

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from to

Commission File Number 1-8787



American International Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

13-2592361

(I.R.S. Employer  
Identification No.)

1271 Avenue of the Americas, New York, New York

(Address of principal executive offices)

10020

(Zip Code)

Registrant's telephone number, including area code: (212) 770-7000

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

| Title of each class                                                                                                            | Trading Symbol | Name of each exchange on which registered |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------|
| Common Stock, Par Value \$2.50 Per Share                                                                                       | AIG            | New York Stock Exchange                   |
| 4.875% Series A-3 Junior Subordinated Debentures                                                                               | AIG 67EU       | New York Stock Exchange                   |
| Depository Shares Each Representing a 1/1,000th Interest in a Share of Series A 5.85% Non-Cumulative Perpetual Preferred Stock | AIG PRA        | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 26, 2023, there were 711,899,624 shares outstanding of the registrant's common stock.

**AMERICAN INTERNATIONAL GROUP, INC.**

**QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2023**

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# Part I – Financial Information

## Item 1. | Financial Statements

### American International Group, Inc. Condensed Consolidated Balance Sheets *(unaudited)*

*(in millions, except for share data)*

June 30, 2023    December 31, 2022

**Assets:**

|                                                                                                                                                                                                             |                   |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Investments:                                                                                                                                                                                                |                   |                   |
| Fixed maturity securities:                                                                                                                                                                                  |                   |                   |
| Bonds available for sale, at fair value, net of allowance for credit losses of \$125 in 2023 and \$186 in 2022 (amortized cost: 2023 - \$249,235; 2022 - \$255,993)*                                        | \$ 222,530        | \$ 226,156        |
| Other bond securities, at fair value (See Note 6)*                                                                                                                                                          | 4,941             | 4,485             |
| Equity securities, at fair value (See Note 6)*                                                                                                                                                              | 660               | 575               |
| Mortgage and other loans receivable, net of allowance for credit losses of \$38,441 in 2023 and \$38,351 in 2022*                                                                                           | 51,605            | 49,605            |
| Other invested assets (portion measured at fair value: 2023 - \$12,105; 2022 - \$12,042)*                                                                                                                   | 16,067            | 15,953            |
| Short-term investments, including restricted cash of \$32 in 2023 and \$140 in 2022 (portion measured at fair value: 2023 - \$4,278; 2022 - \$5,708)*                                                       | 10,955            | 12,376            |
| <b>Total investments</b>                                                                                                                                                                                    | <b>306,758</b>    | <b>309,150</b>    |
| Cash*                                                                                                                                                                                                       | 2,283             | 2,043             |
| Accrued investment income*                                                                                                                                                                                  | 2,506             | 2,376             |
| Premiums and other receivables, net of allowance for credit losses and disputes of \$160 in 2023 and \$169 in 2022                                                                                          | 12,428            | 13,243            |
| Reinsurance assets - Fortitude Re, net of allowance for credit losses and disputes of \$0 in 2023 and \$0 in 2022                                                                                           | 30,541            | 30,751            |
| Reinsurance assets - other, net of allowance for credit losses and disputes of \$271 in 2023 and \$295 in 2022                                                                                              | 39,618            | 38,971            |
| Deferred income taxes                                                                                                                                                                                       | 14,103            | 14,804            |
| Deferred policy acquisition costs                                                                                                                                                                           | 12,702            | 12,857            |
| Market risk benefit assets, at fair value                                                                                                                                                                   | 954               | 796               |
| Other assets, net of allowance for credit losses of \$49 in 2023 and \$49 in 2022, including restricted cash of \$37 in 2023 and \$33 in 2022 (portion measured at fair value: 2023 - \$521; 2022 - \$621)* | 12,832            | 12,384            |
| Separate account assets, at fair value                                                                                                                                                                      | 89,718            | 84,853            |
| Assets held for sale                                                                                                                                                                                        | 12,695            | —                 |
| <b>Total assets</b>                                                                                                                                                                                         | <b>\$ 537,138</b> | <b>\$ 522,228</b> |
| <b>Liabilities:</b>                                                                                                                                                                                         |                   |                   |
| Liability for unpaid losses and loss adjustment expenses, including allowance for credit losses of \$14 in 2023 and \$14 in 2022                                                                            | \$ 70,284         | \$ 75,167         |
| Unearned premiums                                                                                                                                                                                           | 19,152            | 18,338            |
| Future policy benefits for life and accident and health insurance contracts                                                                                                                                 | 55,690            | 51,914            |
| Policyholder contract deposits (portion measured at fair value: 2023 - \$6,864; 2022 - \$5,408)                                                                                                             | 159,572           | 155,984           |
| Market risk benefit liabilities, at fair value                                                                                                                                                              | 4,977             | 4,736             |
| Other policyholder funds                                                                                                                                                                                    | 3,430             | 3,463             |
| Fortitude Re funds withheld payable (portion measured at fair value: 2023 - \$(2,118); 2022 - \$(2,235))                                                                                                    | 29,588            | 30,383            |
| Other liabilities (portion measured at fair value: 2023 - \$383; 2022 - \$343)*                                                                                                                             | 24,496            | 26,757            |
| Short-term and long-term debt, of which \$1,500 is short-term debt in 2023 and 2022 (portion measured at fair value: 2023 - \$50; 2022 - \$56)                                                              | 21,352            | 21,299            |
| Debt of consolidated investment entities*                                                                                                                                                                   | 2,793             | 5,880             |
| Separate account liabilities                                                                                                                                                                                | 89,718            | 84,853            |
| Liabilities held for sale                                                                                                                                                                                   | 9,595             | —                 |
| <b>Total liabilities</b>                                                                                                                                                                                    | <b>490,647</b>    | <b>478,774</b>    |
| <b>Contingencies, commitments and guarantees (See Note 15)</b>                                                                                                                                              |                   |                   |
| <b>AIG shareholders' equity:</b>                                                                                                                                                                            |                   |                   |
| Series A non-cumulative preferred stock and additional paid in capital, \$5.00 par value; 100,000,000 shares authorized; shares issued: 2023 - 20,000 and 2022 - 20,000; liquidation preference \$500       | 485               | 485               |
| Common stock, \$2.50 par value; 5,000,000,000 shares authorized; shares issued: 2023 - 1,906,671,492 and 2022 - 1,906,671,492                                                                               | 4,766             | 4,766             |
| Treasury stock, at cost; 2023 - 1,189,147,491 shares; 2022 - 1,172,543,436 shares of common stock                                                                                                           | (57,408)          | (56,473)          |
| Additional paid-in capital                                                                                                                                                                                  | 77,677            | 79,915            |
| Retained earnings                                                                                                                                                                                           | 35,916            | 34,893            |
| Accumulated other comprehensive loss                                                                                                                                                                        | (18,982)          | (22,616)          |
| <b>Total AIG shareholders' equity</b>                                                                                                                                                                       | <b>42,454</b>     | <b>40,970</b>     |
| <b>Non-redeemable noncontrolling interests</b>                                                                                                                                                              | <b>4,037</b>      | <b>2,484</b>      |
| <b>Total equity</b>                                                                                                                                                                                         | <b>46,491</b>     | <b>43,454</b>     |
| <b>Total liabilities and equity</b>                                                                                                                                                                         | <b>\$ 537,138</b> | <b>\$ 522,228</b> |

\* See Note 10 for details of balances associated with variable interest entities.

See accompanying Notes to Condensed Consolidated Financial Statements.

# American International Group, Inc.

## Condensed Consolidated Statements of Income (Loss) *(unaudited)*

| <i>(dollars in millions, except per common share data)</i>                                                                                                                                                                                         | Three Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------|---------------------------|-----------------|
|                                                                                                                                                                                                                                                    | 2023                        | 2022            | 2023                      | 2022            |
| <b>Revenues:</b>                                                                                                                                                                                                                                   |                             |                 |                           |                 |
| Premiums                                                                                                                                                                                                                                           | \$ 9,057                    | \$ 7,512        | \$ 17,538                 | \$ 14,632       |
| Policy fees                                                                                                                                                                                                                                        | 694                         | 728             | 1,392                     | 1,458           |
| Net investment income:                                                                                                                                                                                                                             |                             |                 |                           |                 |
| Net investment income - excluding Fortitude Re funds withheld assets                                                                                                                                                                               | 3,280                       | 2,416           | 6,367                     | 5,362           |
| Net investment income - Fortitude Re funds withheld assets                                                                                                                                                                                         | 291                         | 188             | 737                       | 479             |
| Total net investment income                                                                                                                                                                                                                        | 3,571                       | 2,604           | 7,104                     | 5,841           |
| Net realized gains (losses):                                                                                                                                                                                                                       |                             |                 |                           |                 |
| Net realized gains (losses) - excluding Fortitude Re funds withheld assets and embedded derivative                                                                                                                                                 | (339)                       | (58)            | (1,052)                   | 343             |
| Net realized losses on Fortitude Re funds withheld assets                                                                                                                                                                                          | (138)                       | (86)            | (169)                     | (226)           |
| Net realized gains (losses) on Fortitude Re funds withheld embedded derivative                                                                                                                                                                     | 180                         | 2,776           | (985)                     | 6,094           |
| Total net realized gains (losses)                                                                                                                                                                                                                  | (297)                       | 2,632           | (2,206)                   | 6,211           |
| Other income                                                                                                                                                                                                                                       | 193                         | 187             | 374                       | 465             |
| <b>Total revenues</b>                                                                                                                                                                                                                              | <b>13,218</b>               | <b>13,663</b>   | <b>24,202</b>             | <b>28,607</b>   |
| <b>Benefits, losses and expenses:</b>                                                                                                                                                                                                              |                             |                 |                           |                 |
| Policyholder benefits and losses incurred (including remeasurement (gains) losses of \$93 and \$81 for the three months ended June 30, 2023 and 2022, respectively; \$157 and \$227 for the six months ended June 30, 2023 and 2022, respectively) | 6,858                       | 4,984           | 13,255                    | 10,044          |
| Change in the fair value of market risk benefits, net                                                                                                                                                                                              | (262)                       | (45)            | (66)                      | (278)           |
| Interest credited to policyholder account balances                                                                                                                                                                                                 | 1,062                       | 911             | 2,102                     | 1,790           |
| Amortization of deferred policy acquisition costs                                                                                                                                                                                                  | 1,190                       | 1,116           | 2,483                     | 2,253           |
| General operating and other expenses                                                                                                                                                                                                               | 2,268                       | 2,206           | 4,248                     | 4,370           |
| Interest expense                                                                                                                                                                                                                                   | 278                         | 266             | 585                       | 529             |
| Loss on extinguishment of debt                                                                                                                                                                                                                     | —                           | 299             | —                         | 299             |
| Net (gain) loss on divestitures and other                                                                                                                                                                                                          | (43)                        | 1               | (41)                      | (39)            |
| <b>Total benefits, losses and expenses</b>                                                                                                                                                                                                         | <b>11,351</b>               | <b>9,738</b>    | <b>22,566</b>             | <b>18,968</b>   |
| <b>Income (loss) from continuing operations before income tax expense (benefit)</b>                                                                                                                                                                | <b>1,867</b>                | <b>3,925</b>    | <b>1,636</b>              | <b>9,639</b>    |
| <b>Income tax expense (benefit)</b>                                                                                                                                                                                                                | <b>176</b>                  | <b>845</b>      | <b>32</b>                 | <b>1,999</b>    |
| <b>Income (loss) from continuing operations</b>                                                                                                                                                                                                    | <b>1,691</b>                | <b>3,080</b>    | <b>1,604</b>              | <b>7,640</b>    |
| <b>Loss from discontinued operations, net of income taxes</b>                                                                                                                                                                                      | <b>—</b>                    | <b>(1)</b>      | <b>—</b>                  | <b>(1)</b>      |
| <b>Net income (loss)</b>                                                                                                                                                                                                                           | <b>1,691</b>                | <b>3,079</b>    | <b>1,604</b>              | <b>7,639</b>    |
| <b>Less:</b>                                                                                                                                                                                                                                       |                             |                 |                           |                 |
| <b>Net income (loss) from continuing operations attributable to noncontrolling interests</b>                                                                                                                                                       | <b>198</b>                  | <b>325</b>      | <b>81</b>                 | <b>712</b>      |
| <b>Net income (loss) attributable to AIG</b>                                                                                                                                                                                                       | <b>1,493</b>                | <b>2,754</b>    | <b>1,523</b>              | <b>6,927</b>    |
| <b>Less: Dividends on preferred stock</b>                                                                                                                                                                                                          | <b>8</b>                    | <b>8</b>        | <b>15</b>                 | <b>15</b>       |
| <b>Net income (loss) attributable to AIG common shareholders</b>                                                                                                                                                                                   | <b>\$ 1,485</b>             | <b>\$ 2,746</b> | <b>\$ 1,508</b>           | <b>\$ 6,912</b> |
| <b>Income per common share attributable to AIG common shareholders:</b>                                                                                                                                                                            |                             |                 |                           |                 |
| Basic:                                                                                                                                                                                                                                             |                             |                 |                           |                 |
| Income (loss) from continuing operations                                                                                                                                                                                                           | \$ 2.05                     | \$ 3.47         | \$ 2.06                   | \$ 8.60         |
| Income from discontinued operations                                                                                                                                                                                                                | \$ —                        | \$ —            | \$ —                      | \$ —            |
| Net income (loss) attributable to AIG common shareholders                                                                                                                                                                                          | \$ 2.05                     | \$ 3.47         | \$ 2.06                   | \$ 8.60         |
| Diluted:                                                                                                                                                                                                                                           |                             |                 |                           |                 |
| Income (loss) from continuing operations                                                                                                                                                                                                           | \$ 2.03                     | \$ 3.43         | \$ 2.05                   | \$ 8.50         |
| Income from discontinued operations                                                                                                                                                                                                                | \$ —                        | \$ —            | \$ —                      | \$ —            |
| Net income (loss) attributable to AIG common shareholders                                                                                                                                                                                          | \$ 2.03                     | \$ 3.43         | \$ 2.05                   | \$ 8.50         |
| <b>Weighted average shares outstanding:</b>                                                                                                                                                                                                        |                             |                 |                           |                 |
| Basic                                                                                                                                                                                                                                              | 725,754,549                 | 790,897,301     | 732,175,533               | 803,532,447     |
| Diluted                                                                                                                                                                                                                                            | 730,547,112                 | 800,730,746     | 737,290,694               | 813,298,338     |

See accompanying Notes to Condensed Consolidated Financial Statements.

# American International Group, Inc.

## Condensed Consolidated Statements of Comprehensive Income (Loss) *(unaudited)*

| <i>(in millions)</i>                                                                                                         | Three Months Ended |                   | Six Months Ended |                    |
|------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------|------------------|--------------------|
|                                                                                                                              | June 30,           |                   | June 30,         |                    |
|                                                                                                                              | 2023               | 2022              | 2023             | 2022               |
| <b>Net income (loss)</b>                                                                                                     | <b>\$ 1,691</b>    | <b>\$ 3,079</b>   | <b>\$ 1,604</b>  | <b>\$ 7,639</b>    |
| <b>Other comprehensive income (loss), net of tax</b>                                                                         |                    |                   |                  |                    |
| Change in unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken | 84                 | 36                | 90               | (9)                |
| Change in unrealized appreciation (depreciation) of all other investments                                                    | (1,998)            | (14,782)          | 2,254            | (30,923)           |
| Change in fair value of market risk benefits attributable to changes in our own credit risk                                  | (190)              | 582               | (115)            | 1,364              |
| Change in the discount rates used to measure traditional and limited payment long-duration insurance contracts               | 373                | 1,870             | (47)             | 4,160              |
| Change in foreign currency translation adjustments                                                                           | (59)               | (335)             | (87)             | (341)              |
| Change in retirement plan liabilities adjustment                                                                             | 52                 | 16                | 80               | 25                 |
| Change in fair value of liabilities under fair value option attributable to changes in our own credit risk                   | —                  | (4)               | —                | (4)                |
| <b>Other comprehensive income (loss)</b>                                                                                     | <b>(1,738)</b>     | <b>(12,617)</b>   | <b>2,175</b>     | <b>(25,728)</b>    |
| <b>Comprehensive income (loss)</b>                                                                                           | <b>(47)</b>        | <b>(9,538)</b>    | <b>3,779</b>     | <b>(18,089)</b>    |
| Comprehensive income (loss) attributable to noncontrolling interests                                                         | (60)               | (673)             | 449              | (1,298)            |
| <b>Comprehensive income (loss) attributable to AIG</b>                                                                       | <b>\$ 13</b>       | <b>\$ (8,865)</b> | <b>\$ 3,330</b>  | <b>\$ (16,791)</b> |

See accompanying Notes to Condensed Consolidated Financial Statements.

# American International Group, Inc.

## Condensed Consolidated Statements of Equity *(unaudited)*

| <i>(in millions, except per share data)</i>                  | Preferred<br>Stock and<br>Additional<br>Paid-in<br>Capital | Common<br>Stock | Treasury<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total AIG<br>Share-<br>holders'<br>Equity | Non-<br>redeemable<br>Non-<br>controlling<br>Interests | Total<br>Equity |
|--------------------------------------------------------------|------------------------------------------------------------|-----------------|-------------------|----------------------------------|----------------------|--------------------------------------------------------|-------------------------------------------|--------------------------------------------------------|-----------------|
| <b>Three Months Ended June 30, 2023</b>                      |                                                            |                 |                   |                                  |                      |                                                        |                                           |                                                        |                 |
| <b>Balance, beginning of period</b>                          | \$ 485                                                     | \$ 4,766        | \$ (56,857)       | \$ 79,562                        | \$ 34,690            | \$ (19,329)                                            | \$ 43,317                                 | \$ 2,989                                               | \$ 46,306       |
| Common stock issued under stock plans                        | —                                                          | —               | 11                | (4)                              | —                    | —                                                      | 7                                         | —                                                      | 7               |
| Purchase of common stock                                     | —                                                          | —               | (562)             | —                                | —                    | —                                                      | (562)                                     | —                                                      | (562)           |
| Net income attributable to AIG or noncontrolling interests   | —                                                          | —               | —                 | —                                | 1,493                | —                                                      | 1,493                                     | 198                                                    | 1,691           |
| Dividends on preferred stock (\$365.625 per share)           | —                                                          | —               | —                 | —                                | (8)                  | —                                                      | (8)                                       | —                                                      | (8)             |
| Dividends on common stock (\$0.36 per share)                 | —                                                          | —               | —                 | —                                | (260)                | —                                                      | (260)                                     | —                                                      | (260)           |
| Other comprehensive loss                                     | —                                                          | —               | —                 | —                                | —                    | (1,480)                                                | (1,480)                                   | (258)                                                  | (1,738)         |
| Net increase (decrease) due to divestitures and acquisitions | —                                                          | —               | —                 | (1,913)                          | —                    | 1,827                                                  | (86)                                      | 1,261                                                  | 1,175           |
| Contributions from noncontrolling interests                  | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                         | 11                                                     | 11              |
| Distributions to noncontrolling interests                    | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                         | (194)                                                  | (194)           |
| Other                                                        | —                                                          | —               | —                 | 32                               | 1                    | —                                                      | 33                                        | 30                                                     | 63              |
| <b>Balance, end of period</b>                                | \$ 485                                                     | \$ 4,766        | \$ (57,408)       | \$ 77,677                        | \$ 35,916            | \$ (18,982)                                            | \$ 42,454                                 | \$ 4,037                                               | \$ 46,491       |
| <b>Three Months Ended June 30, 2022</b>                      |                                                            |                 |                   |                                  |                      |                                                        |                                           |                                                        |                 |
| <b>Balance, beginning of period</b>                          | \$ 485                                                     | \$ 4,766        | \$ (52,791)       | \$ 81,438                        | \$ 29,587            | \$ (7,028)                                             | \$ 56,457                                 | \$ 2,209                                               | \$ 58,666       |
| Common stock issued under stock plans                        | —                                                          | —               | 10                | (5)                              | —                    | —                                                      | 5                                         | —                                                      | 5               |
| Purchase of common stock                                     | —                                                          | —               | (1,699)           | —                                | —                    | —                                                      | (1,699)                                   | —                                                      | (1,699)         |
| Net income attributable to AIG or noncontrolling interests   | —                                                          | —               | —                 | —                                | 2,754                | —                                                      | 2,754                                     | 325                                                    | 3,079           |
| Dividends on preferred stock (\$365.625 per share)           | —                                                          | —               | —                 | —                                | (8)                  | —                                                      | (8)                                       | —                                                      | (8)             |
| Dividends on common stock (\$0.32 per share)                 | —                                                          | —               | —                 | —                                | (248)                | —                                                      | (248)                                     | —                                                      | (248)           |
| Other comprehensive loss                                     | —                                                          | —               | —                 | —                                | —                    | (11,619)                                               | (11,619)                                  | (998)                                                  | (12,617)        |
| Contributions from noncontrolling interests                  | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                         | 5                                                      | 5               |
| Distributions to noncontrolling interests                    | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                         | (35)                                                   | (35)            |
| Other                                                        | —                                                          | —               | —                 | 64                               | 7                    | —                                                      | 71                                        | 6                                                      | 77              |
| <b>Balance, end of period</b>                                | \$ 485                                                     | \$ 4,766        | \$ (54,480)       | \$ 81,497                        | \$ 32,092            | \$ (18,647)                                            | \$ 45,713                                 | \$ 1,512                                               | \$ 47,225       |

# American International Group, Inc.

## Condensed Consolidated Statements of Equity *(unaudited)(continued)*

| <i>(in millions, except per share data)</i>                  | Preferred<br>Stock and<br>Additional<br>Paid-in<br>Capital | Common<br>Stock | Treasury<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total<br>AIG<br>Share-<br>holders'<br>Equity | Non-<br>redeemable<br>Non-<br>controlling<br>Interests | Total<br>Equity |
|--------------------------------------------------------------|------------------------------------------------------------|-----------------|-------------------|----------------------------------|----------------------|--------------------------------------------------------|----------------------------------------------|--------------------------------------------------------|-----------------|
| <b>Six Months Ended June 30, 2023</b>                        |                                                            |                 |                   |                                  |                      |                                                        |                                              |                                                        |                 |
| <b>Balance, beginning of the year</b>                        | \$ 485                                                     | \$ 4,766        | \$ (56,473)       | \$ 79,915                        | \$ 34,893            | \$ (22,616)                                            | \$ 40,970                                    | \$ 2,484                                               | \$ 43,454       |
| Common stock issued under stock plans                        | —                                                          | —               | 230               | (370)                            | —                    | —                                                      | (140)                                        | —                                                      | (140)           |
| Purchase of common stock                                     | —                                                          | —               | (1,165)           | —                                | —                    | —                                                      | (1,165)                                      | —                                                      | (1,165)         |
| Net income attributable to AIG or noncontrolling interests   | —                                                          | —               | —                 | —                                | 1,523                | —                                                      | 1,523                                        | 81                                                     | 1,604           |
| Dividends on preferred stock (\$731.25 per share)            | —                                                          | —               | —                 | —                                | (15)                 | —                                                      | (15)                                         | —                                                      | (15)            |
| Dividends on common stock (\$0.68 per share)                 | —                                                          | —               | —                 | —                                | (494)                | —                                                      | (494)                                        | —                                                      | (494)           |
| Other comprehensive income                                   | —                                                          | —               | —                 | —                                | —                    | 1,807                                                  | 1,807                                        | 368                                                    | 2,175           |
| Net increase (decrease) due to divestitures and acquisitions | —                                                          | —               | —                 | (1,913)                          | —                    | 1,827                                                  | (86)                                         | 1,261                                                  | 1,175           |
| Contributions from noncontrolling interests                  | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                            | 27                                                     | 27              |
| Distributions to noncontrolling interests                    | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                            | (252)                                                  | (252)           |
| Other                                                        | —                                                          | —               | —                 | 45                               | 9                    | —                                                      | 54                                           | 68                                                     | 122             |
| <b>Balance, end of period</b>                                | \$ 485                                                     | \$ 4,766        | \$ (57,408)       | \$ 77,677                        | \$ 35,916            | \$ (18,982)                                            | \$ 42,454                                    | \$ 4,037                                               | \$ 46,491       |
| <b>Six Months Ended June 30, 2022</b>                        |                                                            |                 |                   |                                  |                      |                                                        |                                              |                                                        |                 |
| <b>Balance, beginning of year*</b>                           | \$ 485                                                     | \$ 4,766        | \$ (51,618)       | \$ 81,669                        | \$ 25,695            | \$ 5,071                                               | \$ 66,068                                    | \$ 2,966                                               | \$ 69,034       |
| Common stock issued under stock plans                        | —                                                          | —               | 240               | (325)                            | —                    | —                                                      | (85)                                         | —                                                      | (85)            |
| Purchase of common stock                                     | —                                                          | —               | (3,102)           | —                                | —                    | —                                                      | (3,102)                                      | —                                                      | (3,102)         |
| Net income attributable to AIG or noncontrolling interests   | —                                                          | —               | —                 | —                                | 6,927                | —                                                      | 6,927                                        | 712                                                    | 7,639           |
| Dividends on preferred stock (\$731.25 per share)            | —                                                          | —               | —                 | —                                | (15)                 | —                                                      | (15)                                         | —                                                      | (15)            |
| Dividends on common stock (\$0.64 per share)                 | —                                                          | —               | —                 | —                                | (506)                | —                                                      | (506)                                        | —                                                      | (506)           |
| Other comprehensive loss                                     | —                                                          | —               | —                 | —                                | —                    | (23,718)                                               | (23,718)                                     | (2,010)                                                | (25,728)        |
| Contributions from noncontrolling interests                  | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                            | 5                                                      | 5               |
| Distributions to noncontrolling interests                    | —                                                          | —               | —                 | —                                | —                    | —                                                      | —                                            | (167)                                                  | (167)           |
| Other                                                        | —                                                          | —               | —                 | 153                              | (9)                  | —                                                      | 144                                          | 6                                                      | 150             |
| <b>Balance, end of period</b>                                | \$ 485                                                     | \$ 4,766        | \$ (54,480)       | \$ 81,497                        | \$ 32,092            | \$ (18,647)                                            | \$ 45,713                                    | \$ 1,512                                               | \$ 47,225       |

\* Updated to reflect the adoption of long-duration targets improvements, see Note 2.

See accompanying Notes to Condensed Consolidated Financial Statements.

# American International Group, Inc.

## Condensed Consolidated Statements of Cash Flows *(unaudited)*

| <i>(in millions)</i>                                                                            | Six Months Ended June 30, |                 |
|-------------------------------------------------------------------------------------------------|---------------------------|-----------------|
|                                                                                                 | 2023                      | 2022            |
| <b>Cash flows from operating activities:</b>                                                    |                           |                 |
| Net income                                                                                      | \$ 1,604                  | \$ 7,639        |
| Loss from discontinued operations                                                               | —                         | 1               |
| <b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b> |                           |                 |
| <b>Noncash revenues, expenses, gains and losses included in income (loss):</b>                  |                           |                 |
| Net losses on sales of securities available for sale and other assets                           | 786                       | 749             |
| Net gain on divestitures and other                                                              | (41)                      | (39)            |
| Loss on extinguishment of debt                                                                  | —                         | 299             |
| Unrealized (gains) losses in earnings - net                                                     | 531                       | (1,332)         |
| Change in the fair value of market risk benefits in earnings, net                               | (363)                     | (541)           |
| Equity in (income) loss from equity method investments, net of dividends or distributions       | 16                        | (180)           |
| Depreciation and other amortization                                                             | 2,274                     | 2,190           |
| Impairments of assets                                                                           | 12                        | 1               |
| <b>Changes in operating assets and liabilities:</b>                                             |                           |                 |
| Insurance reserves                                                                              | 3,573                     | 378             |
| Premiums and other receivables and payables - net                                               | (940)                     | (7,666)         |
| Reinsurance assets, net                                                                         | (2,234)                   | 831             |
| Capitalization of deferred policy acquisition costs                                             | (3,024)                   | (2,577)         |
| Current and deferred income taxes - net                                                         | (339)                     | 1,733           |
| Other, net                                                                                      | (744)                     | (888)           |
| Total adjustments                                                                               | (493)                     | (7,042)         |
| <b>Net cash provided by operating activities</b>                                                | <b>1,111</b>              | <b>598</b>      |
| <b>Cash flows from investing activities:</b>                                                    |                           |                 |
| Proceeds from (payments for)                                                                    |                           |                 |
| Sales or distributions of:                                                                      |                           |                 |
| Available for sale securities                                                                   | 16,480                    | 14,660          |
| Other securities                                                                                | 627                       | 769             |
| Other invested assets                                                                           | 970                       | 1,565           |
| Divestitures, net                                                                               | 35                        | —               |
| Maturities of fixed maturity securities available for sale                                      | 8,439                     | 10,416          |
| Principal payments received on and sales of mortgage and other loans receivable                 | 3,028                     | 3,542           |
| Purchases of:                                                                                   |                           |                 |
| Available for sale securities                                                                   | (23,496)                  | (21,832)        |
| Other securities                                                                                | (960)                     | (2,143)         |
| Other invested assets                                                                           | (890)                     | (1,023)         |
| Mortgage and other loans receivable                                                             | (4,946)                   | (7,592)         |
| Net change in short-term investments                                                            | 743                       | 3,787           |
| Other, net                                                                                      | (671)                     | 385             |
| <b>Net cash provided by (used in) investing activities</b>                                      | <b>(641)</b>              | <b>2,534</b>    |
| <b>Cash flows from financing activities:</b>                                                    |                           |                 |
| Proceeds from (payments for)                                                                    |                           |                 |
| Policyholder contract deposits                                                                  | 15,920                    | 12,491          |
| Policyholder contract withdrawals                                                               | (12,801)                  | (9,467)         |
| Issuance of long-term debt                                                                      | 742                       | 6,476           |
| Issuance of debt of consolidated investment entities                                            | 148                       | 808             |
| Repayments of long-term debt                                                                    | (451)                     | (7,600)         |
| Repayments of debt of consolidated investment entities                                          | (286)                     | (941)           |
| Purchase of common stock                                                                        | (1,117)                   | (3,105)         |
| Dividends paid on preferred stock                                                               | (15)                      | (15)            |
| Dividends paid on common stock                                                                  | (494)                     | (506)           |
| Other, net                                                                                      | (1,761)                   | (900)           |
| <b>Net cash used in financing activities</b>                                                    | <b>(115)</b>              | <b>(2,759)</b>  |
| <b>Effect of exchange rate changes on cash and restricted cash</b>                              | <b>18</b>                 | <b>(72)</b>     |
| Net increase in cash and restricted cash                                                        | 373                       | 301             |
| Cash and restricted cash at beginning of year                                                   | 2,216                     | 2,427           |
| Cash and restricted cash of held for sale assets                                                | (237)                     | —               |
| <b>Cash and restricted cash at end of period</b>                                                | <b>\$ 2,352</b>           | <b>\$ 2,728</b> |

# American International Group, Inc.

## Condensed Consolidated Statements of Cash Flows *(unaudited)(continued)*

### Supplementary Disclosure of Condensed Consolidated Cash Flow Information

| <i>(in millions)</i>                                                                                        | Six Months Ended June 30, |          |
|-------------------------------------------------------------------------------------------------------------|---------------------------|----------|
|                                                                                                             | 2023                      | 2022     |
| Cash                                                                                                        | \$ 2,283                  | \$ 2,378 |
| Restricted cash included in Short-term investments*                                                         | 32                        | 281      |
| Restricted cash included in Other assets*                                                                   | 37                        | 69       |
| Total cash and restricted cash shown in the Condensed Consolidated Statements of Cash Flows                 | \$ 2,352                  | \$ 2,728 |
| <b>Cash paid during the period for:</b>                                                                     |                           |          |
| Interest                                                                                                    | \$ 636                    | \$ 574   |
| Taxes                                                                                                       | \$ 368                    | \$ 265   |
| <b>Non-cash investing activities:</b>                                                                       |                           |          |
| Fixed maturity securities available for sale received in connection with pension risk transfer transactions | \$ 2,818                  | \$ —     |
| Fixed maturity securities received in connection with reinsurance transactions                              | \$ —                      | \$ 2     |
| Fixed maturity securities transferred in connection with reinsurance transactions                           | \$ (714)                  | \$ (212) |
| <b>Non-cash financing activities:</b>                                                                       |                           |          |
| Interest credited to policyholder contract deposits included in financing activities                        | \$ 2,145                  | \$ 1,762 |
| Fee income debited to policyholder contract deposits included in financing activities                       | \$ (1,044)                | \$ (844) |

\* Includes funds held for tax sharing payments to AIG Parent, security deposits, and replacement reserve deposits related to real estate.

See accompanying Notes to Condensed Consolidated Financial Statements.

## 1. Basis of Presentation

American International Group, Inc. (AIG) is a leading global insurance organization. AIG member companies provide insurance solutions that help businesses and individuals in approximately 70 countries and jurisdictions protect their assets and manage risks. Unless the context indicates otherwise, the terms “AIG,” “we,” “us,” “our” or “the Company” mean American International Group, Inc. and its consolidated subsidiaries and the term “AIG Parent” means American International Group, Inc. and not any of its consolidated subsidiaries.

These unaudited Condensed Consolidated Financial Statements do not include all disclosures that are normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States (GAAP) and should be read in conjunction with the audited Consolidated Financial Statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the 2022 Annual Report). The condensed consolidated financial information as of December 31, 2022 included herein has been derived from the audited Consolidated Financial Statements in the 2022 Annual Report.

Prior to the fourth quarter ending December 31, 2022, certain of our foreign subsidiaries included in the Condensed Consolidated Financial Statements report on the basis of a fiscal year ending November 30. For these periods, the effect on our consolidated financial condition and results of operations of all material events occurring at these subsidiaries through the date of each of the periods presented in these Condensed Consolidated Financial Statements has been considered for adjustment and/or disclosure. Effective with the fourth quarter of the year ended December 31, 2022, these foreign subsidiaries now report on the basis of a calendar year ending December 31, and corresponding calendar quarters. For additional information on the change in fiscal year of these foreign subsidiaries, see Note 1 in our 2022 Annual Report. In the opinion of management, these Condensed Consolidated Financial Statements contain normal recurring adjustments, including eliminations of material intercompany accounts and transactions, necessary for a fair statement of the results presented herein. Operating results for the six months ended June 30, 2023, are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

We evaluated the need to recognize or disclose events that occurred subsequent to June 30, 2023 and prior to the issuance of these Condensed Consolidated Financial Statements.

We adopted the Financial Accounting Standards Board's (FASB) targeted improvements to the accounting for long-duration contracts (the standard or LDTI) on January 1, 2023 with a transition date of January 1, 2021 (Transition Date). In accordance with the transition guidance in the standard, we updated our prior period Condensed Consolidated Financial Statements presented herein to reflect LDTI. *For additional detail, see Note 2.*

## SALES/DISPOSALS OF ASSETS AND BUSINESSES

### Validus Re

On May 22, 2023, AIG announced that it entered into a definitive agreement to sell Validus Reinsurance, Ltd. (Validus Re), including AlphaCat Managers Ltd. and the Talbot Treaty reinsurance business, to RenaissanceRe Holdings Ltd. (RenaissanceRe) for \$2.7 billion in cash and approximately 1.3 million common shares of RenaissanceRe. The sale of Validus Re is expected to close in the fourth quarter of 2023, subject to regulatory approvals and other customary closing conditions. *For further details on this transaction, see Note 4.*

### Crop Risk Services

On May 2, 2023, AIG announced that it reached an agreement to sell Crop Risk Services, Inc. (CRS) to American Financial Group, Inc. (AFG) for approximately \$240 million. The transaction closed on July 3, 2023. *For further details on this transaction, see Note 4.*

## Separation of Life and Retirement Business and Relationship with Blackstone Inc.

AIG owns 65.3 percent of the outstanding common stock of Corebridge Financial, Inc. (Corebridge) as of June 30, 2023. Corebridge is the holding company for AIG's Life and Retirement business. AIG continues to consolidate Corebridge in AIG's Condensed Consolidated Financial Statements. The portion of equity interest of Corebridge that AIG does not own is reflected as noncontrolling interest in AIG's Condensed Consolidated Financial Statements.

On June 12, 2023, AIG closed a secondary offering of common shares of Corebridge. AIG sold 74.75 million shares of common stock of Corebridge at a public offering price of \$16.25 per share, which included 65 million shares initially offered and the full exercise by the underwriters of their option to purchase an additional 9.75 million shares. The aggregate gross proceeds of the offering to AIG, before deducting underwriting discounts and commissions and other expenses payable by AIG, were approximately \$1.2 billion. After consideration of underwriting discounts, commissions and other related expenses payable by AIG, AIG recorded a decrease of \$71 million in Total AIG shareholders' equity.

On June 26, 2023, Corebridge repurchased 12.2 million shares of Corebridge common stock for an aggregate purchase price of \$200 million, of which 11.0 million shares were from AIG for an aggregate purchase price of \$180 million. As a result, AIG recorded a decrease of \$15 million in Total AIG shareholders' equity.

On September 19, 2022, AIG closed on the initial public offering (IPO) of 80 million shares of Corebridge common stock at a public offering price of \$21.00 per share, representing 12.4 percent of Corebridge's common stock. The aggregate gross proceeds of the offering to AIG, before deducting underwriting discounts and commissions and other expenses payable by AIG, were approximately \$1.7 billion. After consideration of underwriting discounts, commissions and other related expenses payable by AIG, AIG recorded an increase of \$497 million in Total AIG shareholders' equity, recalculated on an LDTI basis.

Blackstone Inc. (Blackstone) completed the acquisition of a 9.9 percent equity stake in Corebridge in November 2021. Blackstone is required to hold its ownership interest in Corebridge following the completion of the separation of the Life and Retirement business, subject to exceptions permitting Blackstone to sell 25 percent, 67 percent and 75 percent of its shares after the first, second and third anniversaries, respectively, of Corebridge IPO (which will be September 19, 2023, 2024 and 2025, respectively), with the transfer restrictions terminating in full on the fifth anniversary of the IPO (September 19, 2027).

## Other Events

On December 14, 2022, AIG announced that its wholly-owned subsidiary, AIG Financial Products Corp. (AIGFP), filed a voluntary petition to reorganize under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware and filed a proposed plan of reorganization. The reorganization will not have a material impact on the consolidated balance sheets of AIG or our respective businesses. AIGFP has no material operations or businesses and no employees. In conjunction with the bankruptcy filing, AIGFP and its consolidated subsidiaries were deconsolidated from the results of AIG, resulting in a pre-tax loss of \$114 million for the twelve months ended December 31, 2022, reported in Net gain (loss) on divestitures and other. In addition, AIGFP and its subsidiaries were determined to be an unconsolidated variable interest entity.

## USE OF ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires the application of accounting policies that often involve a significant degree of judgment. Accounting policies that we believe are most dependent on the application of estimates and assumptions are considered our critical accounting estimates and are related to the determination of:

- loss reserves;
- valuation of future policy benefit liabilities and recognition of measurement gains and losses;
- valuation of market risk benefits (MRBs) related to guaranteed benefit features of variable annuity, fixed annuity and fixed index annuity products;
- valuation of embedded derivative liabilities for fixed index annuity and index universal life products;
- reinsurance assets, including the allowance for credit losses and disputes;
- goodwill impairment;
- allowance for credit losses on certain investments, primarily on loans and available for sale fixed maturity securities;
- fair value measurements of certain financial assets and financial liabilities; and
- income taxes, in particular the recoverability of our deferred tax asset and establishment of provisions for uncertain tax positions.

These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial condition, results of operations and cash flows could be materially affected.

## 2. Summary of Significant Accounting Policies

There were no material changes to our significant accounting policies with the exception of the policies listed below which were impacted by the adoption of LDTI. *For additional information on our significant accounting policies not impacted by the adoption of LDTI, see Note 2 to the Consolidated Financial Statements in the 2022 Annual Report.*

The following list identifies our significant accounting policies presented in other Notes to these Condensed Consolidated Financial Statements, with a reference to the Note where a detailed description can be found:

### Note 6. Investments

- Net realized gains (losses)

### Note 7. Lending Activities

### Note 8. Reinsurance

- Reinsurance assets – net of allowance

### Note 9. Deferred Policy Acquisition Costs

- Deferred policy acquisition costs
- Deferred sales inducements
- Amortization of deferred policy acquisition costs

### Note 12. Insurance Liabilities

- Future policy benefits
- Policyholder contract deposits
- Other policyholder funds

### Note 13. Market Risk Benefits

## OTHER SIGNIFICANT ACCOUNTING POLICIES

**Insurance revenues** include premiums and policy fees. All premiums and policy fees are presented net of reinsurance, as applicable. Premiums from long-duration life products, other than universal and variable life contracts, are recognized as revenues when due. Premiums from individual and group annuity contracts that are life contingent are recognized as revenues when due.

For limited payment contracts, premiums are due over a significantly shorter period than the period over which benefits are provided. Prior to the adoption of LDTI, effective on January 1, 2021, the difference between the gross premium received and the net premium was deferred and recognized in premiums in a constant relationship to insurance in-force, or for annuities, the amount of expected future policy benefits. This Deferred Profit Liability (DPL) was recorded in the Condensed Consolidated Balance Sheets in Other policyholder funds. After January 1, 2021, the difference between the gross premium received and recorded as revenue and the net premium is deferred and recognized in Policyholder benefits in a constant relationship to insurance in-force, or for annuities, the amount of expected future policy benefits. This DPL is recorded in the Condensed Consolidated Balance Sheets in Future policy benefits for life and accident and health insurance contracts.

Prior to the adoption of LDTI, effective on January 1, 2021, reinsurance premiums ceded under yearly renewable term (YRT) reinsurance agreements were recognized as a reduction in revenues over the period the reinsurance coverage was utilized in proportion to the risks to which the premiums relate, while premiums ceded under modified coinsurance (modco) treaties were recognized when due. Following the adoption of LDTI, after January 1, 2021 all reinsurance premiums ceded are recognized when due, following a ceded net premium ratio (NPR) methodology that also accrues a proportionate amount of estimated benefits.

Reinsurance premiums for assumed business are estimated based on information received from ceding companies and reinsurers. Any subsequent differences that arise regarding such estimates are recorded in the periods in which they are determined.

Amounts received as payment for investment-oriented contracts such as universal life, variable annuities, fixed annuities, and fixed index annuities, are reported as deposits to Policyholder contract deposits or Separate account liabilities, as applicable. Revenues from these contracts are recorded in policy fees and consist of policy charges for the cost of insurance, policy administration charges, surrender charges and amortization of unearned revenue reserves (URR). Policy fees are recognized as revenues in the period in which they are assessed against policyholders, unless the fees are designed to compensate AIG for services to be provided in the future. Prior to the adoption of LDTI, effective on January 1, 2021, fees deferred as unearned revenue were amortized in relation to the incidence of estimated gross profits (EGPs) to be realized over the estimated lives of the contracts. After January 1, 2021 fees deferred as unearned revenue are amortized on a constant level basis over the estimated lives of the contracts, consistent with the

amortization of deferred acquisition costs. This URR is recorded in the Condensed Consolidated Balance Sheets in Other policyholder funds.

## ACCOUNTING STANDARDS ADOPTED DURING 2023

### Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued an accounting standard update with the objective of making targeted improvements to the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity.

The Company adopted the standard on January 1, 2023 using the modified retrospective transition method relating to liabilities for traditional and limited payment contracts and deferred policy acquisition costs. The Company also adopted the standard in relation to MRBs on a full retrospective basis. As of the Transition Date, the impact of the adoption of the standard was a net decrease to beginning Accumulated other comprehensive income (loss) (AOCI) of \$2.2 billion and a net increase to beginning Retained earnings of \$933 million primarily driven by (1) changes related to MRBs in our Individual Retirement and Group Retirement operating segments, including the impact of non-performance risk adjustments which reclassified the portion of the changes in fair value attributable to non-performance risk from Retained earnings to AOCI, (2) changes to the discount rate used to measure the liability for future policy benefits which most significantly impacted our Life Insurance and Institutional Markets operating segments, and (3) the removal of balances recorded in AOCI related to changes in unrealized appreciation (depreciation) on investments. The Condensed Consolidated Financial Statements as of December 31, 2022 and for three and six months ended June 30, 2022 have been adjusted to reflect the effects of applying the standard.

The accounting for the Fortitude Reinsurance Company Ltd. (Fortitude Re) reinsurance assets, including the discount rates, continued to be calculated using the same methodology and assumptions as the direct policies, and therefore have been recalculated on an LDTI basis. The accounting for reinsurance transactions between AIG and Fortitude Re structured as modco remained unchanged.

**Market risk benefits:** The standard requires the measurement of all MRBs (e.g., living benefit and death benefit guarantees associated with variable annuities) associated with deposit (or account balance) contracts at fair value at each reporting period. Changes in fair value compared to prior periods are recorded and presented separately within the income statement, with the exception of our own credit risk changes (non-performance adjustments), which are recognized in Other comprehensive income (loss) (OCI). MRBs impacted both Retained earnings and AOCI upon transition.

The accounting for MRBs primarily impacted our Individual Retirement and Group Retirement operating segments. *For additional disclosures about MRBs, see Note 13.*

**Discount rate assumption:** The standard requires the discount rate assumption for the liability for future policy benefits to be updated at the end of each reporting period using an upper-medium grade (low credit risk) fixed income instrument yield that maximizes the use of observable market inputs. Upon transition, the Company had an adjustment to AOCI due to the fact that the market upper-medium grade (low credit risk) interest rates as of the Transition Date differed from reserve interest accretion rates.

Following adoption of the standard, the impact of changes to discount rates are recognized through OCI. Changes resulting from updating the discount rate each reporting period primarily impact term life insurance and other traditional life insurance products, as well as pension risk transfer (PRT) and structured settlement products. *For additional information on the discount rate assumption under accounting for Long-Duration Contracts Standard, see Note 12.*

**Removal of balances related to changes in unrealized appreciation (depreciation) on investments:** Under the standard, the majority of balances recorded in AOCI related to changes in unrealized appreciation (depreciation) on investments were eliminated.

In addition to the above, the standard also:

- Requires the review and, if necessary, update of future policy benefit assumptions at least annually for traditional and limited pay long duration contracts, with the recognition and parenthetical presentation of any resulting re-measurement gain or loss in Policyholder benefits and losses incurred (except for discount rate changes as noted above) in the Condensed Consolidated Statements of Income (Loss). *For additional information, see Note 12.*
- Simplifies the amortization of DAC to a constant level basis over the expected term of the related contracts and no longer requires an impairment test. *For additional information, see Note 9.*
- Increases disclosures of disaggregated rollforwards of several balances, including but not limited to liabilities for future policy benefits, deferred acquisition costs, account balances, MRBs, separate account liabilities and information about significant inputs, judgments and methods used in measurement and changes thereto and impact of those changes.

The following table presents the impacts in connection with the adoption of LDTI effective as of January 1, 2021 as well as cross references to the applicable notes herein for additional information:

| (in millions)                                                                                     | Pre-Adoption,<br>December 31,<br>2020 | Cumulative Effect<br>Adjustment as of<br>January 1, 2021 | Updated Balances<br>Post-Adoption<br>of LDTI |
|---------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|----------------------------------------------|
| Reinsurance assets - Fortitude Re, net of allowance for credit losses and disputes <sup>(a)</sup> | \$ 34,578                             | \$ 7,666                                                 | \$ 42,244                                    |
| Reinsurance assets - other, net of allowance for credit losses and disputes <sup>(a)</sup>        | 38,963                                | 469                                                      | 39,432                                       |
| Deferred income taxes                                                                             | 12,624                                | 339                                                      | 12,963                                       |
| Deferred policy acquisition costs <sup>(b)</sup>                                                  | 9,805                                 | 3,150                                                    | 12,955                                       |
| Market risk benefit assets <sup>(c)</sup>                                                         | —                                     | 338                                                      | 338                                          |
| Other assets, net of allowance for credit losses <sup>(d)</sup>                                   | 13,122                                | 398                                                      | 13,520                                       |
| <b>Total assets</b>                                                                               | <b>586,481</b>                        | <b>12,360</b>                                            | <b>598,841</b>                               |
| Future policy benefits for life and accident and health insurance contracts <sup>(e)</sup>        | 56,878                                | 10,486                                                   | 67,364                                       |
| Policyholder contract deposits <sup>(e)</sup>                                                     | 154,470                               | (6,247)                                                  | 148,223                                      |
| Market risk benefit liabilities <sup>(c)</sup>                                                    | —                                     | 8,739                                                    | 8,739                                        |
| Other policyholder funds <sup>(f)</sup>                                                           | 3,548                                 | 248                                                      | 3,796                                        |
| Other liabilities <sup>(g)</sup>                                                                  | 27,122                                | 398                                                      | 27,520                                       |
| <b>Total liabilities</b>                                                                          | <b>519,282</b>                        | <b>13,624</b>                                            | <b>532,906</b>                               |
| Retained earnings                                                                                 | 15,504                                | 933                                                      | 16,437                                       |
| Accumulated other comprehensive income (loss)                                                     | 13,511                                | (2,197)                                                  | 11,314                                       |
| <b>Total AIG Shareholders' equity</b>                                                             | <b>66,362</b>                         | <b>(1,264)</b>                                           | <b>65,098</b>                                |
| <b>Total equity</b>                                                                               | <b>67,199</b>                         | <b>(1,264)</b>                                           | <b>65,935</b>                                |
| <b>Total liabilities and equity</b>                                                               | <b>586,481</b>                        | <b>12,360</b>                                            | <b>598,841</b>                               |

(a) For additional information on the transition impacts associated with LDTI, see Note 8.

(b) For additional information on the transition impacts associated with LDTI, see Note 9.

(c) For additional information on the transition impacts associated with LDTI, see Note 13.

(d) Other assets include deferred sales inducement assets. For additional information on the transition impacts associated with LDTI, see Note 9.

(e) For additional information on the transition impacts associated with LDTI, see Note 12.

(f) Other policyholder funds include URR. For additional information on the transition impacts associated with LDTI, see Note 12.

(g) Other liabilities include deferred cost of reinsurance liabilities. For additional information on the transition impacts associated with LDTI, see Note 8.

The following table presents the impacts in connection with the adoption of LDTI effective as of January 1, 2021 on our previously reported Condensed Consolidated Balance Sheets as of December 31, 2022:

| (in millions)                                                                      | As Previously<br>Reported | Effect of<br>Change | Updated Balances<br>Post-Adoption of LDTI |
|------------------------------------------------------------------------------------|---------------------------|---------------------|-------------------------------------------|
| Reinsurance assets - Fortitude Re, net of allowance for credit losses and disputes | \$ 32,159                 | \$ (1,408)          | \$ 30,751                                 |
| Reinsurance assets - other, net of allowance for credit losses and disputes        | 39,434                    | (463)               | 38,971                                    |
| Deferred income taxes                                                              | 15,144                    | (340)               | 14,804                                    |
| Deferred policy acquisition costs                                                  | 15,518                    | (2,661)             | 12,857                                    |
| Market risk benefit assets                                                         | —                         | 796                 | 796                                       |
| Other assets, net of allowance for credit losses                                   | 12,714                    | (330)               | 12,384                                    |
| <b>Total assets</b>                                                                | <b>526,634</b>            | <b>(4,406)</b>      | <b>522,228</b>                            |
| Future policy benefits for life and accident and health insurance contracts        | 59,223                    | (7,309)             | 51,914                                    |
| Policyholder contract deposits                                                     | 158,891                   | (2,907)             | 155,984                                   |
| Market risk benefit liabilities                                                    | —                         | 4,736               | 4,736                                     |
| Other policyholder funds                                                           | 3,909                     | (446)               | 3,463                                     |
| Other liabilities                                                                  | 26,456                    | 301                 | 26,757                                    |
| <b>Total liabilities</b>                                                           | <b>484,399</b>            | <b>(5,625)</b>      | <b>478,774</b>                            |
| Additional paid-in capital                                                         | 80,284                    | (369)               | 79,915                                    |
| Retained earnings                                                                  | 33,032                    | 1,861               | 34,893                                    |
| Accumulated other comprehensive income (loss)                                      | (22,092)                  | (524)               | (22,616)                                  |
| <b>Total AIG Shareholders' equity</b>                                              | <b>40,002</b>             | <b>968</b>          | <b>40,970</b>                             |
| <b>Non-redeemable noncontrolling interests</b>                                     | <b>2,233</b>              | <b>251</b>          | <b>2,484</b>                              |
| <b>Total equity</b>                                                                | <b>42,235</b>             | <b>1,219</b>        | <b>43,454</b>                             |
| <b>Total liabilities and equity</b>                                                | <b>526,634</b>            | <b>(4,406)</b>      | <b>522,228</b>                            |

The following table presents the impacts in connection with the adoption of LDTI on our previously reported Condensed Consolidated Statements of Income (Loss):

|                                                                                              | Three Months Ended June 30, 2022 |                  |                                        | Six Months Ended June 30, 2022 |                  |                                        |
|----------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------------------|--------------------------------|------------------|----------------------------------------|
|                                                                                              | As Previously Reported           | Effect of Change | Updated Balances Post-Adoption of LDTI | As Previously Reported         | Effect of Change | Updated Balances Post-Adoption of LDTI |
| <i>(in millions, except per common share data)</i>                                           |                                  |                  |                                        |                                |                  |                                        |
| <b>Revenues:</b>                                                                             |                                  |                  |                                        |                                |                  |                                        |
| Premiums                                                                                     | \$ 7,516                         | \$ (4)           | \$ 7,512                               | \$ 14,626                      | \$ 6             | \$ 14,632                              |
| Policy fees                                                                                  | 742                              | (14)             | 728                                    | 1,506                          | (48)             | 1,458                                  |
| Total net realized gains (losses)                                                            | 3,392                            | (760)            | 2,632                                  | 7,811                          | (1,600)          | 6,211                                  |
| <b>Total revenues</b>                                                                        | <b>14,441</b>                    | <b>(778)</b>     | <b>13,663</b>                          | <b>30,249</b>                  | <b>(1,642)</b>   | <b>28,607</b>                          |
| <b>Benefits, losses and expenses:</b>                                                        |                                  |                  |                                        |                                |                  |                                        |
| Policyholder benefits and losses incurred                                                    | 5,123                            | (139)            | 4,984                                  | 10,378                         | (334)            | 10,044                                 |
| Change in the fair value of market risk benefits, net                                        | —                                | (45)             | (45)                                   | —                              | (278)            | (278)                                  |
| Interest credited to policyholder account balances                                           | 910                              | 1                | 911                                    | 1,787                          | 3                | 1,790                                  |
| Amortization of deferred acquisition costs                                                   | 1,298                            | (182)            | 1,116                                  | 2,735                          | (482)            | 2,253                                  |
| General operating and other expenses                                                         | 2,223                            | (17)             | 2,206                                  | 4,404                          | (34)             | 4,370                                  |
| <b>Total benefits, losses and expenses</b>                                                   | <b>10,120</b>                    | <b>(382)</b>     | <b>9,738</b>                           | <b>20,093</b>                  | <b>(1,125)</b>   | <b>18,968</b>                          |
| <b>Income (loss) from continuing operations before income tax expense (benefit)</b>          | <b>4,321</b>                     | <b>(396)</b>     | <b>3,925</b>                           | <b>10,156</b>                  | <b>(517)</b>     | <b>9,639</b>                           |
| <b>Income tax expense (benefit)</b>                                                          | <b>928</b>                       | <b>(83)</b>      | <b>845</b>                             | <b>2,107</b>                   | <b>(108)</b>     | <b>1,999</b>                           |
| <b>Income (loss) from continuing operations</b>                                              | <b>3,393</b>                     | <b>(313)</b>     | <b>3,080</b>                           | <b>8,049</b>                   | <b>(409)</b>     | <b>7,640</b>                           |
| <b>Net income (loss)</b>                                                                     | <b>3,392</b>                     | <b>(313)</b>     | <b>3,079</b>                           | <b>8,048</b>                   | <b>(409)</b>     | <b>7,639</b>                           |
| <b>Net income (loss) from continuing operations attributable to noncontrolling interests</b> | <b>356</b>                       | <b>(31)</b>      | <b>325</b>                             | <b>752</b>                     | <b>(40)</b>      | <b>712</b>                             |
| <b>Net income (loss) attributable to AIG</b>                                                 | <b>3,036</b>                     | <b>(282)</b>     | <b>2,754</b>                           | <b>7,296</b>                   | <b>(369)</b>     | <b>6,927</b>                           |
| <b>Net income (loss) attributable to AIG common shareholders</b>                             | <b>3,028</b>                     | <b>(282)</b>     | <b>2,746</b>                           | <b>7,281</b>                   | <b>(369)</b>     | <b>6,912</b>                           |
| <b>Income (loss) per common share attributable to AIG common shareholders:</b>               |                                  |                  |                                        |                                |                  |                                        |
| Common stock - Basic                                                                         | 3.83                             | (0.36)           | 3.47                                   | 9.06                           | (0.46)           | 8.60                                   |
| Common stock - Diluted                                                                       | 3.78                             | (0.35)           | 3.43                                   | 8.95                           | (0.45)           | 8.50                                   |

The following table presents the impacts in connection with the adoption of LDTI on our previously reported Condensed Consolidated Statements of Comprehensive Income (Loss):

|                                                                                                                              | Three Months Ended June 30, 2022 |                  |                                        | Six Months Ended June 30, 2022 |                  |                                        |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------|----------------------------------------|--------------------------------|------------------|----------------------------------------|
|                                                                                                                              | As Previously Reported           | Effect of Change | Updated Balances Post-Adoption of LDTI | As Previously Reported         | Effect of Change | Updated Balances Post-Adoption of LDTI |
| <i>(in millions)</i>                                                                                                         |                                  |                  |                                        |                                |                  |                                        |
| <b>Net income</b>                                                                                                            | <b>\$ 3,392</b>                  | <b>\$ (313)</b>  | <b>\$ 3,079</b>                        | <b>\$ 8,048</b>                | <b>\$ (409)</b>  | <b>\$ 7,639</b>                        |
| <b>Other comprehensive income (loss), net of tax</b>                                                                         |                                  |                  |                                        |                                |                  |                                        |
| Change in unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken | 40                               | (4)              | 36                                     | (5)                            | (4)              | (9)                                    |
| Change in unrealized appreciation (depreciation) of all other investments                                                    | (12,538)                         | (2,244)          | (14,782)                               | (26,145)                       | (4,778)          | (30,923)                               |
| Change in fair value of market risk benefits attributable to changes in our own credit risk                                  | —                                | 582              | 582                                    | —                              | 1,364            | 1,364                                  |
| Change in the discount rates used to measure traditional and limited payment long-duration insurance contracts               | —                                | 1,870            | 1,870                                  | —                              | 4,160            | 4,160                                  |
| Change in foreign currency translation adjustments                                                                           | (281)                            | (54)             | (335)                                  | (286)                          | (55)             | (341)                                  |
| <b>Other comprehensive income (loss)</b>                                                                                     | <b>(12,767)</b>                  | <b>150</b>       | <b>(12,617)</b>                        | <b>(26,415)</b>                | <b>687</b>       | <b>(25,728)</b>                        |
| <b>Comprehensive income (loss)</b>                                                                                           | <b>(9,375)</b>                   | <b>(163)</b>     | <b>(9,538)</b>                         | <b>(18,367)</b>                | <b>278</b>       | <b>(18,089)</b>                        |
| <b>Comprehensive income (loss) attributable to noncontrolling interests</b>                                                  | <b>(655)</b>                     | <b>(18)</b>      | <b>(673)</b>                           | <b>(1,320)</b>                 | <b>22</b>        | <b>(1,298)</b>                         |
| <b>Comprehensive income (loss) attributable to AIG</b>                                                                       | <b>(8,720)</b>                   | <b>(145)</b>     | <b>(8,865)</b>                         | <b>(17,047)</b>                | <b>256</b>       | <b>(16,791)</b>                        |

The following table presents the impacts in connection with the adoption of LDTI on our previously reported Condensed Consolidated Statements of Cash Flows:

| Six Months Ended June 30, 2022<br>(in millions)                                                 | As Previously<br>Reported | Effect of<br>Change | Updated Balances<br>Post-Adoption of LDTI |
|-------------------------------------------------------------------------------------------------|---------------------------|---------------------|-------------------------------------------|
| <b>Cash flows from operating activities:</b>                                                    |                           |                     |                                           |
| Net income                                                                                      | \$ 8,048                  | \$ (409)            | \$ 7,639                                  |
| <b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b> |                           |                     |                                           |
| <b>Noncash revenues, expenses, gains and losses included in income (loss):</b>                  |                           |                     |                                           |
| Unrealized gains in earnings - net                                                              | (3,238)                   | 1,906               | (1,332)                                   |
| Change in the fair value of market risk benefits in earnings, net                               | —                         | (541)               | (541)                                     |
| Depreciation and other amortization                                                             | 2,698                     | (508)               | 2,190                                     |
| <b>Changes in operating assets and liabilities:</b>                                             |                           |                     |                                           |
| Insurance reserves                                                                              | 1,402                     | (1,024)             | 378                                       |
| Premiums and other receivables and payables - net                                               | (7,646)                   | (20)                | (7,666)                                   |
| Reinsurance assets, net                                                                         | 20                        | 811                 | 831                                       |
| Capitalization of deferred policy acquisition costs                                             | (2,543)                   | (34)                | (2,577)                                   |
| Current and deferred income taxes - net                                                         | 1,842                     | (109)               | 1,733                                     |
| Other, net                                                                                      | (783)                     | (105)               | (888)                                     |
| Total adjustments                                                                               | (7,418)                   | 376                 | (7,042)                                   |
| <b>Net cash provided by operating activities</b>                                                | 631                       | (33)                | 598                                       |
| <b>Cash flows from financing activities:</b>                                                    |                           |                     |                                           |
| Policyholder contract deposits                                                                  | 12,457                    | 34                  | 12,491                                    |
| <b>Net cash used in financing activities</b>                                                    | (2,793)                   | 34                  | (2,759)                                   |

## Troubled Debt Restructuring and Vintage Disclosures

In March 2022, the FASB issued an accounting standard update that eliminates the accounting guidance for troubled debt restructurings for creditors and amends the guidance on “vintage disclosures” to require disclosure of current-period gross write-offs by year of origination. The standard also updates the requirements for accounting for credit losses by adding enhanced disclosures for creditors related to loan refinancings and restructurings for borrowers experiencing financial difficulty. The Company adopted the standard prospectively as of January 1, 2023 and the standard did not have a material impact on our reported consolidated financial condition, results of operations, or cash flows. *For the updated required disclosures, see Note 7.*

## FUTURE APPLICATION OF ACCOUNTING STANDARDS

### Fair Value Measurement

On June 30, 2022, the FASB issued an accounting standards update to address diversity in practice by clarifying that a contractual sale restriction should not be considered in the measurement of the fair value of an equity security. It also requires entities with investments in equity securities subject to contractual sale restrictions to disclose certain qualitative and quantitative information about such securities. The guidance is effective for public companies for fiscal years beginning after December 15, 2023 and interim period within those years, with early adoption permitted. For entities other than investment companies, the accounting standards update applies prospectively, with any adjustments resulting from adoption recognized in earnings on the date of adoption. We are assessing the impact of this standard.

### 3. Segment Information

We report our results of operations consistent with the manner in which our chief operating decision makers review the business to assess performance and allocate resources, as follows:

#### GENERAL INSURANCE

General Insurance business is presented as two operating segments:

- **North America** – consists of insurance businesses in the United States, Canada and Bermuda, and our global reinsurance business, AIG Re.
- **International** – consists of regional insurance businesses in Japan, the United Kingdom, Europe, Middle East and Africa (EMEA region), Asia Pacific, Latin America and Caribbean, and China. International also includes the results of Talbot Holdings, Ltd. as well as AIG's Global Specialty business.

North America and International operating segments consist of the following products:

- Commercial Lines – consists of Property, Liability, Financial Lines, and Specialty.
- Personal Insurance – consists of Accident & Health and Personal Lines.

#### LIFE AND RETIREMENT

Life and Retirement business is presented as four operating segments:

- **Individual Retirement** – consists of fixed annuities, fixed index annuities and variable annuities.
- **Group Retirement** – consists of record-keeping, plan administrative and compliance services, financial planning and advisory solutions offered to employer-defined contribution plan participants, along with proprietary and non-proprietary annuities and advisory and brokerage products offered outside of plans.
- **Life Insurance** – primary products in the U.S. include term life and universal life insurance. International operations primarily include distribution of life and health products in the UK and Ireland.
- **Institutional Markets** – consists of stable value wrap products, structured settlement and pension risk transfer annuities, corporate- and bank-owned life insurance, high net worth products and guaranteed investment contracts (GICs).

#### OTHER OPERATIONS

Other Operations primarily consists of income from assets held by AIG Parent and other corporate subsidiaries, deferred tax assets related to tax attributes, corporate expenses and intercompany eliminations, our institutional asset management business and results of our consolidated investment entities, General Insurance portfolios in run-off as well as the historical results of our legacy insurance lines ceded to Fortitude Re.

#### SEGMENT RESULTS

We evaluate segment performance based on adjusted revenues and adjusted pre-tax income (loss). Adjusted revenues and adjusted pre-tax income (loss) are derived by excluding certain items from total revenues and pre-tax income (loss), respectively. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. Legal entities are attributed to each segment based upon the predominance of activity in that legal entity. *For the items excluded from adjusted revenues and adjusted pre-tax income (loss), see the table below.*

The following table presents AIG's continuing operations by operating segment:

| Three Months Ended June 30,<br><br>(in millions)                                                                 | 2023              |                                | 2022              |                                |
|------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
|                                                                                                                  | Adjusted Revenues | Adjusted Pre-tax Income (Loss) | Adjusted Revenues | Adjusted Pre-tax Income (Loss) |
| <b>General Insurance</b>                                                                                         |                   |                                |                   |                                |
| North America                                                                                                    | \$ 3,195          | \$ 352 <sup>(a)</sup>          | \$ 2,972          | \$ 406 <sup>(a)</sup>          |
| International                                                                                                    | 3,302             | 242 <sup>(a)</sup>             | 3,414             | 393 <sup>(a)</sup>             |
| Net investment income                                                                                            | 725               | 725                            | 458               | 458                            |
| <b>Total General Insurance</b>                                                                                   | <b>7,222</b>      | <b>1,319</b>                   | <b>6,844</b>      | <b>1,257</b>                   |
| <b>Life and Retirement</b>                                                                                       |                   |                                |                   |                                |
| Individual Retirement                                                                                            | 1,578             | 585                            | 1,267             | 370                            |
| Group Retirement                                                                                                 | 690               | 201                            | 672               | 180                            |
| Life Insurance                                                                                                   | 1,280             | 78                             | 1,314             | 120                            |
| Institutional Markets                                                                                            | 2,368             | 127                            | 786               | 77                             |
| <b>Total Life and Retirement</b>                                                                                 | <b>5,916</b>      | <b>991</b>                     | <b>4,039</b>      | <b>747</b>                     |
| <b>Other Operations</b>                                                                                          |                   |                                |                   |                                |
| Other Operations before consolidation and eliminations                                                           | 111               | (423)                          | 207               | (331)                          |
| Consolidation and eliminations                                                                                   | (14)              | 3                              | (136)             | (130)                          |
| <b>Total Other Operations</b>                                                                                    | <b>97</b>         | <b>(420)</b>                   | <b>71</b>         | <b>(461)</b>                   |
| <b>Total</b>                                                                                                     | <b>13,235</b>     | <b>1,890</b>                   | <b>10,954</b>     | <b>1,543</b>                   |
| <b>Reconciling items:</b>                                                                                        |                   |                                |                   |                                |
| Changes in fair value of securities used to hedge guaranteed living benefits                                     | 14                | (3)                            | 13                | 10                             |
| Change in the fair value of market risk benefits, net <sup>(b)</sup>                                             | —                 | 262                            | —                 | 45                             |
| Changes in benefit reserves related to net realized gains (losses)                                               | —                 | (1)                            | —                 | 7                              |
| Changes in the fair value of equity securities                                                                   | 43                | 43                             | (30)              | (30)                           |
| Other income (expense) - net                                                                                     | (12)              | —                              | (9)               | —                              |
| Loss on extinguishment of debt                                                                                   | —                 | —                              | —                 | (299)                          |
| Net investment income on Fortitude Re funds withheld assets                                                      | 291               | 291                            | 188               | 188                            |
| Net realized losses on Fortitude Re funds withheld assets                                                        | (138)             | (138)                          | (86)              | (86)                           |
| Net realized gains on Fortitude Re funds withheld embedded derivative                                            | 180               | 180                            | 2,776             | 2,776                          |
| Net realized losses <sup>(c)</sup>                                                                               | (395)             | (390)                          | (147)             | (140)                          |
| Net gain (loss) on divestitures and other                                                                        | —                 | 43                             | —                 | (1)                            |
| Non-operating litigation reserves and settlements                                                                | —                 | (1)                            | 4                 | 4                              |
| Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements | —                 | 18                             | —                 | 144                            |
| Net loss reserve discount charge                                                                                 | —                 | (16)                           | —                 | (14)                           |
| Pension expense related to a one-time lump sum payment to former employees                                       | —                 | (67)                           | —                 | —                              |
| Integration and transaction costs associated with acquiring or divesting businesses                              | —                 | (79)                           | —                 | (38)                           |
| Restructuring and other costs                                                                                    | —                 | (153)                          | —                 | (175)                          |
| Non-recurring costs related to regulatory or accounting changes                                                  | —                 | (12)                           | —                 | (9)                            |
| <b>Revenues and pre-tax income</b>                                                                               | <b>\$ 13,218</b>  | <b>\$ 1,867</b>                | <b>\$ 13,663</b>  | <b>\$ 3,925</b>                |

| Six Months Ended June 30,                                                                                        | 2023              |                                | 2022              |                                |
|------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
|                                                                                                                  | Adjusted Revenues | Adjusted Pre-tax Income (Loss) | Adjusted Revenues | Adjusted Pre-tax Income (Loss) |
| <i>(in millions)</i>                                                                                             |                   |                                |                   |                                |
| <b>General Insurance</b>                                                                                         |                   |                                |                   |                                |
| North America                                                                                                    | \$ 6,175          | \$ 651 <sup>(a)</sup>          | \$ 5,761          | \$ 662 <sup>(a)</sup>          |
| International                                                                                                    | 6,581             | 445 <sup>(a)</sup>             | 6,881             | 583 <sup>(a)</sup>             |
| Net investment income                                                                                            | 1,471             | 1,471                          | 1,223             | 1,223                          |
| <b>Total General Insurance</b>                                                                                   | <b>14,227</b>     | <b>2,567</b>                   | <b>13,865</b>     | <b>2,468</b>                   |
| <b>Life and Retirement</b>                                                                                       |                   |                                |                   |                                |
| Individual Retirement                                                                                            | 3,062             | 1,118                          | 2,614             | 836                            |
| Group Retirement                                                                                                 | 1,373             | 388                            | 1,406             | 421                            |
| Life Insurance                                                                                                   | 2,529             | 160                            | 2,625             | 233                            |
| Institutional Markets                                                                                            | 4,323             | 211                            | 1,335             | 191                            |
| <b>Total Life and Retirement</b>                                                                                 | <b>11,287</b>     | <b>1,877</b>                   | <b>7,980</b>      | <b>1,681</b>                   |
| <b>Other Operations</b>                                                                                          |                   |                                |                   |                                |
| Other Operations before consolidation and eliminations                                                           | 243               | (857)                          | 501               | (619)                          |
| AIG consolidation and eliminations                                                                               | (78)              | (54)                           | (272)             | (263)                          |
| <b>Total Other Operations</b>                                                                                    | <b>165</b>        | <b>(911)</b>                   | <b>229</b>        | <b>(882)</b>                   |
| <b>Total</b>                                                                                                     | <b>25,679</b>     | <b>3,533</b>                   | <b>22,074</b>     | <b>3,267</b>                   |
| <b>Reconciling items:</b>                                                                                        |                   |                                |                   |                                |
| Changes in fair value of securities used to hedge guaranteed living benefits                                     | 27                | (6)                            | 27                | 23                             |
| Change in the fair value of market risk benefits, net <sup>(b)</sup>                                             | —                 | 66                             | —                 | 278                            |
| Changes in benefit reserves related to net realized gains (losses)                                               | —                 | 5                              | —                 | 9                              |
| Changes in the fair value of equity securities                                                                   | 94                | 94                             | (57)              | (57)                           |
| Other income (expense) - net                                                                                     | (19)              | —                              | (16)              | —                              |
| Loss on extinguishment of debt                                                                                   | —                 | —                              | —                 | (299)                          |
| Net investment income on Fortitude Re funds withheld assets                                                      | 737               | 737                            | 479               | 479                            |
| Net realized gains (losses) on Fortitude Re funds withheld assets                                                | (169)             | (169)                          | (226)             | (226)                          |
| Net realized gains (losses) on Fortitude Re funds withheld embedded derivative                                   | (985)             | (985)                          | 6,094             | 6,094                          |
| Net realized gains (losses) <sup>(c)</sup>                                                                       | (1,167)           | (1,156)                        | 194               | 209                            |
| Net gain (loss) on divestitures and other                                                                        | —                 | 41                             | —                 | 39                             |
| Non-operating litigation reserves and settlements                                                                | 1                 | —                              | 38                | 38                             |
| Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements | —                 | 37                             | —                 | 144                            |
| Net loss reserve discount benefit (charge)                                                                       | —                 | (80)                           | —                 | 6                              |
| Pension expense related to a one-time lump sum payment to former employees                                       | —                 | (67)                           | —                 | —                              |
| Integration and transaction costs associated with acquiring or divesting businesses                              | —                 | (131)                          | —                 | (84)                           |
| Restructuring and other costs                                                                                    | —                 | (270)                          | —                 | (268)                          |
| Non-recurring costs related to regulatory or accounting changes                                                  | —                 | (25)                           | —                 | (13)                           |
| Net impact from elimination of international reporting lag <sup>(d)</sup>                                        | 4                 | 12                             | —                 | —                              |
| <b>Revenues and pre-tax income (loss)</b>                                                                        | <b>\$ 24,202</b>  | <b>\$ 1,636</b>                | <b>\$ 28,607</b>  | <b>\$ 9,639</b>                |

(a) General Insurance North America's and General Insurance International's Adjusted pre-tax income does not include Net investment income as the investment portfolio results are managed at the General Insurance level. Net investment income is shown separately as a component of General Insurance's total Adjusted pre-tax income results.

(b) Includes realized gains and losses on certain derivative instruments used for non-qualifying (economic) hedging.

(c) Includes all net realized gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication and net realized gains and losses on Fortitude Re funds withheld assets held by AIG in support of Fortitude Re's reinsurance obligations to AIG (Fortitude Re funds withheld assets).

(d) See Note 1.

## 4. Held-For-Sale Classification

### HELD-FOR-SALE CLASSIFICATION

We report and classify a business as held-for-sale (Held-For-Sale Business) when management has approved the sale or received approval to sell the business and is committed to a formal plan, the business is available for immediate sale, the business is being actively marketed, the sale is anticipated to occur during the next 12 months and certain other specified criteria are met. A Held-For-Sale Business is recorded at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized.

Assets and liabilities related to a Held-For-Sale Business are reported in Assets held for sale and Liabilities held for sale, respectively, in our Condensed Consolidated Balance Sheets beginning in the period in which the business is classified as held-for-sale. At June 30, 2023, the following businesses were reported and classified as held-for-sale:

#### Validus Re

To further simplify AIG's business model and reduce volatility in our portfolio, on May 22, 2023, AIG announced that it entered into a definitive agreement to sell Validus Re, including AlphaCat Managers Ltd. and the Talbot Treaty reinsurance business to RenaissanceRe for \$2.7 billion in cash and approximately 1.3 million common shares of RenaissanceRe. Additionally, AIG agreed to retain 95 percent of the difference between (i) the reserves with respect to the business as of the closing date of the sale for losses occurring prior to the closing date and (ii) the associated reserve development following the closing date with respect to such losses. Any reserve development will be settled annually, commencing with the calendar year ending December 31, 2024. This arrangement stays in effect until the parties determine to terminate such arrangement (which they will re-evaluate on an annual basis beginning 5 years after the closing date) or until all such liabilities of the acquired reinsurance business have run off. This reserve cover is considered contingent consideration and will be recognized at fair value when the sale of Validus Re closes. The sale is expected to close in the fourth quarter of 2023, subject to regulatory approvals and other customary closing conditions. The results of Validus Re are reported in General Insurance.

#### CRS

On May 2, 2023, AIG announced that it reached an agreement to sell CRS, also purchased as part of the 2018 acquisition of Validus Holdings Ltd. in 2018, to AFG for approximately \$240 million. The transaction closed on July 3, 2023. The historical results of CRS are reported in General Insurance.

The following table summarizes the components of assets and liabilities held-for-sale on the Condensed Consolidated Balance Sheets at June 30, 2023 after elimination of intercompany balances:

| (in millions)                                                                                   | Validus Re |               | CRS       |            | Total            |
|-------------------------------------------------------------------------------------------------|------------|---------------|-----------|------------|------------------|
| <b>Assets:</b>                                                                                  |            |               |           |            |                  |
| Bonds available for sale                                                                        | \$         | 4,568         | \$        | —          | \$ 4,568         |
| Other invested assets                                                                           |            | 5             |           | —          | 5                |
| Short-term investments, including restricted cash of \$46                                       |            | 389           |           | 29         | 418              |
| Cash                                                                                            |            | 191           |           | —          | 191              |
| Accrued investment income                                                                       |            | 26            |           | —          | 26               |
| Premiums and other receivables, net of allowance for credit losses and disputes                 |            | 3,812         |           | 51         | 3,863            |
| Reinsurance assets - other, net of allowance for credit losses and disputes                     |            | 2,057         |           | —          | 2,057            |
| Deferred income taxes                                                                           |            | 75            |           | —          | 75               |
| Deferred policy acquisition costs                                                               |            | 712           |           | —          | 712              |
| Other assets, net of allowance for credit losses <sup>(a)</sup>                                 |            | 591           |           | 189        | 780              |
| <b>Total assets held for sale</b>                                                               | <b>\$</b>  | <b>12,426</b> | <b>\$</b> | <b>269</b> | <b>\$ 12,695</b> |
| <b>Liabilities:</b>                                                                             |            |               |           |            |                  |
| Liability for unpaid losses and loss adjustment expenses, including allowance for credit losses | \$         | 4,929         | \$        | —          | \$ 4,929         |
| Unearned premiums                                                                               |            | 3,006         |           | —          | 3,006            |
| Other liabilities                                                                               |            | 1,220         |           | 173        | 1,393            |
| Long-term debt                                                                                  |            | 267           |           | —          | 267              |
| <b>Total liabilities held for sale</b>                                                          | <b>\$</b>  | <b>9,422</b>  | <b>\$</b> | <b>173</b> | <b>\$ 9,595</b>  |

(a) Other assets, net of allowance for credit losses includes goodwill and other intangibles of \$318 million and \$235 million, respectively, for Validus Re and \$23 million and \$20 million, respectively, for CRS.

## 5. Fair Value Measurements

### FAIR VALUE MEASUREMENTS ON A RECURRING BASIS

Assets and liabilities recorded at fair value in the Condensed Consolidated Balance Sheets are measured and classified in accordance with a fair value hierarchy consisting of three “levels” based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that we have the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. We do not adjust the quoted price for such instruments.
- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3:** Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, we must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for instruments carried at fair value. These methodologies are applied to assets and liabilities across the levels discussed above, and the observability of the inputs used determines the appropriate level in the fair value hierarchy for the respective asset or liability.

### VALUATION METHODOLOGIES OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

There were no material changes to valuation methodologies of financial instruments measured at fair value with the exception of the valuation methodologies listed below which were impacted by the adoption of LDTI. *For additional information on valuation methodologies not impacted by the adoption LDTI, see Note 4 to the Consolidated Financial Statements in the 2022 Annual Report.*

#### Market Risk Benefits and Embedded Derivatives within Policyholder Contract Deposits

Certain variable annuity, fixed annuity and fixed index annuity contracts contain MRBs related to guaranteed benefit features that we separate from the host contracts and account for at fair value, with certain changes recognized in earnings. MRBs are contracts or contract features that provide protection to policyholders from other-than-nominal capital market risks and therefore expose the insurance entity to other-than-nominal capital market risks.

The fair value of MRBs contained in certain variable annuity, fixed annuity and fixed index annuity contracts is measured based on policyholder behavior and capital market assumptions related to projected cash flows over the expected lives of the contracts. These discounted cash flow projections primarily include benefits and related fees assessed, when applicable. In some instances, the projected cash flows from fees may exceed projected cash flows related to benefit payments and therefore, at a point in time, the carrying value of the MRBs may be in a net asset position. The projected cash flows incorporate best estimate assumptions for policyholder behavior (including mortality, lapses, withdrawals and benefit utilization), along with an explicit risk margin to reflect a market participant's estimates of projected cash flows and policyholder behavior. Estimates of future policyholder behavior assumptions are subjective and are based primarily on our historical experience.

Because of the dynamic and complex nature of the projected cash flows with respect to MRBs in our variable annuity, fixed annuity, and fixed index annuity contracts, risk neutral valuations are used, which are calibrated to observable interest rate and equity option prices. Estimating the underlying cash flows for these products involves judgments regarding the capital market assumptions related to expected market rates of return, market volatility, credit spreads, correlations of certain market variables, fund performance and discount rates. Additionally, estimating the underlying cash flows for these products also involves judgments regarding policyholder behavior. The portion of fees attributable to the fair value of expected benefit payments is included within the fair value measurement of these MRBs, and related fees are classified in change in the fair value of MRBs, net, as earned, consistent with other changes in the fair value of these MRBs. Any portion of the fees not attributed to the MRBs is excluded from the fair value measurement and classified in policy fees as earned.

Option pricing models are used to estimate the fair value of embedded derivatives in our fixed index annuity and life contracts, taking into account the capital market assumptions for future index growth rates, volatility of the equity indices, future interest rates, and our ability to adjust the participation rate and the cap on fixed index credited rates in light of market conditions and policyholder behavior assumptions.

Projected cash flows are discounted using the interest rate swap curve (swap curve), which is viewed as being consistent with the credit spreads for highly-rated financial institutions (S&P AA-rated or above). A swap curve shows the fixed-rate leg of a non-complex swap against the floating rate (for example, Secured Overnight Financing Rate (SOFR) or London Inter-Bank Offered Rate) leg of a related tenor. We also incorporate our own risk of non-performance in the valuation of MRBs and embedded derivatives associated with variable annuity, fixed annuity, fixed index annuity and life contracts. The non-performance risk adjustment (NPA) reflects a market participant's view of our claims-paying ability by incorporating an additional spread to the swap curve used to discount projected benefit cash flows. The NPA is calculated by constructing forward rates based on a weighted average of observable corporate credit indices to approximate the claims-paying ability rating of our insurance companies. The corporate credit indices are observable for the first 30 years. For years 30 to 50, the yield is derived using market observable yields. Yields for years 50 to 100 are extrapolated using a flat forward approach, maintaining a constant forward spread through the period. MRBs are measured using a NPA that is a locked-in estimate of our claims-paying ability at policy issue (locked-in NPA) as well as a NPA that reflects an estimate of our current claims-paying ability (current NPA).

When MRBs are remeasured each period, both the interest rates and current NPA are updated. Changes in the swap curve and the time value accretion of the at-issue NPA are recorded to net income while the difference between the MRBs measured using the at-issue NPA and the current NPA is recorded to OCI. For embedded derivatives, changes in the interest rates and the period-over-period change in the NPA are recorded to net income.

## ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

The following table presents information about assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value measurement based on the observability of the inputs used:

| June 30, 2023<br>(in millions)                                   | Level 1          | Level 2           | Level 3          | Counterparty<br>Netting <sup>(a)</sup> | Cash<br>Collateral | Total             |
|------------------------------------------------------------------|------------------|-------------------|------------------|----------------------------------------|--------------------|-------------------|
| <b>Assets:</b>                                                   |                  |                   |                  |                                        |                    |                   |
| <b>Bonds available for sale:</b>                                 |                  |                   |                  |                                        |                    |                   |
| U.S. government and government sponsored entities                | \$ 82            | \$ 6,087          | \$ —             | \$ —                                   | \$ —               | \$ 6,169          |
| Obligations of states, municipalities and political subdivisions | —                | 10,277            | 869              | —                                      | —                  | 11,146            |
| Non-U.S. governments                                             | 204              | 12,298            | 6                | —                                      | —                  | 12,508            |
| Corporate debt                                                   | —                | 131,582           | 1,721            | —                                      | —                  | 133,303           |
| RMBS                                                             | —                | 11,277            | 7,617            | —                                      | —                  | 18,894            |
| CMBS                                                             | —                | 13,196            | 553              | —                                      | —                  | 13,749            |
| CLO/ABS                                                          | —                | 12,547            | 14,214           | —                                      | —                  | 26,761            |
| <b>Total bonds available for sale</b>                            | <b>286</b>       | <b>197,264</b>    | <b>24,980</b>    | <b>—</b>                               | <b>—</b>           | <b>222,530</b>    |
| <b>Other bond securities:</b>                                    |                  |                   |                  |                                        |                    |                   |
| U.S. government and government sponsored entities                | —                | —                 | —                | —                                      | —                  | —                 |
| Obligations of states, municipalities and political subdivisions | —                | 108               | 3                | —                                      | —                  | 111               |
| Non-U.S. governments                                             | —                | 46                | —                | —                                      | —                  | 46                |
| Corporate debt                                                   | —                | 2,422             | 155              | —                                      | —                  | 2,577             |
| RMBS                                                             | —                | 194               | 164              | —                                      | —                  | 358               |
| CMBS                                                             | —                | 283               | 26               | —                                      | —                  | 309               |
| CLO/ABS                                                          | —                | 496               | 1,044            | —                                      | —                  | 1,540             |
| <b>Total other bond securities</b>                               | <b>—</b>         | <b>3,549</b>      | <b>1,392</b>     | <b>—</b>                               | <b>—</b>           | <b>4,941</b>      |
| <b>Equity securities</b>                                         | <b>465</b>       | <b>123</b>        | <b>72</b>        | <b>—</b>                               | <b>—</b>           | <b>660</b>        |
| <b>Other invested assets<sup>(b)</sup></b>                       | <b>—</b>         | <b>153</b>        | <b>2,140</b>     | <b>—</b>                               | <b>—</b>           | <b>2,293</b>      |
| <b>Derivative assets<sup>(c)</sup>:</b>                          |                  |                   |                  |                                        |                    |                   |
| Interest rate contracts                                          | —                | 2,122             | 339              | —                                      | —                  | 2,461             |
| Foreign exchange contracts                                       | —                | 1,426             | 1                | —                                      | —                  | 1,427             |
| Equity contracts                                                 | 11               | 603               | 666              | —                                      | —                  | 1,280             |
| Commodity contracts                                              | —                | —                 | —                | —                                      | —                  | —                 |
| Credit contracts                                                 | —                | —                 | 33               | —                                      | —                  | 33                |
| Other contracts                                                  | —                | —                 | 15               | —                                      | —                  | 15                |
| Counterparty netting and cash collateral                         | —                | —                 | —                | (2,826)                                | (1,980)            | (4,806)           |
| <b>Total derivative assets</b>                                   | <b>11</b>        | <b>4,151</b>      | <b>1,054</b>     | <b>(2,826)</b>                         | <b>(1,980)</b>     | <b>410</b>        |
| <b>Short-term investments</b>                                    | <b>1,881</b>     | <b>2,397</b>      | <b>—</b>         | <b>—</b>                               | <b>—</b>           | <b>4,278</b>      |
| <b>Market risk benefit assets</b>                                | <b>—</b>         | <b>—</b>          | <b>954</b>       | <b>—</b>                               | <b>—</b>           | <b>954</b>        |
| <b>Other assets<sup>(c)</sup></b>                                | <b>—</b>         | <b>—</b>          | <b>111</b>       | <b>—</b>                               | <b>—</b>           | <b>111</b>        |
| <b>Separate account assets</b>                                   | <b>86,579</b>    | <b>3,139</b>      | <b>—</b>         | <b>—</b>                               | <b>—</b>           | <b>89,718</b>     |
| <b>Total<sup>(d)</sup></b>                                       | <b>\$ 89,222</b> | <b>\$ 210,776</b> | <b>\$ 29,749</b> | <b>\$ (2,826)</b>                      | <b>\$ (1,980)</b>  | <b>\$ 324,941</b> |
| <b>Liabilities:</b>                                              |                  |                   |                  |                                        |                    |                   |
| <b>Policyholder contract deposits</b>                            | <b>\$ —</b>      | <b>\$ 51</b>      | <b>\$ 6,813</b>  | <b>\$ —</b>                            | <b>\$ —</b>        | <b>\$ 6,864</b>   |
| <b>Market risk benefit liabilities</b>                           | <b>—</b>         | <b>—</b>          | <b>4,977</b>     | <b>—</b>                               | <b>—</b>           | <b>4,977</b>      |
| <b>Derivative liabilities<sup>(c)</sup>:</b>                     |                  |                   |                  |                                        |                    |                   |
| Interest rate contracts                                          | —                | 3,108             | —                | —                                      | —                  | 3,108             |
| Foreign exchange contracts                                       | —                | 796               | 3                | —                                      | —                  | 799               |
| Equity contracts                                                 | 23               | 303               | 21               | —                                      | —                  | 347               |
| Credit contracts                                                 | —                | 6                 | 33               | —                                      | —                  | 39                |
| Counterparty netting and cash collateral                         | —                | —                 | —                | (2,826)                                | (1,182)            | (4,008)           |
| <b>Total derivative liabilities</b>                              | <b>23</b>        | <b>4,213</b>      | <b>57</b>        | <b>(2,826)</b>                         | <b>(1,182)</b>     | <b>285</b>        |
| <b>Fortitude Re funds withheld payable</b>                       | <b>—</b>         | <b>—</b>          | <b>(2,118)</b>   | <b>—</b>                               | <b>—</b>           | <b>(2,118)</b>    |
| <b>Other liabilities</b>                                         | <b>—</b>         | <b>—</b>          | <b>98</b>        | <b>—</b>                               | <b>—</b>           | <b>98</b>         |
| <b>Long-term debt</b>                                            | <b>—</b>         | <b>50</b>         | <b>—</b>         | <b>—</b>                               | <b>—</b>           | <b>50</b>         |
| <b>Total</b>                                                     | <b>\$ 23</b>     | <b>\$ 4,314</b>   | <b>\$ 9,827</b>  | <b>\$ (2,826)</b>                      | <b>\$ (1,182)</b>  | <b>\$ 10,156</b>  |

| December 31, 2022<br>(in millions)                               | Level 1          | Level 2           | Level 3          | Counterparty<br>Netting <sup>(a)</sup> | Cash<br>Collateral | Total             |
|------------------------------------------------------------------|------------------|-------------------|------------------|----------------------------------------|--------------------|-------------------|
| <b>Assets:</b>                                                   |                  |                   |                  |                                        |                    |                   |
| <b>Bonds available for sale:</b>                                 |                  |                   |                  |                                        |                    |                   |
| U.S. government and government sponsored entities                | \$ 25            | \$ 6,594          | \$ —             | \$ —                                   | \$ —               | \$ 6,619          |
| Obligations of states, municipalities and political subdivisions | —                | 11,275            | 824              | —                                      | —                  | 12,099            |
| Non-U.S. governments                                             | 158              | 13,326            | 1                | —                                      | —                  | 13,485            |
| Corporate debt                                                   | —                | 134,992           | 2,847            | —                                      | —                  | 137,839           |
| RMBS                                                             | —                | 11,264            | 7,553            | —                                      | —                  | 18,817            |
| CMBS                                                             | —                | 13,267            | 926              | —                                      | —                  | 14,193            |
| CLO/ABS                                                          | —                | 10,356            | 12,748           | —                                      | —                  | 23,104            |
| <b>Total bonds available for sale</b>                            | <b>183</b>       | <b>201,074</b>    | <b>24,899</b>    | <b>—</b>                               | <b>—</b>           | <b>226,156</b>    |
| <b>Other bond securities:</b>                                    |                  |                   |                  |                                        |                    |                   |
| Obligations of states, municipalities and political subdivisions | —                | 111               | —                | —                                      | —                  | 111               |
| Non-U.S. governments                                             | —                | 66                | —                | —                                      | —                  | 66                |
| Corporate debt                                                   | —                | 1,976             | 416              | —                                      | —                  | 2,392             |
| RMBS                                                             | —                | 113               | 173              | —                                      | —                  | 286               |
| CMBS                                                             | —                | 303               | 28               | —                                      | —                  | 331               |
| CLO/ABS                                                          | —                | 389               | 910              | —                                      | —                  | 1,299             |
| <b>Total other bond securities</b>                               | <b>—</b>         | <b>2,958</b>      | <b>1,527</b>     | <b>—</b>                               | <b>—</b>           | <b>4,485</b>      |
| <b>Equity securities</b>                                         | <b>518</b>       | <b>18</b>         | <b>39</b>        | <b>—</b>                               | <b>—</b>           | <b>575</b>        |
| <b>Other invested assets <sup>(b)</sup></b>                      | <b>—</b>         | <b>145</b>        | <b>2,075</b>     | <b>—</b>                               | <b>—</b>           | <b>2,220</b>      |
| <b>Derivative assets<sup>(c)</sup>:</b>                          |                  |                   |                  |                                        |                    |                   |
| Interest rate contracts                                          | 1                | 3,410             | 311              | —                                      | —                  | 3,722             |
| Foreign exchange contracts                                       | —                | 1,844             | —                | —                                      | —                  | 1,844             |
| Equity contracts                                                 | 11               | 132               | 285              | —                                      | —                  | 428               |
| Commodity contracts                                              | —                | 9                 | —                | —                                      | —                  | 9                 |
| Credit contracts                                                 | —                | —                 | 32               | —                                      | —                  | 32                |
| Other contracts                                                  | —                | —                 | 14               | —                                      | —                  | 14                |
| Counterparty netting and cash collateral                         | —                | —                 | —                | (3,895)                                | (1,640)            | (5,535)           |
| <b>Total derivative assets</b>                                   | <b>12</b>        | <b>5,395</b>      | <b>642</b>       | <b>(3,895)</b>                         | <b>(1,640)</b>     | <b>514</b>        |
| <b>Short-term investments</b>                                    | <b>2,821</b>     | <b>2,887</b>      | <b>—</b>         | <b>—</b>                               | <b>—</b>           | <b>5,708</b>      |
| <b>Market risk benefit assets</b>                                | <b>—</b>         | <b>—</b>          | <b>796</b>       | <b>—</b>                               | <b>—</b>           | <b>796</b>        |
| <b>Other assets<sup>(c)</sup></b>                                | <b>—</b>         | <b>—</b>          | <b>107</b>       | <b>—</b>                               | <b>—</b>           | <b>107</b>        |
| <b>Separate account assets</b>                                   | <b>81,655</b>    | <b>3,198</b>      | <b>—</b>         | <b>—</b>                               | <b>—</b>           | <b>84,853</b>     |
| <b>Total</b>                                                     | <b>\$ 85,189</b> | <b>\$ 215,675</b> | <b>\$ 29,289</b> | <b>\$ (3,895)</b>                      | <b>\$ (1,640)</b>  | <b>\$ 324,618</b> |
| <b>Liabilities:</b>                                              |                  |                   |                  |                                        |                    |                   |
| <b>Policyholder contract deposits</b>                            | <b>\$ —</b>      | <b>\$ 41</b>      | <b>\$ 5,367</b>  | <b>\$ —</b>                            | <b>\$ —</b>        | <b>\$ 5,408</b>   |
| <b>Market risk benefit liabilities</b>                           | <b>—</b>         | <b>—</b>          | <b>4,736</b>     | <b>—</b>                               | <b>—</b>           | <b>4,736</b>      |
| <b>Derivative liabilities<sup>(c)</sup>:</b>                     |                  |                   |                  |                                        |                    |                   |
| Interest rate contracts                                          | —                | 4,838             | —                | —                                      | —                  | 4,838             |
| Foreign exchange contracts                                       | —                | 1,138             | —                | —                                      | —                  | 1,138             |
| Equity contracts                                                 | 2                | 10                | 14               | —                                      | —                  | 26                |
| Credit contracts                                                 | —                | 9                 | 32               | —                                      | —                  | 41                |
| Counterparty netting and cash collateral                         | —                | —                 | —                | (3,895)                                | (1,917)            | (5,812)           |
| <b>Total derivative liabilities</b>                              | <b>2</b>         | <b>5,995</b>      | <b>46</b>        | <b>(3,895)</b>                         | <b>(1,917)</b>     | <b>231</b>        |
| <b>Fortitude Re funds withheld payable</b>                       | <b>—</b>         | <b>—</b>          | <b>(2,235)</b>   | <b>—</b>                               | <b>—</b>           | <b>(2,235)</b>    |
| <b>Other liabilities</b>                                         | <b>—</b>         | <b>—</b>          | <b>112</b>       | <b>—</b>                               | <b>—</b>           | <b>112</b>        |
| <b>Long-term debt</b>                                            | <b>—</b>         | <b>56</b>         | <b>—</b>         | <b>—</b>                               | <b>—</b>           | <b>56</b>         |
| <b>Total</b>                                                     | <b>\$ 2</b>      | <b>\$ 6,092</b>   | <b>\$ 8,026</b>  | <b>\$ (3,895)</b>                      | <b>\$ (1,917)</b>  | <b>\$ 8,308</b>   |

(a) Represents netting of derivative exposures covered by qualifying master netting agreements.

(b) Excludes investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent), which totaled \$9.8 billion and \$9.8 billion as of June 30, 2023 and December 31, 2022, respectively.

(c) Presented as part of Other assets and Other liabilities on the Condensed Consolidated Balance Sheets.

(d) Excludes \$5.0 billion of assets reclassified to Assets held for sale on the Condensed Consolidated Balance Sheets.

## CHANGES IN LEVEL 3 RECURRING FAIR VALUE MEASUREMENTS

The following tables present changes during the three and six months ended June 30, 2023 and 2022 in Level 3 assets and liabilities measured at fair value on a recurring basis, and the realized and unrealized gains (losses) related to the Level 3 assets and liabilities in the Condensed Consolidated Balance Sheets at June 30, 2023 and 2022:

| <i>(in millions)</i>                                             | Fair Value<br>Beginning<br>of Period | MRBs and<br>Net<br>Realized<br>and<br>Unrealized<br>Gains<br>(Losses)<br>Included<br>in Income | Other<br>Comprehensive<br>Income (Loss) | Purchases,<br>Sales,<br>Issuances<br>and<br>Settlements,<br>Net | Gross<br>Transfers<br>In | Gross<br>Transfers<br>Out | Other        | Fair<br>Value<br>End of<br>Period | Changes in<br>Unrealized<br>Gains<br>(Losses)<br>Included in<br>Income on<br>Instruments<br>Held at End<br>of Period | Changes in<br>Unrealized Gains<br>(Losses)<br>Included in Other<br>Comprehensive<br>Income (Loss) for<br>Recurring Level 3<br>Instruments Held<br>at End of Period |
|------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------|--------------------------|---------------------------|--------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Three Months Ended June 30, 2023</b>                          |                                      |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Assets:</b>                                                   |                                      |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Bonds available for sale:</b>                                 |                                      |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Obligations of states, municipalities and political subdivisions | \$ 873                               | \$ —                                                                                           | \$ (3)                                  | \$ (1)                                                          | \$ —                     | \$ —                      | \$ —         | \$ 869                            | \$ —                                                                                                                 | \$ (13)                                                                                                                                                            |
| Non-U.S. governments                                             | 9                                    | —                                                                                              | 1                                       | (2)                                                             | —                        | (2)                       | —            | 6                                 | —                                                                                                                    | 1                                                                                                                                                                  |
| Corporate debt                                                   | 2,432                                | 6                                                                                              | 8                                       | (173)                                                           | 46                       | (598)                     | —            | 1,721                             | —                                                                                                                    | 5                                                                                                                                                                  |
| RMBS                                                             | 7,581                                | 105                                                                                            | 189                                     | (211)                                                           | 31                       | (43)                      | (35)         | 7,617                             | —                                                                                                                    | 187                                                                                                                                                                |
| CMBS                                                             | 938                                  | (29)                                                                                           | (39)                                    | (40)                                                            | (1)                      | (276)                     | —            | 553                               | —                                                                                                                    | (49)                                                                                                                                                               |
| CLO/ABS                                                          | 13,889                               | 11                                                                                             | (94)                                    | 390                                                             | 55                       | (98)                      | 61           | 14,214                            | —                                                                                                                    | (126)                                                                                                                                                              |
| <b>Total bonds available for sale</b>                            | <b>25,722</b>                        | <b>93</b>                                                                                      | <b>62</b>                               | <b>(37)</b>                                                     | <b>131</b>               | <b>(1,017)</b>            | <b>26</b>    | <b>24,980</b>                     | <b>—</b>                                                                                                             | <b>5</b>                                                                                                                                                           |
| <b>Other bond securities:</b>                                    |                                      |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Obligations of states, municipalities and political subdivisions | 1                                    | —                                                                                              | —                                       | 2                                                               | —                        | —                         | —            | 3                                 | —                                                                                                                    | —                                                                                                                                                                  |
| Corporate Debt                                                   | 130                                  | 1                                                                                              | —                                       | 24                                                              | —                        | —                         | —            | 155                               | 3                                                                                                                    | —                                                                                                                                                                  |
| RMBS                                                             | 166                                  | 2                                                                                              | —                                       | (4)                                                             | —                        | —                         | —            | 164                               | (3)                                                                                                                  | —                                                                                                                                                                  |
| CMBS                                                             | 27                                   | (1)                                                                                            | —                                       | —                                                               | —                        | —                         | —            | 26                                | (1)                                                                                                                  | —                                                                                                                                                                  |
| CLO/ABS                                                          | 1,010                                | (8)                                                                                            | —                                       | 76                                                              | 3                        | (38)                      | 1            | 1,044                             | (38)                                                                                                                 | —                                                                                                                                                                  |
| <b>Total other bond securities</b>                               | <b>1,334</b>                         | <b>(6)</b>                                                                                     | <b>—</b>                                | <b>98</b>                                                       | <b>3</b>                 | <b>(38)</b>               | <b>1</b>     | <b>1,392</b>                      | <b>(39)</b>                                                                                                          | <b>—</b>                                                                                                                                                           |
| Equity securities                                                | 74                                   | 2                                                                                              | —                                       | 2                                                               | 2                        | (8)                       | —            | 72                                | 2                                                                                                                    | —                                                                                                                                                                  |
| Other invested assets                                            | 2,086                                | (19)                                                                                           | 2                                       | 71                                                              | —                        | —                         | —            | 2,140                             | —                                                                                                                    | —                                                                                                                                                                  |
| Other assets                                                     | 110                                  | —                                                                                              | —                                       | 1                                                               | —                        | —                         | —            | 111                               | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total<sup>(a)</sup></b>                                       | <b>\$ 29,326</b>                     | <b>\$ 70</b>                                                                                   | <b>\$ 64</b>                            | <b>\$ 135</b>                                                   | <b>\$ 136</b>            | <b>\$ (1,063)</b>         | <b>\$ 27</b> | <b>\$ 28,695</b>                  | <b>\$ (37)</b>                                                                                                       | <b>\$ 5</b>                                                                                                                                                        |
| <b>Liabilities:</b>                                              |                                      |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Policyholder contract deposits                                   | \$ 6,064                             | \$ 429                                                                                         | \$ —                                    | \$ 320                                                          | \$ —                     | \$ —                      | \$ —         | \$ 6,813                          | \$ (308)                                                                                                             | \$ —                                                                                                                                                               |
| <b>Derivative liabilities, net:</b>                              |                                      |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Interest rate contracts                                          | (356)                                | 27                                                                                             | —                                       | (10)                                                            | —                        | —                         | —            | (339)                             | —                                                                                                                    | (21)                                                                                                                                                               |
| Foreign exchange contracts                                       | —                                    | 2                                                                                              | —                                       | —                                                               | —                        | —                         | —            | 2                                 | —                                                                                                                    | (2)                                                                                                                                                                |
| Equity contracts                                                 | (502)                                | 7                                                                                              | —                                       | (150)                                                           | —                        | —                         | —            | (645)                             | (1)                                                                                                                  | 6                                                                                                                                                                  |
| Credit contracts                                                 | —                                    | (1)                                                                                            | —                                       | 1                                                               | —                        | —                         | —            | —                                 | —                                                                                                                    | 1                                                                                                                                                                  |
| Other contracts                                                  | (14)                                 | (17)                                                                                           | —                                       | 16                                                              | —                        | —                         | —            | (15)                              | 15                                                                                                                   | 1                                                                                                                                                                  |
| <b>Total derivative liabilities, net<sup>(b)</sup></b>           | <b>(872)</b>                         | <b>18</b>                                                                                      | <b>—</b>                                | <b>(143)</b>                                                    | <b>—</b>                 | <b>—</b>                  | <b>—</b>     | <b>(997)</b>                      | <b>14</b>                                                                                                            | <b>(15)</b>                                                                                                                                                        |
| Fortitude Re funds withheld payable                              | (1,863)                              | (180)                                                                                          | —                                       | (75)                                                            | —                        | —                         | —            | (2,118)                           | 291                                                                                                                  | —                                                                                                                                                                  |
| Other Liabilities                                                | 112                                  | (14)                                                                                           | —                                       | —                                                               | —                        | —                         | —            | 98                                | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total<sup>(c)</sup></b>                                       | <b>\$ 3,441</b>                      | <b>\$ 253</b>                                                                                  | <b>\$ —</b>                             | <b>\$ 102</b>                                                   | <b>\$ —</b>              | <b>\$ —</b>               | <b>\$ —</b>  | <b>\$ 3,796</b>                   | <b>\$ (3)</b>                                                                                                        | <b>\$ (15)</b>                                                                                                                                                     |

## ITEM 1 | Notes to Condensed Consolidated Financial Statements (unaudited) | 5. Fair Value Measurements

| <i>(in millions)</i>                                             | Fair Value<br>Beginning<br>of Period | MRBs and<br>Net<br>Realized<br>and<br>Unrealized<br>Gains<br>(Losses)<br>Included<br>in Income | Other<br>Comprehensive<br>Income (Loss) | Purchases,<br>Sales,<br>Issuances<br>and<br>Settlements,<br>Net | Gross<br>Transfers<br>In | Gross<br>Transfers<br>Out | Other       | Fair<br>Value<br>End of<br>Period | Changes in<br>Unrealized<br>Gains<br>(Losses)<br>Included in<br>Income on<br>Instruments<br>Held at End<br>of Period | Changes in<br>Unrealized Gains<br>(Losses)<br>Included in Other<br>Comprehensive<br>Income (Loss) for<br>Recurring Level 3<br>Instruments Held<br>at End of Period |
|------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------|--------------------------|---------------------------|-------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Three Months Ended June 30, 2022</b>                          |                                      |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Assets:</b>                                                   |                                      |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Bonds available for sale:</b>                                 |                                      |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Obligations of states, municipalities and political subdivisions | \$ 1,087                             | \$ —                                                                                           | \$ (143)                                | \$ (4)                                                          | \$ 17                    | \$ —                      | \$ —        | \$ 957                            | \$ —                                                                                                                 | \$ (151)                                                                                                                                                           |
| Non-U.S. governments                                             | 8                                    | —                                                                                              | —                                       | —                                                               | 1                        | —                         | —           | 9                                 | —                                                                                                                    | —                                                                                                                                                                  |
| Corporate debt                                                   | 2,744                                | (15)                                                                                           | (78)                                    | (214)                                                           | 252                      | (206)                     | —           | 2,483                             | —                                                                                                                    | (49)                                                                                                                                                               |
| RMBS                                                             | 8,925                                | 92                                                                                             | (390)                                   | (266)                                                           | —                        | (9)                       | —           | 8,352                             | —                                                                                                                    | (390)                                                                                                                                                              |
| CMBS                                                             | 864                                  | 5                                                                                              | (46)                                    | 85                                                              | —                        | (37)                      | —           | 871                               | —                                                                                                                    | (47)                                                                                                                                                               |
| CLO/ABS                                                          | 11,776                               | 3                                                                                              | (502)                                   | 1,106                                                           | 349                      | (1,036)                   | —           | 11,696                            | —                                                                                                                    | (513)                                                                                                                                                              |
| <b>Total bonds available for sale</b>                            | <b>25,404</b>                        | <b>85</b>                                                                                      | <b>(1,159)</b>                          | <b>707</b>                                                      | <b>619</b>               | <b>(1,288)</b>            | <b>—</b>    | <b>24,368</b>                     | <b>—</b>                                                                                                             | <b>(1,150)</b>                                                                                                                                                     |
| <b>Other bond securities:</b>                                    |                                      |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Corporate debt                                                   | 260                                  | (4)                                                                                            | —                                       | 47                                                              | 161                      | (3)                       | —           | 461                               | (4)                                                                                                                  | —                                                                                                                                                                  |
| RMBS                                                             | 199                                  | (13)                                                                                           | 1                                       | 5                                                               | —                        | —                         | —           | 192                               | (13)                                                                                                                 | —                                                                                                                                                                  |
| CMBS                                                             | 33                                   | (1)                                                                                            | —                                       | —                                                               | —                        | —                         | —           | 32                                | (1)                                                                                                                  | —                                                                                                                                                                  |
| CLO/ABS                                                          | 2,468                                | (135)                                                                                          | —                                       | 157                                                             | 6                        | (54)                      | —           | 2,442                             | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total other bond securities</b>                               | <b>2,960</b>                         | <b>(153)</b>                                                                                   | <b>1</b>                                | <b>209</b>                                                      | <b>167</b>               | <b>(57)</b>               | <b>—</b>    | <b>3,127</b>                      | <b>(18)</b>                                                                                                          | <b>—</b>                                                                                                                                                           |
| Equity securities                                                | 6                                    | —                                                                                              | 1                                       | 5                                                               | —                        | —                         | —           | 12                                | —                                                                                                                    | —                                                                                                                                                                  |
| Other invested assets                                            | 1,935                                | 133                                                                                            | (23)                                    | (23)                                                            | —                        | (14)                      | —           | 2,008                             | 174                                                                                                                  | —                                                                                                                                                                  |
| Other assets                                                     | 108                                  | —                                                                                              | —                                       | (1)                                                             | —                        | —                         | —           | 107                               | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total<sup>(a)</sup></b>                                       | <b>\$ 30,413</b>                     | <b>\$ 65</b>                                                                                   | <b>\$ (1,180)</b>                       | <b>\$ 897</b>                                                   | <b>\$ 786</b>            | <b>\$ (1,359)</b>         | <b>\$ —</b> | <b>\$ 29,622</b>                  | <b>\$ 156</b>                                                                                                        | <b>\$ (1,150)</b>                                                                                                                                                  |
| <i>(in millions)</i>                                             | Fair Value<br>Beginning<br>of Period | MRBs and<br>Net<br>Realized<br>and<br>Unrealized<br>Gains<br>(Losses)<br>Included<br>in Income | Other<br>Comprehensive<br>Income (Loss) | Purchases,<br>Sales,<br>Issuances<br>and<br>Settlements,<br>Net | Gross<br>Transfers<br>In | Gross<br>Transfers<br>Out | Other       | Fair<br>Value<br>End of<br>Period | Changes in<br>Unrealized<br>Gains<br>(Losses)<br>Included in<br>Income on<br>Instruments<br>Held at End<br>of Period | Changes in<br>Unrealized Gains<br>(Losses)<br>Included in Other<br>Comprehensive<br>Income (Loss) for<br>Recurring Level 3<br>Instruments Held<br>at End of Period |
| <b>Liabilities:</b>                                              |                                      |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Policyholder contract deposits                                   | \$ 5,035                             | \$ (545)                                                                                       | \$ —                                    | \$ 238                                                          | \$ —                     | \$ —                      | \$ —        | \$ 4,728                          | \$ 592                                                                                                               | \$ —                                                                                                                                                               |
| <b>Derivative liabilities, net:</b>                              |                                      |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Interest rate contracts                                          | (4)                                  | 12                                                                                             | —                                       | (70)                                                            | (81)                     | —                         | —           | (143)                             | (10)                                                                                                                 | —                                                                                                                                                                  |
| Foreign exchange contracts                                       | —                                    | 1                                                                                              | —                                       | —                                                               | —                        | —                         | —           | 1                                 | (1)                                                                                                                  | —                                                                                                                                                                  |
| Equity contracts                                                 | (178)                                | 89                                                                                             | —                                       | (59)                                                            | —                        | (1)                       | —           | (149)                             | (95)                                                                                                                 | —                                                                                                                                                                  |
| Credit contracts                                                 | 31                                   | 1                                                                                              | —                                       | —                                                               | —                        | —                         | —           | 32                                | (1)                                                                                                                  | —                                                                                                                                                                  |
| Other contracts                                                  | (14)                                 | (14)                                                                                           | —                                       | 12                                                              | —                        | —                         | —           | (16)                              | 15                                                                                                                   | —                                                                                                                                                                  |
| <b>Total derivative liabilities, net<sup>(b)</sup></b>           | <b>(165)</b>                         | <b>89</b>                                                                                      | <b>—</b>                                | <b>(117)</b>                                                    | <b>(81)</b>              | <b>(1)</b>                | <b>—</b>    | <b>(275)</b>                      | <b>(92)</b>                                                                                                          | <b>—</b>                                                                                                                                                           |
| Fortitude Re funds withheld payable                              | 2,206                                | (2,776)                                                                                        | —                                       | (68)                                                            | —                        | —                         | —           | (638)                             | 2,836                                                                                                                | —                                                                                                                                                                  |
| <b>Total<sup>(c)</sup></b>                                       | <b>\$ 7,076</b>                      | <b>\$ (3,232)</b>                                                                              | <b>\$ —</b>                             | <b>\$ 53</b>                                                    | <b>\$ (81)</b>           | <b>\$ (1)</b>             | <b>\$ —</b> | <b>\$ 3,815</b>                   | <b>\$ 3,336</b>                                                                                                      | <b>\$ —</b>                                                                                                                                                        |

## ITEM 1 | Notes to Condensed Consolidated Financial Statements (unaudited) | 5. Fair Value Measurements

|                                                                  | Fair Value<br>Beginning<br>of Year | MRBs and<br>Net<br>Realized<br>and<br>Unrealized<br>Gains<br>(Losses)<br>Included<br>in Income | Other<br>Comprehensive<br>Income (Loss) | Purchases,<br>Sales,<br>Issuances<br>and<br>Settlements,<br>Net | Gross<br>Transfers<br>In | Gross<br>Transfers<br>Out | Other        | Fair<br>Value<br>End of<br>Period | Changes in<br>Unrealized<br>Gains<br>(Losses)<br>Included in<br>Income on<br>Instruments<br>Held at End<br>of Period | Changes in<br>Unrealized Gains<br>(Losses)<br>Included in Other<br>Comprehensive<br>Income (Loss) for<br>Recurring Level 3<br>Instruments Held<br>at End of Period |
|------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------|--------------------------|---------------------------|--------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>(in millions)</i>                                             |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Six Months Ended June 30, 2023</b>                            |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Assets:</b>                                                   |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Bonds available for sale:</b>                                 |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Obligations of states, municipalities and political subdivisions | \$ 824                             | \$ 1                                                                                           | \$ 52                                   | \$ (8)                                                          | \$ —                     | \$ —                      | \$ —         | \$ 869                            | \$ —                                                                                                                 | \$ 28                                                                                                                                                              |
| Non-U.S. governments                                             | 1                                  | 1                                                                                              | 1                                       | (2)                                                             | 7                        | (2)                       | —            | 6                                 | —                                                                                                                    | 1                                                                                                                                                                  |
| Corporate debt                                                   | 2,847                              | (96)                                                                                           | 59                                      | (374)                                                           | 320                      | (1,019)                   | (16)         | 1,721                             | —                                                                                                                    | 59                                                                                                                                                                 |
| RMBS                                                             | 7,553                              | 214                                                                                            | 119                                     | (201)                                                           | 31                       | (64)                      | (35)         | 7,617                             | —                                                                                                                    | 89                                                                                                                                                                 |
| CMBS                                                             | 926                                | (22)                                                                                           | (42)                                    | (39)                                                            | 33                       | (303)                     | —            | 553                               | —                                                                                                                    | (83)                                                                                                                                                               |
| CLO/ABS                                                          | 12,748                             | 61                                                                                             | 177                                     | 1,230                                                           | 113                      | (200)                     | 85           | 14,214                            | —                                                                                                                    | 97                                                                                                                                                                 |
| <b>Total bonds available for sale</b>                            | <b>24,899</b>                      | <b>159</b>                                                                                     | <b>366</b>                              | <b>606</b>                                                      | <b>504</b>               | <b>(1,588)</b>            | <b>34</b>    | <b>24,980</b>                     | <b>—</b>                                                                                                             | <b>191</b>                                                                                                                                                         |
| <b>Other bond securities:</b>                                    |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Obligations of states, municipalities and political subdivisions | —                                  | —                                                                                              | —                                       | 3                                                               | —                        | —                         | —            | 3                                 | —                                                                                                                    | —                                                                                                                                                                  |
| Corporate debt                                                   | 416                                | 2                                                                                              | —                                       | (72)                                                            | —                        | (191)                     | —            | 155                               | 2                                                                                                                    | —                                                                                                                                                                  |
| RMBS                                                             | 173                                | 7                                                                                              | —                                       | (16)                                                            | —                        | —                         | —            | 164                               | (5)                                                                                                                  | —                                                                                                                                                                  |
| CMBS                                                             | 28                                 | (2)                                                                                            | —                                       | —                                                               | —                        | —                         | —            | 26                                | (2)                                                                                                                  | —                                                                                                                                                                  |
| CLO/ABS                                                          | 910                                | 28                                                                                             | —                                       | 94                                                              | 4                        | (45)                      | 53           | 1,044                             | (19)                                                                                                                 | —                                                                                                                                                                  |
| <b>Total other bond securities</b>                               | <b>1,527</b>                       | <b>35</b>                                                                                      | <b>—</b>                                | <b>9</b>                                                        | <b>4</b>                 | <b>(236)</b>              | <b>53</b>    | <b>1,392</b>                      | <b>(24)</b>                                                                                                          | <b>—</b>                                                                                                                                                           |
| Equity securities                                                | 39                                 | 2                                                                                              | —                                       | 29                                                              | 10                       | (8)                       | —            | 72                                | 2                                                                                                                    | —                                                                                                                                                                  |
| Other invested assets                                            | 2,075                              | (71)                                                                                           | 7                                       | 129                                                             | —                        | —                         | —            | 2,140                             | (73)                                                                                                                 | —                                                                                                                                                                  |
| Other assets                                                     | 107                                | —                                                                                              | —                                       | 4                                                               | —                        | —                         | —            | 111                               | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total<sup>(a)</sup></b>                                       | <b>\$ 28,647</b>                   | <b>\$ 125</b>                                                                                  | <b>\$ 373</b>                           | <b>\$ 777</b>                                                   | <b>\$ 518</b>            | <b>\$ (1,832)</b>         | <b>\$ 87</b> | <b>\$ 28,695</b>                  | <b>\$ (95)</b>                                                                                                       | <b>\$ 191</b>                                                                                                                                                      |
| <b>Liabilities:</b>                                              |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Policyholder contract deposits                                   | \$ 5,367                           | \$ 810                                                                                         | \$ —                                    | \$ 636                                                          | \$ —                     | \$ —                      | \$ —         | \$ 6,813                          | \$ (676)                                                                                                             | \$ —                                                                                                                                                               |
| <b>Derivative liabilities, net:</b>                              |                                    |                                                                                                |                                         |                                                                 |                          |                           |              |                                   |                                                                                                                      |                                                                                                                                                                    |
| Interest rate contracts                                          | (311)                              | 84                                                                                             | —                                       | (112)                                                           | —                        | —                         | —            | (339)                             | —                                                                                                                    | (29)                                                                                                                                                               |
| Foreign exchange contracts                                       | —                                  | 2                                                                                              | —                                       | —                                                               | —                        | —                         | —            | 2                                 | —                                                                                                                    | (2)                                                                                                                                                                |
| Equity contracts                                                 | (271)                              | (49)                                                                                           | —                                       | (325)                                                           | —                        | —                         | —            | (645)                             | 131                                                                                                                  | 66                                                                                                                                                                 |
| Credit contracts                                                 | —                                  | (1)                                                                                            | —                                       | 1                                                               | —                        | —                         | —            | —                                 | —                                                                                                                    | 1                                                                                                                                                                  |
| Other contracts                                                  | (14)                               | (33)                                                                                           | —                                       | 32                                                              | —                        | —                         | —            | (15)                              | 31                                                                                                                   | 1                                                                                                                                                                  |
| <b>Total derivative liabilities, net<sup>(b)</sup></b>           | <b>(596)</b>                       | <b>3</b>                                                                                       | <b>—</b>                                | <b>(404)</b>                                                    | <b>—</b>                 | <b>—</b>                  | <b>—</b>     | <b>(997)</b>                      | <b>162</b>                                                                                                           | <b>37</b>                                                                                                                                                          |
| Fortitude Re funds withheld payable                              | (2,235)                            | 985                                                                                            | —                                       | (868)                                                           | —                        | —                         | —            | (2,118)                           | (468)                                                                                                                | —                                                                                                                                                                  |
| Other Liabilities                                                | 112                                | (14)                                                                                           | —                                       | —                                                               | —                        | —                         | —            | 98                                | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total<sup>(c)</sup></b>                                       | <b>\$ 2,648</b>                    | <b>\$ 1,784</b>                                                                                | <b>\$ —</b>                             | <b>\$ (636)</b>                                                 | <b>\$ —</b>              | <b>\$ —</b>               | <b>\$ —</b>  | <b>\$ 3,796</b>                   | <b>\$ (982)</b>                                                                                                      | <b>\$ 37</b>                                                                                                                                                       |

## ITEM 1 | Notes to Condensed Consolidated Financial Statements (unaudited) | 5. Fair Value Measurements

|                                                                  | Fair Value<br>Beginning<br>of Year | MRBs and<br>Net<br>Realized<br>and<br>Unrealized<br>Gains<br>(Losses)<br>Included<br>in Income | Other<br>Comprehensive<br>Income (Loss) | Purchases,<br>Sales,<br>Issuances<br>and<br>Settlements,<br>Net | Gross<br>Transfers<br>In | Gross<br>Transfers<br>Out | Other       | Fair<br>Value<br>End of<br>Period | Changes in<br>Unrealized<br>Gains<br>(Losses)<br>Included in<br>Income on<br>Instruments<br>Held at End<br>of Period | Changes in<br>Unrealized Gains<br>(Losses)<br>Included in Other<br>Comprehensive<br>Income (Loss) for<br>Recurring Level 3<br>Instruments Held<br>at End of Period |
|------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------|--------------------------|---------------------------|-------------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>(in millions)</i>                                             |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Six Months Ended June 30, 2022                                   |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Assets:</b>                                                   |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Bonds available for sale:</b>                                 |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Obligations of states, municipalities and political subdivisions | \$ 1,431                           | \$ 2                                                                                           | \$ (428)                                | \$ (65)                                                         | \$ 17                    | \$ —                      | \$ —        | \$ 957                            | \$ —                                                                                                                 | \$ (410)                                                                                                                                                           |
| Non-U.S. governments                                             | 7                                  | —                                                                                              | —                                       | —                                                               | 2                        | —                         | —           | 9                                 | —                                                                                                                    | —                                                                                                                                                                  |
| Corporate debt                                                   | 2,641                              | (26)                                                                                           | (151)                                   | (37)                                                            | 382                      | (326)                     | —           | 2,483                             | —                                                                                                                    | (137)                                                                                                                                                              |
| RMBS                                                             | 10,378                             | 222                                                                                            | (943)                                   | (874)                                                           | —                        | (431)                     | —           | 8,352                             | —                                                                                                                    | (925)                                                                                                                                                              |
| CMBS                                                             | 1,190                              | 13                                                                                             | (113)                                   | 117                                                             | —                        | (336)                     | —           | 871                               | —                                                                                                                    | (108)                                                                                                                                                              |
| CLO/ABS                                                          | 11,215                             | 19                                                                                             | (1,003)                                 | 1,651                                                           | 1,464                    | (1,650)                   | —           | 11,696                            | —                                                                                                                    | (1,003)                                                                                                                                                            |
| <b>Total bonds available for sale</b>                            | <b>26,862</b>                      | <b>230</b>                                                                                     | <b>(2,638)</b>                          | <b>792</b>                                                      | <b>1,865</b>             | <b>(2,743)</b>            | <b>—</b>    | <b>24,368</b>                     | <b>—</b>                                                                                                             | <b>(2,583)</b>                                                                                                                                                     |
| <b>Other bond securities:</b>                                    |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Corporate debt                                                   | 134                                | (4)                                                                                            | —                                       | 124                                                             | 222                      | (15)                      | —           | 461                               | (4)                                                                                                                  | —                                                                                                                                                                  |
| RMBS                                                             | 196                                | (18)                                                                                           | —                                       | 14                                                              | —                        | —                         | —           | 192                               | (21)                                                                                                                 | —                                                                                                                                                                  |
| CMBS                                                             | 35                                 | (3)                                                                                            | —                                       | —                                                               | —                        | —                         | —           | 32                                | (3)                                                                                                                  | —                                                                                                                                                                  |
| CLO/ABS                                                          | 2,332                              | (249)                                                                                          | —                                       | 352                                                             | 63                       | (56)                      | —           | 2,442                             | (162)                                                                                                                | —                                                                                                                                                                  |
| <b>Total other bond securities</b>                               | <b>2,697</b>                       | <b>(274)</b>                                                                                   | <b>—</b>                                | <b>490</b>                                                      | <b>285</b>               | <b>(71)</b>               | <b>—</b>    | <b>3,127</b>                      | <b>(190)</b>                                                                                                         | <b>—</b>                                                                                                                                                           |
| Equity securities                                                | 6                                  | —                                                                                              | —                                       | 6                                                               | —                        | —                         | —           | 12                                | —                                                                                                                    | —                                                                                                                                                                  |
| Other invested assets                                            | 1,948                              | 245                                                                                            | (27)                                    | (38)                                                            | 47                       | (167)                     | —           | 2,008                             | 295                                                                                                                  | —                                                                                                                                                                  |
| Other assets                                                     | 114                                | —                                                                                              | —                                       | (7)                                                             | —                        | —                         | —           | 107                               | —                                                                                                                    | —                                                                                                                                                                  |
| <b>Total<sup>(a)</sup></b>                                       | <b>\$ 31,627</b>                   | <b>\$ 201</b>                                                                                  | <b>\$ (2,665)</b>                       | <b>\$ 1,243</b>                                                 | <b>\$ 2,197</b>          | <b>\$ (2,981)</b>         | <b>\$ —</b> | <b>\$ 29,622</b>                  | <b>\$ 105</b>                                                                                                        | <b>\$ (2,583)</b>                                                                                                                                                  |
| <i>(in millions)</i>                                             |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| <b>Liabilities:</b>                                              |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Policyholder contract deposits                                   | \$ 5,572                           | \$ (1,203)                                                                                     | \$ —                                    | \$ 359                                                          | \$ —                     | \$ —                      | \$ —        | \$ 4,728                          | \$ 1,437                                                                                                             | \$ —                                                                                                                                                               |
| <b>Derivative liabilities, net:</b>                              |                                    |                                                                                                |                                         |                                                                 |                          |                           |             |                                   |                                                                                                                      |                                                                                                                                                                    |
| Interest rate contracts                                          | —                                  | 11                                                                                             | —                                       | (73)                                                            | (81)                     | —                         | —           | (143)                             | (10)                                                                                                                 | —                                                                                                                                                                  |
| Foreign exchange contracts                                       | (1)                                | 1                                                                                              | —                                       | 1                                                               | —                        | —                         | —           | 1                                 | (1)                                                                                                                  | —                                                                                                                                                                  |
| Equity contracts                                                 | (444)                              | 390                                                                                            | —                                       | (94)                                                            | —                        | (1)                       | —           | (149)                             | (247)                                                                                                                | —                                                                                                                                                                  |
| Credit contracts                                                 | 30                                 | 2                                                                                              | —                                       | —                                                               | —                        | —                         | —           | 32                                | (1)                                                                                                                  | —                                                                                                                                                                  |
| Other contracts                                                  | (13)                               | (32)                                                                                           | —                                       | 29                                                              | —                        | —                         | —           | (16)                              | 32                                                                                                                   | —                                                                                                                                                                  |
| <b>Total derivative liabilities, net<sup>(b)</sup></b>           | <b>(428)</b>                       | <b>372</b>                                                                                     | <b>—</b>                                | <b>(137)</b>                                                    | <b>(81)</b>              | <b>(1)</b>                | <b>—</b>    | <b>(275)</b>                      | <b>(227)</b>                                                                                                         | <b>—</b>                                                                                                                                                           |
| Fortitude Re funds withheld payable                              | 5,922                              | (6,094)                                                                                        | —                                       | (466)                                                           | —                        | —                         | —           | (638)                             | 6,316                                                                                                                | —                                                                                                                                                                  |
| <b>Total<sup>(c)</sup></b>                                       | <b>\$ 11,066</b>                   | <b>\$ (6,925)</b>                                                                              | <b>\$ —</b>                             | <b>\$ (244)</b>                                                 | <b>\$ (81)</b>           | <b>\$ (1)</b>             | <b>\$ —</b> | <b>\$ 3,815</b>                   | <b>\$ 7,526</b>                                                                                                      | <b>\$ —</b>                                                                                                                                                        |

(a) Excludes MRB assets of \$954 million at June 30, 2023 and \$642 million at June 30, 2022. For additional information, see Note 13.

(b) Total Level 3 derivative exposures have been netted in these tables for presentation purposes only.

(c) Excludes MRB liabilities of \$5.0 billion at June 30, 2023 and \$5.3 billion at June 30, 2022. For additional information, see Note 13.

Market risk benefits and net realized and unrealized gains and losses included in income related to Level 3 assets and liabilities shown above are reported in the Condensed Consolidated Statements of Income (Loss) as follows:

| <i>(in millions)</i>                                | Net<br>Investment<br>Income | Net Realized<br>Gains (Losses) | Change in the fair<br>value of market<br>risk benefits, net <sup>(c)</sup> | Other<br>Income | Total   |
|-----------------------------------------------------|-----------------------------|--------------------------------|----------------------------------------------------------------------------|-----------------|---------|
| <b>Three Months Ended June 30, 2023</b>             |                             |                                |                                                                            |                 |         |
| <b>Assets:</b>                                      |                             |                                |                                                                            |                 |         |
| Bonds available for sale                            | \$ 121                      | \$ (28)                        | \$ —                                                                       | \$ —            | 93      |
| Other bond securities                               | (6)                         | —                              | —                                                                          | —               | (6)     |
| Equity securities                                   | 2                           | —                              | —                                                                          | —               | 2       |
| Other invested assets                               | (20)                        | 1                              | —                                                                          | —               | (19)    |
| <b>Three Months Ended June 30, 2022</b>             |                             |                                |                                                                            |                 |         |
| <b>Assets:</b>                                      |                             |                                |                                                                            |                 |         |
| Bonds available for sale                            | \$ 142                      | \$ (57)                        | \$ —                                                                       | \$ —            | 85      |
| Other bond securities                               | (153)                       | —                              | —                                                                          | —               | (153)   |
| Other invested assets                               | 133                         | —                              | —                                                                          | —               | 133     |
| <b>Six Months Ended June 30, 2023</b>               |                             |                                |                                                                            |                 |         |
| <b>Assets:</b>                                      |                             |                                |                                                                            |                 |         |
| Bonds available for sale                            | \$ 183                      | \$ (24)                        | \$ —                                                                       | \$ —            | 159     |
| Other bond securities                               | 35                          | —                              | —                                                                          | —               | 35      |
| Other invested assets                               | (71)                        | —                              | —                                                                          | —               | (71)    |
| <b>Six Months Ended June 30, 2022</b>               |                             |                                |                                                                            |                 |         |
| <b>Assets:</b>                                      |                             |                                |                                                                            |                 |         |
| Bonds available for sale                            | \$ 306                      | \$ (76)                        | \$ —                                                                       | \$ —            | 230     |
| Other bond securities                               | (274)                       | —                              | —                                                                          | —               | (274)   |
| Other invested assets                               | 245                         | —                              | —                                                                          | —               | 245     |
| <i>(in millions)</i>                                | Net<br>Investment<br>Income | Net Realized<br>(Gains) Losses | Change in the fair<br>value of market<br>risk benefits, net <sup>(c)</sup> | Other<br>Income | Total   |
| <b>Three Months Ended June 30, 2023</b>             |                             |                                |                                                                            |                 |         |
| <b>Liabilities:</b>                                 |                             |                                |                                                                            |                 |         |
| Policyholder contract deposits <sup>(a)</sup>       | \$ —                        | \$ 429                         | \$ —                                                                       | \$ —            | 429     |
| Market risk benefit liabilities, net <sup>(b)</sup> | —                           | (3)                            | (884)                                                                      | —               | (887)   |
| Derivative liabilities, net                         | —                           | 65                             | (31)                                                                       | (16)            | 18      |
| Fortitude Re funds withheld payable                 | —                           | (180)                          | —                                                                          | —               | (180)   |
| <b>Three Months Ended June 30, 2022</b>             |                             |                                |                                                                            |                 |         |
| <b>Liabilities:</b>                                 |                             |                                |                                                                            |                 |         |
| Policyholder contract deposits <sup>(a)</sup>       | \$ —                        | \$ (545)                       | \$ —                                                                       | \$ —            | (545)   |
| Market risk benefit liabilities, net <sup>(b)</sup> | —                           | (5)                            | (258)                                                                      | —               | (263)   |
| Derivative liabilities, net                         | —                           | 120                            | (18)                                                                       | (13)            | 89      |
| Fortitude Re funds withheld payable                 | —                           | (2,776)                        | —                                                                          | —               | (2,776) |
| <b>Six Months Ended June 30, 2023</b>               |                             |                                |                                                                            |                 |         |
| <b>Liabilities:</b>                                 |                             |                                |                                                                            |                 |         |
| Policyholder contract deposits <sup>(a)</sup>       | \$ —                        | \$ 810                         | \$ —                                                                       | \$ —            | 810     |
| Market risk benefit liabilities, net <sup>(b)</sup> | —                           | (3)                            | (797)                                                                      | —               | (800)   |
| Derivative liabilities, net                         | —                           | (23)                           | 58                                                                         | (32)            | 3       |
| Fortitude Re funds withheld payable                 | —                           | 985                            | —                                                                          | —               | 985     |
| <b>Six Months Ended June 30, 2022</b>               |                             |                                |                                                                            |                 |         |
| <b>Liabilities:</b>                                 |                             |                                |                                                                            |                 |         |
| Policyholder contract deposits <sup>(a)</sup>       | \$ —                        | \$ (1,203)                     | \$ —                                                                       | \$ —            | (1,203) |
| Market risk benefit liabilities, net <sup>(b)</sup> | —                           | (8)                            | (957)                                                                      | —               | (965)   |
| Derivative liabilities, net                         | —                           | 447                            | (47)                                                                       | (28)            | 372     |
| Fortitude Re funds withheld payable                 | —                           | (6,094)                        | —                                                                          | —               | (6,094) |

(a) Primarily embedded derivatives.

(b) Market risk benefit assets and liabilities have been netted in the above table for presentation purposes only.

(c) The portion of the fair value change attributable to own credit risk is recognized in OCI.

The following table presents the gross components of purchases, sales, issuances and settlements, net, shown above, for the three and six months ended June 30, 2023 and 2022 related to Level 3 assets and liabilities in the Condensed Consolidated Balance Sheets:

| <i>(in millions)</i>                                             | Purchases       | Sales           | Issuances and Settlements <sup>(a)</sup> | Purchases, Sales, Issuances and Settlements, Net <sup>(a)</sup> |
|------------------------------------------------------------------|-----------------|-----------------|------------------------------------------|-----------------------------------------------------------------|
| <b>Three Months Ended June 30, 2023</b>                          |                 |                 |                                          |                                                                 |
| <b>Assets:</b>                                                   |                 |                 |                                          |                                                                 |
| <b>Bonds available for sale:</b>                                 |                 |                 |                                          |                                                                 |
| Obligations of states, municipalities and political subdivisions | \$ —            | \$ —            | (1) \$                                   | (1)                                                             |
| Corporate debt                                                   | 1               | —               | (174)                                    | (173)                                                           |
| RMBS                                                             | 111             | (42)            | (280)                                    | (211)                                                           |
| CMBS                                                             | —               | (26)            | (14)                                     | (40)                                                            |
| CLO/ABS                                                          | 495             | (148)           | 43                                       | 390                                                             |
| <b>Total bonds available for sale</b>                            | <b>607</b>      | <b>(216)</b>    | <b>(428)</b>                             | <b>(37)</b>                                                     |
| <b>Other bond securities:</b>                                    |                 |                 |                                          |                                                                 |
| Obligations of states, municipalities and political subdivisions | 2               | —               | —                                        | 2                                                               |
| Corporate debt                                                   | 87              | —               | (63)                                     | 24                                                              |
| RMBS                                                             | 1               | —               | (5)                                      | (4)                                                             |
| CLO/ABS                                                          | 81              | 4               | (9)                                      | 76                                                              |
| <b>Total other bond securities</b>                               | <b>171</b>      | <b>4</b>        | <b>(77)</b>                              | <b>98</b>                                                       |
| Equity securities                                                | 2               | —               | —                                        | 2                                                               |
| Other invested assets                                            | 80              | —               | (9)                                      | 71                                                              |
| Other assets                                                     | —               | —               | 1                                        | 1                                                               |
| <b>Total</b>                                                     | <b>\$ 860</b>   | <b>\$ (212)</b> | <b>\$ (513)</b>                          | <b>135</b>                                                      |
| <b>Liabilities:</b>                                              |                 |                 |                                          |                                                                 |
| Policyholder contract deposits                                   | \$ —            | 402 \$          | (82) \$                                  | 320                                                             |
| Derivative liabilities, net                                      | (190)           | 4               | 43                                       | (143)                                                           |
| Fortitude Re funds withheld payable                              | —               | —               | (75)                                     | (75)                                                            |
| <b>Total</b>                                                     | <b>\$ (190)</b> | <b>406 \$</b>   | <b>(114) \$</b>                          | <b>102</b>                                                      |
| <b>Three Months Ended June 30, 2022</b>                          |                 |                 |                                          |                                                                 |
| <b>Assets:</b>                                                   |                 |                 |                                          |                                                                 |
| <b>Bonds available for sale:</b>                                 |                 |                 |                                          |                                                                 |
| Obligations of states, municipalities and political subdivisions | \$ —            | (4) \$          | — \$                                     | (4)                                                             |
| Corporate debt                                                   | 14              | —               | (228)                                    | (214)                                                           |
| RMBS                                                             | 176             | —               | (442)                                    | (266)                                                           |
| CMBS                                                             | 76              | —               | 9                                        | 85                                                              |
| CLO/ABS                                                          | 1,245           | —               | (139)                                    | 1,106                                                           |
| <b>Total bonds available for sale</b>                            | <b>1,511</b>    | <b>(4)</b>      | <b>(800)</b>                             | <b>707</b>                                                      |
| <b>Other bond securities:</b>                                    |                 |                 |                                          |                                                                 |
| Corporate debt                                                   | 5               | —               | 42                                       | 47                                                              |
| RMBS                                                             | 14              | —               | (9)                                      | 5                                                               |
| CLO/ABS                                                          | 293             | —               | (136)                                    | 157                                                             |
| <b>Total other bond securities</b>                               | <b>312</b>      | <b>—</b>        | <b>(103)</b>                             | <b>209</b>                                                      |
| Equity securities                                                | 5               | —               | —                                        | 5                                                               |
| Other invested assets                                            | 259             | —               | (282)                                    | (23)                                                            |
| Other assets                                                     | —               | —               | (1)                                      | (1)                                                             |
| <b>Total</b>                                                     | <b>\$ 2,087</b> | <b>(4) \$</b>   | <b>(1,186) \$</b>                        | <b>897</b>                                                      |
| <b>Liabilities:</b>                                              |                 |                 |                                          |                                                                 |
| Policyholder contract deposits                                   | \$ —            | 222 \$          | 16 \$                                    | 238                                                             |
| Derivative liabilities, net                                      | (164)           | 1               | 46                                       | (117)                                                           |
| Fortitude Re funds withheld payable                              | —               | —               | (68)                                     | (68)                                                            |
| <b>Total</b>                                                     | <b>\$ (164)</b> | <b>223 \$</b>   | <b>(6) \$</b>                            | <b>53</b>                                                       |

| <i>(in millions)</i>                                             | Purchases       | Sales           | Issuances and Settlements <sup>(a)</sup> | Purchases, Sales, Issuances and Settlements, Net <sup>(a)</sup> |
|------------------------------------------------------------------|-----------------|-----------------|------------------------------------------|-----------------------------------------------------------------|
| <b>Six Months Ended June 30, 2023</b>                            |                 |                 |                                          |                                                                 |
| <b>Assets:</b>                                                   |                 |                 |                                          |                                                                 |
| <b>Bonds available for sale:</b>                                 |                 |                 |                                          |                                                                 |
| Obligations of states, municipalities and political subdivisions | \$ 1            | \$ (4)          | \$ (5)                                   | (8)                                                             |
| Corporate debt                                                   | 22              | —               | (396)                                    | (374)                                                           |
| RMBS                                                             | 401             | (61)            | (541)                                    | (201)                                                           |
| CMBS                                                             | 10              | (32)            | (17)                                     | (39)                                                            |
| CLO/ABS                                                          | 1,392           | (151)           | (11)                                     | 1,230                                                           |
| <b>Total bonds available for sale</b>                            | <b>1,826</b>    | <b>(248)</b>    | <b>(972)</b>                             | <b>606</b>                                                      |
| <b>Other bond securities:</b>                                    |                 |                 |                                          |                                                                 |
| Obligations of states, municipalities and political subdivisions | 3               | —               | —                                        | 3                                                               |
| Corporate debt                                                   | 87              | —               | (159)                                    | (72)                                                            |
| RMBS                                                             | 6               | —               | (22)                                     | (16)                                                            |
| CLO/ABS                                                          | 127             | —               | (33)                                     | 94                                                              |
| <b>Total other bond securities</b>                               | <b>223</b>      | <b>—</b>        | <b>(214)</b>                             | <b>9</b>                                                        |
| Equity securities                                                | 31              | —               | (2)                                      | 29                                                              |
| Other invested assets                                            | 152             | —               | (23)                                     | 129                                                             |
| Other assets                                                     | —               | —               | 4                                        | 4                                                               |
| <b>Total</b>                                                     | <b>\$ 2,232</b> | <b>\$ (248)</b> | <b>\$ (1,207)</b>                        | <b>777</b>                                                      |
| <b>Liabilities:</b>                                              |                 |                 |                                          |                                                                 |
| Policyholder contract deposits                                   | \$ —            | \$ 728          | \$ (92)                                  | 636                                                             |
| Derivative liabilities, net                                      | (450)           | 9               | 37                                       | (404)                                                           |
| Fortitude Re funds withheld payable                              | —               | —               | (868)                                    | (868)                                                           |
| <b>Total</b>                                                     | <b>\$ (450)</b> | <b>\$ 737</b>   | <b>\$ (923)</b>                          | <b>(636)</b>                                                    |
| <b>Six Months Ended June 30, 2022</b>                            |                 |                 |                                          |                                                                 |
| <b>Assets:</b>                                                   |                 |                 |                                          |                                                                 |
| <b>Bonds available for sale:</b>                                 |                 |                 |                                          |                                                                 |
| Obligations of states, municipalities and political subdivisions | \$ 1            | \$ (64)         | \$ (2)                                   | (65)                                                            |
| Corporate Debt                                                   | 23              | —               | (60)                                     | (37)                                                            |
| RMBS                                                             | 285             | —               | (1,159)                                  | (874)                                                           |
| CMBS                                                             | 146             | —               | (29)                                     | 117                                                             |
| CLO/ABS                                                          | 2,131           | —               | (480)                                    | 1,651                                                           |
| <b>Total bonds available for sale</b>                            | <b>2,586</b>    | <b>(64)</b>     | <b>(1,730)</b>                           | <b>792</b>                                                      |
| <b>Other bond securities:</b>                                    |                 |                 |                                          |                                                                 |
| Corporate debt                                                   | 24              | —               | 100                                      | 124                                                             |
| RMBS                                                             | 31              | —               | (17)                                     | 14                                                              |
| CLO/ABS                                                          | 616             | —               | (264)                                    | 352                                                             |
| <b>Total other bond securities</b>                               | <b>671</b>      | <b>—</b>        | <b>(181)</b>                             | <b>490</b>                                                      |
| Equity securities                                                | 5               | —               | 1                                        | 6                                                               |
| Other invested assets                                            | 517             | —               | (555)                                    | (38)                                                            |
| Other assets                                                     | —               | —               | (7)                                      | (7)                                                             |
| <b>Total</b>                                                     | <b>\$ 3,779</b> | <b>\$ (64)</b>  | <b>\$ (2,472)</b>                        | <b>1,243</b>                                                    |
| <b>Liabilities:</b>                                              |                 |                 |                                          |                                                                 |
| Policyholder contract deposits                                   | \$ —            | \$ 417          | \$ (58)                                  | 359                                                             |
| Derivative liabilities, net                                      | (249)           | 3               | 109                                      | (137)                                                           |
| Fortitude Re funds withheld payable                              | —               | —               | (466)                                    | (466)                                                           |
| <b>Total</b>                                                     | <b>\$ (249)</b> | <b>\$ 420</b>   | <b>\$ (415)</b>                          | <b>(244)</b>                                                    |

(a) There were no issuances during the three and six months ended June 30, 2023 and 2022.

Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 in the tables above. As a result, the unrealized gains (losses) on instruments held at June 30, 2023 and 2022 may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable inputs (e.g., changes in unobservable long-dated volatilities).

### Transfers of Level 3 Assets and Liabilities

The Net realized and unrealized gains (losses) included in income (loss) or OCI as shown in the table above excludes \$1 million and \$8 million of net gains (losses) related to assets and liabilities transferred into Level 3 during the three and six months ended June 30, 2023, respectively, and includes \$(9) million and \$(14) million of net gains (losses) related to assets and liabilities transferred out of Level 3 during the three and six months ended June 30, 2023, respectively.

The Net realized and unrealized gains (losses) included in income (loss) or OCI as shown in the table above excludes \$(38) million and \$(72) million of net gains (losses) related to assets and liabilities transferred into Level 3 during the three and six months ended June 30, 2022, respectively, and includes \$(38) million and \$(79) million of net gains (losses) related to assets and liabilities transferred out of Level 3 during the three and six months ended June 30, 2022, respectively.

### Transfers of Level 3 Assets

During the three and six months ended June 30, 2023 and 2022, transfers into Level 3 assets primarily included certain investments in private placement corporate debt, Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS) and Collateralized Loan Obligations (CLO)/Asset-Backed Securities (ABS). Transfers of private placement corporate debt and certain ABS into Level 3 assets were primarily the result of limited market pricing information that required us to determine fair value for these securities based on inputs that are adjusted to better reflect our own assumptions regarding the characteristics of a specific security or associated market liquidity. The transfers of investments in RMBS, CMBS and CLO and certain ABS into Level 3 assets were due to diminished market transparency and liquidity for individual security types.

During the three and six months ended June 30, 2023 and 2022, transfers out of Level 3 assets primarily included certain investments in private placement corporate debt, RMBS, CMBS and CLO/ABS. Transfers of private placement corporate debt and certain ABS into Level 3 assets were primarily the result of limited market pricing information that required us to determine fair value for these securities based on inputs that are adjusted to better reflect our own assumptions regarding the characteristics of a specific security or associated market liquidity. The transfers of investments in RMBS, CMBS and CLO and certain ABS into Level 3 assets were due to diminished market transparency and liquidity for individual security types.

### Transfers of Level 3 Liabilities

There were no significant transfers of derivative or other liabilities into or out of Level 3 for the three and six months ended June 30, 2023. During the three and six months ended June 30, 2022, transfers of derivatives into Level 3 were primarily due to increased long-dated European swaption activity with SOFR tenors.

## QUANTITATIVE INFORMATION ABOUT LEVEL 3 FAIR VALUE MEASUREMENTS

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level 3 instruments, and includes only those instruments for which information about the inputs is reasonably available to us, such as data from independent third-party valuation service providers. Because input information from third-parties with respect to certain Level 3 instruments (primarily CLO/ABS) may not be reasonably available to us, balances shown below may not equal total amounts reported for such Level 3 assets and liabilities:

| (in millions)                                                    | Fair Value at<br>June 30, 2023 | Valuation<br>Technique | Unobservable Input <sup>(b)</sup>   | Range<br>(Weighted Average) <sup>(c)</sup> |
|------------------------------------------------------------------|--------------------------------|------------------------|-------------------------------------|--------------------------------------------|
| <b>Assets:</b>                                                   |                                |                        |                                     |                                            |
| Obligations of states, municipalities and political subdivisions | \$ 846                         | Discounted cash flow   | Yield                               | 5.02% - 5.46% (5.24%)                      |
| Corporate debt                                                   | 1,570                          | Discounted cash flow   | Yield                               | 5.57% - 8.14% (6.85%)                      |
| RMBS <sup>(a)</sup>                                              | 5,107                          | Discounted cash flow   | Constant prepayment rate            | 4.76% - 10.21% (7.48%)                     |
|                                                                  |                                |                        | Loss severity                       | 44.40% - 77.42% (60.91%)                   |
|                                                                  |                                |                        | Constant default rate               | 0.84% - 2.71% (1.77%)                      |
|                                                                  |                                |                        | Yield                               | 4.37% - 8.40% (6.26%)                      |
| CLO/ABS <sup>(a)</sup>                                           | 11,234                         | Discounted cash flow   | Yield                               | 6.05% - 7.81% (6.93%)                      |
| CMBS                                                             | 533                            | Discounted cash flow   | Yield                               | 4.86% - 32.35% (14.68%)                    |
| Market risk benefit assets                                       | 954                            | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                                  |                                |                        | Base lapse rate                     | 0.16% - 28.80%                             |
|                                                                  |                                |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                                  |                                |                        | Mortality multiplier <sup>(e)</sup> | 38.25% - 160.01%                           |
|                                                                  |                                |                        | Utilization <sup>(g)</sup>          | 80.00% - 100.00%                           |
|                                                                  |                                |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                                  |                                |                        | NPA <sup>(f)</sup>                  | 0.34% - 2.23%                              |

| (in millions)                                         | Fair Value at<br>June 30, 2023 | Valuation<br>Technique | Unobservable Input <sup>(b)</sup>   | Range<br>(Weighted Average) <sup>(c)</sup> |
|-------------------------------------------------------|--------------------------------|------------------------|-------------------------------------|--------------------------------------------|
| <b>Liabilities<sup>(d)</sup>:</b>                     |                                |                        |                                     |                                            |
| Market risk benefit liabilities:                      |                                |                        |                                     |                                            |
| Variable annuities guaranteed benefits                | 2,044                          | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                       |                                |                        | Base lapse rate                     | 0.16% - 28.80%                             |
|                                                       |                                |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                |                        | Mortality multiplier <sup>(e)</sup> | 38.25% - 160.01%                           |
|                                                       |                                |                        | Utilization <sup>(g)</sup>          | 80.00% - 100.00%                           |
|                                                       |                                |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                       |                                |                        | NPA <sup>(f)</sup>                  | 0.34% - 2.23%                              |
| Fixed annuities guaranteed benefits                   | 886                            | Discounted cash flow   | Base lapse rate                     | 0.20% - 15.75%                             |
|                                                       |                                |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                |                        | Mortality multiplier <sup>(e)</sup> | 40.26% - 168.43%                           |
|                                                       |                                |                        | Utilization <sup>(g)</sup>          | 90.00% - 97.50%                            |
|                                                       |                                |                        | NPA <sup>(f)</sup>                  | 0.34% - 2.23%                              |
| Fixed index annuities guaranteed benefits             | 2,047                          | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                       |                                |                        | Base lapse rate                     | 0.20% - 50.00%                             |
|                                                       |                                |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                |                        | Mortality multiplier <sup>(e)</sup> | 24.00% - 180.00%                           |
|                                                       |                                |                        | Utilization <sup>(g)</sup>          | 60.00% - 97.50%                            |
|                                                       |                                |                        | Option budget                       | 0.00% - 6.00%                              |
|                                                       |                                |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                       |                                |                        | NPA <sup>(f)</sup>                  | 0.34% - 2.23%                              |
| Embedded derivatives within                           |                                |                        |                                     |                                            |
| Policyholder contract deposits:                       |                                |                        |                                     |                                            |
| Index credits on fixed index annuities <sup>(h)</sup> | 5,973                          | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                       |                                |                        | Base lapse rate                     | 0.20% - 50.00%                             |
|                                                       |                                |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                |                        | Mortality multiplier <sup>(e)</sup> | 24.00% - 180.00%                           |
|                                                       |                                |                        | Utilization <sup>(g)</sup>          | 60.00% - 97.50%                            |
|                                                       |                                |                        | Option budget                       | 0.00% - 6.00%                              |
|                                                       |                                |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                       |                                |                        | NPA <sup>(f)</sup>                  | 0.34% - 2.23%                              |
| Index life                                            | 840                            | Discounted cash flow   | Base lapse rate                     | 0.00% - 37.97%                             |
|                                                       |                                |                        | Mortality rate                      | 0.00% - 100.00%                            |
|                                                       |                                |                        | Equity volatility                   | 5.75% - 20.82%                             |
|                                                       |                                |                        | NPA <sup>(f)</sup>                  | 0.34% - 2.23%                              |

| (in millions)                                                    | Fair Value at<br>December 31, 2022 | Valuation<br>Technique | Unobservable Input <sup>(b)</sup>   | Range<br>(Weighted Average) <sup>(c)</sup> |
|------------------------------------------------------------------|------------------------------------|------------------------|-------------------------------------|--------------------------------------------|
| <b>Assets:</b>                                                   |                                    |                        |                                     |                                            |
| Obligations of states, municipalities and political subdivisions | \$ 799                             | Discounted cash flow   | Yield                               | 5.28% - 5.94% (5.61%)                      |
| Corporate debt                                                   | 2,527                              | Discounted cash flow   | Yield                               | 4.98% - 9.36% (7.17%)                      |
| RMBS <sup>(a)</sup>                                              | 5,235                              | Discounted cash flow   | Constant prepayment rate            | 4.89% - 10.49% (7.69%)                     |
|                                                                  |                                    |                        | Loss severity                       | 45.06% - 76.87% (60.97%)                   |
|                                                                  |                                    |                        | Constant default rate               | 0.82% - 2.72% (1.77%)                      |
|                                                                  |                                    |                        | Yield                               | 5.98% - 7.75% (6.87%)                      |
| CLO/ABS <sup>(a)</sup>                                           | 7,503                              | Discounted cash flow   | Yield                               | 6.00% - 7.97% (6.99%)                      |
| CMBS                                                             | 587                                | Discounted cash flow   | Yield                               | 4.06% - 13.14% (8.60%)                     |
| Market risk benefit assets                                       | 796                                | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                                  |                                    |                        | Base lapse rate                     | 0.16% - 28.80%                             |
|                                                                  |                                    |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                                  |                                    |                        | Mortality multiplier <sup>(e)</sup> | 38.25% - 160.01%                           |
|                                                                  |                                    |                        | Utilization <sup>(g)</sup>          | 80.00% - 100.00%                           |
|                                                                  |                                    |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                                  |                                    |                        | NPA <sup>(f)</sup>                  | 0.00% - 2.03%                              |

| (in millions)                                         | Fair Value at<br>December 31, 2022 | Valuation<br>Technique | Unobservable Input <sup>(b)</sup>   | Range<br>(Weighted Average) <sup>(c)</sup> |
|-------------------------------------------------------|------------------------------------|------------------------|-------------------------------------|--------------------------------------------|
| <b>Liabilities<sup>(d)</sup>:</b>                     |                                    |                        |                                     |                                            |
| Market risk benefit liabilities:                      |                                    |                        |                                     |                                            |
| Variable annuities guaranteed benefits                | 2,358                              | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                       |                                    |                        | Base lapse rate                     | 0.16% - 28.80%                             |
|                                                       |                                    |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                    |                        | Mortality multiplier <sup>(e)</sup> | 38.25% - 160.01%                           |
|                                                       |                                    |                        | Utilization <sup>(g)</sup>          | 80.00% - 100.00%                           |
|                                                       |                                    |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                       |                                    |                        | NPA <sup>(f)</sup>                  | 0.00% - 2.03%                              |
| Fixed annuities guaranteed benefits                   | 680                                | Discounted cash flow   | Base lapse rate                     | 0.20% - 15.75%                             |
|                                                       |                                    |                        | Dynamic lapse multiplier            | 20.00% - 186.16%                           |
|                                                       |                                    |                        | Mortality multiplier <sup>(e)</sup> | 40.26% - 168.43%                           |
|                                                       |                                    |                        | Utilization <sup>(g)</sup>          | 90.00% - 97.50%                            |
|                                                       |                                    |                        | NPA <sup>(f)</sup>                  | 0.00% - 2.03%                              |
| Fixed index annuities guaranteed benefits             | 1,698                              | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                       |                                    |                        | Base lapse rate                     | 0.20% - 50.00%                             |
|                                                       |                                    |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                    |                        | Mortality multiplier <sup>(e)</sup> | 24.00% - 180.00%                           |
|                                                       |                                    |                        | Utilization <sup>(g)</sup>          | 60.00% - 97.50%                            |
|                                                       |                                    |                        | Option budget                       | 0.00% - 5.00%                              |
|                                                       |                                    |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                       |                                    |                        | NPA <sup>(f)</sup>                  | 0.00% - 2.03%                              |
| Embedded derivatives within                           |                                    |                        |                                     |                                            |
| Policyholder contract deposits:                       |                                    |                        |                                     |                                            |
| Index credits on fixed index annuities <sup>(h)</sup> | 4,657                              | Discounted cash flow   | Equity volatility                   | 6.45% - 50.75%                             |
|                                                       |                                    |                        | Base lapse rate                     | 0.20% - 50.00%                             |
|                                                       |                                    |                        | Dynamic lapse multiplier            | 20.00% - 186.18%                           |
|                                                       |                                    |                        | Mortality multiplier <sup>(e)</sup> | 24.00% - 180.00%                           |
|                                                       |                                    |                        | Utilization <sup>(g)</sup>          | 60.00% - 97.50%                            |
|                                                       |                                    |                        | Option budget                       | 0.00% - 5.00%                              |
|                                                       |                                    |                        | Equity / interest rate correlation  | 0.00% - 30.00%                             |
|                                                       |                                    |                        | NPA <sup>(f)</sup>                  | 0.00% - 2.03%                              |
| Index life                                            | 710                                | Discounted cash flow   | Base lapse rate                     | 0.00% - 37.97%                             |
|                                                       |                                    |                        | Mortality rate                      | 0.00% - 100.00%                            |
|                                                       |                                    |                        | Equity volatility                   | 5.75% - 23.63%                             |
|                                                       |                                    |                        | NPA <sup>(f)</sup>                  | 0.00% - 2.03%                              |

(a) Information received from third-party valuation service providers. The ranges of the unobservable inputs for constant prepayment rate, loss severity and constant default rate relate to each of the individual underlying mortgage loans that comprise the entire portfolio of securities in the RMBS and CLO securitization vehicles and not necessarily to the securitization vehicle bonds (tranches) purchased by us. The ranges of these inputs do not directly correlate to changes in the fair values of the tranches purchased by us, because there are other factors relevant to the fair values of specific tranches owned by us including, but not limited to, purchase price, position in the waterfall, senior versus subordinated position and attachment points.

(b) Represents discount rates, estimates and assumptions that we believe would be used by market participants when valuing these assets and liabilities.

(c) The weighted averaging for fixed maturity securities is based on the estimated fair value of the securities. Because the valuation methodology for embedded derivatives with policyholder contract deposits and market risk benefits uses a range of inputs that vary at the contract level over the cash flow projection period, management believes that presenting a range, rather than weighted average, is a more meaningful representation of the unobservable inputs used in the valuation.

(d) The Fortitude Re funds withheld payable has been excluded from the above table. As discussed in Note 8, the Fortitude Re funds withheld payable is created through modco and funds withheld reinsurance arrangements where the investments supporting the reinsurance agreements are withheld by, and continue to reside on AIG's balance sheet. This embedded derivative is valued as a total return swap with reference to the fair value of the invested assets held by AIG. Accordingly, the unobservable inputs utilized in the valuation of the embedded derivative are a component of the invested assets supporting the reinsurance agreements that are held on AIG's balance sheet.

(e) Mortality inputs are shown as multipliers of the 2012 Individual Annuity Mortality Basic table.

(f) The NPA applied as a spread over risk-free curve for discounting.

(g) The partial withdrawal utilization unobservable input range shown applies only to policies with guaranteed minimum withdrawal benefit riders. The total embedded derivative liability at June 30, 2023 and December 31, 2022 was approximately \$1.5 billion and \$1.1 billion, respectively.

(h) The fixed index annuities embedded derivative associated with index credits related to the contracts with guaranteed product features included in policyholder contract deposits was \$1.5 billion and \$1.1 billion at June 30, 2023 and December 31, 2022, respectively.

The ranges of reported inputs for Obligations of states, municipalities and political subdivisions, Corporate debt, RMBS, CLO/ABS, and CMBS valued using a discounted cash flow technique consist of one standard deviation in either direction from the value-weighted average. The preceding table does not give effect to our risk management practices that might offset risks inherent in these Level 3 assets and liabilities.

### Interrelationships Between Unobservable Inputs

We consider unobservable inputs to be those for which market data is not available and that are developed using the best information available to us about the assumptions that market participants would use when pricing the asset or liability. Relevant inputs vary depending on the nature of the instrument being measured at fair value. The following paragraphs provide a general description of significant unobservable inputs along with interrelationships between and among the significant unobservable inputs and their impact on the fair value measurements. In practice, simultaneous changes in assumptions may not always have a linear effect on the inputs discussed below. Interrelationships may also exist between observable and unobservable inputs. Such relationships have not been included in the discussion below. For each of the individual relationships described below, the inverse relationship would also generally apply.

### Fixed Maturity Securities

The significant unobservable input used in the fair value measurement of fixed maturity securities is yield. The yield is affected by the market movements in credit spreads and U.S. Treasury yields. The yield may be affected by other factors including constant prepayment rates, loss severity, and constant default rates. In general, increases in the yield would decrease the fair value of investments, and conversely, decreases in the yield would increase the fair value of investments.

### MRBs and Embedded Derivatives within Policyholder Contract Deposits

For MRBs and embedded derivatives, the assumptions for unobservable inputs vary throughout the period over which cash flows are projected for valuation purposes. The following are applicable unobservable inputs:

- Long-term equity volatilities represent equity volatility beyond the period for which observable equity volatilities are available. Increases in assumed volatility will generally increase the fair value of both the projected cash flows from rider fees as well as the projected cash flows related to benefit payments. Therefore, the net change in the fair value of the liability may be either a decrease or an increase, depending on the relative changes in projected rider fees and projected benefit payments.
- Equity and interest rate correlation estimates the relationship between changes in equity returns and interest rates in the economic scenario generator used to value our MRBs. In general, a higher positive correlation assumes that equity markets and interest rates move in a more correlated fashion, which generally increases the fair value of the liability. Only our fixed index annuities with a Guaranteed Minimum Withdrawal Benefits (GMWB) rider are subject to the equity and interest correlation assumption. Other policies such as accumulation fixed index annuity and life products do not use a correlation assumption.
- Base lapse rate assumptions are determined by company experience and judgment and are adjusted at the contract level using a dynamic lapse function, which reduces the base lapse rate when the contract is in-the-money (when the contract holder's guaranteed value, as estimated by the company, is worth more than their underlying account value). Lapse rates are also generally assumed to be lower in periods when a surrender charge applies. Increases in assumed lapse rates will generally decrease the fair value of the liability as fewer policyholders would persist to collect guaranteed benefit amounts.
- Mortality rate assumptions, which vary by age and gender, are based on company experience and include a mortality improvement assumption. Increases in assumed mortality rates will decrease the fair value of the GMWB liability, while lower mortality rate assumptions will generally increase the fair value of the liability because guaranteed withdrawal payments will be made for a longer period of time and generally exceed any decrease in guaranteed death benefits.
- Utilization assumptions estimate the timing when policyholders with a GMWB will elect to utilize their benefit and begin taking withdrawals. The assumptions may vary by the type of guarantee, tax-qualified status, the contract's withdrawal history and the age of the policyholder. Utilization assumptions are based on company experience, which includes partial withdrawal behavior. Increases in assumed utilization rates will generally increase the fair value of the liability.
- Non-performance or "own credit" risk adjustment used in the valuation of MRBs and embedded derivatives, which reflects a market participant's view of our claims-paying ability by incorporating a different spread (the NPA spread) to the curve used to discount projected benefit cash flows. When corporate credit spreads widen, the change in the NPA spread generally reduces the fair value of the MRBs and embedded derivatives, resulting in a gain in AOCI or Net realized gains (losses), respectively, and when corporate credit spreads narrow or tighten, the change in the NPA spread generally increases the fair value of the MRBs and embedded derivatives, resulting in a loss in AOCI or Net realized gains (losses), respectively.
- The projected cash flows incorporate best estimate assumptions for policyholder behavior (including mortality, lapses, withdrawals and benefit utilization), along with an explicit risk margin to reflect a market participant's estimates of projected cash flows and policyholder behavior. Estimates of future policyholder behavior assumptions are subjective and based primarily on our historical experience.

- For embedded derivatives, option budgets estimate the expected long-term cost of options used to hedge exposures associated with index price changes. The level of option budgets determines future costs of the options, which impacts the growth in account value and the valuation of embedded derivatives.

### Embedded Derivatives within Reinsurance Contracts

The fair value of embedded derivatives associated with funds withheld reinsurance contracts is determined based upon a total return swap technique with reference to the fair value of the investments held by AIG related to AIG's funds withheld payable. The fair value of the underlying assets is generally based on market observable inputs using industry standard valuation techniques. The valuation also requires certain significant inputs, which are generally not observable, and accordingly, the valuation is considered Level 3 in the fair value hierarchy.

## INVESTMENTS IN CERTAIN ENTITIES CARRIED AT FAIR VALUE USING NET ASSET VALUE PER SHARE

The following table includes information related to our investments in certain other invested assets, including private equity funds, hedge funds and other alternative investments that calculate net asset value per share (or its equivalent). For these investments, which are measured at fair value on a recurring basis, we use the net asset value per share to measure fair value.

| (in millions)                     | Investment Category Includes                                                                                                                                                              | June 30, 2023                                               |                         | December 31, 2022                                           |                         |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------|-------------------------------------------------------------|-------------------------|
|                                   |                                                                                                                                                                                           | Fair Value<br>Using NAV<br>Per Share (or<br>its equivalent) | Unfunded<br>Commitments | Fair Value<br>Using NAV<br>Per Share (or<br>its equivalent) | Unfunded<br>Commitments |
| <b>Investment Category</b>        |                                                                                                                                                                                           |                                                             |                         |                                                             |                         |
| <b>Private equity funds:</b>      |                                                                                                                                                                                           |                                                             |                         |                                                             |                         |
| Leveraged buyout                  | Debt and/or equity investments made as part of a transaction in which assets of mature companies are acquired from the current shareholders, typically with the use of financial leverage | \$ 3,423                                                    | \$ 2,185                | \$ 3,146                                                    | \$ 2,448                |
| Real assets                       | Investments in real estate properties, agricultural and infrastructure assets, including power plants and other energy producing assets                                                   | 1,855                                                       | 844                     | 1,851                                                       | 840                     |
| Venture capital                   | Early-stage, high-potential, growth companies expected to generate a return through an eventual realization event, such as an initial public offering or sale of the company              | 269                                                         | 161                     | 272                                                         | 183                     |
| Growth equity                     | Funds that make investments in established companies for the purpose of growing their businesses                                                                                          | 703                                                         | 45                      | 732                                                         | 60                      |
| Mezzanine                         | Funds that make investments in the junior debt and equity securities of leveraged companies                                                                                               | 579                                                         | 149                     | 598                                                         | 142                     |
| Other                             | Includes distressed funds that invest in securities of companies that are in default or under bankruptcy protection, as well as funds that have multi- strategy, and other strategies     | 1,954                                                       | 272                     | 1,829                                                       | 391                     |
| <b>Total private equity funds</b> |                                                                                                                                                                                           | <b>8,783</b>                                                | <b>3,656</b>            | <b>8,428</b>                                                | <b>4,064</b>            |
| <b>Hedge funds:</b>               |                                                                                                                                                                                           |                                                             |                         |                                                             |                         |
| Event-driven                      | Securities of companies undergoing material structural changes, including mergers, acquisitions and other reorganizations                                                                 | 19                                                          | —                       | 92                                                          | —                       |
| Long-short                        | Securities that the manager believes are undervalued, with corresponding short positions to hedge market risk                                                                             | 670                                                         | —                       | 696                                                         | —                       |
| Macro                             | Investments that take long and short positions in financial instruments based on a top-down view of certain economic and capital market conditions                                        | 191                                                         | —                       | 414                                                         | —                       |
| Other                             | Includes investments held in funds that are less liquid, as well as other strategies which allow for broader allocation between public and private investments                            | 149                                                         | —                       | 192                                                         | —                       |
| <b>Total hedge funds</b>          |                                                                                                                                                                                           | <b>1,029</b>                                                | <b>—</b>                | <b>1,394</b>                                                | <b>—</b>                |
| <b>Total</b>                      |                                                                                                                                                                                           | <b>\$ 9,812</b>                                             | <b>\$ 3,656</b>         | <b>\$ 9,822</b>                                             | <b>\$ 4,064</b>         |

Private equity fund investments included above are not redeemable, because distributions from the funds will be received when underlying investments of the funds are liquidated. Private equity funds are generally expected to have 10-year lives at their inception, but these lives may be extended at the fund manager's discretion, typically in one-year or two-year increments.

The hedge fund investments included above, which are carried at fair value, are generally redeemable subject to the redemption notices period. The majority of our hedge fund investments are redeemable monthly or quarterly.

## FAIR VALUE OPTION

The following table presents the gains or losses recorded related to the eligible instruments for which we elected the fair value option:

| (in millions)                          | Gain (Loss) Three Months Ended June 30, |                 | Gain (Loss) Six Months Ended June 30, |                 |
|----------------------------------------|-----------------------------------------|-----------------|---------------------------------------|-----------------|
|                                        | 2023                                    | 2022            | 2023                                  | 2022            |
| <b>Assets:</b>                         |                                         |                 |                                       |                 |
| Other bond securities <sup>(a)</sup>   | \$ (1)                                  | \$ (355)        | \$ 135                                | \$ (674)        |
| Alternative investments <sup>(b)</sup> | 134                                     | (167)           | 211                                   | 231             |
| <b>Liabilities:</b>                    |                                         |                 |                                       |                 |
| Long-term debt <sup>(c)</sup>          | 3                                       | 68              | 2                                     | 171             |
| <b>Total gain (loss)</b>               | <b>\$ 136</b>                           | <b>\$ (454)</b> | <b>\$ 348</b>                         | <b>\$ (272)</b> |

(a) Includes certain securities supporting the funds withheld arrangements with Fortitude Re. For additional information regarding the gains and losses for Other bond securities, see Note 6. For additional information regarding the funds withheld arrangements with Fortitude Re, see Note 8.

(b) Includes certain hedge funds, private equity funds and other investment partnerships.

(c) Includes guaranteed investment agreements (GIAs), notes, bonds and mortgages payable.

We calculate the effect of these credit spread changes using discounted cash flow techniques that incorporate current market interest rates, our observable credit spreads on these liabilities and other factors that mitigate the risk of nonperformance such as cash collateral posted.

The following table presents the difference between fair value and the aggregate contractual principal amount of long-term debt for which the fair value option was elected:

| (in millions)       | June 30, 2023 |                              |            | December 31, 2022 |                              |            |
|---------------------|---------------|------------------------------|------------|-------------------|------------------------------|------------|
|                     | Fair Value    | Outstanding Principal Amount | Difference | Fair Value        | Outstanding Principal Amount | Difference |
| <b>Liabilities:</b> |               |                              |            |                   |                              |            |
| Long-term debt*     | \$ 50         | \$ 41                        | \$ 9       | \$ 56             | \$ 45                        | \$ 11      |

\* Includes GIAs, notes, bonds, loans and mortgages payable.

## FAIR VALUE MEASUREMENTS ON A NON-RECURRING BASIS

The following table presents assets measured at fair value on a non-recurring basis at the time of impairment and the related impairment charges recorded during the periods presented:

| (in millions)     | Assets at Fair Value |         |         |      |       | Impairment Charges             |      |                              |    |    |   |
|-------------------|----------------------|---------|---------|------|-------|--------------------------------|------|------------------------------|----|----|---|
|                   | Non-Recurring Basis  |         |         |      | Total | Three Months Ended<br>June 30, |      | Six Months Ended<br>June 30, |    |    |   |
|                   | Level 1              | Level 2 | Level 3 | 2023 |       | 2022                           | 2023 | 2022                         |    |    |   |
| June 30, 2023     |                      |         |         |      |       |                                |      |                              |    |    |   |
| Other assets      | \$                   | —       | \$      | —    | \$ 12 | \$                             | 8    | \$                           | 17 | \$ | — |
| Total             | \$                   | —       | \$      | —    | \$ 12 | \$                             | 8    | \$                           | 17 | \$ | — |
| December 31, 2022 |                      |         |         |      |       |                                |      |                              |    |    |   |
| Other investments | \$                   | —       | \$      | —    | \$ 12 |                                |      |                              |    |    |   |
| Total             | \$                   | —       | \$      | —    | \$ 12 |                                |      |                              |    |    |   |

In addition to the assets presented in the table above, AIG had \$36 million and \$163 million of loans held for sale which are carried at fair value at June 30, 2023 and December 31, 2022, respectively. There are no associated impairment charges.

**FAIR VALUE INFORMATION ABOUT FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE**

The following table presents the carrying amounts and estimated fair values of our financial instruments not measured at fair value and indicates the level in the fair value hierarchy of the estimated fair value measurement based on the observability of the inputs used:

| (in millions)                                                            | Estimated Fair Value |         |           |           | Carrying Value |
|--------------------------------------------------------------------------|----------------------|---------|-----------|-----------|----------------|
|                                                                          | Level 1              | Level 2 | Level 3   | Total     |                |
| <b>June 30, 2023</b>                                                     |                      |         |           |           |                |
| <b>Assets:</b>                                                           |                      |         |           |           |                |
| Mortgage and other loans receivable                                      | \$ —                 | \$ 273  | \$ 47,727 | \$ 48,000 | \$ 51,569      |
| Other invested assets                                                    | —                    | 853     | 6         | 859       | 858            |
| Short-term investments                                                   | —                    | 6,677   | —         | 6,677     | 6,677          |
| Cash                                                                     | 2,283                | —       | —         | 2,283     | 2,283          |
| Other assets                                                             | 35                   | 2       | —         | 37        | 37             |
| <b>Liabilities:</b>                                                      |                      |         |           |           |                |
| Policyholder contract deposits associated with investment-type contracts | —                    | 106     | 136,027   | 136,133   | 139,239        |
| Fortitude Re funds withheld payable                                      | —                    | —       | 31,706    | 31,706    | 31,706         |
| Other liabilities                                                        | —                    | 532     | —         | 532       | 532            |
| Short-term and long-term debt*                                           | —                    | 19,395  | 261       | 19,656    | 21,302         |
| Debt of consolidated investment entities                                 | —                    | 89      | 2,676     | 2,765     | 2,793          |
| Separate account liabilities - investment contracts                      | —                    | 85,761  | —         | 85,761    | 85,761         |
| <b>December 31, 2022</b>                                                 |                      |         |           |           |                |
| <b>Assets:</b>                                                           |                      |         |           |           |                |
| Mortgage and other loans receivable                                      | \$ —                 | \$ 89   | \$ 45,755 | \$ 45,844 | \$ 49,442      |
| Other invested assets                                                    | —                    | 848     | 6         | 854       | 854            |
| Short-term investments                                                   | —                    | 6,668   | —         | 6,668     | 6,668          |
| Cash                                                                     | 2,043                | —       | —         | 2,043     | 2,043          |
| Other assets                                                             | 24                   | 9       | —         | 33        | 33             |
| <b>Liabilities:</b>                                                      |                      |         |           |           |                |
| Policyholder contract deposits associated with investment-type contracts | —                    | 119     | 129,174   | 129,293   | 137,086        |
| Fortitude Re funds withheld payable                                      | —                    | —       | 32,618    | 32,618    | 32,618         |
| Other liabilities                                                        | —                    | 3,101   | —         | 3,101     | 3,101          |
| Short-term and long-term debt                                            | —                    | 19,328  | 275       | 19,603    | 21,243         |
| Debt of consolidated investment entities                                 | —                    | 3,055   | 2,478     | 5,533     | 5,880          |
| Separate account liabilities - investment contracts                      | —                    | 80,649  | —         | 80,649    | 80,649         |

\* Excludes \$267 million reclassified to Liabilities held for sale on the Condensed Consolidated Balance Sheets.

