



# Conference Call Presentation First Quarter 2019

May 7, 2019

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This document and the remarks made orally may also contain certain non-GAAP financial measures. The reconciliation of such measures to the most comparable GAAP measures in accordance with Regulation G is included in the First Quarter 2019 Financial Supplement available in the Investor Information section of AIG’s corporate website, [www.aig.com](http://www.aig.com), as well as in the Appendix to this presentation.

Note: Amounts presented may not foot due to rounding.



# First Quarter 2019 Key Outcomes

## Consolidated

### 1Q19 Adjusted After-Tax Income (AATI) of \$1.4B (\$1.58/share)

- Adjusted Book Value Per Share of \$55.47, up approximately 1% from \$54.95 at year-end
- 1Q19 net investment income (NII) increased due largely to improved market performance and alternative investment returns

## General Insurance

### Delivered calendar year and accident year underwriting profit as we continued to execute on our underwriting and reinsurance strategies and further improved operating efficiencies

- 1Q19 AYLR, as adjusted, of 61.8% and AYCR, as adjusted, of 96.1% (360 basis points better than 1Q18)
- Net premiums written<sup>1</sup> decline of 2% from 1Q18 reflects underwriting discipline offset by growth from the Validus & Glatfelter acquisitions
- GOE declined 6.2% from 4Q18 due to continued expense discipline; declined 15.7% from 1Q18
- 1Q19 CAT losses of \$175M, net of reinsurance, or 2.7 points versus 5.7 points a year ago
- Rate increases continue to accelerate

## Life and Retirement

### Solid Adjusted Pre-Tax Income (APTI) reflects benefit of broad platform and favorable impact of the equity markets and tightening credit spreads

- Adjusted 1Q19 ROCE of 15.0% versus 14.3% a year ago
- 1Q19 premium and deposits growth<sup>2</sup> in Individual Retirement, Group Retirement, and Life Insurance
- Positive net flows for fixed and index annuities, as well as Pension Risk Transfer transactions, driving higher levels of assets

## Capital & Liquidity

### Continued balance sheet strength and prudent capital management

- AIG Parent liquidity of \$5.2B at March 31, 2019. Insurance company distributions of \$1.2B.
- Issued Non-Cumulative Preferred Stock for net proceeds of approximately \$485 million
- Total debt & preferred stock to Total capital ratio of 28.7% down from 29.3% at year-end 2018



1) 1Q19 includes net premiums written of \$1.3B and \$76M from Validus and Glatfelter, respectively. 1Q18 includes \$300M for two additional months of net premiums written as a result of the merger of AIUI Japan and Fuji Fire and Marine Insurance Company (Fuji). Fuji's fiscal reporting period was conformed to that of AIUI Japan (Japan Merger Impact).

2) 1Q18 premium and deposit balances and net flows exclude the impact of FHLB funding agreements within Individual Retirement and Group Retirement totaling \$1.3B.

# Consolidated Operating Financial Highlights

(\$ in millions, except per share amounts)	1Q18	1Q19	
<b>Adjusted Pre-tax Income (Loss):</b>			
<b>General Insurance</b>			
North America	\$320	\$934	
International	190	334	
<b>Total General Insurance</b>	<b>510</b>	<b>1,268</b>	
<b>Life and Retirement</b>			
Individual Retirement	499	508	
Group Retirement	282	232	
Life Insurance	52	116	
Institutional Markets	59	68	
<b>Total Life and Retirement</b>	<b>892</b>	<b>924</b>	
Other Operations <sup>1</sup>	(331)	(457)	
<b>Total Core</b>	<b>1,071</b>	<b>1,735</b>	
Legacy Portfolio	145	112	
<b>Total adjusted pre-tax income</b>	<b>\$1,216</b>	<b>\$1,847</b>	
<b>Adjusted after-tax income</b>	<b>\$963</b>	<b>\$1,388</b>	
<b>Adjusted after-tax income per diluted share</b>	<b>\$1.04</b>	<b>\$1.58</b>	
<b>Net income attributable to AIG</b>	<b>\$938</b>	<b>\$654</b>	
<b>Adjusted Return On Common Equity:</b>			
Consolidated	7.7%	11.6%	
Core	8.6%	13.4%	
General Insurance	5.1%	14.0%	
Life and Retirement	14.3%	15.0%	
Legacy Portfolio	4.6%	4.4%	
<b>Book Value Per Common Share (BVPS):</b>	<b>12/31/2018</b>	<b>3/31/2019</b>	<b>% Change</b>
BVPS	\$65.04	\$69.33	+6.6%
BVPS, excluding AOCI	\$66.67	\$66.89	+0.3%
Adjusted BVPS <sup>2</sup>	\$54.95	\$55.47	+0.9%



