AIG, Inc.

4Q21 Earnings Review: A Lot to Unpack

| CORE

Included in this note: Our read of separation traction, LDTI, S&P capital model, and 10-K .

There is a lot of unpack - both on the 4Q print and other developments. We continue to be impressed with AIG's execution of its key initiatives and want to be more constructive on the stock. We are gaining a closer understanding of the pro-forma balance sheet, though some questions remain. It is encouraging that AIG guided $3.9bn of buybacks in 2022 and 60-65% FCF conversion for L&R including a $400-600mn dividend, a 2-3% yield on BV (post IPO). Lastly, AIG anticipates having flexibility of use of IPO proceeds and a path to achieve a 10% ROE. Minority IPO target: 2Q22, retain majority ownership following IPO. We also recognize 2 notable achievements: 1.) An underlying combined ratio <90% (ahead of exit '22 expectation); and 2.) Leverage below 25%.

1.) **$8.3bn promissory note**: Last quarter we acknowledged SAFG, the holding co. for L&R, declaration on Nov. 1st of a $8.3bn dividend payable via intercompany debt to AIG that is due prior to its public offering, based on our read of the 3Q 10Q. On the 4Q earnings call, AIG confirmed our interpretation that it will use the majority of the SAFG promissory note proceeds (from the issuance of debt at the SAFG level) to redeem part of AIG Inc. debt. End goal: AIG Inc. leverage low 20s and L&R leverage high 20s. Since L&R's ~$8bn debt proceeds will go to AIG Inc. (no corresponding contra asset for L&R), we expect incremental debt to compress L&R's adj. segment common equity. Currently AIG has allocated $6.9bn of debt to L&R's segment balance sheet. Taken together, $15bn of debt at L&R implies $35-40bn of BV equity to arrive at a high 20s leverage, which feels impractical. We think AIG may update its presentation of debt allocation amongst its segments, putting segment balance sheet items in flux. We would like to understand if the separation would lead to any revaluation of historical carrying values that is allocated to L&R and the split of Other Operations between L&R and GI. Side note, it appears that NCI related to the BX deal is parked in other operations, not L&R segment balance sheet.

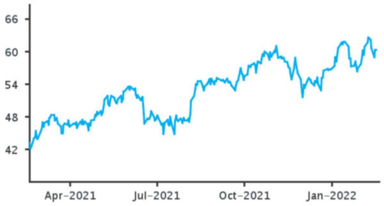
2.) **LDTI appears manageable**: AIG expects to decrease shareholders equity of $1-3bn at January 1, 2021 (transitional date, new rules go into effect in 2023). AIG is leaning towards the low end of this range. We were struck by the reference of a gain to retained earnings (there is a balance act between retained earnings and AOCI). On the margin, higher retained earnings could slightly impact analysis of financial metrics excluding AOCI, i.e. adjusted ROCE. On the flipside, it appears that AIG calculates leverage including AOCI. Again given the $1-3bn range, the corresponding impacts to metrics are on the margin.

3.) **S&P Capital Model Proposal**: See our thoughts: AIG, Inc.: Quick Thoughts: S&P's Proposed Capital Model and AIG 17 Feb '22. While we raised concerns about the extent parent co liquidity

AIG	EQUAL WEIGHT Unchanged
U.S. Insurance/Non-Life	POSITIVE Unchanged
Price Target	USD 61.00 raised 3% from USD 59.00
Price (17-Feb-22)	USD 61.38
Potential Upside/Downside	-0.6%
Market Cap (USD mn)	50010
Shares Outstanding (mn)	814.76
Free Float (%)	99.85
52 Wk Avg Daily Volume (mn)	4.4
Dividend Yield (%)	2.09
Return on Equity TTM (%)	14.25
Current BVPS (USD)	79.97

Source: Bloomberg

Price Performance	Exchange-NYSE
52 Week range	USD 63.54-41.17



Source: IDC
Link to Barclays Live for interactive charting

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($10.7bn as of YE21) can be deployed for uses outside operating company needs under the purview of the S&P proposal, we are still including in our estimates full utilization of AIG's targeted $3.9bn of buybacks in 2022. Recall AIG mentioned a reduction not eradication of the benefits of hold co liquidity.

