends on preferred stock from APTI. Attributed debt and the related interest expense and dividends on preferred stock are calculated based on our internal allocation model. Tax expense or benefit is calculated based on an internal attribution methodology that considers among other things the taxing jurisdiction in which the segments conduct business, as well as the deductibility of expenses in those jurisdictions.

# 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 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)	Quarterly		Twelve Months Ended	
			December 31,	
	4Q19	4Q20	2019	2020
<b>Pre-tax income (loss) from continuing operations</b>	\$ 1,036	\$ (558)	\$ 5,287	\$ (7,293)
<b>Adjustments to arrive at Adjusted pre-tax income (loss)</b>				
Changes in fair value of securities used to hedge guaranteed living benefits	(11)	(17)	(194)	(41)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(95)	(217)	(56)	(12)
Changes in the fair value of equity securities	(152)	(216)	(158)	(200)
Loss (gain) on extinguishment of debt	19	(3)	32	12
Net investment income on Fortitude Re funds withheld assets (a)	-	(479)	-	(1,053)
Net realized capital (gains) losses on Fortitude Re funds withheld assets (a)	-	(335)	-	(463)
Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (a)	-	1,152	-	2,645
Net realized capital (gains) losses (b)	313	1,472	(456)	97
(Income) loss from divested businesses	71	(127)	75	8,525
Non-operating litigation reserves and settlements	(8)	(16)	(2)	(21)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(56)	(150)	(267)	(221)
Net loss reserve discount charge	35	475	955	516
Integration and transaction costs associated with acquiring or divesting businesses	8	5	24	12
Restructuring and other costs	44	111	218	435
Non-recurring costs related to regulatory or accounting changes	7	19	12	65
<b>Adjusted pre-tax income</b>	<b>\$ 1,211</b>	<b>\$ 1,116</b>	<b>\$ 5,470</b>	<b>\$ 3,003</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)

	Quarterly		Twelve Months Ended	
	4Q19	4Q20	December 31,	
	2019	2020	2019	2020
<b>After-tax net income (loss), including noncontrolling interests</b>	\$ 869	\$ (16)	\$ 4,169	\$ (5,829)
Noncontrolling interests (income) loss	60	(37)	(821)	(115)
<b>Net income (loss) attributable to AIG</b>	\$ 929	\$ (53)	\$ 3,348	\$ (5,944)
Dividends on preferred stock	7	7	22	29
<b>Net income (loss) attributable to AIG common shareholders</b>	\$ 922	\$ (60)	\$ 3,326	\$ (5,973)
<b>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):</b>				
Changes in uncertain tax positions and other tax adjustments (a)	7	(336)	30	(132)
Deferred income tax valuation allowance (releases) charges (b)	(3)	(157)	(43)	(65)
Changes in fair value of securities used to hedge guaranteed living benefits	(9)	(13)	(154)	(32)
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	(75)	(171)	(44)	(9)
Changes in the fair value of equity securities	(120)	(171)	(125)	(158)
Loss (gain) on extinguishment of debt	15	(2)	25	10
Net investment income on Fortitude Re funds withheld assets(c)	-	(378)	-	(832)
Net realized capital (gains) losses on Fortitude Re funds withheld assets(c)	-	(264)	-	(365)
Net realized capital (gains) losses on Fortitude Re funds withheld embedded derivative (c)	-	910	-	2,090
Net realized capital (gains) losses (d)(e)	258	1,141	(357)	75
(Income) loss from discontinued operations and divested businesses (e)	14	(21)	18	6,911
Non-operating litigation reserves and settlements	(7)	(13)	(2)	(17)
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	(45)	(119)	(211)	(175)
Net loss reserve discount charge	28	375	754	407
Integration and transaction costs associated with acquiring or divesting businesses	6	4	19	9
Restructuring and other costs	35	88	172	344
Non-recurring costs related to regulatory or accounting changes	6	15	10	51
Noncontrolling interests primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (f)	(109)	(1)	660	62
<b>Adjusted after-tax income attributable to AIG common shareholders</b>	\$ 923	\$ 827	\$ 4,078	\$ 2,201
<b>Weighted average diluted shares outstanding (g)</b>	896.4	868.4	889.5	869.3
<b>Income (loss) per common share attributable to AIG common shareholders (diluted) (g)</b>	\$ 1.03	\$ (0.07)	\$ 3.74	\$ (6.88)
<b>Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)</b>	1.03	0.94	4.58	2.52

(a) Includes the tax audit resolution related to the IRS audit settlement for tax years 1991-2006 and the write-down of net operating loss deferred tax assets in certain foreign jurisdictions, which is offset by valuation allowance release.