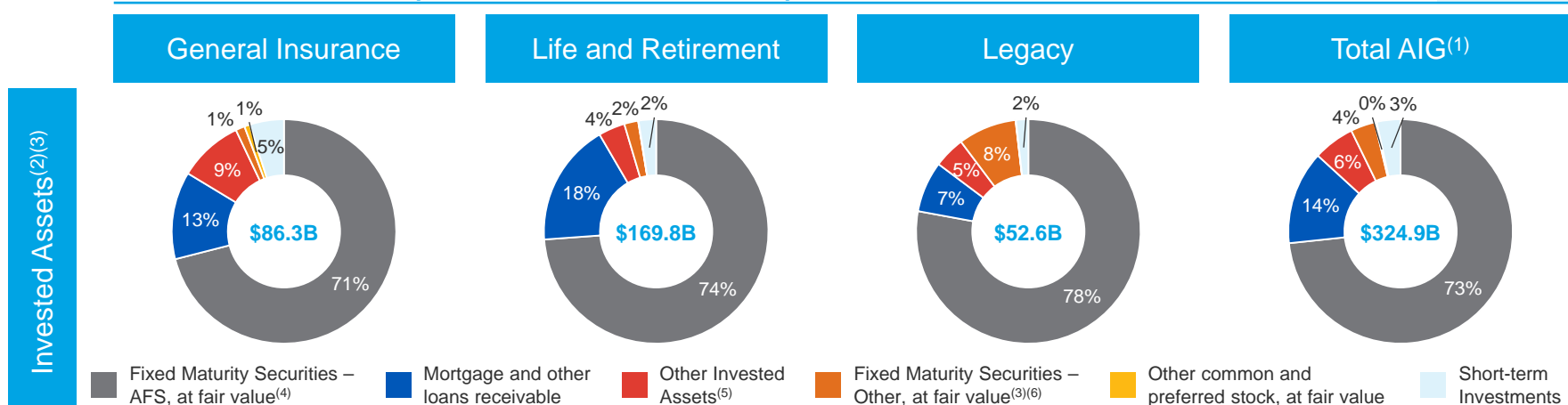
1) Includes consolidation, eliminations and other adjustments.

2) Book value per common share, ex. AOCI and DTA.

# Investments

(\$ in millions, unless otherwise indicated)

