



AIG, Inc.

## 4Q20 Earnings Review; Getting Hoarse

**AIG still seems to be busy talking to many market constituents from private buyers to rating agencies to bankers in the many months since its announced intent to separate L&R. All we know at this point is that AIG will not have to raise equity capital and an initial 19.9% minority sale is still sticking. We see it as a good sign that subsidiary capital is strong enough to stand on its own two feet. This leaves some room for potential buybacks and M&A, a different tone from being more narrowly focused on delivering its debt load. AIG had also been busy talking to their reinsurance partners as it has updated its treaties to reflect its re-underwriting efforts and over-indexing to the market. With greater retention levels we expect to see more recognizable premium growth, albeit the ultimate level should still be impacted from recessionary pressures. Still, we think until now reinsurers have benefitted the most from AIG's price increases.**

**If there is any voice left AIG will be toasting Brian Duperreault off with salutations of 10 quarters of steady improvements in underlying underwriting results.** Despite this achievement, we still think it will take more time for AIG to achieve AYCR (ex cat) of <90% by exit '22. We are concerned that AIG strengthened reserves in recent accident years notably '17 and '16 that are out of scope with its ADC. Also, prior management had to raise loss picks in the midst of those calendar years to provide an extra boost. Tempering our view is compounded rate increases and remediation since then. Even so, AIG's re-underwriting efforts at this stage feel a bit transient.

**Estimates and valuation:** We are raising our price target to \$43 from \$41 and maintaining our EW rating on AIG. We are slightly updating our '21 EPS estimates from \$4.12 to \$4.20 to reflect \$500mn of anticipated buybacks in 1H21. Our valuation reflects reflecting a 50/50 weighting of 10x P/E multiple on our '22 EPS estimate of \$4.60 (+\$0.17) and 0.66x P/BV on our '22 BVPS of \$61.80 (-\$0.95).

### AIG: Quarterly and Annual EPS (USD)

	2020		2021		2022		Change y/y		
FY Dec	Actual	Old	New	Cons	Old	New	Cons	2021	2022
Q1	0.12A	0.98E	1.00E	1.05E	N/A	1.12E	1.22E	733%	12%
Q2	0.65A	1.12E	1.07E	1.12E	N/A	1.17E	1.27E	65%	9%
Q3	0.81A	0.99E	0.99E	1.07E	N/A	1.08E	1.19E	22%	9%
Q4	0.94A	1.02E	1.14E	1.15E	N/A	1.22E	1.28E	21%	7%
Year	2.52A	4.12E	4.20E	4.35E	N/A	4.60E	5.00E	67%	10%
P/E	17.1		10.3			9.4			

Source: Barclays Research.

Consensus numbers are from Bloomberg received on 17-Feb-2021; 13:50 GMT

Completed: 18-Feb-21, 05:56 GMT   Released: 18-Feb-21, 05:56 GMT   Restricted - External

### Equity Research

Financial Services | U.S. Insurance/Non-Life  
18 February 2021

Stock Rating **EQUAL WEIGHT**

Unchanged

Industry View **POSITIVE**

Unchanged

Price Target **USD 43.00**

raised 5% from USD 41.00

Price (17-Feb-2021) **USD 43.27**

Potential Upside/Downside **-0.6%**

Tickers **AIG**

Market Cap (USD mn) **37278**

Shares Outstanding (mn) **861.53**

Free Float (%) **99.92**

52 Wk Avg Daily Volume (mn) **7.0**

Dividend Yield (%) **2.96**

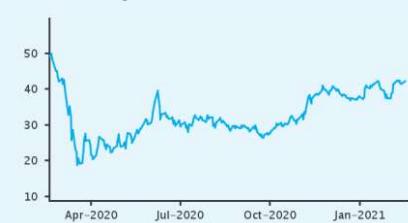
Return on Equity TTM (%) **-9.12**

Current BVPS (USD) **76.46**

Source: Bloomberg

Price Performance **Exchange-NYSE**

52 Week range **USD 49.94-16.07**



Source: IDC; [Link to Barclays Live for interactive charting](#)

### U.S. Insurance/Non-Life

Tracy Benguigui

+1 212 526 1561

tracy.benguigui@barclays.com

BCI, US

Alex Rakow

+1 212 526 9436

alexander.rakow@barclays.com

BCI, US

Ian Ryave

+1 212 526 4795

ian.ryave@barclays.com

BCI, US

Barclays Capital Inc. and/or one of its affiliates does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 8.

## U.S. Insurance/Non-Life

Industry View: POSITIVE

## AIG, Inc. (AIG)

Stock Rating: EQUAL WEIGHT

Income statement	2020A	2021E	2022E	2023E	CAGR	Price (17-Feb-2021)	USD 43.27
Net premiums earned (\$mn)	23,662	24,719	25,759	N/A	N/A	Price Target	USD 43.00
Net investment income (NII)	N/A	N/A	N/A	N/A	N/A	Why Equal Weight? We view AIG as a wait-and-see proposition in response to its state of transition. Conceptually breaking off L&R makes sense, we just anticipate several first order and second order consequences. We anticipate many moving parts to reach a pro-forma capital structure.	
Underwriting income (\$mn)	-1,024	588	669	N/A	N/A		
Operating income (\$mn)	2,201	3,583	3,906	N/A	N/A		
Net income	N/A	N/A	N/A	N/A	N/A		
Effective tax rate (%)	24.0	24.0	24.0	N/A	N/A		
Combined ratio (%)	104.3	97.6	97.4	N/A	N/A		
Combined ratio (ex cats & py development) (%)	94.1	93.0	92.9	N/A	N/A		
Per share data (\$)					CAGR	Upside case	USD 51.00
EPS (adj)	2.52	4.20	4.60	N/A	N/A	A successful separation of L&R comes with the least org. distractions and does not require significant calls on capital. We like management's vision of orderly pace starting with an initial minority IPO or private sale. Our upside case of \$51 assumes 11.1x our '22 EPS estimate.	
EPS (reported)	-6.88	3.85	4.07	N/A	N/A		
DPS	1.28	1.28	1.28	N/A	N/A		
BVPS	76.46	77.69	78.07	N/A	N/A		
BVPS (ex AOCI)	60.78	61.80	62.17	N/A	N/A		
Balance sheet and capital return (\$mn)					CAGR	Downside case	USD 35.00
Total investments	397,217	429,873	462,959	N/A	N/A	Adverse reserve development accompanying expansion of underwriting risk appetite too fast too soon. Our downside case of \$35 assumes 7.6x our '22 EPS estimate.	
Common shareholders' equity (ex AOCI)	52,366	52,535	52,852	N/A	N/A		
Share buybacks	500	592	0	N/A	N/A		
Dividends paid	1,113	1,092	1,088	N/A	N/A		
Balance sheet and capital return metrics					Average	Upside/Downside scenarios	
Debt leverage (%)	26.6	25.4	24.1	N/A	25.4	Price History Prior 12 months	Price Target Next 12 months
Financial leverage (%)	28.8	27.6	26.3	N/A	27.6	High	Upside
Total capital return as a % of op. earnings	73.3	47.0	27.9	N/A	49.4	49.94	51.00
Valuation metrics					Average	Current	Target
P/BV (ex AOCI) (x)	0.71	0.70	0.70	N/A	0.70	43.27	43.00
P/E (reported) (x)	N/A	11.2	10.6	N/A	10.9		
Dividend yield (%)	3.0	3.0	3.0	N/A	3.0		
ROE (%)	3.4	5.4	5.9	N/A	4.9		