(b) Twelve months ended December 31, 2020 includes valuation allowance established against a portion of foreign tax credit carryforwards of AIG's U.S. federal consolidated income tax group, as well as net valuation allowance release in certain foreign jurisdictions for the three- and twelve-months ended December 31, 2020.

(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 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 December 31, 2020.

(g) Because we reported a net loss attributable to AIG common shareholders for the three and twelve months ended December 31, 2020, all common stock equivalents are anti-dilutive and are therefore excluded from the calculation of diluted shares and diluted per share amounts.



# Non-GAAP Reconciliations

## Book Value Per Common Share

(in millions, except per common share data)

### Book Value Per Common Share

Total AIG shareholders' equity	
Less: Preferred equity	
Total AIG common shareholders' equity (a)	
Less: Accumulated other comprehensive income (AOCI)	
Add: Cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets	
Less: Deferred tax assets (DTA)*	
Total adjusted common shareholders' equity (b)	
Total common shares outstanding (c)	
Book value per common share (a÷c)	
Adjusted book value per common share (b÷c)	

### Tangible Book Value Per Common Share

Total AIG common shareholders' equity (a)	
Less Intangible Assets:	
Goodwill	
Value of business acquired	
Value of distribution channel acquired	
Other intangibles	
Total intangibles assets	
Less: Accumulated other comprehensive income (AOCI)	
Add: Cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets	
Less: Deferred tax assets (DTA)*	
Total adjusted tangible common shareholders' equity (d)	
Total common shares outstanding (c)	
Adjusted tangible book value per common share (d÷c)	

As of December 31,		September 30,
2019	2020	2020
\$ 65,675	\$ 66,362	\$ 64,108
485	485	485
65,190	65,877	63,623
4,982	13,511	10,978
-	4,657	4,392
8,977	7,907	8,123
\$ 51,231	\$ 49,116	\$ 48,914
870.0	861.6	861.4
\$ 74.93	\$ 76.46	\$ 73.86
58.89	57.01	56.78
\$ 65,190	\$ 65,877	\$ 63,623
4,038	4,074	4,026
317	126	122
536	497	507
333	319	322
5,224	5,016	4,977
4,982	13,511	10,978
-	4,657	4,392
8,977	7,907	8,123
\$ 46,007	\$ 44,100	\$ 43,937
870.0	861.6	861.4
\$ 52.88	\$ 51.18	\$ 51.01



\* 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

## Return on Common Equity

(in millions)

### Return On Common Equity Computations

Actual or Annualized net income (loss) attributable to AIG common shareholders (a)

Actual or Annualized adjusted after-tax income attributable to AIG common shareholders (b)

Average AIG Common Shareholders' equity (c)

Less: Average AOCI

Add: Average cumulative unrealized gains and losses related to Fortitude Re's Funds Withheld Assets

Less: Average DTA\*

**Average adjusted common shareholders' equity (d)**

ROCE (a÷c)

Adjusted return on common equity (b÷d)

Quarterly		December 31,	
4Q19	4Q20	2019	2020
\$ 3,688	\$ (240)	\$ 3,326	\$ (5,973)
\$ 3,692	\$ 3,308	\$ 4,078	\$ 2,201
\$ 65,154	\$ 64,750	\$ 62,205	\$ 63,225
5,299	12,245	3,261	7,529
-	4,525	-	2,653
9,185	8,015	9,605	8,437
\$ 50,670	\$ 49,015	\$ 49,339	\$ 49,912
5.7%	(0.4%)	5.3%	(9.4%)
7.3%	6.7%	8.3%	4.4%

### General Insurance

(in millions)

	Quarterly	
	4Q19	4Q20
Adjusted pre-tax income	\$ 778	\$ 809
Interest expense on attributed financial debt	150	145
Adjusted pre-tax income including attributed interest expense	628	664
Income tax expense	165	182
Adjusted after-tax income	\$ 463	\$ 482
Dividends declared on preferred stock	3	3
Adjusted after-tax income attributable to common shareholders (a)	\$ 460	\$ 479
Ending adjusted segment common equity	25,059	25,044
Average adjusted segment common equity (b)	25,128	25,065
Return on adjusted segment common equity (a÷b)	7.3 %	7.6 %

### Life and Retirement

(in millions)

