AIG, Inc.

4Q22 Earnings: Can AIG rejuvenate growth in '23?

| CORE

NPW declined (5.9)%, constant dollar +1.4%. Ramping up growth in '23 would largely depend on portfolio construction and pricing conditions. AIG's Validus and Lexington arms provide the group an edge. It remains to be seen if that can counterbalance headwinds within financial lines pricing.

Lexington Growth Engine: We reviewed statutory filings, Lexington's DPW increased 16% from LTM 3Q22 vs. LTM 3Q21 yet that is lower than the overall E&S market at 26% on the same basis. Lexington remains the #2 E&S writer based on 3Q22 DPW. We think AIG will play catch up in 2023 as it is well through figuring out what is a Lexington policy vs. a retail policy.

50 bps Compression NA Commercial Pricing vs. Loss Trend: Pure pricing +3% plus exposure growth of 3% sums up to 6% written pricing increases, 50 bps below AIG's 6.5% loss trend expectation (unchanged from 3Q22). This is a worse outlook than CB (6.5% pricing vs. 6.5% loss trend). However, AIG is constructive that **pricing is reaccelerating heading into the new year.** Retail property up 24% in Dec and a similar lift in Lexington. Strong reinsurance cat rate increases, up 30-100%, at Validus Re.

We anticipate GI underwriting margin expansion from here will come more from the expense ratio side and from PCG remediation. The formation of Syndicate 2019 was AIG's first stab at sharing PCG risk with a third party. Since the inception of that arrangement in 2020, PCG results have been disappointing. AIG's next venture with Stone Point is another stab. If the ultimate goal is for AIG to act more like a fronting company and earn fee income, then we can better see contributions from AIG's better performing commercial lines segments.

Favorable PYD: While other commercial lines writers saw PYD erosion within casualty this quarter, a piece of AIG's higher than typical favorable PYD this quarter was due to NA casualty. In contrast, just focusing on casualty reserves (not overall PYD), TRV strengthened GL, primarily umbrella for multiple AYs, reserves amid inflationary pressures in more losses reaching excess layers of coverage. MKL experienced adverse PYD on certain GL and professional lines for AYs 2016-2019 as the impacts of economic and social inflation have created more uncertainty on longer tail lines.

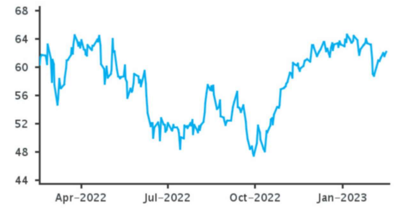
1/1 Reinsurance updates: more per occurrence protection less aggregate protection. Dissaggregation of NA Commercial and Personal shared limits. Further details included in the note.

AIG	EQUAL WEIGHT Unchanged
U.S. Insurance/Non-Life	POSITIVE Unchanged
Price Target	USD 66.00 Unchanged
Price (16-Feb-23)	USD 62.16
Potential Upside/Downside	+6.2%

Market Cap (USD mn)	45632
Shares Outstanding (mn)	734.10
Free Float (%)	99.76
52 Wk Avg Daily Volume (mn)	4.8
Dividend Yield (%)	2.06
Return on Equity TTM (%)	19.52
Current BVPS (USD)	53.83

Source: Bloomberg

Price Performance	Exchange-NYSE
52 Week range	USD 65.73-47.05



Source: IDC
Link to Barclays Live for interactive charting

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Path to ROCE in double digits: We are assuming the stating point is 6/7% adj. ROCE. It is important to keep in mind that when AIG talks about achieving double digit ROCEs, that reference is on a deconsolidated entity not a 2023/2024 outlook on the current structure where AIG remains a majority owner of CRBG. We think AIG's goal of improving ROCE by 300-400 bps is achievable, the question is the timeline. AIG anticipates higher interest rates adds another 100-200 bps to its sustainable long term ROCE outlook. The last piece is not unique to AIG, if the rest of the P&C industry can also add 1-2 pts to ROCE from higher interest rates, that shift would be in parallel to others. Then AIG, as a pure P&C insurer, would still have a ROCE that lags its peers.