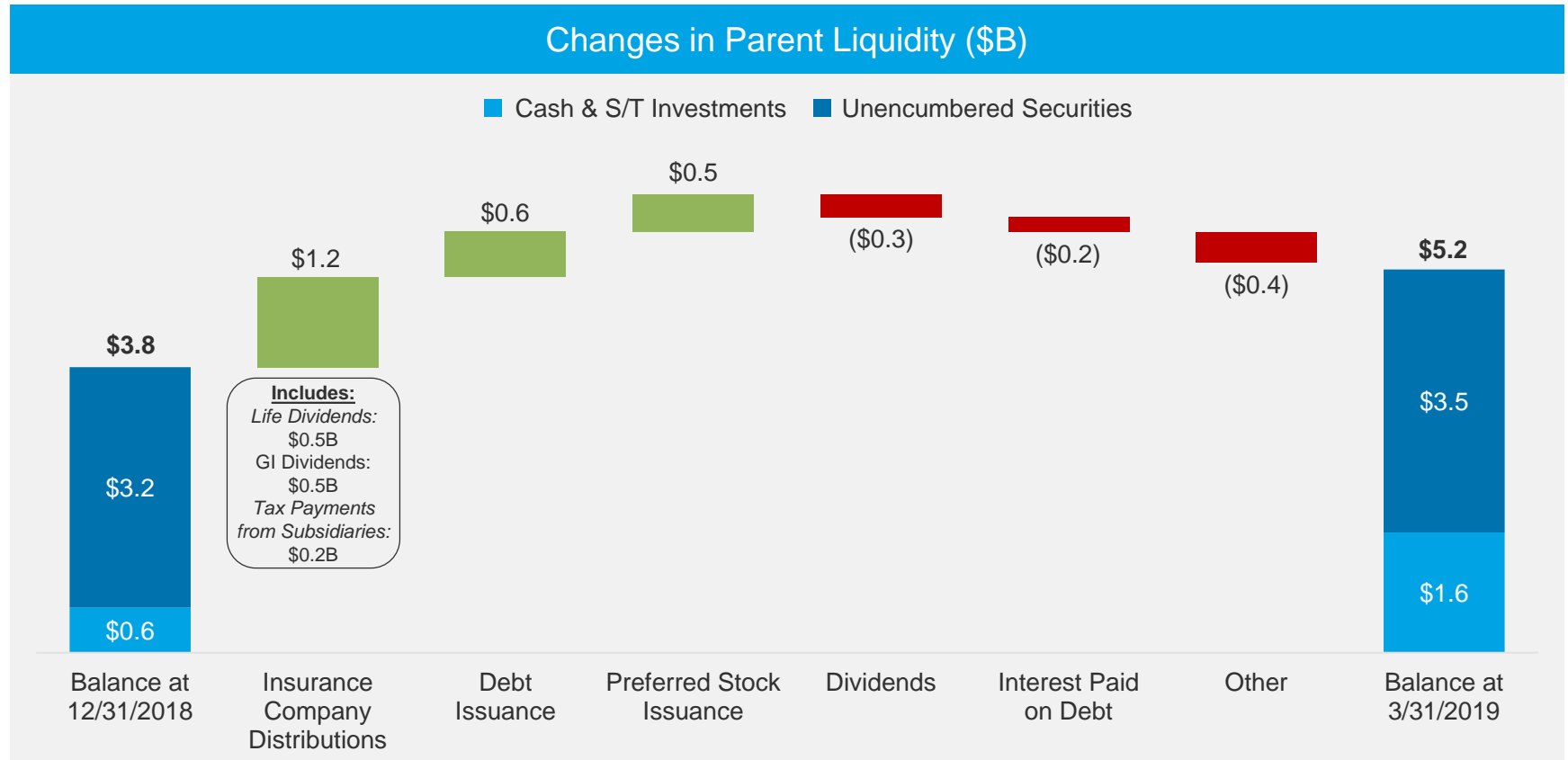
		Three Months Ended December 31,	Three Months Ended March	
		2018	2018	2019
Net Investment Income	General Insurance	\$349	\$761	\$1,089
	Life and Retirement	1,921	2,046	2,042
	Legacy	527	565	575
	Other Operations	43	(1)	91
	Consolidations and Eliminations	(27)	(23)	(79)
	<b>Total Insurance Company Net Investment Income</b>	<b>\$2,813</b>	<b>\$3,348</b>	<b>\$3,718</b>
	Add: Changes in Fair Value of Securities Used to Hedge Guaranteed Living Benefits	(1)	(77)	105
	Add: Changes in the Fair Value of Equity Securities	-	-	79
	Subtract: Net Realized Capital Gains (Losses) Related to Economic Hedges and Other	58	10	23
	<b>Net Investment Income per Consolidated Statement of Operations</b>	<b>\$2,754</b>	<b>\$3,261</b>	<b>\$3,879</b>



Source: AIG 1Q19 financial supplement.