The chart illustrates the price history and target price for AIG. It features a horizontal axis with three markers: 'High' at 49.94, 'Current' at 43.27, and 'Low' at 16.07. To the right, a vertical bar represents the 'Target' price at 51.00, with 'Upside' written above it and 'Downside' written below it.

Source: Company data, Bloomberg, Barclays Research

Note: FY End Dec

## 4Q20 review

AIG reported 4Q20 operating EPS of \$0.94 above our \$0.90 estimate and the \$0.93 consensus estimate. The beat to our estimate was \$41mn of due to higher than expected returns on alternative investments. On an after-tax basis, notable items include: \$484mn of excess alternative returns or \$0.56 EPS impact and \$32mn of better than expected valuation on fixed maturities under the fair value accounting option or \$0.04 EPS impact.

The combined ratio for the General Insurance business of 102.8% was above our expectations due to higher catastrophes (including COVID); however, the underlying combined ratio was better than our expectations benefiting from both the AY loss ratio and acquisition ratio side reflecting mix shift and rate momentum.

## L&amp;R Separation

AIG is open to a minority IPO or sale to private buyers but is still sticking to its 19.9% initial sale target. We think AIG will only entertain offers from serious buyers but it seems that

some that have come through the door pass the quality test. When choosing a private buyer AIG is more motivated on the long-term prospects of the L&R platform rather than a means to an end. So not a yard sale but an enterprise that is still focused on origination, in our view. AIG is also considering execution certainty and pressures from rating agencies and regulators.

### Capital Management

AIG did not repurchase any shares in the quarter as we had anticipated. Despite strong parent company liquidity of \$10.5bn at YE '20 and \$9bn at February 1<sup>st</sup> (after factoring in its debt redemption) and some latitude for buybacks with \$500mn earmarked for 1H21, it will carry lesser emphasis. AIG will likely prioritize capital to delever its debt. AIG's sentiment that it does not have to raise equity capital and that subsidiary capital on its own is strong is reassuring at this stage. Even so, we anticipate AIG is holding dry powder ahead of the L&R separation in case there is any calls on capital. At least we have seen that happen with other life insurance separations.

### Underwriting Performance

- The reported combined ratio for **NA commercial lines** was 112.4% versus our 97.3% all in estimate. The underlying combined ratio for NA commercial lines was 93.6% versus our 93.8% estimate. The driver for the higher ratio was higher catastrophes. The underlying combined ratio improved 4 points relative to the prior year period and reflected improved business mix along with rate increases.
- The combined ratio for **NA personal lines business** was 133.2% versus our 119.1% all in estimate. The underlying combined ratio for NA personal lines was 102.6%, versus our 115.0%, an increase of 10.4 points from the prior year period. Results were worse than expected due to higher catastrophes in particular Covid-19 impact on the travel business and change in business mix.
- The combined ratio for **International commercial lines** was 92.1% versus our 101.6% all in estimate. The underlying combined ratio for International commercial lines was 89.2% versus our 92.5% estimate an improvement of 4.9 points from the prior year period. Both ratios this quarter were favorable to our expectations helped likely by improved business mix with rate increases.
- The combined ratio for **International personal lines** was 95.0% versus our 95.2% all in estimate. The underlying combined ratio for International personal lines was 94.1% versus our 93.6%. Results were better than expectations due to lower cats. On an underlying basis, while unfavorable to our estimate, demonstrated a couple point improvement year-over-year due to lower claims frequency and change in business mix
- **Life & Retirement** pretax earnings of \$1.207B were ahead of our \$787M estimate benefiting from strong alternative investment income. By business line, Group Retirement, and Institutional Markets were well ahead of our expectations driven by higher net investment income. Life Insurance earnings were impacted by covid-19 mortality and spread compression but NII was also strong in this segment.

### 4Q20 NWP better than expected lead by commercial insurance growth except liability

- North America net written premiums (NWP) were \$2.4B in the quarter, down 11% year-over-year, and above our \$2.3B estimate. Specifically, commercial lines NWP were up 10% year-over-year to \$2B, modestly below \$2.1B estimate,

but were aided by strong rate trends and improving retention. Personal lines NWP were \$369 down 55% year-over-year, slightly below our \$375M estimate reflecting the impacts of lower travel business and risk sharing with Syndicate 2019 on PCG.

- International net written premiums were \$3.2B flat year-over-year but above our \$2.9B estimate. Specifically, commercial lines NWP were \$1.7B up 7% year-over-year and above our \$1.4B projection. Personal lines NWP were \$1.5B, down 6% year-over-year, besting our \$1.4B estimate.
- On a line of business standpoint, commercial premiums were up 8.5% year-over-year driven by a 13.9% increase in Financial Lines, a 17.2% increase in Specialty, and 21.4% increase in Property which more than offset a 16.2% decline in Liability premiums. Personal lines premiums were down 22.3% year-over-year

### **Renewal rates reflect positive trends in the market**

On the earnings call, management discussed the renewal rate changes that they saw in the fourth quarter. Commercial lines rates grew 15% year-over-year. We are encouraged that terms and conditions have tightened in the quarter. Management is constructive that rate momentum is sustainable across all business lines (except workers' compensation).

Rates for NA commercial lines grew 21% year-over-year a strong continuation from the 20% increase in the 3Q. This was driven by rate increases in lines such as excess casualty which had 45% increase (up from over 30% in 3Q) and financial lines up over 25% (similar rate increase to 3Q) led by a 35% increase in D&O. Retail property and Lexington wholesale property saw increases of 30% and Lexington casualty had a 25% increase.