3.) **10-K quick takeaways** (details in the note): 1.) Cat Reinsurance Renewal: Lower worldwide aggregate coverage to $1.1bn from $2.05bn (with less staggered attachment points). Expanded per occurrence protection within regional towers. With less aggregate cover, we suspect AIG could be subject to multiple reinstatement premiums if 2022 shapes up to be a frequent cat year. We also suspect there was less reinsurance capacity for aggregate cover at 1/1 renewals. 2.) Lower PMLs in '21 vs. '20 (doesn't reflect Jan. 1 '22 reinsurance update). 3.) PYD CY '21: Outside WC and short tail lines (and to a modest extent excess casualty) AIG showed adverse reserve development (balance longer tail lines). 4.) Collectively AIG received $5.1bn in cash and fixed maturities from GI and L&R subs in 2021.

3.) Management signaled a **path to 10% ROE** - however a walk to get there not shared. AIG's achievement of a 9.9% adjusted ROCE this quarter was partly driven by higher than typical alternative investment returns and slightly offset by worse FV changes to bonds, contributing ~90 bps to its adj. ROCE.

Valuation: Our $61 PT, up from $59, reflects a 50/50 weighting of 11.0x our blended 2022 and 2023 EPS estimates of $5.30 and $5.87 (previously $5.06 and $5.67), and 0.8x our blended 2022 and 2023 book value per share (ex-AOCI) estimates of $76.79 and $82.50 (previously $75.29 and $80.50).

AIG: Quarterly and Annual EPS (USD)

	2021	2022			2023			Change y/y	
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2022	2023
Q1	1.05A	1.33E	1.33E	1.29E	1.44E	1.47E	1.45E	27%	11%
Q2	1.52A	1.23E	1.27E	1.33E	1.46E	1.45E	1.49E	-16%	14%
Q3	0.97A	1.14E	1.25E	1.28E	1.25E	1.35E	1.40E	29%	8%
Q4	1.58A	1.37E	1.45E	1.40E	1.53E	1.60E	1.55E	-8%	10%
Year	5.08A	5.06E	5.30E	5.32E	5.67E	5.87E	6.05E	4%	11%
P/E	12.1		11.6			10.5			

Consensus numbers are from Bloomberg received on 17-Feb-2022; 16:49 GMT
Source: Barclays Research

U.S. Insurance/Non-Life — **POSITIVE**

AIG, Inc. (AIG)

EQUAL WEIGHT

Income statement	**2021A**	**2022E**	**2023E**	**2024E**	**CAGR**
Net premiums earned ($mn)	25,057	26,880	27,993	N/A	N/A
Net investment income (NII)	N/A	N/A	N/A	N/A	N/A
Underwriting income ($mn)	1,055	1,555	1,803	N/A	N/A
Operating income ($mn)	4,430	4,324	4,544	N/A	N/A
Net income ($mn)	9,359	3,874	4,544	N/A	N/A
Effective tax rate (%)	19.4	23.0	23.0	N/A	N/A
Combined ratio (%)	95.8	94.2	93.6	N/A	N/A
Combined ratio (ex cats & py development) (%)	90.9	89.5	89.0	N/A	N/A

Per share data ($)	**2021A**	**2022E**	**2023E**	**2024E**	**CAGR**
EPS (adj)	5.08	5.30	5.87	N/A	N/A
EPS (reported)	10.73	4.75	5.87	N/A	N/A
DPS	1.28	1.28	1.28	N/A	N/A
BVPS	79.97	85.68	91.79	N/A	N/A
BVPS (ex AOCI)	71.80	76.79	82.50	N/A	N/A

Balance sheet and capital return ($mn)	**2021A**	**2022E**	**2023E**	**2024E**	**CAGR**
Total investments	93,914	95,019	95,722	N/A	N/A
Common shareholders' equity (ex AOCI)	58,784	57,774	59,381	N/A	N/A
Share buybacks	2,643	3,900	2,000	N/A	N/A
Dividends paid	1,094	995	942	N/A	N/A