(1) Includes Other Operations and consolidations and eliminations (not shown). (2) Based on carrying value as of March 31, 2019. (3) Includes the carrying value of securities used to hedge guaranteed living benefits. (4) As of March 31, 2019, our Fixed Maturity securities – AFS portfolio was approximately 80% fixed rate and 20% variable rate. (5) Other Invested Assets include hedge funds / private equity, real estate investments, long term time deposits, private common stock, affordable housing partnerships and aircraft assets. Hedge funds / private equity include investments accounted for under the equity method of accounting, where changes in our share of the net asset values are recorded through investment income or investments where we have elected the fair value option, where changes in the fair value are reported through investment income. (6) Fixed Maturity Securities – Other are securities for which we have elected the fair value option. Changes in the fair value of these securities are reported through net investment income, which can result in significant fluctuation in the total return. As of March 31, 2019, our Fixed Maturity securities – Other portfolio was approximately 41% fixed rate and 59% variable rate.

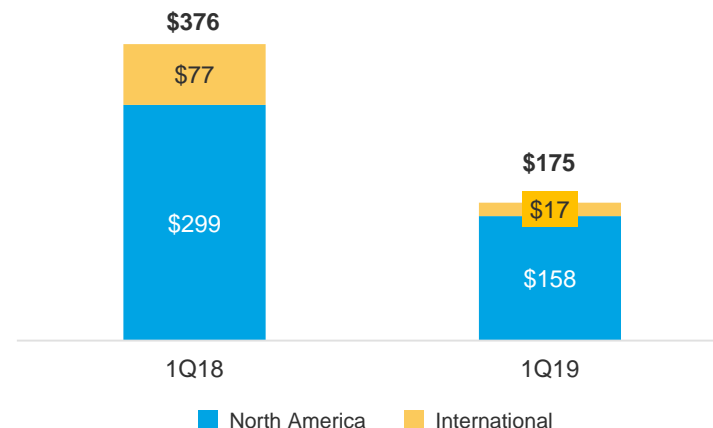
# Parent Liquidity



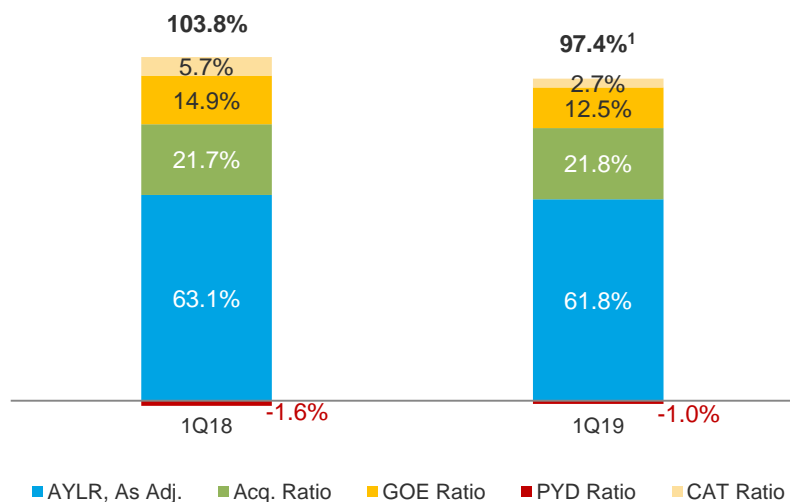
# General Insurance – Select Metrics

(\$ in millions)	1Q18	1Q19
<b>Net premiums written</b>	<b>\$6,171</b>	<b>\$6,033</b>
<b>Net premiums earned</b>	<b>\$6,683</b>	<b>\$6,713</b>
Loss and loss adjustment expense	4,488	4,233
Acquisition expenses	1,451	1,462
General operating expenses	995	839
<b>Underwriting income (loss)</b>	<b>(\$251)</b>	<b>\$179</b>
<b>Net investment income</b>	<b>\$761</b>	<b>\$1,089</b>
<b>Adjusted pre-tax income</b>	<b>\$510</b>	<b>\$1,268</b>