## 6. Investments

### SECURITIES AVAILABLE FOR SALE

The following table presents the amortized cost and fair value of our available for sale securities:

| <i>(in millions)</i>                                             | Amortized<br>Cost | Allowance<br>for Credit<br>Losses <sup>(a)</sup> | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value     |
|------------------------------------------------------------------|-------------------|--------------------------------------------------|------------------------------|-------------------------------|-------------------|
| <b>June 30, 2023</b>                                             |                   |                                                  |                              |                               |                   |
| <b>Bonds available for sale:</b>                                 |                   |                                                  |                              |                               |                   |
| U.S. government and government sponsored entities                | \$ 6,485          | \$ —                                             | \$ 17                        | \$ (333)                      | \$ 6,169          |
| Obligations of states, municipalities and political subdivisions | 11,982            | —                                                | 107                          | (943)                         | 11,146            |
| Non-U.S. governments                                             | 14,087            | (11)                                             | 97                           | (1,665)                       | 12,508            |
| Corporate debt                                                   | 153,633           | (67)                                             | 1,122                        | (21,385)                      | 133,303           |
| <b>Mortgage-backed, asset-backed and collateralized:</b>         |                   |                                                  |                              |                               |                   |
| RMBS                                                             | 19,353            | (26)                                             | 856                          | (1,289)                       | 18,894            |
| CMBS                                                             | 15,258            | (19)                                             | 13                           | (1,503)                       | 13,749            |
| CLO/ABS                                                          | 28,437            | (2)                                              | 99                           | (1,773)                       | 26,761            |
| <b>Total mortgage-backed, asset-backed and collateralized</b>    | <b>63,048</b>     | <b>(47)</b>                                      | <b>968</b>                   | <b>(4,565)</b>                | <b>59,404</b>     |
| <b>Total bonds available for sale<sup>(b)</sup></b>              | <b>\$ 249,235</b> | <b>\$ (125)</b>                                  | <b>\$ 2,311</b>              | <b>\$ (28,891)</b>            | <b>\$ 222,530</b> |
| <b>December 31, 2022</b>                                         |                   |                                                  |                              |                               |                   |
| <b>Bonds available for sale:</b>                                 |                   |                                                  |                              |                               |                   |
| U.S. government and government sponsored entities                | \$ 7,094          | \$ —                                             | \$ 21                        | \$ (496)                      | \$ 6,619          |
| Obligations of states, municipalities and political subdivisions | 13,195            | —                                                | 99                           | (1,195)                       | 12,099            |
| Non-U.S. governments                                             | 15,133            | (6)                                              | 91                           | (1,733)                       | 13,485            |
| Corporate debt                                                   | 160,242           | (132)                                            | 1,152                        | (23,423)                      | 137,839           |
| <b>Mortgage-backed, asset-backed and collateralized:</b>         |                   |                                                  |                              |                               |                   |
| RMBS                                                             | 19,584            | (37)                                             | 807                          | (1,537)                       | 18,817            |
| CMBS                                                             | 15,610            | (11)                                             | 14                           | (1,420)                       | 14,193            |
| CLO/ABS                                                          | 25,135            | —                                                | 38                           | (2,069)                       | 23,104            |
| <b>Total mortgage-backed, asset-backed and collateralized</b>    | <b>60,329</b>     | <b>(48)</b>                                      | <b>859</b>                   | <b>(5,026)</b>                | <b>56,114</b>     |
| <b>Total bonds available for sale<sup>(b)</sup></b>              | <b>\$ 255,993</b> | <b>\$ (186)</b>                                  | <b>\$ 2,222</b>              | <b>\$ (31,873)</b>            | <b>\$ 226,156</b> |

(a) Represents the allowance for credit losses that has been recognized. Changes in the allowance for credit losses are recorded through Net realized gains (losses) and are not recognized in OCI.

(b) At June 30, 2023 and December 31, 2022, the fair value of bonds available for sale held by us that were below investment grade or not rated totaled \$17.8 billion or 8 percent and \$22.3 billion or 10 percent, respectively.

## Securities Available for Sale in a Loss Position for Which No Allowance for Credit Loss Has Been Recorded

The following table summarizes the fair value and gross unrealized losses on our available for sale securities, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position for which no allowance for credit loss has been recorded:

|                                                                  | Less than 12 Months |                         | 12 Months or More |                         | Total             |                         |
|------------------------------------------------------------------|---------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|
|                                                                  | Fair Value          | Gross Unrealized Losses | Fair Value        | Gross Unrealized Losses | Fair Value        | Gross Unrealized Losses |
| <i>(in millions)</i>                                             |                     |                         |                   |                         |                   |                         |
| <b>June 30, 2023</b>                                             |                     |                         |                   |                         |                   |                         |
| <b>Bonds available for sale:</b>                                 |                     |                         |                   |                         |                   |                         |
| U.S. government and government sponsored entities                | \$ 5,299            | \$ 314                  | \$ 213            | \$ 19                   | \$ 5,512          | \$ 333                  |
| Obligations of states, municipalities and political subdivisions | 7,172               | 861                     | 769               | 82                      | 7,941             | 943                     |
| Non-U.S. governments                                             | 10,200              | 1,647                   | 438               | 18                      | 10,638            | 1,665                   |
| Corporate debt                                                   | 88,949              | 15,831                  | 28,260            | 5,538                   | 117,209           | 21,369                  |
| RMBS                                                             | 8,305               | 687                     | 3,775             | 560                     | 12,080            | 1,247                   |
| CMBS                                                             | 8,162               | 851                     | 4,569             | 650                     | 12,731            | 1,501                   |
| CLO/ABS                                                          | 11,969              | 698                     | 10,096            | 1,075                   | 22,065            | 1,773                   |
| <b>Total bonds available for sale</b>                            | <b>\$ 140,056</b>   | <b>\$ 20,889</b>        | <b>\$ 48,120</b>  | <b>\$ 7,942</b>         | <b>\$ 188,176</b> | <b>\$ 28,831</b>        |
| <b>December 31, 2022</b>                                         |                     |                         |                   |                         |                   |                         |
| <b>Bonds available for sale:</b>                                 |                     |                         |                   |                         |                   |                         |
| U.S. government and government sponsored entities                | \$ 3,493            | \$ 368                  | \$ 1,816          | \$ 128                  | \$ 5,309          | \$ 496                  |
| Obligations of states, municipalities and political subdivisions | 8,697               | 1,180                   | 73                | 15                      | 8,770             | 1,195                   |
| Non-U.S. governments                                             | 10,702              | 1,526                   | 779               | 191                     | 11,481            | 1,717                   |
| Corporate debt                                                   | 110,683             | 19,756                  | 13,778            | 3,609                   | 124,461           | 23,365                  |
| RMBS                                                             | 10,953              | 1,293                   | 1,005             | 182                     | 11,958            | 1,475                   |
| CMBS                                                             | 11,620              | 1,094                   | 1,728             | 326                     | 13,348            | 1,420                   |
| CLO/ABS                                                          | 16,852              | 1,388                   | 4,307             | 681                     | 21,159            | 2,069                   |
| <b>Total bonds available for sale</b>                            | <b>\$ 173,000</b>   | <b>\$ 26,605</b>        | <b>\$ 23,486</b>  | <b>\$ 5,132</b>         | <b>\$ 196,486</b> | <b>\$ 31,737</b>        |

At June 30, 2023, we held 32,032 individual fixed maturity securities that were in an unrealized loss position and for which no allowance for credit losses has been recorded (including 7,063 individual fixed maturity securities that were in a continuous unrealized loss position for 12 months or more). At December 31, 2022, we held 36,549 individual fixed maturity securities that were in an unrealized loss position and for which no allowance for credit losses has been recorded (including 4,048 individual fixed maturity securities that were in a continuous unrealized loss position for 12 months or more). We did not recognize the unrealized losses in earnings on these fixed maturity securities at June 30, 2023 because it was determined that such losses were due to non-credit factors. Additionally, we neither intend to sell the securities nor do we believe that it is more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. For fixed maturity securities with significant declines, we performed fundamental credit analyses on a security-by-security basis, which included consideration of credit enhancements, liquidity position, expected defaults, industry and sector analysis, forecasts and available market data.

## Contractual Maturities of Fixed Maturity Securities Available for Sale

The following table presents the amortized cost and fair value of fixed maturity securities available for sale by contractual maturity:

| (in millions)                                    | Total Fixed Maturity Securities Available for Sale |                   |
|--------------------------------------------------|----------------------------------------------------|-------------------|
|                                                  | Amortized Cost, Net of Allowance                   | Fair Value        |
| <b>June 30, 2023</b>                             |                                                    |                   |
| Due in one year or less                          | \$ 9,123                                           | \$ 9,000          |
| Due after one year through five years            | 45,775                                             | 43,487            |
| Due after five years through ten years           | 41,559                                             | 37,535            |
| Due after ten years                              | 89,652                                             | 73,104            |
| Mortgage-backed, asset-backed and collateralized | 63,001                                             | 59,404            |
| <b>Total</b>                                     | <b>\$ 249,110</b>                                  | <b>\$ 222,530</b> |

Actual maturities may differ from contractual maturities because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

The following table presents the gross realized gains and gross realized losses from sales or maturities of our available for sale securities:

| (in millions)             | Three Months Ended June 30, |                       |                      |                       | Six Months Ended June 30, |                       |                      |                       |
|---------------------------|-----------------------------|-----------------------|----------------------|-----------------------|---------------------------|-----------------------|----------------------|-----------------------|
|                           | 2023                        |                       | 2022                 |                       | 2023                      |                       | 2022                 |                       |
|                           | Gross Realized Gains        | Gross Realized Losses | Gross Realized Gains | Gross Realized Losses | Gross Realized Gains      | Gross Realized Losses | Gross Realized Gains | Gross Realized Losses |
| Fixed maturity securities | \$ 83                       | \$ 424                | \$ 186               | \$ 790                | \$ 229                    | \$ 1,022              | \$ 283               | \$ 1,026              |

For the three and six months ended June 30, 2023, the aggregate fair value of available for sale securities sold was \$5.8 billion and \$16.6 billion, respectively, which resulted in net realized gains (losses) of \$(341) million and \$(793) million, respectively. Included within the net realized gains (losses) are \$(54) million and \$(119) million of net realized gains (losses) for the three and six months ended June 30, 2023, respectively, which relate to Fortitude Re funds withheld assets. These net realized gains (losses) are included in Net realized gains (losses) on Fortitude Re funds withheld assets.

For the three and six months ended June 30, 2022, the aggregate fair value of available for sale securities sold was \$9.2 billion and \$14.0 billion, respectively, which resulted in net realized gains (losses) of \$(604) million and \$(743) million, respectively. Included within the net realized gains (losses) are \$(122) million and \$(154) million of net realized gains (losses) for the three and six months ended June 30, 2022, respectively, which relate to Fortitude Re funds withheld assets. These net realized gains (losses) are included in Net realized gains (losses) on Fortitude Re funds withheld assets.

## OTHER SECURITIES MEASURED AT FAIR VALUE

The following table presents the fair value of fixed maturity securities measured at fair value based on our election of the fair value option, which are reported in the other bond securities caption in the financial statements, and equity securities measured at fair value:

| (in millions)                                                    | June 30, 2023   |                  | December 31, 2022 |                  |
|------------------------------------------------------------------|-----------------|------------------|-------------------|------------------|
|                                                                  | Fair Value      | Percent of Total | Fair Value        | Percent of Total |
| <b>Fixed maturity securities:</b>                                |                 |                  |                   |                  |
| U.S. government and government sponsored entities                | \$ —            | — %              | \$ —              | — %              |
| Obligations of states, municipalities and political subdivisions | 111             | 2                | 111               | 2                |
| Non-U.S. governments                                             | 46              | 1                | 66                | 1                |
| Corporate debt                                                   | 2,577           | 46               | 2,392             | 47               |
| <b>Mortgage-backed, asset-backed and collateralized:</b>         |                 |                  |                   |                  |
| RMBS                                                             | 358             | 6                | 286               | 6                |
| CMBS                                                             | 309             | 6                | 331               | 7                |
| CLO/ABS and other collateralized                                 | 1,540           | 27               | 1,299             | 26               |
| <b>Total mortgage-backed, asset-backed and collateralized</b>    | <b>2,207</b>    | <b>39</b>        | <b>1,916</b>      | <b>39</b>        |
| <b>Total fixed maturity securities</b>                           | <b>4,941</b>    | <b>88</b>        | <b>4,485</b>      | <b>89</b>        |
| <b>Equity securities</b>                                         | <b>660</b>      | <b>12</b>        | <b>575</b>        | <b>11</b>        |
| <b>Total</b>                                                     | <b>\$ 5,601</b> | <b>100 %</b>     | <b>\$ 5,060</b>   | <b>100 %</b>     |

## OTHER INVESTED ASSETS

The following table summarizes the carrying amounts of other invested assets:

| (in millions)                             | June 30, 2023    | December 31, 2022 |
|-------------------------------------------|------------------|-------------------|
| Alternative investments <sup>(a)(b)</sup> | \$ 11,792        | \$ 11,809         |
| Investment real estate <sup>(c)</sup>     | 2,218            | 2,153             |
| All other investments <sup>(d)</sup>      | 2,057            | 1,991             |
| <b>Total</b>                              | <b>\$ 16,067</b> | <b>\$ 15,953</b>  |

(a) At June 30, 2023, included hedge funds of \$1.0 billion and private equity funds of \$10.8 billion. At December 31, 2022, included hedge funds of \$1.4 billion and private equity funds of \$10.4 billion.

(b) At June 30, 2023, approximately 51 percent of our hedge fund portfolio is available for redemption in 2023. The remaining 49 percent will be available for redemption between 2024 and 2028.

(c) Represents values net of accumulated depreciation. At June 30, 2023 and December 31, 2022, the accumulated depreciation was \$806 million and \$786 million, respectively.

(d) Includes AIG's ownership interest in Fortitude Group Holdings, LLC (FRL), which is recorded using the measurement alternative for equity securities. Our investment in FRL totaled \$156 million and \$156 million at June 30, 2023 and December 31, 2022, respectively.

## NET INVESTMENT INCOME

The following table presents the components of Net investment income:

| Three Months Ended June 30,<br><br>(in millions)                                  | 2023                                               |                                          |                 | 2022                                               |                                          |                 |
|-----------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------|----------------------------------------------------|------------------------------------------|-----------------|
|                                                                                   | Excluding Fortitude<br>Re Funds<br>Withheld Assets | Fortitude Re<br>Funds Withheld<br>Assets | Total           | Excluding Fortitude<br>Re Funds<br>Withheld Assets | Fortitude Re<br>Funds Withheld<br>Assets | Total           |
| Available for sale fixed maturity securities,<br>including short-term investments | \$ 2,629                                           | \$ 232                                   | \$ 2,861        | \$ 2,147                                           | \$ 267                                   | \$ 2,414        |
| Other fixed maturity securities <sup>(a)</sup>                                    | 8                                                  | (7)                                      | 1               | (175)                                              | (180)                                    | (355)           |
| Equity securities                                                                 | 43                                                 | —                                        | 43              | (30)                                               | —                                        | (30)            |
| Interest on mortgage and other loans                                              | 625                                                | 58                                       | 683             | 460                                                | 51                                       | 511             |
| Alternative investments <sup>(b)</sup>                                            | 147                                                | 13                                       | 160             | 109                                                | 56                                       | 165             |
| Real estate                                                                       | 17                                                 | —                                        | 17              | 32                                                 | —                                        | 32              |
| Other investments <sup>(c)</sup>                                                  | 8                                                  | 1                                        | 9               | 37                                                 | 3                                        | 40              |
| <b>Total investment income</b>                                                    | <b>3,477</b>                                       | <b>297</b>                               | <b>3,774</b>    | <b>2,580</b>                                       | <b>197</b>                               | <b>2,777</b>    |
| <b>Investment expenses</b>                                                        | <b>197</b>                                         | <b>6</b>                                 | <b>203</b>      | <b>164</b>                                         | <b>9</b>                                 | <b>173</b>      |
| <b>Net investment income</b>                                                      | <b>\$ 3,280</b>                                    | <b>\$ 291</b>                            | <b>\$ 3,571</b> | <b>\$ 2,416</b>                                    | <b>\$ 188</b>                            | <b>\$ 2,604</b> |

| Six Months Ended June 30,<br><br>(in millions)                                    | 2023                                               |                                          |                 | 2022                                               |                                          |                 |
|-----------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------|----------------------------------------------------|------------------------------------------|-----------------|
|                                                                                   | Excluding Fortitude<br>Re Funds<br>Withheld Assets | Fortitude Re<br>Funds Withheld<br>Assets | Total           | Excluding Fortitude<br>Re Funds<br>Withheld Assets | Fortitude Re<br>Funds Withheld<br>Assets | Total           |
| Available for sale fixed maturity securities,<br>including short-term investments | \$ 5,175                                           | \$ 475                                   | \$ 5,650        | \$ 4,188                                           | \$ 568                                   | \$ 4,756        |
| Other fixed maturity securities <sup>(a)</sup>                                    | 20                                                 | 116                                      | 136             | (376)                                              | (298)                                    | (674)           |
| Equity securities                                                                 | 94                                                 | —                                        | 94              | (57)                                               | —                                        | (57)            |
| Interest on mortgage and other loans                                              | 1,192                                              | 117                                      | 1,309           | 913                                                | 97                                       | 1,010           |
| Alternative investments <sup>(b)</sup>                                            | 223                                                | 44                                       | 267             | 778                                                | 127                                      | 905             |
| Real estate                                                                       | 20                                                 | —                                        | 20              | 32                                                 | —                                        | 32              |
| Other investments <sup>(c)</sup>                                                  | 36                                                 | —                                        | 36              | 194                                                | 3                                        | 197             |
| <b>Total investment income</b>                                                    | <b>6,760</b>                                       | <b>752</b>                               | <b>7,512</b>    | <b>5,672</b>                                       | <b>497</b>                               | <b>6,169</b>    |
| <b>Investment expenses</b>                                                        | <b>393</b>                                         | <b>15</b>                                | <b>408</b>      | <b>310</b>                                         | <b>18</b>                                | <b>328</b>      |
| <b>Net investment income</b>                                                      | <b>\$ 6,367</b>                                    | <b>\$ 737</b>                            | <b>\$ 7,104</b> | <b>\$ 5,362</b>                                    | <b>\$ 479</b>                            | <b>\$ 5,841</b> |

(a) Included in the three and six months ended June 30, 2022 were income (loss) of \$(55) million and \$(151) million, respectively, related to fixed maturity securities measured at fair value that economically hedge liabilities described in (c) below.

(b) Included income from hedge funds, private equity funds and affordable housing partnerships. Hedge funds are recorded as of the balance sheet date. Private equity funds are generally reported on a one-quarter lag.

(c) Included in the three and six months ended June 30, 2023 were income (loss) of \$(1) million and \$(4) million, respectively, related to liabilities measured at fair value that are economically hedged with fixed maturity securities as described in (a) above. Included in the three and six months ended June 30, 2022 were income (loss) of \$41 million and \$132 million, respectively, related to liabilities measured at fair value that are economically hedged with fixed maturity securities as described in (a) above.

## NET REALIZED GAINS AND LOSSES

Net realized gains and losses are determined by specific identification. The net realized gains and losses are generated primarily from the following sources:

- Sales of available for sale fixed maturity securities, real estate and other alternative investments.
- Reductions to the amortized cost basis of available for sale fixed maturity securities that have been written down due to our intent to sell them or it being more likely than not that we will be required to sell them.
- Changes in the allowance for credit losses on bonds available for sale, mortgage and other loans receivable, and loans commitments.
- Most changes in the fair value of free standing and embedded derivatives, including changes in the non-performance adjustment are included in Net realized gains (losses). However, changes in derivatives designated as hedging instruments when the fair value of the hedged item is not reported in Net realized gains (losses) are excluded from Net realized gains (losses). Additionally, in conjunction with the adoption of LDTI, changes in the fair value of free standing derivatives that hedge certain MRBs are excluded from Net realized gains (losses).
- Foreign exchange gains and losses resulting from foreign currency transactions.
- Changes in fair value of the embedded derivative related to the Fortitude Re funds withheld assets.

The following table presents the components of Net realized gains (losses):

| Three Months Ended June 30,                                                                    | 2023                                                  |                                          |                   | 2022                                                  |                                          |                 |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------|-------------------|-------------------------------------------------------|------------------------------------------|-----------------|
|                                                                                                | Excluding<br>Fortitude Re<br>Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld Assets | Total             | Excluding<br>Fortitude Re<br>Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld Assets | Total           |
| <i>(in millions)</i>                                                                           |                                                       |                                          |                   |                                                       |                                          |                 |
| Sales of fixed maturity securities                                                             | \$ (287)                                              | \$ (54)                                  | \$ (341)          | \$ (482)                                              | \$ (122)                                 | \$ (604)        |
| Change in allowance for credit losses on fixed maturity securities                             | (56)                                                  | (2)                                      | (58)              | (47)                                                  | (1)                                      | (48)            |
| Change in allowance for credit losses on loans                                                 | (46)                                                  | (5)                                      | (51)              | 24                                                    | 6                                        | 30              |
| Foreign exchange transactions                                                                  | 211                                                   | 11                                       | 222               | (229)                                                 | (15)                                     | (244)           |
| Index-linked interest credited embedded derivatives, net of related hedges                     | (141)                                                 | —                                        | (141)             | (20)                                                  | —                                        | (20)            |
| All other derivatives and hedge accounting*                                                    | 26                                                    | (87)                                     | (61)              | 682                                                   | 48                                       | 730             |
| Sales of alternative investments and real estate investments                                   | 4                                                     | (1)                                      | 3                 | 7                                                     | 2                                        | 9               |
| Other                                                                                          | (50)                                                  | —                                        | (50)              | 7                                                     | (4)                                      | 3               |
| <b>Net realized losses – excluding Fortitude Re funds withheld embedded derivative</b>         | <b>(339)</b>                                          | <b>(138)</b>                             | <b>(477)</b>      | <b>(58)</b>                                           | <b>(86)</b>                              | <b>(144)</b>    |
| Net realized gains on Fortitude Re funds withheld embedded derivative                          | —                                                     | 180                                      | 180               | —                                                     | 2,776                                    | 2,776           |
| <b>Net realized gains (losses)</b>                                                             | <b>\$ (339)</b>                                       | <b>\$ 42</b>                             | <b>\$ (297)</b>   | <b>\$ (58)</b>                                        | <b>\$ 2,690</b>                          | <b>\$ 2,632</b> |
| Six Months Ended June 30,                                                                      | 2023                                                  |                                          |                   | 2022                                                  |                                          |                 |
|                                                                                                | Excluding<br>Fortitude Re<br>Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld Assets | Total             | Excluding<br>Fortitude Re<br>Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld Assets | Total           |
| <i>(in millions)</i>                                                                           |                                                       |                                          |                   |                                                       |                                          |                 |
| Sales of fixed maturity securities                                                             | \$ (674)                                              | \$ (119)                                 | \$ (793)          | \$ (589)                                              | \$ (154)                                 | \$ (743)        |
| Change in allowance for credit losses on fixed maturity securities                             | (72)                                                  | (2)                                      | (74)              | (100)                                                 | (41)                                     | (141)           |
| Change in allowance for credit losses on loans                                                 | (88)                                                  | (26)                                     | (114)             | 5                                                     | (2)                                      | 3               |
| Foreign exchange transactions                                                                  | 325                                                   | 27                                       | 352               | (242)                                                 | (24)                                     | (266)           |
| Index-linked interest credited embedded derivatives, net of related hedges                     | (319)                                                 | —                                        | (319)             | 183                                                   | —                                        | 183             |
| All other derivatives and hedge accounting*                                                    | (191)                                                 | (49)                                     | (240)             | 1,082                                                 | (8)                                      | 1,074           |
| Sales of alternative investments and real estate investments                                   | 8                                                     | —                                        | 8                 | 23                                                    | 3                                        | 26              |
| Other                                                                                          | (41)                                                  | —                                        | (41)              | (19)                                                  | —                                        | (19)            |
| <b>Net realized gains (losses) – excluding Fortitude Re funds withheld embedded derivative</b> | <b>(1,052)</b>                                        | <b>(169)</b>                             | <b>(1,221)</b>    | <b>343</b>                                            | <b>(226)</b>                             | <b>117</b>      |
| Net realized gains (losses) on Fortitude Re funds withheld embedded derivative                 | —                                                     | (985)                                    | (985)             | —                                                     | 6,094                                    | 6,094           |
| <b>Net realized gains (losses)</b>                                                             | <b>\$ (1,052)</b>                                     | <b>\$ (1,154)</b>                        | <b>\$ (2,206)</b> | <b>\$ 343</b>                                         | <b>\$ 5,868</b>                          | <b>\$ 6,211</b> |

\* Derivative activity related to hedging MRBs is recorded in Change in the fair value of MRBs, net. For additional disclosures about MRBs, see Note 13.

## CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

The following table presents the increase (decrease) in unrealized appreciation (depreciation) of our available for sale securities and other investments:

|                                                                                            | Three Months Ended<br>June 30, |                    | Six Months Ended<br>June 30, |                    |
|--------------------------------------------------------------------------------------------|--------------------------------|--------------------|------------------------------|--------------------|
|                                                                                            | 2023                           | 2022               | 2023                         | 2022               |
| <i>(in millions)</i>                                                                       |                                |                    |                              |                    |
| <b>Increase (decrease) in unrealized appreciation (depreciation) of investments:</b>       |                                |                    |                              |                    |
| Fixed maturity securities                                                                  | \$ (1,934)                     | \$ (17,897)        | \$ 3,071                     | \$ (38,057)        |
| Other investments                                                                          | —                              | (7)                | —                            | (14)               |
| <b>Total increase (decrease) in unrealized appreciation (depreciation) of investments*</b> | <b>\$ (1,934)</b>              | <b>\$ (17,904)</b> | <b>\$ 3,071</b>              | <b>\$ (38,071)</b> |

\* Excludes net unrealized gains and losses attributable to businesses held for sale at June 30, 2023.

The following table summarizes the unrealized gains and losses recognized in Net investment income during the reporting period on equity securities and other investments still held at the reporting date:

| Three Months Ended June 30,                                                                                                                         |  | 2023         |                       |               | 2022           |                       |                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|-----------------------|---------------|----------------|-----------------------|----------------|
| (in millions)                                                                                                                                       |  | Equities     | Other Invested Assets | Total         | Equities       | Other Invested Assets | Total          |
| Net gains (losses) recognized during the period on equity securities and other investments                                                          |  | \$ 43        | \$ 187                | \$ 230        | \$ (30)        | \$ (71)               | \$ (101)       |
| Less: Net gains (losses) recognized during the period on equity securities and other investments sold during the period                             |  | (13)         | 17                    | 4             | (1)            | (33)                  | (34)           |
| <b>Unrealized gains (losses) recognized during the reporting period on equity securities and other investments still held at the reporting date</b> |  | <b>\$ 56</b> | <b>\$ 170</b>         | <b>\$ 226</b> | <b>\$ (29)</b> | <b>\$ (38)</b>        | <b>\$ (67)</b> |

| Six Months Ended June 30,                                                                                                                           |  | 2023           |                       |               | 2022            |                       |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------|-----------------------|---------------|-----------------|-----------------------|---------------|
| (in millions)                                                                                                                                       |  | Equities       | Other Invested Assets | Total         | Equities        | Other Invested Assets | Total         |
| Net gains (losses) recognized during the period on equity securities and other investments                                                          |  | \$ 94          | \$ 297                | \$ 391        | \$ (57)         | \$ 404                | \$ 347        |
| Less: Net gains (losses) recognized during the period on equity securities and other investments sold during the period                             |  | 140            | 18                    | 158           | 93              | (36)                  | 57            |
| <b>Unrealized gains (losses) recognized during the reporting period on equity securities and other investments still held at the reporting date</b> |  | <b>\$ (46)</b> | <b>\$ 279</b>         | <b>\$ 233</b> | <b>\$ (150)</b> | <b>\$ 440</b>         | <b>\$ 290</b> |

## EVALUATING INVESTMENTS FOR AN ALLOWANCE FOR CREDIT LOSSES

For a discussion of our policy for evaluating investments for an allowance for credit losses, see Note 5 to the Consolidated Financial Statements in the 2022 Annual Report.

### Credit Impairments

The following table presents a rollforward of the changes in allowance for credit losses on available for sale fixed maturity securities by major investment category:

| Three Months Ended June 30,                                                                                                                                                                               |  | 2023         |                |               | 2022         |                |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|----------------|---------------|--------------|----------------|---------------|
| (in millions)                                                                                                                                                                                             |  | Structured   | Non-Structured | Total         | Structured   | Non-Structured | Total         |
| <b>Balance, beginning of period</b>                                                                                                                                                                       |  | <b>\$ 45</b> | <b>\$ 91</b>   | <b>\$ 136</b> | <b>\$ 15</b> | <b>\$ 176</b>  | <b>\$ 191</b> |
| <b>Additions:</b>                                                                                                                                                                                         |  |              |                |               |              |                |               |
| Securities for which allowance for credit losses were not previously recorded                                                                                                                             |  | 16           | 40             | 56            | 2            | 28             | 30            |
| <b>Reductions:</b>                                                                                                                                                                                        |  |              |                |               |              |                |               |
| Securities sold during the period                                                                                                                                                                         |  | (2)          | (16)           | (18)          | (1)          | (40)           | (41)          |
| Addition to (release of) the allowance for credit losses on securities that had an allowance recorded in a previous period, for which there was no intent to sell before recovery of amortized cost basis |  | —            | 2              | 2             | 10           | 8              | 18            |
| Write-offs charged against the allowance                                                                                                                                                                  |  | (10)         | (37)           | (47)          | —            | (22)           | (22)          |
| Other                                                                                                                                                                                                     |  | (2)          | (2)            | (4)           | —            | (1)            | (1)           |
| <b>Balance, end of period</b>                                                                                                                                                                             |  | <b>\$ 47</b> | <b>\$ 78</b>   | <b>\$ 125</b> | <b>\$ 26</b> | <b>\$ 149</b>  | <b>\$ 175</b> |

| Six Months Ended June 30,                                                                                                                                                                                 |  | 2023         |                |               | 2022         |                |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|----------------|---------------|--------------|----------------|---------------|
| (in millions)                                                                                                                                                                                             |  | Structured   | Non-Structured | Total         | Structured   | Non-Structured | Total         |
| <b>Balance, beginning of year</b>                                                                                                                                                                         |  | <b>\$ 46</b> | <b>\$ 140</b>  | <b>\$ 186</b> | <b>\$ 8</b>  | <b>\$ 90</b>   | <b>\$ 98</b>  |
| <b>Additions:</b>                                                                                                                                                                                         |  |              |                |               |              |                |               |
| Securities for which allowance for credit losses were not previously recorded                                                                                                                             |  | 18           | 62             | 80            | 51           | 156            | 207           |
| <b>Reductions:</b>                                                                                                                                                                                        |  |              |                |               |              |                |               |
| Securities sold during the period                                                                                                                                                                         |  | (3)          | (26)           | (29)          | (1)          | (41)           | (42)          |
| Addition to (release of) the allowance for credit losses on securities that had an allowance recorded in a previous period, for which there was no intent to sell before recovery of amortized cost basis |  | (4)          | (2)            | (6)           | (32)         | (34)           | (66)          |
| Write-offs charged against the allowance                                                                                                                                                                  |  | (10)         | (87)           | (97)          | —            | (22)           | (22)          |
| Other                                                                                                                                                                                                     |  | —            | (9)            | (9)           | —            | —              | —             |
| <b>Balance, end of period</b>                                                                                                                                                                             |  | <b>\$ 47</b> | <b>\$ 78</b>   | <b>\$ 125</b> | <b>\$ 26</b> | <b>\$ 149</b>  | <b>\$ 175</b> |

## Purchased Credit Deteriorated (PCD) Securities

We purchase certain RMBS securities that have experienced more-than-insignificant deterioration in credit quality since origination. These are referred to as PCD assets. At the time of purchase an allowance is recognized for these PCD assets by adding it to the purchase price to arrive at the initial amortized cost. There is no credit loss expense recognized upon acquisition of a PCD asset. When determining the initial allowance for credit losses, management considers the historical performance of underlying assets and available market information as well as bond-specific structural considerations, such as credit enhancement and the priority of payment structure of the security. In addition, the process of estimating future cash flows includes, but is not limited to, the following critical inputs:

- Current delinquency rates;
- Expected default rates and the timing of such defaults;
- Loss severity and the timing of any recovery; and
- Expected prepayment speeds.

Subsequent to the acquisition date, the PCD assets follow the same accounting as other structured securities that are not high credit quality.

We did not purchase securities with more than insignificant credit deterioration since their origination during the six months ended June 30, 2023 and 2022.

## PLEDGED INVESTMENTS

### Secured Financing and Similar Arrangements

We enter into secured financing transactions whereby certain securities are sold under agreements to repurchase (repurchase agreements), in which we transfer securities in exchange for cash, with an agreement by us to repurchase the same or substantially similar securities. Our secured financing transactions also include those that involve the transfer of securities to financial institutions in exchange for cash (securities lending agreements). In all of these secured financing transactions, the securities transferred by us (pledged collateral) may be sold or repledged by the counterparties. These agreements are recorded at their contracted amounts plus accrued interest, other than those that are accounted for at fair value.

Pledged collateral levels are monitored daily and are generally maintained at an agreed-upon percentage of the fair value of the amounts borrowed during the life of the transactions. In the event of a decline in the fair value of the pledged collateral under these secured financing transactions, we may be required to transfer cash or additional securities as pledged collateral under these agreements. At the termination of the transactions, we and our counterparties are obligated to return the amounts borrowed and the securities transferred, respectively.

**The following table presents the fair value of securities pledged to counterparties under secured financing transactions, including repurchase and securities lending agreements:**

| <i>(in millions)</i>                         |    | June 30, 2023 | December 31, 2022 |
|----------------------------------------------|----|---------------|-------------------|
| Fixed maturity securities available for sale | \$ | 542           | \$ 2,968          |

At June 30, 2023 and December 31, 2022, amounts borrowed under repurchase and securities lending agreements totaled \$532 million and \$3.1 billion, respectively.

**The following table presents the fair value of securities pledged under our repurchase agreements by collateral type and by remaining contractual maturity:**

| <i>(in millions)</i>             | Remaining Contractual Maturity of the Agreements |               |              |               |                     |             | Total      |
|----------------------------------|--------------------------------------------------|---------------|--------------|---------------|---------------------|-------------|------------|
|                                  | Overnight and Continuous                         | up to 30 days | 31 - 90 days | 91 - 364 days | 365 days or greater |             |            |
| <b>June 30, 2023</b>             |                                                  |               |              |               |                     |             |            |
| <b>Bonds available for sale:</b> |                                                  |               |              |               |                     |             |            |
| Non-U.S. governments             | \$ —                                             | \$ —          | \$ —         | \$ —          | \$ —                | \$ —        | —          |
| Corporate debt                   | 27                                               | 515           | —            | —             | —                   | —           | 542        |
| <b>Total</b>                     | <b>\$ 27</b>                                     | <b>\$ 515</b> | <b>\$ —</b>  | <b>\$ —</b>   | <b>\$ —</b>         | <b>\$ —</b> | <b>542</b> |

December 31, 2022

**Bonds available for sale:**

|                      |    |   |    |       |    |     |    |   |    |       |
|----------------------|----|---|----|-------|----|-----|----|---|----|-------|
| Non-U.S. governments | \$ | — | \$ | 20    | \$ | —   | \$ | — | \$ | 20    |
| Corporate debt       |    |   |    | 2,371 |    | 577 |    | — |    | 2,948 |
| <b>Total</b>         | \$ | — | \$ | 2,391 | \$ | 577 | \$ | — | \$ | 2,968 |

We also enter into agreements in which securities are purchased by us under reverse repurchase agreements, which are accounted for as secured financing transactions and reported as short-term investments or other assets, depending on their terms. These agreements are recorded at their contracted resale amounts plus accrued interest, other than those that are accounted for at fair value. In all reverse repurchase transactions, we take possession of or obtain a security interest in the related securities, and we have the right to sell or repledge this collateral received.

**The following table presents information on the fair value of securities pledged to us under reverse repurchase agreements:**

| <i>(in millions)</i>                |    | <b>June 30, 2023</b> | <b>December 31, 2022</b> |
|-------------------------------------|----|----------------------|--------------------------|
| Securities collateral pledged to us | \$ | <b>2,019</b>         | \$ —                     |

At June 30, 2023, the carrying value of reverse repurchase agreements totaled \$2.0 billion.

All secured financing transactions are collateralized and margined on a daily basis consistent with market standards and subject to enforceable master netting arrangements with rights of set off. We do not currently offset any such transactions.

**Insurance – Statutory and Other Deposits**

The total carrying value of cash and securities deposited by our insurance subsidiaries under requirements of regulatory authorities or other insurance-related arrangements, including certain annuity-related obligations and certain reinsurance contracts, was \$14.5 billion and \$13.6 billion at June 30, 2023 and December 31, 2022, respectively.

**Other Pledges and Restrictions**

Certain of our subsidiaries are members of Federal Home Loan Banks (FHLBs) and such membership requires the members to own stock in these FHLBs. We owned an aggregate of \$263 million and \$239 million of stock in FHLBs at June 30, 2023 and December 31, 2022, respectively. In addition, our subsidiaries have pledged securities available for sale and residential loans associated with borrowings and funding agreements from FHLBs, with a fair value of \$7.1 billion and \$2.5 billion, respectively, at June 30, 2023 and \$5.8 billion and \$1.8 billion, respectively, at December 31, 2022.

Certain GIAs have provisions that require collateral to be posted or payments to be made by us upon a downgrade of our long-term debt ratings. The actual amount of collateral required to be posted to the counterparties in the event of such downgrades, and the aggregate amount of payments that we could be required to make, depend on market conditions, the fair value of outstanding affected transactions and other factors prevailing at and after the time of the downgrade. The fair value of securities pledged as collateral with respect to these obligations was approximately \$56 million and \$63 million, at June 30, 2023 and December 31, 2022, respectively. This collateral primarily consists of securities of the U.S. government and government sponsored entities and generally cannot be repledged or resold by the counterparties.

Investments held in escrow accounts or otherwise subject to restriction as to their use were \$303 million and \$301 million, comprised of bonds available for sale and short-term investments at June 30, 2023 and December 31, 2022, respectively.

Reinsurance transactions between AIG and Fortitude Re were structured as modco and loss portfolio transfer arrangements with funds withheld.

## 7. Lending Activities

The following table presents the composition of Mortgage and other loans receivable, net:

| <i>(in millions)</i>                                              |           | June 30, 2023 | December 31, 2022 |
|-------------------------------------------------------------------|-----------|---------------|-------------------|
| Commercial mortgages <sup>(a)</sup>                               | \$        | 37,926        | \$ 37,128         |
| Residential mortgages                                             |           | 7,708         | 6,130             |
| Life insurance policy loans                                       |           | 1,762         | 1,758             |
| Commercial loans, other loans and notes receivable <sup>(b)</sup> |           | 5,015         | 5,305             |
| <b>Total mortgage and other loans receivable<sup>(c)</sup></b>    |           | <b>52,411</b> | <b>50,321</b>     |
| Allowance for credit losses <sup>(c)(d)</sup>                     |           | (806)         | (716)             |
| <b>Mortgage and other loans receivable, net<sup>(c)</sup></b>     | <b>\$</b> | <b>51,605</b> | <b>\$ 49,605</b>  |

(a) Commercial mortgages primarily represent loans for apartments, offices and retail properties, with exposures in New York and California representing the largest geographic concentrations (aggregating approximately 18 percent and 11 percent, respectively, at June 30, 2023 and 19 percent and 11 percent, respectively, at December 31, 2022).

(b) Includes loans held for sale which are carried at lower of cost or market and are collateralized primarily by apartments. As of June 30, 2023 and December 31, 2022, the net carrying value of these loans were \$186 million and \$170 million, respectively.

(c) Excludes \$37.6 billion at both June 30, 2023 and December 31, 2022 of loan receivable from AIGFP, which has a full allowance for credit losses, recognized upon the deconsolidation of AIGFP. For additional information, see Note 1.

(d) Does not include allowance for credit losses of \$87 million and \$69 million, respectively, at June 30, 2023 and December 31, 2022, in relation to off-balance-sheet commitments to fund commercial mortgage loans, which is recorded in Other liabilities.

Interest income is not accrued when payment of contractual principal and interest is not expected. Any cash received on impaired loans is generally recorded as a reduction of the current carrying amount of the loan. Accrual of interest income is generally resumed when delinquent contractual principal and interest is repaid or when a portion of the delinquent contractual payments are made and the ongoing required contractual payments have been made for an appropriate period. As of June 30, 2023, \$6 million and \$708 million of residential mortgage loans and commercial mortgage loans, respectively, are placed on nonaccrual status. As of December 31, 2022, \$5 million and \$703 million of residential mortgage loans and commercial mortgage loans, respectively, are placed on nonaccrual status.

Accrued interest is presented separately and is included in Accrued investment income on the Condensed Consolidated Balance Sheets. As of June 30, 2023, accrued interest receivable was \$20 million and \$171 million associated with residential mortgage loans and commercial mortgage loans, respectively. As of December 31, 2022, accrued interest receivable was \$15 million and \$147 million associated with residential mortgage loans and commercial mortgage loans, respectively.

A significant majority of commercial mortgages in the portfolio are non-recourse loans and, accordingly, the only guarantees are for specific items that are exceptions to the non-recourse provisions. It is therefore extremely rare for us to have cause to enforce the provisions of a guarantee on a commercial real estate or mortgage loan.

Nonperforming loans are generally those loans where payment of contractual principal or interest is more than 90 days past due. Nonperforming loans were not significant for any of the periods presented.

## CREDIT QUALITY OF COMMERCIAL MORTGAGES

The following table presents debt service coverage ratios<sup>(a)</sup> for commercial mortgages by year of vintage:

| June 30, 2023              |    |       |    |       |    |       |    |       |    |       |    |        |    |        |
|----------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|--------|----|--------|
| (in millions)              |    | 2023  |    | 2022  |    | 2021  |    | 2020  |    | 2019  |    | Prior  |    | Total  |
| >1.2X                      | \$ | 1,363 | \$ | 5,558 | \$ | 2,531 | \$ | 1,263 | \$ | 5,190 | \$ | 14,809 | \$ | 30,714 |
| 1.00 - 1.20X               |    | 54    |    | 1,138 |    | 1,152 |    | 912   |    | 230   |    | 1,771  |    | 5,257  |
| <1.00X                     |    | 67    |    | 50    |    | —     |    | 23    |    | —     |    | 1,815  |    | 1,955  |
| Total commercial mortgages | \$ | 1,484 | \$ | 6,746 | \$ | 3,683 | \$ | 2,198 | \$ | 5,420 | \$ | 18,395 | \$ | 37,926 |

| December 31, 2022          |    |       |    |       |    |       |    |       |    |       |    |        |    |        |
|----------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|--------|----|--------|
| (in millions)              |    | 2022  |    | 2021  |    | 2020  |    | 2019  |    | 2018  |    | Prior  |    | Total  |
| >1.2X                      | \$ | 5,518 | \$ | 2,457 | \$ | 1,710 | \$ | 4,985 | \$ | 4,120 | \$ | 11,663 | \$ | 30,453 |
| 1.00 - 1.20X               |    | 910   |    | 898   |    | 473   |    | 416   |    | 567   |    | 1,353  |    | 4,617  |
| <1.00X                     |    | 45    |    | —     |    | 23    |    | 52    |    | 744   |    | 1,194  |    | 2,058  |
| Total commercial mortgages | \$ | 6,473 | \$ | 3,355 | \$ | 2,206 | \$ | 5,453 | \$ | 5,431 | \$ | 14,210 | \$ | 37,128 |

The following table presents loan-to-value ratios<sup>(b)</sup> for commercial mortgages by year of vintage:

| June 30, 2023              |    |       |    |       |    |       |    |       |    |       |    |        |    |        |
|----------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|--------|----|--------|
| (in millions)              |    | 2023  |    | 2022  |    | 2021  |    | 2020  |    | 2019  |    | Prior  |    | Total  |
| Less than 65%              | \$ | 1,048 | \$ | 5,172 | \$ | 2,744 | \$ | 1,956 | \$ | 3,948 | \$ | 13,155 | \$ | 28,023 |
| 65% to 75%                 |    | 348   |    | 1,210 |    | 650   |    | 76    |    | 1,422 |    | 2,852  |    | 6,558  |
| 76% to 80%                 |    | —     |    | 364   |    | 52    |    | —     |    | —     |    | 469    |    | 885    |
| Greater than 80%           |    | 88    |    | —     |    | 237   |    | 166   |    | 50    |    | 1,919  |    | 2,460  |
| Total commercial mortgages | \$ | 1,484 | \$ | 6,746 | \$ | 3,683 | \$ | 2,198 | \$ | 5,420 | \$ | 18,395 | \$ | 37,926 |

| December 31, 2022          |    |       |    |       |    |       |    |       |    |       |    |        |    |        |
|----------------------------|----|-------|----|-------|----|-------|----|-------|----|-------|----|--------|----|--------|
| (in millions)              |    | 2022  |    | 2021  |    | 2020  |    | 2019  |    | 2018  |    | Prior  |    | Total  |
| Less than 65%              | \$ | 5,425 | \$ | 2,548 | \$ | 1,775 | \$ | 3,958 | \$ | 3,016 | \$ | 10,739 | \$ | 27,461 |
| 65% to 75%                 |    | 998   |    | 517   |    | 405   |    | 1,445 |    | 1,487 |    | 1,393  |    | 6,245  |
| 76% to 80%                 |    | 50    |    | 52    |    | —     |    | —     |    | 168   |    | 229    |    | 499    |
| Greater than 80%           |    | —     |    | 238   |    | 26    |    | 50    |    | 760   |    | 1,849  |    | 2,923  |
| Total commercial mortgages | \$ | 6,473 | \$ | 3,355 | \$ | 2,206 | \$ | 5,453 | \$ | 5,431 | \$ | 14,210 | \$ | 37,128 |

(a) The debt service coverage ratio compares a property's net operating income to its debt service payments, including principal and interest. Our weighted average debt service coverage ratio was 1.9x at both periods ended on June 30, 2023 and December 31, 2022. The debt service coverage ratios are updated when additional relevant information becomes available.

(b) The loan-to-value ratio compares the current unpaid principal balance of the loan to the estimated fair value of the underlying property collateralizing the loan. Our weighted average loan-to-value ratio was 58 percent at June 30, 2023 and 59 percent at December 31, 2022. The loan-to-value ratios have been updated within the last three months to reflect the current carrying values of the loans. We update the valuations of collateral properties by obtaining independent appraisals, generally at least once per year.

The following table presents supplementary credit quality information related to commercial mortgages:

|                                                                    | Number<br>of<br>Loans | Class      |         |        |            |       |        |       | Percent<br>of<br>Total |    |       |    |     |    |        |     |   |   |
|--------------------------------------------------------------------|-----------------------|------------|---------|--------|------------|-------|--------|-------|------------------------|----|-------|----|-----|----|--------|-----|---|---|
| (dollars in millions)                                              |                       | Apartments | Offices | Retail | Industrial | Hotel | Others | Total |                        |    |       |    |     |    |        |     |   |   |
| June 30, 2023                                                      |                       |            |         |        |            |       |        |       |                        |    |       |    |     |    |        |     |   |   |
| Past Due Status:                                                   |                       |            |         |        |            |       |        |       |                        |    |       |    |     |    |        |     |   |   |
| In good standing                                                   | 618                   | \$         | 15,282  | \$     | 9,766      | \$    | 4,000  | \$    | 6,180                  | \$ | 2,062 | \$ | 437 | \$ | 37,727 | 99  | % |   |
| 90 days or less delinquent                                         | —                     |            | —       |        | —          |       | —      |       | —                      |    | —     |    | —   |    | —      |     | — |   |
| >90 days delinquent or in<br>process of foreclosure <sup>(a)</sup> | 4                     |            | —       |        | 157        |       | 42     |       | —                      |    | —     |    | —   |    | 199    |     | 1 |   |
| Total <sup>(b)</sup>                                               | 622                   | \$         | 15,282  | \$     | 9,923      | \$    | 4,042  | \$    | 6,180                  | \$ | 2,062 | \$ | 437 | \$ | 37,926 | 100 | % |   |
| Allowance for credit losses                                        |                       | \$         | 98      | \$     | 431        | \$    | 94     | \$    | 76                     | \$ | 29    | \$ | 9   | \$ | 737    |     | 2 | % |

December 31, 2022

**Past Due Status:**

|                                                                 |            |           |               |           |               |           |              |           |              |           |              |           |            |           |               |            |          |
|-----------------------------------------------------------------|------------|-----------|---------------|-----------|---------------|-----------|--------------|-----------|--------------|-----------|--------------|-----------|------------|-----------|---------------|------------|----------|
| In good standing                                                | 625        | \$        | 14,597        | \$        | 10,102        | \$        | 3,774        | \$        | 6,006        | \$        | 2,027        | \$        | 407        | \$        | 36,913        | 99         | %        |
| 90 days or less delinquent                                      | —          |           | —             |           | —             |           | —            |           | —            |           | —            |           | —          |           | —             | —          |          |
| >90 days delinquent or in process of foreclosure <sup>(a)</sup> | 4          |           | —             |           | 173           |           | 42           |           | —            |           | —            |           | —          |           | 215           | 1          |          |
| <b>Total<sup>(b)</sup></b>                                      | <b>629</b> | <b>\$</b> | <b>14,597</b> | <b>\$</b> | <b>10,275</b> | <b>\$</b> | <b>3,816</b> | <b>\$</b> | <b>6,006</b> | <b>\$</b> | <b>2,027</b> | <b>\$</b> | <b>407</b> | <b>\$</b> | <b>37,128</b> | <b>100</b> | <b>%</b> |
| <b>Allowance for credit losses</b>                              |            | <b>\$</b> | <b>100</b>    | <b>\$</b> | <b>351</b>    | <b>\$</b> | <b>81</b>    | <b>\$</b> | <b>71</b>    | <b>\$</b> | <b>29</b>    | <b>\$</b> | <b>8</b>   | <b>\$</b> | <b>640</b>    | <b>2</b>   | <b>%</b> |

(a) Includes \$157 million and \$156 million of Office loans supporting the Fortitude Re funds withheld arrangements, greater than 90 days delinquent or in process of foreclosure, at June 30, 2023 and December 31, 2022, respectively.

(b) Does not reflect allowance for credit losses.

**The following table presents credit quality performance indicators for residential mortgages by year of vintage:**

June 30, 2023

|                                    |                 |                 |                 |               |               |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
| <i>(in millions)</i>               | 2023            | 2022            | 2021            | 2020          | 2019          | Prior           | Total           |
| <b>FICO*:</b>                      |                 |                 |                 |               |               |                 |                 |
| 780 and greater                    | \$ 285          | \$ 553          | \$ 2,317        | \$ 640        | \$ 241        | \$ 628          | \$ 4,664        |
| 720 - 779                          | 664             | 582             | 540             | 169           | 80            | 235             | 2,270           |
| 660 - 719                          | 170             | 250             | 88              | 38            | 26            | 106             | 678             |
| 600 - 659                          | 2               | 21              | 7               | 7             | 6             | 40              | 83              |
| Less than 600                      | —               | —               | 1               | 1             | 2             | 9               | 13              |
| <b>Total residential mortgages</b> | <b>\$ 1,121</b> | <b>\$ 1,406</b> | <b>\$ 2,953</b> | <b>\$ 855</b> | <b>\$ 355</b> | <b>\$ 1,018</b> | <b>\$ 7,708</b> |

December 31, 2022

|                                    |               |                 |               |               |               |               |                 |
|------------------------------------|---------------|-----------------|---------------|---------------|---------------|---------------|-----------------|
| <i>(in millions)</i>               | 2022          | 2021            | 2020          | 2019          | 2018          | Prior         | Total           |
| <b>FICO*:</b>                      |               |                 |               |               |               |               |                 |
| 780 and greater                    | \$ 296        | \$ 2,204        | \$ 654        | \$ 232        | \$ 77         | \$ 567        | \$ 4,030        |
| 720 - 779                          | 536           | 728             | 168           | 76            | 32            | 169           | 1,709           |
| 660 - 719                          | 163           | 80              | 28            | 16            | 9             | 62            | 358             |
| 600 - 659                          | 2             | 4               | 2             | 2             | 2             | 14            | 26              |
| Less than 600                      | —             | —               | —             | 1             | —             | 6             | 7               |
| <b>Total residential mortgages</b> | <b>\$ 997</b> | <b>\$ 3,016</b> | <b>\$ 852</b> | <b>\$ 327</b> | <b>\$ 120</b> | <b>\$ 818</b> | <b>\$ 6,130</b> |

\* Fair Isaac Corporation (FICO) is the credit quality indicator used to evaluate consumer credit risk for residential mortgage loan borrowers and have been updated within the last twelve months.

**METHODOLOGY USED TO ESTIMATE THE ALLOWANCE FOR CREDIT LOSSES**

For a discussion of our accounting policy for evaluating Mortgage and other loans receivable for impairment, see Note 6 to the Consolidated Financial Statements in the 2022 Annual Report.

**The following table presents a rollforward of the changes in the allowance for credit losses on Mortgage and other loans receivable<sup>(a)</sup>:**

| Three Months Ended June 30,                        | 2023 <sup>(b)</sup>  |              |               | 2022                 |              |               |
|----------------------------------------------------|----------------------|--------------|---------------|----------------------|--------------|---------------|
| <i>(in millions)</i>                               | Commercial Mortgages | Other Loans  | Total         | Commercial Mortgages | Other Loans  | Total         |
| <b>Allowance, beginning of period</b>              | \$ 706               | \$ 80        | \$ 786        | \$ 533               | \$ 84        | \$ 617        |
| Loans charged off                                  | (6)                  | —            | (6)           | —                    | —            | —             |
| <b>Net charge-offs</b>                             | <b>(6)</b>           | <b>—</b>     | <b>(6)</b>    | <b>—</b>             | <b>—</b>     | <b>—</b>      |
| Addition to (release of) allowance for loan losses | 37                   | (11)         | 26            | (8)                  | (6)          | (14)          |
| Reclassified to held for sale                      | —                    | —            | —             | —                    | —            | —             |
| <b>Allowance, end of period</b>                    | <b>\$ 737</b>        | <b>\$ 69</b> | <b>\$ 806</b> | <b>\$ 525</b>        | <b>\$ 78</b> | <b>\$ 603</b> |

| Six Months Ended June 30,<br>(in millions)         | 2023 <sup>(b)</sup>     |                |        | 2022                    |                |        |
|----------------------------------------------------|-------------------------|----------------|--------|-------------------------|----------------|--------|
|                                                    | Commercial<br>Mortgages | Other<br>Loans | Total  | Commercial<br>Mortgages | Other<br>Loans | Total  |
| <b>Allowance, beginning of year</b>                | \$ 640                  | \$ 76          | \$ 716 | \$ 545                  | \$ 84          | \$ 629 |
| Loans charged off                                  | (6)                     | —              | (6)    | (4)                     | —              | (4)    |
| <b>Net charge-offs</b>                             | (6)                     | —              | (6)    | (4)                     | —              | (4)    |
| Addition to (release of) allowance for loan losses | 103                     | (7)            | 96     | (16)                    | (6)            | (22)   |
| Reclassified to held for sale                      | —                       | —              | —      | —                       | —              | —      |
| <b>Allowance, end of period</b>                    | \$ 737                  | \$ 69          | \$ 806 | \$ 525                  | \$ 78          | \$ 603 |

(a) Does not include allowance for credit losses of \$87 million and \$89 million, respectively, at June 30, 2023 and 2022 in relation to off-balance-sheet commitments to fund commercial mortgage loans, which is recorded in Other liabilities.

(b) Excludes \$37.6 billion at both June 30, 2023 and December 31, 2022, of loan receivable from AIGFP, which has a full allowance for credit losses, recognized upon the deconsolidation of AIGFP. For additional information, see Note 1.

Our expectations and models used to estimate the allowance for losses on commercial and residential mortgage loans are regularly updated to reflect the current economic environment.

## LOAN MODIFICATIONS

The allowance for credit losses incorporates an estimate of lifetime expected credit losses and is recorded on each asset upon asset origination or acquisition. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. We use a probability of default/loss given default model to determine the allowance for credit losses for our commercial and residential mortgage loans. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification.

Because the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses utilizing the measurement methodologies used to estimate the allowance, a change to the allowance for credit losses is generally not recorded upon modification.

When modifications are executed, they often will be in the form of principal forgiveness, term extensions, interest rate reductions, or some combination of any of these concessions. When principal is forgiven, the amortized cost basis of the asset is written off against the allowance for credit losses. The amount of the principal forgiveness is deemed to be uncollectible; therefore, that portion of the loan is written off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the allowance for credit losses.

We assess whether a borrower is experiencing financial difficulty based on a variety of factors, including the borrower's current default on any of its outstanding debt, the probability of a default on any of its debt in the foreseeable future without the modification, the insufficiency of the borrower's forecasted cash flows to service any of its outstanding debt (including both principal and interest), and the borrower's inability to access alternative third party financing at an interest rate that would be reflective of current market conditions for a non-troubled debtor.

During the six months ended June 30, 2023, AIG did not modify any loans to borrowers experiencing financial difficulty.

There were no loans that had defaulted during the six months ended June 30, 2023, that had been previously modified with borrowers experiencing financial difficulties.

Prior to January 1, 2023, we were required to assess loan modifications to determine if they were a troubled debt restructuring. A troubled debt restructuring was a modification of a loan with a borrower that was experiencing financial difficulty and the modification involved us granting a concession to the troubled borrower. Concessions previously granted included extended maturity dates, interest rate changes, principal or interest forgiveness, payment deferrals and easing of loan covenants.

During the six months ended June 30, 2022, loans with a carrying value of \$115 million were modified as troubled debt restructurings. Effective January 1, 2023, we are no longer required to assess whether loan modifications are troubled debt restructurings.

## 8. Reinsurance

In the ordinary course of business, our insurance companies purchase both treaty and facultative reinsurance to limit potential losses, provide additional capacity for growth, minimize exposure to significant risks or to facilitate greater diversification of our businesses. In addition, certain of our General Insurance subsidiaries sell reinsurance to other insurance companies. We determine the portion of our ultimate net loss that will be recoverable under our reinsurance contracts by reference to the terms of the reinsurance protection purchased. This determination involves an estimate of incurred but not reported (IBNR) loss. Reinsurance recoverables for contracts which are accounted for as deposits are subject to similar judgments and uncertainties and reported in Other assets.

Reinsurance assets include the balances due for paid losses and expenses, reserves for losses and expenses reported and outstanding, reserves for IBNR, ceded unearned premiums and ceded future policy benefits for life and accident and health insurance contracts and benefits paid and unpaid. Amounts related to paid and reserved losses and expenses and benefits with respect to these reinsurance agreements are sometimes collateralized. We remain liable to our policyholders regardless of whether our reinsurers meet their obligations under the reinsurance contracts, and as such, we regularly evaluate the financial condition of our reinsurers and monitor concentration of our credit risk. The estimation of the allowance for unrecoverable reinsurance from reinsurers who are unwilling and/or unable to pay amounts due us requires judgment for which key inputs typically include historical collection rates when amounts due are in dispute or where the reinsurer has suffered a credit event as well as specific reviews of balances in dispute or subject to credit impairment. Changes in the allowance for credit losses and disputes on reinsurance assets are reflected in Policyholder benefits and losses incurred within the Condensed Consolidated Statements of Income (Loss).

### PRIOR TO THE ADOPTION OF THE TARGETED IMPROVEMENTS TO THE ACCOUNTING FOR LONG-DURATION CONTRACTS STANDARD

Assumptions used in estimating reinsurance recoverables related to coinsurance or modco contracts were consistent with those used in estimating the related liabilities and reflected locked-in assumptions, absent a loss recognition event. Amounts recoverable on YRT treaties were recognized when claims were incurred on the reinsured policies.

### SUBSEQUENT TO THE ADOPTION OF THE TARGETED IMPROVEMENTS TO THE ACCOUNTING FOR LONG-DURATION CONTRACTS STANDARD

Reinsurance recoverables are recognized in a manner consistent with the liabilities relating to the underlying reinsured contracts.

The reinsurance recoverables for coinsurance and modco contracts, along with amounts recoverable on YRT treaties are determined based on updated net premium ratios, reflecting updated actuarial assumptions using locked-in upper-medium investment instrument yield discount rates with changes recognized as remeasurement gains and losses reported in income. In addition, reinsurance recoverables are remeasured at the balance sheet date using current upper-medium grade discount rates with changes reported in OCI. For reinsurance agreements that reinsure existing, or non-contemporaneous (in-force) traditional and limited payment long-duration insurance contracts, the reinsurance recoverable is measured using the upper-medium grade fixed-income instrument yield discount rate assumption related to the effective date of the reinsurance contract. Therefore, for non-contemporaneous reinsurance agreements executed after January 1, 2021, the locked-in rate to accrete interest into the income statement related to the reinsurance recoverable would be different from the locked-in rate used for accreting interest on the direct reserve for future policy benefits. Certain reinsured guaranteed benefits previously reported as reinsurance recoverables are classified as Market risk benefit assets in the Condensed Consolidated Balance Sheets and are measured at fair value.

The following tables present the transition rollforward for Reinsurance assets:

| <i>(in millions)</i>                                                                             | Individual Retirement | Life Insurance | Institutional Markets | Total    |
|--------------------------------------------------------------------------------------------------|-----------------------|----------------|-----------------------|----------|
| <b>Reinsurance assets - other, net of allowance for credit losses and disputes<sup>(a)</sup></b> |                       |                |                       |          |
| <b>Pre-adoption, December 31, 2020</b>                                                           | \$ 309                | \$ 2,370       | \$ 28                 | \$ 2,707 |
| Reclassification of Cost of Reinsurance <sup>(b)</sup>                                           | —                     | 416            | —                     | 416      |
| Reclassification to Market risk benefits                                                         | (35)                  | —              | —                     | (35)     |
| Change in cash flow assumptions and effect of net premiums exceeding gross premiums              | —                     | 9              | —                     | 9        |
| Change due to the current upper-medium grade discount rate                                       | —                     | 74             | 5                     | 79       |
| <b>Post-adoption January 1, 2021</b>                                                             | \$ 274                | \$ 2,869       | \$ 33                 | \$ 3,176 |

| <i>(in millions)</i>                                                                                    | Total     |
|---------------------------------------------------------------------------------------------------------|-----------|
| <b>Reinsurance assets - Fortitude Re, net of allowance for credit losses and disputes<sup>(c)</sup></b> |           |
| <b>Pre-adoption, December 31, 2020</b>                                                                  | \$ 29,135 |
| Change in cash flow assumptions and effect of net premiums exceeding gross premiums                     | 55        |
| Change due to the current upper-medium grade discount rate                                              | 7,611     |
| <b>Post-adoption January 1, 2021</b>                                                                    | \$ 36,801 |

(a) Excludes \$36.3 billion of Reinsurance assets - other, net of allowance for credit losses and disputes in General Insurance and Other Operations.

(b) Cost of reinsurance is reported in Other liabilities in the Condensed consolidated Balance sheets.

(c) Represents Life and Retirement legacy insurance lines ceded to Fortitude Re. Excludes \$5.4 billion of Reinsurance assets - Fortitude Re, net of allowance for credit losses and disputes in General Insurance and Other Operations.

The remeasurement of the reinsurance assets using the current upper-medium grade discount rate is offset in AOCI.

## FORTITUDE RE

Fortitude Re is the reinsurer of the majority of AIG's run-off operations. The reinsurance transactions are structured as modco and loss portfolio transfer arrangements with funds withheld (funds withheld). In modco and funds withheld arrangements, the investments supporting the reinsurance agreements, and which reflect the majority of the consideration that would be paid to the reinsurer for entering into the transaction, are withheld by, and therefore continue to reside on the balance sheet of, the ceding company (i.e., AIG) thereby creating an obligation for the ceding company to pay the reinsurer (i.e., Fortitude Re) at a later date. Additionally, as AIG maintains ownership of these investments, AIG will maintain its existing accounting for these assets (e.g., the changes in fair value of available for sale securities will be recognized within OCI). AIG has established a funds withheld payable to Fortitude Re while simultaneously establishing a reinsurance asset representing reserves for the insurance coverage that Fortitude Re has assumed. The funds withheld payable contains an embedded derivative and changes in fair value of the embedded derivative related to the funds withheld payable are recognized in earnings through Net realized gains (losses). This embedded derivative is considered a total return swap with contractual returns that are attributable to various assets and liabilities associated with these reinsurance agreements.

As of June 30, 2023, approximately \$27.5 billion of reserves from our Life and Retirement Run-Off Lines and approximately \$3.1 billion of reserves from our General Insurance Run-Off Lines related to business written by multiple wholly-owned AIG subsidiaries, had been ceded to Fortitude Re under these reinsurance transactions.

**There is a diverse pool of assets supporting the funds withheld arrangements with Fortitude Re. The following summarizes the composition of the pool of assets:**

| <i>(in millions)</i>                                          | June 30, 2023    |                  | December 31, 2022 |                  | Corresponding Accounting Policy                      |
|---------------------------------------------------------------|------------------|------------------|-------------------|------------------|------------------------------------------------------|
|                                                               | Carrying Value   | Fair Value       | Carrying Value    | Fair Value       |                                                      |
| Fixed maturity securities - available for sale <sup>(a)</sup> | \$ 17,595        | \$ 17,595        | \$ 18,821         | \$ 18,821        | Fair value through other comprehensive income (loss) |
| Fixed maturity securities - fair value option                 | 4,558            | 4,558            | 4,182             | 4,182            | Fair value through net investment income             |
| Commercial mortgage loans                                     | 4,196            | 3,928            | 4,107             | 3,837            | Amortized cost                                       |
| Real estate investments                                       | 126              | 302              | 133               | 348              | Amortized cost                                       |
| Private equity funds / hedge funds                            | 1,940            | 1,940            | 1,893             | 1,893            | Fair value through net investment income             |
| Policy loans                                                  | 341              | 341              | 355               | 355              | Amortized cost                                       |
| Short-term investments                                        | 255              | 255              | 75                | 75               | Fair value through net investment income             |
| Funds withheld investment assets                              | 29,011           | 28,919           | 29,566            | 29,511           |                                                      |
| Derivative assets, net <sup>(b)</sup>                         | 58               | 58               | 90                | 90               | Fair value through net realized gains (losses)       |
| Other <sup>(c)</sup>                                          | 611              | 611              | 782               | 782              | Amortized cost                                       |
| <b>Total</b>                                                  | <b>\$ 29,680</b> | <b>\$ 29,588</b> | <b>\$ 30,438</b>  | <b>\$ 30,383</b> |                                                      |

(a) The change in the net unrealized gains (losses) on available for sale securities related to the Fortitude Re funds withheld assets was \$376 million (\$297 million after-tax) and \$(6.1) billion (\$(4.8) billion after-tax), respectively for the six months ended June 30, 2023 and 2022.

(b) The derivative assets and liabilities have been presented net of cash collateral. The derivative assets and liabilities supporting the Fortitude Re funds withheld arrangements had a fair market value of \$191 million and \$25 million, respectively, as of June 30, 2023. The derivative assets and liabilities supporting the Fortitude Re funds withheld arrangements had a fair market value of \$192 million and \$28 million, respectively, as of December 31, 2022. These derivative assets and liabilities are fully collateralized either by cash or securities.

(c) Primarily comprised of Cash and Accrued investment income.

**The impact of the funds withheld arrangements with Fortitude Re was as follows:**

| (in millions)                                                                            | Three Months Ended<br>June 30, |               | Six Months Ended<br>June 30, |               |
|------------------------------------------------------------------------------------------|--------------------------------|---------------|------------------------------|---------------|
|                                                                                          | 2023                           | 2022          | 2023                         | 2022          |
| Net investment income - Fortitude Re funds withheld assets                               | \$ 291                         | \$ 188        | \$ 737                       | \$ 479        |
| <b>Net realized gains (losses) on Fortitude Re funds withheld assets:</b>                |                                |               |                              |               |
| Net realized losses - Fortitude Re funds withheld assets                                 | (138)                          | (86)          | (169)                        | (226)         |
| Net realized gains (losses) - Fortitude Re funds withheld embedded derivative            | 180                            | 2,776         | (985)                        | 6,094         |
| <b>Net realized gains (losses) on Fortitude Re funds withheld assets</b>                 | <b>42</b>                      | <b>2,690</b>  | <b>(1,154)</b>               | <b>5,868</b>  |
| <b>Income (loss) from continuing operations before income tax expense (benefit)</b>      | <b>333</b>                     | <b>2,878</b>  | <b>(417)</b>                 | <b>6,347</b>  |
| Income tax expense (benefit) <sup>(a)</sup>                                              | 70                             | 605           | (88)                         | 1,333         |
| <b>Net income (loss)</b>                                                                 | <b>263</b>                     | <b>2,273</b>  | <b>(329)</b>                 | <b>5,014</b>  |
| Change in unrealized appreciation (depreciation) of all other investments <sup>(a)</sup> | (259)                          | (2,156)       | 297                          | (4,794)       |
| <b>Comprehensive income (loss)</b>                                                       | <b>\$ 4</b>                    | <b>\$ 117</b> | <b>\$ (32)</b>               | <b>\$ 220</b> |

(a) The income tax expense (benefit) and the tax impact in AOCI was computed using AIG's U.S. statutory tax rate of 21 percent.

Various assets supporting the Fortitude Re funds withheld arrangements are reported at amortized cost, and as such, changes in the fair value of these assets are not reflected in the financial statements. However, changes in the fair value of these assets are included in the embedded derivative in the Fortitude Re funds withheld arrangement and the appreciation (depreciation) of the asset is the primary driver of the comprehensive income (loss) reflected above.

**REINSURANCE – CREDIT LOSSES**

The estimation of reinsurance recoverables involves a significant amount of judgment, particularly for latent exposures, such as asbestos, due to their long-tail nature. We assess the collectability of reinsurance recoverable balances in each reporting period, through either historical trends of disputes and credit events or financial analysis of the credit quality of the reinsurer. We record adjustments to reflect the results of these assessments through an allowance for credit losses and disputes on uncollectible reinsurance that reduces the carrying amount of reinsurance and other assets on the consolidated balance sheets (collectively, reinsurance recoverables). This estimate requires significant judgment for which key considerations include:

- paid and unpaid amounts recoverable;
- whether the balance is in dispute or subject to legal collection;
- the relative financial health of the reinsurer as classified by the Obligor Risk Ratings (ORRs) we assign to each reinsurer based upon our financial reviews; reinsurers that are financially troubled (i.e., in run-off, have voluntarily or involuntarily been placed in receivership, are insolvent, are in the process of liquidation or otherwise subject to formal or informal regulatory restriction) are assigned ORRs that will generate a significant allowance; and
- whether collateral and collateral arrangements exist.

An estimate of the reinsurance recoverable's lifetime expected credit losses is established utilizing a probability of default and loss given default method, which reflects the reinsurer's ORR. The allowance for credit losses excludes disputed amounts. An allowance for disputes is established for a reinsurance recoverable using the losses incurred model for contingencies.

The total reinsurance recoverables as of June 30, 2023 were \$72.5 billion. As of that date, utilizing AIG's ORRs, (i) approximately 90 percent of the reinsurance recoverables were investment grade, of which 50 percent related to General Insurance and 40 percent related to Life and Retirement; and (ii) approximately 10 percent of the reinsurance recoverables were non-investment grade, the majority of which related to General Insurance.

The total reinsurance recoverables as of December 31, 2022 were \$71.8 billion. As of that date, utilizing AIG's ORRs, (i) approximately 92 percent of the reinsurance recoverables were investment grade, of which 53 percent related to General Insurance and 39 percent related to Life and Retirement; (ii) approximately 7 percent of the reinsurance recoverables were non-investment grade, the majority of which related to General Insurance; (iii) less than one percent of the non-investment grade reinsurance recoverables related to Life and Retirement and (iv) approximately one percent of the reinsurance recoverables related to entities that were not rated by AIG.

As of June 30, 2023 and December 31, 2022, approximately 85 percent and 77 percent, respectively, of our non-investment grade reinsurance exposure related to captive insurers. These arrangements are typically collateralized by letters of credit, funds withheld or trust agreements.

## Reinsurance Recoverable Allowance

The following table presents a rollforward of the reinsurance recoverable allowance:

| Three Months Ended June 30,<br>(in millions)                                    | 2023              |                     |        | 2022              |                     |        |
|---------------------------------------------------------------------------------|-------------------|---------------------|--------|-------------------|---------------------|--------|
|                                                                                 | General Insurance | Life and Retirement | Total  | General Insurance | Life and Retirement | Total  |
| <b>Balance, beginning of period</b>                                             | \$ 253            | \$ 74               | \$ 327 | \$ 286            | \$ 105              | \$ 391 |
| Addition to (release of) allowance for expected credit losses and disputes, net | (1)               | (8)                 | (9)    | (4)               | 2                   | (2)    |
| Write-offs charged against the allowance for credit losses and disputes         | —                 | —                   | —      | —                 | —                   | —      |
| Recoveries of amounts previously written off                                    | —                 | —                   | —      | 2                 | —                   | 2      |
| Other changes                                                                   | 2                 | —                   | 2      | —                 | —                   | —      |
| <b>Balance, end of period</b>                                                   | \$ 254            | \$ 66               | \$ 320 | \$ 284            | \$ 107              | \$ 391 |

| Six Months Ended June 30,<br>(in millions)                                      | 2023              |                     |        | 2022              |                     |        |
|---------------------------------------------------------------------------------|-------------------|---------------------|--------|-------------------|---------------------|--------|
|                                                                                 | General Insurance | Life and Retirement | Total  | General Insurance | Life and Retirement | Total  |
| <b>Balance, beginning of year</b>                                               | \$ 260            | \$ 84               | \$ 344 | \$ 281            | \$ 101              | \$ 382 |
| Addition to (release of) allowance for expected credit losses and disputes, net | (4)               | (18)                | (22)   | 1                 | 6                   | 7      |
| Write-offs charged against the allowance for credit losses and disputes         | (1)               | —                   | (1)    | (2)               | —                   | (2)    |
| Recoveries of amounts previously written off                                    | —                 | —                   | —      | 2                 | —                   | 2      |
| Other changes                                                                   | (1)               | —                   | (1)    | 2                 | —                   | 2      |
| <b>Balance, end of period</b>                                                   | \$ 254            | \$ 66               | \$ 320 | \$ 284            | \$ 107              | \$ 391 |

### Past-Due Status

We consider a reinsurance asset to be past due when it is 90 days past due. The allowance for credit losses is estimated excluding disputed amounts. An allowance for disputes is established using the losses incurred method for contingencies. Past due balances on claims that are not in dispute were not material for any of the periods presented.

## 9. Deferred Policy Acquisition Costs

DAC represent those costs that are incremental and directly related to the successful acquisition of new or renewal of existing insurance contracts. We defer incremental costs that result directly from, and are essential to, the acquisition or renewal of an insurance contract. Such DAC generally include agent or broker commissions and bonuses, premium taxes, and medical and inspection fees that would not have been incurred if the insurance contract had not been acquired or renewed. Each cost is analyzed to assess whether it is fully deferrable. We partially defer costs, including certain commissions, when we do not believe that the entire cost is directly related to the acquisition or renewal of insurance contracts. Commissions that are not deferred to DAC are recorded in General operating and other expenses in the Condensed Consolidated Statements of Income (Loss).

We also defer a portion of employee total compensation and payroll-related fringe benefits directly related to time spent performing specific acquisition or renewal activities, including costs associated with the time spent on underwriting, policy issuance and processing, and sales force contract selling. The amounts deferred are derived based on successful efforts for each distribution channel and/or cost center from which the cost originates.

**Short-duration insurance contracts:** Policy acquisition costs are deferred and amortized over the period in which the related premiums written are earned, generally 12 months. DAC is grouped consistent with the manner in which the insurance contracts are acquired, serviced and measured for profitability and is reviewed for recoverability based on the profitability of the underlying insurance contracts. Investment income is anticipated in assessing the recoverability of DAC. We assess the recoverability of DAC on an annual basis or more frequently if circumstances indicate an impairment may have occurred. This assessment is performed by comparing recorded net unearned premiums and anticipated investment income on in-force business to the sum of expected losses and loss adjustment expenses incurred, unamortized DAC and maintenance costs. If the sum of these costs exceeds the amount of recorded net unearned premiums and anticipated investment income, the excess is recognized as an offset against the asset established for DAC. This offset is referred to as a premium deficiency charge. Increases in expected losses and loss adjustment expenses incurred can have a significant impact on the likelihood and amount of a premium deficiency charge.

## PRIOR TO THE ADOPTION OF THE TARGETED IMPROVEMENTS TO THE ACCOUNTING FOR LONG-DURATION CONTRACTS STANDARD

**Long-duration insurance contracts:** Policy acquisition costs for participating life, traditional life and accident and health insurance products were generally deferred and amortized, with interest, over the premium paying period. The assumptions used to calculate the benefit liabilities and DAC for these traditional products were set when a policy was issued and did not change with changes in actual experience, unless a loss recognition event occurred. These “locked-in” assumptions included mortality, morbidity, persistency, maintenance expenses and investment returns, and included margins for adverse deviation to reflect uncertainty given that actual experience might deviate from these assumptions. A loss recognition event occurred when there was a shortfall between the carrying amount of future policy benefit liabilities, net of DAC, and what the future policy benefit liabilities, net of DAC, would be when applying updated current assumptions. When we determined a loss recognition event had occurred, we first reduced any DAC related to that block of business through amortization of acquisition expense, and after DAC was depleted, we recorded additional liabilities through a charge to Policyholder benefits and losses incurred. Groupings for loss recognition testing were consistent with our manner of acquiring, servicing and measuring the profitability of the business and applied by product groupings. We performed separate loss recognition tests for traditional life products, payout annuities and long-term care products. Our policy was to perform loss recognition testing net of reinsurance. Once loss recognition had been recorded for a block of business, the old assumption set was replaced, and the assumption set used for the loss recognition would then be subject to the lock-in principle.

**Investment-oriented contracts:** Certain policy acquisition costs and policy issuance costs related to investment-oriented contracts, for example universal life, variable and fixed annuities, and fixed index annuities, were deferred and amortized, with interest, in relation to the incidence of EGPs to be realized over the estimated lives of the contracts. EGPs were affected by a number of factors, including levels of current and expected interest rates, net investment income and spreads, net realized gains and losses, fees, surrender rates, mortality experience, policyholder behavior experience and equity market returns and volatility. In each reporting period, current period amortization expense was adjusted to reflect actual gross profits. If the assumptions used for estimating gross profit changed significantly, DAC was recalculated using the new assumptions, including actuarial assumptions such as mortality, lapse, benefit utilization, and premium persistency, and any resulting adjustment was included in income. If the new assumptions indicated that future EGPs were higher than previously estimated, DAC was increased resulting in a decrease in amortization expense and increase in income in the current period; if future EGPs were lower than previously estimated, DAC was decreased resulting in an increase in amortization expense and decrease in income in the current period. Updating such assumptions may result in acceleration of amortization in some products and deceleration of amortization in other products. DAC was grouped consistent with the manner in which the insurance contracts were acquired, serviced and measured for profitability and was reviewed for recoverability based on the current and projected future profitability of the underlying insurance contracts.

To estimate future EGPs for variable life and annuity products, a long-term annual asset growth assumption was applied to determine the future growth in assets and related asset-based fees. In determining the asset growth rate, the effect of short-term fluctuations in the equity markets was partially mitigated through the use of a “reversion to the mean” methodology for variable annuities, whereby short-term asset growth above or below long-term annual rate assumptions impacted the growth assumption applied to the five-year period subsequent to the current balance sheet date. The reversion to the mean methodology allowed us to maintain our long-term growth assumptions, while also giving consideration to the effect of actual investment performance. When actual performance significantly deviated from the annual long-term growth assumption, as evidenced by growth assumptions in the five-year reversion to the mean period falling below a certain rate (floor) or rising above a certain rate (cap) for a sustained period, judgment was applied to revise or “unlock” the growth rate assumptions to be used for both the five-year reversion to the mean period as well as the long-term annual growth assumption applied to subsequent periods.

**Unrealized Appreciation (Depreciation) of Investments:** DAC related to investment-oriented contracts was also adjusted to reflect the effect of unrealized gains or losses on fixed maturity securities available for sale on EGPs, with related changes recognized through OCI. The adjustment was made at each balance sheet date, as if the securities had been sold at their stated aggregate fair value and the proceeds reinvested at current yields. Similarly, for long-duration traditional insurance contracts, if the assets supporting the liabilities were in a net unrealized gain position at the balance sheet date, loss recognition testing assumptions were updated to exclude such gains from future cash flows by reflecting the impact of reinvestment rates on future yields. If a future loss was anticipated under this basis, any additional shortfall indicated by loss recognition tests was recognized as a reduction in OCI. Similar to other loss recognition on long-duration insurance contracts, such shortfall is first reflected as a reduction in DAC and secondly as an increase in liabilities for Future policy benefits. The change in these adjustments, net of tax, was included with the change in net unrealized appreciation of investments that is credited or charged directly to OCI.

## SUBSEQUENT TO THE ADOPTION OF THE TARGETED IMPROVEMENTS TO THE ACCOUNTING FOR LONG-DURATION CONTRACTS STANDARD

DAC for all long-duration contracts, except for those with limited to no exposure to policyholder behavior risk, (i.e., certain investment contracts), is grouped and amortized on a constant level basis (i.e., approximating straight line amortization with adjustments for expected terminations) over the expected term of the related contracts using assumptions consistent with those used in estimating the related liability for future policy benefits, or any other related balances, for those corresponding contracts, as applicable. Capitalized expenses are only included in DAC amortization as expenses are incurred. For amortization purposes, contracts are grouped into annual cohorts by issue year and product and to segregate reinsured and non-reinsured contracts. For life insurance contracts, amortization is based on insurance in-force, while initial deposits are used for deferred annuity contracts, structured settlements and pension risk transfer products. Changes in future assumptions (e.g., expected duration of contracts or amount of coverage expected to be in force) are applied by adjusting the amortization rate prospectively. The Company has elected to implicitly account for actual experience, whether favorable or unfavorable, in its amortization expense each period. DAC is capped at the amount of expenses capitalized as the DAC balance does not accrue interest. DAC is not subject to recoverability testing.

**Value of Business Acquired (VOBA)** is determined at the time of acquisition and is reported in the Condensed Consolidated Balance Sheets with DAC. This value is based on the present value of future pre-tax profits discounted at yields applicable at the time of purchase. VOBA is amortized, consistent with DAC, i.e., over the life of the business on a constant level basis.

**Internal Replacements of Long-duration and Investment-oriented Products:** the accounting of internal replacements has generally not been impacted by the adoption of LDTI.

The following table presents the transition rollforward for DAC\*:

| (in millions)                                                                                                                               | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Total     |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|----------------|-----------------------|-----------|
| <b>Pre-adoption December 31, 2020 DAC balance</b>                                                                                           | \$ 2,359              | \$ 560           | \$ 4,371       | \$ 26                 | \$ 7,316  |
| Adjustments for the removal of related balances in Accumulated other comprehensive income (loss) originating from unrealized gains (losses) | 2,062                 | 534              | 547            | 7                     | 3,150     |
| <b>Post-adoption January 1, 2021 DAC balance</b>                                                                                            | \$ 4,421              | \$ 1,094         | \$ 4,918       | \$ 33                 | \$ 10,466 |

\* Excludes \$2.5 billion of DAC in General Insurance.

Prior to the adoption of LDTI, DAC for investment-oriented products included the effect of unrealized gains or losses on fixed maturity securities classified as available for sale. At the Transition Date, these adjustments were removed with a corresponding offset in AOCI. As the available for sale portfolio was in an unrealized gain position as of the Transition Date, the adjustment for removal of related balances in AOCI originating from unrealized gains (losses) balances was reducing DAC.

The following table presents a rollforward of DAC:

| Six Months Ended June 30, 2023     | General Insurance | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Total     |
|------------------------------------|-------------------|-----------------------|------------------|----------------|-----------------------|-----------|
| (in millions)                      |                   |                       |                  |                |                       |           |
| <b>Balance, beginning of year</b>  | \$ 2,310          | \$ 4,597              | \$ 1,060         | \$ 4,839       | \$ 51                 | \$ 12,857 |
| Capitalization                     | 2,385             | 358                   | 37               | 234            | 10                    | 3,024     |
| Amortization expense               | (1,965)           | (272)                 | (41)             | (201)          | (4)                   | (2,483)   |
| Other, including foreign exchange* | (734)             | —                     | —                | 38             | —                     | (696)     |
| <b>Balance, end of period</b>      | \$ 1,996          | \$ 4,683              | \$ 1,056         | \$ 4,910       | \$ 57                 | \$ 12,702 |
| Six Months Ended June 30, 2022     |                   |                       |                  |                |                       |           |
| <b>Balance, beginning of year</b>  | \$ 2,428          | \$ 4,553              | \$ 1,078         | \$ 4,904       | \$ 38                 | \$ 13,001 |
| Capitalization                     | 2,046             | 281                   | 29               | 215            | 6                     | 2,577     |
| Amortization expense               | (1,759)           | (242)                 | (39)             | (210)          | (3)                   | (2,253)   |
| Other, including foreign exchange  | (130)             | —                     | —                | (77)           | —                     | (207)     |
| <b>Balance, end of period</b>      | \$ 2,585          | \$ 4,592              | \$ 1,068         | \$ 4,832       | \$ 41                 | \$ 13,118 |

\* Includes \$712 million reclassified to Assets held for sale on the Condensed Consolidated Balance Sheets.

## DEFERRED SALES INDUCEMENTS

We offer deferred sales inducements (DSI) which include enhanced crediting rates or bonus payments to contract holders (bonus interest) on certain annuity and investment contract products. To qualify for such accounting treatment as an asset, the bonus interest must be explicitly identified in the contract at inception. We must also demonstrate that such amounts are incremental to amounts we credit on similar contracts without bonus interest and are higher than the contracts' expected ongoing crediting rates for periods after the bonus period. DSI is reported in Other assets, while amortization related to DSI is recorded in Interest credited to policyholder account balances.

### Prior to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

DSI amounts were deferred and amortized over the life of the contract in relation to the incidence of EGPs to be realized over the estimated lives of the contracts. DSI was adjusted for the effect on EGPs of unrealized gains and losses on available-for-sale securities, with related changes recognized through OCI.