Balance sheet and capital return metrics	**2021A**	**2022E**	**2023E**	**2024E**	**Average**
Debt leverage (%)	22.8	23.0	22.6	N/A	22.8
Financial leverage (%)	24.6	24.9	24.4	N/A	24.6
Total capital return as a % of op. earnings	84.3	113.2	64.7	N/A	87.4

Valuation metrics	**2021A**	**2022E**	**2023E**	**2024E**	**Average**
P/BV (ex AOCI) (x)	0.85	0.80	0.74	N/A	0.80
P/E (adj) (x)	12.1	11.6	10.5	N/A	11.4
Dividend yield (%)	2.1	2.1	2.1	N/A	2.1
ROE (%)	6.7	6.7	7.0	N/A	6.8

Price (17-Feb-2022)	**USD 61.38**
Price Target	**USD 61.00**

Why EQUAL WEIGHT?

We view AIG as a wait-and-see proposition as it goes down the complex path of separating L&R as well as ongoing initiatives to achieve underwriting margin objectives.

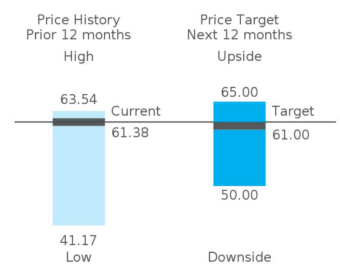
Upside case **USD 65.00**

Eventual successful separation of L&R that yields a fair market value resulting in a rerating of AIG RemainCo. Our upside case assumes ~12.3x our '22 EPS estimate.

Downside case **USD 50.00**

Adverse reserve development accompanying expansion of underwriting risk appetite too fast too soon. Our downside case assumes ~9.4x our '22 EPS estimate.

Upside/Downside scenarios



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

10-K Quick Takeaways

- **Subsidiary dividend payments:** AIG changed their reporting of its contributions from operating companies as it no longer distinguishes operating dividends, rather, AIG references cash/fixed maturities proceeds. Therefore, we are less clear if we can truly make year over year comparisons. AIG received $5.1bn from operating subs in '21 consisting of $2.3bn of cash and fixed maturity securities from GI and $2.8bn of cash from L&R. In comparison, AIG received $1.8bn of subsidiary dividends in '20 consisting of $1.3bn from GI and $473mn from L&R. Undisclosed 2022 ordinary dividend capacity allowance, will become available upon annual statutory filings.

- **Net PMLs are down y/y but these figures do not reflect January 1 reinsurance updates…** World-wide all peril (1-in-250) – net after tax to $3.316bn from $3.872bn. U.S. Hurricane (1-in-100) – net after tax to $920mn from $1.035bn, U.S. Earthquake (1-in-250) net after tax to $873mn from $980mn. Japanese Typhoon (1-100) net after tax to $453mn from $445mn and Earthquake (1-in-250) net after tax to $388mn from $481mn. Terrorism exposure in NYC (net of TRIPRA reflecting a 5 ton truck bomb) steady fell to $1.3bn from $1.7bn.

- **…Reinsurance updates: more per occurrence protection less aggregate protection.** With less aggregate cover, we suspect AIG could be subject to multiple reinstatement premiums if 2022 shapes up to be a frequent cat year. We also suspect there was less reinsurance capacity for aggregate cover at 1/1 renewals. AIG characterized total aggregate reinsurance spend to be modestly down.

  - **2022 worldwide aggregate property catastrophe program protection decreased to $1.1bn from $2.05bn**. The maximum aggregate retention globally, after the impact of the per occurrence deductibles, is $600 million for 2022 (down from $750mn in 2021).

  - Regional tower changes: NA per occurrence protection for personal lines held steady at $1.275 billion however the first $275mn is only partially placed (vs. 100%), NA per occurrence protection for **commercial lines increased to $1.75bn from $1.0 billion**, NA aggregate decreased to $1.1bn from $2.05bn.