AIG: Quarterly and Annual EPS (USD)

	2022	2023			2024			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2023	2024
Q1	1.30A	1.43E	1.31E	1.51E	1.71E	1.66E	1.73E	0.77%	27%
Q2	1.19A	1.49E	1.44E	1.60E	1.73E	1.78E	1.83E	21%	24%
Q3	0.66A	1.31E	1.12E	1.54E	1.54E	1.45E	1.71E	70%	29%
Q4	1.36A	1.55E	1.53E	1.66E	1.83E	1.88E	1.92E	12%	23%
Year	4.55A	5.78E	5.40E	6.30E	6.82E	6.77E	7.38E	19%	25%
P/E	13.7		11.5			9.2			

Consensus numbers are from Bloomberg received on 16-Feb-2023; 13:50 GMT
Source: Barclays Research

U.S. Insurance/Non-Life — POSITIVE

AIG, Inc. (AIG)

EQUAL WEIGHT

Income statement ($mn)	2022A	2023E	2024E	2025E	CAGR
Net premiums earned	25,340	25,766	26,514	27,219	2.4%
Net investment income (NII)	2,382	2,668	2,879	3,075	8.9%
Underwriting income	2,048	1,511	1,581	1,807	-4.1%
Operating income	3,586	3,832	4,472	4,780	10.1%
Net income	10,247	3,832	4,472	4,780	-22.4%
Effective tax rate (%)	22.1	22.0	22.0	22.0	-0.1%
Combined ratio (%)	91.9	94.1	94.0	93.4	0.5%
Combined ratio (ex cats & py development) (%)	88.7	89.0	88.9	88.6	0.0%

Per share data ($)	2022A	2023E	2024E	2025E	CAGR
EPS (adj)	4.55	5.40	6.77	7.61	18.7%
EPS (reported)	12.59	5.40	6.77	7.61	-15.5%
DPS	1.28	1.28	1.28	2.24	20.5%
BVPS	54.08	57.95	63.51	70.13	9.0%
BVPS (ex AOCI)	84.12	91.02	98.27	106.70	8.2%
Diluted shares (mn)	799	710	660	628	-7.7%

Balance sheet and capital return ($mn)	2022A	2023E	2024E	2025E	CAGR
Total investments	89,145	86,857	84,705	82,566	-2.5%
Common shareholders' equity (ex AOCI)	61,862	60,809	62,454	64,447	1.4%
Share buybacks	5,149	4,000	2,000	2,000	-27.0%
Dividends paid	997	896	833	1,385	11.6%

Balance sheet and capital return metrics	2022A	2023E	2024E	2025E	Average
Debt leverage (%)	31.8	32.3	31.5	30.6	31.5
Financial leverage (%)	34.1	34.7	33.8	32.8	33.9
Total capital return as a % of op. earnings	171.4	127.8	63.3	70.8	108.3

Valuation metrics	2022A	2023E	2024E	2025E	Average
P/BV (ex AOCI) (x)	0.74	0.68	0.63	0.58	0.66
P/E (adj) (x)	13.7	11.5	9.2	8.2	10.6
Dividend yield (%)	2.1	2.1	2.1	3.6	2.4
ROE (%)	6.8	9.8	11.3	11.6	9.9

Note: FY End Dec
Source: Company data, Bloomberg, Barclays Research

Price (16-Feb-2023)	**USD 62.16**
Price Target	**USD 66.00**

Why EQUAL WEIGHT?

We view AIG as a wait-and-see proposition as it goes down the complex path of deconsolidation as well as ongoing initiatives to achieve expense savings objectives.

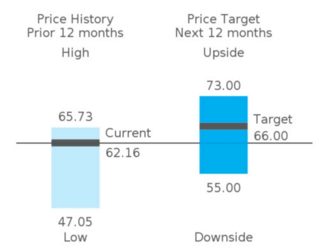
Upside case **USD 73.00**

Eventual successful deconsolidation that yields a fair market value resulting in a rerating of AIG RemainCo. Our upside case of $73 assumes ~10.8x our '24 EPS estimate.

Downside case **USD 55.00**

Adverse reserve development accompanying expansion of underwriting risk appetite too fast too soon. Our downside case of $55 assumes ~8.1x our '24 EPS estimate.