### Subsequent to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

DSI amounts are deferred and amortized on a constant level basis over the life of the contract consistent with DAC. Changes in future assumptions (e.g., expected duration of contracts) are applied by adjusting the amortization rate prospectively rather than through a retrospective catch up adjustment. The Company has elected to implicitly account for actual experience, whether favorable or unfavorable, in its amortization expense each period, consistent with DAC.

The following table presents the transition rollforward for DSI\*:

| <i>(in millions)</i>                                                                                                                        | Individual Retirement | Group Retirement | Total         |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|---------------|
| <b>Pre-adoption December 31, 2020 DSI balance</b>                                                                                           | <b>\$ 190</b>         | <b>\$ 91</b>     | <b>\$ 281</b> |
| Adjustments for the removal of related balances in Accumulated other comprehensive income (loss) originating from unrealized gains (losses) | 284                   | 114              | 398           |
| <b>Post-adoption January 1, 2021 DSI balance</b>                                                                                            | <b>\$ 474</b>         | <b>\$ 205</b>    | <b>\$ 679</b> |

\* Other assets, excluding DSI, totaled \$12.8 billion.

Prior to the adoption of LDTI, deferred sales inducements for investment-oriented products included the effect of unrealized gains or losses on fixed maturity securities classified as available-for-sale. At the Transition Date, these adjustments were removed with a corresponding offset in AOCI. As the available for sale portfolio was in an unrealized gain position as of the Transition Date, the adjustment for removal of related balances in AOCI originating from unrealized gains (losses) balances was reducing DSI.

The following table presents a rollforward of DSI:

| <b>Six Months Ended June 30, 2023</b> | <b>2023</b>           |                  |               | <b>2022</b>           |                  |               |
|---------------------------------------|-----------------------|------------------|---------------|-----------------------|------------------|---------------|
| <i>(in millions)</i>                  | Individual Retirement | Group Retirement | Total         | Individual Retirement | Group Retirement | Total         |
| <b>Balance, beginning of year</b>     | <b>\$ 381</b>         | <b>\$ 177</b>    | <b>\$ 558</b> | <b>\$ 428</b>         | <b>\$ 191</b>    | <b>\$ 619</b> |
| Capitalization                        | 4                     | 1                | 5             | 4                     | —                | 4             |
| Amortization expense                  | (27)                  | (7)              | (34)          | (26)                  | (7)              | (33)          |
| <b>Balance, end of period*</b>        | <b>\$ 358</b>         | <b>\$ 171</b>    | <b>\$ 529</b> | <b>\$ 406</b>         | <b>\$ 184</b>    | <b>\$ 590</b> |

\* At June 30, 2023 and 2022, Other assets, excluding DSI, totaled \$12.3 billion and \$13.0 billion, respectively.

## 10. Variable Interest Entities

We enter into various arrangements with Variable Interest Entities (VIEs) in the normal course of business and consolidate the VIEs when we determine we are the primary beneficiary. This analysis includes a review of the VIE's capital structure, related contractual relationships and terms, nature of the VIE's operations and purpose, nature of the VIE's interests issued and our involvement with the entity. When assessing the need to consolidate a VIE, we evaluate the design of the VIE as well as the related risks to which the entity was designed to expose the variable interest holders.

The primary beneficiary is the entity that has both (i) the power to direct the activities of the VIE that most significantly affect the entity's economic performance and (ii) the obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. While also considering these factors, the consolidation conclusion depends on the breadth of our decision-making ability and our ability to influence activities that significantly affect the economic performance of the VIE.

### BALANCE SHEET CLASSIFICATION AND EXPOSURE TO LOSS

Creditors or beneficial interest holders of VIEs for which AIG is the primary beneficiary generally have recourse only to the assets and cash flows of the VIEs and do not have recourse to AIG, except in limited circumstances when AIG has provided a guarantee to the VIE's interest holders. The following table presents the total assets and total liabilities associated with our variable interests in consolidated VIEs, as classified in the Condensed Consolidated Balance Sheets:

| (in millions)                            | Real Estate and<br>Investment Entities <sup>(d)</sup> |       | Securitization<br>Vehicles <sup>(e)</sup> |       | Total    |
|------------------------------------------|-------------------------------------------------------|-------|-------------------------------------------|-------|----------|
| June 30, 2023                            |                                                       |       |                                           |       |          |
| Assets:                                  |                                                       |       |                                           |       |          |
| Bonds available for sale                 | \$                                                    | —     | \$                                        | 236   | \$ 236   |
| Equity securities                        |                                                       | 34    |                                           | —     | 34       |
| Mortgage and other loans receivable      |                                                       | —     |                                           | 2,139 | 2,139    |
| Other invested assets                    |                                                       |       |                                           |       |          |
| Alternative investments <sup>(a)</sup>   |                                                       | 2,860 |                                           | —     | 2,860    |
| Investment real estate                   |                                                       | 1,784 |                                           | —     | 1,784    |
| Short-term investments                   |                                                       | 292   |                                           | 33    | 325      |
| Cash                                     |                                                       | 99    |                                           | —     | 99       |
| Accrued investment income                |                                                       | —     |                                           | 16    | 16       |
| Other assets                             |                                                       | 130   |                                           | 1     | 131      |
| Total <sup>(b)</sup>                     | \$                                                    | 5,199 | \$                                        | 2,425 | \$ 7,624 |
| Liabilities:                             |                                                       |       |                                           |       |          |
| Debt of consolidated investment entities | \$                                                    | 1,410 | \$                                        | 1,197 | \$ 2,607 |
| Other <sup>(c)</sup>                     |                                                       | 102   |                                           | 23    | 125      |
| Total                                    | \$                                                    | 1,512 | \$                                        | 1,220 | \$ 2,732 |

| (in millions)                            | Real Estate and Investment Entities <sup>(d)</sup> |       | Securitization Vehicles <sup>(e)</sup> |       | Total     |
|------------------------------------------|----------------------------------------------------|-------|----------------------------------------|-------|-----------|
| December 31, 2022                        |                                                    |       |                                        |       |           |
| Assets:                                  |                                                    |       |                                        |       |           |
| Bonds available for sale                 | \$                                                 | —     | \$                                     | 3,672 | \$ 3,672  |
| Equity securities                        |                                                    | 51    |                                        | —     | 51        |
| Mortgage and other loans receivable      |                                                    | —     |                                        | 2,221 | 2,221     |
| Other invested assets                    |                                                    |       |                                        |       |           |
| Alternative investments <sup>(a)</sup>   |                                                    | 2,842 |                                        | —     | 2,842     |
| Investment real estate                   |                                                    | 1,731 |                                        | —     | 1,731     |
| Short-term investments                   |                                                    | 191   |                                        | 281   | 472       |
| Cash                                     |                                                    | 71    |                                        | —     | 71        |
| Accrued investment income                |                                                    | —     |                                        | 9     | 9         |
| Other assets                             |                                                    | 102   |                                        | 70    | 172       |
| Total <sup>(b)</sup>                     | \$                                                 | 4,988 | \$                                     | 6,253 | \$ 11,241 |
| Liabilities:                             |                                                    |       |                                        |       |           |
| Debt of consolidated investment entities | \$                                                 | 1,358 | \$                                     | 4,336 | \$ 5,694  |
| Other <sup>(c)</sup>                     |                                                    | 85    |                                        | 47    | 132       |
| Total                                    | \$                                                 | 1,443 | \$                                     | 4,383 | \$ 5,826  |

(a) Comprised primarily of investments in real estate joint ventures at June 30, 2023 and December 31, 2022.

(b) The assets of each VIE can be used only to settle specific obligations of that VIE.

(c) Comprised primarily of Other liabilities at June 30, 2023 and December 31, 2022.

(d) At June 30, 2023 and December 31, 2022, off-balance sheet exposure primarily consisting of our insurance companies' commitments to real estate and investment entities were \$2.0 billion and \$2.1 billion, respectively, of which commitments to external parties were \$0.5 billion and \$0.6 billion, respectively.

(e) During the six months ended June 30, 2023, as part of the sale of AIG Credit Management, LLC, certain consolidated investment entities were deconsolidated. The impact of the deconsolidation was a decrease of \$3.6 billion in assets and \$3.1 billion in liabilities, resulting in a pre-tax loss of \$14 million.

We calculate our maximum exposure to loss to be (i) the amount invested in the debt or equity of the VIE, (ii) the notional amount of VIE assets or liabilities where we have also provided credit protection to the VIE with the VIE as the referenced obligation, and (iii) other commitments and guarantees to the VIE.

**The following table presents total assets of unconsolidated VIEs in which we hold a variable interest, as well as our maximum exposure to loss associated with these VIEs:**

|                                                    |                  | Maximum Exposure to Loss |                                 |       |                   |                      |       |        |
|----------------------------------------------------|------------------|--------------------------|---------------------------------|-------|-------------------|----------------------|-------|--------|
| (in millions)                                      | Total VIE Assets |                          | On-Balance Sheet <sup>(c)</sup> |       | Off-Balance Sheet |                      | Total |        |
| June 30, 2023                                      |                  |                          |                                 |       |                   |                      |       |        |
| Real estate and investment entities <sup>(a)</sup> | \$               | 513,797                  | \$                              | 9,318 | \$                | 3,826 <sup>(d)</sup> | \$    | 13,144 |
| Other <sup>(b)</sup>                               |                  | 1,027                    |                                 | 58    |                   | 748 <sup>(e)</sup>   |       | 806    |
| Total                                              | \$               | 514,824                  | \$                              | 9,376 | \$                | 4,574                | \$    | 13,950 |
| December 31, 2022                                  |                  |                          |                                 |       |                   |                      |       |        |
| Real estate and investment entities <sup>(a)</sup> | \$               | 504,219                  | \$                              | 9,145 | \$                | 3,938 <sup>(d)</sup> | \$    | 13,083 |
| Other <sup>(b)</sup>                               |                  | 1,302                    |                                 | 247   |                   | 747 <sup>(e)</sup>   |       | 994    |
| Total                                              | \$               | 505,521                  | \$                              | 9,392 | \$                | 4,685                | \$    | 14,077 |

(a) Comprised primarily of hedge funds and private equity funds.

(b) At June 30, 2023 and December 31, 2022, excludes approximately \$1,986 million and \$2,057 million, respectively, of VIE assets related to AIGFP and its consolidated subsidiaries, with maximum off-balance sheet exposure to loss of \$1,959 million and \$2,033 million, respectively. For additional information, see Note 1.

(c) At June 30, 2023 and December 31, 2022, \$9.3 billion and \$9.3 billion, respectively, of our total unconsolidated VIE assets were recorded as Other invested assets.

(d) These amounts represent our unfunded commitments to invest in private equity funds and hedge funds.

(e) These amounts represent our estimate of the maximum exposure to loss under certain insurance policies issued to VIEs if a hypothetical loss occurred to the extent of the full amount of the insured value. Our insurance policies cover defined risks and our estimate of liability is included in our insurance reserves on the balance sheet.

For additional information on VIEs, see Note 9 to the Consolidated Financial Statements in the 2022 Annual Report.

## 11. Derivatives and Hedge Accounting

We use derivatives and other financial instruments as part of our financial risk management programs and as part of our investment operations. Interest rate derivatives (such as interest rate swaps) are used to manage interest rate risk associated with embedded derivatives contained in insurance contract liabilities, fixed maturity securities, outstanding medium- and long-term notes as well as other interest rate sensitive assets and liabilities. Foreign exchange derivatives (principally foreign exchange forwards and swaps) are used to economically mitigate risk associated with non-U.S. dollar denominated debt, net capital exposures, foreign currency transactions, and foreign denominated investments. Equity derivatives are used to economically mitigate financial risk associated with embedded derivatives and MRBs in certain insurance liabilities. We use credit derivatives to manage our credit exposures. Commodity derivatives are used to hedge exposures within reinsurance contracts. The derivatives are effective economic hedges of the exposures that they are meant to offset. In addition to hedging activities, we also enter into derivative contracts with respect to investment operations, which may include, among other things, credit default swaps (CDSs), total return swaps and purchases of investments with embedded derivatives, such as equity-linked notes and convertible bonds.

The following table presents the notional amounts of our derivatives and the fair value of derivative assets and liabilities in the Condensed Consolidated Balance Sheets:

| (in millions)                                                                   | June 30, 2023           |                 |                              |                 | December 31, 2022       |                 |                              |                 |
|---------------------------------------------------------------------------------|-------------------------|-----------------|------------------------------|-----------------|-------------------------|-----------------|------------------------------|-----------------|
|                                                                                 | Gross Derivative Assets |                 | Gross Derivative Liabilities |                 | Gross Derivative Assets |                 | Gross Derivative Liabilities |                 |
|                                                                                 | Notional Amount         | Fair Value      | Notional Amount              | Fair Value      | Notional Amount         | Fair Value      | Notional Amount              | Fair Value      |
| <b>Derivatives designated as hedging instruments:<sup>(a)</sup></b>             |                         |                 |                              |                 |                         |                 |                              |                 |
| Interest rate contracts                                                         | \$ 642                  | \$ 210          | \$ 1,428                     | \$ 38           | \$ 251                  | \$ 355          | \$ 1,688                     | \$ 66           |
| Foreign exchange contracts                                                      | 4,978                   | 530             | 3,752                        | 275             | 4,543                   | 642             | 4,899                        | 317             |
| <b>Derivatives not designated as hedging instruments:<sup>(a)</sup></b>         |                         |                 |                              |                 |                         |                 |                              |                 |
| Interest rate contracts                                                         | 35,331                  | 2,251           | 30,855                       | 3,070           | 39,833                  | 3,367           | 34,128                       | 4,772           |
| Foreign exchange contracts                                                      | 9,968                   | 897             | 10,077                       | 524             | 8,626                   | 1,202           | 10,397                       | 821             |
| Equity contracts                                                                | 35,621                  | 1,280           | 9,042                        | 347             | 31,264                  | 428             | 4,740                        | 26              |
| Commodity contracts                                                             | —                       | —               | —                            | —               | 212                     | 9               | 20                           | —               |
| Credit contracts <sup>(b)</sup>                                                 | 1,807                   | 33              | 537                          | 39              | 1,808                   | 32              | 933                          | 41              |
| Other contracts <sup>(c)</sup>                                                  | 46,017                  | 15              | —                            | —               | 47,184                  | 14              | —                            | —               |
| <b>Total derivatives, gross</b>                                                 | <b>\$ 134,364</b>       | <b>\$ 5,216</b> | <b>\$ 55,691</b>             | <b>\$ 4,293</b> | <b>\$ 133,721</b>       | <b>\$ 6,049</b> | <b>\$ 56,805</b>             | <b>\$ 6,043</b> |
| <b>Counterparty netting<sup>(d)</sup></b>                                       |                         | <b>(2,826)</b>  |                              | <b>(2,826)</b>  |                         | <b>(3,895)</b>  |                              | <b>(3,895)</b>  |
| <b>Cash collateral<sup>(e)</sup></b>                                            |                         | <b>(1,980)</b>  |                              | <b>(1,182)</b>  |                         | <b>(1,640)</b>  |                              | <b>(1,917)</b>  |
| <b>Total derivatives on Condensed Consolidated Balance Sheets<sup>(f)</sup></b> |                         | <b>\$ 410</b>   |                              | <b>\$ 285</b>   |                         | <b>\$ 514</b>   |                              | <b>\$ 231</b>   |

(a) Fair value amounts are shown before the effects of counterparty netting adjustments and offsetting cash collateral.

(b) As of June 30, 2023 and December 31, 2022, included CDSs on super senior multi-sector CLO with a net notional amount of \$53 million and \$79 million (fair value liability of \$32 million and \$32 million, respectively). The net notional amount represents the maximum exposure to loss on the portfolio.

(c) Consists primarily of stable value wraps and contracts with multiple underlying exposures.

(d) Represents netting of derivative exposures covered by a qualifying master netting agreement.

(e) Represents cash collateral posted and received that is eligible for netting.

(f) Freestanding derivatives only, excludes embedded derivatives. Derivative instrument assets and liabilities are recorded in Other assets and Other liabilities, respectively. Fair value of assets related to bifurcated embedded derivatives was \$2.1 billion at June 30, 2023 and \$2.2 billion at December 31, 2022. Fair value of liabilities related to bifurcated embedded derivatives was \$6.9 billion and \$5.4 billion, respectively, at June 30, 2023 and December 31, 2022. A bifurcated embedded derivative is generally presented with the host contract in the Condensed Consolidated Balance Sheets. Embedded derivatives are primarily related to guarantee features in fixed index annuities and index universal life products, which include equity and interest rate components, and the funds withheld arrangement with Fortitude Re. For additional information, see Note 8.

## COLLATERAL

We engage in derivative transactions that are not subject to a clearing requirement directly with unaffiliated third parties, in most cases, under International Swaps and Derivatives Association, Inc. (ISDA) Master Agreements. Many of the ISDA Master Agreements also include Credit Support Annex provisions, which provide for collateral postings that may vary at various ratings and threshold levels. We attempt to reduce our risk with certain counterparties by entering into agreements that enable collateral to be obtained from a counterparty on an upfront or contingent basis. We minimize the risk that counterparties might be unable to fulfill their contractual obligations by monitoring counterparty credit exposure and collateral value and generally requiring additional collateral to be posted upon the occurrence of certain events or circumstances. In addition, certain derivative transactions have provisions that require collateral to be posted by us upon a downgrade of our long-term debt ratings or give the counterparty the right to terminate the transaction. In the case of some of the derivative transactions, upon a downgrade of our long-term debt ratings, as an alternative to posting collateral and subject to certain conditions, we may assign the transaction to an obligor with higher debt ratings or arrange for a substitute guarantee of our obligations by an obligor with higher debt ratings or take other similar action. The actual amount of collateral required to be posted to counterparties in the event of such downgrades, or the aggregate amount of payments that we could be required to make, depends on market conditions, the fair value of outstanding affected transactions and other factors prevailing at and after the time of the downgrade.

Collateral posted by us to third parties for derivative transactions was \$2.2 billion and \$2.9 billion at June 30, 2023 and December 31, 2022, respectively. In the case of collateral posted under derivative transactions that are not subject to clearing, this collateral can generally be repledged or resold by the counterparties. Collateral provided to us from third parties for derivative transactions was \$2.4 billion and \$2.0 billion at June 30, 2023 and December 31, 2022, respectively. In the case of collateral provided to us under derivative transactions that are not subject to clearing, we generally can repledge or resell collateral.

## OFFSETTING

We have elected to present all derivative receivables and derivative payables, and the related cash collateral received and paid, on a net basis on our Condensed Consolidated Balance Sheets when a legally enforceable ISDA Master Agreement exists between us and our derivative counterparty. An ISDA Master Agreement is an agreement governing multiple derivative transactions between two counterparties. The ISDA Master Agreement generally provides for the net settlement of all, or a specified group, of these derivative transactions, as well as transferred collateral, through a single payment, and in a single currency, as applicable. The net settlement provisions apply in the event of a default on, or affecting any, one derivative transaction or a termination event affecting all, or a specified group of, derivative transactions governed by the ISDA Master Agreement.

## HEDGE ACCOUNTING

We designated certain derivatives entered into with third parties as fair value hedges of available for sale investment securities held by our insurance subsidiaries. The fair value hedges include foreign currency forwards and cross currency swaps designated as hedges of the change in fair value of foreign currency denominated available for sale securities attributable to changes in foreign exchange rates. We also designated certain interest rate swaps entered into with third parties as fair value hedges of fixed rate GICs attributable to changes in benchmark interest rates.

We use foreign currency denominated debt and cross-currency swaps as hedging instruments in net investment hedge relationships to mitigate the foreign exchange risk associated with our non-U.S. dollar functional currency foreign subsidiaries. For net investment hedge relationships where issued debt is used as a hedging instrument, we assess the hedge effectiveness and measure the amount of ineffectiveness based on changes in spot rates. For net investment hedge relationships that use derivatives as hedging instruments, we assess hedge effectiveness and measure hedge ineffectiveness using changes in forward rates. For the three and six months ended June 30, 2023, we recognized gains (losses) of \$(8) million and \$(33) million, respectively, and for the three and six months ended June 30, 2022, we recognized gains (losses) of \$220 million and \$307 million, respectively, included in Change in foreign currency translation adjustments in OCI related to the net investment hedge relationships.

A qualitative methodology is utilized to assess hedge effectiveness for net investment hedges, while regression analysis is employed for all other hedges.

The following table presents the gain (loss) recognized in income on our derivative instruments in fair value hedging relationships in the Condensed Consolidated Statements of Income (Loss):

|                                                    | Gains/(Losses) Recognized in Income for: |                                       |                 |            |      |
|----------------------------------------------------|------------------------------------------|---------------------------------------|-----------------|------------|------|
| (in millions)                                      | Hedging<br>Derivatives <sup>(a)</sup>    | Excluded<br>Components <sup>(b)</sup> | Hedged<br>Items | Net Impact |      |
| <b>Three Months Ended June 30, 2023</b>            |                                          |                                       |                 |            |      |
| <b>Interest rate contracts:</b>                    |                                          |                                       |                 |            |      |
| Interest credited to policyholder account balances | \$ (7)                                   | \$ 1                                  | \$ (3)          | \$         | (9)  |
| Net investment income                              | —                                        | —                                     | —               |            | —    |
| <b>Foreign exchange contracts:</b>                 |                                          |                                       |                 |            |      |
| Net realized gains/(losses)                        | (314)                                    | 121                                   | 314             |            | 121  |
| <b>Three Months Ended June 30, 2022</b>            |                                          |                                       |                 |            |      |
| <b>Interest rate contracts:</b>                    |                                          |                                       |                 |            |      |
| Interest credited to policyholder account balances | \$ (7)                                   | \$ —                                  | \$ 8            | \$         | 1    |
| Net investment income                              | —                                        | —                                     | —               |            | —    |
| <b>Foreign exchange contracts:</b>                 |                                          |                                       |                 |            |      |
| Net realized gains/(losses)                        | 325                                      | 98                                    | (325)           |            | 98   |
| <b>Six Months Ended June 30, 2023</b>              |                                          |                                       |                 |            |      |
| <b>Interest rate contracts:</b>                    |                                          |                                       |                 |            |      |
| Interest credited to policyholder account balances | \$ 36                                    | \$ 1                                  | \$ (50)         | \$         | (13) |
| Net investment income                              | —                                        | —                                     | —               |            | —    |
| <b>Foreign exchange contracts:</b>                 |                                          |                                       |                 |            |      |
| Net realized gains/(losses)                        | (444)                                    | 197                                   | 444             |            | 197  |
| <b>Six Months Ended June 30, 2022</b>              |                                          |                                       |                 |            |      |
| <b>Interest rate contracts:</b>                    |                                          |                                       |                 |            |      |
| Interest credited to policyholder account balances | \$ (28)                                  | \$ —                                  | \$ 31           | \$         | 3    |
| Net investment income                              | 1                                        | —                                     | (1)             |            | —    |
| <b>Foreign exchange contracts:</b>                 |                                          |                                       |                 |            |      |
| Net realized gains/(losses)                        | 434                                      | 140                                   | (434)           |            | 140  |

(a) Gains and losses on derivative instruments designated and qualifying in fair value hedges that are included in the assessment of hedge effectiveness.

(b) Gains and losses on derivative instruments designated and qualifying in fair value hedges that are excluded from the assessment of hedge effectiveness and recognized in income on a mark-to-market basis.

## DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The following table presents the effect of derivative instruments not designated as hedging instruments in the Condensed Consolidated Statements of Income (Loss):

| (in millions)                                                                    | Gains (Losses) Recognized in Income |                 |                              |                 |
|----------------------------------------------------------------------------------|-------------------------------------|-----------------|------------------------------|-----------------|
|                                                                                  | Three Months Ended<br>June 30,      |                 | Six Months Ended<br>June 30, |                 |
|                                                                                  | 2023                                | 2022            | 2023                         | 2022            |
| <b>By Derivative Type:</b>                                                       |                                     |                 |                              |                 |
| Interest rate contracts                                                          | \$ (179)                            | \$ (869)        | \$ (84)                      | \$ (1,482)      |
| Foreign exchange contracts                                                       | (220)                               | 730             | (321)                        | 966             |
| Equity contracts                                                                 | 3                                   | 78              | (75)                         | (126)           |
| Commodity contracts                                                              | 1                                   | (3)             | 8                            | (7)             |
| Credit contracts                                                                 | —                                   | —               | (1)                          | (1)             |
| Other contracts                                                                  | 17                                  | 13              | 33                           | 31              |
| Embedded derivatives                                                             | (256)                               | 3,333           | (1,804)                      | 7,312           |
| <b>Total</b>                                                                     | <b>\$ (634)</b>                     | <b>\$ 3,282</b> | <b>\$ (2,244)</b>            | <b>\$ 6,693</b> |
| <b>By Classification:</b>                                                        |                                     |                 |                              |                 |
| Policy fees                                                                      | \$ 17                               | \$ 15           | \$ 33                        | \$ 30           |
| Net investment income - excluding Fortitude Re funds withheld assets             | —                                   | 3               | —                            | 2               |
| Net investment income - Fortitude Re funds withheld assets                       | —                                   | —               | (2)                          | —               |
| Net realized gains (losses) - excluding Fortitude Re funds withheld assets       | (120)                               | 659             | (511)                        | 1,266           |
| Net realized gains (losses) on Fortitude Re funds withheld assets <sup>(a)</sup> | 93                                  | 2,824           | (1,034)                      | 6,086           |
| Policyholder benefits and claims incurred                                        | (3)                                 | (7)             | —                            | (14)            |
| Change in the fair value of market risk benefits, net <sup>(b)</sup>             | (621)                               | (212)           | (730)                        | (677)           |
| <b>Total</b>                                                                     | <b>\$ (634)</b>                     | <b>\$ 3,282</b> | <b>\$ (2,244)</b>            | <b>\$ 6,693</b> |

(a) Includes over-the-counter derivatives supporting the funds withheld arrangements with Fortitude Re and the embedded derivative contained within the funds withheld payable with Fortitude Re.

(b) This represents activity related to derivatives that economically hedged changes in the fair value of certain market risk benefits.

## CREDIT RISK-RELATED CONTINGENT FEATURES

We estimate that at June 30, 2023, based on our outstanding financial derivative transactions, a downgrade of our long-term senior debt ratings to BBB or BBB- by Standard & Poor's Financial Services LLC, a subsidiary of S&P Global Inc., and/or a downgrade to Baa2 or Baa3 by Moody's Investors' Service, Inc. would permit counterparties to make additional collateral calls and permit certain counterparties to elect early termination of contracts, resulting in corresponding collateral postings and termination payments in the total amount of up to approximately \$6 million. The aggregate fair value of our derivatives that were in a net liability position and that contain such credit risk-related contingencies which can be triggered below our long-term senior debt ratings of BBB+ or Baa1 was approximately \$33 million and \$32 million at June 30, 2023 and December 31, 2022, respectively. The aggregate fair value of assets posted as collateral under these contracts at June 30, 2023 and December 31, 2022, was approximately \$33 million and \$34 million, respectively.

## HYBRID SECURITIES WITH EMBEDDED CREDIT DERIVATIVES

We invest in hybrid securities (such as credit-linked notes) with the intent of generating income and not specifically to acquire exposure to embedded derivative risk. As is the case with our other investments in RMBS, CMBS, CLO and ABS, our investments in these hybrid securities are exposed to losses only up to the amount of our initial investment in the hybrid security. Other than our initial investment in the hybrid securities, we have no further obligation to make payments on the embedded credit derivatives in the related hybrid securities.

We elect to account for our investments in these hybrid securities with embedded written credit derivatives at fair value, with changes in fair value recognized in Net investment income. Our investments in these hybrid securities are reported as Other bond securities in the Condensed Consolidated Balance Sheets. The fair value of these hybrid securities was under \$1 million at both June 30, 2023 and December 31, 2022, respectively. These securities have par amounts of \$42 million and \$42 million at June 30, 2023 and December 31, 2022, respectively, and have remaining stated maturity dates that extend to 2052.

## 12. Insurance Liabilities

### LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES (LOSS RESERVES)

Loss reserves represent the accumulation of estimates of unpaid claims, including estimates for claims incurred but not reported and loss adjustment expenses, less applicable discount. We regularly review and update the methods used to determine loss reserve estimates. Any adjustments resulting from this review are reflected currently in pre-tax income, except to the extent such adjustment impacts a deferred gain under a retroactive reinsurance agreement, in which case the ceded portion would be amortized into pre-tax income in subsequent periods. Because these estimates are subject to the outcome of future events, changes in estimates are common given that loss trends vary and time is often required for changes in trends to be recognized and confirmed. Reserve changes that increase previous estimates of ultimate cost are referred to as unfavorable or adverse development or reserve strengthening. Reserve changes that decrease previous estimates of ultimate cost are referred to as favorable development or reserve releases.

Our gross loss reserves before reinsurance and discount are net of contractual deductible recoverable amounts due from policyholders of approximately \$12.4 billion and \$12.1 billion at June 30, 2023 and December 31, 2022, respectively. These recoverable amounts are related to certain policies with high deductibles (in excess of high dollar amounts retained by the insured through self-insured retentions, deductibles, retrospective programs, or captive arrangements, each referred to generically as “deductibles”), primarily for U.S. Commercial casualty business. With respect to the deductible portion of the claim, we manage and pay the entire claim on behalf of the insured and are reimbursed by the insured for the deductible portion of the claim. Thus, these recoverable amounts represent a credit exposure to us. At June 30, 2023 and December 31, 2022 we held collateral of approximately \$8.8 billion and \$8.6 billion, respectively, for these deductible recoverable amounts, consisting primarily of letters of credit and funded trust agreements. Allowance for credit losses for the unsecured portion of these recoverable amounts was \$14 million at both June 30, 2023 and December 31, 2022.

The following table presents the rollforward of activity in loss reserves:

| (in millions)                                                                          | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|----------------------------------------------------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                                                                        | 2023                           | 2022             | 2023                         | 2022             |
| Liability for unpaid loss and loss adjustment expenses, beginning of period            | \$ 75,793                      | \$ 78,183        | \$ 75,167                    | \$ 79,026        |
| Reinsurance recoverable                                                                | (32,366)                       | (34,321)         | (32,102)                     | (35,213)         |
| <b>Net Liability for unpaid loss and loss adjustment expenses, beginning of period</b> | <b>43,427</b>                  | <b>43,862</b>    | <b>43,065</b>                | <b>43,813</b>    |
| <b>Losses and loss adjustment expenses incurred:</b>                                   |                                |                  |                              |                  |
| Current year                                                                           | 3,945                          | 3,765            | 7,729                        | 7,647            |
| Prior years, excluding discount and amortization of deferred gain                      | (107)                          | (374)            | (134)                        | (425)            |
| Prior years, discount charge (benefit)                                                 | 54                             | 38               | 148                          | 42               |
| Prior years, amortization of deferred gain on retroactive reinsurance <sup>(a)</sup>   | (25)                           | 28               | (85)                         | (14)             |
| <b>Total losses and loss adjustment expenses incurred</b>                              | <b>3,867</b>                   | <b>3,457</b>     | <b>7,658</b>                 | <b>7,250</b>     |
| <b>Losses and loss adjustment expenses paid:</b>                                       |                                |                  |                              |                  |
| Current year                                                                           | (881)                          | (834)            | (1,170)                      | (1,157)          |
| Prior years                                                                            | (2,994)                        | (2,729)          | (6,543)                      | (6,171)          |
| <b>Total losses and loss adjustment expenses paid</b>                                  | <b>(3,875)</b>                 | <b>(3,563)</b>   | <b>(7,713)</b>               | <b>(7,328)</b>   |
| <b>Other changes:</b>                                                                  |                                |                  |                              |                  |
| Foreign exchange effect                                                                | (25)                           | (800)            | 372                          | (796)            |
| Retroactive reinsurance adjustment (net of discount) <sup>(b)</sup>                    | 47                             | 200              | 59                           | 217              |
| Reclassified to held for sale, net of reinsurance recoverables                         | (3,383)                        | —                | (3,383)                      | —                |
| <b>Total other changes</b>                                                             | <b>(3,361)</b>                 | <b>(600)</b>     | <b>(2,952)</b>               | <b>(579)</b>     |
| <b>Liability for unpaid loss and loss adjustment expenses, end of period:</b>          |                                |                  |                              |                  |
| Net liability for unpaid losses and loss adjustment expenses                           | 40,058                         | 43,156           | 40,058                       | 43,156           |
| Reinsurance recoverable <sup>(c)</sup>                                                 | 30,226                         | 33,583           | 30,226                       | 33,583           |
| <b>Total</b>                                                                           | <b>\$ 70,284</b>               | <b>\$ 76,739</b> | <b>\$ 70,284</b>             | <b>\$ 76,739</b> |

(a) Includes \$6 million and \$6 million for the retroactive reinsurance agreement with National Indemnity Company (NICO), a subsidiary of Berkshire Hathaway Inc. (Berkshire), covering U.S. asbestos exposures for the three months ended June 30, 2023 and 2022, respectively, and \$13 million and \$10 million for the six months ended June 30, 2023 and 2022, respectively.

(b) Includes benefit (charge) from change in discount on retroactive reinsurance in the amount of \$26 million and \$18 million for the three months ended June 30, 2023 and 2022 respectively, and \$96 million and \$57 million for the six months ended June 30, 2023 and 2022, respectively.

(c) Excludes \$1.5 billion of Reinsurance recoverable reclassified to Assets held for sale on the Condensed Consolidated Balance Sheets at June 30, 2023.

On January 20, 2017, we entered into an adverse development reinsurance agreement with NICO, under which we transferred to NICO 80 percent of the reserve risk on substantially all of our U.S. commercial long-tail exposures for accident years 2015 and prior. Under this agreement, we ceded to NICO 80 percent of the paid losses on subject business paid on or after January 1, 2016 in excess of \$25 billion of net paid losses, up to an aggregate limit of \$25 billion. At NICO's 80 percent share, NICO's limit of liability under the contract is \$20 billion. We account for this transaction as retroactive reinsurance. We paid total consideration, including interest, of \$10.2 billion. The consideration was placed into a collateral trust account as security for NICO's claim payment obligations, and Berkshire has provided a parental guarantee to secure the obligations of NICO under the agreement.

### Prior Year Development

During the three months ended June 30, 2023, we recognized favorable prior year loss reserve development of \$107 million excluding discount and amortization of deferred gain. The development in this period was largely driven by favorable development on our loss sensitive U.S. Workers Compensation business, U.S. Other Casualty and U.S. Property & Special Risks including prior year catastrophes, partially offset by unfavorable development on European Casualty. During the six months ended June 30, 2023, we recognized favorable prior year loss reserve development of \$134 million excluding discount and amortization of deferred gain. The development in this period was largely driven by favorable development on our loss sensitive U.S. Workers Compensation business, U.S. Other Casualty and U.S. Property & Special Risks, partially offset by unfavorable development on European Casualty.

During the three months ended June 30, 2022, we recognized favorable prior year loss reserve development of \$374 million excluding discount and amortization of deferred gain. During the six months ended June 30, 2022, we recognized favorable prior year loss reserve development of \$425 million excluding discount and amortization of deferred gain. The development in these periods was primarily driven by favorable development on U.S. Workers Compensation, U.S. Other Casualty and Japan Personal Insurance, partially offset by unfavorable development on U.S. Property and Special Risks.

### Discounting of Loss Reserves

At June 30, 2023 and December 31, 2022, the loss reserves reflect a net loss reserve discount of \$1.3 billion and \$1.3 billion, respectively, including tabular and non-tabular calculations based upon the following assumptions:

- The non-tabular workers' compensation discount is calculated separately for companies domiciled in New York, Pennsylvania and Delaware, and follows the statutory regulations (prescribed or permitted) for each state.
  - For New York companies, the discount is based on a 5 percent interest rate and the companies' own payout patterns.
  - The Pennsylvania and Delaware regulators approved use of a consistent benchmark discount rate and spread (U.S. Treasury rate plus a liquidity premium) to all of our workers' compensation reserves in our Pennsylvania domiciled and Delaware domiciled companies, as well as our use of updated payout patterns specific to our primary and excess workers compensation portfolios. In 2020, the regulators also approved that the discount rate will be updated on an annual basis.
- The tabular workers' compensation discount is calculated based on the mortality rate used in the 2007 U.S. Life table and interest rates prescribed or permitted by each state (i.e. New York is based on 5 percent interest rate and Pennsylvania and Delaware are based on U.S. Treasury rate plus a liquidity premium). In the case that applying this tabular discount factor to our nominal reserves produces a tabular discount that is greater than the indemnity portion of our case reserves, the tabular discount is capped at our estimate of the indemnity portion of our cases reserves (45 percent).

The discount for asbestos reserves has been fully accreted.

At June 30, 2023 and December 31, 2022, the discount consists of \$324 million and \$314 million of tabular discount, respectively, and \$970 million and \$964 million of non-tabular discount for workers' compensation, respectively. During the six months ended June 30, 2023 and 2022, the benefit / (charge) from changes in discount of \$(80) million and \$6 million, respectively, were recorded as part of Policyholder benefits and losses incurred in the Condensed Consolidated Statements of Income (Loss).

The following table presents the components of the loss reserve discount discussed above:

| (in millions)                                  |           | June 30, 2023 | December 31, 2022 |
|------------------------------------------------|-----------|---------------|-------------------|
| U.S. workers' compensation                     | \$        | 2,452         | \$ 2,532          |
| Retroactive reinsurance                        |           | (1,158)       | (1,254)           |
| <b>Total reserve discount<sup>(a)(b)</sup></b> | <b>\$</b> | <b>1,294</b>  | <b>\$ 1,278</b>   |

(a) Excludes \$143 million and \$135 million of discount related to certain long-tail liabilities in the UK at June 30, 2023 and December 31, 2022, respectively.

(b) Includes gross discount of \$748 million and \$763 million, which was 100 percent ceded to Fortitude Re at June 30, 2023 and December 31, 2022, respectively.

The following table presents the net loss reserve discount benefit (charge):

| (in millions)                                                           | Three Months Ended<br>June 30, |             | Six Months Ended<br>June 30, |              |
|-------------------------------------------------------------------------|--------------------------------|-------------|------------------------------|--------------|
|                                                                         | 2023                           | 2022        | 2023                         | 2022         |
| Current accident year                                                   | \$ 38                          | \$ 24       | \$ 68                        | \$ 48        |
| Accretion and other adjustments to prior year discount                  | (54)                           | (38)        | (148)                        | (42)         |
| <b>Net reserve discount benefit (charge)</b>                            | <b>(16)</b>                    | <b>(14)</b> | <b>(80)</b>                  | <b>6</b>     |
| Change in discount on loss reserves ceded under retroactive reinsurance | 26                             | 18          | 96                           | 57           |
| <b>Net change in total reserve discount*</b>                            | <b>\$ 10</b>                   | <b>\$ 4</b> | <b>\$ 16</b>                 | <b>\$ 63</b> |

\* Excludes \$4 million and \$(7) million discount related to certain long-tail liabilities in the UK for the three months ended June 30, 2023 and 2022, respectively, and excludes \$8 million and \$(5) million discount related to certain long-tail liabilities in the UK for the six months ended June 30, 2023 and 2022, respectively.

### Amortization of Deferred Gain on Retroactive Reinsurance

Amortization of the deferred gain on retroactive reinsurance includes \$19 million and \$(34) million related to the adverse development reinsurance cover with NICO for the three months ended June 30, 2023 and 2022, respectively, and \$72 million and \$4 million related to the adverse development reinsurance cover with NICO for the six months ended June 30, 2023 and 2022, respectively.

Amounts recognized reflect the amortization of the initial deferred gain at inception, as amended for subsequent changes in the deferred gain due to changes in subject reserves.

### FUTURE POLICY BENEFITS

Future policy benefits primarily include reserves for traditional life and annuity payout contracts, which represent an estimate of the present value of future benefits less the present value of future net premiums. Included in Future policy benefits are liabilities for annuities issued in structured settlement arrangements whereby a claimant receives life contingent payments over their lifetime. Also included are pension risk transfer arrangements whereby an upfront premium is received in exchange for guaranteed retirement benefits. All payments under these arrangements are fixed and determinable with respect to their amounts and dates.

#### Prior to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

Future policy benefits for traditional and limited pay contracts were reserved using actuarial assumptions locked-in at contract issuance. These assumptions were only updated when a loss recognition event occurred. Also included in Future policy benefits were reserves for contracts in loss recognition, including the adjustment to reflect the effect of unrealized gains on fixed maturity securities available for sale with related changes recognized through OCI.

Future policy benefits also included certain guaranteed benefits of annuity products that were not considered embedded derivatives.

#### Subsequent to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

For traditional and limited pay long-duration products, benefit reserves are accrued and benefit expense is recognized using a NPR methodology for each annual cohort of business. This NPR method incorporates periodic retrospective revisions to the NPR to reflect updated actuarial assumptions and variances in actual versus expected experience. The Future policy benefit liability is accrued by multiplying the gross premium recognized in each period by the net premium ratio. The net premium is equal to the portion of the gross premium required to provide for all benefits and certain expenses and may not exceed 100 percent. Benefits in excess of premiums are expensed immediately through Policyholder benefits. In addition, periodic revisions to the NPR below 100 percent may result in reclassification between the benefit reserves and deferred profit liability for limited pay contracts.

Insurance contracts are aggregated into annual cohorts for the purposes of determining the liability for future policy benefits (LFPB), but are not aggregated across segments. These annual cohorts may be further segregated based on product characteristics, or to distinguish business reinsured from non-reinsured business or products issued in different functional currencies. The assumptions used to calculate the future policy benefits include discount rates, persistency and recognized morbidity and mortality tables modified to reflect the Company's experience.

The current discount rate assumption for the liability for future policy benefits is derived from market observable yields on upper-medium-grade fixed income instruments. The Company uses an external index as the source of the yields on these instruments for the first 30 years. For years 30 to 50, the yield is derived using market observable yields. Yields for years 50 to 100 are extrapolated using a flat forward approach, maintaining a constant forward spread through the period. The current discount rate assumption is updated quarterly and used to remeasure the liability at the reporting date, with the resulting change in the discount rate reflected in OCI.

The method for constructing and applying the locked-in discount rate assumptions on newly issued business is determined based on factors such as product characteristics and the expected timing of cash flows. This discount rate assumption is derived from market observable yields on upper-medium-grade fixed income instruments. Similar to the current discount rate assumption, the Company may employ conversion and interpolation methodologies when necessary. The applicable interest accretion is reflected in Policyholder benefits and losses incurred in the Condensed Consolidated Statements of Income (Loss).

**The following table presents the transition rollforward of the liability for future policy benefits for nonparticipating contracts<sup>(a)</sup>:**

| <i>(in millions)</i>                                                                                     | Individual Retirement | Group Retirement | Life Insurance   | Institutional Markets | Other <sup>(b)</sup> | Total            |
|----------------------------------------------------------------------------------------------------------|-----------------------|------------------|------------------|-----------------------|----------------------|------------------|
| <b>Pre-adoption December 31, 2020 liability for future policy benefits balance</b>                       | <b>\$ 1,309</b>       | <b>\$ 282</b>    | <b>\$ 11,129</b> | <b>\$ 11,029</b>      | <b>\$ 22,206</b>     | <b>\$ 45,955</b> |
| Adjustments for the reclassification to the deferred profit liability                                    | (65)                  | (8)              | —                | (766)                 | (859)                | (1,698)          |
| Change in cash flow assumptions and effect of net premiums exceeding gross premiums                      | (14)                  | 2                | 15               | 4                     | 55                   | 62               |
| Effect of the remeasurement of the liability at a current single A rate                                  | 156                   | 63               | 2,977            | 1,655                 | 7,611                | 12,462           |
| Adjustment for the removal of loss recognition balances related to unrealized gain or loss on securities | (64)                  | (60)             | 4                | (292)                 | —                    | (412)            |
| <b>Post-adoption January 1, 2021 liability for future policy benefits balance</b>                        | <b>\$ 1,322</b>       | <b>\$ 279</b>    | <b>\$ 14,125</b> | <b>\$ 11,630</b>      | <b>\$ 29,013</b>     | <b>\$ 56,369</b> |

(a) Excludes future policy benefits for participating contracts, DPL, additional liabilities, Accident and Health, Group Benefits and Other Operations representing \$11.0 billion of liability for future policy benefits. See transition tables below for DPL and additional liabilities.

(b) Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

Adjustments for the reclassification between the liability for future policy benefits and deferred profit liability represent changes in the net premium ratios that are less than 100 percent at transition for certain limited pay cohorts, resulting in a reclassification between the two liabilities, with no impact on Retained earnings.

Adjustments for Changes in cash flow assumptions represents revised net premium ratios in excess of 100 percent for certain cohorts at transition, with an offset to Retained earnings.

The effect of the remeasurement at the current single A rate is reported at the Transition Date and each subsequent balance sheet date, with an offset in AOCI.

Prior to adoption, loss recognition for traditional products was adjusted for the effect of unrealized gains on fixed maturity securities available for sale. At the Transition Date, these adjustments were removed with a corresponding offset in AOCI.

The following tables present the balances and changes in the liability for future policy benefits and a reconciliation of the net liability for future policy benefits to the liability for future policy benefits in the Condensed Consolidated Balance Sheets:

| Six Months Ended June 30, 2023<br>(in millions, except for liability durations)                     | General<br>Insurance | Individual<br>Retirement | Group<br>Retirement | Life<br>Insurance | Institutional<br>Markets | Other <sup>(e)</sup> | Total     |
|-----------------------------------------------------------------------------------------------------|----------------------|--------------------------|---------------------|-------------------|--------------------------|----------------------|-----------|
| <b>Present value of expected net premiums</b>                                                       |                      |                          |                     |                   |                          |                      |           |
| Balance, beginning of year                                                                          | \$ 1,929             | \$ —                     | \$ —                | \$ 11,654         | \$ —                     | \$ 991               | \$ 14,574 |
| Effect of changes in discount rate assumptions (AOCI)                                               | 262                  | —                        | —                   | 1,872             | —                        | 66                   | 2,200     |
| Beginning balance at original discount rate                                                         | 2,191                | —                        | —                   | 13,526            | —                        | 1,057                | 16,774    |
| Effect of changes in cash flow assumptions                                                          | —                    | —                        | —                   | —                 | —                        | —                    | —         |
| Effect of actual variances from expected experience                                                 | (26)                 | —                        | —                   | 10                | —                        | 6                    | (10)      |
| Adjusted beginning of year balance                                                                  | 2,165                | —                        | —                   | 13,536            | —                        | 1,063                | 16,764    |
| Issuances                                                                                           | 67                   | —                        | —                   | 666               | —                        | —                    | 733       |
| Interest accrual                                                                                    | 21                   | —                        | —                   | 214               | —                        | 23                   | 258       |
| Net premium collected                                                                               | (117)                | —                        | —                   | (719)             | —                        | (59)                 | (895)     |
| Foreign exchange impact                                                                             | (88)                 | —                        | —                   | 206               | —                        | —                    | 118       |
| Other                                                                                               | —                    | —                        | —                   | 10                | —                        | —                    | 10        |
| Ending balance at original discount rate                                                            | 2,048                | —                        | —                   | 13,913            | —                        | 1,027                | 16,988    |
| Effect of changes in discount rate assumptions (AOCI)                                               | (330)                | —                        | —                   | (1,904)           | —                        | (61)                 | (2,295)   |
| Balance, end of period                                                                              | \$ 1,718             | \$ —                     | \$ —                | \$ 12,009         | \$ —                     | \$ 966               | \$ 14,693 |
| <b>Present value of expected future policy benefits</b>                                             |                      |                          |                     |                   |                          |                      |           |
| Balance, beginning of year                                                                          | \$ 2,380             | \$ 1,223                 | \$ 211              | \$ 21,179         | \$ 12,464                | \$ 20,429            | \$ 57,886 |
| Effect of changes in discount rate assumptions (AOCI)                                               | 362                  | 167                      | 2                   | 3,424             | 2,634                    | 1,083                | 7,672     |
| Beginning balance at original discount rate                                                         | 2,742                | 1,390                    | 213                 | 24,603            | 15,098                   | 21,512               | 65,558    |
| Effect of changes in cash flow assumptions <sup>(a)</sup>                                           | —                    | —                        | —                   | —                 | —                        | —                    | —         |
| Effect of actual variances from expected experience <sup>(a)</sup>                                  | (16)                 | (1)                      | —                   | 36                | 17                       | (8)                  | 28        |
| Adjusted beginning of year balance                                                                  | 2,726                | 1,389                    | 213                 | 24,639            | 15,115                   | 21,504               | 65,586    |
| Issuances                                                                                           | 70                   | 120                      | 6                   | 656               | 3,301                    | 3                    | 4,156     |
| Interest accrual                                                                                    | 26                   | 25                       | 5                   | 450               | 301                      | 513                  | 1,320     |
| Benefit payments                                                                                    | (122)                | (65)                     | (13)                | (943)             | (521)                    | (739)                | (2,403)   |
| Foreign exchange impact                                                                             | (121)                | —                        | —                   | 236               | 308                      | —                    | 423       |
| Other                                                                                               | —                    | —                        | —                   | 5                 | —                        | (6)                  | (1)       |
| Ending balance at original discount rate                                                            | 2,579                | 1,469                    | 211                 | 25,043            | 18,504                   | 21,275               | 69,081    |
| Effect of changes in discount rate assumptions (AOCI)                                               | (423)                | (158)                    | (1)                 | (3,386)           | (2,752)                  | (822)                | (7,542)   |
| Balance, end of period                                                                              | \$ 2,156             | \$ 1,311                 | \$ 210              | \$ 21,657         | \$ 15,752                | \$ 20,453            | \$ 61,539 |
| Net liability for future policy benefits, end of period                                             | \$ 438               | \$ 1,311                 | \$ 210              | \$ 9,648          | \$ 15,752                | \$ 19,487            | \$ 46,846 |
| Liability for future policy benefits for certain participating contracts                            |                      |                          |                     |                   |                          |                      | 1,329     |
| Liability for universal life policies with secondary guarantees and similar features <sup>(b)</sup> |                      |                          |                     |                   |                          |                      | 3,458     |
| Deferred profit liability                                                                           |                      |                          |                     |                   |                          |                      | 2,451     |
| Other reconciling items <sup>(c)</sup>                                                              |                      |                          |                     |                   |                          |                      | 1,606     |
| Future policy benefits for life and accident and health insurance contracts                         |                      |                          |                     |                   |                          |                      | 55,690    |
| Less: Reinsurance recoverable                                                                       |                      |                          |                     |                   |                          |                      | (23,765)  |
| Net liability for future policy benefits after reinsurance recoverable                              |                      |                          |                     |                   |                          |                      | \$ 31,925 |
| Weighted average liability duration of the liability for future policy benefits <sup>(d)</sup>      | 9.9                  | 7.8                      | 6.9                 | 12.5              | 11.6                     | 11.5                 |           |

| Six Months Ended June 30, 2022<br>(in millions, except for liability durations)                      | Individual<br>Retirement | Group<br>Retirement | Life<br>Insurance | Institutional<br>Markets | Other <sup>(e)</sup> | Total     |
|------------------------------------------------------------------------------------------------------|--------------------------|---------------------|-------------------|--------------------------|----------------------|-----------|
| <b>Present value of expected net premiums</b>                                                        |                          |                     |                   |                          |                      |           |
| Balance, beginning of year                                                                           | \$ —                     | \$ —                | \$ 14,369         | \$ —                     | \$ 1,274             | \$ 15,643 |
| Effect of changes in discount rate assumptions (AOCI)                                                | —                        | —                   | (706)             | —                        | (150)                | (856)     |
| Beginning balance at original discount rate                                                          | —                        | —                   | 13,663            | —                        | 1,124                | 14,787    |
| Effect of changes in cash flow assumptions                                                           | —                        | —                   | —                 | —                        | —                    | —         |
| Effect of actual variances from expected experience                                                  | —                        | —                   | (8)               | —                        | 4                    | (4)       |
| Adjusted beginning of year balance                                                                   | —                        | —                   | 13,655            | —                        | 1,128                | 14,783    |
| Issuances                                                                                            | —                        | —                   | 728               | —                        | —                    | 728       |
| Interest accrual                                                                                     | —                        | —                   | 199               | —                        | 25                   | 224       |
| Net premium collected                                                                                | —                        | —                   | (710)             | —                        | (62)                 | (772)     |
| Foreign exchange impact                                                                              | —                        | —                   | (479)             | —                        | —                    | (479)     |
| Other                                                                                                | —                        | —                   | —                 | —                        | —                    | —         |
| Ending balance at original discount rate                                                             | —                        | —                   | 13,393            | —                        | 1,091                | 14,484    |
| Effect of changes in discount rate assumptions (AOCI)                                                | —                        | —                   | (1,174)           | —                        | (16)                 | (1,190)   |
| Balance, end of period                                                                               | \$ —                     | \$ —                | \$ 12,219         | \$ —                     | \$ 1,075             | \$ 13,294 |
| <b>Present value of expected future policy benefits</b>                                              |                          |                     |                   |                          |                      |           |
| Balance, beginning of year                                                                           | \$ 1,373                 | \$ 264              | \$ 27,442         | \$ 13,890                | \$ 27,674            | \$ 70,643 |
| Effect of changes in discount rate assumptions (AOCI)                                                | (95)                     | (46)                | (2,717)           | (870)                    | (5,673)              | (9,401)   |
| Beginning balance at original discount rate                                                          | 1,278                    | 218                 | 24,725            | 13,020                   | 22,001               | 61,242    |
| Effect of changes in cash flow assumptions <sup>(a)</sup>                                            | —                        | —                   | —                 | —                        | —                    | —         |
| Effect of actual variances from expected experience <sup>(a)</sup>                                   | (7)                      | (1)                 | (6)               | (5)                      | (18)                 | (37)      |
| Adjusted beginning of year balance                                                                   | 1,271                    | 217                 | 24,719            | 13,015                   | 21,983               | 61,205    |
| Issuances                                                                                            | 102                      | 7                   | 726               | 708                      | 5                    | 1,548     |
| Interest accrual                                                                                     | 20                       | 4                   | 439               | 215                      | 615                  | 1,293     |
| Benefit payments                                                                                     | (56)                     | (13)                | (905)             | (390)                    | (746)                | (2,110)   |
| Foreign exchange impact                                                                              | —                        | —                   | (610)             | (318)                    | —                    | (928)     |
| Other                                                                                                | —                        | —                   | (1)               | —                        | (98)                 | (99)      |
| Ending balance at original discount rate                                                             | 1,337                    | 215                 | 24,368            | 13,230                   | 21,759               | 60,909    |
| Effect of changes in discount rate assumptions (AOCI)                                                | (109)                    | 10                  | (1,868)           | (1,712)                  | 451                  | (3,228)   |
| Balance, end of period                                                                               | \$ 1,228                 | \$ 225              | \$ 22,500         | \$ 11,518                | \$ 22,210            | \$ 57,681 |
| Net liability for future policy benefits, end of period                                              | \$ 1,228                 | \$ 225              | \$ 10,281         | \$ 11,518                | \$ 21,135            | \$ 44,387 |
| Liability for future policy benefits for certain participating contracts                             |                          |                     |                   |                          |                      | 1,373     |
| Liability for universal life policies with secondary guarantees and similar features <sup>(b)</sup>  |                          |                     |                   |                          |                      | 3,663     |
| Deferred profit liability                                                                            |                          |                     |                   |                          |                      | 2,199     |
| Other reconciling items <sup>(c)</sup>                                                               |                          |                     |                   |                          |                      | 2,222     |
| Future policy benefits for life and accident and health insurance contracts                          |                          |                     |                   |                          |                      | 53,844    |
| Less: Reinsurance recoverable                                                                        |                          |                     |                   |                          |                      | (26,677)  |
| Net liability for future policy benefits after reinsurance recoverable                               |                          |                     |                   |                          |                      | \$ 27,167 |
| <b>Weighted average liability duration of the liability for future policy benefits<sup>(d)</sup></b> |                          |                     |                   |                          |                      |           |
|                                                                                                      | 7.7                      | 7.2                 | 12.7              | 11.1                     | 12.0                 |           |

(a) Effect of changes in cash flow assumptions and variances from actual experience are partially offset by changes in the deferred profit liability.

(b) Additional details can be found in the table that presents the balances and changes in the liability for universal life policies with secondary guarantees and similar features.

(c) Other reconciling items primarily include the Accident and Health as well as Group Benefits (short-duration) contracts.

(d) The weighted average liability durations are calculated as the modified duration using projected future net liability cashflows that are aggregated at the segment level, utilizing the segment level weighted average interest rates and current discount rate, which can be found in the table below.

(e) Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

For the six months ended June 30, 2023 and 2022 in the traditional term life insurance block, capping of net premium ratios at 100 percent causes our reserves to be higher by \$13 million and \$8 million, respectively, with a charge to net income. The discount rate was updated based on market observable information. Relative to the prior period, the increase in upper-medium-grade fixed income yields resulted in a decrease in the liability for future policy benefits.

The following table presents the amount of undiscounted expected future benefit payments and undiscounted and discounted expected gross premiums for future policy benefits for nonparticipating contracts:

| Six Months Ended June 30, |                                                                      |    |        | 2023 | 2022   |
|---------------------------|----------------------------------------------------------------------|----|--------|------|--------|
| (in millions)             |                                                                      |    |        |      |        |
| General Insurance         | Undiscounted expected future benefits and expense                    | \$ | 3,165  | \$   | 3,421  |
|                           | Undiscounted expected future gross premiums                          |    | 4,383  |      | 4,494  |
|                           | Discounted expected future gross premiums (at current discount rate) |    | 3,109  |      | 3,533  |
| Individual Retirement     | Undiscounted expected future benefits and expense                    | \$ | 2,115  | \$   | 1,835  |
|                           | Undiscounted expected future gross premiums                          |    | —      |      | —      |
|                           | Discounted expected future gross premiums (at current discount rate) |    | —      |      | —      |
| Group Retirement          | Undiscounted expected future benefits and expense                    | \$ | 316    | \$   | 328    |
|                           | Undiscounted expected future gross premiums                          |    | —      |      | —      |
|                           | Discounted expected future gross premiums (at current discount rate) |    | —      |      | —      |
| Life Insurance            | Undiscounted expected future benefits and expense                    | \$ | 39,848 | \$   | 38,406 |
|                           | Undiscounted expected future gross premiums                          |    | 29,792 |      | 28,810 |
|                           | Discounted expected future gross premiums (at current discount rate) |    | 19,207 |      | 19,704 |
| Institutional Markets     | Undiscounted expected future benefits and expense                    | \$ | 33,474 | \$   | 21,092 |
|                           | Undiscounted expected future gross premiums                          |    | —      |      | —      |
|                           | Discounted expected future gross premiums (at current discount rate) |    | —      |      | —      |
| Other*                    | Undiscounted expected future benefits and expense                    | \$ | 43,791 | \$   | 45,258 |
|                           | Undiscounted expected future gross premiums                          |    | 2,179  |      | 2,346  |
|                           | Discounted expected future gross premiums (at current discount rate) |    | 1,435  |      | 1,602  |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The following table presents the amount of revenue and interest recognized in the Condensed Consolidated Statements of Income (Loss) for future policy benefits for nonparticipating contracts:

| (in millions)         | Gross Premiums              |                 | Interest Accretion          |               | Gross Premiums            |                 | Interest Accretion        |                 |
|-----------------------|-----------------------------|-----------------|-----------------------------|---------------|---------------------------|-----------------|---------------------------|-----------------|
|                       | Three Months Ended June 30, |                 | Three Months Ended June 30, |               | Six Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|                       | 2023                        | 2022            | 2023                        | 2022          | 2023                      | 2022            | 2023                      | 2022            |
| General Insurance     | \$ 137                      | \$ 155          | \$ 3                        | \$ 3          | \$ 232                    | \$ 252          | \$ 4                      | \$ 4            |
| Individual Retirement | 61                          | 57              | 13                          | 10            | 136                       | 108             | 25                        | 20              |
| Group Retirement      | 4                           | 5               | 2                           | 1             | 10                        | 13              | 5                         | 4               |
| Life Insurance        | 600                         | 586             | 118                         | 119           | 1,175                     | 1,168           | 236                       | 240             |
| Institutional Markets | 1,919                       | 503             | 162                         | 110           | 3,500                     | 747             | 301                       | 215             |
| Other*                | 53                          | 57              | 245                         | 341           | 107                       | 113             | 490                       | 590             |
| <b>Total</b>          | <b>\$ 2,774</b>             | <b>\$ 1,363</b> | <b>\$ 543</b>               | <b>\$ 584</b> | <b>\$ 5,160</b>           | <b>\$ 2,401</b> | <b>\$ 1,061</b>           | <b>\$ 1,073</b> |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The following table presents the weighted-average interest rate for future policy benefits for nonparticipating contracts:

| Six Months Ended June 30, 2023                         | General Insurance | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Other* |
|--------------------------------------------------------|-------------------|-----------------------|------------------|----------------|-----------------------|--------|
| Weighted-average interest rate, original discount rate | 1.81 %            | 3.73 %                | 5.14 %           | 4.09 %         | 3.95 %                | 4.88 % |
| Weighted-average interest rate, current discount rate  | 3.59 %            | 5.27 %                | 5.26 %           | 5.27 %         | 5.34 %                | 5.25 % |
| Six Months Ended June 30, 2022                         |                   |                       |                  |                |                       |        |
| Weighted-average interest rate, original discount rate | 1.67 %            | 3.37 %                | 5.20 %           | 4.15 %         | 3.30 %                | 4.84 % |
| Weighted-average interest rate, current discount rate  | 2.68 %            | 4.61 %                | 4.58 %           | 4.62 %         | 4.52 %                | 4.72 % |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The weighted average interest rates are calculated using projected future net liability cash flows that are aggregated to the segment level, and are represented as an annual rate.

**Deferred Profit Liability:** The Company issues certain annuity and life insurance contracts where premiums are paid up-front or for a shorter period than benefits will be paid (i.e., limited pay contracts). A DPL is required to be established to avoid recognition of gains when these contracts are issued. DPLs are amortized over the life of the contracts to align the revenue recognized with the related benefit expenses. The DPL is amortized in a constant relationship to the amount of discounted insurance in force for life insurance or expected future benefit payments for annuity contracts over the term of the contract.

### Prior to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

Limited pay contracts were subject to a lock-in concept and assumptions derived at policy issue were not subsequently updated unless a loss recognition event occurred. The net premiums were recorded as revenue. The difference between the gross premium received and the net premium was deferred and recognized in premiums in a constant relationship to insurance in-force, or for annuities, the amount of expected future policy benefits. This unearned revenue (deferred profit) was recorded in the Condensed Consolidated Balance Sheets in Other policyholder funds.

### Subsequent to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

The difference between the gross premium received and recorded as revenue and the net premium is deferred and recognized in Policyholder benefits in a constant relationship to insurance in-force, or for annuities, the amount of expected future policy benefits. This deferred profit liability accretes interest and is recorded in the Condensed Consolidated Balance Sheets in Future policy benefits. Cash flow assumptions included in the measurement of the DPL are the same as those utilized in the respective LFPBs and are reviewed at least annually. The cash flow estimates for DPLs are updated on a retrospective catch-up basis at the same time as the cash flow estimates for the related LFPBs. The updated LFPB cash flows are used to recalculate the DPL at the inception of the applicable related LFPB cohort. The difference between the recalculated DPL at the beginning of the current reporting period and the carrying amount of the DPL at the current reporting period is recognized as a gain or loss in Policyholder benefits and losses incurred in the Condensed Consolidated Statements of Income (Loss).

The following table presents the transition rollforward for deferred profit liability for long-duration contracts\*:

| (in millions)                                                                               | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Other* | Total    |
|---------------------------------------------------------------------------------------------|-----------------------|------------------|----------------|-----------------------|--------|----------|
| <b>Pre-adoption December 31, 2020 deferred profit liability balance</b>                     | \$ 2                  | \$ —             | \$ 5           | \$ 64                 | \$ —   | \$ 71    |
| Adjustments for the reclassification from/(to) the liability for the future policy benefits | 65                    | 8                | —              | 766                   | 859    | 1,698    |
| <b>Post-adoption January 1, 2021 deferred profit liability balance</b>                      | \$ 67                 | \$ 8             | \$ 5           | \$ 830                | \$ 859 | \$ 1,769 |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

Adjustments for the reclassification between the liability for future policy benefits and deferred profit liability represent changes in the net premium ratios that are less than 100 percent at transition for certain limited pay cohorts, resulting in a reclassification between the two liabilities, with no impact on Retained earnings.

**Additional Liabilities:** For universal-life type products, insurance benefits in excess of the account balance are generally recognized as expenses in the period incurred unless the design of the product is such that future charges are insufficient to cover the benefits, in which case an "additional liability" is accrued over the life of the contract. These additional liabilities are included in Future policy benefits for life and accident and health insurance contracts in the Condensed Consolidated Balance Sheets. Prior to the adoption of the standard, our additional liabilities consisted primarily of guaranteed minimum death benefits (GMDBs) on annuities, as well as universal-life contracts with secondary guarantees. Subsequent to the adoption of this standard, the GMDBs have been reclassified and reported as MRBs, while the universal-life contracts with secondary guarantees continue to be reported as additional liabilities.

The following table presents the transition rollforward of the additional liabilities:

| (in millions)                                                                                                                                         | Individual Retirement | Group Retirement | Life Insurance  | Institutional Markets | Other <sup>(c)</sup> | Total           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|-----------------|-----------------------|----------------------|-----------------|
| <b>Pre-adoption December 31, 2020 additional liabilities</b>                                                                                          | <b>\$ 1,423</b>       | <b>\$ 221</b>    | <b>\$ 5,117</b> | <b>\$ —</b>           | <b>\$ 55</b>         | <b>\$ 6,816</b> |
| Adjustment for the reclassification of additional liabilities from Future policy benefits to Market risk benefits <sup>(a)</sup>                      | (907)                 | (132)            | —               | —                     | —                    | (1,039)         |
| Adjustment for removal of related balances in Accumulated other comprehensive income (loss) originating from unrealized gains (losses) <sup>(b)</sup> | (516)                 | (89)             | —               | —                     | —                    | (605)           |
| <b>Post-adoption January 1, 2021 additional liabilities</b>                                                                                           | <b>\$ —</b>           | <b>\$ —</b>      | <b>\$ 5,117</b> | <b>\$ —</b>           | <b>\$ 55</b>         | <b>\$ 5,172</b> |

(a) Adjustments for the reclassification of additional liabilities from Future policy benefits to MRBs represent contract guarantees (e.g., GMDBs) that were previously classified as insurance liabilities within Future policy benefits, but have been reclassified as MRBs as of January 1, 2021. For additional information on the transition impacts associated with LDTI, see Note 14.

(b) Adjustments for the removal of related balances in Accumulated other comprehensive income (loss) originating from unrealized gains (losses) relate to the additional liabilities reclassified from Future policy benefits in the line above.

(c) Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

Post-adoption, our additional liabilities primarily consist of universal life policies with secondary guarantees and these additional liabilities are recognized in addition to the Policyholder account balances. For universal life policies with secondary guarantees, as well as other universal life policies for which profits followed by losses are expected at contract inception, a liability is recognized based on a benefit ratio of (a) the present value of total expected payments, in excess of the account value, over the life of the contract, divided by (b) the present value of total expected assessments over the life of the contract. For universal life policies without secondary guarantees, for which profits followed by losses are first expected after contract inception, we establish a liability, in addition to policyholder account balances, so that expected future losses are recognized in proportion to the emergence of profits in the earlier (profitable) years. Universal life account balances are reported within Policyholder contract deposits, while these additional liabilities are reported within the liability for future policy benefits in the Condensed Consolidated Balance Sheets. These additional liabilities are also adjusted to reflect the effect of unrealized gains or losses on fixed maturity securities available for sale on accumulated assessments, with related changes recognized through OCI. The policyholder behavior assumptions for these liabilities include mortality, lapses and premium persistency. The capital market assumptions used for the liability for universal life secondary guarantees include discount rates and net earned rates.

The following table presents the balances and changes in the liability for universal life policies with secondary guarantees and similar features:

| Six Months Ended June 30,                                                | 2023            |                      |                 | 2022            |                      |                 |
|--------------------------------------------------------------------------|-----------------|----------------------|-----------------|-----------------|----------------------|-----------------|
| (in millions, except duration of liability)                              | Life Insurance  | Other <sup>(b)</sup> | Total           | Life Insurance  | Other <sup>(b)</sup> | Total           |
| <b>Balance, beginning of year</b>                                        | <b>\$ 3,300</b> | <b>\$ 55</b>         | <b>\$ 3,355</b> | <b>\$ 4,952</b> | <b>\$ 55</b>         | <b>\$ 5,007</b> |
| Effect of changes in experience                                          | 149             | (1)                  | 148             | 194             | (2)                  | 192             |
| <b>Adjusted beginning balance</b>                                        | <b>3,449</b>    | <b>54</b>            | <b>3,503</b>    | <b>5,146</b>    | <b>53</b>            | <b>5,199</b>    |
| Assessments                                                              | 341             | 1                    | 342             | 344             | 1                    | 345             |
| Excess benefits paid                                                     | (457)           | —                    | (457)           | (496)           | —                    | (496)           |
| Interest accrual                                                         | 61              | 1                    | 62              | 65              | 1                    | 66              |
| Other                                                                    | (3)             | —                    | (3)             | (5)             | —                    | (5)             |
| Changes related to unrealized appreciation (depreciation) of investments | 11              | —                    | 11              | (1,446)         | —                    | (1,446)         |
| <b>Balance, end of period</b>                                            | <b>3,402</b>    | <b>56</b>            | <b>3,458</b>    | <b>3,608</b>    | <b>55</b>            | <b>3,663</b>    |
| Less: Reinsurance recoverable                                            | (172)           | —                    | (172)           | (209)           | —                    | (209)           |
| <b>Balance, end of period net of Reinsurance recoverable</b>             | <b>\$ 3,230</b> | <b>\$ 56</b>         | <b>\$ 3,286</b> | <b>\$ 3,399</b> | <b>\$ 55</b>         | <b>\$ 3,454</b> |
| <b>Weighted average duration of liability<sup>(a)</sup></b>              | <b>26.2</b>     | <b>9.2</b>           |                 | <b>27.1</b>     | <b>9.7</b>           |                 |

(a) The weighted average duration of liabilities is calculated as the modified duration using projected future net liability cashflows that are aggregated at the segment level, utilizing the segment level weighted average interest rates, which can be found in the table below.

(b) Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The following table presents the amount of revenue and interest recognized in the Condensed Consolidated Statements of Income (Loss) for the liability for universal life policies with secondary guarantees and similar features:

| (in millions)  | Gross Assessments           |               | Interest Accretion          |              | Gross Assessments         |               | Interest Accretion        |              |
|----------------|-----------------------------|---------------|-----------------------------|--------------|---------------------------|---------------|---------------------------|--------------|
|                | Three Months Ended June 30, |               | Three Months Ended June 30, |              | Six Months Ended June 30, |               | Six Months Ended June 30, |              |
|                | 2023                        | 2022          | 2023                        | 2022         | 2023                      | 2022          | 2023                      | 2022         |
| Life Insurance | \$ 274                      | \$ 284        | \$ 33                       | \$ 31        | \$ 573                    | \$ 576        | \$ 61                     | \$ 65        |
| Other*         | 10                          | 9             | —                           | —            | 20                        | 19            | 1                         | 1            |
| <b>Total</b>   | <b>\$ 284</b>               | <b>\$ 293</b> | <b>\$ 33</b>                | <b>\$ 31</b> | <b>\$ 593</b>             | <b>\$ 595</b> | <b>\$ 62</b>              | <b>\$ 66</b> |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The following table presents the calculation of weighted average interest rate for the liability for universal life policies with secondary guarantees and similar features:

| Six Months Ended June 30,      | 2023           |        | 2022           |        |
|--------------------------------|----------------|--------|----------------|--------|
|                                | Life Insurance | Other* | Life Insurance | Other* |
| Weighted-average interest rate | 3.77 %         | 4.20 % | 3.75 %         | 4.20 % |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The weighted average interest rates are calculated using projected future net liability cash flows that are aggregated to the segment level, and are represented as an annual rate.

The following table presents details concerning our universal life policies with secondary guarantees and similar features:

| Six Months Ended June 30,                | 2023      | 2022      |
|------------------------------------------|-----------|-----------|
| (dollars in millions)                    |           |           |
| Account value                            | \$ 3,604  | \$ 3,406  |
| Net amount at risk                       | \$ 70,850 | \$ 66,889 |
| Average attained age of contract holders | 53        | 53        |

## POLICYHOLDER CONTRACT DEPOSITS

The liability for Policyholder contract deposits is primarily recorded at accumulated value (deposits received and net transfers from separate accounts, plus accrued interest credited, less withdrawals and assessed fees). Deposits collected on investment-oriented products are not reflected as revenues. They are recorded directly to Policyholder contract deposits upon receipt. Amounts assessed against the contract holders for mortality, administrative, and other services are included as Policy fees in revenues.

In addition to liabilities for universal life, fixed annuities, fixed options within variable annuities, annuities without life contingencies, funding agreements and GICs, policyholder contract deposits also include our liability for (i) index features accounted for as embedded derivatives at fair value, (ii) annuities issued in a structured settlement arrangement with no life contingency and (iii) certain contracts we have elected to account for at fair value. Changes in the fair value of the embedded derivatives related to policy index features and the fair value of derivatives hedging these liabilities are recognized in realized gains and losses.

For additional information on index credits accounted for as embedded derivatives, see Note 5.

Under a funding agreement-backed notes issuance program, an unaffiliated, non-consolidated statutory trust issues medium-term notes to investors, which are secured by funding agreements issued to the trust by one of our Life and Retirement companies through our Institutional Markets business.

The following table presents the transition rollforward of Policyholder contract deposits account balances<sup>(a)</sup>:

| (in millions)                                                                                                                   | Individual Retirement | Group Retirement | Life Insurance   | Institutional Markets | Other <sup>(b)</sup> | Total            |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|------------------|-----------------------|----------------------|------------------|
| <b>Pre-adoption December 31, 2020 Policyholder contract deposits</b>                                                            | <b>\$ 84,874</b>      | <b>\$ 43,805</b> | <b>\$ 10,286</b> | <b>\$ 11,559</b>      | <b>\$ 4,145</b>      | <b>\$154,669</b> |
| Adjustment for the reclassification of the embedded derivative liability to market risk benefits, net of the host adjustment(s) | (5,671)               | (576)            | —                | —                     | —                    | (6,247)          |
| <b>Post-adoption January 1, 2021 Policyholder contract deposits</b>                                                             | <b>\$ 79,203</b>      | <b>\$ 43,229</b> | <b>\$ 10,286</b> | <b>\$ 11,559</b>      | <b>\$ 4,145</b>      | <b>\$148,422</b> |

(a) Excludes Other Operations of \$(199) million.

(b) Represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

The following table presents the balances and changes in Policyholder contract deposits account balances<sup>(a)</sup>:

| Six Months Ended June 30, 2023<br>(in millions, except for average crediting rate) | Individual Retirement | Group Retirement | Life Insurance   | Institutional Markets | Other <sup>(d)</sup> | Total             |
|------------------------------------------------------------------------------------|-----------------------|------------------|------------------|-----------------------|----------------------|-------------------|
| <b>Policyholder contract deposits account balance, beginning of year</b>           | \$ 89,554             | \$ 43,395        | \$ 10,224        | \$ 11,734             | \$ 3,587             | \$ 158,494        |
| Deposits                                                                           | 8,898                 | 2,597            | 809              | 1,608                 | 22                   | 13,934            |
| Policy charges                                                                     | (462)                 | (238)            | (764)            | (34)                  | (31)                 | (1,529)           |
| Surrenders and withdrawals                                                         | (6,585)               | (3,979)          | (122)            | (421)                 | (42)                 | (11,149)          |
| Benefit payments                                                                   | (2,012)               | (1,080)          | (100)            | (283)                 | (171)                | (3,646)           |
| Net transfers from (to) separate account                                           | 1,637                 | 1,221            | —                | 473                   | —                    | 3,331             |
| Interest credited                                                                  | 863                   | 554              | 188              | 218                   | 85                   | 1,908             |
| Other                                                                              | (3)                   | 4                | (32)             | (1)                   | 8                    | (24)              |
| <b>Policyholder contract deposits account balance, end of period</b>               | <b>91,890</b>         | <b>42,474</b>    | <b>10,203</b>    | <b>13,294</b>         | <b>3,458</b>         | <b>161,319</b>    |
| Other reconciling items <sup>(b)</sup>                                             | (1,598)               | (254)            | 135              | 42                    | (72)                 | (1,747)           |
| <b>Policyholder contract deposits</b>                                              | <b>\$ 90,292</b>      | <b>\$ 42,220</b> | <b>\$ 10,338</b> | <b>\$ 13,336</b>      | <b>\$ 3,386</b>      | <b>\$ 159,572</b> |
| <b>Weighted average crediting rate</b>                                             | <b>2.59 %</b>         | <b>2.84 %</b>    | <b>4.30 %</b>    | <b>3.54 %</b>         | <b>4.95 %</b>        |                   |
| <b>Cash surrender value<sup>(c)</sup></b>                                          | <b>\$ 85,417</b>      | <b>\$ 41,550</b> | <b>\$ 8,976</b>  | <b>\$ 2,555</b>       | <b>\$ 1,762</b>      | <b>\$ 140,260</b> |
| Six Months Ended June 30, 2022<br>(in millions, except for average crediting rate) | Individual Retirement | Group Retirement | Life Insurance   | Institutional Markets | Other <sup>(d)</sup> | Total             |
| <b>Policyholder contract deposits account balance, beginning of year</b>           | \$ 84,097             | \$ 43,902        | \$ 10,183        | \$ 10,804             | \$ 3,823             | \$ 152,809        |
| Deposits                                                                           | 7,547                 | 2,341            | 835              | 162                   | 24                   | 10,909            |
| Policy charges                                                                     | (395)                 | (259)            | (782)            | (34)                  | (33)                 | (1,503)           |
| Surrenders and withdrawals                                                         | (4,008)               | (2,726)          | (103)            | (27)                  | (32)                 | (6,896)           |
| Benefit payments                                                                   | (1,996)               | (1,072)          | (119)            | (160)                 | (178)                | (3,525)           |
| Net transfers from (to) separate account                                           | 1,074                 | 1,155            | (2)              | 14                    | —                    | 2,241             |
| Interest credited                                                                  | 882                   | 550              | 193              | 128                   | 90                   | 1,843             |
| Other                                                                              | 6                     | 1                | (10)             | (29)                  | 7                    | (25)              |
| <b>Policyholder contract deposits account balance, end of period</b>               | <b>87,207</b>         | <b>43,892</b>    | <b>10,195</b>    | <b>10,858</b>         | <b>3,701</b>         | <b>155,853</b>    |
| Other reconciling items <sup>(b)</sup>                                             | (2,245)               | (353)            | (60)             | 43                    | (77)                 | (2,692)           |
| <b>Policyholder contract deposits</b>                                              | <b>\$ 84,962</b>      | <b>\$ 43,539</b> | <b>\$ 10,135</b> | <b>\$ 10,901</b>      | <b>\$ 3,624</b>      | <b>\$ 153,161</b> |
| <b>Weighted average crediting rate</b>                                             | <b>2.38 %</b>         | <b>2.72 %</b>    | <b>4.25 %</b>    | <b>2.40 %</b>         | <b>4.90 %</b>        |                   |
| <b>Cash surrender value<sup>(c)</sup></b>                                          | <b>\$ 81,207</b>      | <b>\$ 43,094</b> | <b>\$ 8,935</b>  | <b>\$ 2,524</b>       | <b>\$ 1,839</b>      | <b>\$ 137,599</b> |

(a) Transactions between the general account and the separate account are presented in this table on a gross basis (e.g., a policyholder's funds are initially deposited into the general account and then simultaneously transferred to the separate account), thus, did not impact the ending balance of policyholder contract deposits.

(b) Includes MRBs that are bifurcated and reported separately, net of embedded derivatives recorded in Policyholder contract deposits. Other also includes amounts related to Other Operations of \$(72) million and \$(77) million at June 30, 2023 and 2022, respectively.

(c) Cash surrender value is related to the portion of policyholder contract deposits that have a defined cash surrender value (e.g. GICs, do not have a cash surrender value).

(d) Primarily represents Life and Retirement legacy insurance lines ceded to Fortitude Re.

For information related to net amount at risk, refer to the table that presents the balances of and changes in MRBs in Note 13.

The following table presents Policyholder contract deposits account balance by range of guaranteed minimum crediting rates and the related range of difference, in basis points, between rates being credited to policyholders and the respective guaranteed minimums:

| June 30, 2023                             |           | At         | 1 Basis Point - | More than 50       |            |
|-------------------------------------------|-----------|------------|-----------------|--------------------|------------|
| (in millions, except percentage of total) |           | Guaranteed | 50 Basis Points | Basis Points Above | Total      |
|                                           |           | Minimum    | Above           | Minimum Guarantee  |            |
| Range of Guaranteed Minimum Credited Rate |           |            |                 |                    |            |
| Individual Retirement                     | <=1%      | \$ 7,044   | \$ 2,390        | \$ 23,797          | \$ 33,231  |
|                                           | > 1% - 2% | 4,151      | 23              | 2,067              | 6,241      |
|                                           | > 2% - 3% | 8,831      | 11              | 732                | 9,574      |
|                                           | > 3% - 4% | 7,122      | 39              | 6                  | 7,167      |
|                                           | > 4% - 5% | 446        | —               | 4                  | 450        |
|                                           | > 5%      | 32         | —               | 4                  | 36         |
|                                           | Total     | \$ 27,626  | \$ 2,463        | \$ 26,610          | \$ 56,699  |
| Range of Guaranteed Minimum Credited Rate |           |            |                 |                    |            |
| Group Retirement                          | <=1%      | \$ 2,018   | \$ 2,574        | \$ 6,382           | \$ 10,974  |
|                                           | > 1% - 2% | 4,050      | 1,624           | 391                | 6,065      |
|                                           | > 2% - 3% | 13,123     | 89              | 62                 | 13,274     |
|                                           | > 3% - 4% | 651        | —               | —                  | 651        |
|                                           | > 4% - 5% | 6,799      | —               | —                  | 6,799      |
|                                           | > 5%      | 151        | —               | —                  | 151        |
|                                           | Total     | \$ 26,792  | \$ 4,287        | \$ 6,835           | \$ 37,914  |
| Range of Guaranteed Minimum Credited Rate |           |            |                 |                    |            |
| Life Insurance                            | <=1%      | \$ —       | \$ —            | \$ —               | \$ —       |
|                                           | > 1% - 2% | —          | 131             | 350                | 481        |
|                                           | > 2% - 3% | 10         | 872             | 1,083              | 1,965      |
|                                           | > 3% - 4% | 1,190      | 322             | 201                | 1,713      |
|                                           | > 4% - 5% | 2,909      | —               | —                  | 2,909      |
|                                           | > 5%      | 221        | —               | —                  | 221        |
|                                           | Total     | \$ 4,330   | \$ 1,325        | \$ 1,634           | \$ 7,289   |
| Total*                                    |           | \$ 58,748  | \$ 8,075        | \$ 35,079          | \$ 101,902 |
| Percentage of total                       |           | 58 %       | 8 %             | 34 %               | 100 %      |

| June 30, 2022<br>(in millions, except percentage of total) |              | At<br>Guaranteed<br>Minimum | 1 Basis Point -<br>50 Basis Points<br>Above | More than 50<br>Basis Points Above<br>Minimum Guarantee | Total             |
|------------------------------------------------------------|--------------|-----------------------------|---------------------------------------------|---------------------------------------------------------|-------------------|
| <b>Range of Guaranteed Minimum Credited Rate</b>           |              |                             |                                             |                                                         |                   |
| <b>Individual Retirement</b>                               | <= 1%        | \$ 10,300                   | \$ 1,775                                    | \$ 19,868                                               | \$ 31,943         |
|                                                            | > 1% - 2%    | 4,300                       | 25                                          | 1,666                                                   | 5,991             |
|                                                            | > 2% - 3%    | 9,995                       | 1                                           | 18                                                      | 10,014            |
|                                                            | > 3% - 4%    | 7,934                       | 40                                          | 6                                                       | 7,980             |
|                                                            | > 4% - 5%    | 471                         | —                                           | 5                                                       | 476               |
|                                                            | > 5%         | 34                          | —                                           | 4                                                       | 38                |
|                                                            | <b>Total</b> | <b>\$ 33,034</b>            | <b>\$ 1,841</b>                             | <b>\$ 21,567</b>                                        | <b>\$ 56,442</b>  |
| <b>Range of Guaranteed Minimum Credited Rate</b>           |              |                             |                                             |                                                         |                   |
| <b>Group Retirement</b>                                    | <= 1%        | \$ 3,817                    | \$ 1,717                                    | \$ 4,674                                                | \$ 10,208         |
|                                                            | > 1% - 2%    | 6,310                       | 410                                         | 7                                                       | 6,727             |
|                                                            | > 2% - 3%    | 14,556                      | —                                           | —                                                       | 14,556            |
|                                                            | > 3% - 4%    | 696                         | —                                           | —                                                       | 696               |
|                                                            | > 4% - 5%    | 6,953                       | —                                           | —                                                       | 6,953             |
|                                                            | > 5%         | 159                         | —                                           | —                                                       | 159               |
|                                                            | <b>Total</b> | <b>\$ 32,491</b>            | <b>\$ 2,127</b>                             | <b>\$ 4,681</b>                                         | <b>\$ 39,299</b>  |
| <b>Range of Guaranteed Minimum Credited Rate</b>           |              |                             |                                             |                                                         |                   |
| <b>Life Insurance</b>                                      | <= 1%        | \$ —                        | \$ —                                        | \$ —                                                    | \$ —              |
|                                                            | > 1% - 2%    | 105                         | 24                                          | 350                                                     | 479               |
|                                                            | > 2% - 3%    | 240                         | 638                                         | 1,108                                                   | 1,986             |
|                                                            | > 3% - 4%    | 1,395                       | 186                                         | 189                                                     | 1,770             |
|                                                            | > 4% - 5%    | 3,024                       | —                                           | —                                                       | 3,024             |
|                                                            | > 5%         | 226                         | —                                           | —                                                       | 226               |
|                                                            | <b>Total</b> | <b>\$ 4,990</b>             | <b>\$ 848</b>                               | <b>\$ 1,647</b>                                         | <b>\$ 7,485</b>   |
| <b>Total*</b>                                              |              | <b>\$ 70,515</b>            | <b>\$ 4,816</b>                             | <b>\$ 27,895</b>                                        | <b>\$ 103,226</b> |
| <b>Percentage of total</b>                                 |              | <b>68 %</b>                 | <b>5 %</b>                                  | <b>27 %</b>                                             | <b>100 %</b>      |

\* Excludes policyholder contract deposits account balances that are not subject to guaranteed minimum crediting rates.

## OTHER POLICYHOLDER FUNDS

Other policyholder funds include URR, consisting of front-end loads on investment-oriented contracts, representing those policy loads that are non-level and typically higher in initial policy years than in later policy years. Amortization of URR is recorded in Policy fees.

### Prior to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

URR for investment-oriented contracts are generally deferred and amortized, with interest, in relation to the incidence of EGPs to be realized over the estimated lives of the contracts and are subject to the same adjustments due to changes in the assumptions underlying EGPs as DAC. Similar to unrealized appreciation (depreciation) of investments for DAC, URR related to investment-oriented products is also adjusted to reflect the effect of unrealized gains or losses on fixed maturity securities available for sale on EGPs, with related changes recognized through OCI.

### Subsequent to the adoption of the Targeted Improvements to the Accounting for Long-Duration Contracts Standard

URR for investment-oriented contracts are generally deferred and amortized into income using the same assumptions and factors used to amortize DAC (i.e., on a constant level basis). Changes in future assumptions are applied by adjusting the amortization rate prospectively. The Company has elected to implicitly account for actual experience, whether favorable or unfavorable, in its amortization of URR (i.e., policy fees) each period.