International commercial lines experienced rate increases of 14% year-over-year in the 4Q consistent with the robust 14% increase in the 3Q. Rate increases in commercial property were 15% (up from 12% in the 3Q), financial lines up over 20% (similar to the 3Q) driven by D&O, global energy experienced a 30% increase, and Talbot received over 15% increases.

Validus materially increased NPW at January 1 signings. Although individual quarter rate increases are helpful to follow in a vacuum; more telling is the rate on rate impact that AIG and its peers should continue to experience in commercial lines, in our view. Importantly, management believes that rates that the company is achieving are outpacing the lost cost trends.

### **Breadcrumb Trail...Forward Looking Management Comments**

- **AYCR (ex cat) <90% exit '22:** Drivers include rate above trend, portfolio repositioning, greater retention of business (i.e. less reinsurance), and expense ratio savings from AIG 200.
- **GI Premiums Mix:** International proportion should outweigh domestic business although North America commercial growth should lessen the skewness somewhat.
- **Earned Premiums:** Greater recognition of earned premium in '21 from rate increases.
- **Reinsurance renewal update:** Reduction in property catastrophe reinsurance limit (unspecified amount) in response to re-underwriting actions that had lowered gross PMLs. Also, last year's treaty was placed before AIG executed its 75% ceding arrangement with Syndicate 2019 for \$1bn of PCG business, thereby lowering the need to replicate the same reinsurance structure. While severity protection is down, on the bright side frequency protection has improved. For NA (except the Southeast and Gulf region) the retention level per-occurrence dropped from \$500mn to \$200mn. The NA

the retention level per aggregate protection dropped to \$500mn from \$750mn. AIG purchased a CAT program for PCG which did not increase its net limit. Note, Validus is growing and is out of scope of these treaties. In the past Validus had relied on retro for protection. We are not updating our expectations for our catastrophe ratio given these moving parts.

- **L&R spread compression:** 8 to 16 bps annually
- **COVID-19 Life Mortality Sensitivity Analysis:** \$65-\$75mn per 100,000 deaths
- **Buybacks:** AIG will return at least \$500mn in 1H21. AIG also repurchased \$92mn of shares to offset warrant dilution before the January 19, 2021 exercise date.
- **Corporate:** Lower interest expense and GOE. However, this segment gets noisy with continued volatility in asset management and in the consolidation and elimination lines
- **AIG 200:** \$650mn of annual run rate savings by YE '21 and \$1bn aggregate run rate savings by YE '22. Total investments offset some of these savings with \$500mn earmarked for '21 and \$570mn earmarked for '22. Total investments are \$1.3bn.

### **Estimate Changes**

We are raising our operating EPS from \$4.12 to \$4.20 for 2021 and from \$4.43 to \$4.60 for 2020. Our estimate changes reflect the reflect \$500mn of anticipated buybacks in 1H21.

### **Raising Price Target to \$43, maintain Equal Weight**

We are raising our Price Target from \$41 to \$43 based on higher earnings estimates. We now base our Price Target on 2022 estimates rather than 2021 as we see 2022 as a more normalized year for EPS. Our \$43 Price Target is based on a 50/50 weighting of 10.0x our 2022E operating EPS of \$4.60 and a 0.66x multiple to our 2022E book value per share ex AOCI of \$61.80

**FIGURE 1**  
**4Q20 quarterly variance analysis**

<b>Financial Summary</b> (in \$ mn, expect per share data)	<b>Q/Q</b>			<b>Y/Y</b>		<b>Barclays Est.</b>	
	<b>4Q20</b>	<b>3Q20</b>	<b>% Change</b>	<b>4Q19</b>	<b>% Change</b>	<b>4Q20</b>	<b>% Var.</b>
Adjusted pre-tax income (loss)	\$1,116	\$916	22%	\$1,211	-8%	\$1,055	6%
General Insurance	\$809	\$416	94%	\$778	4%	\$660	23%
Life and Retirement	\$1,027	\$1,008	2%	\$858	20%	\$787	31%
Other Ops	(\$720)	(\$508)	-42%	(\$425)	-69%	(\$424)	70%
Adjusted after-tax income att to AIG comm.	\$827	\$708	17%	\$923	-10%	\$774	7%
Shareholders							
Adjusted after-tax income per diluted share att to AIG comm. Shareholders	\$0.94	\$0.81	16%	\$1.03	-8%	\$0.90	5%
Adjusted return on common equity	6.7%	5.8%	91 bps	7.3%	(54 bps)	6.3%	45 bps
Book value per common share	\$76.46	\$73.86	4%	\$74.93	2%	\$74.32	3%
<b>General Insurance</b>							
(in \$ mn, expect per share data)	<b>Q/Q</b>			<b>Y/Y</b>		<b>Barclays Est.</b>	
	<b>4Q20</b>	<b>3Q20</b>	<b>% Change</b>	<b>4Q19</b>	<b>% Change</b>	<b>4Q20</b>	<b>% Var.</b>
Net premiums written	\$5,565	\$5,924	-6%	\$5,830	-5%	\$5,414	3%
Underwriting gains (loss)	(\$171)	(\$423)	-60%	\$12	-1525%	\$51	-436%
Adjusted pre-tax income	\$809	\$416	94%	\$778	4%	\$660	23%
Underwriting ratios							
Loss ratio	70.2%	74.6% (441 bps)		65.6%	460 bps	65.8%	437 bps
Cat losses & reinstatement premiums	9.0%	13.5% (450 bps)		6.5%	248 bps	3.8%	512 bps
PYD	0.9%	0.4% 51 bps		(2.2%) 307 bps		0.7%	22 bps
Underlying Loss ratio	60.4%	60.8% (42 bps)		61.3% (95 bps)		61.3% (97 bps)	
Expense ratio	32.6%	32.6% (1 bps)		34.2% (161 bps)		33.3% (68 bps)	
Combined ratio	102.8%	107.2% (442 bps)		99.8% 299 bps		99.1% 369 bps	
Underlying combined ratio	92.9%	93.3% (43 bps)		95.8% (296 bps)		94.6% (175 bps)	
<b>General Insurance - North America</b>							
(in \$ mn, expect per share data)	<b>Q/Q</b>			<b>Y/Y</b>		<b>Barclays Est.</b>	
	<b>4Q20</b>	<b>3Q20</b>	<b>% Change</b>	<b>4Q19</b>	<b>% Change</b>	<b>4Q20E</b>	<b>% Var.</b>
<b>Net premiums written</b>	\$2,361	\$2,571	-8%	\$2,639	-11%	\$2,504	-6%
Commercial	\$1,992	\$2,186	-9%	\$1,815	10%	\$2,129	-6%
Personal	\$369	\$385	-4%	\$824	-55%	\$375	-2%
<b>Underwriting gain (loss)</b>	(\$389)	(\$370)	5%	(\$96)	-305%	(\$1)	59863%
Commercial	(\$285)	(\$153)	86%	(\$188)	-52%	\$61	-566%
Personal	(\$104)	(\$217)	-52%	\$92	-213%	(\$62)	68%
<b>Underwriting ratios - North America Commercial</b>							
Combined ratio	112.5%	107.0% 545 bps		108.8% 367 bps		97.3% 1515 bps	
Underlying combined ratio	93.6%	94.2% (58 bps)		97.6% (392 bps)		93.8% (16 bps)	
<b>Underwriting ratios - North America Personal</b>							
Combined ratio	133.2%	170.5% (3723 bps)		88.6% 4462 bps		119.1% 1412 bps	
Underlying combined ratio	102.6%	118.5% (1586 bps)		92.2% 1042 bps		115.0% (1235 bps)	
<b>General Insurance - International</b>							
(in \$ mn, expect per share data)	<b>Q/Q</b>			<b>Y/Y</b>		<b>Barclays Est.</b>	
	<b>4Q20</b>	<b>3Q20</b>	<b>% Change</b>	<b>4Q19</b>	<b>% Change</b>	<b>4Q20E</b>	<b>% Var.</b>
<b>Net premiums written</b>	\$3,204	\$3,353	-4%	\$3,191	0%	\$2,910	10%
Commercial	\$1,662	\$1,795	-7%	\$1,554	7%	\$1,420	17%
Personal	\$1,542	\$1,558	-1%	\$1,637	-6%	\$1,490	4%
<b>Underwriting gain (loss)</b>	\$218	(\$53)	-512%	\$108	-102%	\$52	323%
Commercial	\$138	(\$148)	-193%	\$52	-165%	(\$25)	-643%
Personal	\$81	\$95	-15%	\$56	44%	\$77	5%
<b>Underwriting ratios - Intl Commercial</b>							
Combined ratio	92.2%	108.4% (1613 bps)		97.0% (475 bps)		101.6% (938 bps)	
Underlying combined ratio	89.2%	88.9% 32 bps		94.1% (487 bps)		92.5% (326 bps)	
<b>Underwriting ratios - Intl Personal</b>							
Combined ratio	95.0%	94.0% 101 bps		96.7% (169 bps)		95.2% (17 bps)	
Underlying combined ratio	94.1%	92.2% 185 bps		97.0% (288 bps)		93.6% 47 bps	