  - On the frequency side, NA per occurrence protection retentions increased to $250mn from $200mn (except Southeast/Gulf at $500mn). Likewise, NA aggregate retention dropped to $400mn from $500mn.

  - Rest of the world regional tower: J**apan per occurrence protection increased to $1.45 billion from $550mn** (both attach in excess of $200mn), **Rest of World per occurrence protection increased to $1.3bn from $300mn** (both attach in excess of $100mn).

  - Rest of World and Japan aggregate decreased to $1.1bn from $2.05bn. Rest of World and Japan aggregate attachment point changes: $160mn and $250mn, respectively, up from prior $100mn and $200mn, respectively.

- **PYD reserve development major moving parts**: Total 2021: $115mn of reserve releases reflects favorable: $383mn in workers compensation, $413mn U.S. personal, other products $110mn, UK/Europe Property and Special Risks of $118mn and UK/Europe and Japan Personal Insurance of $173mn. Offset by unfavorable development: $7mn other casualty, $521mn U.S. Financial lines, $189mn U.S. Property and Special Risks, $210mn of UK/Europe Casualty and Financial lines, and other products of $74mn. AIG experienced more unfavorable development in accident years 2016-2018, years that are out of scope with its

ADC. Lastly, NICO is the beneficiary of most of AIG's favorable PYD for workers compensation.

4Q Highlights

EPS Beat: AIG's 4Q21 Operating EPS of $1.58 was above our $1.22 estimate and $1.19 consensus Street estimate. The beat primarily reflects better-than-expected NII and better combined ratio (92.4% vs. our estimated 93.1%).

Relative to our estimates, AIG reported slower GI premium growth of 7% y/y vs. our 11% expectation. Premium slowdown seen within personal lines, ex A&H (down 12% y/y). Alternative investment income appears more pronounced in GI ($458mn above trend) than L&R ($299mn above trend). However, it feels like NII was inflated in GI and L&R since a healthy haircut for eliminations was taken in other operations ($469mn).

Significant variances: On the revenue side, better-than-expected after-tax alternative returns of $676mn contributed ~$0.80 to EPS and worse than expected FV change on fixed maturity securities detracted $73mn (~$0.09) from EPS.

Earnings Mix Shift: GI adj. earnings now surpass L&R. Typically L&R is a larger earnings contributor than GI. We saw this quarter L&R report adj. pre-tax income of $969mn. (Note from Nov. 2 through YE21 the NCI portion was $89mn.) In comparison, GI reported adjusted pre-tax income of $1.5bn.

Cat losses as expected: $189mn vs. our $200mn estimate.

Asset Management:

AIG entered into a long-term asset management relationship with Blackstone, pursuant to which Blackstone is managing an initial $50bn of L&R's existing investment portfolio, with annual increases of $8.5bn for the next five years. Ultimately BX will manage $92.5bn of assets. During 4Q, AIG incorporated BX into its ALM process, finalized investment guidelines and is originating new asset classes. It appears that AIG is trying to optimize the operating model and AUM fee structure. We suspect there is sensitivity by AIG talking about this on a public call since optimization probably means a lower headcount of internal asset managers.

Pricing moderation in 4Q is more noticeable in International than NA

Global Commercial pricing in 4Q21 dropped to +10% from +12% in 3Q21, +13% in 2Q21, +15% in 1Q21 and +15% in 4Q20. Digging into the segment contributions, International Commercial pricing declined sequentially to +9% from +13%. In contrast, NA Commercial pricing was steady q/q at +11% following sequential moderation in prior quarters: 2Q21 (+13%), 1Q21 (+15%) and 4Q20 (+21%). Even though NA commercial lines pricing held up better than commercial, we saw moderation of premium growth in NA while Intl Commercial NPW growth held up. Specifically, NA Commercial NPW grew +11% y/y vs. the 3Q print of +18% y/y. Conversely, Intl Commercial NPW grew grew +15% y/y, same as the 3Q print.