The following table presents the transition rollforward of URR:

| (in millions)                                                                                                                              | Life<br>Insurance | Institutional<br>Markets | Other*        | Total           |
|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------------|---------------|-----------------|
| <b>Pre-adoption December 31, 2020 URR balance</b>                                                                                          | \$ 1,413          | \$ 2                     | \$ 132        | \$ 1,547        |
| Adjustment for the removal of related balances in Accumulated other comprehensive income (loss) originating from unrealized gains (losses) | 248               | —                        | —             | 248             |
| <b>Post-adoption January 1, 2021 URR balance</b>                                                                                           | <b>\$ 1,661</b>   | <b>\$ 2</b>              | <b>\$ 132</b> | <b>\$ 1,795</b> |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re. Other policyholder funds, excluding URR, totaled \$2.0 billion.

Prior to the adoption of LDTI, URR for investment-oriented products included the effect of unrealized gains or losses on fixed maturity securities classified as available for sale. At the Transition Date, these adjustments were removed with a corresponding offset in AOCI. As the available for sale portfolio was in an unrealized gain position as of the Transition Date, the adjustment for removal of related balances in AOCI originating from unrealized gains (losses) balances was reducing URR.

The following table presents a rollforward of URR:

| Six Months Ended June 30, 2023 |                |                       |    |        |          |
|--------------------------------|----------------|-----------------------|----|--------|----------|
| (in millions)                  | Life Insurance | Institutional Markets |    | Other* | Total    |
| Balance, beginning of year     | \$ 1,727       | \$ 2                  | \$ | 105    | \$ 1,834 |
| Revenue deferred               | 76             | —                     |    | —      | 76       |
| Amortization                   | (55)           | (1)                   |    | (5)    | (61)     |
| Balance, end of period         | \$ 1,748       | \$ 1                  | \$ | 100    | \$ 1,849 |
|                                |                |                       |    |        |          |
| Six Months Ended June 30, 2022 |                |                       |    |        |          |
| (in millions)                  | Life Insurance | Institutional Markets |    | Other* | Total    |
| Balance, beginning of year     | \$ 1,693       | \$ 2                  | \$ | 116    | \$ 1,811 |
| Revenue deferred               | 70             | —                     |    | —      | 70       |
| Amortization                   | (54)           | —                     |    | (6)    | (60)     |
| Balance, end of period         | \$ 1,709       | \$ 2                  | \$ | 110    | \$ 1,821 |

\* Represents Life and Retirement legacy insurance lines ceded to Fortitude Re. At June 30, 2023 and 2022, Other policyholder funds, excluding URR, totaled \$1.6 billion and \$1.7 billion, respectively.

## 13. Market Risk Benefits

MRBs are defined as contracts or contract features that both provide protection to the contract holder from other-than-nominal capital market risk and expose AIG to other-than nominal capital market risk. The MRB is an amount that a policyholder receives in addition to the account balance upon the occurrence of a specific event or circumstance, such as death, annuitization, or periodic withdrawal that involves protection from other-than-nominal capital market risk. Certain contract features, such as GMWBs, GMDBs and guaranteed minimum income benefits (GMIBs) commonly found in variable, fixed index and fixed annuities, are MRBs. MRBs are assessed at contract inception using a non-option method involving attributed fees that results in an initial fair value of zero or an option method that results in a fair value greater than zero.

MRBs are recorded at fair value, and AIG applies a non-option attributed fee valuation method for variable annuity products, and an option-based valuation method (host offset) for both fixed index and fixed products. Under the non-option valuation method, the attributed fee is determined at contract inception; it cannot exceed the total contract fees and assessments collectible from the contract holder and cannot be less than zero. Investment margin is excluded from the attributed fee determination. Under the option-based valuation method, an offset to the host amount related to the MRB amount is established at inception. Changes in the fair value of MRBs are recorded in net income in Changes in the fair value of market risk benefits, net except for the portion of the fair value change attributable to our own credit risk, is recognized in OCI. MRBs are derecognized when the underlying contract is surrendered, a GMDB is incurred, a GMIB is annuitized, or when the account value is exhausted on a policy with a GMWB. When a policyholder elects to annuitize a GMIB rider or the account value on a policy with a GMWB rider is reduced to zero, the policy is converted to a payout annuity automatically. When a conversion occurs, the policyholder is issued a new payout annuity contract. At this point, the MRB is derecognized and a LFPB is established for the payout annuity.

Assumptions used to determine the MRB asset (including ceded MRBs) or liability generally include mortality rates that are based upon actual experience modified to allow for variations in policy form; lapse rates that are based upon actual experience modified to allow for variations in policy features; and investment returns, based on stochastically generated scenarios. We evaluate at least annually estimates used to determine the MRB asset or liability and adjust the balance, with a related charge or credit to Change in fair value of MRBs, net, if actual experience or other evidence suggests that earlier assumptions should be revised. In addition, MRBs are valued such that the current provision for nonperformance risk is reflected in the claims cash flows of the asset or liability valuation for direct MRBs. The nonperformance risk spread at contract issue is locked-in. The difference between the MRB valued using the at issue nonperformance risk spread and the current nonperformance risk spread is reported through OCI, while changes in the counterparty credit risk related to ceded MRBs are reported in income.

Changes in the fair value of MRBs, net represents changes in the fair value of market risk benefit liabilities and assets (with the exception of our own credit risk changes), and includes attributed rider fees and benefits, net of changes in the fair value of derivative instruments and fixed maturity securities that are used to economically hedge market risk from the VA GMWB riders.

The following table presents the transition rollforward of MRBs:

| <i>(in millions)</i>                                                                                                                                                                                   | Individual Retirement | Group Retirement | Total    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|----------|
| <b>Pre-adoption December 31, 2020 carrying amount for features now classified as MRBs</b>                                                                                                              | \$ —                  | \$ —             | \$ —     |
| Adjustment for the reclassification of the embedded derivative liability from policyholder contract deposits, net of the host adjustment(s) <sup>(a)</sup>                                             | 5,671                 | 576              | 6,247    |
| Adjustment for the reclassification of additional liabilities from Future policy benefits <sup>(b)</sup>                                                                                               | 1,388                 | 221              | 1,609    |
| Adjustments for the cumulative effect of the changes to our own credit risk between the original contract issuance date and the Transition Date <sup>(c)</sup>                                         | 2,140                 | 187              | 2,327    |
| Adjustment for the removal of related balances in Accumulated other comprehensive income (loss) originating from unrealized gains (losses) <sup>(d)</sup>                                              | (516)                 | (89)             | (605)    |
| Adjustment for the remaining difference (exclusive of our own credit risk change and host contract adjustments) between previous carrying amount and fair value measurement for the MRB <sup>(e)</sup> | (1,084)               | (93)             | (1,177)  |
| <b>Post-adoption January 1, 2021 carrying amount for features now classified as MRBs</b>                                                                                                               | \$ 7,599              | \$ 802           | \$ 8,401 |

- (a) Adjustments for the reclassification from Policyholder contract deposits represents certain contract guarantees (e.g., GMWBs) that were previously classified as embedded derivatives, but have been reclassified as MRBs as of January 1, 2021, and the related host impact. The impact on Retained earnings or AOCI resulting from the simultaneous remeasurement of the guarantee as a market risk benefit is reflected in the lines below.
- (b) Adjustments for the reclassification from Future policy benefits represents contract guarantees (e.g., GMDBs) that were previously classified as insurance liabilities within Future policy benefits, but have been reclassified as MRBs as of January 1, 2021. The impact on Retained earnings or AOCI resulting from the simultaneous remeasurement of the guarantee as a market risk benefit is reflected in the lines below.
- (c) Adjustments for the cumulative effect of the changes to our own credit risk between the original contract issuance date and the Transition Date are recognized in AOCI.
- (d) Adjustment for the removal of related balances in AOCI originating from unrealized gains (losses) with an offset to AOCI relate to the additional liabilities reclassified from Future policy benefits in the line above.
- (e) Adjustment for the remaining difference represents the measurement of MRBs at fair value, excluding the impact of our own credit risk with an offset to Retained earnings.

The following is a reconciliation of MRBs by amounts in an asset position and in liability position to the MRB amounts in the Condensed Consolidated Balance Sheets at transition:

| <i>(in millions)</i>                                  | Individual Retirement | Group Retirement | Total    |
|-------------------------------------------------------|-----------------------|------------------|----------|
| Market risk benefit in an asset position              | \$ 176                | \$ —             | \$ 176   |
| Reinsured market risk benefit                         | 162                   | —                | 162      |
| <b>Market risk benefit assets, at fair value</b>      | 338                   | —                | 338      |
| <b>Market risk benefit liabilities, at fair value</b> | 7,937                 | 802              | 8,739    |
| <b>Market risk benefit, net, January 1, 2021</b>      | \$ 7,599              | \$ 802           | \$ 8,401 |

The following table presents the balances of and changes in market risk benefits:

|                                                                                    |                       |                  |          |
|------------------------------------------------------------------------------------|-----------------------|------------------|----------|
| <b>Six Months Ended June 30, 2023</b>                                              | Individual Retirement | Group Retirement | Total    |
| <i>(in millions, except for attained age of contract holders)</i>                  |                       |                  |          |
| <b>Balance, beginning of year</b>                                                  | \$ 3,738              | \$ 296           | \$ 4,034 |
| <b>Balance, beginning of year, before effect of changes in our own credit risk</b> | \$ 3,297              | \$ 272           | \$ 3,569 |
| Issuances                                                                          | 379                   | 19               | 398      |
| Interest accrual                                                                   | 78                    | 8                | 86       |
| Attributed fees                                                                    | 442                   | 33               | 475      |
| Expected claims                                                                    | (48)                  | (1)              | (49)     |
| Effect of changes in interest rates                                                | 34                    | 3                | 37       |
| Effect of changes in interest rate volatility                                      | (84)                  | (4)              | (88)     |
| Effect of changes in equity markets                                                | (843)                 | (78)             | (921)    |
| Effect of changes in equity index volatility                                       | 8                     | (4)              | 4        |
| Actual outcome different from model expected outcome                               | 93                    | 12               | 105      |
| Effect of changes in other future expected assumptions                             | (94)                  | (29)             | (123)    |
| Other, including foreign exchange                                                  | —                     | (2)              | (2)      |
| <b>Balance, end of period, before effect of changes in our own credit risk</b>     | 3,262                 | 229              | 3,491    |
| Effect of changes in our own credit risk                                           | 564                   | 47               | 611      |
| <b>Balance, end of period</b>                                                      | 3,826                 | 276              | 4,102    |
| Less: Reinsured MRB, end of period                                                 | (79)                  | —                | (79)     |
| <b>Net Liability Balance after reinsurance recoverable</b>                         | \$ 3,747              | \$ 276           | \$ 4,023 |

| Six Months Ended June 30, 2023                                                     |                       |                  |          |
|------------------------------------------------------------------------------------|-----------------------|------------------|----------|
| <i>(in millions, except for attained age of contract holders)</i>                  |                       |                  |          |
|                                                                                    | Individual Retirement | Group Retirement | Total    |
| <b>Net amount at risk</b>                                                          |                       |                  |          |
| GMDB only                                                                          | \$ 1,068              | \$ 212           | \$ 1,280 |
| GMWB only                                                                          | \$ 56                 | \$ 4             | \$ 60    |
| Combined*                                                                          | \$ 1,435              | \$ 23            | \$ 1,458 |
| <b>Weighted average attained age of contract holders</b>                           | <b>70</b>             | <b>64</b>        |          |
| Six Months Ended June 30, 2022                                                     |                       |                  |          |
| <i>(in millions, except for attained age of contract holders)</i>                  |                       |                  |          |
|                                                                                    | Individual Retirement | Group Retirement | Total    |
| <b>Balance, beginning of year</b>                                                  | \$ 6,452              | \$ 582           | \$ 7,034 |
| <b>Balance, beginning of year, before effect of changes in our own credit risk</b> | \$ 4,518              | \$ 415           | \$ 4,933 |
| Issuances                                                                          | 97                    | 11               | 108      |
| Interest accrual                                                                   | 83                    | 11               | 94       |
| Attributed fees                                                                    | 409                   | 37               | 446      |
| Expected claims                                                                    | (28)                  | (1)              | (29)     |
| Effect of changes in interest rates                                                | (2,864)               | (270)            | (3,134)  |
| Effect of changes in interest rate volatility                                      | 180                   | 12               | 192      |
| Effect of changes in equity markets                                                | 1,558                 | 136              | 1,694    |
| Effect of changes in equity index volatility                                       | (42)                  | (4)              | (46)     |
| Actual outcome different from model expected outcome                               | 130                   | 13               | 143      |
| Other, including foreign exchange                                                  | 2                     | (8)              | (6)      |
| <b>Balance, end of period, before effect of changes in our own credit risk</b>     | 4,043                 | 352              | 4,395    |
| Effect of changes in our own credit risk                                           | 355                   | 20               | 375      |
| <b>Balance, end of period</b>                                                      | 4,398                 | 372              | 4,770    |
| Less: Reinsured MRB, end of period                                                 | (110)                 | —                | (110)    |
| <b>Net Liability Balance after reinsurance recoverable</b>                         | \$ 4,288              | \$ 372           | \$ 4,660 |
| <b>Net amount at risk</b>                                                          |                       |                  |          |
| GMDB only                                                                          | \$ 1,828              | \$ 396           | \$ 2,224 |
| GMWB only                                                                          | \$ 58                 | \$ 5             | \$ 63    |
| Combined*                                                                          | \$ 2,052              | \$ 11            | \$ 2,063 |
| <b>Weighted average attained age of contract holders</b>                           | <b>70</b>             | <b>64</b>        |          |

\* Certain contracts contain both guaranteed GMDB and GMWB features and are modeled together for the purposes of calculating the MRB.

The following is a reconciliation of MRBs by amounts in an asset position and in a liability position to the MRBs amount in the Condensed Consolidated Balance Sheets:

| <i>(in millions)</i>  | June 30, 2023 |                 |                 | June 30, 2022 |                 |                 |
|-----------------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|
|                       | Asset*        | Liability*      | Net             | Asset*        | Liability*      | Net             |
| Individual Retirement | \$ 787        | \$ 4,534        | \$ 3,747        | \$ 527        | \$ 4,815        | \$ 4,288        |
| Group Retirement      | 167           | 443             | 276             | 115           | 487             | 372             |
| <b>Total</b>          | <b>\$ 954</b> | <b>\$ 4,977</b> | <b>\$ 4,023</b> | <b>\$ 642</b> | <b>\$ 5,302</b> | <b>\$ 4,660</b> |

\* Cash flows and attributed fees for MRBs are determined on a policy level basis and are reported based on their asset or liability position at the balance sheet date.

For additional information related to fair value measurements of MRBs, see Note 5.

## ANNUITY GUARANTEES

Annuity contracts may include certain contractually guaranteed benefits to the contract holder. These guaranteed features include GMDBs that are payable in the event of death and living benefits that are payable when partial withdrawals exhaust a policy's account value, in the event of annuitization, or, in other instances, at specified dates during the accumulation period. Living benefits primarily include GMWBs. A variable annuity contract may include more than one type of guaranteed benefit feature; for example, it may have both GMDB and GMWB. However, a policyholder can only receive payout from one guaranteed feature on a contract containing a death benefit and a living benefit, i.e., the features are mutually exclusive (except a surviving spouse who has a rider to potentially collect both GMDB upon their spouse's death and GMWB during their lifetime). A policyholder cannot purchase more than one living benefit on one contract. The net amount at risk for each feature is calculated irrespective of the existence of other features; as a result, the net amount at risk for each feature is not additive to that of other features.

### Guaranteed Benefits on Variable Annuities

Depending on the contract, the GMDB feature may provide a death benefit of either (a) total deposits made to the contract, less any partial withdrawals plus a minimum return (and in rare instances, no minimum return), (b) return of premium whereby the benefit is the greater of the current account value or premiums paid less any partial withdrawals, (c) rollups whereby the benefit is the greater of current account value or premiums paid (adjusted for withdrawals) accumulated at contractually specified rates up to specified ages, or (d) the highest contract value attained, typically on any anniversary date less any subsequent withdrawals following the contract anniversary. GMDB is our most widely offered benefit.

Certain of our variable annuity contracts also contain living benefit riders, which include optional GMWBs and, to a lesser extent, GMABs and GMIBs. These living benefits and GMDBs related to variable annuity contracts are accounted for as MRBs measured at fair value, with changes in the fair value (excluding changes in our own credit risk) recorded in Change in the fair value of MRBs, net. The net amount at risk for the GMWB represents benefits in excess of the account value assuming the utilization of all benefits by the contract holders at the balance sheet date. The net amount at risk for the GMDB feature represents the amount of guaranteed benefits in excess of account value if all policyholders died.

### Guaranteed Benefits on Fixed Index and Fixed Annuities

Certain of our fixed annuity and fixed index annuity contracts, which are not offered through separate accounts, contain optional GMWBs. With a GMWB, the contract holder can monetize the excess of the guaranteed amount over the account value of the contract through a series of withdrawals that do not exceed a specific percentage per year of the guaranteed amount. Once the account value is exhausted, the contract holder will receive a series of annuity payments equal to the remaining guaranteed amount; for lifetime GMWB products, the annuity payments continue as long as the covered person(s) is living. The liability for GMWBs in fixed annuity and fixed index annuity contracts, which are recorded in MRBs, represents the expected value of benefits in excess of the projected account value, with the excess (excluding changes in our own credit risk) recognized at fair value through Change in the fair value of MRBs, net.

The liability for all of our GMWBs in fixed annuity and fixed index annuity contracts are accounted for as MRBs.

*For a discussion of the fair value measurement of guaranteed benefits that are accounted for as MRBs, see Note 5.*

## 14. Separate Account Assets and Liabilities

We report variable contracts within the separate accounts when investment income and investment gains and losses accrue directly to, and investment risk is borne by, the contract holder and the separate account meets additional accounting criteria to qualify for separate account treatment. The assets supporting the variable portion of variable annuity and variable universal life contracts that qualify for separate account treatment are carried at fair value and are reported as separate account assets, with an equivalent summary total reported as separate account liabilities. The assets of separate accounts are legally segregated and are not subject to claims that arise from any of our other businesses.

Policy values for variable products and investment contracts are expressed in terms of investment units. Each unit is linked to an asset portfolio. The value of a unit increases or decreases based on the value of the linked asset portfolio. The current liability at any time is the sum of the current unit value of all investment units in the separate accounts, plus any liabilities for MRBs.

Amounts assessed against the policyholders for mortality, administrative and other services are included in policy fees. Investment performance (including investment income, net investment gains (losses) and changes in unrealized gains (losses)) and the corresponding amounts credited to policyholders of such separate accounts are offset within the same line in the Condensed Consolidated Statements of Income (Loss).

*For discussion of the fair value measurement of guaranteed benefits that are accounted for as MRBs, see Note 5.*

**The following table presents fair value of separate account investment options:**

| (in millions)      | June 30, 2023         |                  |                |                       |                  | June 30, 2022         |                  |                |                       |                  |
|--------------------|-----------------------|------------------|----------------|-----------------------|------------------|-----------------------|------------------|----------------|-----------------------|------------------|
|                    | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Total            | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Total            |
| Equity Funds       | \$ 24,804             | \$ 27,889        | \$ 777         | \$ 630                | \$ 54,100        | \$ 23,012             | \$ 25,210        | \$ 690         | \$ 576                | \$ 49,488        |
| Bond Funds         | 3,974                 | 3,428            | 43             | 1,302                 | 8,747            | 3,887                 | 4,010            | 46             | 1,358                 | 9,301            |
| Balanced Funds     | 17,911                | 5,375            | 51             | 1,880                 | 25,217           | 18,684                | 5,181            | 49             | 2,444                 | 26,358           |
| Money Market Funds | 720                   | 553              | 17             | 364                   | 1,654            | 679                   | 501              | 22             | 386                   | 1,588            |
| <b>Total</b>       | <b>\$ 47,409</b>      | <b>\$ 37,245</b> | <b>\$ 888</b>  | <b>\$ 4,176</b>       | <b>\$ 89,718</b> | <b>\$ 46,262</b>      | <b>\$ 34,902</b> | <b>\$ 807</b>  | <b>\$ 4,764</b>       | <b>\$ 86,735</b> |

The following table presents the balances and changes in Separate account liabilities:

| Six Months Ended June 30, 2023<br>(in millions) | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Total      |
|-------------------------------------------------|-----------------------|------------------|----------------|-----------------------|------------|
| <b>Balance, beginning of year</b>               | \$ 45,178             | \$ 34,361        | \$ 799         | \$ 4,515              | \$ 84,853  |
| Premiums and deposits                           | 807                   | 697              | 18             | 30                    | 1,552      |
| Policy charges                                  | (662)                 | (221)            | (25)           | (47)                  | (955)      |
| Surrenders and withdrawals                      | (1,776)               | (1,390)          | (12)           | (422)                 | (3,600)    |
| Benefit payments                                | (432)                 | (250)            | (3)            | (58)                  | (743)      |
| Investment performance                          | 4,172                 | 4,169            | 113            | 146                   | 8,600      |
| Net transfers from (to) general account         | 122                   | (121)            | (2)            | 11                    | 10         |
| Other charges                                   | —                     | —                | —              | 1                     | 1          |
| <b>Balance, end of period</b>                   | \$ 47,409             | \$ 37,245        | \$ 888         | \$ 4,176              | \$ 89,718  |
| <b>Cash surrender value*</b>                    | \$ 46,307             | \$ 37,050        | \$ 854         | \$ 4,178              | \$ 88,389  |
| Six Months Ended June 30, 2022<br>(in millions) | Individual Retirement | Group Retirement | Life Insurance | Institutional Markets | Total      |
| <b>Balance, beginning of year</b>               | \$ 57,927             | \$ 45,138        | \$ 1,044       | \$ 5,002              | \$ 109,111 |
| Premiums and deposits                           | 1,354                 | 868              | 19             | 33                    | 2,274      |
| Policy charges                                  | (646)                 | (244)            | (25)           | (50)                  | (965)      |
| Surrenders and withdrawals                      | (1,741)               | (1,329)          | (11)           | (25)                  | (3,106)    |
| Benefit payments                                | (476)                 | (283)            | (4)            | (12)                  | (775)      |
| Investment performance                          | (10,249)              | (8,987)          | (216)          | (208)                 | (19,660)   |
| Net transfers from (to) general account         | 93                    | (261)            | —              | 22                    | (146)      |
| Other charges                                   | —                     | —                | —              | 2                     | 2          |
| <b>Balance, end of period</b>                   | \$ 46,262             | \$ 34,902        | \$ 807         | \$ 4,764              | \$ 86,735  |
| <b>Cash surrender value*</b>                    | \$ 45,154             | \$ 34,699        | \$ 792         | \$ 4,766              | \$ 85,411  |

\* The cash surrender value represents the amount of the contract holder's account balance distributable at the balance sheet date less applicable surrender charges.

Separate account liabilities primarily represent the contract holder's account balance in separate account assets and will be equal and offsetting to total separate account assets.

## 15. Contingencies, Commitments and Guarantees

In the normal course of business, various contingent liabilities and commitments are entered into by AIG and our subsidiaries. In addition, AIG Parent guarantees various obligations of certain subsidiaries.

Although AIG cannot currently quantify its ultimate liability for unresolved litigation and investigation matters, including those referred to below, it is possible that such liability could have a material adverse effect on AIG's consolidated financial condition or its consolidated results of operations or consolidated cash flows for an individual reporting period.

### LEGAL CONTINGENCIES

#### Overview

In the normal course of business, AIG and our subsidiaries are subject to regulatory and government investigations and actions, and litigation and other forms of dispute resolution in a large number of proceedings pending in various domestic and foreign jurisdictions. Certain of these matters involve potentially significant risk of loss due to potential for significant jury awards and settlements, punitive damages or other penalties. Many of these matters are also highly complex and may seek recovery on behalf of a class or similarly large number of plaintiffs. It is therefore inherently difficult to predict the size or scope of potential future losses arising from these matters. In our insurance and reinsurance operations, litigation and arbitration concerning the scope of coverage under insurance and reinsurance contracts, and litigation and arbitration in which our subsidiaries defend or indemnify their insureds under insurance contracts, are generally considered in the establishment of our loss reserves. Separate and apart from the foregoing matters involving insurance and reinsurance coverage, AIG, our subsidiaries and their respective officers and directors are subject to a variety of additional types of legal proceedings brought by holders of AIG securities, customers, employees and others, alleging, among other things, breach of contractual or fiduciary duties, bad faith, indemnification and violations of federal and state statutes and regulations. With respect to these other categories of matters not arising out of claims for insurance or reinsurance coverage, we establish reserves for loss contingencies when it is probable that a loss will be incurred and the amount of the loss can be reasonably

estimated. In many instances, we are unable to determine whether a loss is probable or to reasonably estimate the amount of such a loss and, therefore, the potential future losses arising from legal proceedings may exceed the amount of liabilities that we have recorded in our financial statements covering these matters. While such potential future charges could be material, based on information currently known to management, management does not believe, other than as may be discussed below, that any such charges are likely to have a material adverse effect on our financial position or results of operation.

Additionally, from time to time, various regulatory and governmental agencies review the transactions and practices of AIG and our subsidiaries in connection with industry-wide and other inquiries or examinations into, among other matters, the business practices of current and former operating insurance subsidiaries. Such investigations, inquiries or examinations could develop into administrative, civil or criminal proceedings or enforcement actions, in which remedies could include fines, penalties, restitution or alterations in our business practices, and could result in additional expenses, limitations on certain business activities and reputational damage.

### **Moriarty Litigation**

Effective January 1, 2013, the California legislature enacted AB 1747 (the Act), which amended the Insurance Code to mandate that life insurance policies issued and delivered in California contain a 60-day grace period during which time the policies must remain in force after a premium payment is missed, and that life insurers provide both a 30-day minimum notification of lapse and the right of policy owners to designate a secondary recipient for lapse and termination notices. Following guidance from the California Department of Insurance and certain industry trade groups, American General Life Insurance Company (AGL) interpreted the Act to be prospective in nature, applying only to policies issued and delivered on or after the Act's January 1, 2013, effective date. On July 18, 2017, AGL was sued in a putative class action captioned Moriarty v. American General Life Insurance Company, No. 17-cv-1709 (S.D. Cal.), challenging AGL's prospective application of the Act. Plaintiff's complaint, which is similar to complaints filed against other insurers, argues that policies issued and delivered prior to January 1, 2013, like the \$1 million policy issued to Plaintiff's husband do not lapse—despite nonpayment of premiums—if the insurer has not complied with the Act's terms. On August 30, 2021, the California Supreme Court issued an opinion in *McHugh v. Protective Life Insurance*, 12 Cal. 5th 213 (2021), ruling that the Act applies to all policies in force on January 1, 2013, regardless of when the policies were issued. On February 7, 2022, Plaintiff filed motions for summary judgment and class certification; AGL opposed both motions and filed its own motion for partial summary judgment. On July 26, 2022, the District Court granted in part and denied in part AGL's motion for partial summary judgment, and on September 7, 2022, the District Court denied Plaintiff's motion for summary judgment. In the summary judgment decisions, the District Court declined to adopt Plaintiff's theory that a failure to comply with the Act necessitates payment of policy benefits or to make a pre-trial determination as to AGL's liability. On September 27, 2022, the District Court denied Plaintiff's motion for class certification without prejudice. The District Court declined to certify Plaintiff's proposed class consisting of claims for monetary damages and equitable relief, but indicated that Plaintiff could seek the certification of a narrower class consisting only of claims for monetary damages. The District Court indicated, however, that it has "substantial concerns" as to whether individual issues such as actual damages and causation would predominate, precluding class certification. While the District Court had initially set a trial date for February 7, 2023, it vacated the date and indicated that it would set a new trial date in due course, following consultation with the parties. Subsequently, the case was reassigned to a new District Court judge, who requested additional briefing on certain issues addressed by the summary judgment decisions and heard additional oral argument on those issues on July 19, 2023. The parties are awaiting a decision from the Court. We have accrued our current estimate of probable loss with respect to this litigation.

Proceedings are ongoing in other California cases that raise similar industry-wide issues, including in the *McHugh* case on remand from the California Supreme Court, in which the California Court of Appeal rendered an unpublished opinion on October 10, 2022 that also declined to hold that failure to comply with the Act automatically necessitates payment of policy benefits.

### **OTHER COMMITMENTS**

In the normal course of business, we enter into commitments to invest in limited partnerships, private equity funds and hedge funds and to purchase and develop real estate in the U.S. and abroad. These commitments totaled \$4.7 billion and \$6.6 billion at June 30, 2023 and December 31, 2022, respectively.

### **GUARANTEES**

#### **Subsidiaries**

We have issued unconditional guarantees with respect to the prompt payment, when due, of all present and future payment obligations and liabilities of AIGFP and certain of its subsidiaries. We have also issued guarantees of all present and future payment obligations and liabilities of AIG Markets, Inc.

Due to the deconsolidation of AIGFP and its subsidiaries, as of June 30, 2023, a \$99 million guarantee related to the obligations of AIGFP and certain of its subsidiaries was recognized, and is reported in Other liabilities.

## Business and Asset Dispositions

We are subject to financial guarantees and indemnity arrangements in connection with the completed sales of businesses and assets. The various arrangements may be triggered by, among other things, declines in asset values, the occurrence of specified business contingencies, the realization of contingent liabilities, developments in litigation or breaches of representations, warranties or covenants provided by us. These arrangements are typically subject to various time limitations, defined by the contract or by operation of law, such as statutes of limitation. In some cases, the maximum potential obligation is subject to contractual limitations, while in other cases such limitations are not specified or are not applicable.

We are unable to develop a reasonable estimate of the maximum potential payout under certain of these arrangements. Overall, we believe the likelihood that we will have to make any material payments related to completed sales under these arrangements is remote, and no material liabilities related to these arrangements have been recorded in the Condensed Consolidated Balance Sheets.

### Other

- For additional information on commitments and guarantees associated with VIEs, see Note 10.
- For additional information on derivatives, see Note 11.

## 16. Equity

### SHARES OUTSTANDING

#### Preferred Stock

On March 14, 2019, we issued 20,000 shares of Series A 5.85% Non-Cumulative Perpetual Preferred Stock (Series A Preferred Stock) (equivalent to 20,000,000 Depositary Shares, each representing a 1/1,000th interest in a share of Series A Preferred Stock), \$5.00 par value and \$25,000 liquidation preference per share (equivalent to \$25 per Depositary Share). After underwriting discounts and expenses, we received net proceeds of approximately \$485 million.

#### Common Stock

The following table presents a rollforward of outstanding shares:

| Six Months Ended June 30, 2023<br>(in millions) | Common<br>Stock Issued | Treasury<br>Stock | Common Stock<br>Outstanding |
|-------------------------------------------------|------------------------|-------------------|-----------------------------|
| Shares, beginning of year                       | 1,906.7                | (1,172.6)         | 734.1                       |
| Shares issued                                   | —                      | 4.8               | 4.8                         |
| Shares repurchased                              | —                      | (21.4)            | (21.4)                      |
| Shares, end of period                           | 1,906.7                | (1,189.2)         | 717.5                       |

#### Dividends

Dividends are payable on AIG common stock, par value \$2.50 per share (AIG Common Stock) only when, as and if declared by our Board of Directors in its discretion, from funds legally available for this purpose. In considering whether to pay a dividend on or purchase shares of AIG Common Stock, our Board of Directors considers a number of factors, including, but not limited to: the capital resources available to support our insurance operations and business strategies, AIG's funding capacity and capital resources in comparison to internal benchmarks, expectations for capital generation, rating agency expectations for capital, regulatory standards for capital and capital distributions, and such other factors as our Board of Directors may deem relevant. The payment of dividends is also subject to the terms of AIG's outstanding Series A Preferred Stock, pursuant to which no dividends may be declared or paid on any AIG Common Stock unless the full dividends for the latest completed dividend period on all outstanding shares of Series A Preferred Stock have been declared and paid or provided for.

For a discussion of restrictions on payments of dividends to AIG Parent by its subsidiaries, see Note 18 to the Consolidated Financial Statements in the 2022 Annual Report.

#### Repurchase of AIG Common Stock

Shares may be repurchased from time to time in the open market, private purchases, through forward, derivative, accelerated repurchase or automatic repurchase transactions or otherwise. Certain of our share repurchases have been and may from time to time be effected through the Securities Exchange Act of 1934, as amended (the Exchange Act) Rule 10b5-1 repurchase plans. On August 1, 2023, the Board of Directors authorized the repurchase of \$7.5 billion of AIG Common Stock (inclusive of the approximately

\$2.15 billion of expected remaining authorization under the Board's prior share repurchase authorization upon expiration of the current 10b5-1 plan as of August 7, 2023).

The timing of any future repurchases will depend on market conditions, our business and strategic plans, financial condition, results of operations, liquidity and other factors. The repurchase of AIG Common Stock is also subject to the terms of AIG's outstanding Series A Preferred Stock, pursuant to which AIG may not (other than in limited circumstances) purchase, redeem or otherwise acquire AIG Common Stock unless the full dividends for the latest completed dividend period on all outstanding shares of Series A Preferred Stock have been declared and paid or provided for.

Pursuant to an Exchange Act Rule 10b5-1 repurchase plan from July 1, 2023 to July 26, 2023, we repurchased approximately 6 million shares of AIG Common Stock for an aggregate purchase price of approximately \$336 million.

## DIVIDENDS DECLARED

On August 1, 2023, our Board of Directors declared a cash dividend on AIG Common Stock of \$0.36 per share, payable on September 29, 2023 to shareholders of record on September 15, 2023. On August 1, 2023, our Board of Directors declared a cash dividend on AIG's Series A Preferred Stock of \$365.625 per share, payable on September 15, 2023 to holders of record on August 31, 2023.

## ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents a rollforward of Accumulated other comprehensive income (loss):

| (in millions)                                                                                              | Unrealized Appreciation (Depreciation) of Fixed Maturity Securities on Which Allowance for Credit Losses Was Taken | Unrealized Appreciation (Depreciation) of All Other Investments | Change in Fair Value of Market Risk Benefits Attributable to Changes in Our Own Credit Risk | Change in the discount rates used to measure traditional and limited payment long-duration insurance contracts | Foreign Currency Translation Adjustments | Retirement Plan Liabilities Adjustment | Fair Value of Liabilities Under Fair Value Option Attributable to Changes in Our Own Credit Risk | Total              |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------|--------------------|
| <b>Balance, March 31, 2023, net of tax</b>                                                                 | \$ (134)                                                                                                           | \$ (17,129)                                                     | \$ (226)                                                                                    | \$ 2,150                                                                                                       | \$ (3,094)                               | \$ (896)                               | \$ —                                                                                             | \$ (19,329)        |
| Change in unrealized appreciation (depreciation) of investments*                                           | 104                                                                                                                | (2,383)                                                         | —                                                                                           | —                                                                                                              | —                                        | —                                      | —                                                                                                | (2,279)            |
| Change in other                                                                                            | —                                                                                                                  | (159)                                                           | —                                                                                           | —                                                                                                              | —                                        | —                                      | —                                                                                                | (159)              |
| Change in fair value of market risk benefits, net                                                          | —                                                                                                                  | —                                                               | (241)                                                                                       | —                                                                                                              | —                                        | —                                      | —                                                                                                | (241)              |
| Change in discount rates                                                                                   | —                                                                                                                  | —                                                               | —                                                                                           | 531                                                                                                            | —                                        | —                                      | —                                                                                                | 531                |
| Change in future policy benefits                                                                           | —                                                                                                                  | 137                                                             | —                                                                                           | —                                                                                                              | —                                        | —                                      | —                                                                                                | 137                |
| Change in foreign currency translation adjustments                                                         | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | (25)                                     | —                                      | —                                                                                                | (25)               |
| Change in net actuarial loss                                                                               | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | —                                        | 78                                     | —                                                                                                | 78                 |
| Change in prior service cost                                                                               | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | —                                        | 2                                      | —                                                                                                | 2                  |
| Change in deferred tax asset (liability)                                                                   | (20)                                                                                                               | 407                                                             | 51                                                                                          | (158)                                                                                                          | (34)                                     | (28)                                   | —                                                                                                | 218                |
| <b>Total other comprehensive income (loss)</b>                                                             | <b>84</b>                                                                                                          | <b>(1,998)</b>                                                  | <b>(190)</b>                                                                                | <b>373</b>                                                                                                     | <b>(59)</b>                              | <b>52</b>                              | <b>—</b>                                                                                         | <b>(1,738)</b>     |
| <b>Other changes in AOCI:</b>                                                                              |                                                                                                                    |                                                                 |                                                                                             |                                                                                                                |                                          |                                        |                                                                                                  |                    |
| Corebridge noncontrolling interests sale                                                                   | 4                                                                                                                  | 2,125                                                           | 54                                                                                          | (345)                                                                                                          | (10)                                     | (1)                                    | —                                                                                                | 1,827              |
| <b>Noncontrolling interests</b>                                                                            | <b>14</b>                                                                                                          | <b>(347)</b>                                                    | <b>(47)</b>                                                                                 | <b>111</b>                                                                                                     | <b>11</b>                                | <b>—</b>                               | <b>—</b>                                                                                         | <b>(258)</b>       |
| <b>Balance, June 30, 2023, net of tax</b>                                                                  | <b>\$ (60)</b>                                                                                                     | <b>\$ (16,655)</b>                                              | <b>\$ (315)</b>                                                                             | <b>\$ 2,067</b>                                                                                                | <b>\$ (3,174)</b>                        | <b>\$ (845)</b>                        | <b>\$ —</b>                                                                                      | <b>\$ (18,982)</b> |
| <b>Balance, March 31, 2022, net of tax</b>                                                                 | <b>\$ (88)</b>                                                                                                     | <b>\$ (2,690)</b>                                               | <b>\$ (791)</b>                                                                             | <b>\$ (99)</b>                                                                                                 | <b>\$ (2,472)</b>                        | <b>\$ (894)</b>                        | <b>\$ 6</b>                                                                                      | <b>\$ (7,028)</b>  |
| Change in unrealized appreciation (depreciation) of investments                                            | 45                                                                                                                 | (17,949)                                                        | —                                                                                           | —                                                                                                              | —                                        | —                                      | —                                                                                                | (17,904)           |
| Change in other                                                                                            | (1)                                                                                                                | (3)                                                             | —                                                                                           | —                                                                                                              | —                                        | —                                      | —                                                                                                | (4)                |
| Change in fair value of market risk benefits, net                                                          | —                                                                                                                  | —                                                               | 737                                                                                         | —                                                                                                              | —                                        | —                                      | —                                                                                                | 737                |
| Change in discount rates                                                                                   | —                                                                                                                  | —                                                               | —                                                                                           | 2,352                                                                                                          | —                                        | —                                      | —                                                                                                | 2,352              |
| Change in future policy benefits                                                                           | —                                                                                                                  | 640                                                             | —                                                                                           | —                                                                                                              | —                                        | —                                      | —                                                                                                | 640                |
| Change in foreign currency translation adjustments                                                         | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | (273)                                    | —                                      | —                                                                                                | (273)              |
| Change in net actuarial loss                                                                               | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | —                                        | 5                                      | —                                                                                                | 5                  |
| Change in prior service cost                                                                               | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | —                                        | 4                                      | —                                                                                                | 4                  |
| Change in deferred tax asset (liability)                                                                   | (8)                                                                                                                | 2,530                                                           | (155)                                                                                       | (482)                                                                                                          | (62)                                     | 7                                      | —                                                                                                | 1,830              |
| Change in fair value of liabilities under fair value option attributable to changes in our own credit risk | —                                                                                                                  | —                                                               | —                                                                                           | —                                                                                                              | —                                        | —                                      | (4)                                                                                              | (4)                |
| <b>Total other comprehensive income (loss)</b>                                                             | <b>36</b>                                                                                                          | <b>(14,782)</b>                                                 | <b>582</b>                                                                                  | <b>1,870</b>                                                                                                   | <b>(335)</b>                             | <b>16</b>                              | <b>(4)</b>                                                                                       | <b>(12,617)</b>    |
| <b>Noncontrolling interests</b>                                                                            | <b>4</b>                                                                                                           | <b>(1,224)</b>                                                  | <b>58</b>                                                                                   | <b>181</b>                                                                                                     | <b>(17)</b>                              | <b>—</b>                               | <b>—</b>                                                                                         | <b>(998)</b>       |
| <b>Balance, June 30, 2022, net of tax</b>                                                                  | <b>\$ (56)</b>                                                                                                     | <b>\$ (16,248)</b>                                              | <b>\$ (267)</b>                                                                             | <b>\$ 1,590</b>                                                                                                | <b>\$ (2,790)</b>                        | <b>\$ (878)</b>                        | <b>\$ 2</b>                                                                                      | <b>\$ (18,647)</b> |

| <i>(in millions)</i>                                                                                             | Unrealized<br>Appreciation<br>(Depreciation)<br>of Fixed Maturity<br>Securities on Which<br>Allowance for Credit<br>Losses Was Taken | Unrealized<br>Appreciation<br>(Depreciation)<br>of All Other<br>Investments | Change in Fair<br>Value of Market<br>Risk Benefits<br>Attributable to<br>Changes in<br>Our Own<br>Credit Risk | Change in the<br>discount rates<br>used to measure<br>traditional and<br>limited payment<br>long-duration<br>insurance contracts | Foreign<br>Currency<br>Translation<br>Adjustments | Retirement<br>Plan<br>Liabilities<br>Adjustment | Fair Value of<br>Liabilities<br>Under Fair<br>Value Option<br>Attributable to<br>Changes in Our<br>Own Credit Risk | Total              |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Balance, December 31, 2022, net of tax</b>                                                                    | <b>\$ (136)</b>                                                                                                                      | <b>\$ (20,675)</b>                                                          | <b>\$ (284)</b>                                                                                               | <b>\$ 2,459</b>                                                                                                                  | <b>\$ (3,056)</b>                                 | <b>\$ (924)</b>                                 | <b>\$ —</b>                                                                                                        | <b>\$ (22,616)</b> |
| Change in unrealized appreciation<br>(depreciation) of investments*                                              | 113                                                                                                                                  | 2,613                                                                       | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | 2,726              |
| Change in other                                                                                                  | —                                                                                                                                    | (53)                                                                        | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | (53)               |
| Change in fair value of market risk<br>benefits, net                                                             | —                                                                                                                                    | —                                                                           | (146)                                                                                                         | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | (146)              |
| Change in discount rates                                                                                         | —                                                                                                                                    | —                                                                           | —                                                                                                             | 4                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | 4                  |
| Change in future policy benefits                                                                                 | —                                                                                                                                    | 37                                                                          | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | 37                 |
| Change in foreign currency translation<br>adjustments                                                            | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | (44)                                              | —                                               | —                                                                                                                  | (44)               |
| Change in net actuarial loss                                                                                     | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | —                                                 | 105                                             | —                                                                                                                  | 105                |
| Change in prior service cost                                                                                     | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | —                                                 | 2                                               | —                                                                                                                  | 2                  |
| Change in deferred tax asset (liability)                                                                         | (23)                                                                                                                                 | (343)                                                                       | 31                                                                                                            | (51)                                                                                                                             | (43)                                              | (27)                                            | —                                                                                                                  | (456)              |
| <b>Total other comprehensive income (loss)</b>                                                                   | <b>90</b>                                                                                                                            | <b>2,254</b>                                                                | <b>(115)</b>                                                                                                  | <b>(47)</b>                                                                                                                      | <b>(87)</b>                                       | <b>80</b>                                       | <b>—</b>                                                                                                           | <b>2,175</b>       |
| <b>Other changes in AOCI:</b>                                                                                    |                                                                                                                                      |                                                                             |                                                                                                               |                                                                                                                                  |                                                   |                                                 |                                                                                                                    |                    |
| Corebridge noncontrolling interests sale                                                                         | 4                                                                                                                                    | 2,125                                                                       | 54                                                                                                            | (345)                                                                                                                            | (10)                                              | (1)                                             | —                                                                                                                  | 1,827              |
| <b>Noncontrolling interests</b>                                                                                  | <b>18</b>                                                                                                                            | <b>359</b>                                                                  | <b>(30)</b>                                                                                                   | <b>—</b>                                                                                                                         | <b>21</b>                                         | <b>—</b>                                        | <b>—</b>                                                                                                           | <b>368</b>         |
| <b>Balance, June 30, 2023, net of tax</b>                                                                        | <b>\$ (60)</b>                                                                                                                       | <b>\$ (16,655)</b>                                                          | <b>\$ (315)</b>                                                                                               | <b>\$ 2,067</b>                                                                                                                  | <b>\$ (3,174)</b>                                 | <b>\$ (845)</b>                                 | <b>\$ —</b>                                                                                                        | <b>\$ (18,982)</b> |
| <b>Balance, December 31, 2021, net of tax</b>                                                                    | <b>\$ (48)</b>                                                                                                                       | <b>\$ 12,125</b>                                                            | <b>\$ (1,496)</b>                                                                                             | <b>\$ (2,167)</b>                                                                                                                | <b>\$ (2,446)</b>                                 | <b>\$ (903)</b>                                 | <b>\$ 6</b>                                                                                                        | <b>\$ 5,071</b>    |
| Change in unrealized appreciation<br>(depreciation) of investments                                               | (12)                                                                                                                                 | (38,059)                                                                    | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | (38,071)           |
| Change in other                                                                                                  | (1)                                                                                                                                  | 12                                                                          | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | 11                 |
| Change in fair value of market risk<br>benefits, net                                                             | —                                                                                                                                    | —                                                                           | 1,728                                                                                                         | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | 1,728              |
| Change in discount rates                                                                                         | —                                                                                                                                    | —                                                                           | —                                                                                                             | 5,235                                                                                                                            | —                                                 | —                                               | —                                                                                                                  | 5,235              |
| Change in future policy benefits                                                                                 | —                                                                                                                                    | 1,435                                                                       | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | —                                                                                                                  | 1,435              |
| Change in foreign currency translation<br>adjustments                                                            | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | (276)                                             | —                                               | —                                                                                                                  | (276)              |
| Change in net actuarial loss                                                                                     | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | —                                                 | 16                                              | —                                                                                                                  | 16                 |
| Change in prior service cost                                                                                     | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | —                                                 | 5                                               | —                                                                                                                  | 5                  |
| Change in deferred tax asset (liability)                                                                         | 4                                                                                                                                    | 5,689                                                                       | (364)                                                                                                         | (1,075)                                                                                                                          | (65)                                              | 4                                               | —                                                                                                                  | 4,193              |
| Change in fair value of liabilities under<br>fair value option attributable to<br>changes in our own credit risk | —                                                                                                                                    | —                                                                           | —                                                                                                             | —                                                                                                                                | —                                                 | —                                               | (4)                                                                                                                | (4)                |
| <b>Total other comprehensive income (loss)</b>                                                                   | <b>(9)</b>                                                                                                                           | <b>(30,923)</b>                                                             | <b>1,364</b>                                                                                                  | <b>4,160</b>                                                                                                                     | <b>(341)</b>                                      | <b>25</b>                                       | <b>(4)</b>                                                                                                         | <b>(25,728)</b>    |
| <b>Noncontrolling interests</b>                                                                                  | <b>(1)</b>                                                                                                                           | <b>(2,550)</b>                                                              | <b>135</b>                                                                                                    | <b>403</b>                                                                                                                       | <b>3</b>                                          | <b>—</b>                                        | <b>—</b>                                                                                                           | <b>(2,010)</b>     |
| <b>Balance, June 30, 2022, net of tax</b>                                                                        | <b>\$ (56)</b>                                                                                                                       | <b>\$ (16,248)</b>                                                          | <b>\$ (267)</b>                                                                                               | <b>\$ 1,590</b>                                                                                                                  | <b>\$ (2,790)</b>                                 | <b>\$ (878)</b>                                 | <b>\$ 2</b>                                                                                                        | <b>\$ (18,647)</b> |

\* Includes net unrealized gains and losses attributable to businesses held for sale at June 30, 2023.

The following table presents the other comprehensive income (loss) reclassification adjustments for the three and six months ended June 30, 2023 and 2022, respectively:

| (in millions)                                                                       | Unrealized Appreciation (Depreciation) of Fixed Maturity Securities on Which Allowance for Credit Losses Was Taken | Unrealized Appreciation (Depreciation) of All Other Investments | Change in Fair Value of Market Risk Benefits Attributable to Changes in Our Own Credit Risk | Change in the discount rates used to measure traditional and limited payment long-duration insurance contracts | Foreign Currency Translation Adjustments | Retirement Plan Liabilities Adjustment | Fair Value of Liabilities Under Fair Value Option Attributable to Changes in Our Own Credit Risk | Total              |
|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------------|--------------------|
| <b>Three Months Ended June 30, 2023</b>                                             |                                                                                                                    |                                                                 |                                                                                             |                                                                                                                |                                          |                                        |                                                                                                  |                    |
| Unrealized change arising during period                                             | \$ 97                                                                                                              | \$ (2,739)                                                      | \$ (241)                                                                                    | \$ 531                                                                                                         | \$ (25)                                  | \$ 72                                  | \$ —                                                                                             | \$ (2,305)         |
| Less: Reclassification adjustments included in net income                           | (7)                                                                                                                | (334)                                                           | —                                                                                           | —                                                                                                              | —                                        | (8)                                    | —                                                                                                | (349)              |
| <b>Total other comprehensive income (loss), before income tax expense (benefit)</b> | <b>104</b>                                                                                                         | <b>(2,405)</b>                                                  | <b>(241)</b>                                                                                | <b>531</b>                                                                                                     | <b>(25)</b>                              | <b>80</b>                              | <b>—</b>                                                                                         | <b>(1,956)</b>     |
| Less: Income tax expense (benefit)                                                  | 20                                                                                                                 | (407)                                                           | (51)                                                                                        | 158                                                                                                            | 34                                       | 28                                     | —                                                                                                | (218)              |
| <b>Total other comprehensive income (loss), net of income tax expense (benefit)</b> | <b>\$ 84</b>                                                                                                       | <b>\$ (1,998)</b>                                               | <b>\$ (190)</b>                                                                             | <b>\$ 373</b>                                                                                                  | <b>\$ (59)</b>                           | <b>\$ 52</b>                           | <b>\$ —</b>                                                                                      | <b>\$ (1,738)</b>  |
| <b>Three Months Ended June 30, 2022</b>                                             |                                                                                                                    |                                                                 |                                                                                             |                                                                                                                |                                          |                                        |                                                                                                  |                    |
| Unrealized change arising during period                                             | \$ 36                                                                                                              | \$ (17,908)                                                     | \$ 737                                                                                      | \$ 2,352                                                                                                       | \$ (273)                                 | \$ 2                                   | \$ (4)                                                                                           | \$ (15,058)        |
| Less: Reclassification adjustments included in net income                           | (8)                                                                                                                | (596)                                                           | —                                                                                           | —                                                                                                              | —                                        | (7)                                    | —                                                                                                | (611)              |
| <b>Total other comprehensive income (loss), before income tax expense (benefit)</b> | <b>44</b>                                                                                                          | <b>(17,312)</b>                                                 | <b>737</b>                                                                                  | <b>2,352</b>                                                                                                   | <b>(273)</b>                             | <b>9</b>                               | <b>(4)</b>                                                                                       | <b>(14,447)</b>    |
| Less: Income tax expense (benefit)                                                  | 8                                                                                                                  | (2,530)                                                         | 155                                                                                         | 482                                                                                                            | 62                                       | (7)                                    | —                                                                                                | (1,830)            |
| <b>Total other comprehensive income (loss), net of income tax expense (benefit)</b> | <b>\$ 36</b>                                                                                                       | <b>\$ (14,782)</b>                                              | <b>\$ 582</b>                                                                               | <b>\$ 1,870</b>                                                                                                | <b>\$ (335)</b>                          | <b>\$ 16</b>                           | <b>\$ (4)</b>                                                                                    | <b>\$ (12,617)</b> |
| <b>Six Months Ended June 30, 2023</b>                                               |                                                                                                                    |                                                                 |                                                                                             |                                                                                                                |                                          |                                        |                                                                                                  |                    |
| Unrealized change arising during period                                             | \$ 90                                                                                                              | \$ 1,827                                                        | \$ (146)                                                                                    | \$ 4                                                                                                           | \$ (44)                                  | \$ 90                                  | \$ —                                                                                             | \$ 1,821           |
| Less: Reclassification adjustments included in net income                           | (23)                                                                                                               | (770)                                                           | —                                                                                           | —                                                                                                              | —                                        | (17)                                   | —                                                                                                | (810)              |
| <b>Total other comprehensive income (loss), before income tax expense (benefit)</b> | <b>113</b>                                                                                                         | <b>2,597</b>                                                    | <b>(146)</b>                                                                                | <b>4</b>                                                                                                       | <b>(44)</b>                              | <b>107</b>                             | <b>—</b>                                                                                         | <b>2,631</b>       |
| Less: Income tax expense (benefit)                                                  | 23                                                                                                                 | 343                                                             | (31)                                                                                        | 51                                                                                                             | 43                                       | 27                                     | —                                                                                                | 456                |
| <b>Total other comprehensive income (loss), net of income tax expense (benefit)</b> | <b>\$ 90</b>                                                                                                       | <b>\$ 2,254</b>                                                 | <b>\$ (115)</b>                                                                             | <b>\$ (47)</b>                                                                                                 | <b>\$ (87)</b>                           | <b>\$ 80</b>                           | <b>\$ —</b>                                                                                      | <b>\$ 2,175</b>    |
| <b>Six Months Ended June 30, 2022</b>                                               |                                                                                                                    |                                                                 |                                                                                             |                                                                                                                |                                          |                                        |                                                                                                  |                    |
| Unrealized change arising during period                                             | \$ (21)                                                                                                            | \$ (37,347)                                                     | \$ 1,728                                                                                    | \$ 5,235                                                                                                       | \$ (276)                                 | \$ 6                                   | \$ (4)                                                                                           | \$ (30,679)        |
| Less: Reclassification adjustments included in net income                           | (8)                                                                                                                | (735)                                                           | —                                                                                           | —                                                                                                              | —                                        | (15)                                   | —                                                                                                | (758)              |
| <b>Total other comprehensive income (loss), before income tax expense (benefit)</b> | <b>(13)</b>                                                                                                        | <b>(36,612)</b>                                                 | <b>1,728</b>                                                                                | <b>5,235</b>                                                                                                   | <b>(276)</b>                             | <b>21</b>                              | <b>(4)</b>                                                                                       | <b>(29,921)</b>    |
| Less: Income tax expense (benefit)                                                  | (4)                                                                                                                | (5,689)                                                         | 364                                                                                         | 1,075                                                                                                          | 65                                       | (4)                                    | —                                                                                                | (4,193)            |
| <b>Total other comprehensive income (loss), net of income tax expense (benefit)</b> | <b>\$ (9)</b>                                                                                                      | <b>\$ (30,923)</b>                                              | <b>\$ 1,364</b>                                                                             | <b>\$ 4,160</b>                                                                                                | <b>\$ (341)</b>                          | <b>\$ 25</b>                           | <b>\$ (4)</b>                                                                                    | <b>\$ (25,728)</b> |

The following table presents the effect of the reclassification of significant items out of AOCI on the respective line items in the Condensed Consolidated Statements of Income (Loss)<sup>(a)</sup>:

|                                                                                                                    | Amount Reclassified from AOCI |          | Affected Line Item in the<br>Condensed Consolidated<br>Statements of Income (Loss) |
|--------------------------------------------------------------------------------------------------------------------|-------------------------------|----------|------------------------------------------------------------------------------------|
|                                                                                                                    | Three Months Ended June 30,   |          |                                                                                    |
| (in millions)                                                                                                      | 2023                          | 2022     |                                                                                    |
| Unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken |                               |          |                                                                                    |
| Investments                                                                                                        | \$ (7)                        | \$ (8)   | Net realized gains (losses)                                                        |
| Total                                                                                                              | (7)                           | (8)      |                                                                                    |
| Unrealized appreciation (depreciation) of all other investments                                                    |                               |          |                                                                                    |
| Investments                                                                                                        | (334)                         | (596)    | Net realized gains (losses)                                                        |
| Total                                                                                                              | (334)                         | (596)    |                                                                                    |
| Change in retirement plan liabilities adjustment                                                                   |                               |          |                                                                                    |
| Prior-service credit                                                                                               | —                             | —        | (b)                                                                                |
| Actuarial losses                                                                                                   | (8)                           | (7)      | (b)                                                                                |
| Total                                                                                                              | (8)                           | (7)      |                                                                                    |
| Total reclassifications for the period                                                                             | \$ (349)                      | \$ (611) |                                                                                    |

|                                                                                                                           | Amount Reclassified from AOCI |                 | Affected Line Item in the<br>Condensed Consolidated<br>Statements of Income (Loss) |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------|------------------------------------------------------------------------------------|
|                                                                                                                           | Six Months Ended June 30,     |                 |                                                                                    |
| (in millions)                                                                                                             | 2023                          | 2022            |                                                                                    |
| <b>Unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken</b> |                               |                 |                                                                                    |
| Investments                                                                                                               | \$ (23)                       | \$ (8)          | Net realized gains (losses)                                                        |
| <b>Total</b>                                                                                                              | <b>(23)</b>                   | <b>(8)</b>      |                                                                                    |
| <b>Unrealized appreciation (depreciation) of all other investments</b>                                                    |                               |                 |                                                                                    |
| Investments                                                                                                               | (770)                         | (735)           | Net realized gains (losses)                                                        |
| <b>Total</b>                                                                                                              | <b>(770)</b>                  | <b>(735)</b>    |                                                                                    |
| <b>Change in retirement plan liabilities adjustment</b>                                                                   |                               |                 |                                                                                    |
| Prior-service credit                                                                                                      | (1)                           | (1)             | (b)                                                                                |
| Actuarial losses                                                                                                          | (16)                          | (14)            | (b)                                                                                |
| <b>Total</b>                                                                                                              | <b>(17)</b>                   | <b>(15)</b>     |                                                                                    |
| <b>Total reclassifications for the period</b>                                                                             | <b>\$ (810)</b>               | <b>\$ (758)</b> |                                                                                    |

(a) The following items are not reclassified out of AOCI and included in the Condensed Consolidated Statements of Income (Loss) and thus have been excluded from the table: (a) Change in fair value of market risk benefits attributable to changes in our own credit risk (b) Change in the discount rates used to measure traditional and limited-payment long-duration insurance contracts, and (c) Fair value of liabilities under fair value option attributable to changes in own credit risk.

(b) These AOCI components are included in the computation of net periodic pension cost.

## NON-CONTROLLING INTEREST

On June 12, 2023, AIG closed a secondary offering of Corebridge common stock, selling 74.75 million existing shares (out of approximately 648 million total shares of common stock outstanding), which included 65 million shares initially offered and the full exercise by the underwriters of their option to purchase an additional 9.75 million shares. Corebridge also repurchased approximately 11 million shares of Corebridge common stock from AIG during the six months ended June 30, 2023. AIG owns 65.3 percent of the outstanding common stock of Corebridge as of June 30, 2023.

For additional information on the Corebridge common stock offerings and share repurchases, see Note 1.

The following table presents the effect of changes in our ownership interest in Corebridge on our equity:

| (in millions)                                                                                                  | Three Months Ended<br>June 30, 2023 | Six Months Ended<br>June 30, 2023 |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------|
| <b>Net income attributable to AIG common shareholders</b>                                                      | <b>\$ 1,485</b>                     | <b>\$ 1,508</b>                   |
| Changes in AIG equity for sale of interest in Corebridge and Corebridge share repurchases                      | (86)                                | (86)                              |
| <b>Change from Net income attributable to AIG common shareholders and changes in AIG's ownership interests</b> | <b>\$ 1,399</b>                     | <b>\$ 1,422</b>                   |

## 17. Earnings Per Common Share (EPS)

The basic EPS computation is based on the weighted average number of common shares outstanding, adjusted to reflect all stock dividends and stock splits. The diluted EPS computation is based on those shares used in the basic EPS computation plus common shares that would have been outstanding assuming issuance of common shares for all dilutive potential common shares outstanding and adjusted to reflect all stock dividends and stock splits, using the treasury stock method or the if-converted method, as applicable.

The following table presents the computation of basic and diluted EPS:

|                                                                                      | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|--------------------------------------------------------------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| (dollars in millions, except per common share data)                                  | 2023                           | 2022            | 2023                         | 2022            |
| <b>Numerator for EPS:</b>                                                            |                                |                 |                              |                 |
| Income from continuing operations                                                    | \$ 1,691                       | \$ 3,080        | \$ 1,604                     | \$ 7,640        |
| Less: Net income from continuing operations attributable to noncontrolling interests | 198                            | 325             | 81                           | 712             |
| Less: Preferred stock dividends                                                      | 8                              | 8               | 15                           | 15              |
| <b>Income attributable to AIG common shareholders from continuing operations</b>     | <b>1,485</b>                   | <b>2,747</b>    | <b>1,508</b>                 | <b>6,913</b>    |
| Income (loss) from discontinued operations, net of income tax expense                | —                              | (1)             | —                            | (1)             |
| <b>Net income attributable to AIG common shareholders</b>                            | <b>\$ 1,485</b>                | <b>\$ 2,746</b> | <b>\$ 1,508</b>              | <b>\$ 6,912</b> |
| <b>Denominator for EPS:</b>                                                          |                                |                 |                              |                 |
| Weighted average common shares outstanding - basic                                   | 725,754,549                    | 790,897,301     | 732,175,533                  | 803,532,447     |
| Dilutive common shares                                                               | 4,792,563                      | 9,833,445       | 5,115,161                    | 9,765,891       |
| Weighted average common shares outstanding - diluted <sup>(a)</sup>                  | 730,547,112                    | 800,730,746     | 737,290,694                  | 813,298,338     |
| <b>Income (loss) per common share attributable to AIG common shareholders:</b>       |                                |                 |                              |                 |
| <b>Basic:</b>                                                                        |                                |                 |                              |                 |
| Income from continuing operations                                                    | \$ 2.05                        | \$ 3.47         | \$ 2.06                      | \$ 8.60         |
| Income from discontinued operations                                                  | \$ —                           | \$ —            | \$ —                         | \$ —            |
| Income attributable to AIG common shareholders                                       | \$ 2.05                        | \$ 3.47         | \$ 2.06                      | \$ 8.60         |
| <b>Diluted:</b>                                                                      |                                |                 |                              |                 |
| Income from continuing operations                                                    | \$ 2.03                        | \$ 3.43         | \$ 2.05                      | \$ 8.50         |
| Income from discontinued operations                                                  | \$ —                           | \$ —            | \$ —                         | \$ —            |
| Income attributable to AIG common shareholders                                       | \$ 2.03                        | \$ 3.43         | \$ 2.05                      | \$ 8.50         |

(a) Potential dilutive common shares include our share-based employee compensation plans and an option for Blackstone to exchange all or a portion of its ownership interest in Corebridge for AIG common shares in the event an IPO did not occur prior to 2024. As a result of the consummation of the IPO on September 19, 2022, this exchange right of Blackstone was terminated. The number of potential common shares excluded from diluted shares outstanding was 6.6 million and 5.5 million for the three and six months ended June 30, 2023, respectively, and 46.6 million and 46.2 million for the three and six months ended June 30, 2022, respectively, because the effect of including those common shares in the calculation would have been anti-dilutive.

For information regarding our repurchases of AIG Common Stock, see Note 16.

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## 18. Income Taxes

### U.S. TAX LAW CHANGES

The Inflation Reduction Act of 2022 (H.R. 5376) includes a 15 percent corporate alternative minimum tax (CAMT) on adjusted financial statement income for corporations with average profits over \$1 billion over a three-year period. Although the U.S. Treasury and Internal Revenue Service (IRS) issued interim CAMT guidance in early 2023, many details and specifics of application of the CAMT remain subject to future guidance. We are subject to CAMT for 2023. Our estimated CAMT liability will continue to be refined based on future guidance.

### BASIS OF PRESENTATION

We file a consolidated U.S. federal income tax return with our eligible U.S. subsidiaries. Income earned by subsidiaries operating outside the U.S. is taxed, and income tax expense is recorded, based on applicable U.S. and foreign laws.

Following the IPO of Corebridge on September 19, 2022, AIG's remaining ownership in Corebridge decreased below 80 percent, resulting in tax deconsolidation of Corebridge parent and its subsidiaries from the AIG consolidated U.S. federal income tax group as well as certain state and local jurisdictions where unitary returns are filed.

Subsequent to the tax deconsolidation from AIG, due to the application of relevant U.S. tax laws, American General Corporation and its directly owned life insurance subsidiaries (the AGC Group) will not be permitted to join in the filing of a consolidated U.S. federal income tax return with Corebridge parent and its non-life-insurance subsidiaries for a period of five years. Corebridge's net operating losses and tax credit carryforwards that have not been utilized prior to tax deconsolidation from AIG will remain with the relevant Corebridge entities and will be available for utilization by the respective Corebridge U.S. federal income tax groups. The realizability of the deferred tax assets related to such carryforwards is based on the positive and negative evidence applicable to each U.S. federal income tax group.

### TAX ACCOUNTING POLICIES

We use an item-by-item approach to release the stranded or disproportionate income tax effects in AOCI related to our available-for-sale securities. Under this approach, a portion of the disproportionate tax effects is assigned to each individual security lot at the date the amount becomes lodged. When the individual securities are sold, mature, or are otherwise impaired on an other-than-temporary basis, the assigned portion of the disproportionate tax effect is reclassified from AOCI to income (loss) from continuing operations.

We consider our foreign earnings with respect to certain operations in Canada, South Africa, Japan, Latin America, Bermuda as well as the European, Asia Pacific and Middle East regions to be indefinitely reinvested. These earnings relate to ongoing operations and have been reinvested in active business operations. A deferred tax liability has not been recorded for those foreign subsidiaries whose earnings are considered to be indefinitely reinvested. If recorded, such deferred tax liability would not be material to our consolidated financial condition. Deferred taxes, if necessary, have been provided on earnings of non-U.S. affiliates whose earnings are not indefinitely reinvested.

Global Intangible Low-Taxed Income (GILTI) imposes U.S. taxes on the excess of a deemed return on tangible assets of certain foreign subsidiaries. Consistent with accounting guidance, we have made an accounting policy election to treat GILTI taxes as a period tax charge in the period the tax is incurred.

### INTERIM TAX CALCULATION METHOD

We use the estimated annual effective tax rate method in computing our interim tax provision. Certain items, including those deemed to be unusual, infrequent or that cannot be reliably estimated, are excluded from the estimated annual effective tax rate. In these cases, the actual tax expense or benefit is reported in the same period as the related item. Certain tax effects are also not reflected in the estimated annual effective tax rate, primarily certain changes in uncertain tax positions and realizability of deferred tax assets and are recorded in the period in which the change occurs.

## INTERIM TAX EXPENSE (BENEFIT)

For the three months ended June 30, 2023, the effective tax rate on income from continuing operations was 9.4 percent. The effective tax rate on income from continuing operations differs from the statutory tax rate of 21 percent primarily due to tax benefits related to the potential resolution of an IRS audit matter, net of an increase in associated uncertain tax benefits, tax implications of the Corebridge secondary offering, and tax exempt income, partially offset by tax charges associated with the effect of foreign operations, tax implications related to the announced sale of Validus Re, U.S. federal and foreign valuation allowance changes, and state and local income taxes. The effect of foreign operations is primarily related to income of our foreign operations taxed at statutory tax rates higher than 21 percent, other foreign taxes, and foreign income subject to U.S. taxation.

For the six months ended June 30, 2023, the effective tax rate on income from continuing operations was 2.0 percent. The effective tax rate on income from continuing operations differs from the statutory tax rate of 21 percent primarily due to tax benefits related to the potential resolution of an IRS audit matter, net of an increase in associated uncertain tax benefits, tax implications of the Corebridge secondary offering, tax exempt income, excess tax benefits related to share-based compensation payments recorded through the income statement and tax adjustments related to prior year returns. These tax benefits were partially offset by tax charges associated with the effect of foreign operations, tax implications related to the announced sale of Validus Re, U.S. federal and foreign valuation allowance changes, and state and local income taxes. The effect of foreign operations is primarily related to income of our foreign operations taxed at statutory tax rates higher than 21 percent, other foreign taxes, and foreign income subject to U.S. taxation.

For the three months ended June 30, 2022, the effective tax rate on income from continuing operations was 21.5 percent. The effective tax rate on income from continuing operations differs from the statutory tax rate of 21 percent primarily due to tax charges associated with the effect of foreign operations, state and local income taxes, and non-deductible transfer pricing charges. These tax charges were partially offset by tax benefits associated with tax exempt income and reclassifications from AOCI to income from continuing operations related to the disposal of available for sale securities. The effect of foreign operations is primarily related to income of our foreign operations taxed at statutory tax rates higher than 21 percent, other foreign taxes, and foreign income subject to U.S. taxation.

For the six months ended June 30, 2022, the effective tax rate on income from continuing operations was 20.7 percent. The effective tax rate on income from continuing operations differs from the statutory tax rate of 21 percent primarily due to tax benefits associated with tax exempt income, reclassifications from AOCI to income from continuing operations related to the disposal of available for sale securities, excess tax benefits related to share-based compensation payments recorded through the income statement and tax adjustments related to prior year returns. These tax benefits were partially offset by tax charges associated with the effect of foreign operations, state and local income taxes, and non-deductible transfer pricing charges. The effect of foreign operations is primarily related to income of our foreign operations taxed at statutory tax rates higher than 21 percent, other foreign taxes, and foreign income subject to U.S. taxation.

## ASSESSMENT OF DEFERRED TAX ASSET VALUATION ALLOWANCE

The evaluation of the recoverability of our deferred tax asset and the need for a valuation allowance requires us to weigh all positive and negative evidence to reach a conclusion that it is more likely than not that all or some portion of the deferred tax asset will not be realized. The weight given to the evidence is commensurate with the extent to which it can be objectively verified. The more negative evidence that exists, the more positive evidence is necessary and the more difficult it is to support a conclusion that a valuation allowance is not needed.

Recent events, including changes in target interest rates by the Board of Governors of the Federal Reserve System, and significant market volatility, continue to impact actual and projected results of our business operations as well as our views on potential effectiveness of certain prudent and feasible tax planning strategies. In order to demonstrate the predictability and sufficiency of future taxable income necessary to support the realizability of the net operating losses and foreign tax credit carryforwards, we have considered forecasts of future income for each of our businesses, including assumptions about future macro-economic and AIG-specific conditions and events, and any impact these conditions and events may have on our prudent and feasible tax planning strategies. We also subjected the forecasts to a variety of stresses of key assumptions and evaluated the effect on tax attribute utilization.

The carryforward period of our foreign tax credit carryforwards runs through 2023. Carryforward periods for our net operating losses extend from 2028 forward. However, utilization of a portion of our net operating losses is limited under separate return limitation year rules.

To the extent that the valuation allowance is attributed to changes in forecast of current year taxable income, the impact is included in our estimated annualized effective tax rate. A valuation allowance related to changes in forecasts of income in future periods as well as other items not related to the current year is recorded discretely.

Although tax deconsolidation of Corebridge from the AIG consolidated U.S. federal income tax group resulted in the formation of new federal tax filing groups requiring separate deferred tax asset realizability assessments, there was no material change to the total deferred tax asset valuation allowance.

After factoring in multiple data points and assessing relative weight of all positive and negative evidence, we concluded that a valuation allowance of \$915 million is necessary. Accordingly, as of June 30, 2023, the balance sheet reflects a valuation allowance of \$915 million, of which \$713 million relates to AIG's U.S. federal consolidated income tax group and \$202 million relates to Corebridge. The valuation allowance recorded with respect to AIG's U.S. federal consolidated income tax group relates to a portion of tax attribute carryforwards that are no longer more-likely-than-not to be realized. No change in AIG's U.S. federal consolidated income tax group valuation allowance was recorded for the six months ended June 30, 2023. The valuation allowance at Corebridge relates to a portion of both tax attribute carryforwards and certain other deferred tax assets of the Corebridge non-life insurance group that are not more-likely-than-not to be realized. For the six months ended June 30, 2023, Corebridge recorded a \$51 million increase in valuation allowance, attributable to current year activity.

For the six months ended June 30, 2023, recent changes in market conditions, including changes in interest rates, impacted the unrealized tax gains and losses in the available for sale securities portfolios of both our U.S. life insurance and non-life insurance companies, resulting in a reduction to deferred tax assets related to net unrealized tax capital losses. The deferred tax assets relate to the unrealized tax capital losses for which the carryforward period has not yet begun, and as such, when assessing recoverability, we consider our ability and intent to hold the underlying securities to recovery. As of June 30, 2023, based on all available evidence, we concluded that a valuation allowance of \$2.1 billion is necessary on a portion of the deferred tax assets related to unrealized tax capital losses that are not more-likely-than-not to be realized. Of the total valuation allowance, \$1.4 billion relates to the unrealized tax capital losses in the U.S. Life Insurance Companies' available for sale securities portfolio and \$745 million relates to the unrealized tax capital losses in the non-life insurance companies' available for sale securities portfolio. For the six months ended June 30, 2023, we released \$63 million of valuation allowance associated with the unrealized tax capital losses in the U.S. Life Insurance Companies' available for sale securities portfolio and \$160 million of valuation allowance associated with the unrealized tax capital losses in the non-life insurance companies' available for sale securities portfolio. For the three months ended June 30, 2023, we recorded an increase in valuation allowance of \$69 million associated with the unrealized tax capital losses in the U.S. Life Insurance Companies' available for sale securities portfolio and \$74 million associated with the unrealized tax capital losses in the non-life insurance companies' available for sale securities portfolio. The valuation allowance establishment was primarily allocated to other comprehensive income.

For the six months ended June 30, 2023, we recognized a net \$46 million increase in deferred tax asset valuation allowance associated with certain foreign jurisdictions.

## TAX EXAMINATIONS AND LITIGATION

We are currently under examination by the IRS for the tax years 2011 through 2019.

In September 2020, we received the IRS Revenue Agent Report containing agreed and disagreed issues for the audit of tax years 2007-2010. In October 2020, we filed a protest of the disagreed issues with the IRS Independent Office of Appeals (IRS Appeals). In March 2021, the IRS audit team issued their rebuttal to the protest of disagreed issues to IRS Appeals. We had an IRS Appeals conference in October 2021 and are continuing to engage in the appeals process.

## ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

At June 30, 2023 and December 31, 2022, our unrecognized tax benefits, excluding interest and penalties, were \$1.5 billion and \$1.2 billion, respectively. At June 30, 2023 and December 31, 2022, the amounts of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate were \$1.4 billion and \$1.2 billion, respectively. Unrecognized tax benefits that would not affect the effective tax rate generally relate to such factors as the timing, rather than the permissibility of the deduction.

Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At June 30, 2023 and December 31, 2022, we had accrued liabilities of \$59 million and \$63 million, respectively, for the payment of interest (net of the federal benefit) and penalties. For the six months ended June 30, 2023 and June 30, 2022, we accrued benefit of \$4 million and \$3 million, respectively, for the payment of interest and penalties.

Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next 12 months, based on the information currently available, we do not expect any change to be material to our consolidated financial condition.

## ITEM 2 | Management's Discussion and Analysis of Financial Condition and Results of Operations

### Glossary and Acronyms of Selected Insurance Terms and References

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), we use certain terms and abbreviations, which are summarized in the Glossary and Acronyms.

American International Group, Inc. (AIG) has incorporated into this discussion a number of cross-references to additional information included throughout this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2022 (the 2022 Annual Report) to assist readers seeking additional information related to a particular subject.

In this Quarterly Report on Form 10-Q, unless otherwise mentioned or unless the context indicates otherwise, we use the terms "AIG," "we," "us" and "our" to refer to American International Group, Inc., a Delaware corporation, and its consolidated subsidiaries. We use the term "AIG Parent" to refer solely to American International Group, Inc., and not to any of its consolidated subsidiaries.

### Cautionary Statement Regarding Forward-Looking Information and Factors That May Affect Future Results

This Quarterly Report on Form 10-Q and other publicly available documents may include, and members of AIG management may from time to time make and discuss, statements which, to the extent they are not statements of historical or present fact, may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are intended to provide management's current expectations or plans for AIG's future operating and financial performance, based on assumptions currently believed to be valid and accurate. Forward-looking statements are often preceded by, followed by or include words such as "will," "believe," "anticipate," "expect," "expectations," "intend," "plan," "strategy," "prospects," "project," "anticipate," "should," "guidance," "outlook," "confident," "focused on achieving," "view," "target," "goal," "estimate," and other words of similar meaning in connection with a discussion of future operating or financial performance. These statements may include, among other things, projections, goals and assumptions that relate to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expense reduction efforts, the outcome of contingencies such as legal proceedings, anticipated organizational, business or regulatory changes, such as the separation of the Life and Retirement business from AIG, the effect of catastrophic events, both natural and man-made, and macroeconomic and/or geopolitical events, anticipated dispositions, monetization and/or acquisitions of businesses or assets, the successful integration of acquired businesses, management succession and retention plans, exposure to risk, trends in operations and financial results, and other statements that are not historical facts.

All forward-looking statements involve risks, uncertainties and other factors that may cause AIG's actual results and financial condition to differ, possibly materially, from the results and financial condition expressed or implied in the forward-looking statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in specific projections, goals, assumptions and other forward-looking statements include, without limitation:

- the impact of adverse developments affecting economic conditions in the markets in which AIG and its businesses operate in the U.S. and globally, including adverse developments related to financial market conditions, macroeconomic trends, fluctuations in interest rates and foreign currency exchange rates, inflationary pressures, pressures on the commercial real estate market, an economic slowdown or recession, geopolitical events or conflicts, including the conflict between Russia and Ukraine, and stress and instability in the banking sector;
- occurrence of catastrophic events, both natural and man-made, including the effects of climate change, geopolitical events and conflicts and civil unrest;
- disruptions in the availability or accessibility of AIG's or a third party's information technology systems, including hardware and software, infrastructure or networks, and the inability to safeguard the confidentiality and integrity of customer, employee or company data due to cyberattacks, data security breaches, or infrastructure vulnerabilities;
- AIG's ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses, and the anticipated benefits thereof;
- AIG's ability to realize expected strategic, financial, operational or other benefits from the separation of Corebridge Financial, Inc. (Corebridge) as well as AIG's equity market exposure to Corebridge;
- the effectiveness of strategies to retain and recruit key personnel and to implement effective succession plans;
- concentrations in AIG's investment portfolios;
- AIG's reliance on third-party investment managers;
- changes in the valuation of AIG's investments;
- AIG's reliance on third parties to provide certain business and administrative services;
- availability of adequate reinsurance or access to reinsurance on acceptable terms;
- concentrations of AIG's insurance, reinsurance and other risk exposures;
- nonperformance or defaults by counterparties, including Fortitude Reinsurance Company Ltd. (Fortitude Re);
- AIG's ability to adequately assess risk and estimate related losses as well as the effectiveness of AIG's enterprise risk management policies and procedures, including with respect to business continuity and disaster recovery plans;
- changes in judgments concerning potential cost-saving opportunities;
- AIG's ability to effectively implement changes under AIG 200, including the ability to realize cost savings;
- difficulty in marketing and distributing products through current and future distribution channels;
- actions by rating agencies with respect to AIG's credit and financial strength ratings as well as those of its businesses and subsidiaries;
- changes to sources of or access to liquidity;
- changes in judgments concerning the recognition of deferred tax assets and the impairment of goodwill;
- changes in judgments or assumptions concerning insurance underwriting and insurance liabilities;
- changes in accounting principles and financial reporting requirements;
- the effects of sanctions, including those related to the conflict between Russia and Ukraine, and the failure to comply with those sanctions;
- the effects of changes in laws and regulations, including those relating to the regulation of insurance, in the U.S. and other countries in which AIG and its businesses operate;
- changes to tax laws in the U.S. and other countries in which AIG and its businesses operate;
- the outcome of significant legal, regulatory or governmental proceedings;
- AIG's ability to effectively execute on sustainability targets and standards;
- AIG's ability to address evolving stakeholder expectations with respect to environmental, social and governance matters;
- the impact of COVID-19 or other epidemics, pandemics and other public health crises and responses thereto; and
- such other factors discussed in:
  - Part I, Item 2. MD&A of this Quarterly Report on Form 10-Q; and
  - Part I, Item 1A. Risk Factors and Part II, Item 7. MD&A of the 2022 Annual Report.

Forward-looking statements speak only as of the date of this report, or in the case of any document incorporated by reference, the date of that document. We are not under any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Additional information as to factors that may cause actual results to differ materially from those expressed or implied in any forward-looking statements is disclosed from time to time in other filings with the Securities and Exchange Commission (SEC).

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## Use of Non-GAAP Measures

Throughout this MD&A, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “non-GAAP financial measures” under SEC rules and regulations. GAAP is the acronym for “generally accepted accounting principles” in the United States. The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies.

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

**Book value per common share, excluding accumulated other comprehensive income (loss) (AOCI) adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and deferred tax assets (DTA) (Adjusted book value per common share)** is used to show the amount of our net worth on a per-common share basis after eliminating items that can fluctuate significantly from period to period including changes in fair value (1) of AIG’s available for sale securities portfolio, (2) of market risk benefits attributable to our own credit risk and (3) due to discount rates used to measure traditional and limited payment long-duration insurance contracts, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. This measure also eliminates the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. In addition, we adjust for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets held by AIG in support of Fortitude Re’s reinsurance obligations to AIG post deconsolidation of Fortitude Re (Fortitude Re funds withheld assets) since these fair value movements are economically transferred to Fortitude Re. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in these book value per common share metrics. Adjusted book value per common share is derived by dividing total AIG common shareholders’ equity, excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets, and DTA (Adjusted common shareholders’ equity), by total common shares outstanding.

**Return on common equity – Adjusted after-tax income excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and DTA (Adjusted return on common equity)** is used to show the rate of return on common shareholders’ equity. We believe this measure is useful to investors because it eliminates items that can fluctuate significantly from period to period, including changes in fair value (1) of AIG’s available for sale securities portfolio, (2) of market risk benefits attributable to our own credit risk and (3) due to discount rates used to measure traditional and limited payment long-duration insurance contracts, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. This measure also eliminates the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. In addition, we adjust for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets since these fair value movements are economically transferred to Fortitude Re. We exclude deferred tax assets representing U.S. tax attributes related to net operating loss carryforwards and foreign tax credits as they have not yet been utilized. Amounts for interim periods are estimates based on projections of full-year attribute utilization. As net operating loss carryforwards and foreign tax credits are utilized, the portion of the DTA utilized is included in Adjusted return on common equity. Adjusted return on common equity is derived by dividing actual or annualized adjusted after-tax income attributable to AIG common shareholders by average Adjusted common shareholders’ equity.

**Adjusted after-tax income attributable to AIG common shareholders** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described below, dividends on preferred stock, noncontrolling interest on net realized gains (losses), other non-operating expenses and the following tax items from net income attributable to AIG:

- deferred income tax valuation allowance releases and charges;
- changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
- net tax charge related to the enactment of the Tax Cuts and Jobs Act.

**Adjusted revenues** exclude Net realized gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes), changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes) and income from elimination of the international reporting lag. Adjusted revenues is a GAAP measure for our segments.

**Adjusted pre-tax income** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. APTI is a GAAP measure for our segments. Excluded items include the following:

- changes in fair value of securities used to hedge guaranteed living benefits;
- net change in market risk benefits (MRBs);
- changes in benefit reserves related to net realized gains and losses;
- changes in the fair value of equity securities;
- net investment income on Fortitude Re funds withheld assets;
- following deconsolidation of Fortitude Re, net realized gains and losses on Fortitude Re funds withheld assets;
- loss (gain) on extinguishment of debt;
- all net realized gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
- income or loss from discontinued operations;
- net loss reserve discount benefit (charge);
- pension expense related to lump sum payments to former employees;
- net gain or loss on divestitures and other;
- non-operating litigation reserves and settlements;
- restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
- the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
- integration and transaction costs associated with acquiring or divesting businesses;
- losses from the impairment of goodwill;
- non-recurring costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles; and
- income from elimination of the international reporting lag.

#### • **General Insurance**

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

#### • **Life and Retirement**

- **Premiums and deposits:** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, Federal Home Loan Bank (FHLB) funding agreements and mutual funds. We believe the measure of premiums and deposits is useful in understanding customer demand for our products, evolving product trends and our sales performance period over period.

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

## Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires the application of accounting policies that often involve a significant degree of judgment.

**The accounting policies that we believe are most dependent on the application of estimates and assumptions, which are critical accounting estimates, are related to the determination of:**

- loss reserves;
- valuation of future policy benefit liabilities and recognition of measurement gains and losses;
- valuation of MRBs related to guaranteed benefit features of variable annuity, fixed annuity and fixed index annuity products;
- valuation of embedded derivative liabilities for fixed index annuity and index universal life products;
- reinsurance assets, including the allowance for credit losses and disputes;
- goodwill impairment;
- allowance for credit losses on certain investments, primarily on loans and available for sale fixed maturity securities;
- fair value measurements of certain financial assets and financial liabilities; and
- income taxes, in particular the recoverability of our deferred tax asset and establishment of provisions for uncertain tax positions.

There were no material changes to our critical accounting estimates with the exception of the items listed below which were impacted by the adoption of LDTI. *For additional information on our critical accounting estimates not impacted by LDTI, see Part II, Item 7. MD&A – Critical Accounting Estimates in the 2022 Annual Report.*

These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial condition, results of operations and cash flows could be materially affected.

## FUTURE POLICY BENEFITS FOR LIFE AND ACCIDENT AND HEALTH INSURANCE CONTRACTS

**Long-duration traditional products** primarily include whole life insurance, term life insurance, and certain payout annuities for which the payment period is life-contingent, which include certain of our single premium immediate annuities including pension risk transfer (PRT) business and structured settlements. In addition, these products also include accident and health, and long-term care (LTC) insurance. The LTC block is in run-off and has been fully reinsured with Fortitude Re.

**Updating net premiums ratios (NPRs) – Remeasurement gains and losses:** Generally, future policy benefits are payable over an extended period of time and related liabilities are calculated as the present value of future benefits less the present value of future net premiums (portion of the gross premium required to provide for all benefits and expenses). The assumptions used to calculate the benefit liabilities are initially set when a policy is issued and an NPR is established. Benefit liabilities are subsequently remeasured periodically to reflect changes in policy assumptions and actual versus expected experience and are recognized as remeasurement gains and losses, a component of policyholder benefits. The assumptions include mortality, morbidity and persistency. These assumptions are typically consistent with pricing inputs at policy issuance. Liabilities are accreted using an upper-medium grade (low credit risk) fixed income instrument yield that is locked-in at policy issuance. The liabilities are remeasured at the balance sheet date using a current upper-medium grade yield with changes in the liabilities reported in Other comprehensive income (loss) (OCI).

**For universal life policies with secondary guarantees:** We recognize certain liabilities in addition to policyholder account balances. For universal life policies with secondary guarantees, as well as other universal life policies for which profits followed by losses are expected at contract inception, a liability is recognized based on a benefit ratio of (a) the present value of total expected payments, in excess of the account value, over the life of the contract, divided by (b) the present value of total expected assessments over the life of the contract. Universal life account balances are reported in Policyholder contract deposits, while these additional liabilities related to universal life products are reported within Future policy benefits in the Condensed Consolidated Balance Sheets. These additional liabilities are also adjusted to reflect the effect of unrealized gains or losses on fixed maturity securities available for sale on accumulated assessments, with related changes recognized through Other comprehensive income (loss). The policyholder behavior assumptions for these liabilities include mortality, lapses and premium persistency. The capital market assumptions used for the liability for universal life secondary guarantees include discount rates and net earned rates.