Source: Company reports and Barclays Research estimates

FIGURE 2

<b>Summary (\$ in mn except per share data)</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022E</b>
<b>Operating Income by Segment</b>				
General Insurance	\$3,533	\$1,901	\$3,123	\$3,454
Life and Retirement				
Individual Retirement	\$1,977	\$1,938	\$1,868	\$1,861
Group Retirement	\$937	\$1,013	\$947	\$924
Life Insurance	\$331	\$142	\$197	\$329
Institutional Markets	\$308	\$438	\$341	\$339
Other Operations	(\$1,616)	(\$2,429)	(\$1,623)	(\$1,631)
<b>Total Operating Earnings</b>				
Pre-Tax	\$5,470	\$3,003	\$4,854	\$5,276
After-Tax	\$4,078	\$2,201	\$3,583	\$3,906
<b>Operating EPS</b>				
	\$4.58	\$2.52	\$4.20	\$4.60
<b>General Insurance</b>				
Net premiums written	\$25,092	\$22,959	\$24,346	\$25,405
Net earned premiums	\$26,438	\$23,662	\$24,719	\$25,759
Combined Ratio	99.7%	104.3%	97.6%	97.4%
Combined ratio ex cats, prior yr dev. & chg in disc.	96.0%	94.1%	93.0%	92.9%
<b>General Insurance - NA commercial</b>				
Net premiums written	\$8,224	\$8,635	\$8,966	\$9,389
Net earned premiums	\$8,877	\$8,516	\$8,903	\$9,348
Combined Ratio	104.1%	110.1%	95.6%	94.5%
Combined ratio ex cats, prior yr dev. & chg in disc.	98.2%	95.5%	92.3%	91.5%
<b>General Insurance - NA Personal</b>				
Net premiums written	\$3,266	\$1,149	\$2,092	\$2,175
Net earned premiums	\$3,259	\$1,786	\$2,166	\$2,253
Combined Ratio	100.0%	124.6%	105.0%	107.0%
Combined ratio ex cats, prior yr dev. & chg in disc.	95.0%	103.9%	99.7%	102.0%
<b>General Insurance - International Commercial</b>				
Net premiums written	\$6,833	\$6,874	\$7,148	\$7,517
Net earned premiums	\$7,087	\$6,927	\$7,171	\$7,452
Combined Ratio	97.5%	100.4%	100.1%	100.9%
Combined ratio ex cats, prior yr dev. & chg in disc.	94.3%	89.9%	91.5%	92.3%
<b>General Insurance - International Personal</b>				
Net premiums written	\$6,769	\$6,301	\$6,139	\$6,324
Net earned premiums	\$7,215	\$6,433	\$6,479	\$6,706
Combined Ratio	96.2%	95.3%	95.1%	94.3%
Combined ratio ex cats, prior yr dev. & chg in disc.	95.3%	93.8%	93.3%	92.5%
<b>Net Investment Income by Segment</b>				
General Insurance	\$3,444	\$2,925	\$2,535	\$2,785
Life and Retirement	\$8,733	\$8,881	\$8,301	\$8,273
Corporate	\$2,598	\$1,087	\$652	\$640
<b>Total NII before eliminations</b>	<b>\$14,775</b>	<b>\$12,893</b>	<b>\$11,488</b>	<b>\$11,698</b>
Book value per share, ex AOCI	\$69.20	\$60.78	\$61.80	\$62.17
Operating ROE, ex AOCI and DTA	8.3%	4.4%	7.2%	7.8%
Share Buybacks	\$0	\$500	\$592	\$0

Source: Company reports and Barclays Research estimates

#### **ANALYST(S) CERTIFICATION(S):**

I, Tracy Benguigui, hereby certify (1) that the views expressed in this research report accurately reflect my personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

#### **IMPORTANT DISCLOSURES**

Barclays Research is produced by the Investment Bank of Barclays Bank PLC and its affiliates (collectively and each individually, "Barclays"). All authors contributing to this research report are Research Analysts unless otherwise indicated. The publication date at the top of the report reflects the local time where the report was produced and may differ from the release date provided in GMT.