FIGURE 1. AIG Pricing moderation in 4Q is more noticeable in International than NA

AIG	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Global Commercial	+Low double digits	+16%	+17%	+15%	+15%	+13%	+12%	+10%
NA Commercial	+Low double digits	+21%	+20%	+21%	+15%	+13%	+11%	+11%
Admitted Property			>+30%					
Wholesale Casualty & Property	+30%							
Financial Lines	>+20%		>+25%	+>25%	+24%		>+15%	+15%
Public D&O	+40%	>+50%		+35%				
EPLI		>+30%						
E&S Lines			>+20%					
Excess Casualty	>+30%		>+30%	+45%	+31%	+20%	>+15%	+14%
Lexington								+11%
Lexington - Property				+30%		+15%		
Lexington - Casualty				+25%	+36%	+19%		
NA Retail Property		>+35%		+30%				13%
Intl Commercial	+high single digits	+10%	+14%	+14%	+14%	+13%	+13%	+9%
UK		+20%			+23%		+21%	+12%
EMEA								+18%
Talbot		+20%		+>15%				
UK D&O	+>20%							
UK Marine & Energy		+>40%						
Commercial Property			+12%	+15%	+19%	+18%		
Financial Lines			>+20%	+20%	+20%	+21%	+24%	+18%
Specialty - UK, Middle East, Africa	+20%				+14%			
Global Energy				+30%	+26%	+16%	+14%	+11%
Cyber					+41%	+40%		

Source: Barclays Research, Company Data.

Prior year reserve development: In total, AIG recorded $44mn favorable. Looking through the moving parts, we are paying attention to the $69mn unfavorable development for accident years 2016 through 2020. We are watching these accident years that predated some of AIG's remediation efforts and are post its ADC (2015 and prior).

Underwriting Margin Expansion

Underwriting - Achievement of underlying CR under 90% ahead of YE'22 target: Compared to the prior quarter, GI's underlying CR (89.8%) improved ~70 bps sequentially (90.5% in 3Q21) and was better than our 4Q estimate (90.2%). **Underlying CRs from here**? Notwithstanding quarterly variability owed to different underlying business mixes, AIG expects to see further improvements through 2022 and likely into accident year 2023, thanks to rate exceeding loss trend. Property is an area that appears to remain firm to contend with inflationary spike. AIG did point out that it is investing in underwriting teams, especially on the A&H side. That may slow down expense savings improvements in our view. Also A&H business comes with higher policy acquisition costs. We are modeling underlying combined ratios of 89.5% in 2022E and 89.0% in 2023E.

Catastrophe Management

Higher Cat Load New Normal

AIG has pegged a 2022 cat load above its AAL to reflect inflationary pressures. While AIG feels good about all the structural changes it has made and reductions in PMLs, AIG wants to be conservative when thinking about a cat load. We would have liked to hear quantification of its cat load. A higher cat load is not reflected in AIG's combined ratio targets that exclude catastrophe losses and PYD. We expect elevated non-modeled events to be the new normal and had raised our catastrophe estimates across our P&C coverage when we published our '22 Outlook, see: Non-Life Insurance: UPDATE: 2022 Outlook: Reserves and Inflation in Focus (05 Jan. 2022).

PCG Portfolio Update in Response to Catastrophe Developments

AIG's high net worth property homeowners product to be offered exclusively on an non-admitted basis in certain states including CA. We think that these accounts will not roll over easily to Lexington. A broker has to prove that three admitted writers declined the risk. We can see take up by competition with exceptions. CA is a displaced market, we can see a more likely migration of risk to E&S. Likewise, AIG tends to offer large limits, not every insurer has the same latitude.

Model Updates

Our 2022E operating EPS is $5.30 (prior $5.27), and $5.87 in 2023E (prior $5.76). Our updated book value per share ex AOCI for YE22E is $76.79 (prior $75.46), and for YE23E is $82.50 (prior $80.64). Our price target of $61 (prior $59) is based on 50/50 weighted average using unchanged 11x our blended 2022/2023 EPS estimates and 0.8x 2022/2023 BVPS (ex-AOCI).