Upside/Downside scenarios



50 bps Compression NA Commercial Pricing vs. Loss Trend

NA Commercial rates grew to +3% in 4Q22 vs +7% in 2Q22 and +8% in 1Q22. We only have AIG's NA commercial pricing of 9% ex WC for 3Q22, obscuring q/q comparables. The drag to rates is on the financial lines and WC sides. 4Q rates ex financial lines was +7% and +9% ex financial lines and WC.

Pure pricing +3% plus exposure growth of 3% sums up to 6% written pricing increases, 50 bps below AIGs 6.5% loss trend expectation (unchanged from 3Q22). This is worse than CB's equilibrium of 6.5% pricing and loss trend. However, AIG is constructive that **pricing is reaccelerating heading into the new year.** Retail property up 24% in Dec and a similar lift in Lexington. Strong reinsurance cat rate increases, up 30-100%, at Validus Re. CB thinks that "*additional rate is required primarily to keep pace with loss costs, which again are hardly benign in both long-tail and short-tail lines*". Implying that loss trend may rise from here, even though CB takes a current and prospective view of trend. As loss trend is not static, we would have to evaluate the pace of rate increases relative to any changes in loss trends to be more constructive on improvements in NA Commercial Lines AYLR.

Where we take some pause on premium growth from here: During the 3Q22 earnings call, AIG mentioned putting more capital to work for underwriting capacity yet premium growth – even ex FX – has been less robust. AIG was able to grow in prior periods without that same assertion of deploying more capital for underwriting.

FIGURE 1. AIG Rate (ex Exposures) Deceleration

AIG	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22
Global Commercial	+15%	+13%	+12%	+10%	+9%	+7%		
Global Commercial ex WC					+10%			
NA Commercial	+15%	+13%	+11%	+11%	+8%	+7%		+3%
NA Commercial ex WC							+9%	
NA Commercial ex Financial Lines								+7%
NA Commercial ex WC and Financial Lines								+9%
Admitted Property								
Wholesale Casualty & Property								
Financial Lines	+24%		>+15%	+15%	+12%			
Cyber*					+85%	+52%	+32%	
Public D&O								
EPLI								
E&S Lines								
Excess Casualty	+31%	+20%	>+15%	+14%		+10%	+12%	+9%
Lexington				+11%	+13%	+18%	+20%	+12%
Lexington - Property		+15%				+17%		
Lexington - Casualty	+36%	+19%						
NA Retail Property				13%	+14%			+15%
Intl Commercial	+14%	+13%	+13%	+9%	+10%	+7%	+6%	+4%
UK	+23%		+21%	+12%				
EMEA				+18%	+14%	+10%	+10%	+7%
Talbot								
UK D&O								
UK Marine & Energy								
Commercial Property	+19%	+18%			+14%	+10%		
Financial Lines	+20%	+21%	+24%	+18%	+21%	+11%		
Cyber*	+41%	+40%			+60%	+47%		
Specialty - UK, Middle East, Africa	+14%							
Global Energy	+26%	+16%	+14%	+11%				
Loss trend			**4-5%**		**5.5%**	**6%**	**6.5%**	**6.5%**

Note: Cyber rates are included in financial lines, NA and International respectively.
Source: Barclays Research, Company Data.

1/1 Reinsurance Update

Overall reinsurance costs increased <10% on an absolute and risk adjusted basis versus 2022. AIG stands out relative to its peer group in terms of lower property catastrophe attachment points. AIG is happy with its reinsurance placements, therefore its ceded reinsurance strategy does not limit the company to grow in businesses where it sees attractive risk adjusted returns. We point out that while AIG manages its property catastrophe risk relative to capital by legal entity, S&P takes an enterprise view of capital. We think that AIG's catastrophe risk charge to S&P capital had benefited from a larger balance sheet that included life operations. With a smaller balance sheet, post separation, we see its PML growth to be more constrained.

We share noteworthy changes:

Reinsurance updates: more per occurrence protection less aggregate protection. With less aggregate cover, AIG could be subject to multiple reinstatement premiums if 2023 shapes up to be a frequent cat year. There was less reinsurance capacity/appetite for aggregate cover at 1/1 renewals. AIG felt like it was not getting the appropriate risk-adjusted returns if it renewed last year's aggregate limit. **On a severity standpoint, AIG purchased more per occurrence limit in '23 vs. '22 to protect against higher risk return periods.**

2023 worldwide aggregate property catastrophe program protection decreased to $500mn from $1.1bn in 2022. We do not know yet any changes to retentions, to recap it was $400mn for 2022. The second event attachment is an improvement over last year.