##### **Availability of Disclosures:**

Where any companies are the subject of this research report, for current important disclosures regarding those companies please refer to <https://publicresearch.barclays.com> or alternatively send a written request to: Barclays Research Compliance, 745 Seventh Avenue, 13th Floor, New York, NY 10019 or call +1-212-526-1072.

The analysts responsible for preparing this research report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities, the profitability and revenues of the Markets business and the potential interest of the firm's investing clients in research with respect to the asset class covered by the analyst.

Analysts regularly conduct site visits to view the material operations of covered companies, but Barclays policy prohibits them from accepting payment or reimbursement by any covered company of their travel expenses for such visits.

Barclays Research Department produces various types of research including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of Barclays Research may differ from those contained in other types of Barclays Research, whether as a result of differing time horizons, methodologies, or otherwise.

In order to access Barclays Statement regarding Research Dissemination Policies and Procedures, please refer to <https://publicresearch.barcap.com/S/RD.htm>. In order to access Barclays Research Conflict Management Policy Statement, please refer to: <https://publicresearch.barcap.com/S/CM.htm>.

##### **Primary Stocks (Ticker, Date, Price)**

**AIG, Inc.** (AIG, 17-Feb-2021, USD 43.27), Equal Weight/Positive, A/CD/CE/D/J/K/L/M/N

Unless otherwise indicated, prices are sourced from Bloomberg and reflect the closing price in the relevant trading market, which may not be the last available price at the time of publication.

##### **Disclosure Legend:**

**A:** Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of the issuer in the previous 12 months.

**B:** An employee or non-executive director of Barclays PLC is a director of this issuer.

**CD:** Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by this issuer.

**CE:** Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by this issuer.

**D:** Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

**E:** Barclays Bank PLC and/or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer within the next 3 months.

**FA:** Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with US regulations.

**FB:** Barclays Bank PLC and/or an affiliate beneficially owns a long position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

**FC:** Barclays Bank PLC and/or an affiliate beneficially owns a short position of more than 0.5% of a class of equity securities of this issuer, as calculated in accordance with EU regulations.

**FD:** Barclays Bank PLC and/or an affiliate beneficially owns 1% or more of a class of equity securities of this issuer, as calculated in accordance with South Korean regulations.

**GD:** One of the Research Analysts on the fundamental credit coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

**GE:** One of the Research Analysts on the fundamental equity coverage team (and/or a member of his or her household) has a long position in the common equity securities of this issuer.

**H:** This issuer beneficially owns more than 5% of any class of common equity securities of Barclays PLC.

**I:** Barclays Bank PLC and/or an affiliate is party to an agreement with this issuer for the provision of financial services to Barclays Bank PLC and/or an affiliate.

**J:** Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities of this issuer and/or in any related derivatives.

## IMPORTANT DISCLOSURES

**K:** Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from this issuer within the past 12 months.

**L:** This issuer is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

**M:** This issuer is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

**N:** This issuer is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

**O:** Not in use.

**P:** A partner, director or officer of Barclays Capital Canada Inc. has, during the preceding 12 months, provided services to the subject company for remuneration, other than normal course investment advisory or trade execution services.

**Q:** Barclays Bank PLC and/or an affiliate is a Corporate Broker to this issuer.

**R:** Barclays Capital Canada Inc. and/or an affiliate has received compensation for investment banking services from this issuer in the past 12 months.

**S:** This issuer is a Corporate Broker to Barclays PLC.

**T:** Barclays Bank PLC and/or an affiliate is providing equity advisory services to this issuer.

**U:** The equity securities of this Canadian issuer include subordinate voting restricted shares.

**V:** The equity securities of this Canadian issuer include non-voting restricted shares.

### Risk Disclosure(s)

Master limited partnerships (MLPs) are pass-through entities structured as publicly listed partnerships. For tax purposes, distributions to MLP unit holders may be treated as a return of principal. Investors should consult their own tax advisors before investing in MLP units.

### Disclosure(s) regarding Information Sources

Copyright © (2021) Sustainalytics. Sustainalytics retains ownership and all intellectual property rights in its proprietary information and data that may be included in this report. Any Sustainalytics' information and data included herein may not be copied or redistributed, is intended for informational purposes only, does not constitute investment advice and is not warranted to be complete, timely and accurate. Sustainalytics' information and data is subject to conditions available at <https://www.sustainalytics.com/legal-disclaimers/>

### Guide to the Barclays Fundamental Equity Research Rating System:

Our coverage analysts use a relative rating system in which they rate stocks as Overweight, Equal Weight or Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry (the "industry coverage universe").

In addition to the stock rating, we provide industry views which rate the outlook for the industry coverage universe as Positive, Neutral or Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

#### Stock Rating

**Overweight** - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Equal Weight** - The stock is expected to perform in line with the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Underweight** - The stock is expected to underperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

**Rating Suspended** - The rating and target price have been suspended temporarily due to market events that made coverage impracticable or to comply with applicable regulations and/or firm policies in certain circumstances including where the Investment Bank of Barclays Bank PLC is acting in an advisory capacity in a merger or strategic transaction involving the company.

#### Industry View

**Positive** - industry coverage universe fundamentals/valuations are improving.

**Neutral** - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

**Negative** - industry coverage universe fundamentals/valuations are deteriorating.

Below is the list of companies that constitute the "industry coverage universe":

#### U.S. Insurance/Non-Life

AIG, Inc. (AIG)

Allstate Corp. (ALL)

Chubb Limited (CB)

Palomar Holdings, Inc. (PLMR)

Progressive Corp. (PGR)

ProSight Global, Inc. (PROS)

The Hartford Financial Services Group, Inc.  
(HIG)

The Travelers Companies, Inc. (TRV)

## IMPORTANT DISCLOSURES

### Distribution of Ratings:

Barclays Equity Research has 1638 companies under coverage.

47% have been assigned an Overweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Buy rating; 49% of companies with this rating are investment banking clients of the Firm; 73% of the issuers with this rating have received financial services from the Firm.