	Quarterly		Twelve Months Ended December 31,	
	4Q19	4Q20	2019	2020
Adjusted pre-tax income	\$ 858	\$ 1,027	\$ 3,553	\$ 3,531
Interest expense on attributed financial debt	68	70	266	285
Adjusted pre-tax income including attributed interest expense	790	957	3,287	3,246
Income tax expense	159	185	653	640
Adjusted after-tax income	\$ 631	\$ 772	\$ 2,634	\$ 2,606
Dividends declared on preferred stock	2	2	6	8
Adjusted after-tax income attributable to common shareholders (a)	\$ 629	\$ 770	\$ 2,628	\$ 2,598
Ending adjusted segment common equity	\$ 17,799	\$ 19,172	\$ 17,799	\$ 19,172
Average adjusted segment common equity (b)	17,645	19,297	18,076	19,128
Return on adjusted segment common equity (a÷b)	14.3 %	16.0 %	14.5 %	13.6 %

Note (March 15, 2021): Adjusted after-tax income (loss) attributable to common shareholders, ending adjusted segment common equity, average adjusted segment common equity and return on adjusted segment common equity have been updated to reflect revisions to segment balance sheets and debt and interest allocated to segments.

\* 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

<u>General Insurance</u>	Twelve Months Ended			
	Quarterly		December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	65.6	70.2	65.2	71.0
Catastrophe losses and reinstatement premiums	(6.5)	(9.0)	(4.8)	(10.3)
Prior year development	2.2	(0.9)	1.1	0.1
Adjustments for ceded premium under reinsurance contracts and other	0.3	-	0.1	-
Accident year loss ratio, as adjusted	61.6	60.3	61.6	60.8
Acquisition ratio	21.4	19.8	21.8	20.4
General operating expense ratio	12.8	12.8	12.6	12.9
Expense ratio	34.2	32.6	34.4	33.3
Combined ratio	99.8	102.8	99.6	104.3
Accident year combined ratio, as adjusted	95.8	92.9	96.0	94.1

<u>General Insurance - North America</u>	Twelve Months Ended			
	Quarterly		December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	74.0	88.9	73.1	84.6
Catastrophe losses and reinstatement premiums	(10.4)	(18.0)	(6.8)	(16.7)
Prior year development	2.6	(2.2)	1.0	1.2
Adjustments for ceded premium under reinsurance contracts and other	0.7	-	0.2	(0.1)
Accident year loss ratio, as adjusted	66.9	68.7	67.5	69.0
Acquisition ratio	19.1	15.6	19.8	16.7
General operating expense ratio	10.1	10.4	10.2	11.3
Expense ratio	29.2	26.0	30.0	28.0
Combined ratio	103.2	114.9	103.1	112.6
Accident year combined ratio, as adjusted	96.1	94.7	97.5	97.0

<u>General Insurance - North America - Commercial Lines</u>	Twelve Months Ended			
	Quarterly		December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	84.7	89.3	79.0	85.4
Catastrophe losses and reinstatement premiums	(8.7)	(17.4)	(6.3)	(16.7)
Prior year development	(3.2)	(1.4)	0.3	2.2
Adjustments for ceded premium under reinsurance contracts and other	0.7	-	0.2	-
Accident year loss ratio, as adjusted	73.5	70.5	73.2	70.9
Acquisition ratio	13.5	14.0	14.6	14.3
General operating expense ratio	10.6	9.1	10.5	10.3
Expense ratio	24.1	23.1	25.1	24.6
Combined ratio	108.8	112.4	104.1	110.0
Accident year combined ratio, as adjusted	97.6	93.6	98.3	95.5

<u>General Insurance - North America - Personal Insurance</u>	Twelve Months Ended			
	Quarterly		December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	45.7	86.0	57.0	80.9
Catastrophe losses and reinstatement premiums	(14.8)	(22.6)	(8.1)	(16.9)
Prior year development	17.8	(8.0)	2.8	(4.0)
Adjustments for ceded premium under reinsurance contract	0.6	-	0.3	-
Accident year loss ratio, as adjusted	49.3	55.4	52.0	60.0
Acquisition ratio	34.0	27.1	33.8	28.1
General operating expense ratio	8.9	20.1	9.2	15.7
Expense ratio	42.9	47.2	43.0	43.8
Combined ratio	88.6	133.2	100.0	124.7
Accident year combined ratio, as adjusted	92.2	102.6	95.0	103.8

# Non-GAAP Reconciliations

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

### General Insurance - International

	Quarterly		Twelve Months Ended December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	58.4	55.9	58.6	60.5
Catastrophe losses and reinstatement premiums	(3.2)	(2.1)	(3.2)	(5.3)
Prior year development	1.9	0.2	1.1	(0.7)
Adjustment for ceded premium under reinsurance contract	-	-	0.1	-
Accident year loss ratio, as adjusted	57.1	54.0	56.6	54.5
Acquisition ratio	23.3	23.0	23.6	23.2
General operating expense ratio	15.2	14.7	14.7	14.2
Expense ratio	38.5	37.7	38.3	37.4
Combined ratio	96.9	93.6	96.9	97.9
Accident year combined ratio, as adjusted	95.6	91.7	94.9	91.9