Dissaggregation of NA Commercial and Personal shared limits: Last year's occurrence XOL treaty was a shared limit between commercial and personal lines. This year, limits are not shared and AIG reduced the total limit of PCG catastrophe program. On a frequency standpoint, commercial only NA per occurrence protection retentions increased to $500mn from last year's $250mn (except Southeast/Gulf at $500mn) and Lexington attaching at $300mn (lack of y/y comparison). We also assume that Lexington is writing more personal lines risk on non-admitted paper that is subject to this attachment level. Still, very low attachment points vs. companies of comparable sizes.

Rest of the world regional tower: Japan per occurrence protection attachment of $200mn is unchanged y/y, Rest of World per occurrence protection attachment at $125mn in '23 is slightly up from $100mn in '22.

Casualty treaties (XOL and QS) renewed close to expiring terms (on a risk-adjusted basis) and no change on ceding commissions. In contrast, Validus Re business saw 1-2 pts of favorable ceding commissions on casualty QS treaties.

Validus Re: 1/1 renewals added $500mn of incremental premiums y/y.

ROCE Expansion

It is important to keep in mind that when AIG talks about achieving double digit ROCEs, that reference is on a deconsolidated entity not a 2023/2024 outlook on the current structure where AIG remains a majority owner of CRBG. We think it can take many years for AIG to fully deconsolidate CRBG, sure it will continue accessing the public markets at the end of each lock in period, however, these offerings may be small chunks along the way.

We are assuming that the adjusted ROCE starting point in AIG's path to double-digit ROCEs on a deconsolidated basis, is 6/7% (6.5% actual in FY22), another 300-400 bps gets the deconsolidated company to ~10% and higher interest rates adds another 100-200 bps to its sustainable long term ROCE outlook. The last piece is not unique to AIG, if the rest of the P&C industry can also add 1-2 pts to ROCE from higher interest rates, that shift would be in parallel to others. Then AIG as a pure P&C insurer would still have a ROCE that lags its peers.

The 300-400 bps of ROCE improvement path is comprised of:

- **Underwriting results** - which will have to come from the PCG side, in our view, from remediation and capital market arrangements. Particularly if PCG eventually becomes a full fee income structure where AIG is just fronting the business that is 100% ceded to third party capital providers.

- **Expense savings**: Every $500mn of expense savings equates to 1 pt of ROCE improvement. AIG expects AIG 200 will yield another $300mn of expense savings in '23. Upon fully deconsolidation, $300mn of stranded costs within Corporate now will move over to CRBG.

Finally, a separate debt capital structure at CRBG that reduced AIG Remain Co. debt by $9.8bn should also reduce Hold Co interest expense by $500mn when fully separated. That gets us to ~2.2 pts of ROCE improvement.

- **Share repurchases** - AIG is committed in utilizing CRBG proceeds to buybacks. It is important to keep in mind that AIG has to do that, otherwise the company would see EPS dilution as NCI grows. L&R is the higher ROCE business. AIG reiterated its objective of reducing its share count to the 600-650mn range.

4Q Highlights

Favorable PYD Spotlight: On a net basis, AIG's net favorable PYD was ~$(150)mn for 4Q22, well above our expectations and its typical quarterly run rate. On a full year basis, AIG ended the year with $(430)mn of favorable PYD, just <4x larger than $(118)mn in FY21. For 4Q22, AIG disclosed favorable PYD from NA casualty and workers compensation partially offset by unfavorable PYD in financial lines E&O coverages. The majority (85%) of AIG's favorable PYD came from greener accident years 2021 and 2020.

On a gross basis, BRK was a recipient of unfavorable reserve development under its ADC terms, in the amount of $121mn (based on 80% cede). AIG retains the remaining 20% unfavorable PYD subject to the ADC, or $31mn. AIG released $(141)mn of non-ADC reserves in the quarter plus it recognized a $(41)mn amortization to arrive at its net favorable PYD of $(151)mn in 4Q22. Therefore, the ADC consumed some adverse PYD that contributed to a higher than typical net reserve releases in the quarter.