36% have been assigned an Equal Weight rating which, for purposes of mandatory regulatory disclosures, is classified as a Hold rating; 43% of companies with this rating are investment banking clients of the Firm; 68% of the issuers with this rating have received financial services from the Firm.

14% have been assigned an Underweight rating which, for purposes of mandatory regulatory disclosures, is classified as a Sell rating; 34% of companies with this rating are investment banking clients of the Firm; 61% of the issuers with this rating have received financial services from the Firm.

### Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

### Top Picks:

Barclays Equity Research's "Top Picks" represent the single best alpha-generating investment idea within each industry (as defined by the relevant "industry coverage universe"), taken from among the Overweight-rated stocks within that industry. While analysts may highlight other Overweight-rated stocks in their published research in addition to their Top Pick, there can only be one "Top Pick" for each industry. To view the current list of Top Picks, go to the Top Picks page on Barclays Live (<https://live.barcap.com/go/keyword/TopPicks>).

To see a list of companies that comprise a particular industry coverage universe, please go to <https://publicresearch.barclays.com>.

### Types of investment recommendations produced by Barclays Equity Research:

In addition to any ratings assigned under Barclays' formal rating systems, this publication may contain investment recommendations in the form of trade ideas, thematic screens, scorecards or portfolio recommendations that have been produced by analysts within Equity Research. Any such investment recommendations shall remain open until they are subsequently amended, rebalanced or closed in a future research report.

### Disclosure of other investment recommendations produced by Barclays Equity Research:

Barclays Equity Research may have published other investment recommendations in respect of the same securities/instruments recommended in this research report during the preceding 12 months. To view all investment recommendations published by Barclays Equity Research in the preceding 12 months please refer to <https://live.barcap.com/go/research/Recommendations>.

### Legal entities involved in producing Barclays Research:

Barclays Bank PLC (Barclays, UK)

Barclays Capital Inc. (BCI, US)

Barclays Bank Ireland PLC, Frankfurt Branch (BBI, Frankfurt)

Barclays Bank Ireland PLC, Paris Branch (BBI, Paris)

Barclays Bank Ireland PLC, Milan Branch (BBI, Milan)

Barclays Securities Japan Limited (BSJL, Japan)

Barclays Bank PLC, Hong Kong Branch (Barclays Bank, Hong Kong)

Barclays Capital Canada Inc. (BCCI, Canada)

Barclays Bank Mexico, S.A. (BBMX, Mexico)

Barclays Securities (India) Private Limited (BSIPL, India)

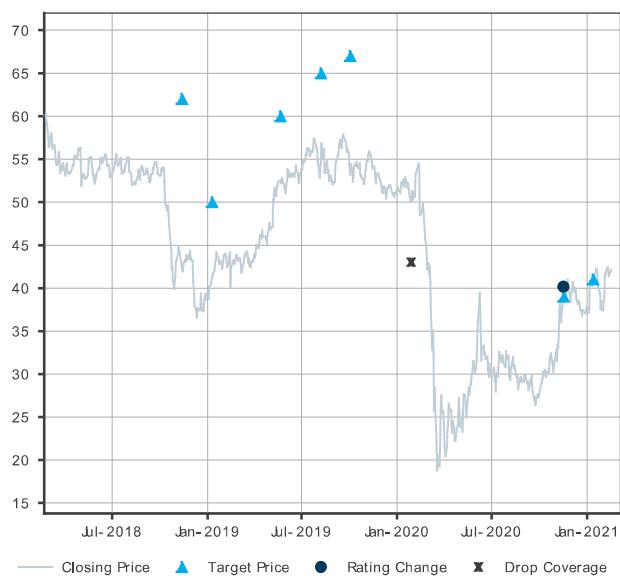
Barclays Bank PLC, India Branch (Barclays Bank, India)

Barclays Bank PLC, Singapore Branch (Barclays Bank, Singapore)

Barclays Bank PLC, DIFC Branch (Barclays Bank, DIFC)

**IMPORTANT DISCLOSURES****AIG, Inc. (AIG / AIG)**

USD 43.27 (17-Feb-2021)

**Rating and Price Target Chart - USD (as of 17-Feb-2021)**

Stock Rating

**EQUAL WEIGHT**

Industry View

**POSITIVE****Currency=USD**

Publication Date	Closing Price	Rating	Adjusted Price Target
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
09-Jan-2019	41.16		50.00
12-Nov-2018	42.47		62.00

On 18-Feb-2018, prior to any intra-day change that may have been published, the rating for this security was Overweight, and the adjusted price target was 71.00.

Source: Bloomberg, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

**A:** Barclays Bank PLC and/or an affiliate has been lead manager or co-lead manager of a publicly disclosed offer of securities of AIG, Inc. in the previous 12 months.

**CD:** Barclays Bank PLC and/or an affiliate is a market-maker in debt securities issued by AIG, Inc..

**CE:** Barclays Bank PLC and/or an affiliate is a market-maker in equity securities issued by AIG, Inc..

**D:** Barclays Bank PLC and/or an affiliate has received compensation for investment banking services from AIG, Inc. in the past 12 months.

**J:** Barclays Bank PLC and/or an affiliate is a liquidity provider and/or trades regularly in the securities by AIG, Inc. and/or in any related derivatives.

**K:** Barclays Bank PLC and/or an affiliate has received non-investment banking related compensation (including compensation for brokerage services, if applicable) from AIG, Inc. within the past 12 months.

**L:** AIG, Inc. is, or during the past 12 months has been, an investment banking client of Barclays Bank PLC and/or an affiliate.

**M:** AIG, Inc. is, or during the past 12 months has been, a non-investment banking client (securities related services) of Barclays Bank PLC and/or an affiliate.

**N:** AIG, Inc. is, or during the past 12 months has been, a non-investment banking client (non-securities related services) of Barclays Bank PLC and/or an affiliate.

**Valuation Methodology:** Our Equal Weight rating and \$43 price target are based on a 50/50 weighted average P/E of 10x our 2022 EPS estimate of \$4.60 and 0.66x YE22 estimated book value per share (ex-AOCI) of \$61.80. Our target multiples for AIG are below the P/C insurance group given we expect lower ROEs, especially for GI standalone.

**Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target:** Potential calls on capital to complete a separation. Expansion of underwriting risk appetite too fast too soon and/or over exuberance at hardening pricing that falter AIG's resolve to walk away from business that does not meet risk return hurdles. Unexpected adverse reserve development which would not only impair earnings or capital but undermine the creditability of its underwriting remediation actions to date. Ultimately we think a smaller capital base post separation may temper AIG's ability to compete at the upper end of the market where we see less trading partners.