## MARKET RISK BENEFITS

Annuity products offered by our Individual Retirement and Group Retirement segments offer guaranteed benefit features (GMxBs). These guaranteed features include guaranteed minimum death benefits (GMDB) that are payable in the event of death and guaranteed minimum withdrawal benefits (GMWB) that guarantee lifetime withdrawals regardless of fixed account and separate account value performance. *For additional information on these features, see Note 13 to the Condensed Consolidated Financial Statements.*

GMxBs are recognized as MRBs and can be assets or liabilities, and represent the expected value of benefits in excess of the projected account value, with changes in fair value of MRBs recognized in the Condensed Consolidated Statements of Income (Loss) and the portion of the fair value change attributable to our own credit risk recognized in OCI.

Our exposure to the guaranteed amounts is equal to the amount by which the contract holder's account balance is below the amount provided by the guaranteed feature. A deferred annuity contract may include more than one type of GMxB; for example, it may have both a GMDB and a GMWB. However, a policyholder can generally only receive payout from one guaranteed feature on a contract containing a death benefit and a living benefit, i.e., the features are generally mutually exclusive (except a surviving spouse who has a rider to potentially collect both a GMDB upon their spouse's death and a GMWB during his or her lifetime). A policyholder cannot purchase more than one living benefit on one contract. Declines in the equity markets, increased volatility and a low interest rate environment generally increase our exposure to potential benefits under the guaranteed features, leading to an increase in the liabilities for those benefits.

*For additional information on market risk management related to these product features, see Enterprise Risk Management – Insurance Risks – Life and Retirement Companies' Key Risks – Variable Annuity, Fixed Index Annuity and Index Universal Life Risk Management and Hedging Programs in the 2022 Annual Report.*

**The valuation methodology and assumptions used to measure our GMxBs is presented in the following table:**

| Guaranteed Benefit Feature    | Reserving Methodology & Key Assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fair Value Methodology</b> | <p>Guaranteed minimum benefits on annuity products are market risk benefits that are required to be measured at fair value with changes in the fair value of the liabilities recorded in changes in the fair value of market risk benefits, except for changes related to the Company's own credit risk which are recorded in AOCI. The fair value of these benefits is based on assumptions that a market participant would use in valuing these MRBs.</p> <p>The Company applies a non-option-based approach for variable products, and an option-based approach for fixed index and fixed products. Under the non-option-based approach, a portion of actual fees (i.e., attributed fees) is determined such that the present value of expected benefits less attributed fees is zero at issue. This calculated ratio is locked in and utilized in each policy valuation going forward and results in an MRB value of zero at policy issue. Under the option-based approach, the MRB value at issue represents the present value of expected benefits after account value exhaustion. There is no calculated attributed fee ratio under this approach; as such, the calculated MRB liability at inception requires an equal and offsetting adjustment to the underlying host contract. Consistent with the non-option-based approach, this results in no gains or losses recognized upon policy issuance.</p> <p>The fair value of the market risk benefits, which are Level 3 assets and liabilities, is based on a risk-neutral framework and incorporates actuarial and capital market assumptions related to projected cash flows over the expected lives of the contracts.</p> <p><i>For additional information on how we value for MRBs, see Note 13 to the Condensed Consolidated Financial Statements, and for information on fair value measurement of these MRBs, including how we incorporate our own non-performance risk, see Note 5 to the Condensed Consolidated Financial Statements.</i></p> |
| <b>Key Assumptions</b>        | <p>Key assumptions include:</p> <ul style="list-style-type: none"> <li>• interest rates;</li> <li>• equity market returns;</li> <li>• market volatility;</li> <li>• credit spreads;</li> <li>• equity / interest rate correlation;</li> <li>• policyholder behavior, including mortality, lapses, withdrawals and benefit utilization. Estimates of future policyholder behavior are subject to judgment and based primarily on our historical experience; and</li> <li>• in applying asset growth assumptions for the valuation of MRBs, we use market-consistent assumptions calibrated to observable interest rate and equity option prices.</li> </ul> <p>For the fixed index annuity GMxB liability, policyholder funds are projected assuming growth equal to current option values for the current crediting period followed by option budgets for all subsequent crediting periods. Policyholder fund growth projected assuming credited rates are expected to be maintained at a target pricing spread, subject to guaranteed minimums.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## VALUATION OF EMBEDDED DERIVATIVES FOR FIXED INDEX ANNUITY AND INDEX UNIVERSAL LIFE PRODUCTS

Fixed index annuity and life products provide growth potential based in part on the performance of market indices. Certain fixed index annuity products offer optional guaranteed benefit features similar to those offered on variable annuity products. Policyholders may elect to rebalance among the various accounts within the product at specified renewal dates. At the end of each index term, we generally have the opportunity to re-price the index component by establishing different participation rates or caps on index credited rates. The index crediting feature of these products results in the recognition of an embedded derivative that is required to be bifurcated from the host contract and carried at fair value with changes in the fair value of the liabilities recorded in Net realized gains (losses). Option pricing models are used to estimate fair value, taking into account assumptions for future index growth rates, volatility of the index, future interest rates, and our ability to adjust the participation rate and the cap on index credited rates in light of market conditions and policyholder behavior assumptions.

For additional information on market risk management related to these product features, see *Enterprise Risk Management – Insurance Risks – Life and Retirement Companies’ Key Risks – Variable Annuity, Fixed Index Annuity and Index Universal Life Risk Management and Hedging Programs in the 2022 Annual Report*.

The following table summarizes the sensitivity of changes in certain assumptions for MRBs, liability for Future policyholder benefits, net of reinsurance and embedded derivatives related to index-linked interest credited features, measured as the related hypothetical impact for the six months ended June 30, 2023 balances and the resulting hypothetical impact on pre-tax income and OCI, before hedging:

|                              | Six Months Ended June 30, 2023                            |                                                                         |                                                                                   |                   |                                                   |  |
|------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------|---------------------------------------------------|--|
|                              | Increase (Decrease) in                                    |                                                                         |                                                                                   |                   |                                                   |  |
| (in millions)                | Market Risk<br>Benefits Related to<br>Guaranteed Benefits | Liability for<br>Future Policyholder<br>Benefits, Net of<br>Reinsurance | Embedded Derivatives<br>Related to Index-<br>Linked Interest<br>Credited Features | Pre-Tax<br>Income | Other<br>Comprehensive<br>Income (Loss)<br>Impact |  |
| Assumptions:                 |                                                           |                                                                         |                                                                                   |                   |                                                   |  |
| Equity Return <sup>(a)</sup> |                                                           |                                                                         |                                                                                   |                   |                                                   |  |
| Effect of an increase by 20% | \$ 1,351                                                  | \$ —                                                                    | \$ (1,005)                                                                        | \$ 148            | \$ 198                                            |  |
| Effect of a decrease by 20%  | (1,498)                                                   | —                                                                       | 997                                                                               | (527)             | 26                                                |  |
| Interest Rate <sup>(b)</sup> |                                                           |                                                                         |                                                                                   |                   |                                                   |  |
| Effect of an increase by 1%  | 1,776                                                     | 2,299                                                                   | 707                                                                               | 2,245             | 2,537                                             |  |
| Effect of a decrease by 1%   | (2,090)                                                   | (2,929)                                                                 | (883)                                                                             | (2,961)           | (2,941)                                           |  |

(a) Represents the net impact of a 20 percent increase or decrease in the S&P 500 index.

(b) Represents the net impact of one percent parallel shift in the yield curve.

The sensitivities of 20 percent and one percent are included for illustrative purposes only and do not reflect the changes in net investment spreads, equity return, volatility, interest rate, mortality or lapse used by AIG in its fair value analyses to value other applicable liabilities. Changes different from those illustrated may occur in any period and by different products.

The analysis of MRBs and embedded derivatives is a dynamic process that considers all relevant factors and assumptions described above. We estimate each of the above factors individually, without the effect of any correlation among the key assumptions. An assessment of sensitivity associated with changes in any single assumption would not necessarily be an indicator of future results. The effects on pre-tax income in the sensitivity analysis table above do not reflect the related effects from our economic hedging program, which utilizes derivative and other financial instruments and is designed so that changes in value of those instruments move in the opposite direction of changes in the guaranteed benefit MRBs and embedded derivative liabilities.

For additional information on guaranteed benefit features of our variable annuities and the related hedging program, see Notes 5, 9, 12 and 13 to the Condensed Consolidated Financial Statements.

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## Executive Summary

### OVERVIEW

This overview of the MD&A highlights selected information and may not contain all of the information that is important to current or potential investors in our securities. You should read this Quarterly Report on Form 10-Q, together with the 2022 Annual Report, in their entirety for a more detailed description of events, trends, uncertainties, risks and critical accounting estimates affecting us.

#### **Adoption of Targeted Improvements to the Accounting for Long-Duration Contracts**

In August 2018, the Financial Accounting Standards Board (FASB) issued an accounting standard update with the objective of making targeted improvements to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance entity.

The Company adopted targeted improvements to the accounting for long-duration contracts (the standard or LDTI) on January 1, 2023, with a transition date of January 1, 2021 (as described in additional detail below).

The Company adopted the standard using the modified retrospective transition method relating to liabilities for traditional and limited payment contracts and deferred policy acquisition costs associated therewith, while the Company adopted the standard in relation to MRBs on a retrospective basis. Based upon this transition method, as of the January 1, 2021 transition date (Transition Date), the impact of the adoption of the standard was a net decrease to beginning AOCI of \$2.2 billion and a net increase to beginning Retained earnings of \$933 million.

The net increase in Retained earnings resulted from:

- The reclassification of the cumulative effect of non-performance adjustments related to our products in Individual Retirement and Group Retirement operating segments that are currently measured at fair value (e.g., living benefit guarantees associated with variable annuities),

Partially offset by:

- A reduction from the difference between the fair value and carrying value of benefits not previously measured at fair value (e.g., death benefit guarantees associated with variable annuities).

The net decrease in AOCI resulted from:

- The reclassification of the cumulative effect of non-performance adjustments discussed above,
- Changes to the discount rate which will most significantly impact our Life Insurance and Institutional Markets segments,

Partially offset by:

- The removal of Deferred policy acquisition costs, Unearned revenue reserves, Sales inducement assets and certain future policyholder benefit balances recorded in AOCI related to changes in unrealized appreciation (depreciation) on investments.

## OPERATING STRUCTURE

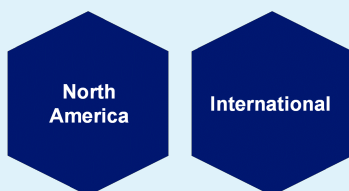
AIG reports the results of its businesses through three segments – General Insurance, Life and Retirement and Other Operations. General Insurance consists of two operating segments – North America and International. Life and Retirement consists of four operating segments – Individual Retirement, Group Retirement, Life Insurance and Institutional Markets. Other Operations is primarily comprised of corporate, our institutional asset management business and consolidation and eliminations.

For additional information on our business segments, see Note 3 to the Condensed Consolidated Financial Statements, and for information regarding the separation of Life and Retirement, bankruptcy filing of AIG Financial Products Corp. and the sale of Validus Re and Crop Risk Services, Inc. (CRS), see Note 1 to the Condensed Consolidated Financial Statements.

### Business Segments

#### General Insurance

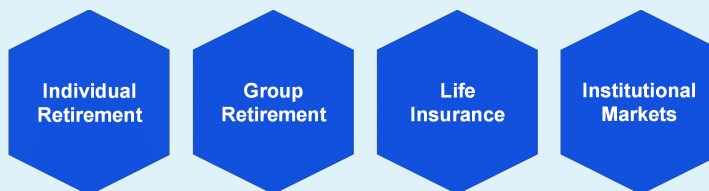
**General Insurance** is a leading provider of insurance products and services for commercial and personal insurance customers. It includes one of the world's most far-reaching property casualty networks. General Insurance offers a broad range of products to customers through a diversified, multichannel distribution network. Customers value General Insurance's strong capital position, extensive risk management and claims experience and its ability to be a market leader in critical lines of the insurance business.



General Insurance includes the following major operating companies: National Union Fire Insurance Company of Pittsburgh, Pa. (National Union); American Home Assurance Company (American Home); Lexington Insurance Company (Lexington); AIG General Insurance Company, Ltd. (AIG Sonpo); AIG Asia Pacific Insurance, Pte, Ltd.; AIG Europe S.A.; American International Group UK Ltd.; Validus Reinsurance, Ltd. (Validus Re); Talbot Holdings Ltd. (Talbot); Western World Insurance Group, Inc. and Glatfelter Insurance Group (Glatfelter).

#### Life and Retirement

**Life and Retirement** is a unique franchise that brings together a broad portfolio of life insurance, retirement and institutional products offered through an extensive, multichannel distribution network. It holds long-standing, leading market positions in many of the markets it serves in the U.S. With its strong capital position, customer-focused service, breadth of product expertise and deep distribution relationships across multiple channels, Life and Retirement is well positioned to serve growing market needs.



Life and Retirement includes the following major operating companies: American General Life Insurance Company (AGL); The Variable Annuity Life Insurance Company (VALIC); The United States Life Insurance Company in the City of New York (U.S. Life); Laya Healthcare Limited and AIG Life Limited.

#### Other Operations

**Other Operations** primarily consists of income from assets held by AIG Parent and other corporate subsidiaries, deferred tax assets related to tax attributes, corporate expenses and intercompany eliminations, our institutional asset management business and results of our consolidated investment entities, General Insurance portfolios in run-off as well as the historical results of our legacy insurance lines ceded to Fortitude Re.

## REGULATORY, INDUSTRY AND ECONOMIC FACTORS

Our business is affected by regulatory, industry and economic factors such as interest rates, currency exchange rates, credit and equity market conditions, catastrophic claims events, regulation, tax policy, competition, and general economic, market and political conditions. We continued to operate under challenging market conditions in the first six months of 2023, characterized by factors such as the impact of COVID-19 and the related governmental and societal responses, rising interest rates, inflationary pressures, an uneven global economic recovery and global trade tensions. Responses by central banks and monetary authorities with respect to inflation, growth concerns and other macroeconomic factors have also affected global exchange rates and volatility.

### Regulatory Environment

Our operations around the world are subject to regulation by many different types of regulatory authorities, including insurance, securities, derivatives, investment advisory and thrift regulators in the United States and abroad. The insurance and financial services industries are generally subject to close regulatory scrutiny and supervision.

Our insurance subsidiaries are subject to regulation and supervision by the states and jurisdictions in which they do business. We expect that the domestic and international regulations applicable to us and our regulated entities will continue to evolve for the foreseeable future.

*For information regarding our regulation and supervision by different regulatory authorities in the United States and abroad, see Part I, Item 1. Business – Regulation and Part I, Item 1A. Risk Factors – Regulation in the 2022 Annual Report.*

### Russia/Ukraine Conflict

The Russia/Ukraine conflict began in February 2022. The conflict has and may continue to have a significant impact on the global macroeconomic and geopolitical environments, including increased volatility in capital and commodity markets, rapid changes to regulatory conditions around the globe including the use of sanctions, operational challenges for multinational corporations, inflationary pressures and an increased risk of cybersecurity incidents.

The conflict is evolving and has the potential to adversely affect our business and results of operations from an investment, underwriting and operational perspective. While we believe we have taken appropriate actions to minimize related risk, we continue to monitor potential exposure and operational impacts, as well as any actual and potential claims activity. The ultimate impact will depend on future developments that are uncertain and cannot be predicted, including scope, severity and duration, the governmental, legislative and regulatory actions taken (including the application of sanctions), and court decisions, if any, rendered in response to those actions.

### Impact of Changes in the Interest Rate Environment and Equity Markets

Certain key U.S. benchmark rates continued to rise during the first six months of 2023 as markets reacted to heightened inflation measures, geopolitical risk, and the Board of Governors of the Federal Reserve System implementing multiple increases to short term interest rates. The yield pick of new investments over sales, maturities and paydowns and redemptions, excluding Fortitude Re, averaged 217 basis points during the first six months of 2023. This combined with resetting of coupon rates on floating rate securities and loans has steadily improved the overall portfolio yields. However, the key benchmark rates remain highly volatile. We actively manage our exposure to the interest rate environment through portfolio construction and asset-liability management, including spread management strategies for our investment-oriented products and economic hedging of interest rate risk from guarantee features in our variable and fixed index annuities, but we may not be able to fully mitigate our interest rate risk by matching exposure of our assets relative to our liabilities.

### Equity Markets

Our financial results are impacted by the performance of equity markets, which impacts the performance of our alternative investment portfolio, fee income and net amount at risk. For instance, in our variable annuity separate accounts, mutual fund assets and brokerage and advisory assets, we generally earn fee income based on the account value, which fluctuates with the equity markets as a significant amount of these assets are invested in equity funds. The impact of equity market returns, both increases and decreases, is reflected in our results due to the impact on the account value and the fair values of equity-exposed securities in our Life and Retirement investment portfolio.

In Life and Retirement, hedging costs could also be significantly impacted by changes in the level of equity markets as rebalancing and option costs are tied to the equity market volatility. These hedging costs are partially offset by our rider fees that are tied to the level of the Chicago Board Options Exchange Volatility Index. As rebalancing and option costs increase or decrease, the rider fees will increase or decrease partially offsetting the hedging costs incurred.

Market and other economic factors may result in increased credit impairments, downgrades and losses across single or numerous asset classes due to lower collateral values or deteriorating cash flow and profitability by borrowers could lead to higher defaults on our investment portfolio, especially in geographic, industry or investment sectors where we have higher concentrations of exposure, such as real estate related borrowings. These factors can also cause widening of credit spreads which could reduce investment asset valuations, decrease fee income and increase statutory capital requirements, as well as reduce the availability of investments that are attractive from a risk-adjusted perspective.

Alternative investments include private equity funds which are generally reported on a one-quarter lag. Accordingly, changes in valuations driven by equity market conditions during the second quarter of 2023 may impact the private equity investments in the alternative investments portfolio in the third quarter of 2023.

### Annuity Sales and Surrenders

The rising rate environment and our partnership with Blackstone have provided a strong tailwind for fixed and fixed index annuity sales, however, higher rates have also resulted in an increase in surrenders. Rising interest rates could continue to create the potential for increased sales, but could also drive higher surrenders relative to what we have already experienced. Fixed annuities have surrender charge periods, generally in the three-to-seven year range. Fixed index annuities have surrender charge periods, generally in the five-to-ten year range, and within our Group Retirement segment, certain of our fixed investment options are subject to other withdrawal restrictions, which may help mitigate increased early surrenders in a rising rate environment. In addition, older contracts that have higher minimum interest rates and continue to be attractive to contract holders have driven better than expected persistency in fixed annuities, although the reserves for such contracts have continued to decrease over time in amount and as a percentage of the total annuity portfolio. We closely monitor surrenders of fixed annuities as contracts with lower minimum interest rates come out of the surrender charge period.

### Reinvestment and Spread Management

We actively monitor fixed income markets, including the level of interest rates, credit spreads and the shape of the yield curve. We also frequently review our interest rate assumptions and actively manage the crediting rates used for new and in-force business. Business strategies continue to evolve and we attempt to maintain profitability of the overall business in light of the interest rate environment. A rising interest rate environment results in improved yields on new investments and improves margins for our Life and Retirement business while also making certain products, such as fixed annuities, more attractive to potential customers. However, the rising rate environment has resulted in lower values on general and separate account assets, mutual fund assets and brokerage and advisory assets that hold investments in fixed income assets.

*For additional information on our investment and asset-liability management strategies, see Investments.*

For investment-oriented products, including universal life insurance, and variable, fixed and fixed index annuities, in our Individual Retirement, Group Retirement, Life Insurance and Institutional Markets businesses, our spread management strategies include disciplined pricing and product design for new business, modifying or limiting the sale of products that do not achieve targeted spreads, using asset-liability management to match assets to liabilities to the extent practicable, and actively managing crediting rates to help mitigate some of the pressure on investment spreads. Renewal crediting rate management is guided by specific contract provisions designed to allow crediting rates to be reset at pre-established intervals and subject to minimum crediting rate guarantees. We expect to continue to adjust crediting rates on in-force business, as appropriate, to be responsive to changing rate environments. As interest rates rise, we may need to raise crediting rates on in-force business for competitive and other reasons, potentially offsetting a portion of the additional investment income resulting from investing in a higher interest rate environment.

Of the aggregate fixed account values of our Individual Retirement and Group Retirement annuity products, 58 percent were crediting at the contractual minimum guaranteed interest rate as of June 30, 2023. The percentage of fixed account values of our annuity products that are currently crediting at rates above one percent were 53 percent and 55 percent as of June 30, 2023 and December 31, 2022, respectively. In the universal life products in our Life Insurance business, 59 percent and 62 percent of the account values were crediting at the contractual minimum guaranteed interest rate as of June 30, 2023 and December 31, 2022, respectively. These businesses continue to focus on pricing discipline and strategies to manage the minimum guaranteed interest crediting rates offered on new sales in the context of regulatory requirements and competitive positioning.

## General Insurance

Our net investment income is significantly impacted by market interest rates as well as the deployment of asset allocation strategies to manage duration, enhance yield and manage interest rate risk. As interest rates increase, so too does our ability to reinvest future cash inflows from premiums, as well as sales and maturities of existing investments, at more favorable rates. *For additional information on our investment and asset-liability management strategies, see Investments.*

While the impact of rising interest rates on our General Insurance segment increases the benefit of investment income, the current and medium-term inflationary environment may also translate into higher loss cost trends. We monitor these trends closely, particularly loss cost trend uncertainty, to ensure that not only our pricing, but also our loss reserving assumptions are proactive to, and considerate of, current and future economic conditions.

For our General Insurance segment loss reserves, rising interest rates may favorably impact the statutory net loss reserve discount for workers' compensation and its associated amortization.

## Impact of Currency Volatility

Currency volatility remains acute. Strengthening of the U.S. dollar against the Euro, British pound and the Japanese yen (the Major Currencies) impacts income for our businesses with substantial international operations. In particular, growth trends in net premiums written reported in U.S. dollars can differ significantly from those measured in original currencies. The net effect on underwriting results, however, is significantly mitigated, as both revenues and expenses are similarly affected.

These currencies may continue to fluctuate, especially as a result of central bank responses to inflation, concerns regarding future economic growth and other macroeconomic factors, and such fluctuations will affect net premiums written growth trends reported in U.S. dollars, as well as financial statement line item comparability.

**General Insurance businesses are transacted in most major foreign currencies. The following table presents the average of the quarterly weighted average exchange rates of the Major Currencies, which have the most significant impact on our businesses:**

|                | Three Months Ended<br>June 30, |        | Percentage<br>Change | Six Months Ended<br>June 30, |        | Percentage<br>Change |
|----------------|--------------------------------|--------|----------------------|------------------------------|--------|----------------------|
| Rate for 1 USD | 2023                           | 2022   |                      | 2023                         | 2022   |                      |
| Currency:      |                                |        |                      |                              |        |                      |
| GBP            | 0.81                           | 0.78   | 4 %                  | 0.82                         | 0.76   | 8 %                  |
| EUR            | 0.92                           | 0.93   | (1) %                | 0.93                         | 0.90   | 3 %                  |
| JPY            | 134.75                         | 124.44 | 8 %                  | 133.79                       | 119.53 | 12 %                 |

Unless otherwise noted, references to the effects of foreign exchange in the General Insurance discussion of results of operations are with respect to movements in the Major Currencies included in the preceding table.

## Consolidated Results of Operations

The following section provides a comparative discussion of our consolidated results of operations on a reported basis for the three and six months ended June 30, 2023 and 2022. Factors that relate primarily to a specific business are discussed in more detail within the business segment operations section.

For information regarding the critical accounting estimates that affect our results of operations, see Critical Accounting Estimates in this MD&A and Part II, Item 7. MD&A – Critical Accounting Estimates in the 2022 Annual Report.

The following table presents our consolidated results of operations and other key financial metrics:

|                                                                                                                                                                                                                                                    | Three Months Ended<br>June 30, |                 |               | Percentage<br>Change | Six Months Ended<br>June 30, |               | Percentage<br>Change |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------|---------------|----------------------|------------------------------|---------------|----------------------|
| (in millions)                                                                                                                                                                                                                                      | 2023                           | 2022            | 2023          |                      | 2022                         |               |                      |
| <b>Revenues:</b>                                                                                                                                                                                                                                   |                                |                 |               |                      |                              |               |                      |
| Premiums                                                                                                                                                                                                                                           | \$ 9,057                       | \$ 7,512        | 21 %          | \$ 17,538            | \$ 14,632                    | 20 %          |                      |
| Policy fees                                                                                                                                                                                                                                        | 694                            | 728             | (5)           | 1,392                | 1,458                        | (5)           |                      |
| Net investment income:                                                                                                                                                                                                                             |                                |                 |               |                      |                              |               |                      |
| Net investment income - excluding Fortitude Re funds withheld assets                                                                                                                                                                               | 3,280                          | 2,416           | 36            | 6,367                | 5,362                        | 19            |                      |
| Net investment income - Fortitude Re funds withheld assets                                                                                                                                                                                         | 291                            | 188             | 55            | 737                  | 479                          | 54            |                      |
| Total net investment income                                                                                                                                                                                                                        | 3,571                          | 2,604           | 37            | 7,104                | 5,841                        | 22            |                      |
| Net realized gains (losses):                                                                                                                                                                                                                       |                                |                 |               |                      |                              |               |                      |
| Net realized gains (losses) - excluding Fortitude Re funds withheld assets and embedded derivative                                                                                                                                                 | (339)                          | (58)            | (484)         | (1,052)              | 343                          | NM            |                      |
| Net realized losses on Fortitude Re funds withheld assets                                                                                                                                                                                          | (138)                          | (86)            | (60)          | (169)                | (226)                        | 25            |                      |
| Net realized gains (losses) on Fortitude Re funds withheld embedded derivative                                                                                                                                                                     | 180                            | 2,776           | (94)          | (985)                | 6,094                        | NM            |                      |
| Total net realized gains (losses)                                                                                                                                                                                                                  | (297)                          | 2,632           | NM            | (2,206)              | 6,211                        | NM            |                      |
| Other income                                                                                                                                                                                                                                       | 193                            | 187             | 3             | 374                  | 465                          | (20)          |                      |
| <b>Total revenues</b>                                                                                                                                                                                                                              | <b>13,218</b>                  | <b>13,663</b>   | <b>(3)</b>    | <b>24,202</b>        | <b>28,607</b>                | <b>(15)</b>   |                      |
| <b>Benefits, losses and expenses:</b>                                                                                                                                                                                                              |                                |                 |               |                      |                              |               |                      |
| Policyholder benefits and losses incurred (including remeasurement (gains) losses of \$93 and \$81 for the three months ended June 30, 2023 and 2022, respectively; \$157 and \$227 for the six months ended June 30, 2023 and 2022, respectively) | 6,858                          | 4,984           | 38            | 13,255               | 10,044                       | 32            |                      |
| Change in the fair value of market risk benefits, net                                                                                                                                                                                              | (262)                          | (45)            | (482)         | (66)                 | (278)                        | 76            |                      |
| Interest credited to policyholder account balances                                                                                                                                                                                                 | 1,062                          | 911             | 17            | 2,102                | 1,790                        | 17            |                      |
| Amortization of deferred policy acquisition costs                                                                                                                                                                                                  | 1,190                          | 1,116           | 7             | 2,483                | 2,253                        | 10            |                      |
| General operating and other expenses                                                                                                                                                                                                               | 2,268                          | 2,206           | 3             | 4,248                | 4,370                        | (3)           |                      |
| Interest expense                                                                                                                                                                                                                                   | 278                            | 266             | 5             | 585                  | 529                          | 11            |                      |
| Loss on extinguishment of debt                                                                                                                                                                                                                     | —                              | 299             | NM            | —                    | 299                          | NM            |                      |
| Net (gain) loss on divestitures and other                                                                                                                                                                                                          | (43)                           | 1               | NM            | (41)                 | (39)                         | (5)           |                      |
| <b>Total benefits, losses and expenses</b>                                                                                                                                                                                                         | <b>11,351</b>                  | <b>9,738</b>    | <b>17</b>     | <b>22,566</b>        | <b>18,968</b>                | <b>19</b>     |                      |
| <b>Income from continuing operations before income tax expense</b>                                                                                                                                                                                 | <b>1,867</b>                   | <b>3,925</b>    | <b>(52)</b>   | <b>1,636</b>         | <b>9,639</b>                 | <b>(83)</b>   |                      |
| <b>Income tax expense</b>                                                                                                                                                                                                                          | <b>176</b>                     | <b>845</b>      | <b>(79)</b>   | <b>32</b>            | <b>1,999</b>                 | <b>(98)</b>   |                      |
| <b>Income from continuing operations</b>                                                                                                                                                                                                           | <b>1,691</b>                   | <b>3,080</b>    | <b>(45)</b>   | <b>1,604</b>         | <b>7,640</b>                 | <b>(79)</b>   |                      |
| <b>Loss from discontinued operations, net of income taxes</b>                                                                                                                                                                                      | <b>—</b>                       | <b>(1)</b>      | <b>NM</b>     | <b>—</b>             | <b>(1)</b>                   | <b>NM</b>     |                      |
| <b>Net income</b>                                                                                                                                                                                                                                  | <b>1,691</b>                   | <b>3,079</b>    | <b>(45)</b>   | <b>1,604</b>         | <b>7,639</b>                 | <b>(79)</b>   |                      |
| <b>Less: Net income attributable to noncontrolling interests</b>                                                                                                                                                                                   | <b>198</b>                     | <b>325</b>      | <b>(39)</b>   | <b>81</b>            | <b>712</b>                   | <b>(89)</b>   |                      |
| <b>Net income attributable to AIG</b>                                                                                                                                                                                                              | <b>1,493</b>                   | <b>2,754</b>    | <b>(46)</b>   | <b>1,523</b>         | <b>6,927</b>                 | <b>(78)</b>   |                      |
| <b>Less: Dividends on preferred stock</b>                                                                                                                                                                                                          | <b>8</b>                       | <b>8</b>        | <b>—</b>      | <b>15</b>            | <b>15</b>                    | <b>—</b>      |                      |
| <b>Net income attributable to AIG common shareholders</b>                                                                                                                                                                                          | <b>\$ 1,485</b>                | <b>\$ 2,746</b> | <b>(46) %</b> | <b>\$ 1,508</b>      | <b>\$ 6,912</b>              | <b>(78) %</b> |                      |

| <i>(in millions, except per common share data)</i> | June 30, 2023 | December 31, 2022 |
|----------------------------------------------------|---------------|-------------------|
| <b>Balance sheet data:</b>                         |               |                   |
| Total assets                                       | \$ 537,138    | \$ 522,228        |
| Short-term and long-term debt                      | 21,352        | 21,299            |
| Debt of consolidated investment entities           | 2,793         | 5,880             |
| Total AIG shareholders' equity                     | 42,454        | 40,970            |
| Book value per common share                        | 58.49         | 55.15             |
| Adjusted book value per common share               | 75.76         | 75.90             |

## NET INCOME (LOSS) ATTRIBUTABLE TO AIG COMMON SHAREHOLDERS

### Three Months Ended June 30, 2023 and 2022 Comparison

Net income (loss) attributable to AIG common shareholders decreased \$1.3 billion due to the following, on a pre-tax basis:

- a decrease in Net realized gains on Fortitude Re funds withheld embedded derivative of \$2.6 billion driven by interest rate movements and Net realized losses on Fortitude Re funds withheld assets of \$138 million in the three months ended June 30, 2023 compared to net realized losses of \$86 million in the same period in 2022;
- a decrease in Net realized gains excluding Fortitude Re funds withheld assets and embedded derivative of \$281 million, driven by a \$777 million decrease in derivative and hedge activity and gains on variable annuity embedded derivatives, net of hedging, partially offset by foreign exchange gains of \$440 million;
- a decrease in underwriting income in General Insurance of \$205 million, reflecting higher catastrophe losses and lower favorable prior year reserve development partially offset by premium growth with improvement in the accident year loss ratio, as adjusted, primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- higher interest crediting at Life and Retirement from higher sales activity in fixed annuities and fixed index annuities.

The decrease in Net income (loss) attributable to AIG common shareholders was partially offset by the following, on a pre-tax basis:

- an increase in Net investment income of \$967 million primarily driven by higher available for sale fixed maturity sales of \$447 million and an increase in the fair value of fixed maturity securities where we elected the fair value option of \$356 million as a result of the higher rate environment and an increase in interest income on mortgages and other loans of \$172 million; and
- a decrease in income attributable to noncontrolling interest of \$127 million primarily driven by the decrease in the noncontrolling interest in Corebridge as a result of a decline in net income at Corebridge compared to 2022, partially offset by higher income attributable to noncontrolling interest as a result of lower ownership by AIG in Corebridge common stock.

The \$669 million decrease in income tax expense was primarily attributable to lower income from continuing operations.

### Six Months Ended June 30, 2023 and 2022 Comparison

Net income (loss) attributable to AIG common shareholders decreased \$5.4 billion due to the following, on a pre-tax basis:

- a decrease in Net realized gains on Fortitude Re funds withheld embedded derivative of \$7.1 billion driven by interest rate movements, partially offset by Net realized losses on Fortitude Re funds withheld assets of \$169 million in the six months ended June 30, 2023 compared to net realized losses of \$226 million in the same period in 2022;
- a decrease in Net realized gains excluding Fortitude Re funds withheld assets and embedded derivative of \$1.4 billion, driven by a \$1.8 billion decrease in derivative and hedge activity and gains on variable annuity embedded derivatives, net of hedging, partially offset by foreign exchange gains of \$567 million;
- a decrease in underwriting income in General Insurance of \$149 million, reflecting higher catastrophe losses and lower favorable prior year reserve development, partially offset by premium growth with improvement in the accident year loss ratio, as adjusted, primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- higher interest crediting at Life and Retirement from higher sales activity in fixed annuities and fixed index annuities.

The decrease in Net income (loss) attributable to AIG common shareholders was partially offset by the following, on a pre-tax basis:

- an increase in Net investment income of \$1.3 billion primarily driven by higher available for sale fixed maturity sales of \$894 million and an increase in the fair value of fixed maturity securities where we elected the fair value option of \$810 million as a result of the higher rate environment, partially offset by lower returns on our alternative investments of \$638 million; and

- a decrease in income attributable to noncontrolling interest of \$631 million primarily driven by the decrease in the noncontrolling interest on Corebridge as a result of a decline in net income at Corebridge compared to 2022, partially offset by higher income attributable to noncontrolling interest as a result of lower ownership by AIG in Corebridge common stock.

The \$2.0 billion decrease in income tax expense was primarily attributable to lower income from continuing operations.

## INCOME TAX EXPENSE ANALYSIS

For the three months ended June 30, 2023 and 2022, the effective tax rate on income (loss) from continuing operations was 9.4 percent and 21.5 percent, respectively. For the six months ended June 30, 2023 and 2022, the effective tax rate on income (loss) from continuing operations was 2.0 percent and 20.7 percent, respectively.

For additional information, see Note 18 to the Condensed Consolidated Financial Statements.

## NON-GAAP RECONCILIATIONS

The following table presents a reconciliation of Book value per common share to Adjusted book value per common share, which is a non-GAAP measure. For additional information, see Use of Non-GAAP Measures.

|                                                                                                          | June 30,<br>2023 | December 31,<br>2022 |
|----------------------------------------------------------------------------------------------------------|------------------|----------------------|
| <i>(in millions, except per common share data)</i>                                                       |                  |                      |
| Total AIG shareholders' equity                                                                           | \$ 42,454        | \$ 40,970            |
| Preferred equity                                                                                         | 485              | 485                  |
| <b>Total AIG common shareholders' equity</b>                                                             | <b>41,969</b>    | <b>40,485</b>        |
| Less: Deferred tax assets                                                                                | 4,263            | 4,518                |
| Less: Accumulated other comprehensive income (loss)                                                      | (18,982)         | (22,616)             |
| Add: Cumulative unrealized gains and losses related to Fortitude Re funds withheld assets                | (2,331)          | (2,862)              |
| Subtotal: AOCI plus cumulative unrealized gains and losses related to Fortitude Re funds withheld assets | (16,651)         | (19,754)             |
| <b>Adjusted common shareholders' equity</b>                                                              | <b>\$ 54,357</b> | <b>\$ 55,721</b>     |
| Total common shares outstanding                                                                          | 717.5            | 734.1                |
| <b>Book value per common share</b>                                                                       | <b>\$ 58.49</b>  | <b>\$ 55.15</b>      |
| <b>Adjusted book value per common share</b>                                                              | <b>75.76</b>     | <b>75.90</b>         |

The following table presents a reconciliation of Return on common equity to Adjusted return on common equity, which is a non-GAAP measure. For additional information, see Use of Non-GAAP Measures.

|                                                                                                          | Three Months Ended<br>June 30, |               | Six Months Ended<br>June 30, |               | Year Ended<br>December 31, |
|----------------------------------------------------------------------------------------------------------|--------------------------------|---------------|------------------------------|---------------|----------------------------|
|                                                                                                          | 2023                           | 2022          | 2023                         | 2022          | 2022                       |
| <i>(dollars in millions)</i>                                                                             |                                |               |                              |               |                            |
| Actual or annualized net income (loss) attributable to AIG common shareholders                           | \$ 5,940                       | \$ 10,984     | \$ 3,016                     | \$ 13,824     | \$ 10,198                  |
| Actual or annualized adjusted after-tax income attributable to AIG common shareholders                   | 5,128                          | 4,444         | 4,986                        | 4,678         | 4,036                      |
| Average AIG common shareholders' equity                                                                  | \$ 42,401                      | \$ 50,600     | \$ 41,762                    | \$ 55,594     | \$ 49,338                  |
| Less: Average DTA                                                                                        | 4,403                          | 4,844         | 4,441                        | 4,969         | 4,796                      |
| Less: Average AOCI                                                                                       | (19,156)                       | (12,838)      | (20,309)                     | (6,868)       | (13,468)                   |
| Add: Average cumulative unrealized gains and losses related to Fortitude Re funds withheld assets        | (2,375)                        | (1,088)       | (2,537)                      | 205           | (1,053)                    |
| Subtotal: AOCI plus cumulative unrealized gains and losses related to Fortitude Re funds withheld assets | (16,781)                       | (11,750)      | (17,772)                     | (7,073)       | (12,415)                   |
| Average adjusted AIG common shareholders' equity                                                         | \$ 54,779                      | \$ 57,506     | \$ 55,093                    | \$ 57,698     | \$ 56,957                  |
| <b>Return on common equity</b>                                                                           | <b>14.0 %</b>                  | <b>21.7 %</b> | <b>7.2 %</b>                 | <b>24.9 %</b> | <b>20.7 %</b>              |
| <b>Adjusted return on common equity</b>                                                                  | <b>9.4 %</b>                   | <b>7.7 %</b>  | <b>9.1 %</b>                 | <b>8.1 %</b>  | <b>7.1 %</b>               |

## The following table presents a reconciliation of revenues to adjusted revenues:

| (in millions)                                                                  | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|--------------------------------------------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                                                                | 2023                           | 2022             | 2023                         | 2022             |
| <b>Revenues</b>                                                                | <b>\$ 13,218</b>               | <b>\$ 13,663</b> | <b>\$ 24,202</b>             | <b>\$ 28,607</b> |
| Changes in fair value of securities used to hedge guaranteed living benefits   | (14)                           | (13)             | (27)                         | (27)             |
| Changes in the fair value of equity securities                                 | (43)                           | 30               | (94)                         | 57               |
| Other (income) expense - net                                                   | 12                             | 9                | 19                           | 16               |
| Net investment income on Fortitude Re funds withheld assets                    | (291)                          | (188)            | (737)                        | (479)            |
| Net realized (gains) losses on Fortitude Re funds withheld assets              | 138                            | 86               | 169                          | 226              |
| Net realized (gains) losses on Fortitude Re funds withheld embedded derivative | (180)                          | (2,776)          | 985                          | (6,094)          |
| Net realized (gains) losses <sup>(a)</sup>                                     | 395                            | 147              | 1,167                        | (194)            |
| Non-operating litigation reserves and settlements                              | —                              | (4)              | (1)                          | (38)             |
| Net impact from elimination of international reporting lag <sup>(b)</sup>      | —                              | —                | (4)                          | —                |
| <b>Adjusted revenues</b>                                                       | <b>\$ 13,235</b>               | <b>\$ 10,954</b> | <b>\$ 25,679</b>             | <b>\$ 22,074</b> |

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

(b) For additional information, see Note 1 to the Condensed Consolidated Financial Statements.

## The following table presents a reconciliation of pre-tax income (loss)/net income (loss) attributable to AIG to adjusted pre-tax income (loss)/adjusted after-tax income (loss) attributable to AIG:

| Three Months Ended June 30,                                                                                      | 2023            |                            |                                          |                 | 2022            |                            |                                          |                 |
|------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|------------------------------------------|-----------------|-----------------|----------------------------|------------------------------------------|-----------------|
|                                                                                                                  | Pre-tax         | Total Tax (Benefit) Charge | Non-controlling Interests <sup>(d)</sup> | After Tax       | Pre-tax         | Total Tax (Benefit) Charge | Non-controlling Interests <sup>(d)</sup> | After Tax       |
| (in millions, except per common share data)                                                                      |                 |                            |                                          |                 |                 |                            |                                          |                 |
| <b>Pre-tax income/net income, including noncontrolling interests</b>                                             | <b>\$ 1,867</b> | <b>\$ 176</b>              | <b>\$ —</b>                              | <b>\$ 1,691</b> | <b>\$ 3,925</b> | <b>\$ 845</b>              | <b>\$ —</b>                              | <b>\$ 3,079</b> |
| Noncontrolling interests                                                                                         |                 |                            | (198)                                    | (198)           |                 |                            | (325)                                    | (325)           |
| <b>Pre-tax income/net income attributable to AIG</b>                                                             | <b>\$ 1,867</b> | <b>\$ 176</b>              | <b>\$ (198)</b>                          | <b>\$ 1,493</b> | <b>\$ 3,925</b> | <b>\$ 845</b>              | <b>\$ (325)</b>                          | <b>\$ 2,754</b> |
| Dividends on preferred stock                                                                                     |                 |                            |                                          | 8               |                 |                            |                                          | 8               |
| <b>Net income attributable to AIG common shareholders</b>                                                        |                 |                            |                                          | <b>\$ 1,485</b> |                 |                            |                                          | <b>\$ 2,746</b> |
| Changes in uncertain tax positions and other tax adjustments                                                     |                 | 340                        | —                                        | (340)           |                 | (3)                        | —                                        | 3               |
| Deferred income tax valuation allowance (releases) charges                                                       |                 | (78)                       | —                                        | 78              |                 | 17                         | —                                        | (17)            |
| Changes in fair value of securities used to hedge guaranteed living benefits                                     | 3               | —                          | —                                        | 3               | (10)            | (2)                        | —                                        | (8)             |
| Change in the fair value of market risk benefits, net <sup>(a)</sup>                                             | (262)           | (55)                       | —                                        | (207)           | (45)            | (10)                       | —                                        | (35)            |
| Changes in benefit reserves related to net realized gains (losses)                                               | 1               | —                          | —                                        | 1               | (7)             | (2)                        | —                                        | (5)             |
| Changes in the fair value of equity securities                                                                   | (43)            | (9)                        | —                                        | (34)            | 30              | 6                          | —                                        | 24              |
| Loss on extinguishment of debt                                                                                   | —               | —                          | —                                        | —               | 299             | 63                         | —                                        | 236             |
| Net investment income on Fortitude Re funds withheld assets                                                      | (291)           | (61)                       | —                                        | (230)           | (188)           | (40)                       | —                                        | (148)           |
| Net realized losses on Fortitude Re funds withheld assets                                                        | 138             | 28                         | —                                        | 110             | 86              | 19                         | —                                        | 67              |
| Net realized gains on Fortitude Re funds withheld embedded derivative                                            | (180)           | (38)                       | —                                        | (142)           | (2,776)         | (583)                      | —                                        | (2,193)         |
| Net realized losses <sup>(b)</sup>                                                                               | 390             | 77                         | —                                        | 313             | 140             | 7                          | —                                        | 133             |
| Loss from discontinued operations                                                                                |                 |                            |                                          | —               |                 |                            |                                          | 1               |
| Net gain on divestitures and other                                                                               | (43)            | (9)                        | —                                        | (34)            | 1               | 1                          | —                                        | —               |
| Non-operating litigation reserves and settlements                                                                | 1               | —                          | —                                        | 1               | (4)             | (1)                        | —                                        | (3)             |
| Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements | (18)            | (4)                        | —                                        | (14)            | (144)           | (30)                       | —                                        | (114)           |
| Net loss reserve discount charge                                                                                 | 16              | 4                          | —                                        | 12              | 14              | 4                          | —                                        | 10              |
| Pension expense related to a one-time lump sum payment to former employees                                       | 67              | 14                         | —                                        | 53              | —               | —                          | —                                        | —               |
| Integration and transaction costs associated with acquiring or divesting businesses                              | 79              | 17                         | —                                        | 62              | 38              | 8                          | —                                        | 30              |
| Restructuring and other costs                                                                                    | 153             | 32                         | —                                        | 121             | 175             | 37                         | —                                        | 138             |
| Non-recurring costs related to regulatory or accounting changes                                                  | 12              | 2                          | —                                        | 10              | 9               | 2                          | —                                        | 7               |
| Noncontrolling interests <sup>(d)</sup>                                                                          |                 |                            | 34                                       | 34              |                 |                            | 239                                      | 239             |
| <b>Adjusted pre-tax income/Adjusted after-tax income attributable to AIG common shareholders</b>                 | <b>\$ 1,890</b> | <b>\$ 436</b>              | <b>\$ (164)</b>                          | <b>\$ 1,282</b> | <b>\$ 1,543</b> | <b>\$ 338</b>              | <b>\$ (86)</b>                           | <b>\$ 1,111</b> |
| <b>Weighted average diluted shares outstanding</b>                                                               |                 |                            |                                          | <b>730.5</b>    |                 |                            |                                          | <b>800.7</b>    |
| <b>Income per common share attributable to AIG common shareholders (diluted)</b>                                 |                 |                            |                                          | <b>\$ 2.03</b>  |                 |                            |                                          | <b>\$ 3.43</b>  |
| <b>Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)</b>              |                 |                            |                                          | <b>\$ 1.75</b>  |                 |                            |                                          | <b>\$ 1.39</b>  |

| Six Months Ended June 30,                                                                                        | 2023            |                            |                                          |                 | 2022            |                            |                                          |                 |
|------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|------------------------------------------|-----------------|-----------------|----------------------------|------------------------------------------|-----------------|
|                                                                                                                  | Pre-tax         | Total Tax (Benefit) Charge | Non-controlling Interests <sup>(a)</sup> | After Tax       | Pre-tax         | Total Tax (Benefit) Charge | Non-controlling Interests <sup>(a)</sup> | After Tax       |
| <i>(in millions, except per common share data)</i>                                                               |                 |                            |                                          |                 |                 |                            |                                          |                 |
| <b>Pre-tax income (loss)/net income (loss), including noncontrolling interests</b>                               | <b>\$ 1,636</b> | <b>\$ 32</b>               | <b>\$ —</b>                              | <b>\$ 1,604</b> | <b>\$ 9,639</b> | <b>\$ 1,999</b>            | <b>\$ —</b>                              | <b>\$ 7,639</b> |
| Noncontrolling interests                                                                                         |                 |                            | (81)                                     | (81)            |                 |                            | (712)                                    | (712)           |
| <b>Pre-tax income (loss)/net income (loss) attributable to AIG</b>                                               | <b>\$ 1,636</b> | <b>\$ 32</b>               | <b>\$ (81)</b>                           | <b>\$ 1,523</b> | <b>\$ 9,639</b> | <b>\$ 1,999</b>            | <b>\$ (712)</b>                          | <b>\$ 6,927</b> |
| Dividends on preferred stock                                                                                     |                 |                            |                                          | 15              |                 |                            |                                          | 15              |
| <b>Net income (loss) attributable to AIG common shareholders</b>                                                 |                 |                            |                                          | <b>\$ 1,508</b> |                 |                            |                                          | <b>\$ 6,912</b> |
| Changes in uncertain tax positions and other tax adjustments                                                     |                 | 362                        | —                                        | (362)           |                 | 88                         | —                                        | (88)            |
| Deferred income tax valuation allowance (releases) charges                                                       |                 | (97)                       | —                                        | 97              |                 | 23                         | —                                        | (23)            |
| Changes in fair value of securities used to hedge guaranteed living benefits                                     | 6               | 1                          | —                                        | 5               | (23)            | (5)                        | —                                        | (18)            |
| Change in the fair value of market risk benefits, net <sup>(a)</sup>                                             | (66)            | (14)                       | —                                        | (52)            | (278)           | (59)                       | —                                        | (219)           |
| Changes in benefit reserves related to net realized gains (losses)                                               | (5)             | (1)                        | —                                        | (4)             | (9)             | (2)                        | —                                        | (7)             |
| Changes in the fair value of equity securities                                                                   | (94)            | (20)                       | —                                        | (74)            | 57              | 12                         | —                                        | 45              |
| Loss on extinguishment of debt                                                                                   | —               | —                          | —                                        | —               | 299             | 63                         | —                                        | 236             |
| Net investment income on Fortitude Re funds withheld assets                                                      | (737)           | (155)                      | —                                        | (582)           | (479)           | (101)                      | —                                        | (378)           |
| Net realized losses on Fortitude Re funds withheld assets                                                        | 169             | 35                         | —                                        | 134             | 226             | 48                         | —                                        | 178             |
| Net realized (gains) losses on Fortitude Re funds withheld embedded derivative                                   | 985             | 207                        | —                                        | 778             | (6,094)         | (1,280)                    | —                                        | (4,814)         |
| Net realized (gains) losses <sup>(b)</sup>                                                                       | 1,156           | 285                        | —                                        | 871             | (209)           | (98)                       | —                                        | (111)           |
| (Income) loss from discontinued operations                                                                       |                 |                            |                                          | —               |                 |                            |                                          | 1               |
| Net gain on divestitures and other                                                                               | (41)            | (9)                        | —                                        | (32)            | (39)            | (8)                        | —                                        | (31)            |
| Non-operating litigation reserves and settlements                                                                | —               | —                          | —                                        | —               | (38)            | (8)                        | —                                        | (30)            |
| Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements | (37)            | (8)                        | —                                        | (29)            | (144)           | (30)                       | —                                        | (114)           |
| Net loss reserve discount (benefit) charge                                                                       | 80              | 17                         | —                                        | 63              | (6)             | (1)                        | —                                        | (5)             |
| Pension expense related to a one-time lump sum payment to former employees                                       | 67              | 14                         | —                                        | 53              | —               | —                          | —                                        | —               |
| Integration and transaction costs associated with acquiring or divesting businesses                              | 131             | 28                         | —                                        | 103             | 84              | 18                         | —                                        | 66              |
| Restructuring and other costs                                                                                    | 270             | 57                         | —                                        | 213             | 268             | 56                         | —                                        | 212             |
| Non-recurring costs related to regulatory or accounting changes                                                  | 25              | 5                          | —                                        | 20              | 13              | 3                          | —                                        | 10              |
| Net impact from elimination of international reporting lag <sup>(c)</sup>                                        | (12)            | (3)                        | —                                        | (9)             | —               | —                          | —                                        | —               |
| Noncontrolling interests <sup>(d)</sup>                                                                          |                 |                            | (208)                                    | (208)           |                 |                            | 517                                      | 517             |
| <b>Adjusted pre-tax income/Adjusted after-tax income attributable to AIG common shareholders</b>                 | <b>\$ 3,533</b> | <b>\$ 736</b>              | <b>\$ (289)</b>                          | <b>\$ 2,493</b> | <b>\$ 3,267</b> | <b>\$ 718</b>              | <b>\$ (195)</b>                          | <b>\$ 2,339</b> |
| <b>Weighted average diluted shares outstanding</b>                                                               |                 |                            |                                          | <b>737.3</b>    |                 |                            |                                          | <b>813.3</b>    |
| <b>Income per common share attributable to AIG common shareholders (diluted)</b>                                 |                 |                            |                                          | <b>\$ 2.05</b>  |                 |                            |                                          | <b>\$ 8.50</b>  |
| <b>Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)</b>              |                 |                            |                                          | <b>\$ 3.38</b>  |                 |                            |                                          | <b>\$ 2.88</b>  |

(a) Includes realized gains and losses on certain derivative instruments used for non-qualifying (economic) hedging.

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

(c) For additional information, see Note 1 to the Condensed Consolidated Financial Statements.

(d) Includes the portion of equity interest of non-operating income of Corebridge and consolidated investment entities that AIG does not own.

## PRE-TAX INCOME (LOSS) COMPARISON

Pre-tax income (loss) was \$1.9 billion in the three months ended June 30, 2023 compared to \$3.9 billion in the same period in 2022. Pre-tax income (loss) was \$1.6 billion in the six months ended June 30, 2023 compared to \$9.6 billion in the same period in 2022.

For the main drivers impacting AIG's results of operations, see *Net Income (Loss) Attributable to AIG Common Shareholders* above.

## ADJUSTED PRE-TAX INCOME (LOSS) COMPARISON

Adjusted pre-tax income (loss) was \$1.9 billion in the three months ended June 30, 2023 compared to \$1.5 billion in the same period in 2022. Adjusted pre-tax income (loss) was \$3.5 billion in the six months ended June 30, 2023 compared to \$3.3 billion in the same period in 2022.

For the main drivers impacting AIG's adjusted pre-tax income (loss), see *Business Segment Operations - General Insurance*, *Business Segment Operations - Life and Retirement*, and *Business Segment Operations - Other Operations*.

## Business Segment Operations

Our business operations consist of General Insurance, Life and Retirement and Other Operations.

General Insurance consists of two operating segments: North America and International. Life and Retirement consists of four operating segments: Individual Retirement, Group Retirement, Life Insurance and Institutional Markets. Other Operations is primarily comprised of corporate, our institutional asset management business and consolidation and eliminations.

**The following table summarizes Adjusted pre-tax income (loss) from our business segment operations. See also Note 3 to the Condensed Consolidated Financial Statements.**

| (in millions)                                          | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|--------------------------------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
|                                                        | 2023                           | 2022            | 2023                         | 2022            |
| <b>General Insurance</b>                               |                                |                 |                              |                 |
| North America - Underwriting income (loss)             | \$ 352                         | \$ 406          | \$ 651                       | \$ 662          |
| International - Underwriting income                    | 242                            | 393             | 445                          | 583             |
| Net investment income                                  | 725                            | 458             | 1,471                        | 1,223           |
| <b>General Insurance</b>                               | <b>1,319</b>                   | <b>1,257</b>    | <b>2,567</b>                 | <b>2,468</b>    |
| <b>Life and Retirement</b>                             |                                |                 |                              |                 |
| Individual Retirement                                  | 585                            | 370             | 1,118                        | 836             |
| Group Retirement                                       | 201                            | 180             | 388                          | 421             |
| Life Insurance                                         | 78                             | 120             | 160                          | 233             |
| Institutional Markets                                  | 127                            | 77              | 211                          | 191             |
| <b>Life and Retirement</b>                             | <b>991</b>                     | <b>747</b>      | <b>1,877</b>                 | <b>1,681</b>    |
| <b>Other Operations</b>                                |                                |                 |                              |                 |
| Other Operations before consolidation and eliminations | (423)                          | (331)           | (857)                        | (619)           |
| Consolidation and eliminations                         | 3                              | (130)           | (54)                         | (263)           |
| <b>Other Operations</b>                                | <b>(420)</b>                   | <b>(461)</b>    | <b>(911)</b>                 | <b>(882)</b>    |
| <b>Adjusted pre-tax income</b>                         | <b>\$ 1,890</b>                | <b>\$ 1,543</b> | <b>\$ 3,533</b>              | <b>\$ 3,267</b> |

## General Insurance

General Insurance is managed by our geographic markets of North America and International. Our global presence is underpinned by our multinational capabilities to provide Commercial Lines and Personal Insurance products within these geographic markets.

### PRODUCTS AND DISTRIBUTION



North America consists of insurance businesses in the United States, Canada and Bermuda, and our global reinsurance business, AIG Re.



International consists of regional insurance businesses in Japan, the United Kingdom, Europe, Middle East and Africa (EMEA region), Asia Pacific, Latin America and Caribbean, and China. International also includes the results of Talbot Holdings, Ltd. as well as AIG's Global Specialty business.

**Property:** Products include commercial and industrial property, including business interruption, as well as package insurance products and services that cover exposures to man-made and natural disasters.

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

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

**Specialty:** Products include marine, energy-related property insurance products, aviation, political risk, trade credit, trade finance and portfolio solutions, as well as our global reinsurance business AIG Re and Crop Risk Services which includes multi-peril and hail coverages.

On July 3, 2023, CRS was sold to American Financial Group, Inc. (AFG). CRS continued to write business for AIG through June 30, 2023 and starting in the third quarter of 2023, AIG will act as a fronting partner for AFG during a transitional period. On May 22, 2023, AIG announced that it has entered into a definitive agreement to sell Validus Re, including AlphaCat Managers Ltd. and the Talbot Treaty reinsurance business, which comprise AIG Re, to RenaissanceRe Holdings Ltd. (RenaissanceRe). *For additional information, see Note 1 to the Condensed Consolidated Financial Statements.*

**Accident & Health:** Products include voluntary and sponsor-paid personal accident and supplemental health products for individuals, employees, associations and other organizations, as well as a broad range of travel insurance products and services for leisure and business travelers.

**Personal Lines:** Products include personal auto and personal property in selected markets, comprehensive extended warranty, device protection insurance, home warranty and related services, and insurance for high net-worth individuals offered through AIG's Private Client Group (PCG) in the U.S. that covers auto, homeowners, umbrella, yacht, fine art and collections.

General Insurance products in North America and International markets are distributed through various channels, including captive and independent agents, brokers, affinity partners, airlines and travel agents, and retailers. Our global platform enables writing multinational and cross-border risks in both Commercial Lines and Personal Insurance.

## BUSINESS STRATEGY

**Profitable Growth:** Build on our high-quality portfolio by focusing on targeted growth through continued underwriting discipline, improved retentions and new business development. Deploy capital efficiently to act opportunistically and achieve growth in profitable lines, geographies and customer segments, while taking a disciplined underwriting approach to exposure management, terms and conditions and rate change to achieve our risk/return hurdles. Continue to be open to inorganic growth opportunities in profitable markets and segments to expand our capabilities and footprint.

**Reinsurance Optimization:** Strategically partner with reinsurers to effectively manage exposure to losses arising from frequency of large catastrophic events and severity from individual risk losses. We strive to optimize our reinsurance program to manage volatility and protect the balance sheet from tail events and unpredictable net losses in support of our profitable growth objectives.

**Underwriting Excellence:** Continue to enhance portfolio optimization through strength of underwriting framework and guidelines as well as clear communication of risk appetite and rate adequacy. Empower and increase accountability of the underwriter and continue to integrate underwriting, claims and actuarial to enable better decision making. Focus on enhancing risk selection, driving consistent underwriting best practices and building robust monitoring standards to improve underwriting results.

## COMPETITION AND CHALLENGES

General Insurance operates in a highly competitive industry against global, national and local insurers and reinsurers and underwriting syndicates in specific market areas and product types. Insurance companies compete through a combination of risk acceptance criteria, product pricing, service levels and terms and conditions. We serve our business and individual customers on a global basis – from the largest multinational corporations to local businesses and individuals. General Insurance seeks to differentiate itself in the markets where we participate by providing leading expertise and insight to clients, distribution partners and other stakeholders, delivering underwriting excellence and value-driven insurance solutions and providing high quality, tailored end-to-end support to stakeholders. In doing so, we leverage our world-class global franchise, multinational capabilities, balance sheet strength and financial flexibility.

Our challenges include:

- ensuring adequate business pricing given passage of time to reporting and settlement for insurance business, particularly with respect to long-tail Commercial Lines exposures;
- impact of social and economic inflation on claim frequency and severity; and
- volatility in claims arising from natural and man-made catastrophes and other aggregations of risk exposure.

## INDUSTRY AND ECONOMIC FACTORS

The results of General Insurance for the six months ended June 30, 2023 reflect continued strong performance from our Commercial Lines portfolio and focused execution on our portfolio management strategies within Personal Insurance. Across our North America and International Commercial Lines of business we have seen increased demand for our insurance products with continued positive rate change and improvement in terms and conditions. We continue to monitor the impact of inflation, ongoing labor force and supply chain disruptions and volatile commodity prices, among other factors, on rate adequacy and loss cost trends. Similarly, we are monitoring the responsive monetary policy actions taken or anticipated to be taken by central banks, to curb inflation and the corresponding impact on market interest rates.

### General Insurance – North America

North America Commercial remains in a firm market amidst a backdrop of increasing claims severity due to elevated economic and social inflation, as well as a higher frequency and severity of natural catastrophe losses over recent years. While market discipline continues to support price increases across most lines, we are seeing capacity move back into the market in certain segments given the improved pricing levels which is putting pressure on rates. We have focused on retaining our best accounts which has led to improving retention across the portfolio. These retention rates are often coupled with an exposure limit management strategy to reduce volatility within the portfolio. We continue to proactively identify segment growth areas as market conditions warrant through effective portfolio management, while non-renewing unprofitable business.

Personal Insurance growth prospects are supported by the need for full life cycle products and coverage, increases in personal wealth accumulation, and awareness of insurance protection and risk management. We compete in the high net worth market, accident and health insurance, travel insurance, and warranty services.

## General Insurance – International

We are continuing to pursue growth in our most profitable lines of business and diversify our portfolio across all regions by expanding key business lines while remaining a market leader in key developed and developing markets. Overall, Commercial Lines continue to show positive rate change, particularly in our Property, Casualty and Energy portfolios and across international markets where market events or withdrawal of capability and capacity have favorably impacted pricing. We are maintaining our underwriting discipline, reducing gross and net limits where appropriate, utilizing reinsurance to reduce volatility, as well as continuing our risk selection strategy to improve profitability.

Personal Insurance focuses on individual customers, as well as group and corporate clients. Although market competition within Personal Insurance has increased, we continue to benefit from the underwriting quality and portfolio diversity.

## GENERAL INSURANCE RESULTS

| (in millions)                                                                                               | Three Months Ended<br>June 30, |                 |              | Six Months Ended<br>June 30, |                 |              |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------|--------------|------------------------------|-----------------|--------------|
|                                                                                                             | 2023                           | 2022            | Change       | 2023                         | 2022            | Change       |
| <b>Underwriting results:</b>                                                                                |                                |                 |              |                              |                 |              |
| Net premiums written                                                                                        | \$ 7,537                       | \$ 6,866        | 10 %         | \$ 14,502                    | \$ 13,499       | 7 %          |
| (Increase) decrease in unearned premiums                                                                    | (1,040)                        | (480)           | (117)        | (1,746)                      | (857)           | (104)        |
| <b>Net premiums earned</b>                                                                                  | <b>6,497</b>                   | <b>6,386</b>    | <b>2</b>     | <b>12,756</b>                | <b>12,642</b>   | <b>1</b>     |
| Losses and loss adjustment expenses incurred <sup>(a)</sup>                                                 | <b>3,852</b>                   | <b>3,591</b>    | <b>7</b>     | <b>7,604</b>                 | <b>7,400</b>    | <b>3</b>     |
| Acquisition expenses:                                                                                       |                                |                 |              |                              |                 |              |
| Amortization of deferred policy acquisition costs                                                           | <b>931</b>                     | <b>864</b>      | <b>8</b>     | <b>1,843</b>                 | <b>1,753</b>    | <b>5</b>     |
| Other acquisition expenses                                                                                  | <b>333</b>                     | <b>382</b>      | <b>(13)</b>  | <b>649</b>                   | <b>732</b>      | <b>(11)</b>  |
| <b>Total acquisition expenses</b>                                                                           | <b>1,264</b>                   | <b>1,246</b>    | <b>1</b>     | <b>2,492</b>                 | <b>2,485</b>    | <b>—</b>     |
| General operating expenses                                                                                  | <b>787</b>                     | <b>750</b>      | <b>5</b>     | <b>1,564</b>                 | <b>1,512</b>    | <b>3</b>     |
| <b>Underwriting income (loss)</b>                                                                           | <b>594</b>                     | <b>799</b>      | <b>(26)</b>  | <b>1,096</b>                 | <b>1,245</b>    | <b>(12)</b>  |
| Net investment income                                                                                       | <b>725</b>                     | <b>458</b>      | <b>58</b>    | <b>1,471</b>                 | <b>1,223</b>    | <b>20</b>    |
| <b>Adjusted pre-tax income</b>                                                                              | <b>\$ 1,319</b>                | <b>\$ 1,257</b> | <b>5 %</b>   | <b>\$ 2,567</b>              | <b>\$ 2,468</b> | <b>4 %</b>   |
| Loss ratio <sup>(a)</sup>                                                                                   | <b>59.3</b>                    | <b>56.2</b>     | <b>3.1</b>   | <b>59.6</b>                  | <b>58.5</b>     | <b>1.1</b>   |
| Acquisition ratio                                                                                           | <b>19.5</b>                    | <b>19.5</b>     | <b>—</b>     | <b>19.5</b>                  | <b>19.7</b>     | <b>(0.2)</b> |
| General operating expense ratio                                                                             | <b>12.1</b>                    | <b>11.7</b>     | <b>0.4</b>   | <b>12.3</b>                  | <b>12.0</b>     | <b>0.3</b>   |
| <b>Expense ratio</b>                                                                                        | <b>31.6</b>                    | <b>31.2</b>     | <b>0.4</b>   | <b>31.8</b>                  | <b>31.7</b>     | <b>0.1</b>   |
| Combined ratio <sup>(a)</sup>                                                                               | <b>90.9</b>                    | <b>87.4</b>     | <b>3.5</b>   | <b>91.4</b>                  | <b>90.2</b>     | <b>1.2</b>   |
| <b>Adjustments for accident year loss ratio, as adjusted and accident year combined ratio, as adjusted:</b> |                                |                 |              |                              |                 |              |
| Catastrophe losses and reinstatement premiums                                                               | <b>(3.9)</b>                   | <b>(1.8)</b>    | <b>(2.1)</b> | <b>(4.0)</b>                 | <b>(3.1)</b>    | <b>(0.9)</b> |
| Prior year development, net of reinsurance and prior year premiums                                          | <b>1.0</b>                     | <b>2.9</b>      | <b>(1.9)</b> | <b>0.9</b>                   | <b>2.0</b>      | <b>(1.1)</b> |
| <b>Accident year loss ratio, as adjusted</b>                                                                | <b>56.4</b>                    | <b>57.3</b>     | <b>(0.9)</b> | <b>56.5</b>                  | <b>57.4</b>     | <b>(0.9)</b> |
| <b>Accident year combined ratio, as adjusted</b>                                                            | <b>88.0</b>                    | <b>88.5</b>     | <b>(0.5)</b> | <b>88.3</b>                  | <b>89.1</b>     | <b>(0.8)</b> |

(a) Consistent with our definition of APTI, excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

The following table presents General Insurance net premiums written by operating segment, showing change on both reported and constant dollar basis:

| (in millions)                     | Three Months Ended<br>June 30, |                 | Percentage Change in |                      | Six Months Ended<br>June 30, |                  | Percentage Change in |                      |
|-----------------------------------|--------------------------------|-----------------|----------------------|----------------------|------------------------------|------------------|----------------------|----------------------|
|                                   | 2023                           | 2022            | U.S.<br>dollars      | Original<br>Currency | 2023                         | 2022             | U.S.<br>dollars      | Original<br>Currency |
|                                   |                                |                 |                      |                      |                              |                  |                      |                      |
| North America                     | \$ 3,973                       | \$ 3,401        | 17 %                 | 18 %                 | \$ 7,653                     | \$ 6,552         | 17 %                 | 17 %                 |
| International                     | <b>3,564</b>                   | <b>3,465</b>    | <b>3</b>             | <b>6</b>             | <b>6,849</b>                 | <b>6,947</b>     | <b>(1)</b>           | <b>4</b>             |
| <b>Total net premiums written</b> | <b>\$ 7,537</b>                | <b>\$ 6,866</b> | <b>10 %</b>          | <b>12 %</b>          | <b>\$ 14,502</b>             | <b>\$ 13,499</b> | <b>7 %</b>           | <b>10 %</b>          |

The following tables present General Insurance accident year catastrophes<sup>(a)</sup> by geography and number of events:

| <i>(in millions)</i>                     | # of<br>Events     |           | North<br>America | International | Total      |
|------------------------------------------|--------------------|-----------|------------------|---------------|------------|
| <b>Three Months Ended June 30, 2023</b>  |                    |           |                  |               |            |
| Flooding, rainstorms and other           | 1                  | \$        | —                | \$ 1          | 1          |
| Windstorms and hailstorms                | 13                 |           | 146              | 92            | 238        |
| Winter storms                            | 2                  |           | 3                | (5)           | (2)        |
| Wildfires                                | 1                  |           | 10               | —             | 10         |
| Earthquakes                              | 1                  |           | —                | 4             | 4          |
| Reinstatement premiums                   |                    |           | —                | (1)           | (1)        |
| <b>Total catastrophe-related charges</b> | <b>18</b>          | <b>\$</b> | <b>159</b>       | <b>\$ 91</b>  | <b>250</b> |
| <b>Three Months Ended June 30, 2022</b>  |                    |           |                  |               |            |
| Flooding, rainstorms and other           | 2                  | \$        | 10               | \$ 26         | 36         |
| Windstorms and hailstorms                | 6                  |           | 41               | 37            | 78         |
| Winter storms                            | 2                  |           | —                | 3             | 3          |
| Earthquakes                              | 1                  |           | —                | 2             | 2          |
| Reinstatement premiums                   |                    |           | 2                | —             | 2          |
| <b>Total catastrophe-related charges</b> | <b>11</b>          | <b>\$</b> | <b>53</b>        | <b>\$ 68</b>  | <b>121</b> |
| <b>Six Months Ended June 30, 2023</b>    |                    |           |                  |               |            |
| Flooding, rainstorms and other           | 1                  | \$        | 10               | \$ 78         | 88         |
| Windstorms and hailstorms                | 13                 |           | 213              | 131           | 344        |
| Winter storms                            | 2                  |           | 28               | 17            | 45         |
| Wildfires                                | 1                  |           | 10               | —             | 10         |
| Earthquakes                              | 1                  |           | 15               | 14            | 29         |
| Reinstatement premiums                   |                    |           | (1)              | (1)           | (2)        |
| <b>Total catastrophe-related charges</b> | <b>18</b>          | <b>\$</b> | <b>275</b>       | <b>\$ 239</b> | <b>514</b> |
| <b>Six Months Ended June 30, 2022</b>    |                    |           |                  |               |            |
| Flooding, rainstorms and other           | 2                  | \$        | 35               | \$ 107        | 142        |
| Windstorms and hailstorms                | 6                  |           | 66               | 50            | 116        |
| Winter storms                            | 2                  |           | 10               | 18            | 28         |
| Earthquakes                              | 1                  |           | —                | 22            | 22         |
| Russia / Ukraine                         | N/A <sup>(b)</sup> |           | —                | 85            | 85         |
| Reinstatement premiums                   |                    |           | 1                | 15            | 16         |
| <b>Total catastrophe-related charges</b> | <b>11</b>          | <b>\$</b> | <b>112</b>       | <b>\$ 297</b> | <b>409</b> |

(a) Natural catastrophe losses are generally weather or seismic events, in each case, having a net impact on AIG in excess of \$10 million and man-made catastrophe losses, such as terrorism and civil unrest that exceed the \$10 million threshold.

(b) As the Russia/Ukraine conflict continues to evolve the number of events is yet to be determined.

## NORTH AMERICA RESULTS

| (in millions)                                                                                               | Three Months Ended<br>June 30, |               |               | Six Months Ended<br>June 30, |               |              |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|---------------|---------------|------------------------------|---------------|--------------|
|                                                                                                             | 2023                           | 2022          | Change        | 2023                         | 2022          | Change       |
| <b>Underwriting results:</b>                                                                                |                                |               |               |                              |               |              |
| Net premiums written                                                                                        | \$ 3,973                       | \$ 3,401      | 17 %          | \$ 7,653                     | \$ 6,552      | 17 %         |
| (Increase) decrease in unearned premiums                                                                    | (778)                          | (429)         | (81)          | (1,478)                      | (791)         | (87)         |
| <b>Net premiums earned</b>                                                                                  | <b>3,195</b>                   | <b>2,972</b>  | <b>8</b>      | <b>6,175</b>                 | <b>5,761</b>  | <b>7</b>     |
| Losses and loss adjustment expenses incurred <sup>(a)</sup>                                                 | <b>1,949</b>                   | <b>1,725</b>  | <b>13</b>     | <b>3,757</b>                 | <b>3,457</b>  | <b>9</b>     |
| Acquisition expenses:                                                                                       |                                |               |               |                              |               |              |
| Amortization of deferred policy acquisition costs                                                           | <b>438</b>                     | <b>386</b>    | <b>13</b>     | <b>848</b>                   | <b>742</b>    | <b>14</b>    |
| Other acquisition expenses                                                                                  | <b>139</b>                     | <b>153</b>    | <b>(9)</b>    | <b>285</b>                   | <b>297</b>    | <b>(4)</b>   |
| <b>Total acquisition expenses</b>                                                                           | <b>577</b>                     | <b>539</b>    | <b>7</b>      | <b>1,133</b>                 | <b>1,039</b>  | <b>9</b>     |
| General operating expenses                                                                                  | <b>317</b>                     | <b>302</b>    | <b>5</b>      | <b>634</b>                   | <b>603</b>    | <b>5</b>     |
| <b>Underwriting income (loss)</b>                                                                           | <b>\$ 352</b>                  | <b>\$ 406</b> | <b>(13) %</b> | <b>\$ 651</b>                | <b>\$ 662</b> | <b>(2) %</b> |
| <b>Loss ratio<sup>(a)</sup></b>                                                                             | <b>61.0</b>                    | <b>58.0</b>   | <b>3.0</b>    | <b>60.8</b>                  | <b>60.0</b>   | <b>0.8</b>   |
| Acquisition ratio                                                                                           | <b>18.1</b>                    | <b>18.1</b>   | <b>—</b>      | <b>18.3</b>                  | <b>18.0</b>   | <b>0.3</b>   |
| General operating expense ratio                                                                             | <b>9.9</b>                     | <b>10.2</b>   | <b>(0.3)</b>  | <b>10.3</b>                  | <b>10.5</b>   | <b>(0.2)</b> |
| <b>Expense ratio</b>                                                                                        | <b>28.0</b>                    | <b>28.3</b>   | <b>(0.3)</b>  | <b>28.6</b>                  | <b>28.5</b>   | <b>0.1</b>   |
| <b>Combined ratio<sup>(a)</sup></b>                                                                         | <b>89.0</b>                    | <b>86.3</b>   | <b>2.7</b>    | <b>89.4</b>                  | <b>88.5</b>   | <b>0.9</b>   |
| <b>Adjustments for accident year loss ratio, as adjusted and accident year combined ratio, as adjusted:</b> |                                |               |               |                              |               |              |
| Catastrophe losses and reinstatement premiums                                                               | <b>(5.0)</b>                   | <b>(1.7)</b>  | <b>(3.3)</b>  | <b>(4.4)</b>                 | <b>(1.9)</b>  | <b>(2.5)</b> |
| Prior year development, net of reinsurance and prior year premiums                                          | <b>3.8</b>                     | <b>5.3</b>    | <b>(1.5)</b>  | <b>3.2</b>                   | <b>3.7</b>    | <b>(0.5)</b> |
| <b>Accident year loss ratio, as adjusted</b>                                                                | <b>59.8</b>                    | <b>61.6</b>   | <b>(1.8)</b>  | <b>59.6</b>                  | <b>61.8</b>   | <b>(2.2)</b> |
| <b>Accident year combined ratio, as adjusted</b>                                                            | <b>87.8</b>                    | <b>89.9</b>   | <b>(2.1)</b>  | <b>88.2</b>                  | <b>90.3</b>   | <b>(2.1)</b> |

(a) Consistent with our definition of APTI, excludes net loss reserve discount and the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain.

## Business and Financial Highlights

## Net Premiums Written Comparison for the Three Months Ended June 30, 2023 and 2022

Net premiums written increased by \$572 million primarily due to:

- growth in Commercial Lines (\$492 million), particularly in AIG Re and Property driven by continued positive rate change, higher renewal retentions and strong new business production, partially offset by a decrease in Financial Lines due to volatility in capital markets and increased competition resulting in rate declines; and
- growth in Personal Insurance (\$80 million) driven by PCG resulting from changes in our reinsurance program, partially offset by decreases in Travel and Warranty.

## Net Premiums Written Comparison for the Six Months Ended June 30, 2023 and 2022

Net premiums written increased by \$1.1 billion primarily due to:

- growth in Commercial Lines (\$907 million), particularly in AIG Re and Property driven by continued positive rate change, higher renewal retentions and strong new business production, partially offset by a decrease in Financial Lines due to volatility in capital markets and increased competition resulting in rate declines; and
- growth in Personal Insurance (\$194 million) driven by PCG resulting from changes in our reinsurance program, partially offset by decreases in Travel and Warranty.

## Underwriting Income (Loss) Comparison for the Three Months Ended June 30, 2023 and 2022

Underwriting income decreased by \$54 million primarily due to:

- higher catastrophe losses (3.3 points or \$106 million); and
- lower net favorable prior year reserve development (1.5 points or \$49 million), primarily due to lower favorable development in Casualty.

This decrease was partially offset by:

- premium growth with improvement in the accident year loss ratio, as adjusted (1.8 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- a lower expense ratio of 0.3 points reflecting a lower general operating expense ratio (0.3 points) resulting from continued general expense discipline as we grow the portfolio.

### Underwriting Income (Loss) Comparison for the Six Months Ended June 30, 2023 and 2022

Underwriting income decreased by \$11 million primarily due to:

- higher catastrophe losses (2.5 points or \$163 million);
- lower net favorable prior year reserve development (0.5 points or \$17 million), primarily due to lower favorable development in Casualty; and
- a higher expense ratio of 0.1 points reflecting a higher acquisition ratio (0.3 points) primarily driven by changes in business mix, partially offset by a lower general operating expense ratio (0.2 points) resulting from continued general expense discipline as we grow the portfolio.

This decrease was partially offset by premium growth with improvement in the accident year loss ratio, as adjusted (2.2 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions.

## INTERNATIONAL RESULTS

| (in millions)                                                                                               | Three Months Ended<br>June 30, |               |              | Six Months Ended<br>June 30, |               |               |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|---------------|--------------|------------------------------|---------------|---------------|
|                                                                                                             | 2023                           | 2022          | Change       | 2023                         | 2022          | Change        |
| <b>Underwriting results:</b>                                                                                |                                |               |              |                              |               |               |
| Net premiums written                                                                                        | \$ 3,564                       | \$ 3,465      | 3 %          | \$ 6,849                     | \$ 6,947      | (1) %         |
| (Increase) decrease in unearned premiums                                                                    | (262)                          | (51)          | (414)        | (268)                        | (66)          | (306)         |
| <b>Net premiums earned</b>                                                                                  | <b>3,302</b>                   | <b>3,414</b>  | <b>(3)</b>   | <b>6,581</b>                 | <b>6,881</b>  | <b>(4)</b>    |
| Losses and loss adjustment expenses incurred                                                                | 1,903                          | 1,866         | 2            | 3,847                        | 3,943         | (2)           |
| Acquisition expenses:                                                                                       |                                |               |              |                              |               |               |
| Amortization of deferred policy acquisition costs                                                           | 493                            | 478           | 3            | 995                          | 1,011         | (2)           |
| Other acquisition expenses                                                                                  | 194                            | 229           | (15)         | 364                          | 435           | (16)          |
| <b>Total acquisition expenses</b>                                                                           | <b>687</b>                     | <b>707</b>    | <b>(3)</b>   | <b>1,359</b>                 | <b>1,446</b>  | <b>(6)</b>    |
| General operating expenses                                                                                  | 470                            | 448           | 5            | 930                          | 909           | 2             |
| <b>Underwriting income</b>                                                                                  | <b>\$ 242</b>                  | <b>\$ 393</b> | <b>(38)%</b> | <b>\$ 445</b>                | <b>\$ 583</b> | <b>(24) %</b> |
| <b>Loss ratio</b>                                                                                           | <b>57.6</b>                    | <b>54.7</b>   | <b>2.9</b>   | <b>58.5</b>                  | <b>57.3</b>   | <b>1.2</b>    |
| Acquisition ratio                                                                                           | 20.8                           | 20.7          | 0.1          | 20.7                         | 21.0          | (0.3)         |
| General operating expense ratio                                                                             | 14.2                           | 13.1          | 1.1          | 14.1                         | 13.2          | 0.9           |
| <b>Expense ratio</b>                                                                                        | <b>35.0</b>                    | <b>33.8</b>   | <b>1.2</b>   | <b>34.8</b>                  | <b>34.2</b>   | <b>0.6</b>    |
| <b>Combined ratio</b>                                                                                       | <b>92.6</b>                    | <b>88.5</b>   | <b>4.1</b>   | <b>93.3</b>                  | <b>91.5</b>   | <b>1.8</b>    |
| <b>Adjustments for accident year loss ratio, as adjusted and accident year combined ratio, as adjusted:</b> |                                |               |              |                              |               |               |
| Catastrophe losses and reinstatement premiums                                                               | (2.7)                          | (2.0)         | (0.7)        | (3.7)                        | (4.2)         | 0.5           |
| Prior year development, net of reinsurance and prior year premiums                                          | (1.9)                          | 0.7           | (2.6)        | (1.2)                        | 0.6           | (1.8)         |
| <b>Accident year loss ratio, as adjusted</b>                                                                | <b>53.0</b>                    | <b>53.4</b>   | <b>(0.4)</b> | <b>53.6</b>                  | <b>53.7</b>   | <b>(0.1)</b>  |
| <b>Accident year combined ratio, as adjusted</b>                                                            | <b>88.0</b>                    | <b>87.2</b>   | <b>0.8</b>   | <b>88.4</b>                  | <b>87.9</b>   | <b>0.5</b>    |

## Business and Financial Highlights

### Net Premiums Written Comparison for the Three Months Ended June 30, 2023 and 2022

Net premiums written, excluding the impact of unfavorable foreign exchange (\$113 million), increased by \$212 million due to growth in Commercial Lines (\$221 million), notably in Property and Specialty driven by continued positive rate change and strong new business production.

This increase was partially offset by lower production in Personal Insurance (\$9 million) where declines in Private Client Group and Personal Auto were partially offset by growth in Individual Travel.

### Net Premiums Written Comparison for the Six Months Ended June 30, 2023 and 2022

Net premiums written, excluding the impact of unfavorable foreign exchange (\$337 million), increased by \$239 million due to:

- growth in Commercial Lines (\$232 million), notably in Property, Specialty and Casualty driven by continued positive rate change and strong new business production, partially offset by a decrease in Financial Lines due to volatility in capital markets and increased competition resulting in rate declines; and
- growth in Personal Insurance (\$7 million) driven by Individual Travel and Personal Auto, partially offset by lower production in PCG and Accident & Health.

### Underwriting Income (Loss) Comparison for the Three Months Ended June 30, 2023 and 2022

Underwriting income decreased by \$151 million primarily due to:

- net unfavorable prior year reserve development in 2023 compared to net favorable development in 2022 (2.6 points or \$100 million), primarily as a result of unfavorable development in Casualty;
- higher catastrophe losses (0.7 points or \$23 million); and
- a higher expense ratio (1.2 points) reflecting an increase in the general operating expense ratio (1.1 points), as well as a higher acquisition ratio (0.1 points) primarily driven by changes in business mix.

This decrease was partially offset by improvement in the accident year loss ratio, as adjusted (0.4 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions.

### Underwriting Income (Loss) Comparison for the Six Months Ended June 30, 2023 and 2022

Underwriting income decreased by \$138 million primarily due to:

- net unfavorable prior year reserve development in 2023 compared to net favorable development in 2022 (1.8 points or \$135 million), primarily as a result of unfavorable development in Casualty; and
- a higher expense ratio (0.6 points) reflecting an increase in the general operating expense ratio (0.9 points), partially offset by a lower acquisition ratio (0.3 points) primarily driven by changes in business mix and improved commission terms.

This decrease was partially offset by:

- lower catastrophe losses (0.5 points or \$58 million); and
- improvement in the accident year loss ratio, as adjusted (0.1 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions.

## Life and Retirement

Life and Retirement consists of four operating segments: Individual Retirement, Group Retirement, Life Insurance and Institutional Markets. We offer a broad portfolio of products in the U.S. through a multichannel distribution network and life and health products in the UK and Ireland.

### PRODUCTS AND DISTRIBUTION

#### Individual Retirement

**Variable Annuities:** Products include variable annuities that offer a combination of growth potential, death benefit features and income protection features. Variable annuities are distributed primarily through banks, wirehouses, and regional and independent broker-dealers.

**Fixed Index Annuities:** Products include fixed index annuities that provide growth potential based in part on the performance of a market index as well as optional living guaranteed features that provide lifetime income protection. Fixed index annuities are distributed primarily through banks, broker-dealers, independent marketing organizations and independent insurance agents.

**Fixed Annuities:** Products include single premium fixed annuities, immediate annuities and deferred income annuities. Certain fixed deferred annuity products offer optional income protection features. The fixed annuities product line maintains an industry-leading position in the U.S. bank distribution channel by designing products collaboratively with banks and offering an efficient and flexible administration platform.

#### Group Retirement

**Group Retirement:** Known in the marketplace as Retirement Services. Products and services consist of record-keeping, plan administrative and compliance services, financial planning and advisory solutions offered to employer defined contribution plans and their participants, along with proprietary and non-proprietary annuities and advisory and brokerage products offered outside of plans.

Retirement Services offers its products and services through The Variable Annuity Life Insurance Company and its subsidiaries, VALIC Financial Advisors, Inc. and VALIC Retirement Services Company.

Retirement Services employee financial advisors serve individual clients, including in-plan enrollment support and education, and comprehensive financial planning services.

#### Life Insurance

**Life Insurance:** In the U.S., products primarily include term life and universal life insurance distributed through independent marketing organizations, independent insurance agents, financial advisors and direct marketing. International operations primarily include the distribution of life and health products in the UK and Ireland.

#### Institutional Markets

**Institutional Markets:** Products primarily include stable value wrap products, structured settlement and pension risk transfer annuities (direct and assumed reinsurance), corporate- and bank-owned life insurance, high net worth products and guaranteed investment contracts (GICs). Institutional Markets products are primarily distributed through specialized marketing and consulting firms and structured settlement brokers.

**FHLB Funding Agreements:** Funding agreements are issued by our U.S. Life and Retirement companies to FHLBs in their respective districts at fixed or floating rates over specified periods, which can be prepaid at our discretion. Proceeds are generally invested in fixed income securities and other suitable investments to generate spread income. These investment contracts do not have mortality or morbidity risk and are similar to GICs.

## BUSINESS STRATEGY

**Deliver client-centric solutions through our unique franchise** by bringing together a broad portfolio of life insurance, retirement and institutional products offered through an extensive, multichannel distribution network. Life and Retirement focuses on ease of doing business, offering valuable solutions, and expanding and deepening its distribution relationships across multiple channels.

**Position market leading businesses to serve growing needs** by continually enhancing product solutions, service delivery and digital capabilities while using data and analytics in an innovative manner to improve customer experience.

**Individual Retirement** will continue to capitalize on the opportunity to meet consumer demand for guaranteed income by maintaining innovative variable and fixed index annuity products, while also managing risk from guarantee features through risk-mitigating product design and well-developed economic hedging capabilities.

Our fixed annuity products provide diversity in our annuity product suite by offering stable returns for retirement savings.

**Group Retirement** continues to enhance its technology platform to improve the customer experience for plan sponsors and individual participants. Retirement Services' self-service tools paired with its employee financial advisors provide a compelling service platform. Group Retirement's strategy also involves providing financial planning services for its clients and meeting their need for income in retirement. In this advisory role, Group Retirement's clients may invest in assets in which AIG or a third party is custodian.