Underlying combined ratio of 88.4% (140 bps improvement y/y) vs. our estimated 89.3%. International Commercial AYCR improved by 5.1 pts y/y but deteriorated by 1.2 pts sequentially. NA Commercial AYLR improved 330 pts y/y, however on a sequential basis it deteriorated by 50 bps to 63.0% from 62.5% in 3Q22. We estimated a NA Commercial AYLR of 62.8%. GI NPW declined (5.9)% y/y, with a drag mostly seen in international personal lines. On a FX constant basis GI NPW grew 1.4%.

NA Personal Lines AYCR has been unprofitable in three out of four quarters (105.3% in 4Q22, 112.8% in 3Q22 and 94.9% in 4Q21) reflecting ongoing remediation in PCG - from admitted to non-admitted. We would like to better understand the economics and efficiency of its upcoming MGA formation with Stone Point where PCG will be supported by third-party capital providers, following the heals of its reinsurance program with Syndicate 2019.

L&R: Within IR, base portfolio improved 9% sequentially outpacing fee decline. AIG continues to grow spread business with FA sales up 78% y/y and up 8% q/q. FIA sales up 34% y/y and flattish q/q. PRT sales were strong at $1.3bn yet down from $2.1bn in 4Q21. AIG's stake in CRBG is currently 77.7%. AIG consolidates CRBG results (NCI reflects its the equity interest not owned by AIG) until its ownership stake is <50%.

Key Results

EPS Beat: AIG's 4Q22 operating EPS of $1.36 was above our $1.18 estimate and $1.26 Street consensus estimate. The beat primarily reflects better-than-expected favorable PYD and GI underlying combined ratio vs our estimates.

BVPS (common) rose to $53.83 in 4Q22, from $51.58 in 3Q22, as interest rates were higher a quarter ago.

VII: Alternative returns and reductions in call and tender income were $56mn (pre-tax) worse than AIG's expectations.

Cat losses: $239mn (net of reinsurance) vs. our $260mn estimate.

Capital Management: Parent liquidity of $3.7bn at the end of the quarter, down from $6.5bn at the end of 3Q22 partly reflecting $1.8bn of debt redemptions in 4Q. $779mn of buybacks were completed during the quarter (vs. our $880mn estimate).

Forward Looking Statements

- **Capital Deployment:** AIG will discuss on the 1Q23 earnings call plans to potentially raise its common dividend that it has not done in years. AIG reiterated its objective of reducing its share count to 600-650mn range, while achieving leverage at the 20% to 25% level post-deconsolidation.
- **Fixed income/loan portfolio yields**: Expected to rise 10-15 bps in 1Q. Over time, yield uplift from NII could add 1 to 2 pts to ROCE.
- CRBG is expecting spread expansion from compression beginning in 2023, reiterated from 3Q22 earnings.
- GOE - Other Operations: Adds $75-100mn of additional costs related to the separation in 2023, that is on top of $51mn of additional costs recognized in 2022.
- Starting in 2023, GI International results will be reported on a calendar quarter basis creating a one-month difference than 2022 on quarterly NPW comparisons but with minimal impact for the full year.
- LDTI: Adoption in 1Q23 would increase shareholders equity (transition date Jan 1, 2021) by $800mn-$1.3bn, and adjusted shareholders equity would increase by $1.2-$1.7bn.

Valuation

Our Equal Weight rating and $66 price target (unchanged) are based on a 50/50 weighted average of 10x (unchanged) our 2024 EPS estimate and 0.7x (unchanged) our 2024 book value per share (ex-AOCI) estimate. Our target multiples for AIG are below the P/C insurance group given we expect lower ROEs, especially for GI standalone.