#### **DISCLAIMER:**

This publication has been produced by Barclays Research Department in the Investment Bank of Barclays Bank PLC and/or one or more of its affiliates (collectively and each individually, "Barclays"). It has been prepared for institutional investors and not for retail investors. It has been distributed by one or more Barclays affiliated legal entities listed below. It is provided to our clients for information purposes only, and Barclays makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this publication. To the extent that this publication states on the front page that it is intended for institutional investors and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors under U.S. FINRA Rule 2242, it is an "institutional debt research report" and distribution to retail investors is strictly prohibited. Barclays also distributes such institutional debt research reports to various issuers, media, regulatory and academic organisations for their own internal informational news gathering, regulatory or academic purposes and not for the purpose of making investment decisions regarding any debt securities. Media organisations are prohibited from re-publishing any opinion or recommendation concerning a debt issuer or debt security contained in any Barclays institutional debt research report. Any such recipients that do not want to continue receiving Barclays institutional debt research reports should contact [debtresearch@barclays.com](mailto:debtresearch@barclays.com). Clients that are subscribed to receive equity research reports, will not receive certain cross asset research reports co-authored by equity and FICC research analysts that are distributed as "institutional debt research reports" unless they have agreed to accept such reports. Eligible clients may get access to such cross asset reports by contacting [debtresearch@barclays.com](mailto:debtresearch@barclays.com). Barclays will not treat unauthorized recipients of this report as its clients and accepts no liability for use by them of the contents which may not be suitable for their personal use. Prices shown are indicative and Barclays is not offering to buy or sell or soliciting offers to buy or sell any financial instrument.

Without limiting any of the foregoing and to the extent permitted by law, in no event shall Barclays, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this publication or its contents.

Other than disclosures relating to Barclays, the information contained in this publication has been obtained from sources that Barclays Research believes to be reliable, but Barclays does not represent or warrant that it is accurate or complete. Barclays is not responsible for, and makes no warranties whatsoever as to, the information or opinions contained in any written, electronic, audio or video presentations of third parties that are accessible via a direct hyperlink in this publication or via a hyperlink to a third-party web site ('Third-Party Content'). Any such Third-Party Content has not been adopted or endorsed by Barclays, does not represent the views or opinions of Barclays, and is not incorporated by reference into this publication. Third-Party Content is provided for information purposes only and Barclays has not independently verified its accuracy or completeness.

The views in this publication are solely and exclusively those of the authoring analyst(s) and are subject to change, and Barclays Research has no obligation to update its opinions or the information in this publication. Unless otherwise disclosed herein, the analysts who authored this report have not received any compensation from the subject companies in the past 12 months. If this publication contains recommendations, they are general recommendations that were prepared independently of any other interests, including those of Barclays and/or its affiliates, and/or the subject companies. This publication does not contain personal investment recommendations or investment advice or take into account the individual financial circumstances or investment objectives of the clients who receive it. Barclays is not a fiduciary to any recipient of this publication. The securities and other investments discussed herein may not be suitable for all investors and may not be available for purchase in all jurisdictions. The United States recently imposed sanctions on certain Chinese state-owned and private companies (<https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/chinese-military-companies-sanctions>), which may restrict U.S. persons from purchasing securities issued by those companies. Investors must independently evaluate the merits and risks of the investments discussed herein, including any sanctions restrictions that may apply, consult any independent advisors they believe necessary, and exercise independent judgment with regard to any investment decision. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results. The information provided does not constitute a financial benchmark and should not be used as a submission or contribution of input data for the purposes of determining a financial benchmark.

**United Kingdom:** This document is being distributed (1) only by or with the approval of an authorised person (Barclays Bank PLC) or (2) to, and is directed at (a) persons in the United Kingdom having professional experience in matters relating to investments and who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (b) high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (c) other persons to whom it may otherwise lawfully be communicated (all such persons being "Relevant Persons"). Any investment or investment activity to which this communication relates is only available to and will only be engaged in with Relevant Persons. Any other persons who receive this communication should not rely on or act upon it. Barclays Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and is a member of the London Stock Exchange.

**European Economic Area ("EEA"):** This material is being distributed to any "Authorised User" located in a Restricted EEA Country by Barclays Bank Ireland PLC. The Restricted EEA Countries are Austria, Bulgaria, Estonia, Finland, Hungary, Iceland, Liechtenstein, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovakia and Slovenia. For any other "Authorised User" located in a country of the European Economic Area, this material is being distributed by Barclays Bank PLC. Barclays Bank Ireland PLC is a bank authorised by the Central Bank of Ireland whose registered office is at 1 Molesworth Street, Dublin 2, Ireland. Barclays Bank PLC is not registered in France with the Autorité des marchés financiers or the Autorité de contrôle prudentiel. Authorised User means each individual associated with the Client who is notified by the Client to Barclays and authorised to use the Research Services. The Restricted EEA Countries will be amended if required.

**Americas:** The Investment Bank of Barclays Bank PLC undertakes U.S. securities business in the name of its wholly owned subsidiary Barclays Capital Inc., a FINRA and SIPC member. Barclays Capital Inc., a U.S. registered broker/dealer, is distributing this material in the United States and, in connection therewith accepts responsibility for its contents. Any U.S. person wishing to effect a transaction in any security discussed herein should do so only by contacting a representative of Barclays Capital Inc. in the U.S. at 745 Seventh Avenue, New York, New York 10019.

Non-U.S. persons should contact and execute transactions through a Barclays Bank PLC branch or affiliate in their home jurisdiction unless local regulations permit otherwise.

This material is distributed in Canada by Barclays Capital Canada Inc., a registered investment dealer, a Dealer Member of IIROC ([www.iroc.ca](http://www.iroc.ca)), and a Member of the Canadian Investor Protection Fund (CIPF).

This material is distributed in Mexico by Barclays Bank Mexico, S.A. This material is distributed in the Cayman Islands and in the Bahamas by Barclays Capital Inc., which it is not licensed or registered to conduct and does not conduct business in, from or within those jurisdictions and has not filed this material with any regulatory body in those jurisdictions.