**Life Insurance** in the U.S. will continue to position itself for growth and changing market dynamics while continuing to execute strategies to enhance returns. Our focus is on materializing success from a multi-year effort of building state-of-the-art platforms and underwriting innovations, which are expected to bring process improvements and cost efficiencies.

In the UK, AIG Life Limited will continue to focus on growing the business organically.

**Institutional Markets** continues to grow its assets under management across multiple product lines, including stable value wrap, GICs and pension risk transfer annuities. Our growth strategy is transactional and allows us to pursue select transactions that meet our risk-adjusted return requirements.

**Enhance Operational Effectiveness** by simplifying processes and operating environments to increase competitiveness, improve service and product capabilities and facilitate delivery of our target customer experience. We continue to invest in technology to improve operating efficiency and ease of doing business for our distribution partners and customers. We believe that simplifying our operating models will enhance productivity and support further profitable growth.

**Manage our Balance Sheet** through a rigorous approach to our products and portfolio. We match our product design and high-quality investments with our asset and liability exposures to support our cash and liquidity needs under various operating scenarios.

**Deliver Value Creation and Manage Capital** by striving to deliver solid earnings and returns on capital through disciplined pricing, sustainable underwriting improvements, expense efficiency, and diversification of risk, while optimizing capital allocation and efficiency within insurance entities to enhance return on common equity.

## COMPETITION AND CHALLENGES

Life and Retirement operates in the highly competitive insurance and financial services industry in the U.S. and select international markets, competing against various financial services companies, including banks and other life insurance and mutual fund companies. Competition is primarily based on product pricing and design, distribution, financial strength, customer service and ease of doing business.

Our business remains competitive due to its long-standing market leading positions, innovative products, distribution relationships across multiple channels, customer-focused service and strong financial ratings.

Our primary challenges include:

- managing a rising rate environment. While a rising rate environment improves yields on new investment, improves margins on our business, and increases sales in certain products such as fixed annuities, it may also result in increased competition for certain products resulting in a need to increase crediting rates, and has resulted in lower separate account asset values for investments in fixed income which has reduced fee income;

- increased competition in our primary markets, including aggressive pricing of annuities by competitors, increased competition and consolidation of employer groups in the group retirement planning market, and competitors with different profitability targets in the pension risk transfer space as well as other product lines;
- increasingly complex new and proposed regulatory requirements, which have affected industry growth and costs; and
- upgrading our technology and underwriting processes while managing general operating expenses.

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## INDUSTRY AND ECONOMIC FACTORS

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### Individual Retirement

Increasing life expectancy and reduced expectations for traditional retirement income from defined benefit programs and fixed income securities are leading Americans to seek additional financial security as they approach retirement. The strong demand for fixed index and fixed annuities with guaranteed living benefit features has attracted increased competition in this product space. In response to the low interest rate environment that prevailed over the past several years we have developed guaranteed living benefits for variable, fixed index and fixed annuities with margins that are less sensitive to the level of interest rates.

Changes in the capital markets (interest rate environment, credit spreads, equity markets, volatility) can have a significant impact on sales, surrender rates, investment returns, guaranteed income features, and net investment spreads in the annuity industry.

### Group Retirement

Group Retirement competes in the defined contribution market under the Retirement Services brand. Retirement Services is a leading retirement plan provider in the U.S. for K-12 schools and school districts, higher education, healthcare, government and other not-for-profit institutions. The defined contribution market is a highly efficient and competitive market that requires support for both plan sponsors and individual participants. To meet this challenge, Retirement Services is investing in a client- focused technology platform to support improved compliance and self-service functionality. Retirement Services' model pairs self-service tools with its employee financial advisors who provide individual plan participants with enrollment support and comprehensive financial planning services.

Changes in the interest rates, credit spreads and equity market environment can have a significant impact on investment returns, fee income, advisory and other income, guaranteed income features, and net investment spreads, and a moderate impact on sales and surrender rates.

### Life Insurance

Consumers have a significant need for life insurance, whether it is used for income replacement for their surviving family, estate planning or wealth transfer. Additionally, consumers use life insurance to provide living benefits in case of chronic, critical or terminal illnesses, and to supplement retirement income.

In response to consumer needs and a changing interest rate environment, our Life Insurance product portfolio will continue to promote products with less long-duration interest rate risk and mitigate exposure to products that have long-duration interest rate risk through sales levels and hedging strategies.

As life insurance ownership remains at historical lows in the U.S. and the UK, efforts to expand the reach and increase the affordability of life insurance are critical. The industry is investing in consumer-centric efforts to reduce traditional barriers to securing life protection by simplifying the sales and service experience. Digitally enabled processes and tools provide a fast, friendly and simple path to life insurance protection.

### Institutional Markets

Institutional Markets serves a variety of needs for corporate clients. Demand is driven by a number of factors including the macroeconomic and regulatory environment. We expect to see continued growth in the pension risk transfer market (direct and assumed reinsurance) as corporate plan sponsors look to transfer asset or liability, longevity, administrative and operational risks associated with their defined benefit plans.

Changes in interest rates and credit spreads can have a significant impact on investment returns and net investment spreads, impacting organic growth opportunities.

For additional information on the separation of Life and Retirement please, see Note 1 to the Condensed Consolidated Financial Statements and Part I, Item 1A. Risk Factors – Business and Operations – “No assurances can be given that the separation of our Life and Retirement business will be completed or as to the specific terms or timing thereof. In addition, we may not achieve the expected benefits of the separation and will have continuing equity market exposure to Corebridge until we fully divest our stake” in the 2022 Annual Report.

For additional information on the impact of market interest rate movement on our Life and Retirement business, see Executive Summary – Regulatory, Industry and Economic Factors – Impact of Changes in the Interest Rate Environment and Equity Markets.

## IMPACT OF LDTI ADOPTION

The following table presents the impacts in connection with the adoption of LDTI on our previously reported APTI results for our Life and Retirement segment:

| (in millions)                                      | Three Months Ended June 30, 2022 |                  |                                        | Six Months Ended June 30, 2022 |                  |                                        |
|----------------------------------------------------|----------------------------------|------------------|----------------------------------------|--------------------------------|------------------|----------------------------------------|
|                                                    | As Previously Reported           | Effect of Change | Updated Balances Post-Adoption of LDTI | As Previously Reported         | Effect of Change | Updated Balances Post-Adoption of LDTI |
| <b>Adjusted revenues:</b>                          |                                  |                  |                                        |                                |                  |                                        |
| Premiums                                           | \$ 1,119                         | \$ (2)           | \$ 1,117                               | \$ 1,959                       | \$ 7             | \$ 1,966                               |
| Policy fees                                        | 743                              | (14)             | 729                                    | 1,506                          | (47)             | 1,459                                  |
| <b>Total adjusted revenues</b>                     | <b>4,055</b>                     | <b>(16)</b>      | <b>4,039</b>                           | <b>8,020</b>                   | <b>(40)</b>      | <b>7,980</b>                           |
| <b>Benefits and expenses:</b>                      |                                  |                  |                                        |                                |                  |                                        |
| Policyholder benefits                              | 1,654                            | (137)            | 1,517                                  | 3,097                          | (332)            | 2,765                                  |
| Interest credited to policyholder account balances | 906                              | 5                | 911                                    | 1,773                          | 19               | 1,792                                  |
| Amortization of deferred policy acquisition costs  | 301                              | (51)             | 250                                    | 581                            | (87)             | 494                                    |
| Non deferrable insurance commissions               | 166                              | (17)             | 149                                    | 327                            | (34)             | 293                                    |
| <b>Total benefits and expenses</b>                 | <b>3,492</b>                     | <b>(200)</b>     | <b>3,292</b>                           | <b>6,733</b>                   | <b>(434)</b>     | <b>6,299</b>                           |
| <b>Adjusted pre-tax income</b>                     | <b>563</b>                       | <b>184</b>       | <b>747</b>                             | <b>1,287</b>                   | <b>394</b>       | <b>1,681</b>                           |

## LIFE AND RETIREMENT RESULTS

| (in millions)                                      | Three Months Ended June 30, |               |             | Six Months Ended June 30, |                 |             |
|----------------------------------------------------|-----------------------------|---------------|-------------|---------------------------|-----------------|-------------|
|                                                    | 2023                        | 2022          | Change      | 2023                      | 2022            | Change      |
| <b>Adjusted revenues:</b>                          |                             |               |             |                           |                 |             |
| Premiums                                           | \$ 2,544                    | \$ 1,117      | 128 %       | \$ 4,745                  | \$ 1,966        | 141 %       |
| Policy fees                                        | 694                         | 729           | (5)         | 1,392                     | 1,459           | (5)         |
| Net investment income                              | 2,478                       | 1,989         | 25          | 4,755                     | 4,118           | 15          |
| Advisory fee and other income                      | 200                         | 204           | (2)         | 395                       | 437             | (10)        |
| <b>Total adjusted revenues</b>                     | <b>5,916</b>                | <b>4,039</b>  | <b>46</b>   | <b>11,287</b>             | <b>7,980</b>    | <b>41</b>   |
| <b>Benefits and expenses:</b>                      |                             |               |             |                           |                 |             |
| Policyholder benefits                              | 2,985                       | 1,517         | 97          | 5,585                     | 2,765           | 102         |
| Interest credited to policyholder account balances | 1,065                       | 911           | 17          | 2,080                     | 1,792           | 16          |
| Amortization of deferred policy acquisition costs  | 259                         | 250           | 4           | 518                       | 494             | 5           |
| Non deferrable insurance commissions               | 153                         | 149           | 3           | 289                       | 293             | (1)         |
| Advisory fee expenses                              | 64                          | 65            | (2)         | 129                       | 136             | (5)         |
| General operating expenses                         | 399                         | 395           | 1           | 806                       | 808             | —           |
| Interest expense                                   | —                           | 5             | NM          | 3                         | 11              | (73)        |
| <b>Total benefits and expenses</b>                 | <b>4,925</b>                | <b>3,292</b>  | <b>50</b>   | <b>9,410</b>              | <b>6,299</b>    | <b>49</b>   |
| <b>Adjusted pre-tax income</b>                     | <b>\$ 991</b>               | <b>\$ 747</b> | <b>33 %</b> | <b>\$ 1,877</b>           | <b>\$ 1,681</b> | <b>12 %</b> |

Our insurance companies generate significant revenues from investment activities. As a result, the operating segments in Life and Retirement are significantly impacted by variances in net investment income on the asset portfolios that support insurance liabilities and surplus.

For additional information on our investment strategy, asset-liability management process and invested asset composition, see Investments.

## INDIVIDUAL RETIREMENT RESULTS

| (in millions)                                                         | Three Months Ended<br>June 30, |               |                | Six Months Ended<br>June 30, |               |               |
|-----------------------------------------------------------------------|--------------------------------|---------------|----------------|------------------------------|---------------|---------------|
|                                                                       | 2023                           | 2022          | Change         | 2023                         | 2022          | Change        |
| <b>Adjusted revenues:</b>                                             |                                |               |                |                              |               |               |
| Premiums                                                              | \$ 66                          | \$ 60         | 10 %           | \$ 144                       | \$ 116        | 24 %          |
| Policy fees                                                           | 172                            | 186           | (8)            | 346                          | 371           | (7)           |
| Net investment income                                                 | 1,232                          | 906           | 36             | 2,361                        | 1,889         | 25            |
| Advisory fee and other income                                         | 108                            | 115           | (6)            | 211                          | 238           | (11)          |
| <b>Total adjusted revenues</b>                                        | <b>1,578</b>                   | <b>1,267</b>  | <b>25</b>      | <b>3,062</b>                 | <b>2,614</b>  | <b>17</b>     |
| <b>Benefits and expenses:</b>                                         |                                |               |                |                              |               |               |
| Policyholder benefits                                                 | 71                             | 77            | (8)            | 136                          | 143           | (5)           |
| Interest credited to policyholder account balances                    | 553                            | 466           | 19             | 1,072                        | 920           | 17            |
| Amortization of deferred policy acquisition costs                     | 135                            | 124           | 9              | 272                          | 242           | 12            |
| Non deferrable insurance commissions                                  | 94                             | 86            | 9              | 180                          | 178           | 1             |
| Advisory fee expenses                                                 | 36                             | 35            | 3              | 70                           | 72            | (3)           |
| General operating expenses                                            | 104                            | 107           | (3)            | 212                          | 218           | (3)           |
| Interest expense                                                      | —                              | 2             | NM             | 2                            | 5             | (60)          |
| <b>Total benefits and expenses</b>                                    | <b>993</b>                     | <b>897</b>    | <b>11</b>      | <b>1,944</b>                 | <b>1,778</b>  | <b>9</b>      |
| <b>Adjusted pre-tax income</b>                                        | <b>\$ 585</b>                  | <b>\$ 370</b> | <b>58 %</b>    | <b>\$ 1,118</b>              | <b>\$ 836</b> | <b>34 %</b>   |
| <b>Fixed annuities base net investment spread:</b>                    |                                |               |                |                              |               |               |
| Base yield*                                                           | 5.00 %                         | 3.74 %        | 126 bps        | 4.91 %                       | 3.75 %        | 116 bps       |
| Cost of funds                                                         | 2.89                           | 2.66          | 23             | 2.86                         | 2.66          | 20            |
| <b>Fixed annuities base net investment spread</b>                     | <b>2.11 %</b>                  | <b>1.08 %</b> | <b>103 bps</b> | <b>2.05 %</b>                | <b>1.09 %</b> | <b>96 bps</b> |
| <b>Variable and fixed index annuities base net investment spread:</b> |                                |               |                |                              |               |               |
| Base yield*                                                           | 4.58 %                         | 3.78 %        | 80 bps         | 4.46 %                       | 3.76 %        | 70 bps        |
| Cost of funds                                                         | 1.88                           | 1.48          | 40             | 1.81                         | 1.46          | 35            |
| <b>Variable and fixed index annuities base net investment spread</b>  | <b>2.70 %</b>                  | <b>2.30 %</b> | <b>40 bps</b>  | <b>2.65 %</b>                | <b>2.30 %</b> | <b>35 bps</b> |

\* Includes returns from base portfolio including accretion and income (loss) from certain other invested assets.

## Business and Financial Highlights

## Adjusted Pre-Tax Income (Loss) Comparison for the Three Months Ended June 30, 2023 and 2022

Adjusted pre-tax income increased \$215 million primarily due to higher net investment spread income (\$239 million) primarily driven by higher base portfolio spread income (\$234 million) due to improved base portfolio yields.

This increase was partially offset by lower policy and advisory fee income, net of advisory fee expenses (\$22 million), primarily due to a decrease in average variable annuity separate account asset values driven by negative net flows and prior year declines in equity markets, higher interest rates and wider credit spreads.

## Adjusted Pre-Tax Income (Loss) Comparison for the Six Months Ended June 30, 2023 and 2022

Adjusted pre-tax income increased \$282 million primarily due to higher net investment spread income (\$320 million) primarily driven by higher base portfolio spread income (\$435 million) due to improved base yields and higher yield enhancement income (\$20 million), partially offset by lower alternative investment income (\$135 million).

This increase was partially offset by lower policy and advisory fee income, net of advisory fee expenses (\$50 million), primarily due to lower average variable annuity separate account asset values driven by negative net flows and the prior year decline in equity markets, higher interest rates and wider credit spreads.

## INDIVIDUAL RETIREMENT GAAP PREMIUMS, PREMIUMS AND DEPOSITS, SURRENDERS AND NET FLOWS

Premiums and deposits is a non-GAAP financial measure that includes, in addition to direct and assumed premiums, deposits received on investment-type annuity contracts.

Net flows for annuity products in Individual Retirement represent premiums and deposits less death, surrender and other withdrawal benefits.

The following table presents a reconciliation of Individual Retirement GAAP premiums to premiums and deposits:

| (in millions)                | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
|                              | 2023                           | 2022            | 2023                         | 2022            |
| Premiums                     | \$ 66                          | \$ 60           | \$ 144                       | \$ 116          |
| Deposits                     | 3,984                          | 3,566           | 8,791                        | 7,396           |
| Other                        | (5)                            | (6)             | (7)                          | (11)            |
| <b>Premiums and deposits</b> | <b>\$ 4,045</b>                | <b>\$ 3,620</b> | <b>\$ 8,928</b>              | <b>\$ 7,501</b> |

The following table presents Individual Retirement premiums and deposits and net flows by product line:

| (in millions)         | Premiums and Deposits<br>Three Months Ended<br>June 30, |                 | Net Flows<br>Three Months Ended<br>June 30, |               | Premiums and Deposits<br>Six Months Ended<br>June 30, |                 | Net Flows<br>Six Months Ended<br>June 30, |                 |
|-----------------------|---------------------------------------------------------|-----------------|---------------------------------------------|---------------|-------------------------------------------------------|-----------------|-------------------------------------------|-----------------|
|                       | 2023                                                    | 2022            | 2023                                        | 2022          | 2023                                                  | 2022            | 2023                                      | 2022            |
| Fixed annuities       | \$ 1,268                                                | \$ 1,384        | \$ (1,115)                                  | \$ (67)       | \$ 3,516                                              | \$ 2,953        | \$ (1,205)                                | \$ 203          |
| Fixed index annuities | 2,317                                                   | 1,458           | 1,611                                       | 1,080         | 4,374                                                 | 2,822           | 3,000                                     | 2,065           |
| Variable annuities    | 460                                                     | 778             | (855)                                       | (385)         | 1,038                                                 | 1,726           | (1,491)                                   | (766)           |
| <b>Total</b>          | <b>\$ 4,045</b>                                         | <b>\$ 3,620</b> | <b>\$ (359)</b>                             | <b>\$ 628</b> | <b>\$ 8,928</b>                                       | <b>\$ 7,501</b> | <b>\$ 304</b>                             | <b>\$ 1,502</b> |

### Premiums and Deposits and Net Flow Comparison for the Three Months Ended June 30, 2023 and 2022

**Fixed Annuities** Net outflows increased \$1.0 billion over the prior year, primarily due to higher surrenders and withdrawals (\$1.0 billion) and lower premiums and deposits (\$116 million), partially offset by lower death benefits (\$67 million).

**Fixed Index Annuities** Net inflows increased (\$531 million) primarily due to higher premiums and deposits (\$859 million), due to competitive pricing and higher interest rates, partially offset by higher surrenders and withdrawals (\$308 million) and higher death benefits (\$20 million).

**Variable Annuities** Net outflows increased (\$470 million) primarily due to lower premiums and deposits (\$318 million), due to market volatility; and higher surrenders and withdrawals (\$153 million).

### Premiums and Deposits and Net Flow Comparison for the Six Months Ended June 30, 2023 and 2022

**Fixed Annuities** Net outflows increased \$1.4 billion over the prior year, primarily due to higher surrenders and withdrawals (\$2.1 billion), partially offset by higher premiums and deposits (\$563 million) due to competitive pricing and higher interest rates and lower death benefits (\$83 million).

**Fixed Index Annuities** Net inflows increased (\$935 million) primarily due to higher premiums and deposits (\$1.6 billion), due to competitive pricing and higher interest rates, partially offset by higher surrenders and withdrawals (\$573 million) and higher death benefits (\$44 million).

**Variable Annuities** Net outflows increased (\$725 million) primarily due to lower premiums and deposits (\$688 million), due to market volatility and higher surrenders and withdrawals (\$78 million); partially offset by lower death benefits (\$41 million).

The following table presents surrenders rates:

|                       | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       |
|-----------------------|--------------------------------|-------|------------------------------|-------|
|                       | 2023                           | 2022  | 2023                         | 2022  |
| Fixed annuities       | 15.9 %                         | 7.9 % | 15.5 %                       | 7.3 % |
| Fixed index annuities | 6.8                            | 4.0   | 6.7                          | 4.0   |
| Variable annuities    | 7.7                            | 6.2   | 7.4                          | 6.3   |

The following table presents account value for fixed annuities and variable and fixed index annuities by surrender charge category:

| (in millions)                            | June 30, 2023    |                       |                    | December 31, 2022 |                       |                    |
|------------------------------------------|------------------|-----------------------|--------------------|-------------------|-----------------------|--------------------|
|                                          | Fixed Annuities  | Fixed Index Annuities | Variable Annuities | Fixed Annuities   | Fixed Index Annuities | Variable Annuities |
| No surrender charge                      | \$ 23,441        | \$ 1,675              | \$ 29,025          | \$ 24,889         | \$ 2,270              | \$ 27,037          |
| Greater than 0% - 2%                     | 1,132            | 2,387                 | 6,806              | 1,783             | 1,353                 | 6,962              |
| Greater than 2% - 4%                     | 2,397            | 6,307                 | 5,505              | 2,256             | 4,532                 | 5,081              |
| Greater than 4%                          | 20,335           | 26,077                | 11,807             | 18,905            | 25,196                | 12,082             |
| Non-surrenderable <sup>(a)</sup>         | 2,433            | —                     | 1,156              | 2,453             | —                     | 1,155              |
| <b>Total account value<sup>(b)</sup></b> | <b>\$ 49,738</b> | <b>\$ 36,446</b>      | <b>\$ 54,299</b>   | <b>\$ 50,286</b>  | <b>\$ 33,351</b>      | <b>\$ 52,317</b>   |

(a) The non-surrenderable portion of variable annuities relates to funding agreements.

(b) Includes payout Immediate Annuities and funding agreements.

Individual Retirement annuities are typically subject to a three- to seven-year surrender charge period, depending on the product. For fixed and fixed index annuities, the proportion of account value subject to surrender charge at June 30, 2023 increased compared to December 31, 2022 primarily due to growth in business. The increase in the proportion of account value with no surrender charge for variable annuities as of June 30, 2023 compared to December 31, 2022 was principally due to normal aging of business.

## GROUP RETIREMENT RESULTS

| (in millions)                                      | Three Months Ended<br>June 30, |               |               | Six Months Ended<br>June 30, |               |               |
|----------------------------------------------------|--------------------------------|---------------|---------------|------------------------------|---------------|---------------|
|                                                    | 2023                           | 2022          | Change        | 2023                         | 2022          | Change        |
| <b>Adjusted revenues:</b>                          |                                |               |               |                              |               |               |
| Premiums                                           | \$ 4                           | \$ 5          | (20) %        | \$ 10                        | \$ 13         | (23) %        |
| Policy fees                                        | 102                            | 104           | (2)           | 202                          | 218           | (7)           |
| Net investment income                              | 509                            | 490           | 4             | 1,009                        | 1,017         | (1)           |
| Advisory fee and other income                      | 75                             | 73            | 3             | 152                          | 158           | (4)           |
| <b>Total adjusted revenues</b>                     | <b>690</b>                     | <b>672</b>    | <b>3</b>      | <b>1,373</b>                 | <b>1,406</b>  | <b>(2)</b>    |
| <b>Benefits and expenses:</b>                      |                                |               |               |                              |               |               |
| Policyholder benefits                              | 6                              | 13            | (54)          | 15                           | 23            | (35)          |
| Interest credited to policyholder account balances | 294                            | 287           | 2             | 585                          | 570           | 3             |
| Amortization of deferred policy acquisition costs  | 20                             | 20            | —             | 41                           | 39            | 5             |
| Non deferrable insurance commissions               | 33                             | 30            | 10            | 61                           | 58            | 5             |
| Advisory fee expenses                              | 29                             | 30            | (3)           | 58                           | 64            | (9)           |
| General operating expenses                         | 107                            | 111           | (4)           | 224                          | 228           | (2)           |
| Interest expense                                   | —                              | 1             | NM            | 1                            | 3             | (67)          |
| <b>Total benefits and expenses</b>                 | <b>489</b>                     | <b>492</b>    | <b>(1)</b>    | <b>985</b>                   | <b>985</b>    | <b>—</b>      |
| <b>Adjusted pre-tax income</b>                     | <b>\$ 201</b>                  | <b>\$ 180</b> | <b>12 %</b>   | <b>\$ 388</b>                | <b>\$ 421</b> | <b>(8) %</b>  |
| <b>Base net investment spread:</b>                 |                                |               |               |                              |               |               |
| Base yield*                                        | 4.29 %                         | 3.92 %        | 37 bps        | 4.25 %                       | 3.90 %        | 35 bps        |
| Cost of funds                                      | 2.74                           | 2.60          | 14            | 2.72                         | 2.60          | 12            |
| <b>Base net investment spread</b>                  | <b>1.55 %</b>                  | <b>1.32 %</b> | <b>23 bps</b> | <b>1.53 %</b>                | <b>1.30 %</b> | <b>23 bps</b> |

\* Includes returns from base portfolio including accretion and income (loss) from certain other invested assets.

## Business and Financial Highlights

### Adjusted Pre-Tax Income (Loss) Comparison for the Three Months Ended June 30, 2023 and 2022

Adjusted pre-tax income increased \$21 million primarily due to higher net investment spread income (\$12 million) primarily driven by higher base portfolio spread income (\$23 million), partially offset by lower alternative investment income (\$14 million).

### Adjusted Pre-Tax Income (Loss) Comparison for the Six Months Ended June 30, 2023 and 2022

Adjusted pre-tax income decreased \$33 million primarily due to:

- lower net investment spread income (\$23 million) primarily driven by lower alternative investment income (\$87 million), partially offset by higher base portfolio spread income (\$56 million) and higher yield enhancement income (\$8 million); and
- lower policy and advisory fee income, net of advisory fee expenses of (\$16 million) due to lower average separate account assets driven by negative net flows and the prior year decline in equity markets.

## GROUP RETIREMENT GAAP PREMIUMS, PREMIUMS AND DEPOSITS, SURRENDERS AND NET FLOWS

Premiums and deposits are a non-GAAP financial measure that includes, in addition to direct and assumed premiums, deposits received on investment-type annuity contracts, FHLB funding agreements and mutual funds under administration.

Net flows for annuity products included in Group Retirement represent premiums and deposits less death, surrender and other withdrawal benefits. Net flows for mutual funds represent deposits less withdrawals. Client deposits into advisory and brokerage accounts less total client withdrawals from advisory and brokerage accounts, are not included in net flows, but do contribute to growth in assets under administration and advisory fee income.

The following table presents a reconciliation of Group Retirement GAAP premiums to premiums and deposits and net flows:

| (in millions)                 | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                   |
|-------------------------------|--------------------------------|-----------------|------------------------------|-------------------|
|                               | 2023                           | 2022            | 2023                         | 2022              |
| Premiums                      | \$ 4                           | \$ 5            | \$ 10                        | \$ 13             |
| Deposits                      | 1,919                          | 1,767           | 4,159                        | 3,647             |
| <b>Premiums and deposits*</b> | <b>\$ 1,923</b>                | <b>\$ 1,772</b> | <b>\$ 4,169</b>              | <b>\$ 3,660</b>   |
| <b>Net Flows</b>              | <b>\$ (1,746)</b>              | <b>\$ (548)</b> | <b>\$ (2,565)</b>            | <b>\$ (1,367)</b> |

\* Excludes client deposits into advisory and brokerage accounts of \$1.1 billion and \$1.2 billion for the six months ended June 30, 2023 and 2022, respectively.

### Premiums and Deposits and Net Flow Comparison for the Three Months Ended June 30, 2023 and 2022

Net outflows were \$1.2 billion higher compared to the prior year primarily due to higher surrenders and withdrawals (\$1.4 billion), partially offset by higher premiums and deposits (\$151 million) and lower death and payout annuity benefits (\$29 million). Large plan acquisitions and surrenders resulted in lower net flows of (\$705 million) compared to the prior year. Excluding large plan acquisitions and surrenders, net outflows were concentrated in variable annuity products with higher contractual guaranteed minimum crediting rates.

### Premiums and Deposits and Net Flow Comparison for the Six Months Ended June 30, 2023 and 2022

Net outflows were \$1.2 billion higher compared to the prior year primarily due to higher surrenders and withdrawals (\$1.8 billion), partially offset by higher premiums and deposits (\$509 million) and lower death and payout annuity benefits (\$46 million). Large plan acquisitions and surrenders resulted in lower net flows of (\$377 million) compared to the prior year. Excluding large plan acquisitions and surrenders, net outflows were concentrated in variable annuity products with higher contractual guaranteed minimum crediting rates.

The following table presents Group Retirement surrenders rates:

|                 | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       |
|-----------------|--------------------------------|-------|------------------------------|-------|
|                 | 2023                           | 2022  | 2023                         | 2022  |
| Surrender rates | 13.0 %                         | 7.7 % | 12.0 %                       | 8.2 % |

The following table presents account value for Group Retirement annuities by surrender charge category:

| <i>(in millions)</i>                     | June 30, 2023 <sup>(a)</sup> |               | December 31, 2022 <sup>(b)</sup> |               |
|------------------------------------------|------------------------------|---------------|----------------------------------|---------------|
| No surrender charge <sup>(b)</sup>       | \$                           | 71,221        | \$                               | 69,885        |
| Greater than 0% - 2%                     |                              | 1,208         |                                  | 454           |
| Greater than 2% - 4%                     |                              | 1,797         |                                  | 435           |
| Greater than 4%                          |                              | 5,210         |                                  | 6,281         |
| Non-surrenderable                        |                              | 486           |                                  | 945           |
| <b>Total account value<sup>(c)</sup></b> | <b>\$</b>                    | <b>79,922</b> | <b>\$</b>                        | <b>78,000</b> |

(a) Excludes mutual fund assets under administration of \$26.7 billion and \$24.0 billion at June 30, 2023 and December 31, 2022, respectively.

(b) Group Retirement amounts in this category include account values in the general account of approximately \$4.3 billion and \$4.5 billion at June 30, 2023 and December 31, 2022, respectively, which are subject to 20 percent annual withdrawal limitations at the participant level and account value in the general account of \$5.5 billion and \$5.8 billion at June 30, 2023 and December 31, 2022, respectively, which are subject to 20 percent annual withdrawal limitations at the plan level.

(c) Includes payout Immediate Annuities and funding agreements.

Group Retirement annuity deposits are typically subject to a five- to seven-year surrender charge period, depending on the product. At June 30, 2023, Group Retirement annuity account value with no surrender charge increased compared to December 31, 2022 primarily due to increases in assets under management from higher equity markets.

## LIFE INSURANCE RESULTS

| <i>(in millions)</i>                               | Three Months Ended<br>June 30, |               |               | Six Months Ended<br>June 30, |               |               |
|----------------------------------------------------|--------------------------------|---------------|---------------|------------------------------|---------------|---------------|
|                                                    | 2023                           | 2022          | Change        | 2023                         | 2022          | Change        |
| <b>Adjusted revenues:</b>                          |                                |               |               |                              |               |               |
| Premiums                                           | \$ 563                         | \$ 556        | 1 %           | \$ 1,105                     | \$ 1,103      | — %           |
| Policy fees                                        | 371                            | 390           | (5)           | 746                          | 774           | (4)           |
| Net investment income                              | 329                            | 352           | (7)           | 646                          | 708           | (9)           |
| Other income                                       | 17                             | 16            | 6             | 32                           | 40            | (20)          |
| <b>Total adjusted revenues</b>                     | <b>1,280</b>                   | <b>1,314</b>  | <b>(3)</b>    | <b>2,529</b>                 | <b>2,625</b>  | <b>(4)</b>    |
| <b>Benefits and expenses:</b>                      |                                |               |               |                              |               |               |
| Policyholder benefits                              | 827                            | 815           | 1             | 1,635                        | 1,637         | —             |
| Interest credited to policyholder account balances | 85                             | 87            | (2)           | 167                          | 172           | (3)           |
| Amortization of deferred policy acquisition costs  | 102                            | 104           | (2)           | 201                          | 210           | (4)           |
| Non deferrable insurance commissions               | 22                             | 28            | (21)          | 39                           | 46            | (15)          |
| Advisory fee expenses                              | (1)                            | —             | NM            | 1                            | —             | NM            |
| General operating expenses                         | 167                            | 159           | 5             | 326                          | 325           | —             |
| Interest expense                                   | —                              | 1             | NM            | —                            | 2             | NM            |
| <b>Total benefits and expenses</b>                 | <b>1,202</b>                   | <b>1,194</b>  | <b>1</b>      | <b>2,369</b>                 | <b>2,392</b>  | <b>(1)</b>    |
| <b>Adjusted pre-tax income</b>                     | <b>\$ 78</b>                   | <b>\$ 120</b> | <b>(35) %</b> | <b>\$ 160</b>                | <b>\$ 233</b> | <b>(31) %</b> |

## Business and Financial Highlights

### Adjusted Pre-Tax Income (Loss) Comparison for the Three Months Ended June 30, 2023 and 2022

Adjusted pre-tax income decreased \$42 million primarily due to lower net investment income, net of interest credited (\$21 million), primarily driven by lower alternative investment and yield enhancement income (\$44 million) primarily due to lower equity partnership performance and reduced gains on calls partially offset by higher base portfolio income, net of interest credited (\$23 million).

### Adjusted Pre-Tax Income (Loss) Comparison for the Six Months Ended June 30, 2023 and 2022

Adjusted pre-tax income decreased \$73 million primarily due to lower net investment income, net of interest credited (\$57 million), primarily driven by lower alternative investment and yield enhancement income (\$94 million) primarily due to lower equity partnership performance and reduced gains on calls partially offset by higher base portfolio income, net of interest credited (\$37 million).

## LIFE INSURANCE GAAP PREMIUMS AND PREMIUMS AND DEPOSITS

Premiums for Life Insurance represent amounts received on traditional life insurance policies, primarily term life and international life and health. Premiums, excluding the effect of foreign exchange, increased \$5 million and \$17 million in the three and six months ended June 30, 2023, respectively, compared to the same periods in 2022. Premiums and deposits for Life Insurance is a non-GAAP financial measure that includes direct and assumed premiums as well as deposits received on universal life insurance.

Premiums and deposits, excluding the effect of foreign exchange, increased \$17 million and \$29 million in the three and six months ended June 30, 2023, respectively, compared to the same periods in 2022 primarily due to growth in international life premiums.

The following table presents a reconciliation of Life Insurance GAAP premiums to premiums and deposits:

| (in millions)                | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
|                              | 2023                           | 2022            | 2023                         | 2022            |
| Premiums                     | \$ 563                         | \$ 556          | \$ 1,105                     | \$ 1,103        |
| Deposits                     | 384                            | 388             | 782                          | 785             |
| Other*                       | 229                            | 213             | 445                          | 438             |
| <b>Premiums and deposits</b> | <b>\$ 1,176</b>                | <b>\$ 1,157</b> | <b>\$ 2,332</b>              | <b>\$ 2,326</b> |

\* Other principally consists of adding back ceded premiums to reflect the gross premiums and deposits.

## INSTITUTIONAL MARKETS RESULTS

| (in millions)                                      | Three Months Ended<br>June 30, |              |             | Six Months Ended<br>June 30, |               |             |
|----------------------------------------------------|--------------------------------|--------------|-------------|------------------------------|---------------|-------------|
|                                                    | 2023                           | 2022         | Change      | 2023                         | 2022          | Change      |
| <b>Adjusted revenues:</b>                          |                                |              |             |                              |               |             |
| Premiums                                           | \$ 1,911                       | \$ 496       | 285 %       | \$ 3,486                     | \$ 734        | 375 %       |
| Policy fees                                        | 49                             | 49           | —           | 98                           | 96            | 2           |
| Net investment income                              | 408                            | 241          | 69          | 739                          | 504           | 47          |
| Other income                                       | —                              | —            | NM          | —                            | 1             | NM          |
| <b>Total adjusted revenues</b>                     | <b>2,368</b>                   | <b>786</b>   | <b>201</b>  | <b>4,323</b>                 | <b>1,335</b>  | <b>224</b>  |
| <b>Benefits and expenses:</b>                      |                                |              |             |                              |               |             |
| Policyholder benefits                              | 2,081                          | 612          | 240         | 3,799                        | 962           | 295         |
| Interest credited to policyholder account balances | 133                            | 71           | 87          | 256                          | 130           | 97          |
| Amortization of deferred policy acquisition costs  | 2                              | 2            | —           | 4                            | 3             | 33          |
| Non deferrable insurance commissions               | 4                              | 5            | (20)        | 9                            | 11            | (18)        |
| General operating expenses                         | 21                             | 18           | 17          | 44                           | 37            | 19          |
| Interest expense                                   | —                              | 1            | NM          | —                            | 1             | NM          |
| <b>Total benefits and expenses</b>                 | <b>2,241</b>                   | <b>709</b>   | <b>216</b>  | <b>4,112</b>                 | <b>1,144</b>  | <b>259</b>  |
| <b>Adjusted pre-tax income</b>                     | <b>\$ 127</b>                  | <b>\$ 77</b> | <b>65 %</b> | <b>\$ 211</b>                | <b>\$ 191</b> | <b>10 %</b> |

## Business and Financial Highlights

### Adjusted Pre-Tax Income (Loss) Comparison for the Three Months Ended June 30, 2023 and 2022

Adjusted pre-tax income increased \$50 million primarily due to:

- higher premiums primarily on new pension risk transfer business (\$1.4 billion); and
- higher net investment income (\$167 million) primarily driven by higher base portfolio income (\$136 million), and higher alternative investment income (\$29 million).

Partially offset by:

- higher policyholder benefits primarily on new pension risk transfer business (\$1.5 billion); and
- higher interest credited on policyholder account balances, primarily related to the GIC business (\$62 million).

### Adjusted Pre-Tax Income (Loss) Comparison for the Six Months Ended June 30, 2023 and 2022

Adjusted pre-tax income increased \$20 million primarily due to:

- higher premiums primarily on new pension risk transfer business (\$2.8 billion); and
- higher net investment income (\$235 million) primarily driven by higher base portfolio income.

Partially offset by:

- higher policyholder benefits (including interest accretion) primarily on new pension risk transfer business (\$2.8 billion); and
- higher interest credited on policyholder account balances, primarily related to the GIC business (\$126 million).

### INSTITUTIONAL MARKETS GAAP PREMIUMS AND PREMIUMS AND DEPOSITS

Premiums for Institutional Markets primarily represent amounts received on pension risk transfer or structured settlement annuities with life contingencies. Premiums increased \$1.4 billion and \$2.8 billion in the three and six months ended June 30, 2023, respectively, compared to the same periods in 2022 primarily driven by the transactional nature of the pension risk transfer business (direct and assumed reinsurance).

Premiums and deposits for Institutional Markets is a non-GAAP financial measure that includes direct and assumed premiums as well as deposits received on investment-type annuity contracts. Deposits primarily include GICs, FHLB funding agreements and structured settlement annuities with no life contingencies.

Premiums and deposits increased \$2.4 billion and \$4.2 billion in the three and six months ended June 30, 2023, respectively, compared to the same periods in 2022 primarily due to higher premiums on pension risk transfer business and higher deposits on new GICs.

The following table presents a reconciliation of Institutional Markets GAAP premiums to premiums and deposits:

| (in millions)                | Three Months Ended<br>June 30, |               | Six Months Ended<br>June 30, |               |
|------------------------------|--------------------------------|---------------|------------------------------|---------------|
|                              | 2023                           | 2022          | 2023                         | 2022          |
| Premiums                     | \$ 1,911                       | \$ 496        | \$ 3,486                     | \$ 734        |
| Deposits                     | 991                            | 46            | 1,572                        | 128           |
| Other*                       | 8                              | 8             | 15                           | 15            |
| <b>Premiums and deposits</b> | <b>\$ 2,910</b>                | <b>\$ 550</b> | <b>\$ 5,073</b>              | <b>\$ 877</b> |

\* Other principally consists of adding back ceded premiums to reflect the gross premiums and deposits.

## Other Operations

Other Operations primarily consists of income from assets held by AIG Parent and other corporate subsidiaries, deferred tax assets related to tax attributes, corporate expenses and intercompany eliminations, our institutional asset management business and results of our consolidated investment entities, General Insurance portfolios in run-off as well as the historical results of our legacy insurance lines ceded to Fortitude Re.

### OTHER OPERATIONS RESULTS

| (in millions)                                                      | Three Months Ended<br>June 30, |                 |             | Six Months Ended<br>June 30, |                 |              |
|--------------------------------------------------------------------|--------------------------------|-----------------|-------------|------------------------------|-----------------|--------------|
|                                                                    | 2023                           | 2022            | Change      | 2023                         | 2022            | Change       |
| <b>Adjusted revenues:</b>                                          |                                |                 |             |                              |                 |              |
| Premiums                                                           | \$ 16                          | \$ 20           | (20) %      | \$ 33                        | \$ 50           | (34) %       |
| Net investment income:                                             |                                |                 |             |                              |                 |              |
| Interest and dividends                                             | 87                             | 97              | (10)        | 203                          | 160             | 27           |
| Alternative investments                                            | 3                              | 167             | (98)        | 23                           | 436             | (95)         |
| Other investment income (loss)                                     | (2)                            | (62)            | 97          | (16)                         | (147)           | 89           |
| Investment expenses                                                | (2)                            | (4)             | 50          | (12)                         | (13)            | 8            |
| Total net investment income                                        | 86                             | 198             | (57)        | 198                          | 436             | (55)         |
| Other income                                                       | 9                              | (11)            | NM          | 12                           | 15              | (20)         |
| <b>Total adjusted revenues</b>                                     | <b>111</b>                     | <b>207</b>      | <b>(46)</b> | <b>243</b>                   | <b>501</b>      | <b>(51)</b>  |
| <b>Benefits, losses and expenses:</b>                              |                                |                 |             |                              |                 |              |
| Policyholder benefits and losses incurred                          | 2                              | 6               | (67)        | 6                            | 23              | (74)         |
| Acquisition expenses:                                              |                                |                 |             |                              |                 |              |
| Amortization of deferred policy acquisition costs                  | —                              | 2               | NM          | —                            | 5               | NM           |
| Other acquisition expenses                                         | (2)                            | (2)             | —           | (3)                          | (2)             | (50)         |
| <b>Total acquisition expenses</b>                                  | <b>(2)</b>                     | <b>—</b>        | <b>NM</b>   | <b>(3)</b>                   | <b>3</b>        | <b>NM</b>    |
| General operating expenses:                                        |                                |                 |             |                              |                 |              |
| Corporate and Other                                                | 242                            | 245             | (1)         | 480                          | 510             | (6)          |
| Asset Management                                                   | 7                              | 8               | (13)        | 14                           | 30              | (53)         |
| Amortization of intangible assets                                  | 8                              | 10              | (20)        | 18                           | 20              | (10)         |
| Total General operating expenses                                   | 257                            | 263             | (2)         | 512                          | 560             | (9)          |
| Interest expense:                                                  |                                |                 |             |                              |                 |              |
| Corporate and Other                                                | 245                            | 216             | 13          | 485                          | 444             | 9            |
| Asset Management*                                                  | 32                             | 53              | (40)        | 100                          | 90              | 11           |
| Total interest expense                                             | 277                            | 269             | 3           | 585                          | 534             | 10           |
| <b>Total benefits, losses and expenses</b>                         | <b>534</b>                     | <b>538</b>      | <b>(1)</b>  | <b>1,100</b>                 | <b>1,120</b>    | <b>(2)</b>   |
| <b>Adjusted pre-tax loss before consolidation and eliminations</b> | <b>(423)</b>                   | <b>(331)</b>    | <b>(28)</b> | <b>(857)</b>                 | <b>(619)</b>    | <b>(38)</b>  |
| Consolidation and eliminations                                     | 3                              | (130)           | NM          | (54)                         | (263)           | 79           |
| <b>Adjusted pre-tax loss</b>                                       | <b>\$ (420)</b>                | <b>\$ (461)</b> | <b>9 %</b>  | <b>\$ (911)</b>              | <b>\$ (882)</b> | <b>(3) %</b> |
| Adjusted pre-tax income (loss) by activities:                      |                                |                 |             |                              |                 |              |
| Corporate and Other                                                | \$ (414)                       | \$ (494)        | 16 %        | \$ (849)                     | \$ (1,041)      | 18 %         |
| Asset Management                                                   | (9)                            | 163             | NM          | (8)                          | 422             | NM           |
| Consolidation and eliminations                                     | 3                              | (130)           | NM          | (54)                         | (263)           | 79           |
| <b>Adjusted pre-tax loss</b>                                       | <b>\$ (420)</b>                | <b>\$ (461)</b> | <b>9 %</b>  | <b>\$ (911)</b>              | <b>\$ (882)</b> | <b>(3) %</b> |

\* Interest – Asset Management primarily represents interest expense on consolidated investment entities of \$30 million and \$51 million in the three months ended June 30, 2023 and 2022, respectively, and \$96 million and \$87 million in the six months ended June 30, 2023 and 2022, respectively.

### THREE MONTHS ENDED JUNE 30, 2023 AND 2022 COMPARISON

Adjusted pre-tax loss before consolidation and eliminations of \$423 million in 2023 compared to \$331 million in 2022, an increase of \$92 million, was primarily due to:

- lower net investment income associated with consolidated investment entities of \$212 million, partially offset by the non-recurrence of 2022 mark to market losses on Collateralized Loan Obligations (CLO) of \$119 million; and
- higher corporate interest expense of \$8 million primarily driven by interest expense of \$45 million on the \$6.5 billion Corebridge senior unsecured notes, \$1.5 billion draw down on Corebridge 3-Year Delayed Draw Term Loan and \$1.0 billion junior subordinated debt issued by Corebridge in 2022 and interest expense associated with consolidated investments entities due to higher rates of \$20 million, partially offset by interest savings of \$15 million from \$1.8 billion debt repurchases, through cash tender offers and debt redemption in 2022.

Adjusted pre-tax gain on consolidation and eliminations of \$3 million in 2023 compared to losses of \$130 million in 2022, a decrease of \$133 million, was primarily due to the elimination of the insurance companies' net investment income from their investment in the consolidated investment entities of \$124 million.

### SIX MONTHS ENDED JUNE 30, 2023 AND 2022 COMPARISON

Adjusted pre-tax loss before consolidation and eliminations of \$857 million in 2023 compared to \$619 million in 2022, an increase of \$238 million, was primarily due to:

- lower net investment income associated with consolidated investment entities of \$429 million, partially offset by the absence of 2022 mark to market losses on CLO of \$248 million;
- higher corporate interest expense of \$51 million primarily driven by interest expense of \$151 million on the \$6.5 billion Corebridge senior unsecured notes, \$1.5 billion draw down on Corebridge 3-Year Delayed Draw Term Loan and \$1.0 billion junior subordinated debt issued by Corebridge in 2022, partially offset by interest savings of \$110 million from \$9.4 billion debt repurchases, through cash tender offers and debt redemption in 2022; and
- lower general operating expenses of \$48 million primarily driven by a reduction in employee-related costs of \$22 million and other operating expenses of \$26 million.

Adjusted pre-tax loss on consolidation and eliminations of \$54 million in 2023 compared to \$263 million in 2022, a decrease of \$209 million, was primarily due to the elimination of the insurance companies' net investment income from their investment in the consolidated investment entities of \$213 million.

## Investments

### OVERVIEW

Our investment strategies are tailored to the specific business needs of each operating unit by targeting an asset allocation mix that supports estimated cash flows of our outstanding liabilities and provides diversification from an asset class, sector, issuer, and geographic perspective. The primary objectives are generation of investment income, preservation of capital, liquidity management and growth of surplus. The majority of assets backing our insurance liabilities consist of fixed maturity securities.

Over the past several quarters inflation has continued to remain elevated, which has led to the most significant increases in interest rates by the Board of Governors of the Federal Reserve System. This has also led to a significant rise in interest rates across the yield curve and a widening of credit spreads reflecting ongoing recession concerns.

#### Our Investment Management Agreements with Blackstone Inc.

In 2021, AIG entered into a long-term asset management relationship with Blackstone Inc. and its investment advisory affiliates (Blackstone), pursuant to which Blackstone initially managed \$50 billion of Corebridge's existing investment portfolio, with that amount increasing to an aggregate of \$92.5 billion over the next five years. As of June 30, 2023, Blackstone manages \$53 billion in book value of assets in Corebridge's investment portfolio. As these assets run-off, we expect Blackstone to reinvest primarily in Blackstone-originated investments across a range of asset classes, including private and structured credit, and commercial and residential real estate securitized and whole loans. We continue to manage asset allocation and portfolio-level risk management decisions with respect to any assets managed by Blackstone, ensuring that we maintain a consistent level of oversight across our entire investment portfolio considering our asset-liability matching needs, risk appetite and capital positions.

#### Our Investment Management Agreements with BlackRock, Inc.

Since April 2022, AIG and Corebridge insurance company subsidiaries have entered into separate investment management agreements with BlackRock, Inc. and its investment advisory affiliates (BlackRock). Certain additional insurance company subsidiaries will also enter into such investment management agreements over the coming months. As of June 30, 2023, BlackRock manages \$148 billion of our investment portfolio, consisting of liquid fixed income and certain private placement assets, including \$72 billion of Corebridge assets. In addition, liquid fixed income assets associated with the Fortitude Re portfolio were separately transferred to BlackRock for management.

*For additional information, see Note 1 to the Condensed Consolidated Financial Statements.*

### INVESTMENT HIGHLIGHTS IN THE SIX MONTHS ENDED JUNE 30, 2023

- Blended investment yields on new investments are higher than blended rates on investments that were sold, matured or called during this period. We continued to make investments in structured securities and other fixed maturity securities with attractive risk-adjusted return characteristics to improve yields and increase net investment income.
- The higher interest rate environment has contributed to higher income in the base portfolio for the six months ended June 30, 2023 compared to the same period in the prior year. Total Net investment income decreased for the six months ended June 30, 2023 compared to the same period in the prior year, primarily due to lower returns in our private equity and hedge fund portfolios and lower income in our available for sale fixed security portfolio primarily driven by lower call and prepayment income.

### INVESTMENT STRATEGIES

Investment strategies are assessed at the segment level and involve considerations that include local and general market and economic conditions, duration and cash flow management, risk appetite and volatility constraints, rating agency and regulatory capital considerations, tax, regulatory and legal investment limitations, and, as applicable, environmental, social and governance considerations.

Some of our key investment strategies are as follows:

- Our fundamental strategy across the portfolios is to seek investments with similar characteristics to the associated insurance liabilities to the extent practicable.
- We seek to purchase investments that offer enhanced yield through illiquidity premiums, such as private placements and commercial mortgage loans, which also add portfolio diversification. These assets typically afford credit protections through covenants, ability to customize structures that meet our insurance liability needs, and deeper due diligence given information access.

- Given our global presence, we seek investments that provide diversification from investments available in local markets. To the extent we purchase these investments, we generally hedge any currency risk using derivatives, which could provide opportunities to earn higher risk adjusted returns compared to investments in the functional currency.
- AIG Parent, included in Other Operations, actively manages its assets and liabilities, counterparties and duration. AIG Parent's liquidity sources are held primarily in the form of cash and short-term investments. This strategy allows us to both diversify our sources of liquidity and reduce the cost of maintaining sufficient liquidity.
- Within the U.S., the Life and Retirement and General Insurance investments are generally split between reserve backing and surplus portfolios.
  - Insurance reserves are backed mainly by investment grade fixed maturity securities that meet our duration, risk-return, tax, liquidity, credit quality and diversification objectives. We assess asset classes based on their fundamental underlying risk factors, including credit (public and private), commercial real estate and residential real estate, regardless of whether such investments are bonds, loans, or structured products.
  - Surplus investments seek to enhance portfolio returns and are generally comprised of a mix of fixed maturity investment grade and below investment grade securities and various alternative asset classes, including private equity, real estate equity, and hedge funds. Over the past few years, hedge fund investments have been reduced.
- Outside of the U.S., fixed maturity securities held by our insurance companies consist primarily of investment-grade securities generally denominated in the currencies of the countries in which we operate.
- We also utilize derivatives to manage our asset and liability duration as well as currency exposures.

## Asset-Liability Management

The investment strategy within the General Insurance companies focuses on growth of surplus, maintenance of sufficient liquidity for unanticipated insurance claims, and preservation of capital. General Insurance invests primarily in fixed maturity securities issued by corporations, municipalities and other governmental agencies; structured securities collateralized by, among other assets, residential and commercial real estate; and commercial mortgage loans. Fixed maturity securities of the General Insurance companies' North America operations have an average duration of 4.1 years. Fixed maturity securities of the General Insurance companies' International operations have an average duration of 3.3 years.

While invested assets backing reserves of the General Insurance companies are primarily invested in conventional liquid fixed maturity securities, we have continued to allocate to asset classes that offer higher yields through structural and illiquidity premiums, particularly in our North America operations. In addition, we continue to invest in both fixed rate and floating rate asset-backed investments to manage our exposure to potential changes in interest rates and inflation. We seek to diversify the portfolio across asset classes, sectors and issuers to mitigate idiosyncratic portfolio risks.

In addition, a portion of the surplus of General Insurance companies is invested in a diversified portfolio of alternative investments that seek to balance liquidity, volatility and growth of surplus. Although these alternative investments are subject to periodic earnings fluctuations, they have historically achieved yields in excess of the fixed maturity portfolio yields and have provided added diversification to the broader portfolio.

The investment strategy of the Life and Retirement companies is to provide net investment income to back liabilities that result in stable distributable earnings and enhance portfolio value, subject to asset-liability management, capital, liquidity and regulatory constraints.

The Life and Retirement companies use asset-liability management as a primary tool to monitor and manage risk in their businesses. The Life and Retirement companies maintain a diversified, high-to-medium quality portfolio of fixed maturity securities issued by corporations, municipalities and other governmental agencies; structured securities collateralized by, among other assets, residential and commercial real estate; and commercial mortgage loans that, to the extent practicable, match the duration characteristics of the liabilities. We seek to diversify the portfolio across asset classes, sectors, and issuers to mitigate idiosyncratic portfolio risks. The investment portfolio of each product line is tailored to the specific characteristics of its insurance liabilities, and as a result, duration varies between distinct portfolios. The interest rate environment has a direct impact on the asset-liability management profile of the businesses, and changes in the interest rate environment may result in the need to lengthen or shorten the duration of the portfolio. In a rising rate environment, we may shorten the duration of the investment portfolio.

Fixed maturity securities of the Life and Retirement companies' domestic operations have an average duration of 7.1 years.

In addition, the Life and Retirement companies seek to enhance surplus portfolio returns through investments in a diversified portfolio of alternative investments. Although these alternative investments are subject to periodic earnings fluctuations, they have historically achieved returns in excess of the fixed maturity portfolio returns.

## National Association of Insurance Commissioners (NAIC) Designations of Fixed Maturity Securities

The Securities Valuation Office (SVO) of the NAIC evaluates the investments of U.S. insurers for statutory reporting purposes and assigns fixed maturity securities to one of six categories called NAIC Designations. In general, NAIC Designations of '1' highest quality, or '2' high quality, include fixed maturity securities considered investment grade, while NAIC Designations of '3' through '6' generally include fixed maturity securities referred to as below investment grade. NAIC Designations for non-agency Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS) are calculated using third party modeling results provided through the NAIC. These methodologies result in an improved NAIC Designation for such securities compared to the rating typically assigned by the three major rating agencies. The following tables summarize the ratings distribution of AIG subsidiaries' fixed maturity security portfolio by NAIC Designation, and the distribution by composite AIG credit rating, which is generally based on ratings of the three major rating agencies. For fixed maturity securities where no NAIC Designation is assigned or able to be calculated using third-party data, the NAIC Designation category used in the first table below reflects an internal rating.

The NAIC Designations presented below do not reflect the added granularity to the designation categories adopted by the NAIC in 2020, which further subdivide each category of fixed maturity securities by appending letter modifiers to the numerical designations.

For a full description of the composite AIG credit ratings, see Credit Ratings below.

The following table presents the fixed maturity security portfolio categorized by NAIC Designation, at fair value:

| June 30, 2023                                    |                   |                  |                        |                 |                 |               |               |                              |                   |  |
|--------------------------------------------------|-------------------|------------------|------------------------|-----------------|-----------------|---------------|---------------|------------------------------|-------------------|--|
| (in millions)                                    |                   |                  |                        |                 |                 |               |               |                              |                   |  |
| NAIC Designation                                 | 1                 | 2                | Total Investment Grade | 3               | 4               | 5             | 6             | Total Below Investment Grade | Total             |  |
| Other fixed maturity securities                  | \$ 87,566         | \$ 65,945        | \$ 153,511             | \$ 6,502        | \$ 5,186        | \$ 600        | \$ 49         | \$ 12,337                    | \$ 165,848        |  |
| Mortgage-backed, asset-backed and collateralized | 54,046            | 6,971            | 61,017                 | 290             | 143             | 15            | 146           | 594                          | 61,611            |  |
| <b>Total*</b>                                    | <b>\$ 141,612</b> | <b>\$ 72,916</b> | <b>\$ 214,528</b>      | <b>\$ 6,792</b> | <b>\$ 5,329</b> | <b>\$ 615</b> | <b>\$ 195</b> | <b>\$ 12,931</b>             | <b>\$ 227,459</b> |  |

\* Excludes \$12 million of fixed maturity securities for which no NAIC Designation is available.

The following table presents the fixed maturity security portfolio categorized by composite AIG credit rating, at fair value:

| June 30, 2023                                    |                   |                  |                        |                 |                 |                 |                              |                   |  |  |
|--------------------------------------------------|-------------------|------------------|------------------------|-----------------|-----------------|-----------------|------------------------------|-------------------|--|--|
| (in millions)                                    |                   |                  |                        |                 |                 |                 |                              |                   |  |  |
| Composite AIG Credit Rating                      | AAA/AA/A          | BBB              | Total Investment Grade | BB              | B               | CCC and Lower   | Total Below Investment Grade | Total             |  |  |
| Other fixed maturity securities                  | \$ 90,120         | \$ 62,934        | \$ 153,054             | \$ 6,672        | \$ 5,471        | \$ 651          | \$ 12,794                    | \$ 165,848        |  |  |
| Mortgage-backed, asset-backed and collateralized | 48,246            | 7,783            | 56,029                 | 478             | 435             | 4,669           | 5,582                        | 61,611            |  |  |
| <b>Total*</b>                                    | <b>\$ 138,366</b> | <b>\$ 70,717</b> | <b>\$ 209,083</b>      | <b>\$ 7,150</b> | <b>\$ 5,906</b> | <b>\$ 5,320</b> | <b>\$ 18,376</b>             | <b>\$ 227,459</b> |  |  |

\* Excludes \$12 million of fixed maturity securities for which no NAIC Designation is available.

## CREDIT RATINGS

At June 30, 2023, approximately 89 percent of our fixed maturity securities were held by our domestic entities. Approximately 92 percent of these securities were rated investment grade by one or more of the principal rating agencies.

Moody's Investors Service Inc. (Moody's), Standard & Poor's Financial Services LLC, a subsidiary of S&P Global Inc. (S&P), or similar foreign rating services rate a significant portion of our foreign entities' fixed maturity securities portfolio. Rating services are not available for some foreign-issued securities. Our Credit Risk Management closely reviews the credit quality of the foreign portfolio's non-rated fixed maturity securities. At June 30, 2023, approximately 93 percent of such investments were either rated investment grade or, on the basis of analysis of our investment managers, were equivalent from a credit standpoint to securities rated investment grade. Approximately 28 percent of the foreign entities' fixed maturity securities portfolio is comprised of sovereign fixed maturity securities supporting policy liabilities in the country of issuance.

## Composite AIG Credit Ratings

With respect to our fixed maturity securities, the credit ratings in the table below and in subsequent tables reflect: (i) a composite of the ratings of the three major rating agencies, or when agency ratings are not available, the NAIC Designation assigned by the NAIC SVO (99 percent of total fixed maturity securities), or (ii) our internal ratings when these investments have not been rated by any of the major rating agencies or the NAIC. The "Non-rated" category in those tables consists of fixed maturity securities that have not been rated by any of the major rating agencies, the NAIC or us.

For information regarding credit risks associated with investments see Part II, Item 7. MD&A – Enterprise Risk Management in the 2022 Annual Report.

The following table presents the composite AIG credit ratings of our fixed maturity securities calculated on the basis of their fair value:

| (in millions)                                           | Available for Sale |                   | Other           |                   | Total             |                   |
|---------------------------------------------------------|--------------------|-------------------|-----------------|-------------------|-------------------|-------------------|
|                                                         | June 30, 2023      | December 31, 2022 | June 30, 2023   | December 31, 2022 | June 30, 2023     | December 31, 2022 |
| <b>Rating:</b>                                          |                    |                   |                 |                   |                   |                   |
| <b>Other fixed maturity securities</b>                  |                    |                   |                 |                   |                   |                   |
| AAA                                                     | \$ 13,124          | \$ 13,477         | \$ 39           | \$ 36             | \$ 13,163         | \$ 13,513         |
| AA                                                      | 32,620             | 31,061            | 774             | 810               | 33,394            | 31,871            |
| A                                                       | 43,354             | 45,618            | 210             | 244               | 43,564            | 45,862            |
| BBB                                                     | 61,660             | 63,173            | 1,273           | 1,043             | 62,933            | 64,216            |
| Below investment grade                                  | 12,289             | 16,538            | 434             | 432               | 12,723            | 16,970            |
| Non-rated                                               | 79                 | 175               | 4               | 4                 | 83                | 179               |
| <b>Total</b>                                            | <b>\$ 163,126</b>  | <b>\$ 170,042</b> | <b>\$ 2,734</b> | <b>\$ 2,569</b>   | <b>\$ 165,860</b> | <b>\$ 172,611</b> |
| <b>Mortgage-backed, asset-backed and collateralized</b> |                    |                   |                 |                   |                   |                   |
| AAA                                                     | \$ 21,754          | \$ 20,729         | \$ 339          | \$ 253            | \$ 22,093         | \$ 20,982         |
| AA                                                      | 17,497             | 15,706            | 716             | 659               | 18,213            | 16,365            |
| A                                                       | 7,607              | 7,186             | 334             | 289               | 7,941             | 7,475             |
| BBB                                                     | 7,144              | 6,857             | 639             | 578               | 7,783             | 7,435             |
| Below investment grade                                  | 5,393              | 5,509             | 171             | 125               | 5,564             | 5,634             |
| Non-rated                                               | 9                  | 127               | 8               | 12                | 17                | 139               |
| <b>Total</b>                                            | <b>\$ 59,404</b>   | <b>\$ 56,114</b>  | <b>\$ 2,207</b> | <b>\$ 1,916</b>   | <b>\$ 61,611</b>  | <b>\$ 58,030</b>  |
| <b>Total</b>                                            |                    |                   |                 |                   |                   |                   |
| AAA                                                     | \$ 34,878          | \$ 34,206         | \$ 378          | \$ 289            | \$ 35,256         | \$ 34,495         |
| AA                                                      | 50,117             | 46,767            | 1,490           | 1,469             | 51,607            | 48,236            |
| A                                                       | 50,961             | 52,804            | 544             | 533               | 51,505            | 53,337            |
| BBB                                                     | 68,804             | 70,030            | 1,912           | 1,621             | 70,716            | 71,651            |
| Below investment grade                                  | 17,682             | 22,047            | 605             | 557               | 18,287            | 22,604            |
| Non-rated                                               | 88                 | 302               | 12              | 16                | 100               | 318               |
| <b>Total</b>                                            | <b>\$ 222,530</b>  | <b>\$ 226,156</b> | <b>\$ 4,941</b> | <b>\$ 4,485</b>   | <b>\$ 227,471</b> | <b>\$ 230,641</b> |

## Available-for-Sale Investments

The following table presents the fair value of our available-for-sale securities:

| (in millions)                                                    | June 30, 2023     | December 31, 2022 |
|------------------------------------------------------------------|-------------------|-------------------|
| <b>Bonds available for sale:</b>                                 |                   |                   |
| U.S. government and government sponsored entities                | \$ 6,169          | \$ 6,619          |
| Obligations of states, municipalities and political subdivisions | 11,146            | 12,099            |
| Non-U.S. governments                                             | 12,508            | 13,485            |
| Corporate debt                                                   | 133,303           | 137,839           |
| Mortgage-backed, asset-backed and collateralized:                |                   |                   |
| RMBS                                                             | 18,894            | 18,817            |
| CMBS                                                             | 13,749            | 14,193            |
| CLO/ABS                                                          | 26,761            | 23,104            |
| <b>Total mortgage-backed, asset-backed and collateralized</b>    | <b>59,404</b>     | <b>56,114</b>     |
| <b>Total bonds available for sale*</b>                           | <b>\$ 222,530</b> | <b>\$ 226,156</b> |

\* At June 30, 2023 and December 31, 2022, the fair value of bonds available for sale held by us that were below investment grade or not rated totaled \$17.8 billion and \$22.3 billion, respectively.

The following table presents the fair value of our aggregate credit exposures to non-U.S. governments for our fixed maturity securities:

| <i>(in millions)</i> | June 30, 2023    | December 31, 2022 |
|----------------------|------------------|-------------------|
| Canada               | \$ 1,312         | \$ 1,312          |
| Germany              | 889              | 856               |
| Japan                | 753              | 812               |
| France               | 620              | 636               |
| United Kingdom       | 504              | 446               |
| Indonesia            | 438              | 514               |
| Australia            | 410              | 441               |
| Chile                | 399              | 401               |
| Israel               | 380              | 368               |
| Mexico               | 368              | 379               |
| Other                | 6,481            | 7,386             |
| <b>Total</b>         | <b>\$ 12,554</b> | <b>\$ 13,551</b>  |

The following table presents the fair value of our aggregate European credit exposures by major sector for our fixed maturity securities:

| <i>(in millions)</i>               | June 30, 2023   |                       |                          |                     |                  | December 31, 2022 |
|------------------------------------|-----------------|-----------------------|--------------------------|---------------------|------------------|-------------------|
|                                    | Sovereign       | Financial Institution | Non-Financial Corporates | Structured Products | Total            | Total             |
| <b>Euro-Zone countries:</b>        |                 |                       |                          |                     |                  |                   |
| Germany                            | \$ 889          | \$ 179                | \$ 2,278                 | \$ —                | \$ 3,346         | \$ 3,422          |
| France                             | 620             | 1,585                 | 999                      | 14                  | 3,218            | 2,919             |
| Netherlands                        | 156             | 880                   | 965                      | 42                  | 2,043            | 2,060             |
| Belgium                            | 35              | 297                   | 905                      | 41                  | 1,278            | 1,256             |
| Ireland                            | 9               | 28                    | 411                      | 672                 | 1,120            | 1,167             |
| Spain                              | 11              | 261                   | 518                      | —                   | 790              | 684               |
| Luxembourg                         | 17              | 295                   | 313                      | —                   | 625              | 1,025             |
| Italy                              | 18              | 92                    | 463                      | —                   | 573              | 491               |
| Denmark                            | 205             | 63                    | 151                      | —                   | 419              | 374               |
| Finland                            | 20              | 47                    | 34                       | —                   | 101              | 97                |
| Other Euro-Zone                    | 239             | 16                    | 26                       | —                   | 281              | 276               |
| <b>Total Euro-Zone</b>             | <b>\$ 2,219</b> | <b>\$ 3,743</b>       | <b>\$ 7,063</b>          | <b>\$ 769</b>       | <b>\$ 13,794</b> | <b>\$ 13,771</b>  |
| <b>Remainder of Europe:</b>        |                 |                       |                          |                     |                  |                   |
| United Kingdom                     | \$ 504          | \$ 4,099              | \$ 8,008                 | \$ 802              | \$ 13,413        | \$ 12,492         |
| Switzerland                        | 25              | 556                   | 718                      | —                   | 1,299            | 1,449             |
| Norway                             | 263             | 95                    | 205                      | —                   | 563              | 607               |
| Sweden                             | 142             | 213                   | 108                      | —                   | 463              | 433               |
| Jersey (Channel Islands)           | 3               | 155                   | —                        | 133                 | 291              | 310               |
| Russian Federation                 | 2               | 1                     | 31                       | —                   | 34               | 34                |
| Other - Remainder of Europe        | 26              | 13                    | 43                       | 272                 | 354              | 160               |
| <b>Total - Remainder of Europe</b> | <b>\$ 965</b>   | <b>\$ 5,132</b>       | <b>\$ 9,113</b>          | <b>\$ 1,207</b>     | <b>\$ 16,417</b> | <b>\$ 15,485</b>  |
| <b>Total</b>                       | <b>\$ 3,184</b> | <b>\$ 8,875</b>       | <b>\$ 16,176</b>         | <b>\$ 1,976</b>     | <b>\$ 30,211</b> | <b>\$ 29,256</b>  |

## Investments in Municipal Bonds

At June 30, 2023, the U.S. municipal bond portfolio was composed primarily of essential service revenue bonds and high-quality tax-exempt bonds with 97 percent of the portfolio rated A or higher.

The following table presents the fair values of our available for sale U.S. municipal bond portfolio by state and municipal bond type:

| (in millions)    | June 30, 2023                  |                                |                 |                        | December 31, 2022<br>Total Fair Value |
|------------------|--------------------------------|--------------------------------|-----------------|------------------------|---------------------------------------|
|                  | State<br>General<br>Obligation | Local<br>General<br>Obligation | Revenue         | Total<br>Fair<br>Value |                                       |
| California       | \$ 555                         | \$ 415                         | \$ 1,511        | \$ 2,481               | \$ 2,599                              |
| New York         | 41                             | 169                            | 1,803           | 2,013                  | 2,207                                 |
| Texas            | 16                             | 371                            | 593             | 980                    | 1,168                                 |
| Illinois         | 79                             | 66                             | 634             | 779                    | 832                                   |
| Massachusetts    | 230                            | 19                             | 278             | 527                    | 597                                   |
| Pennsylvania     | 57                             | 2                              | 314             | 373                    | 391                                   |
| Ohio             | 8                              | —                              | 353             | 361                    | 334                                   |
| Georgia          | 91                             | 58                             | 209             | 358                    | 354                                   |
| New Jersey       | 9                              | 2                              | 269             | 280                    | 308                                   |
| Florida          | 4                              | —                              | 259             | 263                    | 337                                   |
| Washington       | 89                             | 13                             | 160             | 262                    | 279                                   |
| Virginia         | 8                              | —                              | 217             | 225                    | 277                                   |
| Missouri         | —                              | —                              | 184             | 184                    | 193                                   |
| All other states | 307                            | 186                            | 1,567           | 2,060                  | 2,223                                 |
| <b>Total</b>     | <b>\$ 1,494</b>                | <b>\$ 1,301</b>                | <b>\$ 8,351</b> | <b>\$ 11,146</b>       | <b>\$ 12,099</b>                      |

## Investments in Corporate Debt Securities

The following table presents the fair value of our available for sale corporate debt securities by industry categories:

| Industry Category                            | June 30, 2023     | December 31, 2022 |
|----------------------------------------------|-------------------|-------------------|
| (in millions)                                |                   |                   |
| Financial institutions:                      |                   |                   |
| Money center/Global bank groups              | \$ 8,221          | \$ 8,234          |
| Regional banks – other                       | 361               | 418               |
| Life insurance                               | 2,380             | 2,207             |
| Securities firms and other finance companies | 435               | 354               |
| Insurance non-life                           | 4,814             | 5,067             |
| Regional banks – North America               | 5,215             | 5,832             |
| Other financial institutions                 | 17,175            | 16,491            |
| Utilities                                    | 18,745            | 18,863            |
| Communications                               | 8,507             | 8,676             |
| Consumer noncyclical                         | 17,032            | 17,973            |
| Capital goods                                | 6,003             | 6,745             |
| Energy                                       | 10,663            | 10,357            |
| Consumer cyclical                            | 8,317             | 10,963            |
| Basic materials                              | 4,478             | 4,715             |
| Other                                        | 20,957            | 20,944            |
| <b>Total*</b>                                | <b>\$ 133,303</b> | <b>\$ 137,839</b> |

\* At June 30, 2023 and December 31, 2022, approximately 92 percent and 89 percent, respectively, of these investments were rated investment grade.

## Investments in RMBS

The following table presents the fair value of AIG's RMBS available for sale securities:

| <i>(in millions)</i>               |           | June 30, 2023 | December 31, 2022 |
|------------------------------------|-----------|---------------|-------------------|
| Agency RMBS                        | \$        | 7,224         | \$ 8,126          |
| Alt-A RMBS                         |           | 4,547         | 4,400             |
| Subprime RMBS                      |           | 1,742         | 1,819             |
| Prime non-agency                   |           | 2,572         | 2,064             |
| Other housing related              |           | 2,809         | 2,408             |
| <b>Total RMBS<sup>(a)(b)</sup></b> | <b>\$</b> | <b>18,894</b> | <b>\$ 18,817</b>  |

(a) Includes approximately \$4.4 billion and \$4.4 billion at June 30, 2023 and December 31, 2022, respectively, of certain RMBS that had experienced deterioration in credit quality since their origination. For additional information on Purchased Credit Deteriorated Securities, see Note 6 to the Condensed Consolidated Financial Statements.

(b) The weighted average expected life was six years at June 30, 2023 and seven years at December 31, 2022.

Our investments guidelines for investing in RMBS, CLO and other asset-backed securities (ABS) take into consideration the quality of the originator, the manager, the servicer, security credit ratings, underlying characteristics of the mortgages, borrower characteristics, and the level of credit enhancement in the transaction.

## Investments in CMBS

The following table presents the fair value of our CMBS available for sale securities:

| <i>(in millions)</i> |           | June 30, 2023 | December 31, 2022 |
|----------------------|-----------|---------------|-------------------|
| CMBS (traditional)   | \$        | 11,903        | \$ 12,401         |
| Agency               |           | 1,371         | 1,219             |
| Other                |           | 475           | 573               |
| <b>Total</b>         | <b>\$</b> | <b>13,749</b> | <b>\$ 14,193</b>  |

The fair value of CMBS holdings remained stable during the six months ended June 30, 2023. The majority of our investments in CMBS are in tranches that contain substantial credit protection features through collateral subordination. The majority of CMBS holdings are traditional conduit transactions, broadly diversified across property types and geographical areas.

## Investments in CLO/ABS

The following table presents the fair value of our CLO/ABS available for sale securities by collateral type:

| <i>(in millions)</i>    |           | June 30, 2023 | December 31, 2022 |
|-------------------------|-----------|---------------|-------------------|
| <b>Collateral Type:</b> |           |               |                   |
| ABS                     | \$        | 13,865        | \$ 12,168         |
| Bank loans              |           | 12,765        | 10,818            |
| Other                   |           | 131           | 118               |
| <b>Total</b>            | <b>\$</b> | <b>26,761</b> | <b>\$ 23,104</b>  |

## Unrealized Losses of Fixed Maturity Securities

The following table shows the aging of the unrealized losses of fixed maturity securities, the extent to which the fair value is less than amortized cost or cost, and the number of respective items in each category:

| June 30, 2023                                 | Less Than or Equal<br>to 20% of Cost <sup>(b)</sup> |           |                      | Greater Than 20%<br>to 50% of Cost <sup>(b)</sup> |           |                      | Greater Than 50%<br>of Cost <sup>(b)</sup> |        |                      | Total               |           |                      |
|-----------------------------------------------|-----------------------------------------------------|-----------|----------------------|---------------------------------------------------|-----------|----------------------|--------------------------------------------|--------|----------------------|---------------------|-----------|----------------------|
| Aging <sup>(a)</sup><br>(dollars in millions) | Unrealized                                          |           |                      | Unrealized                                        |           |                      | Unrealized                                 |        |                      | Unrealized          |           |                      |
|                                               | Cost <sup>(c)</sup>                                 | Loss      | Items <sup>(d)</sup> | Cost <sup>(c)</sup>                               | Loss      | Items <sup>(d)</sup> | Cost <sup>(c)</sup>                        | Loss   | Items <sup>(d)</sup> | Cost <sup>(c)</sup> | Loss      | Items <sup>(d)</sup> |
| <b>Investment grade bonds</b>                 |                                                     |           |                      |                                                   |           |                      |                                            |        |                      |                     |           |                      |
| 0-6 months                                    | \$ 36,472                                           | \$ 1,268  | 5,707                | \$ 3,990                                          | \$ 1,233  | 378                  | \$ 363                                     | \$ 209 | 24                   | \$ 40,825           | \$ 2,710  | 6,109                |
| 7-11 months                                   | 78,333                                              | 7,639     | 13,032               | 33,424                                            | 9,560     | 3,311                | 468                                        | 253    | 31                   | 112,225             | 17,452    | 16,374               |
| 12 months or more                             | 38,705                                              | 3,971     | 4,916                | 12,899                                            | 3,579     | 864                  | 20                                         | 11     | 2                    | 51,624              | 7,561     | 5,782                |
| <b>Total</b>                                  | \$ 153,510                                          | \$ 12,878 | 23,655               | \$ 50,313                                         | \$ 14,372 | 4,553                | \$ 851                                     | \$ 473 | 57                   | \$ 204,674          | \$ 27,723 | 28,265               |
| <b>Below investment grade bonds</b>           |                                                     |           |                      |                                                   |           |                      |                                            |        |                      |                     |           |                      |
| 0-6 months                                    | \$ 2,489                                            | \$ 68     | 642                  | \$ 107                                            | \$ 28     | 20                   | \$ 34                                      | \$ 28  | 15                   | \$ 2,630            | \$ 124    | 677                  |
| 7-11 months                                   | 4,920                                               | 382       | 2,124                | 773                                               | 226       | 284                  | 29                                         | 22     | 13                   | 5,722               | 630       | 2,421                |
| 12 months or more                             | 4,317                                               | 262       | 1,000                | 474                                               | 131       | 55                   | 27                                         | 21     | 8                    | 4,818               | 414       | 1,063                |
| <b>Total</b>                                  | \$ 11,726                                           | \$ 712    | 3,766                | \$ 1,354                                          | \$ 385    | 359                  | \$ 90                                      | \$ 71  | 36                   | \$ 13,170           | \$ 1,168  | 4,161                |
| <b>Total bonds</b>                            |                                                     |           |                      |                                                   |           |                      |                                            |        |                      |                     |           |                      |
| 0-6 months                                    | \$ 38,961                                           | \$ 1,336  | 6,349                | \$ 4,097                                          | \$ 1,261  | 398                  | \$ 397                                     | \$ 237 | 39                   | \$ 43,455           | \$ 2,834  | 6,786                |
| 7-11 months                                   | 83,253                                              | 8,021     | 15,156               | 34,197                                            | 9,786     | 3,595                | 497                                        | 275    | 44                   | 117,947             | 18,082    | 18,795               |
| 12 months or more                             | 43,022                                              | 4,233     | 5,916                | 13,373                                            | 3,710     | 919                  | 47                                         | 32     | 10                   | 56,442              | 7,975     | 6,845                |
| <b>Total<sup>(e)</sup></b>                    | \$ 165,236                                          | \$ 13,590 | 27,421               | \$ 51,667                                         | \$ 14,757 | 4,912                | \$ 941                                     | \$ 544 | 93                   | \$ 217,844          | \$ 28,891 | 32,426               |

(a) Represents the number of consecutive months that fair value has been less than cost by any amount.

(b) Represents the percentage by which fair value is less than cost.

(c) For bonds, represents amortized cost net of allowance.

(d) Item count is by CUSIP by subsidiary.

The allowance for credit losses was \$25 million for investment grade bonds and \$100 million for below investment grade bonds as of June 30, 2023.

## Commercial Mortgage Loans

At June 30, 2023, we had direct commercial mortgage loan exposure of \$37.9 billion.

The following table presents the commercial mortgage loan exposure by location and class of loan based on amortized cost:

| (dollars in millions) | Number<br>of Loans | Class      |          |          |            |          |        | Total     | Percent<br>of Total |
|-----------------------|--------------------|------------|----------|----------|------------|----------|--------|-----------|---------------------|
|                       |                    | Apartments | Offices  | Retail   | Industrial | Hotel    | Others |           |                     |
| <b>June 30, 2023</b>  |                    |            |          |          |            |          |        |           |                     |
| <b>State:</b>         |                    |            |          |          |            |          |        |           |                     |
| New York              | 80                 | \$ 1,557   | \$ 4,372 | \$ 492   | \$ 442     | \$ 104   | \$ —   | \$ 6,967  | 18 %                |
| California            | 61                 | 854        | 1,107    | 162      | 1,251      | 625      | 13     | 4,012     | 11                  |
| New Jersey            | 66                 | 2,185      | 81       | 382      | 630        | 11       | 32     | 3,321     | 9                   |
| Texas                 | 41                 | 878        | 891      | 147      | 182        | 18       | —      | 2,116     | 5                   |
| Florida               | 60                 | 614        | 118      | 358      | 197        | 535      | —      | 1,822     | 5                   |
| Massachusetts         | 19                 | 658        | 583      | 525      | 23         | —        | —      | 1,789     | 5                   |
| Illinois              | 22                 | 602        | 624      | 3        | 45         | —        | 20     | 1,294     | 3                   |
| Ohio                  | 23                 | 143        | 10       | 165      | 542        | —        | —      | 860       | 2                   |
| Pennsylvania          | 19                 | 143        | 133      | 252      | 220        | 24       | —      | 772       | 2                   |
| Colorado              | 14                 | 287        | 93       | 92       | —          | 155      | —      | 627       | 2                   |
| Other states          | 128                | 2,544      | 505      | 693      | 996        | 175      | 36     | 4,949     | 13                  |
| <b>Foreign</b>        | 89                 | 4,817      | 1,406    | 771      | 1,652      | 415      | 336    | 9,397     | 25                  |
| <b>Total*</b>         | 622                | \$ 15,282  | \$ 9,923 | \$ 4,042 | \$ 6,180   | \$ 2,062 | \$ 437 | \$ 37,926 | 100 %               |

December 31, 2022

**State:**

|                  |     |    |        |    |        |    |       |    |       |    |       |    |     |    |        |     |   |
|------------------|-----|----|--------|----|--------|----|-------|----|-------|----|-------|----|-----|----|--------|-----|---|
| New York         | 81  | \$ | 1,571  | \$ | 4,502  | \$ | 490   | \$ | 404   | \$ | 104   | \$ | —   | \$ | 7,071  | 19  | % |
| California       | 59  |    | 847    |    | 1,068  |    | 170   |    | 1,316 |    | 656   |    | 13  |    | 4,070  | 11  |   |
| New Jersey       | 65  |    | 2,154  |    | 163    |    | 439   |    | 497   |    | 11    |    | 32  |    | 3,296  | 9   |   |
| Texas            | 47  |    | 857    |    | 998    |    | 153   |    | 184   |    | 143   |    | —   |    | 2,335  | 6   |   |
| Massachusetts    | 16  |    | 576    |    | 443    |    | 521   |    | 23    |    | —     |    | —   |    | 1,563  | 4   |   |
| Florida          | 57  |    | 491    |    | 119    |    | 362   |    | 199   |    | 391   |    | —   |    | 1,562  | 4   |   |
| Illinois         | 22  |    | 584    |    | 623    |    | 3     |    | 46    |    | —     |    | 21  |    | 1,277  | 4   |   |
| Ohio             | 23  |    | 145    |    | 10     |    | 168   |    | 544   |    | —     |    | —   |    | 867    | 2   |   |
| Pennsylvania     | 18  |    | 75     |    | 133    |    | 255   |    | 223   |    | 23    |    | —   |    | 709    | 2   |   |
| Washington, D.C. | 9   |    | 483    |    | 116    |    | —     |    | —     |    | 17    |    | —   |    | 616    | 2   |   |
| Other states     | 139 |    | 2,239  |    | 494    |    | 842   |    | 961   |    | 278   |    | 19  |    | 4,833  | 13  |   |
| <b>Foreign</b>   | 93  |    | 4,575  |    | 1,606  |    | 413   |    | 1,609 |    | 404   |    | 322 |    | 8,929  | 24  |   |
| <b>Total*</b>    | 629 | \$ | 14,597 | \$ | 10,275 | \$ | 3,816 | \$ | 6,006 | \$ | 2,027 | \$ | 407 | \$ | 37,128 | 100 | % |

\* Does not reflect allowance for credit losses.

For additional information on commercial mortgage loans, see Note 7 to the Condensed Consolidated Financial Statements and Note 6 to the Consolidated Financial Statements in the 2022 Annual Report.

**Net Realized Gains and Losses**

The following table presents the components of Net realized gains (losses):

| Three Months Ended June 30,                                                            | 2023                                                  |                                          |                 | 2022                                                  |                                          |                 |
|----------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------|-----------------|-------------------------------------------------------|------------------------------------------|-----------------|
|                                                                                        | Excluding<br>Fortitude Re<br>Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld Assets | Total           | Excluding<br>Fortitude Re<br>Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld Assets | Total           |
| <i>(in millions)</i>                                                                   |                                                       |                                          |                 |                                                       |                                          |                 |
| Sales of fixed maturity securities                                                     | \$ (287)                                              | \$ (54)                                  | \$ (341)        | \$ (482)                                              | \$ (122)                                 | \$ (604)        |
| Change in allowance for credit losses on fixed maturity securities                     | (56)                                                  | (2)                                      | (58)            | (47)                                                  | (1)                                      | (48)            |
| Change in allowance for credit losses on loans                                         | (46)                                                  | (5)                                      | (51)            | 24                                                    | 6                                        | 30              |
| Foreign exchange transactions                                                          | 211                                                   | 11                                       | 222             | (229)                                                 | (15)                                     | (244)           |
| Index-linked interest credited embedded derivatives, net of related hedges             | (141)                                                 | —                                        | (141)           | (20)                                                  | —                                        | (20)            |
| All other derivatives and hedge accounting*                                            | 26                                                    | (87)                                     | (61)            | 682                                                   | 48                                       | 730             |
| Sales of alternative investments and real estate investments                           | 4                                                     | (1)                                      | 3               | 7                                                     | 2                                        | 9               |
| Other                                                                                  | (50)                                                  | —                                        | (50)            | 7                                                     | (4)                                      | 3               |
| <b>Net realized losses – excluding Fortitude Re funds withheld embedded derivative</b> | <b>(339)</b>                                          | <b>(138)</b>                             | <b>(477)</b>    | <b>(58)</b>                                           | <b>(86)</b>                              | <b>(144)</b>    |
| Net realized gains on Fortitude Re funds withheld embedded derivative                  | —                                                     | 180                                      | 180             | —                                                     | 2,776                                    | 2,776           |
| <b>Net realized gains (losses)</b>                                                     | <b>\$ (339)</b>                                       | <b>\$ 42</b>                             | <b>\$ (297)</b> | <b>\$ (58)</b>                                        | <b>\$ 2,690</b>                          | <b>\$ 2,632</b> |

| Six Months Ended June 30,                                                                      | 2023                                                  |                                             |                   | 2022                                                  |                                             |                 |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------|-------------------|-------------------------------------------------------|---------------------------------------------|-----------------|
|                                                                                                | Excluding<br>Fortitude<br>Re Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld<br>Assets | Total             | Excluding<br>Fortitude<br>Re Funds<br>Withheld Assets | Fortitude Re<br>Funds<br>Withheld<br>Assets | Total           |
| <i>(in millions)</i>                                                                           |                                                       |                                             |                   |                                                       |                                             |                 |
| Sales of fixed maturity securities                                                             | \$ (674)                                              | \$ (119)                                    | \$ (793)          | \$ (589)                                              | \$ (154)                                    | \$ (743)        |
| Change in allowance for credit losses on fixed maturity securities                             | (72)                                                  | (2)                                         | (74)              | (100)                                                 | (41)                                        | (141)           |
| Change in allowance for credit losses on loans                                                 | (88)                                                  | (26)                                        | (114)             | 5                                                     | (2)                                         | 3               |
| Foreign exchange transactions                                                                  | 325                                                   | 27                                          | 352               | (242)                                                 | (24)                                        | (266)           |
| Index-linked interest credited embedded derivatives, net of related hedges                     | (319)                                                 | —                                           | (319)             | 183                                                   | —                                           | 183             |
| All other derivatives and hedge accounting*                                                    | (191)                                                 | (49)                                        | (240)             | 1,082                                                 | (8)                                         | 1,074           |
| Sales of alternative investments and real estate investments                                   | 8                                                     | —                                           | 8                 | 23                                                    | 3                                           | 26              |
| Other                                                                                          | (41)                                                  | —                                           | (41)              | (19)                                                  | —                                           | (19)            |
| <b>Net realized gains (losses) – excluding Fortitude Re funds withheld embedded derivative</b> | <b>(1,052)</b>                                        | <b>(169)</b>                                | <b>(1,221)</b>    | <b>343</b>                                            | <b>(226)</b>                                | <b>117</b>      |
| Net realized gains (losses) on Fortitude Re funds withheld embedded derivative                 | —                                                     | (985)                                       | (985)             | —                                                     | 6,094                                       | 6,094           |
| <b>Net realized gains (losses)</b>                                                             | <b>\$ (1,052)</b>                                     | <b>\$ (1,154)</b>                           | <b>\$ (2,206)</b> | <b>\$ 343</b>                                         | <b>\$ 5,868</b>                             | <b>\$ 6,211</b> |

\* Derivative activity related to hedging MRBs is recorded in Change in the fair value of MRBs, net. For additional disclosures about MRBs, see Note 13 to the Condensed Consolidated Financial Statements.