4Q Variance Analysis

FIGURE 2. **4Q22 Variance Analysis**

Financial Summary	**Q/Q**			**Y/Y**		**Barclays Est.**	
(in $ mn, expect per share data)	**4Q22A**	**3Q22**	**% Change**	**4Q21**	**% Change**	**4Q22E**	**% Var.**
Adjusted pre-tax income (loss)	$1,542	$725	113%	$1,830	-16%	$1,347	14%
General Insurance	$1,212	$750	62%	$1,509	-20%	$1,068	13%
Life and Retirement	$781	$589	33%	$969	-19%	$737	6%
Other Ops	($451)	($614)	27%	($648)	30%	($458)	2%
NII APTI Basis	$2,960	$2,535	16.8%	$3,291	-10.1%	$2,813	5.2%
Adjusted Net Income	$1,024	$509	101%	$1,339	-24%	$917	12%
Adjusted EPS	$1.36	$0.66	106%	$1.58	-14%	$1.18	15%
Adjusted return on common equity	7.5%	3.5%	398 bps	9.9%	(242 bps)	6.1%	136 bps
Repurchases	$779	$1,268	-39%	$992	-21%	$880	-11%
Wgt. Avg. Diluted Shares Outstanding	754.9	771.1	-2%	872.0	-13%	773.7	-2%
Adjusted book value per common share	$73.87	$80.12	-8%	$68.83	7%	$78.87	-6%
Book value per common share	$53.83	$51.58	4%	$79.97	-33%	$50.54	7%
General Insurance	**Q/Q**			**Y/Y**		**Barclays Est.**	
(in $ mn, expect per share data)	**4Q22A**	**3Q22**	**% Change**	**4Q21**	**% Change**	**4Q22E**	**% Var.**
Net premiums written	$5,610	$6,403	-12%	$5,961	-6%	$6,145	-9%
Underwriting gains (loss)	$635	$168	278%	$499	27%	$474	34%
Adjusted pre-tax income	$1,212	$750	62%	$1,509	-20%	$1,068	13%
Underwriting ratios							
Loss ratio	58.5%	67.5%	(902 bps)	61.8%	(326 bps)	62.2%	(366 bps)
Cat losses & reinstatement premiums	3.8%	9.3%	(549 bps)	2.9%	92 bps	3.9%	(12 bps)
PYD	1.1%	(0.3%)	143 bps	(0.4%)	146 bps	(0.4%)	145 bps
Underlying Loss ratio	57.0%	58.6%	(157 bps)	59.2%	(223 bps)	58.6%	(160 bps)
Expense ratio	31.4%	29.9%	154 bps	30.6%	77 bps	30.7%	72 bps
Combined ratio	89.9%	97.4%	(748 bps)	92.4%	(249 bps)	92.8%	(295 bps)
Underlying combined ratio	88.4%	88.4%	(2 bps)	89.9%	(146 bps)	89.3%	(88 bps)
General Insurance - North America	**Q/Q**			**Y/Y**		**Barclays Est.**	
(in $ mn, expect per share data)	**4Q22A**	**3Q22**	**% Change**	**4Q21**	**% Change 0**	**4Q22E**	**% Var.**
Net premiums written	$2,674	$3,138	-15%	$2,642	1%	$2,828	-5%
Commercial	$2,272	$2,757	-18%	$2,208	3%	$2,429	-6%
Personal	$402	$381	6%	$434	-7%	$399	1%
Underwriting gain (loss)	$425	($439)	-197%	$152	-180%	$221	92%
Commercial	$435	($374)	-216%	$135	-222%	$243	79%
Personal	($10)	($65)	-85%	$17	159%	($22)	55%
Underwriting ratios - North America Commercial							
Combined ratio	84.4%	113.6%	(2922 bps)	94.8%	(1038 bps)	91.3%	(690 bps)
Underlying combined ratio	85.9%	84.6%	126 bps	88.9%	(296 bps)	87.3%	(140 bps)
Underwriting ratios - North America Personal							
Combined ratio	102.5%	116.5%	(1396 bps)	96.0%	651 bps	105.0%	(250 bps)
Underlying combined ratio	105.3%	112.8%	(753 bps)	94.9%	1039 bps	100.0%	530 bps
General Insurance - International	**Q/Q**			**Y/Y**		**Barclays Est.**	
(in $ mn, expect per share data)	**4Q22A**	**3Q22**	**% Change**	**4Q21**	**% Change**	**4Q22E**	**% Var.**
Net premiums written	$2,936	$3,265	-10%	$3,319	-12%	$3,316	-11%
Commercial	$1,763	$1,992	-11%	$1,915	-8%	$2,011	-12%
Personal	$1,173	$1,273	-8%	$1,404	-16%	$1,306	-10%