**Japan:** This material is being distributed to institutional investors in Japan by Barclays Securities Japan Limited. Barclays Securities Japan Limited is a joint-stock company incorporated in Japan with registered office of 6-10-1 Roppongi, Minato-ku, Tokyo 106-6131, Japan. It is a subsidiary of Barclays Bank PLC and a registered financial instruments firm regulated by the Financial Services Agency of Japan. Registered Number: Kanto Zaimukyokucho (kinsho) No. 143.

**Asia Pacific (excluding Japan):** Barclays Bank PLC, Hong Kong Branch is distributing this material in Hong Kong as an authorised institution regulated by the Hong Kong Monetary Authority. Registered Office: 41/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

All Indian securities-related research and other equity research produced by Barclays' Investment Bank are distributed in India by Barclays Securities (India) Private Limited (BSIPL). BSIPL is a company incorporated under the Companies Act, 1956 having CIN U67120MH2006PTC161063. BSIPL is registered and regulated by the Securities and Exchange Board of India (SEBI) as a Research Analyst: INH000001519; Portfolio Manager INP000002585; Stock Broker INZ000269539 (member of NSE and BSE); Depository Participant with the National Securities & Depositories Limited (NSDL): DP ID: IN-DP-NSDL-299-2008; Investment Adviser: INA000000391. BSIPL is also registered as a Mutual Fund Advisor having AMFI ARN No. 53308. The registered office of BSIPL is at 208, Ceejay House, Shivasagar Estate, Dr. A. Besant Road, Worli, Mumbai – 400 018, India. Telephone No: +91 22 67196363. Fax number: +91 22 67196399. Any other reports produced by Barclays' Investment Bank are distributed in India by Barclays Bank PLC, India Branch, an associate of BSIPL in India that is registered with Reserve Bank of India (RBI) as a Banking Company under the provisions of The Banking Regulation Act, 1949 (Regn No BOM43) and registered with SEBI as Merchant Banker (Regn No INM000002129) and also as Banker to the Issue (Regn No INB00000950). Barclays Investments and Loans (India) Limited, registered with RBI as Non Banking Financial Company (Regn No RBI CoR-07-00258), and Barclays Wealth Trustees (India) Private Limited, registered with Registrar of Companies (CIN U93000MH2008PTC188438), are associates of BSIPL in India that are not authorised to distribute any reports produced by Barclays' Investment Bank.

This material is distributed in Singapore by the Singapore Branch of Barclays Bank PLC, a bank licensed in Singapore by the Monetary Authority of Singapore. For matters in connection with this material, recipients in Singapore may contact the Singapore branch of Barclays Bank PLC, whose registered address is 10 Marina Boulevard, #23-01 Marina Bay Financial Centre Tower 2, Singapore 018983.

This material is distributed to persons in Australia by Barclays Bank PLC or one of the Barclays group entities. None of Barclays Bank PLC, nor such Barclays group entity, holds an Australian financial services licence and instead relies on an exemption from the requirement to hold such a licence. This material is intended to only be distributed to "wholesale clients" as defined by the Australian Corporations Act 2001. This material is distributed in New Zealand by Barclays Bank PLC, but it has not been registered, filed or approved by any New Zealand regulatory authority or under or in accordance with the Financial Markets Conduct Act of 2013, and this material is not a disclosure document under New Zealand law.

**Middle East:** Nothing herein should be considered investment advice as defined in the Israeli Regulation of Investment Advisory, Investment Marketing and Portfolio Management Law, 1995 ("Advisory Law"). This document is being made to eligible clients (as defined under the Advisory Law) only. Barclays Israeli branch previously held an investment marketing license with the Israel Securities Authority but it cancelled such license on 30/11/2014 as it solely provides its services to eligible clients pursuant to available exemptions under the Advisory Law, therefore a license with the Israel Securities Authority is not required. Accordingly, Barclays does not maintain an insurance coverage pursuant to the Advisory Law.

This material is distributed in the United Arab Emirates (including the Dubai International Financial Centre) and Qatar by Barclays Bank PLC. Barclays Bank PLC in the Dubai International Financial Centre (Registered No. 0060) is regulated by the Dubai Financial Services Authority (DFSA). Principal place of business in the Dubai International Financial Centre: The Gate Village, Building 4, Level 4, PO Box 506504, Dubai, United Arab Emirates. Barclays Bank PLC-DIFC Branch, may only undertake the financial services activities that fall within the scope of its existing DFSA licence. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority. Barclays Bank PLC in the UAE is regulated by the Central Bank of the UAE and is licensed to conduct business activities as a branch of a commercial bank incorporated outside the UAE in Dubai (Licence No.: 13/1844/2008, Registered Office: Building No. 6, Burj Dubai Business Hub, Sheikh Zayed Road, Dubai City) and Abu Dhabi (Licence No.: 13/952/2008, Registered Office: Al Jazira Towers, Hamdan Street, PO Box 2734, Abu Dhabi). This material does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the Dubai International Financial Centre) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the Dubai Financial Services Authority or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank or Dubai Financial Services Authority. Barclays Bank PLC in the Qatar Financial Centre (Registered No. 00018) is authorised by the Qatar Financial Centre Regulatory Authority (QFCRA). Barclays Bank PLC-QFC Branch may only undertake the regulated activities that fall within the scope of its existing QFCRA licence. Principal place of business in Qatar: Qatar Financial Centre, Office 1002, 10th Floor, QFC Tower, Diplomatic Area, West Bay, PO Box 15891, Doha, Qatar. Related financial products or services are only available to Business Customers as defined by the Qatar Financial Centre Regulatory Authority.

**Russia:** This material is not intended for investors who are not Qualified Investors according to the laws of the Russian Federation as it might contain information about or description of the features of financial instruments not admitted for public offering and/or circulation in the Russian Federation and thus not eligible for non-Qualified Investors. If you are not a Qualified Investor according to the laws of the Russian Federation, please dispose of any copy of this material in your possession.

**IRS Circular 230 Prepared Materials Disclaimer:** Barclays does not provide tax advice and nothing contained herein should be construed to be

tax advice. Please be advised that any discussion of U.S. tax matters contained herein (including any attachments) (i) is not intended or written to be used, and cannot be used, by you for the purpose of avoiding U.S. tax-related penalties; and (ii) was written to support the promotion or marketing of the transactions or other matters addressed herein. Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

© Copyright Barclays Bank PLC (2021). All rights reserved. No part of this publication may be reproduced or redistributed in any manner without the prior written permission of Barclays. Barclays Bank PLC is registered in England No. 1026167. Registered office 1 Churchill Place, London, E14 5HP. Additional information regarding this publication will be furnished upon request.