- Raised our '22 buyback assumptions to $3.9bn from $2bn. Majority of the buybacks to be completed in 1H22.
- Further underlying margin expansion, we trimmed AYCR ex cat by 30 bps per our '22 estimate and AYCR ex cat by 50 bps per our '23 estimate.
- Lowered NA personal lines top line growth reflecting its PCG portfolio update in certain states.

4Q Variance Analysis

FIGURE 2. **4Q21 Variance Analysis**

Financial Summary (in $ mn, expect per share data)	Q/Q 4Q21A	3Q21	% Change	Y/Y 4Q20	% Change	Barclays Est. 4Q21	% Var.
Adjusted pre-tax income (loss)	$1,830	$1,126	63%	$1,116	64%	$1,441	27%
General Insurance	$1,509	$811	86%	$809	87%	$1,077	40%
Life and Retirement	$969	$877	10%	$1,027	-6%	$739	31%
Other Ops	($648)	($562)	-15%	($720)	10%	($376)	-73%
NII APTI Basis	$3,291	$3,276	0.5%	$3,226	2%	$2,867	15%
Adjusted Net Income	$1,339	$837	60%	$827	62%	$1,021	31%
Adjusted EPS	$1.58	$0.97	63%	$0.94	68%	$1.22	30%
Adjusted return on common equity	9.9%	6.5%	340 bps	6.7%	315 bps	7.7%	221 bps
Repurchases	$992	$1,059	-6%	$0	NM	$941	5%
Wgt. Avg. Diluted Shares Outstanding	872.0	864.0	1%	868.4	0.4%	837.8	4%
Adjusted book value per common share	$68.83	$61.80	11%	$57.01	21%	$66.53	3%
Book value per common share	$79.97	$77.03	4%	$76.46	5%	$81.88	-2%
General Insurance (in $ mn, expect per share data)	**Q/Q 4Q21A**	**3Q21**	**% Change**	**Y/Y 4Q20**	**% Change**	**Barclays Est. 4Q21**	**% Var.**
Net premiums written	$5,961	$6,590	-10%	$5,565	7%	$6,165	-3%
Underwriting gains (loss)	$499	$20	2395%	($171)	392%	$444	12%
Adjusted pre-tax income	$1,509	$811	86%	$809	87%	$1,077	40%
Underwriting ratios							
Loss ratio	61.8%	68.4%	(658 bps)	70.2%	(840 bps)	62.3%	(49 bps)
Cat losses & reinstatement premiums	2.9%	9.8%	(688 bps)	9.0%	(606 bps)	3.1%	(20 bps)
PYD	(0.4%)	(0.6%)	25 bps	0.9%	(125 bps)	(0.2%)	(14 bps)
Underlying Loss ratio	59.2%	59.3%	(11 bps)	60.3%	(114 bps)	59.4%	(21 bps)
Expense ratio	30.6%	31.3%	(71 bps)	32.6%	(200 bps)	30.8%	(24 bps)
Combined ratio	92.4%	99.7%	(729 bps)	102.8%	(1040 bps)	93.1%	(73 bps)
Underlying combined ratio	89.8%	90.5%	(71 bps)	92.9%	(315 bps)	90.2%	(45 bps)

Source: Barclays Research, Company Data.

FIGURE 3. 4Q21 Variance Analysis Con't

General Insurance - North America		Q/Q		Y/Y			Barclays Est.	
(in $ mn, expect per share data)	4Q21A	3Q21	% Change	4Q20	% Change	0	4Q21	% Var.
Net premiums written	$2,642	$3,005	-12%	$2,361	12%		$2,786	-5%
Commercial	$2,208	$2,576	-14%	$1,992	11%		$2,351	-6%
Personal	$434	$429	1%	$369	18%		$435	-0.3%
Underwriting gain (loss)	$152	($166)	192%	($389)	139%		$137	11%
Commercial	$135	($503)	127%	($285)	147%		$171	-21%
Personal	$17	$337	-95%	($104)	116%		($34)	150%
Underwriting ratios - North America Commercial								
Combined ratio	94.8%	120.0%	(2523 bps)	112.5%	(1765 bps)		93.2%	158 bps
Underlying combined ratio	88.9%	90.5%	(157 bps)	93.6%	(471 bps)		89.8%	(90 bps)
Underwriting ratios - North America Personal								
Combined ratio	96.0%	14.9%	8110 bps	133.1%	(3712 bps)		109.0%	(1300 bps)
Underlying combined ratio	94.9%	98.4%	(355 bps)	102.5%	(765 bps)		101.0%	(610 bps)