Underwriting gain (loss)	$210	$607	-65%	$347	-39%	$253	-17%
Commercial	$196	$469	58%	$239	-18%	$300	-35%
Personal	$14	$138	-90%	$108	-87%	($48)	129%
Underwriting ratios - Intl Commercial							
Combined ratio	89.4%	75.4%	1402 bps	88.1%	133 bps	85.2%	420 bps
Underlying combined ratio	81.6%	80.4%	121 bps	86.7%	(514 bps)	81.7%	(10 bps)
Underwriting ratios - Intl Personal							
Combined ratio	98.9%	89.9%	903 bps	93.0%	591 bps	103.5%	(460 bps)
Underlying combined ratio	98.9%	99.9%	(97 bps)	94.1%	484 bps	101.1%	(220 bps)

Life and Retirement	**Q/Q**			**Y/Y**		**Barclays Est.**	
(in $ mn, expect per share data)	**4Q22A**	**3Q22**	**% Change**	**4Q21**	**% Change**	**4Q22E**	**% Var.**
Adjusted pre-tax income	$781	$589	33%	$969	-19%	$737	6%
Premiums and fees	$2,879	$2,136	35%	$3,524	-18%	$2,832	2%
Net flows	($744)	($92)	709%	($1,106)	33%	($204)	-264%
NII APTI basis	$2,225	$2,004	11%	$2,357	-6%	$2,050	9%

Source: Barclays Research, Company Data.

Model Summary

FIGURE 3. **Model Summary**

Summary ($ in mn except per share data)	2019	2020	2021	2022	2023E	2024E	2025E
Operating Income by Segment							
General Insurance	$3,533	$1,901	$4,359	$4,430	$4,179	$4,459	$4,882
Life and Retirement							
Individual Retirement	$1,977	$1,938	$1,939	$1,222	$1,425	$1,677	$1,845
Group Retirement	$937	$1,013	$1,284	$749	$1,052	$1,141	$1,222
Life Insurance	$331	$142	$106	$337	$618	$633	$612
Institutional Markets	$308	$438	$582	$349	$522	$603	$419
Other Operations	($1,616)	($2,429)	($2,350)	($1,947)	($2,046)	($1,846)	($1,909)
Total Operating Earnings							
Pre-Tax	$5,470	$3,003	$5,920	$5,140	$5,750	$6,667	$7,071
After-Tax	$4,078	$2,201	$4,430	$3,586	$3,832	$4,472	$4,780
Operating EPS	$4.58	$2.52	$5.12	$4.55	$5.40	$6.77	$7.61
General Insurance							
Net premiums written	$25,092	$22,959	$25,890	$25,512	$26,669	$27,442	$28,178
Net earned premiums	$26,438	$23,662	$25,057	$25,340	$25,766	$26,514	$27,219
Combined Ratio	99.7%	104.3%	95.8%	91.9%	94.1%	94.0%	93.4%
Combined ratio ex cats, prior yr dev. & chg in disc.	96.0%	94.1%	90.9%	88.7%	89.0%	88.9%	88.6%
General Insurance - NA commercial							
Net premiums written	$8,854	$8,635	$10,226	$10,899	$11,865	$12,339	$12,833
Net earned premiums	$9,600	$8,516	$9,451	$10,444	$11,382	$11,837	$12,310
Combined Ratio	102.3%	110.1%	103.6%	92.9%	93.9%	94.1%	93.2%
Combined ratio ex cats, prior yr dev. & chg in disc.	97.6%	95.0%	90.9%	86.6%	87.2%	87.5%	87.4%
General Insurance - NA Personal							
Net premiums written	$3,249	$1,149	$1,507	$1,465	$1,362	$1,158	$811
Net earned premiums	$3,253	$1,786	$1,538	$1,627	$1,507	$1,327	$1,006
Combined Ratio	100.1%	124.6%	80.8%	105.9%	111.0%	110.4%	110.3%
Combined ratio ex cats, prior yr dev. & chg in disc.	94.7%	103.7%	99.6%	105.7%	105.7%	105.6%	105.5%
General Insurance - International Commercial							
Net premiums written	$6,203	$6,874	$8,030	$7,877	$8,168	$8,555	$8,982
Net earned premiums	$6,364	$6,927	$7,746	$7,701	$7,693	$8,049	$8,451
Combined Ratio	99.5%	100.4%	92.9%	85.2%	86.6%	86.6%	86.6%
Combined ratio ex cats, prior yr dev. & chg in disc.	95.1%	90.0%	86.9%	81.6%	82.1%	82.1%	82.1%
General Insurance - International Personal							
Net premiums written	$6,786	$6,301	$6,127	$5,271	$5,275	$5,390	$5,552
Net earned premiums	$7,221	$6,433	$6,322	$5,568	$5,185	$5,302	$5,451
Combined Ratio	96.1%	95.3%	91.3%	95.3%	101.0%	101.0%	101.0%
Combined ratio ex cats, prior yr dev. & chg in disc.	95.2%	93.7%	93.7%	97.2%	98.3%	98.3%	98.3%
Net Investment Income by Segment							
General Insurance	$3,444	$2,925	$3,304	$2,382	$2,668	$2,879	$3,075
Life and Retirement	$8,733	$8,881	$9,521	$8,347	$9,005	$9,527	$10,023
Corporate	$2,598	$1,087	$1,112	$714	$672	$672	$672
Total NII before eliminations	$14,775	$12,893	$13,937	$11,443	$12,345	$13,078	$13,770
Book value per share, ex AOCI	$69.20	$60.78	$71.80	$84.12	$91.02	$98.27	$106.70
Operating ROE, ex AOCI and DTA	8.3%	4.4%	8.4%	6.2%	6.4%	7.4%	7.7%
Share Buybacks	$0	$500	$2,643	$5,149	$4,000	$2,000	$2,000