### General Insurance - International - Commercial Lines

	Quarterly		Twelve Months Ended December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	62.2	58.8	63.0	66.8
Catastrophe losses and reinstatement premiums	(3.0)	(4.0)	(3.5)	(8.5)
Prior year development	0.2	1.1	0.4	(1.8)
Accident year loss ratio, as adjusted	59.4	55.9	59.9	56.5
Acquisition ratio	20.3	19.4	20.3	19.8
General operating expense ratio	14.4	13.9	14.3	13.8
Expense ratio	34.7	33.3	34.6	33.6
Combined ratio	96.9	92.1	97.6	100.4
Accident year combined ratio, as adjusted	94.1	89.2	94.5	90.1

### General Insurance - International - Personal Insurance

	Quarterly		Twelve Months Ended December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	54.5	52.7	54.3	53.7
Catastrophe losses and reinstatement premiums	(3.3)	-	(2.9)	(1.8)
Prior year development	3.5	(0.9)	1.9	0.4
Accident year loss ratio, as adjusted	54.7	51.8	53.3	52.3
Acquisition ratio	26.3	26.9	26.8	26.8
General operating expense ratio	16.0	15.4	15.1	14.8
Expense ratio	42.3	42.3	41.9	41.6
Combined ratio	96.8	95.0	96.2	95.3
Accident year combined ratio, as adjusted	97.0	94.1	95.2	93.9

### General Insurance - Global Commercial Lines

	Quarterly		Twelve Months Ended December 31,	
	4Q19	4Q20	2019	2020
Loss ratio	74.7	76.0	71.9	77.1
Catastrophe losses and reinstatement premiums	(6.2)	(11.6)	(5.0)	(13.1)
Prior year development	(1.7)	(0.3)	0.3	0.5
Adjustments for ceded premium under reinsurance contracts and other	0.4	-	0.1	-
Accident year loss ratio, as adjusted	67.2	64.1	67.3	64.5
Acquisition ratio	16.6	16.4	17.1	16.8
General operating expense ratio	12.3	11.2	12.2	11.9
Expense ratio	28.9	27.6	29.3	28.7
Combined ratio	103.6	103.6	101.2	105.8
Accident year combined ratio, as adjusted	96.1	91.7	96.6	93.2

# Non-GAAP Reconciliations

## Net Premiums Written – Change in Constant Dollar

### General Insurance

Foreign exchange effect on worldwide premiums:

Change in net premiums written

Increase (decrease) in original currency

Foreign exchange effect

Increase (decrease) as reported in U.S. dollars

Global - Commercial Lines 4Q20	
	7 %
	1
	8 %

International - Commercial Lines 4Q20	
	5 %
	2
	7 %

## Reconciliation of Net Investment Income

(in millions)

<b>Net investment income per Consolidated Statements of Operations</b>	
Changes in fair value of securities used to hedge guaranteed living benefits	(16)
Changes in the fair value of equity securities	(152)
Net investment income on Fortitude Re funds withheld assets	-
Net realized capital gains (losses) related to economic hedges and other	43
<b>Total Net investment income - APTI Basis</b>	<b>3,462</b>
Add: Investment expenses	144
Add: Consolidation and eliminations	166
<b>AIG investment income, APTI basis</b>	<b>3,772</b>
Consolidation and eliminations	(166)
Net realized capital (gains) losses related to economic hedges and other	(43)
<b>Gross investment income, APTI basis</b>	<b>3,563</b>
Less: Impact of Fortitude Re prior to deconsolidation	(510)
<b>Gross investment income, APTI basis, excluding the impact of Fortitude Re for all periods, including periods prior to deconsolidation</b>	<b>3,053</b>
<b>Total Net investment income - APTI Basis</b>	<b>3,462</b>
Less: Impact of Fortitude Re prior to deconsolidation	(498)
<b>Total Net investment income - APTI Basis, excluding the impact of Fortitude Re for all periods, including periods prior to deconsolidation</b>	<b>2,964</b>