General Insurance - International		Q/Q		Y/Y		Barclays Est.	
(in $ mn, expect per share data)	4Q21A	3Q21	% Change	4Q20	% Change	4Q21	% Var.
Net premiums written	$3,319	$3,585	-7%	$3,204	4%	$3,379	-2%
Commercial	$1,915	$2,071	-8%	$1,662	15%	$1,828	5%
Personal	$1,404	$1,514	-7%	$1,542	-9%	$1,551	-9%
Underwriting gain (loss)	$347	$186	87%	$218	59%	$307	13%
Commercial	$239	($94)	354%	$138	74%	$228	5%
Personal	$108	$280	-61%	$81	34%	$79	36%
Underwriting ratios - Intl Commercial							
Combined ratio	88.1%	104.8%	(1674 bps)	92.2%	(413 bps)	88.3%	(20 bps)
Underlying combined ratio	86.7%	86.8%	(14 bps)	89.3%	(262 bps)	85.8%	90 bps
Underwriting ratios - Intl Personal							
Combined ratio	93.0%	82.2%	1080 bps	95.0%	(203 bps)	95.1%	(210 bps)
Underlying combined ratio	94.1%	93.0%	113 bps	94.0%	7 bps	93.7%	40 bps

Life and Retirement		Q/Q		Y/Y		Barclays Est.	
(in $ mn, expect per share data)	4Q21A	3Q21	% Change	4Q20	% Change	4Q21	% Var.
Adjusted pre-tax income	$969	$877	10%	$1,027	-6%	$739	31%
Premiums and fees	$3,524	$1,756	101%	$1,714	106%	$1,869	89%
Net flows	($1,106)	($919)	-20%	($1,031)	-7%	($633)	-75%
NII APTI basis	$2,357	$2,435	-3%	$2,384	-1%	$2,048	15%

Source: Barclays Research, Company Data.