Source: Barclays Research, Company Data.

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Primary Stocks (Ticker, Date, Price)
AIG, Inc. (AIG, 16-Feb-2023, USD 62.16), Equal Weight/Positive, A/CD/CE/D/E/J/K/L/M/N

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AIG, Inc. (AIG / AIG)

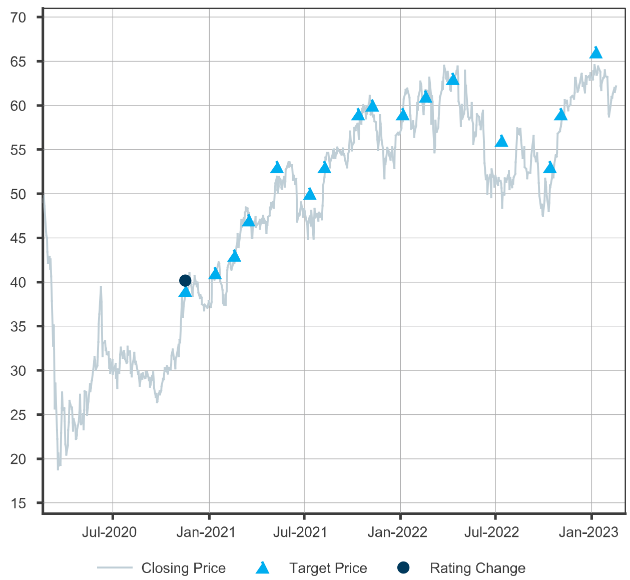
Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

USD 62.16 (16-Feb-2023)

Rating and Price Target Chart - USD (as of 16-Feb-2023)

Currency=USD



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Publication Date	Closing Price*	Rating	Adjusted Price Target
09-Jan-2023	64.55		66.00
03-Nov-2022	57.28		59.00
13-Oct-2022	48.96		53.00
13-Jul-2022	51.12		56.00
11-Apr-2022	63.14		63.00
18-Feb-2022	61.38		61.00
05-Jan-2022	59.00		59.00
08-Nov-2021	59.16		60.00
12-Oct-2021	57.40		59.00
09-Aug-2021	51.85		53.00
12-Jul-2021	47.44		50.00
10-May-2021	51.92		53.00
17-Mar-2021	47.67		47.00
18-Feb-2021	42.11		43.00
12-Jan-2021	41.00		41.00
16-Nov-2020	38.49	Equal Weight	39.00

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