Higher Net realized losses excluding Fortitude Re funds withheld assets in the three months ended June 30, 2023 were due primarily to investment sales and derivatives losses compared to derivatives gains in the prior year period. Net realized losses excluding Fortitude Re funds withheld assets in the six months ended June 30, 2023 compared to Net realized gains excluding Fortitude Re funds withheld assets in the prior year period were due primarily to derivative losses in the current period compared to derivative gains in the prior year period.

Index-linked interest credited embedded derivatives, net of related hedges, reflected losses in the three and six months ended June 30, 2023 compared to gains in the same period in the prior year. Fair value gains or losses in the hedging portfolio are typically not fully offset by increases or decreases in liabilities due to the non-performance or “own credit” risk adjustment used in the valuation of index-linked interest credited embedded derivatives, which are not hedged as part of our economic hedging program, and other risk margins used for valuation that cause the embedded derivatives to be less sensitive to changes in market rates than the hedge portfolio.

Net realized gains (losses) on Fortitude Re funds withheld assets primarily reflect changes in the valuation of the modified coinsurance and funds withheld assets. Increases in the valuation of these assets result in losses to AIG as the appreciation on the assets under those reinsurance arrangements must be transferred to Fortitude Re. Decreases in valuation of the assets result in gains to AIG as the depreciation on the assets under those reinsurance arrangements must be transferred to Fortitude Re. For additional information on the impact of the funds withheld arrangements with Fortitude Re, see Note 8 to the Condensed Consolidated Financial Statements.

For additional information on market risk management related to these product features, see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks – Life and Retirement Companies’ Key Risks – Variable Annuity, Fixed Index Annuity and Index Universal Life Risk Management and Hedging Programs in the 2022 Annual Report. For additional information on the economic hedging target and the impact to pre-tax income of this program, see Insurance Reserves – Life and Annuity Future Policy Benefits, Policyholder Contract Deposits and Market Risk Benefits – Variable Annuity Guaranteed Benefits and Hedging Results in this MD&A.

For additional information on our investment portfolio, see Note 6 to the Condensed Consolidated Financial Statements.

### Change in Unrealized Gains and Losses on Investments

The change in net unrealized gains and losses on investments in the three and six months ended June 30, 2023 was primarily attributable to a change in the fair value of fixed maturity securities. For the three months ended June 30, 2023, net unrealized losses related to fixed maturity securities were \$1.9 billion due primarily to a significant increase in interest rates. For the six months ended June 30, 2023, net unrealized gains were \$3.1 billion due primarily to credit spreads narrowing.

The change in net unrealized gains and losses on investments in the three and six months ended June 30, 2022 was primarily attributable to decrease in the fair value of fixed maturity securities. For the three months ended June 30, 2022, net unrealized losses related to fixed maturity securities were \$17.9 billion due primarily to a significant increase in interest rates and widening of credit spreads. For the six months ended June 30, 2022, net unrealized losses were \$38.1 billion due to an increase in interest rates and widening of credit spreads.

For additional information on our investment portfolio, see Note 6 to the Condensed Consolidated Financial Statements.

# Insurance Reserves

## LIABILITY FOR UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES (LOSS RESERVES)

The following table presents the components of our gross and net loss reserves by segment and major lines of business<sup>(a)</sup>:

|                                                          | June 30, 2023                                                |                                                                       |                                                                | December 31, 2022                                            |                                                                       |                                                                |
|----------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------|
|                                                          | Net liability for unpaid losses and loss adjustment expenses | Reinsurance recoverable on unpaid losses and loss adjustment expenses | Gross liability for unpaid losses and loss adjustment expenses | Net liability for unpaid losses and loss adjustment expenses | Reinsurance recoverable on unpaid losses and loss adjustment expenses | Gross liability for unpaid losses and loss adjustment expenses |
| <i>(in millions)</i>                                     |                                                              |                                                                       |                                                                |                                                              |                                                                       |                                                                |
| <b>General Insurance:</b>                                |                                                              |                                                                       |                                                                |                                                              |                                                                       |                                                                |
| U.S. Workers' Compensation (net of discount)             | \$ 2,669                                                     | \$ 4,143                                                              | \$ 6,812                                                       | \$ 2,684                                                     | \$ 4,319                                                              | \$ 7,003                                                       |
| U.S. Excess Casualty                                     | 3,357                                                        | 3,315                                                                 | 6,672                                                          | 3,638                                                        | 3,701                                                                 | 7,339                                                          |
| U.S. Other Casualty                                      | 4,080                                                        | 3,494                                                                 | 7,574                                                          | 3,858                                                        | 3,872                                                                 | 7,730                                                          |
| U.S. Financial Lines                                     | 5,882                                                        | 1,320                                                                 | 7,202                                                          | 5,899                                                        | 1,773                                                                 | 7,672                                                          |
| U.S. Property and Special Risks                          | 3,651                                                        | 2,676                                                                 | 6,327                                                          | 6,815                                                        | 3,295                                                                 | 10,110                                                         |
| U.S. Personal Insurance                                  | 771                                                          | 1,985                                                                 | 2,756                                                          | 794                                                          | 2,052                                                                 | 2,846                                                          |
| UK/Europe Casualty and Financial Lines                   | 7,178                                                        | 1,765                                                                 | 8,943                                                          | 6,984                                                        | 1,538                                                                 | 8,522                                                          |
| UK/Europe Property and Special Risks                     | 2,807                                                        | 1,629                                                                 | 4,436                                                          | 2,717                                                        | 1,464                                                                 | 4,181                                                          |
| UK/Europe and Japan Personal Insurance                   | 1,538                                                        | 639                                                                   | 2,177                                                          | 1,628                                                        | 592                                                                   | 2,220                                                          |
| Other product lines <sup>(b)</sup>                       | 6,166                                                        | 4,697                                                                 | 10,863                                                         | 5,999                                                        | 4,834                                                                 | 10,833                                                         |
| Unallocated loss adjustment expenses <sup>(b)</sup>      | 1,297                                                        | 890                                                                   | 2,187                                                          | 1,418                                                        | 927                                                                   | 2,345                                                          |
| <b>Total General Insurance</b>                           | <b>39,396</b>                                                | <b>26,553</b>                                                         | <b>65,949</b>                                                  | <b>42,434</b>                                                | <b>28,367</b>                                                         | <b>70,801</b>                                                  |
| <b>Other Operations Run-Off:</b>                         |                                                              |                                                                       |                                                                |                                                              |                                                                       |                                                                |
| U.S. run-off long tail insurance lines (net of discount) | 289                                                          | 3,377                                                                 | 3,666                                                          | 239                                                          | 3,427                                                                 | 3,666                                                          |
| Other run-off product lines                              | 246                                                          | 47                                                                    | 293                                                            | 245                                                          | 59                                                                    | 304                                                            |
| Blackboard U.S. Holdings, Inc.                           | 107                                                          | 136                                                                   | 243                                                            | 134                                                          | 135                                                                   | 269                                                            |
| Unallocated loss adjustment expenses                     | 20                                                           | 113                                                                   | 133                                                            | 13                                                           | 114                                                                   | 127                                                            |
| <b>Total Other Operations Run-Off</b>                    | <b>662</b>                                                   | <b>3,673</b>                                                          | <b>4,335</b>                                                   | <b>631</b>                                                   | <b>3,735</b>                                                          | <b>4,366</b>                                                   |
| <b>Total</b>                                             | <b>\$ 40,058</b>                                             | <b>\$ 30,226</b>                                                      | <b>\$ 70,284</b>                                               | <b>\$ 43,065</b>                                             | <b>\$ 32,102</b>                                                      | <b>\$ 75,167</b>                                               |

(a) Includes net loss reserve discount of \$1.3 billion and \$1.3 billion at June 30, 2023 and December 31, 2022, respectively. For information regarding loss reserve discount, see Note 12 to the Condensed Consolidated Financial Statements.

(b) Other product lines and Unallocated loss adjustment expenses includes Gross liability for unpaid losses and loss adjustment expense and Reinsurance recoverable on unpaid losses and loss adjustment expense for the Fortitude Re reinsurance of \$2.9 billion and \$2.9 billion at June 30, 2023 and December 31, 2022, respectively.

## Prior Year Development

The following table summarizes incurred (favorable) unfavorable prior year development net of reinsurance by segment:

|                                               | Three Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|-----------------------------------------------|-----------------------------|-----------------|---------------------------|-----------------|
|                                               | 2023                        | 2022            | 2023                      | 2022            |
| <i>(in millions)</i>                          |                             |                 |                           |                 |
| <b>General Insurance:</b>                     |                             |                 |                           |                 |
| North America                                 | \$ (172)                    | \$ (191)        | \$ (254)                  | \$ (264)        |
| International                                 | 57                          | (11)            | 71                        | (31)            |
| <b>Total General Insurance*</b>               | <b>\$ (115)</b>             | <b>\$ (202)</b> | <b>\$ (183)</b>           | <b>\$ (295)</b> |
| <b>Other Operations Run-Off</b>               | <b>—</b>                    | <b>(1)</b>      | <b>—</b>                  | <b>(1)</b>      |
| <b>Total prior year favorable development</b> | <b>\$ (115)</b>             | <b>\$ (203)</b> | <b>\$ (183)</b>           | <b>\$ (296)</b> |

\* Includes the amortization attributed to the deferred gain at inception from the National Indemnity Company (NICO) adverse development reinsurance agreement of \$41 million and \$42 million for the three months ended June 30, 2023 and 2022, respectively, and \$82 million and \$84 million for the six months ended June 30, 2023 and 2022, respectively. Consistent with our definition of APTI, the amount excludes the portion of (favorable)/unfavorable prior year reserve development for which we have ceded the risk under the NICO reinsurance agreements of \$(33) million and \$(213) million for the three months ended June 30, 2023 and 2022, respectively, and \$(33) million and \$(213) million for the six months ended June 30, 2023 and 2022, respectively. Also excludes the related changes in amortization of the deferred gain, which were \$(16) million and \$(70) million for the three months ended June 30, 2023 and 2022, respectively, and \$3 million and \$(70) million for the six months ended June 30, 2023 and 2022, respectively.

## Net Loss Development

In the three months ended June 30, 2023, we recognized favorable prior year loss reserve development of \$115 million. The key components of this development were:

### North America

- Favorable development on our loss sensitive U.S. Workers' Compensation business reflecting continued favorable loss experience.
- Favorable development in U.S. Other Casualty reflecting favorable experience in Primary Casualty.
- Amortization benefit related to the deferred gain on the adverse development cover.
- Favorable development in U.S. Property and Special Risks reflecting favorable attritional loss experience along with favorable development on prior year catastrophes.

### International

- Unfavorable development in Casualty reflecting unfavorable loss experience in Europe.

In the six months ended June 30, 2023, we recognized favorable prior year loss reserve development of \$183 million. The key components of this development were:

### North America

- Favorable development on our loss sensitive U.S. Workers' Compensation business reflecting continued favorable loss experience.
- Favorable development in U.S. Other Casualty reflecting favorable experience in Primary Casualty.
- Amortization benefit related to the deferred gain on the adverse development cover.
- Favorable development in U.S. Property and Special Risks reflecting favorable attritional loss experience along with favorable development on prior year catastrophes.

### International

- Unfavorable development in Casualty reflecting unfavorable loss experience in Europe.
- Unfavorable development on prior year catastrophes.

In the three months ended June 30, 2022, we recognized favorable prior year loss reserve development of \$203 million. The key components of this development were:

### North America

- Favorable development on U.S. Workers' Compensation.
- Favorable development on U.S. Other Casualty.
- Amortization benefit related to the deferred gain on the adverse development cover.

In the six months ended June 30, 2022, we recognized favorable prior year loss reserve development of \$296 million. The key components of this development were:

### North America

- Favorable development on U.S. Workers' Compensation and short tail lines.
- Favorable development on U.S. Other Casualty.
- Amortization benefit related to the deferred gain on the adverse development cover.

### International

- Favorable development in Japan personal lines.

The following tables summarize incurred (favorable) unfavorable prior year development net of reinsurance, by segment and major lines of business, and by accident year groupings:

| Three Months Ended June 30, 2023                            |                 |               |                 |
|-------------------------------------------------------------|-----------------|---------------|-----------------|
| (in millions)                                               | Total           | 2022          | 2021 & Prior    |
| <b>General Insurance North America:</b>                     |                 |               |                 |
| U.S. Workers' Compensation                                  | \$ (49)         | \$ 1          | \$ (50)         |
| U.S. Excess Casualty                                        | 12              | —             | 12              |
| U.S. Other Casualty                                         | (90)            | 26            | (116)           |
| U.S. Financial Lines                                        | 8               | —             | 8               |
| U.S. Property and Special Risks                             | (51)            | 27            | (78)            |
| U.S. Personal Insurance                                     | (5)             | —             | (5)             |
| Other Product Lines                                         | 3               | (18)          | 21              |
| <b>Total General Insurance North America</b>                | <b>\$ (172)</b> | <b>\$ 36</b>  | <b>\$ (208)</b> |
| <b>General Insurance International:</b>                     |                 |               |                 |
| UK/Europe Casualty and Financial Lines                      | \$ 73           | \$ 7          | \$ 66           |
| UK/Europe Property and Special Risks                        | 17              | 15            | 2               |
| UK/Europe and Japan Personal Insurance                      | —               | —             | —               |
| Other product lines                                         | (33)            | (27)          | (6)             |
| <b>Total General Insurance International</b>                | <b>\$ 57</b>    | <b>\$ (5)</b> | <b>\$ 62</b>    |
| <b>Other Operations Run-Off</b>                             | <b>—</b>        | <b>—</b>      | <b>—</b>        |
| <b>Total Prior Year (Favorable) Unfavorable Development</b> | <b>\$ (115)</b> | <b>\$ 31</b>  | <b>\$ (146)</b> |

| Three Months Ended June 30, 2022                            |                 |                |                 |
|-------------------------------------------------------------|-----------------|----------------|-----------------|
| (in millions)                                               | Total           | 2021           | 2020 & Prior    |
| <b>General Insurance North America:</b>                     |                 |                |                 |
| U.S. Workers' Compensation                                  | \$ (128)        | \$ (8)         | \$ (120)        |
| U.S. Excess Casualty                                        | (10)            | —              | (10)            |
| U.S. Other Casualty                                         | (42)            | (1)            | (41)            |
| U.S. Financial Lines                                        | (7)             | —              | (7)             |
| U.S. Property and Special Risks                             | (5)             | (30)           | 25              |
| U.S. Personal Insurance                                     | 8               | 5              | 3               |
| Other Product Lines                                         | (7)             | 4              | (11)            |
| <b>Total General Insurance North America</b>                | <b>\$ (191)</b> | <b>\$ (30)</b> | <b>\$ (161)</b> |
| <b>General Insurance International:</b>                     |                 |                |                 |
| UK/Europe Casualty and Financial Lines                      | \$ —            | \$ —           | \$ —            |
| UK/Europe Property and Special Risks                        | (4)             | (2)            | (2)             |
| UK/Europe and Japan Personal Insurance                      | 1               | 1              | —               |
| Other product lines                                         | (8)             | 4              | (12)            |
| <b>Total General Insurance International</b>                | <b>\$ (11)</b>  | <b>\$ 3</b>    | <b>\$ (14)</b>  |
| <b>Other Operations Run-Off</b>                             | <b>(1)</b>      | <b>—</b>       | <b>(1)</b>      |
| <b>Total Prior Year (Favorable) Unfavorable Development</b> | <b>\$ (203)</b> | <b>\$ (27)</b> | <b>\$ (176)</b> |

| Six Months Ended June 30, 2023               |                 |              |                 |
|----------------------------------------------|-----------------|--------------|-----------------|
| (in millions)                                | Total           | 2022         | 2021 & Prior    |
| <b>General Insurance North America:</b>      |                 |              |                 |
| U.S. Workers' Compensation                   | \$ (85)         | \$ 1         | \$ (86)         |
| U.S. Excess Casualty                         | 2               | —            | 2               |
| U.S. Other Casualty                          | (117)           | 1            | (118)           |
| U.S. Financial Lines                         | 1               | —            | 1               |
| U.S. Property and Special Risks              | (33)            | 97           | (130)           |
| U.S. Personal Insurance                      | (8)             | 12           | (20)            |
| Other Product Lines                          | (14)            | (47)         | 33              |
| <b>Total General Insurance North America</b> | <b>\$ (254)</b> | <b>\$ 64</b> | <b>\$ (318)</b> |

**Six Months Ended June 30, 2023***(in millions)*

|                                                             | Total           | 2022          | 2021 & Prior    |
|-------------------------------------------------------------|-----------------|---------------|-----------------|
| <b>General Insurance International:</b>                     |                 |               |                 |
| UK/Europe Casualty and Financial Lines                      | \$ 72           | \$ 11         | \$ 61           |
| UK/Europe Property and Special Risks                        | 28              | 62            | (34)            |
| UK/Europe and Japan Personal Insurance                      | (6)             | (2)           | (4)             |
| Other product lines                                         | (23)            | (26)          | 3               |
| <b>Total General Insurance International</b>                | <b>\$ 71</b>    | <b>\$ 45</b>  | <b>\$ 26</b>    |
| <b>Other Operations Run-Off</b>                             | <b>—</b>        | <b>—</b>      | <b>—</b>        |
| <b>Total Prior Year (Favorable) Unfavorable Development</b> | <b>\$ (183)</b> | <b>\$ 109</b> | <b>\$ (292)</b> |

**Six Months Ended June 30, 2022***(in millions)*

|                                                             | Total           | 2021            | 2020 & Prior    |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|
| <b>General Insurance North America:</b>                     |                 |                 |                 |
| U.S. Workers' Compensation                                  | \$ (185)        | \$ (9)          | \$ (176)        |
| U.S. Excess Casualty                                        | (20)            | —               | (20)            |
| U.S. Other Casualty                                         | (52)            | —               | (52)            |
| U.S. Financial Lines                                        | (14)            | —               | (14)            |
| U.S. Property and Special Risks                             | 24              | (75)            | 99              |
| U.S. Personal Insurance                                     | (6)             | 2               | (8)             |
| Other Product Lines                                         | (11)            | (13)            | 2               |
| <b>Total General Insurance North America</b>                | <b>\$ (264)</b> | <b>\$ (95)</b>  | <b>\$ (169)</b> |
| <b>General Insurance International:</b>                     |                 |                 |                 |
| UK/Europe Casualty and Financial Lines                      | \$ 5            | \$ (2)          | \$ 7            |
| UK/Europe Property and Special Risks                        | (16)            | (22)            | 6               |
| UK/Europe and Japan Personal Insurance                      | (13)            | (13)            | —               |
| Other product lines                                         | (7)             | 14              | (21)            |
| <b>Total General Insurance International</b>                | <b>\$ (31)</b>  | <b>\$ (23)</b>  | <b>\$ (8)</b>   |
| <b>Other Operations Run-Off</b>                             | <b>(1)</b>      | <b>—</b>        | <b>(1)</b>      |
| <b>Total Prior Year (Favorable) Unfavorable Development</b> | <b>\$ (296)</b> | <b>\$ (118)</b> | <b>\$ (178)</b> |

We note that for certain categories of claims (e.g., construction defect claims and environmental claims) and for reinsurance recoverable, losses may sometimes be reclassified to an earlier or later accident year as more information about the date of occurrence becomes available to us.

**Significant Reinsurance Agreements**

In the first quarter of 2017, we entered into an adverse development reinsurance agreement with NICO, under which we transferred to NICO 80 percent of the reserve risk on substantially all of our U.S. Commercial long-tail exposures for accident years 2015 and prior. Under this agreement, we ceded to NICO 80 percent of the losses on subject business paid on or after January 1, 2016 in excess of \$25 billion of net paid losses, up to an aggregate limit of \$25 billion. We account for this transaction as retroactive reinsurance. This transaction resulted in a gain, which under GAAP retroactive reinsurance accounting is deferred and amortized into income over the settlement period. NICO created a collateral trust account as security for their claim payment obligations to us, into which they deposited the consideration paid under the agreement, and Berkshire Hathaway Inc. has provided a parental guarantee to secure NICO's obligations under the agreement.

*For a description of AIG's catastrophe reinsurance protection for 2022, see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks – General Insurance Companies' Key Risks – Natural Catastrophe Risk in the 2022 Annual Report.*

The table below shows the calculation of the deferred gain on the adverse development reinsurance agreement, the effect of discounting of loss reserves and amortization of the deferred gain.

| <i>(in millions)</i>                                                                 | June 30, 2023 |          | December 31, 2022 |          |
|--------------------------------------------------------------------------------------|---------------|----------|-------------------|----------|
| <b>Gross Covered Losses</b>                                                          |               |          |                   |          |
| Covered reserves before discount                                                     | \$            | 11,605   | \$                | 12,537   |
| Inception to date losses paid                                                        |               | 29,558   |                   | 28,667   |
| Attachment point                                                                     |               | (25,000) |                   | (25,000) |
| <b>Covered losses above attachment point</b>                                         | \$            | 16,163   | \$                | 16,204   |
| <b>Deferred Gain Development</b>                                                     |               |          |                   |          |
| Covered losses above attachment ceded to NICO (80%)                                  | \$            | 12,930   | \$                | 12,963   |
| Consideration paid including interest                                                |               | (10,188) |                   | (10,188) |
| <b>Pre-tax deferred gain before discount and amortization</b>                        |               | 2,742    |                   | 2,775    |
| Discount on ceded losses <sup>(a)</sup>                                              |               | (1,158)  |                   | (1,254)  |
| <b>Pre-tax deferred gain before amortization</b>                                     |               | 1,584    |                   | 1,521    |
| Inception to date amortization of deferred gain at inception                         |               | (1,346)  |                   | (1,264)  |
| Inception to date amortization attributed to changes in deferred gain <sup>(b)</sup> |               | (42)     |                   | (52)     |
| <b>Deferred gain liability reflected in AIG's balance sheet</b>                      | \$            | 196      | \$                | 205      |

(a) The accretion of discount and a reduction in effective interest rates is offset by changes in estimates of the amount and timing of future recoveries.

(b) Excluded from APTI.

The following table presents the rollforward of activity in the deferred gain from the adverse development reinsurance agreement:

| <i>(in millions)</i>                                                                | Three Months Ended<br>June 30, |        | Six Months Ended<br>June 30, |        |
|-------------------------------------------------------------------------------------|--------------------------------|--------|------------------------------|--------|
|                                                                                     | 2023                           | 2022   | 2023                         | 2022   |
| <b>Balance at beginning of period, net of discount</b>                              | \$ 222                         | \$ 870 | \$ 205                       | \$ 869 |
| (Favorable) unfavorable prior year reserve development ceded to NICO <sup>(a)</sup> | (33)                           | (213)  | (33)                         | (213)  |
| Amortization attributed to deferred gain at inception <sup>(b)</sup>                | (41)                           | (42)   | (82)                         | (84)   |
| Amortization attributed to changes in deferred gain <sup>(c)</sup>                  | 22                             | 76     | 10                           | 80     |
| Changes in discount on ceded loss reserves                                          | 26                             | 18     | 96                           | 57     |
| <b>Balance at end of period, net of discount</b>                                    | \$ 196                         | \$ 709 | \$ 196                       | \$ 709 |

(a) Prior year reserve development ceded to NICO under the retroactive reinsurance agreement is deferred under GAAP.

(b) Represents amortization of the deferred gain recognized in APTI.

(c) Excluded from APTI.

The lines of business subject to this agreement include those with longer tails, which carry a higher degree of uncertainty. Since inception, there have been periods of unfavorable prior year development, with more recent favorable development. This agreement will continue to reduce the impact of volatility in the development on our ultimate loss estimates over time. The agreement has resulted in lower capital charges for reserve risks at our U.S. insurance subsidiaries. In addition, net investment income declined as a result of lower invested assets.

Fortitude Re was established during the first quarter of 2018 in a series of reinsurance transactions related to our run-off operations. Those reinsurance transactions were designed to consolidate most of our insurance run-off lines into a single legal entity. As of June 30, 2023, approximately \$27.5 billion of reserves from our Life and Retirement Run-Off Lines and approximately \$3.1 billion of reserves from our General Insurance Run-Off Lines related to business written by multiple wholly-owned AIG subsidiaries, had been ceded to Fortitude Re under these reinsurance transactions.

## LIFE AND ANNUITY FUTURE POLICY BENEFITS, POLICYHOLDER CONTRACT DEPOSITS AND MARKET RISK BENEFITS

The following section provides discussion of life and annuity future policy benefits, policyholder contract deposits and market risk benefits.

### Variable Annuity Guaranteed Benefits and Hedging Results

Our Individual Retirement and Group Retirement businesses offer variable annuity products with riders that provide guaranteed benefits. The liabilities are accounted for as MRBs and measured at fair value. The fair value of the MRBs may fluctuate significantly based on market interest rates, equity prices, credit spreads, market volatility, policyholder behavior and other factors.

In addition to risk-mitigating features in our variable annuity product design, we have an economic hedging program designed to manage market risk from GMWBs, including exposures to changes in interest rates, equity prices, credit spreads and volatility. The hedging program includes all in-force GMWB policies and utilizes derivative instruments, including but not limited to equity options, futures contracts and interest rate swap and option contracts, as well as fixed maturity securities.

*For additional information on market risk management related to these product features, see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks – Life and Retirement Companies’ Key Risks – Variable Annuity, Fixed Index Annuity and Index Universal Life Risk Management and Hedging Programs in the 2022 Annual Report.*

### Differences in Valuation of MRBs and Economic Hedge Target

The variable annuity hedging program utilizes an economic hedge target, which represents an estimate of the underlying economic risks in our GMWB riders. The economic hedge target differs from the GAAP valuation of the MRBs, creating volatility in our net income (loss) primarily due to the following:

- The MRBs include both the GMWB riders and the GMDB riders while the hedge program is targeting the economic risks of just the GMWB rider;
- The hedge program is designed to offset most moves in the GMWB economic liability and therefore has a lower sensitivity to equity market changes than the MRBs;
- The economic hedge target includes 100 percent of the GMWB rider fees in present value calculations;
- The GAAP valuation reflects those fees attributed to the MRBs, such that the initial value at contract issue equals zero. Since the MRB includes GMWBs and GMDBs, these attributed fees are typically larger than just the GMWB rider fees;
- The economic hedge target uses best estimate actuarial assumptions and excludes explicit risk margins used for GAAP valuation, such as margins for policyholder behavior, mortality, and volatility; and
- The economic hedge target excludes our own credit risk changes (non-performance adjustments) used in the GAAP valuation, which are recognized in OCI. The GAAP valuation has different sensitivities to movements in interest rates and other market factors, and to changes from actuarial assumption updates, than the economic hedge target.

*For additional information on our valuation methodology for MRBs, see Note 5 to the Condensed Consolidated Financial Statements.*

The market value of the hedge portfolio compared to the economic hedge target at any point in time may be different and is not expected to be fully offsetting. In addition to the derivatives held in conjunction with the variable annuity hedging program, the Life and Retirement companies generally have cash and invested assets available to cover future claims payable under these guarantees. The primary sources of difference between the change in the fair value of the hedging portfolio and the economic hedge target include:

- basis risk due to the variance between expected and actual fund returns, which may be either positive or negative;
- realized volatility versus implied volatility;
- actual versus expected changes in the hedge target driven by assumptions not subject to hedging, particularly policyholder behavior; and
- risk exposures that we have elected not to explicitly or fully hedge.

The following table presents a reconciliation between the fair value of the GAAP MRBs and the value of our economic hedge target:

| (in millions)                                                            | June 30, 2023 | December 31, 2022 |
|--------------------------------------------------------------------------|---------------|-------------------|
| <b>Reconciliation of market risk benefits and economic hedge target:</b> |               |                   |
| Market risk benefits liability, net                                      | \$ 1,169      | \$ 1,657          |
| Exclude non-performance risk adjustment                                  | (516)         | (479)             |
| <b>Market Risk Benefits liability, excluding NPA</b>                     | <b>653</b>    | <b>1,178</b>      |
| Adjustments for risk margins and differences in valuation                | 318           | (281)             |
| <b>Economic hedge target liability</b>                                   | <b>\$ 971</b> | <b>\$ 897</b>     |

#### Impact on Pre-tax Income (Loss)

The impact on our pre-tax income (loss) of variable annuity guaranteed benefits and related hedging results includes changes in the fair value of MRBs, and changes in the fair value of related derivative hedging instruments, and along with attributed rider fees and net of benefits associated with MRBs are together recognized in Change in the fair value of MRBs, net, with the exception of our own credit risk changes, which are recognized in OCI. Changes in the fair value of MRBs are excluded from adjusted pre-tax income of Individual Retirement and Group Retirement.

The change in the fair value of the MRBs and the change in the value of the hedging portfolio are not expected to be fully offsetting, primarily due to the differences in valuation between the economic hedge target, the GAAP MRBs and the fair value of the hedging portfolio, as discussed above. When corporate credit spreads widen, the change in the non-performance risk adjustment (NPA) spread generally reduces the fair value of the MRBs liabilities, resulting in a gain in AOCI, and when corporate credit spreads tighten, the change in the NPA spread generally increases the fair value of the MRBs liabilities, resulting in a loss in AOCI. In addition to changes driven by credit market-related movements in the NPA spread, the NPA balance also reflects changes in business activity and in the net amount at risk from the underlying guaranteed living benefits.

#### Change in Economic Hedge Target

The increase in the economic hedge target liability in the six months ended June 30, 2023 was primarily driven by tightening credit spreads and lower equity volatility.

The following table presents the impact on pre-tax income (loss) and other comprehensive income (loss) of Variable Annuity MRBs and Hedging:

| Three Months Ended June 30,                                                    | 2023           |                 |                 | 2022            |                 |                 |
|--------------------------------------------------------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (in millions)                                                                  | MRB Liability* | Hedge Assets    | Net             | MRB Liability*  | Hedge Assets    | Net             |
| Issuances                                                                      | \$ 3           | \$ —            | \$ 3            | \$ (7)          | \$ —            | \$ (7)          |
| Interest accrual and effects of time                                           | (11)           | (64)            | (75)            | (20)            | (76)            | (96)            |
| Attributed fees                                                                | (224)          | —               | (224)           | (229)           | —               | (229)           |
| Expected claims                                                                | 23             | —               | 23              | 16              | —               | 16              |
| Effect of changes in interest rates                                            | 339            | (317)           | 22              | 1,196           | (1,024)         | 172             |
| Effect of changes in interest rate volatility                                  | 13             | (18)            | (5)             | (9)             | (6)             | (15)            |
| Effect of changes in equity markets                                            | 491            | (288)           | 203             | (1,286)         | 726             | (560)           |
| Effect of changes in equity index volatility                                   | 8              | (4)             | 4               | 46              | (11)            | 35              |
| Actual outcome different from model expected outcome                           | (48)           | —               | (48)            | (30)            | —               | (30)            |
| Effect of changes in other future expected assumptions                         | 12             | —               | 12              | —               | —               | —               |
| Foreign exchange Impact                                                        | 3              | —               | 3               | 5               | —               | 5               |
| <b>Total impact on balance before other and changes in our own credit risk</b> | <b>609</b>     | <b>(691)</b>    | <b>(82)</b>     | <b>(318)</b>    | <b>(391)</b>    | <b>(709)</b>    |
| Other                                                                          | (3)            | 3               | —               | —               | 47              | 47              |
| Effect of changes in our own credit risk                                       | (138)          | 41              | (97)            | 533             | (72)            | 461             |
| <b>Total income (loss) impact on market risk benefits</b>                      | <b>468</b>     | <b>(647)</b>    | <b>(179)</b>    | <b>215</b>      | <b>(416)</b>    | <b>(201)</b>    |
| Less: Impact on OCI                                                            | (138)          | (22)            | (160)           | 533             | (215)           | 318             |
| Add: Fees net of claims and ceded premiums and benefits                        | 195            | —               | 195             | 209             | —               | 209             |
| <b>Net impact on pre-tax income (loss)</b>                                     | <b>\$ 801</b>  | <b>\$ (625)</b> | <b>\$ 176</b>   | <b>\$ (109)</b> | <b>\$ (201)</b> | <b>\$ (310)</b> |
| <b>Net change in value of economic hedge target and related hedges</b>         |                |                 |                 |                 |                 |                 |
| <b>Net impact on economic gains (losses)</b>                                   |                |                 | <b>\$ (167)</b> |                 |                 | <b>\$ 252</b>   |

| Six Months Ended June 30,<br>(in millions)                                     | 2023              |                 |                 | 2022              |                 |                 |
|--------------------------------------------------------------------------------|-------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
|                                                                                | MRB<br>Liability* | Hedge<br>Assets | Net             | MRB<br>Liability* | Hedge<br>Assets | Net             |
| Issuances                                                                      | \$ —              | \$ —            | \$ —            | \$ (7)            | \$ —            | \$ (7)          |
| Interest accrual and effects of time                                           | (26)              | (119)           | (145)           | (38)              | (139)           | (177)           |
| Attributed fees                                                                | (475)             | —               | (475)           | (445)             | —               | (445)           |
| Expected claims                                                                | 49                | —               | 49              | 29                | —               | 29              |
| Effect of changes in interest rates                                            | (28)              | 29              | 1               | 2,317             | (2,036)         | 281             |
| Effect of changes in interest rate volatility                                  | 94                | (78)            | 16              | (198)             | 75              | (123)           |
| Effect of changes in equity markets                                            | 912               | (550)           | 362             | (1,688)           | 1,074           | (614)           |
| Effect of changes in equity index volatility                                   | (4)               | (11)            | (15)            | 47                | (15)            | 32              |
| Actual outcome different from model expected outcome                           | (109)             | —               | (109)           | (162)             | —               | (162)           |
| Effect of changes in other future expected assumptions                         | 108               | —               | 108             | —                 | —               | —               |
| Foreign exchange Impact                                                        | 3                 | —               | 3               | 8                 | —               | 8               |
| <b>Total impact on balance before other and changes in our own credit risk</b> | <b>524</b>        | <b>(729)</b>    | <b>(205)</b>    | <b>(137)</b>      | <b>(1,041)</b>  | <b>(1,178)</b>  |
| Other                                                                          | (3)               | (17)            | (20)            | —                 | 86              | 86              |
| Effect of changes in our own credit risk                                       | (37)              | 43              | 6               | 1,260             | (128)           | 1,132           |
| <b>Total income (loss) impact on market risk benefits</b>                      | <b>484</b>        | <b>(703)</b>    | <b>(219)</b>    | <b>1,123</b>      | <b>(1,083)</b>  | <b>40</b>       |
| Less: Impact on OCI                                                            | (37)              | 34              | (3)             | 1,260             | (430)           | 830             |
| Add: Fees net of claims and ceded premiums and benefits                        | 419               | —               | 419             | 393               | —               | 393             |
| <b>Net impact on pre-tax income (loss)</b>                                     | <b>\$ 940</b>     | <b>\$ (737)</b> | <b>\$ 203</b>   | <b>\$ 256</b>     | <b>\$ (653)</b> | <b>\$ (397)</b> |
| <b>Net change in value of economic hedge target and related hedges</b>         |                   |                 |                 |                   |                 |                 |
| <b>Net impact on economic gains (losses)</b>                                   |                   |                 | <b>\$ (375)</b> |                   |                 | <b>\$ 380</b>   |

\* MRB Liability is partially offset by MRB Assets.

### Three Months Ended June 30, 2023

Net impact on pre-tax income of \$176 million was primarily driven by increases in equity markets.

On an economic basis, the changes in the fair value of the hedge portfolio were partially offset by the changes in the economic hedge target. In the three months ended June 30, 2023, we had a net mark-to-market loss of approximately \$167 million from our hedging activities related to our economic hedge target primarily driven by tightening credit spreads, and lower equity volatility.

### Six Months Ended June 30, 2023

Net impact on pre-tax income of \$203 million was primarily driven by increases in equity markets and the impact of the London Inter-Bank Offered Rate to Secured Overnight Financing Rate (SOFR) transition.

With the transition of risk free rates to the SOFR curve, our discounting of fees has been reduced, resulting in a one-time favorable impact to the MRB liability.

On an economic basis, the changes in the fair value of the hedge portfolio were partially offset by the changes in the economic hedge target. In the six months ended June 30, 2023, we had a net mark-to-market loss of approximately \$375 million from our hedging activities related to our economic hedge target primarily driven by tightening credit spreads, and lower equity volatility.

### Three Months Ended June 30, 2022

Net impact on pre-tax loss of \$310 million was primarily driven by lower equity markets, partially offset by increases in interest rates.

On an economic basis, the changes in the fair value of the hedge portfolio were partially offset by the changes in the economic hedge target. In the three months ended June 30, 2022, we had a net mark-to-market gain of approximately \$252 million from our hedging activities related to our economic hedge target primarily driven by higher interest rates and widening spreads, offset by lower equity markets.

### Six Months Ended June 30, 2022

Net impact on pre-tax loss of \$397 million was primarily driven by fund basis changes that impacted our actual to expected model outcomes, lower equity markets and term structure moves in the interest rate volatility market, partially offset by increases in interest rates.

On an economic basis, the changes in the fair value of the hedge portfolio were partially offset by the changes in the economic hedge target. In the six months ended June 30, 2022, we had a net mark-to-market gain of approximately \$380 million from our hedging activities related to our economic hedge target primarily driven by widening credit spreads.

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## Liquidity and Capital Resources

### OVERVIEW

**Liquidity** refers to the ability to generate sufficient cash resources to meet the cash requirements of our business operations and payment obligations.

**Capital** refers to the long-term financial resources available to support the operation of our businesses, fund business growth, and cover financial and operational needs that arise from adverse circumstances. Our primary source of ongoing capital generation is derived from the profitability of our insurance subsidiaries. We must comply with numerous constraints on our capital positions. These constraints drive the requirements for capital adequacy at AIG and the individual businesses and are based on internally defined risk tolerances, regulatory requirements, rating agency and creditor expectations and business needs.

*For information regarding our liquidity risk framework, see Part II, Item 7. MD&A – Enterprise Risk Management – Risk Appetite, Limits, Identification and Measurement and Part II, Item 7. MD&A – Enterprise Risk Management – Liquidity Risk Management in the 2022 Annual Report.*

We believe that we have sufficient liquidity and capital resources to satisfy future requirements and meet our obligations to policyholders, customers, creditors and debt-holders, including those arising from reasonably foreseeable contingencies or events. Nevertheless, some circumstances may cause our cash or capital needs to exceed projected liquidity or readily deployable capital resources.

*For information regarding risks associated with our liquidity and capital resources, see Part I, Item 1A. – Risk Factors – Liquidity, Capital and Credit in the 2022 Annual Report.*

Depending on market conditions, regulatory and rating agency considerations and other factors, we may take various liability and capital management actions. Liability management actions may include, but are not limited to, repurchasing or redeeming outstanding debt, issuing new debt or engaging in debt exchange offers. Capital management actions may include, but are not limited to, issuing preferred stock, paying dividends to our shareholders on the AIG Common Stock, par value \$2.50 per share (AIG Common Stock), paying dividends to the holders of our Series A 5.85% Non-Cumulative Perpetual Preferred Stock (Series A Preferred Stock), and repurchases of AIG Common Stock.

## LIQUIDITY AND CAPITAL RESOURCES HIGHLIGHTS

### SOURCES<sup>(a)</sup>

#### Liquidity to AIG Parent from Subsidiaries

During the six months ended June 30, 2023, our General Insurance companies distributed dividends of \$1.2 billion to AIG Parent or applicable intermediate holding companies.

During the six months ended June 30, 2023, Corebridge distributed \$477 million of dividends to AIG Parent in its capacity as a public company shareholder of Corebridge after its initial public offering. Of this amount, \$213 million consisted of quarterly cash dividends of \$0.23 per share on Corebridge common stock and \$264 million consisted of a special cash dividend of \$0.62 per share on Corebridge common stock.

#### Debt Issuance

In March 2023, we issued \$750 million aggregate principal amount of 5.125% Notes Due 2033.

#### Corebridge Secondary Offering

On June 12, 2023, AIG sold 74.75 million shares of Corebridge common stock in a secondary offering at a public offering price of \$16.25 per share, which included 65 million shares initially offered and the full exercise by the underwriters of their option to purchase an additional 9.75 million shares. The aggregate gross proceeds of the offering to AIG, before deducting underwriting discounts and commissions and other expenses payable by AIG, were approximately \$1.2 billion.

#### Corebridge Share Repurchase

In June 2023, Corebridge repurchased 11 million shares of its common stock from AIG at a purchase price of \$16.41 per share. The gross proceeds of the share repurchase to AIG were \$180 million.

### USES

#### General Borrowings

During the six months ended June 30, 2023, we repaid £311 million aggregate principal amount of our 5.00% Notes due 2023, which was equivalent to approximately \$388 million at the time of repayment.

We made interest payments on our general borrowings totaling \$258 million during the six months ended June 30, 2023.

#### Dividends

During the six months ended June 30, 2023:

- We made quarterly cash dividend payments of \$365.625 per share on AIG's Series A Preferred Stock totaling \$15 million.
- We made cash dividend payments in the amount of \$0.36 per share on AIG Common Stock for the three months ended June 30, 2023 (an increase of 12.5 percent from prior dividend payments), and \$0.32 per share for the three months ended March 31, 2023, totaling \$494 million.
- Corebridge made quarterly cash dividend payments of \$0.23 per share on Corebridge common stock, totaling \$85 million to its public company shareholders other than AIG.
- Corebridge made a special cash dividend of \$0.62 per share on Corebridge common stock, totaling \$138 million to its public company shareholders other than AIG.

#### Repurchases of Common Stock<sup>(b)</sup>

During the six months ended June 30, 2023, AIG Parent repurchased approximately 21 million shares of AIG Common Stock, for an aggregate purchase price of approximately \$1.2 billion.

(a) On July 3, 2023, AIG completed the sale of its Crop Risk Services business to American Financial Group, Inc. for which AIG received gross proceeds of \$234 million.

(b) Pursuant to a Securities Exchange Act of 1934 (the Exchange Act) Rule 10b5-1 repurchase plan, from July 1, 2023 to July 26, 2023, AIG Parent repurchased approximately 6 million shares of AIG Common Stock for an aggregate purchase price of approximately \$336 million.

## ANALYSIS OF SOURCES AND USES OF CASH

### Operating Cash Flow Activities

Insurance companies generally receive most premiums in advance of the payment of claims or policy benefits. The ability of insurance companies to generate positive cash flow is affected by the frequency and severity of losses under their insurance policies, policy retention rates, effective management of our investment portfolio and operating expense discipline.

Interest payments totaled \$636 million and \$574 million in the six months ended June 30, 2023 and 2022, respectively. Excluding interest payments, AIG had operating cash inflows of \$1.7 billion in the six months ended June 30, 2023 compared to operating cash inflows of \$1.2 billion in the prior year period.

### Investing Cash Flow Activities

Net cash used in investing activities in the six months ended June 30, 2023 was \$641 million compared to net cash provided by investing activities of \$2.5 billion in the prior year period.

### Financing Cash Flow Activities

Net cash used in financing activities in the six months ended June 30, 2023 totaled \$115 million, reflecting:

- \$494 million to pay dividends of \$0.36 per share in the three months ended June 30, 2023, and \$0.32 per share for the three months ended March 31, 2023 on AIG Common Stock;
- \$15 million to pay quarterly dividends of \$365.625 per share on AIG's Series A Preferred Stock;
- \$85 million paid by Corebridge in the form of quarterly cash dividends on Corebridge common stock to shareholders other than AIG;
- \$138 million paid by Corebridge in the form of a special cash dividend on Corebridge common stock to shareholders other than AIG;
- \$1.1 billion to repurchase approximately 21 million shares of AIG Common Stock;
- \$291 million in net inflows from the issuance and repayment of long-term debt; and
- \$138 million in net outflows from the issuance and repayment of debt of consolidated investment entities.

Net cash used in financing activities in the six months ended June 30, 2022 totaled \$2.8 billion reflecting:

- \$506 million to pay quarterly dividends of \$0.32 per share on AIG Common Stock;
- \$15 million to pay quarterly dividends of \$365.625 per share on AIG's Series A Preferred Stock;
- \$57 million in the aggregate paid by Corebridge in the form of a cash dividend to Blackstone;
- \$3.1 billion to repurchase approximately 53 million shares of AIG Common Stock;
- \$1.1 billion in net outflows from the issuance, repayment and cash tender of long-term debt; and
- \$133 million in net outflows from the issuance and repayment of debt of consolidated investment entities.

## LIQUIDITY AND CAPITAL RESOURCES OF AIG PARENT AND SUBSIDIARIES

### AIG Parent

As of June 30, 2023 and December 31, 2022, respectively, AIG Parent and applicable intermediate holding companies had approximately \$8.8 billion and \$8.2 billion in liquidity sources held in the form of cash and short-term investments, which includes AIG Parent's committed, revolving syndicated credit facility of \$4.5 billion. Following the initial public offering, Corebridge liquidity, including its loan facilities, is no longer reflected in AIG Parent's liquidity. As a public company shareholder of Corebridge, AIG receives its pro rata share of dividends paid by Corebridge on Corebridge common stock. AIG Parent's primary sources of liquidity are dividends, distributions, loans and other payments from subsidiaries and credit facilities. AIG Parent's primary uses of liquidity are for debt service, capital and liability management, operating expenses and dividends on AIG Common Stock and Series A Preferred Stock.

We expect to access the debt and preferred equity markets from time to time to meet funding requirements as needed.

We utilize our capital resources to support our businesses, with the majority of capital allocated to our insurance operations. Should we have or generate more capital than is needed to support our business strategies (including organic or inorganic growth opportunities) or mitigate risks inherent to our business, we may develop plans to distribute such capital to shareholders via dividends or AIG Common Stock repurchase authorizations or deploy such capital towards liability management.

## Insurance Companies

We expect that our insurance companies will be able to continue to satisfy reasonably foreseeable future liquidity requirements and meet their obligations, including those arising from reasonably foreseeable contingencies or events, through cash from operations and, to the extent necessary, monetization of invested assets. Our insurance companies' liquidity resources are primarily held in the form of cash, short-term investments and publicly traded, investment grade rated fixed maturity securities.

Each of our material insurance companies' liquidity is monitored through various internal liquidity risk measures. The primary sources of liquidity are premiums, fees, reinsurance recoverables and investment income and maturities. The primary uses of liquidity are paid losses, reinsurance payments, benefit claims, surrenders, withdrawals, interest payments, dividends, expenses, investment purchases and collateral requirements.

Our insurance companies may require additional funding to meet capital or liquidity needs under certain circumstances. For example, large catastrophes may require us to provide additional support to the affected operations of our General Insurance companies, and a shift in interest rates may require us to provide support to the affected operations of our Life and Retirement companies.

Certain of our U.S. Life and Retirement insurance companies are members of the FHLBs in their respective districts. Our borrowings from FHLBs are non-puttable and are used to supplement liquidity or for other uses deemed appropriate by management. Our U.S. Life and Retirement companies had \$5.1 billion and \$4.6 billion which were due to FHLBs in their respective districts at June 30, 2023 and December 31, 2022, respectively, under funding agreements issued through our Individual Retirement, Group Retirement and Institutional Markets operating segments, which were reported in Policyholder contract deposits. Proceeds from funding agreements are generally invested in fixed income securities and other investments intended to generate spread income.

Certain of our U.S. Life and Retirement companies have securities lending programs that lend securities from their investment portfolio to supplement liquidity or for other uses as deemed appropriate by management. Under these programs, these companies lend securities to financial institutions and receive cash as collateral equal to 102 percent of the fair value of the loaned securities. As of June 30, 2023 and December 31, 2022 we had no loans outstanding under these programs.

AIG Parent and/or certain subsidiaries are parties to several letter of credit agreements with various financial institutions, which issue letters of credit from time to time in support of our insurance companies. These letters of credit are subject to reimbursement by AIG Parent and/or certain subsidiaries in the event of a drawdown of these letters of credit. Letters of credit issued in support of the General Insurance companies totaled approximately \$3.1 billion at June 30, 2023. Letters of credit issued in support of the Life and Retirement companies totaled approximately \$158 million at June 30, 2023, which are subject to reimbursement by Corebridge with no recourse to AIG Parent.

Following the initial public offering of Corebridge, AIG owned less than 80 percent of Corebridge common stock, resulting in the tax deconsolidation of Corebridge from AIG. As such, as of September 15, 2022, AIG no longer receives tax sharing payments from Corebridge for tax liabilities of subsequent periods. With respect to historic tax periods and tax periods prior to the tax deconsolidation of Corebridge from AIG, Corebridge and AIG will make tax payments to each other pursuant to the Tax Matters Agreement dated September 14, 2022.

## CREDIT FACILITIES

AIG Parent maintains a committed, revolving syndicated credit facility (the Facility) with aggregate commitments by the bank syndicate to provide AIG Parent with unsecured revolving loans and/or standby letters of credit of up to \$4.5 billion without any limits on the type of borrowings. The Facility is scheduled to expire in November 2026.

Our ability to utilize the Facility is conditioned on the satisfaction of certain legal, operating, administrative and financial covenants and other requirements contained in the Facility. These include covenants relating to our maintenance of a specified total consolidated net worth and total consolidated debt to total consolidated capitalization. Failure to satisfy these and other requirements contained in the Facility would restrict our access to the Facility and could have a material adverse effect on our financial condition, results of operations and liquidity.

As of June 30, 2023, a total of \$4.5 billion remained available under the Facility.

Corebridge maintains a committed, revolving syndicated credit facility (the Corebridge Facility) with aggregate commitments by the bank syndicate to provide Corebridge with unsecured revolving loans and/or standby letters of credit of up to \$2.5 billion without any limits on the type of borrowings and with no recourse to AIG Parent. The Corebridge Facility is scheduled to expire in May 2027.

As of June 30, 2023, a total of \$2.5 billion remained available under the Corebridge Facility.

Corebridge also maintains a 3-Year Delayed Draw Term Loan Agreement (the DDTL Facility) with aggregate commitments by the bank syndicate to provide Corebridge with delayed draw term loans of up to \$1.5 billion, with no recourse to AIG Parent. On September 15, 2022, Corebridge borrowed \$1.5 billion under the DDTL Facility. The DDTL Facility is scheduled to mature in February 2025.

As of June 30, 2023, a total of \$1.5 billion of borrowings are outstanding under the DDTL Facility.

## CONTRACTUAL OBLIGATIONS

As of June 30, 2023, there have been no material changes in our contractual obligations from December 31, 2022, a description of which may be found in *Part II, Item 7. MD&A – Liquidity and Capital Resources – Contractual Obligations in the 2022 Annual Report*.

## OFF-BALANCE SHEET ARRANGEMENTS AND COMMERCIAL COMMITMENTS

As of June 30, 2023, there have been no material changes in our off-balance sheet arrangements and commercial commitments from December 31, 2022, a description of which may be found in *Part II, Item 7. MD&A – Liquidity and Capital Resources – Off-Balance Sheet Arrangements and Commercial Commitments in the 2022 Annual Report*.

## DEBT

AIG expects to service and repay general borrowings through maturing investments and dispositions of invested assets, future cash flows from operations, cash flows generated from invested assets, future debt or preferred stock issuances and other financing arrangements.

For additional information on GIAs and associated collateral posted, see Note 6 to the Condensed Consolidated Financial Statements.

The following table provides the rollforward of AIG's total debt outstanding:

| Six Months Ended June 30, 2023<br>(in millions)                                       | Balance,<br>Beginning<br>of Year | Issuances     | Maturities<br>and<br>Repayments | Effect of<br>Foreign<br>Exchange | Other<br>Changes                 | Balance,<br>End of<br>Period |
|---------------------------------------------------------------------------------------|----------------------------------|---------------|---------------------------------|----------------------------------|----------------------------------|------------------------------|
| <b>Debt issued or guaranteed by AIG:</b>                                              |                                  |               |                                 |                                  |                                  |                              |
| <b>AIG general borrowings:</b>                                                        |                                  |               |                                 |                                  |                                  |                              |
| Notes and bonds payable                                                               | \$ 10,242                        | \$ 742        | \$ (388)                        | \$ 30                            | \$ 14                            | \$ 10,640                    |
| Junior subordinated debt                                                              | 991                              | —             | —                               | —                                | —                                | 991                          |
| AIG Japan Holdings Kabushiki Kaisha                                                   | 273                              | —             | —                               | (12)                             | —                                | 261                          |
| Validus notes and bonds payable                                                       | 269                              | —             | —                               | —                                | (269) <sup>(d)</sup>             | —                            |
| <b>Total AIG general borrowings</b>                                                   | <b>11,775</b>                    | <b>742</b>    | <b>(388)</b>                    | <b>18</b>                        | <b>(255)</b>                     | <b>11,892</b>                |
| <b>AIG borrowings supported by assets:</b>                                            |                                  |               |                                 |                                  |                                  |                              |
| AIG notes and bonds payable                                                           | 81                               | —             | (62)                            | —                                | —                                | 19                           |
| Series AIGFP matched notes and bonds payable                                          | 18                               | —             | —                               | —                                | —                                | 18                           |
| <b>Total AIG borrowings supported by assets</b>                                       | <b>99</b>                        | <b>—</b>      | <b>(62)</b>                     | <b>—</b>                         | <b>—</b>                         | <b>37</b>                    |
| <b>Total debt issued or guaranteed by AIG</b>                                         | <b>11,874</b>                    | <b>742</b>    | <b>(450)</b>                    | <b>18</b>                        | <b>(255)</b>                     | <b>11,929</b>                |
| <b>Corebridge debt:</b>                                                               |                                  |               |                                 |                                  |                                  |                              |
| AIGLH notes and bonds payable <sup>(a)</sup>                                          | 200                              | —             | —                               | —                                | —                                | 200                          |
| AIGLH junior subordinated debt <sup>(a)</sup>                                         | 227                              | —             | —                               | —                                | —                                | 227                          |
| Corebridge senior unsecured notes - not guaranteed by AIG                             | 6,452                            | —             | —                               | —                                | 5                                | 6,457                        |
| Corebridge junior subordinated debt - not guaranteed by AIG                           | 989                              | —             | —                               | —                                | —                                | 989                          |
| DDTL facility - not guaranteed by AIG                                                 | 1,500                            | —             | —                               | —                                | —                                | 1,500                        |
| <b>Total Corebridge debt</b>                                                          | <b>9,368</b>                     | <b>—</b>      | <b>—</b>                        | <b>—</b>                         | <b>5</b>                         | <b>9,373</b>                 |
| GIAs, at fair value - supported by Corebridge assets <sup>(b)</sup>                   | 56                               | —             | —                               | —                                | (6)                              | 50                           |
| Other subsidiaries' notes, bonds, loans and mortgages payable - not guaranteed by AIG | 1                                | —             | (1)                             | —                                | —                                | —                            |
| <b>Total Short-term and long-term debt</b>                                            | <b>\$ 21,299</b>                 | <b>\$ 742</b> | <b>\$ (451)</b>                 | <b>\$ 18</b>                     | <b>\$ (256)</b>                  | <b>\$ 21,352</b>             |
| <b>Debt of consolidated investment entities - not guaranteed by AIG<sup>(c)</sup></b> | <b>\$ 5,880</b>                  | <b>\$ 148</b> | <b>\$ (286)</b>                 | <b>\$ 36</b>                     | <b>\$ (2,985) <sup>(e)</sup></b> | <b>\$ 2,793</b>              |

(a) We have entered into a guarantee reimbursement agreement with Corebridge and AIG Life Holdings, Inc. (AIGLH) which provides that Corebridge and AIGLH will reimburse AIG for the full amount of any payment made by or on behalf of AIG pursuant to AIG's guarantee of the AIGLH notes and junior subordinated debt. We have also entered into a collateral agreement with Corebridge and AIGLH which provides that in the event of: (i) a ratings downgrade of Corebridge or AIGLH long-term unsecured indebtedness below specified levels or (ii) the failure by AIGLH to pay principal and interest on the AIGLH debt when due, Corebridge and AIGLH must collateralize an amount equal to the sum of: (i) 100 percent of the principal amount outstanding, (ii) accrued and unpaid interest, and (iii) 100 percent of the net present value of scheduled interest payments, through the maturity dates of the AIGLH debt.

(b) Collateral posted to third parties was \$56 million and \$63 million at June 30, 2023 and December 31, 2022, respectively. This collateral primarily consists of securities of the U.S. government and government sponsored entities and generally cannot be replighted or resold by the counterparties.

- (c) At June 30, 2023, includes debt of consolidated investment entities primarily related to real estate investments of \$1.6 billion and other securitization vehicles of \$1.2 billion. At December 31, 2022, includes debt of consolidated investment entities related to real estate investments of \$1.5 billion and other securitization vehicles of \$4.4 billion.
- (d) Primarily represents amounts reclassified to Liabilities held for sale.
- (e) Primarily relates to the sale of AIG Credit Management, LLC where certain consolidated investment entities were deconsolidated.

## Debt Maturities

The following table summarizes maturing short-term and long-term debt at June 30, 2023 of AIG for the next four quarters:

| (in millions)          | Third<br>Quarter<br>2023 | Fourth<br>Quarter<br>2023 | First<br>Quarter<br>2024 | Second<br>Quarter<br>2024 | Total           |
|------------------------|--------------------------|---------------------------|--------------------------|---------------------------|-----------------|
| AIG general borrowings | \$ 25                    | \$ —                      | \$ 459                   | \$ —                      | \$ 484          |
| DDTL facility*         | 1,500                    | —                         | —                        | —                         | 1,500           |
| <b>Total</b>           | <b>\$ 1,525</b>          | <b>\$ —</b>               | <b>\$ 459</b>            | <b>\$ —</b>               | <b>\$ 1,984</b> |

\* Corebridge has the ability to further continue this borrowing through February 25, 2025.

The following table presents maturities of short-term and long-term debt (including unamortized original issue discount, hedge accounting valuation adjustments and fair value adjustments, when applicable):

| June 30, 2023                                        | Total            | Remainder<br>of 2023 | Year Ending   |                 |               |                 |               | Thereafter       |
|------------------------------------------------------|------------------|----------------------|---------------|-----------------|---------------|-----------------|---------------|------------------|
| (in millions)                                        |                  |                      | 2024          | 2025            | 2026          | 2027            | 2028          |                  |
| <b>Debt issued or guaranteed by AIG:</b>             |                  |                      |               |                 |               |                 |               |                  |
| <b>AIG general borrowings:</b>                       |                  |                      |               |                 |               |                 |               |                  |
| Notes and bonds payable                              | \$ 10,640        | \$ 25                | \$ 459        | \$ 998          | \$ 780        | \$ 1,088        | \$ 340        | \$ 6,950         |
| Junior subordinated debt                             | 991              | —                    | —             | —               | —             | —               | —             | 991              |
| AIG Japan Holdings Kabushiki Kaisha <sup>(a)</sup>   | 261              | —                    | —             | 261             | —             | —               | —             | —                |
| <b>Total AIG general borrowings</b>                  | <b>11,892</b>    | <b>25</b>            | <b>459</b>    | <b>1,259</b>    | <b>780</b>    | <b>1,088</b>    | <b>340</b>    | <b>7,941</b>     |
| <b>AIG borrowings supported by assets:</b>           |                  |                      |               |                 |               |                 |               |                  |
| AIG notes and bonds payable                          | 19               | —                    | —             | 12              | 7             | —               | —             | —                |
| Series AIGFP matched notes and bonds payable         | 18               | —                    | —             | —               | —             | —               | —             | 18               |
| <b>Total AIG borrowings supported by assets</b>      | <b>37</b>        | <b>—</b>             | <b>—</b>      | <b>12</b>       | <b>7</b>      | <b>—</b>        | <b>—</b>      | <b>18</b>        |
| <b>Total debt issued or guaranteed by AIG</b>        | <b>11,929</b>    | <b>25</b>            | <b>459</b>    | <b>1,271</b>    | <b>787</b>    | <b>1,088</b>    | <b>340</b>    | <b>7,959</b>     |
| <b>Corebridge debt:</b>                              |                  |                      |               |                 |               |                 |               |                  |
| AIGLH notes and bonds payable                        | 200              | —                    | —             | 101             | —             | —               | —             | 99               |
| AIGLH junior subordinated debt                       | 227              | —                    | —             | —               | —             | —               | —             | 227              |
| Corebridge senior unsecured notes                    | 6,457            | —                    | —             | 995             | —             | 1,242           | —             | 4,220            |
| Corebridge junior subordinated debt                  | 989              | —                    | —             | —               | —             | —               | —             | 989              |
| DDTL facility <sup>(b)</sup>                         | 1,500            | 1,500                | —             | —               | —             | —               | —             | —                |
| <b>Total Corebridge debt</b>                         | <b>9,373</b>     | <b>1,500</b>         | <b>—</b>      | <b>1,096</b>    | <b>—</b>      | <b>1,242</b>    | <b>—</b>      | <b>5,535</b>     |
| GIAs, at fair value - supported by Corebridge assets | 50               | —                    | —             | —               | —             | —               | —             | 50               |
| <b>Total<sup>(c)</sup></b>                           | <b>\$ 21,352</b> | <b>\$ 1,525</b>      | <b>\$ 459</b> | <b>\$ 2,367</b> | <b>\$ 787</b> | <b>\$ 2,330</b> | <b>\$ 340</b> | <b>\$ 13,544</b> |

- (a) In May 2023, the AIG Japan Holdings Kabushiki Kaisha syndicated loan facility in the amount of JPY24.65 billion and with a maturity date of May 25, 2023, was refinanced, and will now mature on March 25, 2025.
- (b) Corebridge has the ability to further continue this borrowing through February 25, 2025.
- (c) Does not reflect \$2.8 billion of notes issued by consolidated investment entities, for which recourse is limited to the assets of the respective investment entities and for which there is no recourse to the general credit of AIG.

## CREDIT RATINGS

**Credit ratings estimate a company's ability to meet its obligations and may directly affect the cost and availability of financing to that company.** The following table presents the credit ratings of AIG and certain of its subsidiaries as of the date of this filing. Figures in parentheses indicate the relative ranking of the ratings within the agency's rating categories; that ranking refers only to the major rating category and not to the modifiers assigned by the rating agencies.

|                                    | Short-Term Debt |                | Senior Long-Term Debt       |                            |                          |
|------------------------------------|-----------------|----------------|-----------------------------|----------------------------|--------------------------|
|                                    | Moody's         | S&P            | Moody's <sup>(a)</sup>      | S&P <sup>(b)</sup>         | Fitch <sup>(c)</sup>     |
| American International Group, Inc. | P-2 (2nd of 4)  | A-2 (2nd of 5) | Baa 2 (4th of 9) / Positive | BBB+ (4th of 9) / Negative | BBB+ (4th of 9) / Stable |
| Corebridge Financial, Inc.         |                 |                | Baa 2 (4th of 9) / Stable   | BBB+ (4th of 9) / Stable   | BBB+ (4th of 9) / Stable |

(a) Moody's appends numerical modifiers 1, 2 and 3 to the generic rating categories to show relative position within the rating categories.

(b) S&P ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

(c) Fitch Ratings Inc. (Fitch) ratings may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

These credit ratings are current opinions of the rating agencies. They may be changed, suspended or withdrawn at any time by the rating agencies as a result of changes in, or unavailability of, information or based on other circumstances. Ratings may also be withdrawn at our request.

We are party to some agreements that contain "ratings triggers." Depending on the ratings maintained by one or more rating agencies, these triggers could result in (i) the termination or limitation of credit availability or a requirement for accelerated repayment, (ii) the termination of business contracts or (iii) a requirement to post collateral for the benefit of counterparties.

In the event of a downgrade of AIG's long-term senior debt ratings, certain AIG entities would be required to post additional collateral under some derivative and other transactions, or certain of the counterparties of such AIG entities would be permitted to terminate such transactions early.

The actual amount of collateral that we would be required to post to counterparties in the event of such downgrades, or the aggregate amount of payments that we could be required to make, depends on market conditions, the fair value of outstanding affected transactions and other factors prevailing at the time of the downgrade.

## FINANCIAL STRENGTH RATINGS

**Financial Strength ratings estimate an insurance company's ability to pay its obligations under an insurance policy.** The following table presents the ratings of our significant insurance subsidiaries as of the date of this filing.

|                                                              | A.M. Best | S&P | Fitch | Moody's |
|--------------------------------------------------------------|-----------|-----|-------|---------|
| National Union Fire Insurance Company of Pittsburgh, Pa.     | A         | A+  | A+    | A2      |
| Lexington Insurance Company                                  | A         | A+  | A+    | A2      |
| American Home Assurance Company                              | A         | A+  | A+    | A2      |
| American General Life Insurance Company                      | A         | A+  | A+    | A2      |
| The Variable Annuity Life Insurance Company                  | A         | A+  | A+    | A2      |
| United States Life Insurance Company in the City of New York | A         | A+  | A+    | A2      |
| AIG Europe S.A.                                              | NR        | A+  | NR    | A2      |
| American International Group UK Ltd.                         | A         | A+  | NR    | A2      |
| AIG General Insurance Co. Ltd.                               | NR        | A+  | NR    | NR      |
| Validus Reinsurance, Ltd.*                                   | A         | A+  | NR    | NR      |

\* For a discussion of the sale of Validus Re, see Note 1 and Note 4 to the Condensed Consolidated Financial Statements.

On July 11, 2023, Moody's changed the rating outlook for AIG and General Insurance subsidiaries to positive from stable and affirmed the 'A2' insurance financial strength rating of the General Insurance subsidiaries and the 'Baa2' senior unsecured debt rating of AIG.

In response to the announcement of the sale of Validus Re, on May 24, 2023, S&P placed Validus ratings on CreditWatch with negative implications, and on May 25, 2023, A.M. Best placed its ratings on Validus under review with developing implications.

On February 27, 2023, Fitch Ratings upgraded the Insurer Financial Strength Ratings of AIG General Insurance subsidiaries to 'A+' from 'A'.

These financial strength ratings are current opinions of the rating agencies. They may be changed, suspended or withdrawn at any time by the rating agencies as a result of changes in, or unavailability of, information or based on other circumstances.

*For information regarding the effects of downgrades in our credit ratings and financial strength ratings, see Note 11 to the Condensed Consolidated Financial Statements and Part I, Item 1A. Risk Factors – Liquidity, Capital and Credit – “A downgrade by one or more of the rating agencies in the Insurer Financial Strength ratings of our insurance or reinsurance companies could limit their ability to write or prevent them from writing new business and impair their retention of customers and in-force business, and a downgrade in our credit ratings could adversely affect our business, results of operations, financial condition and liquidity” in the 2022 Annual Report.*

## REGULATION AND SUPERVISION

*For a discussion of our regulation and supervision by different regulatory authorities in the United States and abroad, including with respect to our liquidity and capital resources, see Part I, Item 1. Business – Regulation and Part I, Item 1A. Risk Factors – Regulation in the 2022 Annual Report, and – Executive Summary – Regulatory, Industry and Economic Factors – Regulatory Environment in this MD&A.*

## DIVIDENDS

On August 1, 2023, our Board of Directors declared a cash dividend on AIG Common Stock of \$0.36 per share, payable on September 29, 2023 to shareholders of record on September 15, 2023.

On August 1, 2023, our Board of Directors declared a cash dividend on AIG's Series A Preferred Stock of \$365.625 per share, payable on September 15, 2023 to holders of record on August 31, 2023.

The payment of any future dividends will be at the discretion of our Board of Directors and will depend on various factors. *For further detail on our dividends, see Note 16 to the Condensed Consolidated Financial Statements.*

## REPURCHASES OF AIG COMMON STOCK

Our Board of Directors has authorized the repurchase of shares of AIG Common Stock through a series of actions. During the six months ended June 30, 2023, AIG Parent repurchased approximately 21 million shares of AIG Common Stock for an aggregate purchase price of \$1.2 billion. Pursuant to an Exchange Act Rule 10b5-1 repurchase plan that expires on August 7, 2023 (the Current 10b5-1 Plan), from July 1, 2023 to July 26, 2023, we repurchased approximately 6 million shares of AIG Common Stock for an aggregate purchase price of approximately \$336 million. On August 1, 2023, the Board of Directors authorized the repurchase of \$7.5 billion of AIG Common Stock (inclusive of the approximately \$2.15 billion of expected remaining authorization under the Board's prior share repurchase authorization upon expiration of the Current 10b5-1 Plan as of August 7, 2023).

The timing of any future share repurchases will depend on market conditions, our business and strategic plans, financial condition, results of operations, liquidity and other factors, as discussed further in Note 16 to the Condensed Consolidated Financial Statements.

## DIVIDEND RESTRICTIONS

Payments of dividends to AIG by its insurance subsidiaries are subject to certain restrictions imposed by regulatory authorities.

*For information regarding restrictions on payments of dividends by our subsidiaries, see Note 18 to the Consolidated Financial Statements in the 2022 Annual Report.*

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## Enterprise Risk Management

Risk management includes the identification and measurement of various forms of risk, the establishment of risk thresholds and the creation of processes intended to maintain risks within these thresholds while optimizing returns. We consider risk management an integral part of managing our core businesses and a key element of our approach to corporate governance.

### OVERVIEW

We consider risk management an integral part of our business strategy and a key element of our approach to corporate governance. We have an integrated process for managing risks throughout our organization in accordance with our firm-wide risk appetite. Our Board of Directors has oversight responsibility for the management of risk. Our Enterprise Risk Management (ERM) Department supervises and integrates the risk management functions in each of our business units, providing senior management with a consolidated view of AIG's major risk positions. ERM embeds risk management in our key day-to-day business processes and in identifying, assessing, quantifying, monitoring, reporting, and mitigating the risks taken by AIG. Nevertheless, our risk management efforts may not always be successful and material adverse effects on our business, results of operations, cash flows, liquidity or financial condition may occur. *For further information regarding the risks associated with our business and operations, see Part I, Item 1A. Risk Factors in the 2022 Annual Report.*

AIG employs a Three Lines of Defense model. AIG's business leaders assume full accountability for the risks and controls in their operating units, and ERM performs a review, challenge and oversight function. The third line consists of our Internal Audit Group that provides independent assurance to AIG's Board of Directors.

*For additional information on AIG's risk management program, see Part II, Item 7. MD&A — Enterprise Risk Management in the 2022 Annual Report.*

The scope and magnitude of our market risk exposures is managed under a robust framework that contains defined risk limits and minimum standards for managing market risk in a manner consistent with our risk appetite statement. A description of our market risk exposures may be found in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk in the 2022 Annual Report. *See Part I, Item 1A. Risk Factors in the 2022 Annual Report on how difficult conditions in the financial markets and the economy generally may materially adversely affect our business and results of our operations.*

## Glossary

**Accident year** The annual calendar accounting period in which loss events occurred, regardless of when the losses are actually reported, booked or paid.

**Accident year combined ratio, as adjusted (Accident year combined ratio, ex-CAT)** The combined ratio excluding catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting.

**Accident year loss ratio, as adjusted (Accident year loss ratio, ex-CAT)** The loss ratio excluding catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting.

**Acquisition ratio** Acquisition costs divided by net premiums earned. Acquisition costs are those costs incurred to acquire new and renewal insurance contracts and also include the amortization of VOBA and DAC. Acquisition costs vary with sales and include, but are not limited to, commissions, premium taxes, direct marketing costs and certain costs of personnel engaged in sales support activities such as underwriting.

**Adjusted revenues** exclude Net realized gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes), changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes) and income from elimination of the international reporting lag. Adjusted revenues is a GAAP measure for our segments.

**Assets under administration** include assets under management and Group Retirement mutual fund assets that we sell or administer.

**Attritional losses** are losses recorded in the current accident year, which are not catastrophe losses.

**AUM** *Assets under management* include assets in the general and separate accounts of our subsidiaries that support liabilities and surplus related to our life and annuity insurance products and the notional value of stable value wrap contracts.

**Base yield** Net investment income excluding income from alternative investments and other enhancements, as a percentage of average base invested asset portfolio, which excludes alternative investments, other bond securities and certain other investments for which the fair value option has been elected.

**Book value per common share, excluding accumulated other comprehensive income (loss) (AOCI) adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and deferred tax assets (DTA) (Adjusted book value per common share)** is a non-GAAP measure and is used to show the amount of our net worth on a per-common share basis. Adjusted book value per common share is derived by dividing total AIG common shareholders' equity, excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and DTA (Adjusted common shareholders' equity), by total common shares outstanding.

**Casualty insurance** Insurance that is primarily associated with the losses caused by injuries to third persons, i.e., not the insured, and the legal liability imposed on the insured as a result.

**Combined ratio** Sum of the loss ratio and the acquisition and general operating expense ratios.

**Credit Support Annex** A legal document generally associated with an ISDA Master Agreement that provides for collateral postings which could vary depending on ratings and threshold levels.

**Credit Valuation Adjustment (CVA)/Non-Performance Risk Adjustment (NPA)** The CVA/NPA adjusts the valuation of derivatives to account for nonperformance risk of our counterparty with respect to all net derivative assets positions. The CVA/NPA also accounts for our own credit risk in the fair value measurement of all derivative net liability positions and liabilities where AIG has elected the fair value option, when appropriate.

**DAC** *Deferred Policy Acquisition Costs* Deferred costs that are incremental and directly related to the successful acquisition of new business or renewal of existing business.

**DAC Related to Unrealized Appreciation (Depreciation) of Investments** An adjustment to DAC and Reserves for investment-oriented products, equal to the change in DAC and unearned revenue amortization that would have been recorded if fixed maturity securities available for sale at fair value had been sold at their stated aggregate fair value and the proceeds reinvested at current yields. An adjustment to benefit reserves for investment-oriented products is also recognized to reflect the application of the benefit ratio to the accumulated assessments that would have been recorded if fixed maturity securities available for sale at fair value had been sold at their stated aggregate fair value and the proceeds reinvested at current yields.

For long-duration traditional products, significant unrealized appreciation of investments in a sustained low interest rate environment may cause additional future policy benefit liabilities to be recorded.

**Deferred gain on retroactive reinsurance** Retroactive reinsurance is a reinsurance contract in which an assuming entity agrees to reimburse a ceding entity for liabilities incurred as a result of past insurable events. If the amount of premium paid by the ceding reinsurer is less than the related ceded loss reserves, the resulting gain is deferred and amortized over the settlement period of the reserves. Any related development on the ceded loss reserves recoverable under the contract would increase the deferred gain if unfavorable, or decrease the deferred gain if favorable.

**DSI** *Deferred Sales Inducements* Represents enhanced crediting rates or bonus payments to contract holders on certain annuity and investment contract products that meet the criteria to be deferred and amortized over the life of the contract.

**Expense ratio** Sum of acquisition expenses and general operating expenses, divided by net premiums earned.

**General operating expense ratio** General operating expenses divided by net premiums earned. General operating expenses are those costs that are generally attributed to the support infrastructure of the organization and include but are not limited to personnel costs, projects and bad debt expenses. General operating expenses exclude losses and loss adjustment expenses incurred, acquisition expenses, and investment expenses.

**GIC/GIA** *Guaranteed Investment Contract/Guaranteed Investment Agreement* A contract whereby the seller provides a guaranteed repayment of principal and a fixed or floating interest rate for a predetermined period of time.

**IBNR** *Incurred But Not Reported* Estimates of claims that have been incurred but not reported to us.

**ISDA Master Agreement** An agreement between two counterparties, which may have multiple derivative transactions with each other governed by such agreement, that generally provides for the net settlement of all or a specified group of these derivative transactions, as well as pledged collateral, through a single payment, in a single currency, in the event of a default on, or affecting any, one derivative transaction or a termination event affecting all, or a specified group of, derivative transactions.

**Loan-to-value ratio** Principal amount of loan amount divided by appraised value of collateral securing the loan.

**Loss Adjustment Expenses** The expenses directly attributed to settling and paying claims of insureds and include, but are not limited to, legal fees, adjuster's fees and the portion of general expenses allocated to claim settlement costs.

**Loss ratio** Losses and loss adjustment expenses incurred divided by net premiums earned.

**Loss reserve development** The increase or decrease in incurred losses and loss adjustment expenses related to prior years as a result of the re-estimation of loss reserves at successive valuation dates for a given group of claims.

**Loss reserves** Liability for unpaid losses and loss adjustment expenses. The estimated ultimate cost of settling claims relating to insured events that have occurred on or before the balance sheet date, whether or not reported to the insurer at that date.

**Master netting agreement** An agreement between two counterparties who have multiple derivative contracts with each other that provides for the net settlement of all contracts covered by such agreement, as well as pledged collateral, through a single payment, in a single currency, in the event of default on or upon termination of any one such contract.

**MRB** *Market risk benefit* is an amount that a policyholder would receive in addition to the account balance upon the occurrence of a specific event or circumstance, such as death, annuitization, or periodic withdrawal that involves protection from capital market risk.

**Natural catastrophe losses** are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and man-made catastrophe losses, such as terrorism and civil disorders that exceed the \$10 million threshold.

**Net premiums written** represent the sales of an insurer, adjusted for reinsurance premiums assumed and ceded, during a given period. Net premiums earned are the revenue of an insurer for covering risk during a given period. Net premiums written are a measure of performance for a sales period, while net premiums earned are a measure of performance for a coverage period.

**Noncontrolling interests** The portion of equity ownership in a consolidated subsidiary not attributable to the controlling parent company.

**Policy fees** An amount added to a policy premium, or deducted from a policy cash value or contract holder account, to reflect the cost of issuing a policy, establishing the required records, sending premium notices and other related expenses.

**Pool** A reinsurance arrangement whereby all of the underwriting results of the pool members are combined and then shared by each member in accordance with its pool participation percentage.

**Premiums and deposits – Life and Retirement** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, FHLB funding agreements and mutual funds.

**Prior year development** See *Loss reserve development*.

**RBC** *Risk-Based Capital* A formula designed to measure the adequacy of an insurer's statutory surplus compared to the risks inherent in its business.

**Reinstatement premiums** Premiums on an insurance policy over and above the initial premium imposed at the beginning of the policy payable to reinsurers or receivable from insurers to restore coverage limits that have been reduced or exhausted as a result of reinsured losses under certain excess of loss reinsurance contracts.

**Reinsurance** The practice whereby one insurer, the reinsurer, in consideration of a premium paid to that insurer, agrees to indemnify another insurer, the ceding company, for part or all of the liability of the ceding company under one or more policies or contracts of insurance which it has issued.

**Reinsurance recoverables** are comprised of paid losses recoverable, ceded loss reserves, ceded reserves for unearned premiums, and Life and Annuity reinsurance recoverables (ceded policy and claim reserves and policyholder contract deposits).

**Retroactive reinsurance** See *Deferred gain on retroactive reinsurance*.

**Return on common equity – Adjusted after-tax income excluding AOCI adjusted for the cumulative unrealized gains and losses related to Fortitude Re funds withheld assets and DTA (Adjusted return on common equity)** is a non-GAAP measure and is used to show the rate of return on common shareholders' equity. Adjusted return on common equity is derived by dividing actual or annualized adjusted after-tax income attributable to AIG common shareholders by average Adjusted common shareholders' equity.

**Subrogation** The amount of recovery for claims we have paid our policyholders, generally from a negligent third party or such party's insurer.

**Surrender charge** A charge levied against an investor for the early withdrawal of funds from a life insurance or annuity contract, or for the cancellation of the agreement.

**Surrender rate** represents annualized surrenders and withdrawals as a percentage of average reserves and Group Retirement mutual fund assets under administration.

**Unearned premium reserve** Liabilities established by insurers and reinsurers to reflect unearned premiums, which are usually refundable to policyholders if an insurance or reinsurance contract is canceled prior to expiration of the contract term.

**VOBA** *Value of Business Acquired* Present value of future pre-tax profits from in-force policies of acquired businesses discounted at yields applicable at the time of purchase. VOBA is reported in DAC in the Condensed Consolidated Balance Sheets.

## Acronyms

|                |                                                                          |                |                                                       |
|----------------|--------------------------------------------------------------------------|----------------|-------------------------------------------------------|
| <b>A&amp;H</b> | Accident and Health Insurance                                            | <b>GMDB</b>    | Guaranteed Minimum Death Benefits                     |
| <b>ABS</b>     | Asset-Backed Securities                                                  | <b>GMWB</b>    | Guaranteed Minimum Withdrawal Benefits                |
| <b>APT</b>     | Adjusted pre-tax income                                                  | <b>ISDA</b>    | International Swaps and Derivatives Association, Inc. |
| <b>AUM</b>     | Assets Under Management                                                  | <b>Moody's</b> | Moody's Investors' Service Inc.                       |
| <b>CDS</b>     | Credit Default Swap                                                      | <b>MRBs</b>    | Market Risk Benefits                                  |
| <b>CLO</b>     | Collateralized loan Obligations                                          | <b>NAIC</b>    | National Association of Insurance Commissioners       |
| <b>CMBS</b>    | Commercial Mortgage-Backed Securities                                    | <b>NM</b>      | Not Meaningful                                        |
| <b>EGPs</b>    | Estimated Gross Profits                                                  | <b>ORR</b>     | Obligor Risk Ratings                                  |
| <b>ERM</b>     | Enterprise Risk Management                                               | <b>RMBS</b>    | Residential Mortgage-Backed Securities                |
| <b>FASB</b>    | Financial Accounting Standards Board                                     | <b>S&amp;P</b> | Standard & Poor's Financial Services LLC              |
| <b>GAAP</b>    | Accounting Principles Generally Accepted in the United States of America | <b>SEC</b>     | Securities and Exchange Commission                    |
| <b>GIA</b>     | Guaranteed Investment Agreements                                         | <b>URR</b>     | Unearned Revenue Reserve                              |
| <b>GIC</b>     | Guaranteed Investment Contracts                                          | <b>VIE</b>     | Variable Interest Entity                              |

## ITEM 3 | Quantitative and Qualitative Disclosures About Market Risk

Included in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations – Enterprise Risk Management.

## ITEM 4 | Controls and Procedures

### EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures. In connection with the preparation of this Quarterly Report on Form 10-Q, an evaluation was carried out by American International Group, Inc. (AIG) management, with the participation of AIG's Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of June 30, 2023. Based on this evaluation, AIG's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023.

### CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the first quarter of 2023, AIG adopted Targeted Improvements to the Accounting for Long-Duration Contracts (LDTI), which resulted in a change to our recognition and measurement of long-duration contracts. In connection with the adoption of this standard, AIG changed processes, systems and controls related to certain of our long-duration contracts. Many of these controls are similar to those previously maintained under the historical GAAP framework but have been updated to reflect changes necessitated by the adoption of LDTI. There have been no other changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) that have occurred during the quarter ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# Part II – Other Information

## ITEM 1 | Legal Proceedings

For a discussion of legal proceedings, see Note 15 to the Condensed Consolidated Financial Statements, which is incorporated herein by reference.

## ITEM 1A | Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors discussed in Part I, Item 1A. Risk Factors in the 2022 Annual Report.

## ITEM 2 | Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about purchases made by or on behalf of AIG or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934 (the Exchange Act)) of AIG Common Stock during the three months ended June 30, 2023:

| Period       | Total Number of Shares Repurchased | Average Price Paid per Share* | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) |
|--------------|------------------------------------|-------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| April 1-30   | 3,828,532                          | \$ 51.34                      | 3,828,532                                                                        | \$ 2,994                                                                                               |
| May 1-31     | 1,913,685                          | 52.38                         | 1,913,685                                                                        | 2,894                                                                                                  |
| June 1-30    | 4,544,628                          | 56.46                         | 4,544,628                                                                        | 2,638                                                                                                  |
| <b>Total</b> | <b>10,286,845</b>                  | <b>\$ 53.79</b>               | <b>10,286,845</b>                                                                | <b>\$ 2,638</b>                                                                                        |

\* Excludes excise tax of \$9 million due to the Inflation Reduction Act of 2022 for the six months ended June 30, 2023.

During the three months ended June 30, 2023, AIG Parent repurchased approximately 10 million shares of AIG Common Stock, par value \$2.50 per share (AIG Common Stock) for an aggregate purchase price of \$554 million.

As of June 30, 2023, approximately \$2.6 billion remained under the authorization. Pursuant to an Exchange Act Rule 10b5-1 repurchase plan that expires on August 7, 2023 (the Current 10b5-1 Plan), from July 1, 2023 to July 26, 2023, we repurchased approximately 6 million shares of AIG Common Stock for an aggregate purchase price of approximately \$336 million. On August 1, 2023, the Board of Directors authorized the repurchase of \$7.5 billion of AIG Common Stock (inclusive of the approximately \$2.15 billion of expected remaining authorization under the Board's prior share repurchase authorization upon expiration of the Current 10b5-1 Plan as of August 7, 2023).

Shares may be repurchased from time to time in the open market, private purchases, through forward, derivative, accelerated repurchase or automatic repurchase transactions or otherwise. Certain of our share repurchases have been and may from time to time be effected through Exchange Act Rule 10b5-1 repurchase plans. The timing of any future share repurchases will depend on market conditions, our business and strategic plans, financial condition, results of operations, liquidity and other factors. The repurchase of AIG Common Stock is also subject to the terms of AIG's Series A 5.85% Non-Cumulative Preferred Stock (Series A Preferred Stock), pursuant to which AIG may not (other than in limited circumstances) purchase, redeem or otherwise acquire AIG Common Stock unless the full dividends for the latest completed dividend period on all outstanding shares of Series A Preferred Stock have been declared and paid or provided for.

## ITEM 5 | Other Information

Not Applicable.

## ITEM 6 | Exhibits

## Exhibit Index

| Exhibit Number | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Location        |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 10             | (1) Letter Agreement, dated June 19, 2023, between AIG and Sabra Purtil* <sup>*</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Filed herewith. |
| 22             | Guaranteed Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | None.           |
| 31             | Rule 13a-14(a)/15d-14(a) Certifications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Filed herewith. |
| 32             | Section 1350 Certifications**                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Filed herewith. |
| 101            | Interactive data files pursuant to Rule 405 of Regulation S-T formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, (ii) the Condensed Consolidated Statements of Income (Loss) for the three and six months ended June 30, 2023 and 2022, (iii) the Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2023 and 2022, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022, (v) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2023 and 2022 and (vi) the Notes to the Condensed Consolidated Financial Statements | Filed herewith. |
| 104            | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Filed herewith. |

\* This exhibit is a management contract or compensatory arrangement.

\*\* This information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

# Signatures

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**AMERICAN INTERNATIONAL GROUP, INC.**

(Registrant)

/S/ SABRA PURTILL

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Sabra Purtill  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

/S/ KATHLEEN CARBONE

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Kathleen Carbone  
Vice President and  
Chief Accounting Officer  
(Principal Accounting Officer)

Dated: August 2, 2023

## CERTIFICATIONS

I, Peter Zaffino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American International Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

/S/ PETER ZAFFINO

Peter Zaffino

Chairman and Chief Executive Officer

## CERTIFICATIONS

I, Sabra Purtill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American International Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2023

/S/ SABRA PURTILL

Sabra Purtill

Executive Vice President and  
Chief Financial Officer

## CERTIFICATION

In connection with this Quarterly Report on Form 10-Q of American International Group, Inc. (the "Company") for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Peter Zaffino, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2023

/S/ PETER ZAFFINO

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Peter Zaffino  
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

## CERTIFICATION

In connection with this Quarterly Report on Form 10-Q of American International Group, Inc. (the "Company") for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sabra Purtill, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2023

/S/ SABRA PURTILL

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Sabra Purtill

Executive Vice President and  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.