Model Summary

FIGURE 4. **Model Summary**

Summary ($ in mn except per share data)	2019	2020	2021	2022E	2023E
Operating Income by Segment					
General Insurance	$3,533	$1,901	$4,359	$3,849	$4,046
Life and Retirement					
Individual Retirement	$1,977	$1,938	$1,939	$1,609	$1,665
Group Retirement	$937	$1,013	$1,284	$965	$990
Life Insurance	$331	$142	$106	$472	$385
Institutional Markets	$308	$438	$582	$695	$709
Other Operations	($1,616)	($2,429)	($2,350)	($1,434)	($1,353)
Total Operating Earnings					
Pre-Tax	$5,470	$3,003	$5,920	$6,157	$6,442
After-Tax	$4,078	$2,201	$4,430	$4,324	$4,544
Operating EPS	$4.58	$2.52	$5.08	$5.30	$5.87
General Insurance					
Net premiums written	$25,092	$22,959	$25,890	$27,251	$28,400
Net earned premiums	$26,438	$23,662	$25,057	$26,880	$27,993
Combined Ratio	99.7%	104.3%	95.8%	94.2%	93.6%
Combined ratio ex cats, prior yr dev. & chg in disc.	96.0%	94.1%	90.9%	89.5%	89.0%
General Insurance - NA commercial					
Net premiums written	$8,854	$8,635	$10,226	$10,838	$11,380
Net earned premiums	$9,600	$8,516	$9,451	$10,613	$10,916
Combined Ratio	102.3%	110.1%	103.6%	94.9%	94.7%
Combined ratio ex cats, prior yr dev. & chg in disc.	97.6%	95.0%	90.9%	89.4%	89.2%
General Insurance - NA Personal					
Net premiums written	$3,249	$1,149	$1,507	$1,599	$1,631
Net earned premiums	$3,253	$1,786	$1,538	$1,593	$1,600
Combined Ratio	100.1%	124.6%	80.8%	103.3%	102.4%
Combined ratio ex cats, prior yr dev. & chg in disc.	94.7%	103.7%	99.6%	96.5%	95.6%
General Insurance - International Commercial					
Net premiums written	$6,203	$6,874	$8,030	$8,502	$8,939
Net earned premiums	$6,364	$6,927	$7,746	$8,208	$8,824
Combined Ratio	99.5%	100.4%	92.9%	91.4%	89.9%
Combined ratio ex cats, prior yr dev. & chg in disc.	95.1%	90.0%	86.9%	86.4%	85.4%
General Insurance - International Personal					
Net premiums written	$6,786	$6,301	$6,127	$6,311	$6,449
Net earned premiums	$7,221	$6,433	$6,322	$6,466	$6,653
Combined Ratio	96.1%	95.3%	91.3%	94.4%	94.4%
Combined ratio ex cats, prior yr dev. & chg in disc.	95.2%	93.7%	93.7%	91.8%	91.7%
Net Investment Income by Segment					
General Insurance	$3,444	$2,925	$3,304	$2,294	$2,243
Life and Retirement	$8,733	$8,881	$9,521	$8,174	$8,421
Corporate	$2,598	$1,087	$1,112	$740	$740
Total NII before eliminations	$14,775	$12,893	$13,937	$11,208	$11,404
Book value per share, ex AOCI	$69.20	$60.78	$71.80	$76.79	$82.50
Operating ROE, ex AOCI and DTA	8.3%	4.4%	8.4%	7.7%	8.0%
Share Buybacks	$0	$500	$2,643	$3,900	$2,000

Source: Barclays Research, Company Data.

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Primary Stocks (Ticker, Date, Price)
AIG, Inc. (AIG, 17-Feb-2022, USD 61.38), Equal Weight/Positive, A/CD/CE/D/E/J/K/L/M/N

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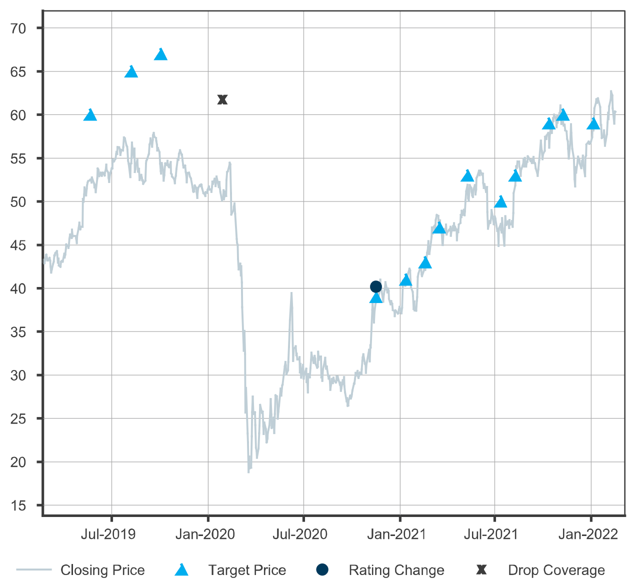
Stock Rating: **EQUAL WEIGHT**

Industry View: **POSITIVE**

USD 61.38 (17-Feb-2022)

Rating and Price Target Chart - USD (as of 17-Feb-2022)

Currency=USD



Source: IDC, Barclays Research

Link to Barclays Live for interactive charting

Publication Date	Closing Price*	Rating	Adjusted Price Target
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
22-Jan-2020	52.26	Coverage Dropped	
02-Oct-2019	53.47		67.00
07-Aug-2019	54.41		65.00
21-May-2019	52.50		60.00

On 18-Feb-2019, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 50.00.

Source: Bloomberg, Barclays Research

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