Quarterly		Twelve Months Ended December 31,	
4Q19	4Q20	2019	2020
\$ 3,587	\$ 3,957	\$ 14,619	\$ 13,631
(16)	(14)	(229)	(56)
(152)	(216)	(158)	(200)
-	(479)	-	(1,053)
43	(22)	158	(1)
<b>\$ 3,462</b>	<b>\$ 3,226</b>	<b>\$ 14,390</b>	<b>\$ 12,321</b>
144	129	525	541
166	307	385	572
<b>\$ 3,772</b>	<b>\$ 3,662</b>	<b>\$ 15,300</b>	<b>\$ 13,434</b>
(166)	(307)	(385)	(572)
(43)	22	(158)	1
<b>\$ 3,563</b>	<b>\$ 3,377</b>	<b>\$ 14,757</b>	<b>\$ 12,863</b>
(510)	-	(1,951)	(521)
<b>\$ 3,053</b>	<b>\$ 3,377</b>	<b>\$ 12,806</b>	<b>\$ 12,342</b>
\$ 3,462	\$ 3,226	\$ 14,390	\$ 12,321
(498)	-	(1,900)	(499)
<b>\$ 2,964</b>	<b>\$ 3,226</b>	<b>\$ 12,490</b>	<b>\$ 11,822</b>

# Non-GAAP Reconciliations

## Premiums

(in millions)

	Quarterly		Twelve Months Ended	
	4Q19	4Q20	December 31, 2019	2020
<b>Individual Retirement:</b>				
Premiums	\$ 39	\$ 37	\$ 104	\$ 151
Deposits	3,121	2,720	14,804	10,228
Other	(4)	1	(9)	(9)
<b>Premiums and deposits</b>	<b>\$ 3,156</b>	<b>\$ 2,758</b>	<b>\$ 14,899</b>	<b>\$ 10,370</b>
<b>Individual Retirement (Fixed Annuities):</b>				
Premiums	\$ 39	\$ 38	\$ 107	\$ 154
Deposits	725	522	5,212	2,414
Other	(10)	(1)	(39)	(33)
<b>Premiums and deposits</b>	<b>\$ 754</b>	<b>\$ 559</b>	<b>\$ 5,280</b>	<b>\$ 2,535</b>
<b>Individual Retirement (Variable Annuities):</b>				
Premiums	\$ -	\$ (1)	\$ (3)	\$ (3)
Deposits	839	931	2,852	2,982
Other	6	2	30	24
<b>Premiums and deposits</b>	<b>\$ 845</b>	<b>\$ 932</b>	<b>\$ 2,879</b>	<b>\$ 3,003</b>
<b>Individual Retirement (Index Annuities):</b>				
Premiums	\$ -	\$ -	\$ -	\$ -
Deposits	1,362	1,128	5,466	4,096
Other	-	-	-	-
<b>Premiums and deposits</b>	<b>\$ 1,362</b>	<b>\$ 1,128</b>	<b>\$ 5,466</b>	<b>\$ 4,096</b>
<b>Individual Retirement (Retail Mutual Funds):</b>				
Premiums	\$ -	\$ -	\$ -	\$ -
Deposits	195	139	1,274	736
Other	-	-	-	-
<b>Premiums and deposits</b>	<b>\$ 195</b>	<b>\$ 139</b>	<b>\$ 1,274</b>	<b>\$ 736</b>
<b>Group Retirement:</b>				
Premiums	\$ 2	\$ 5	\$ 16	\$ 19
Deposits	2,310	2,194	8,330	7,477
Other	-	-	-	-
<b>Premiums and deposits</b>	<b>\$ 2,312</b>	<b>\$ 2,199</b>	<b>\$ 8,346</b>	<b>\$ 7,496</b>
<b>Life Insurance:</b>				
Premiums	\$ 450	\$ 491	\$ 1,805	\$ 1,915
Deposits	438	430	1,667	1,648
Other	218	235	810	850
<b>Premiums and deposits</b>	<b>\$ 1,106</b>	<b>\$ 1,156</b>	<b>\$ 4,282</b>	<b>\$ 4,413</b>
<b>Institutional Markets:</b>				
Premiums	\$ 503	\$ 417	\$ 1,864	\$ 2,539
Deposits	42	864	931	2,281
Other	6	6	27	26
<b>Premiums and deposits</b>	<b>\$ 551</b>	<b>\$ 1,287</b>	<b>\$ 2,822</b>	<b>\$ 4,846</b>
<b>Total Life and Retirement:</b>				
Premiums	\$ 994	\$ 950	\$ 3,789	\$ 4,624
Deposits	5,911	6,208	25,732	21,634
Other	220	242	828	867
<b>Premiums and deposits</b>	<b>\$ 7,125</b>	<b>\$ 7,400</b>	<b>\$ 30,349</b>	<b>\$ 27,125</b>