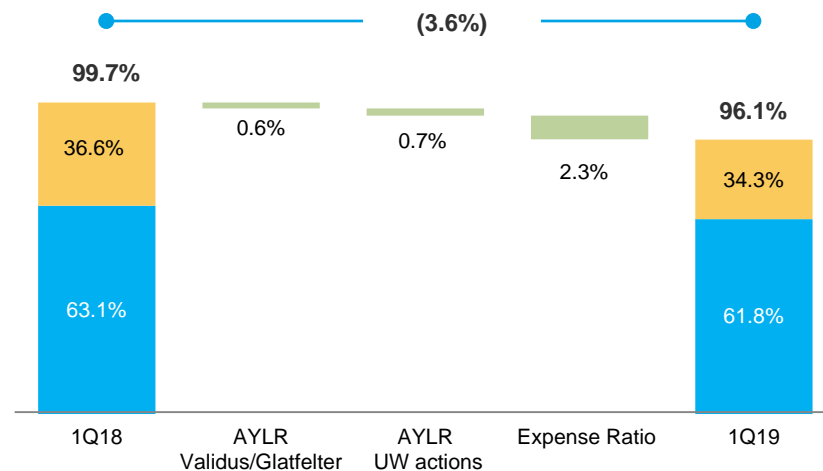
## Catastrophe Losses, Net of Reinsurance (\$M)



## Calendar Year Combined Ratios



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



1) Calendar year combined ratio includes an adjustment for ceded premiums under reinsurance contract in 1Q19.

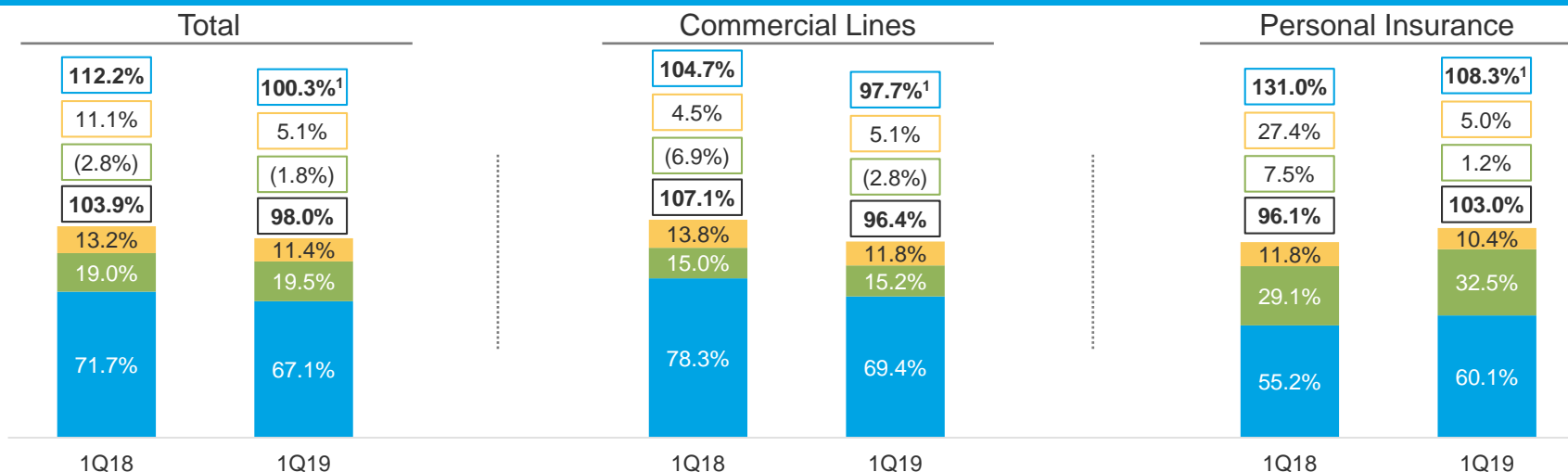
# General Insurance – North America

(\$ in millions)	1Q18	1Q19
<b>Net premiums written</b>	<b>\$2,039</b>	<b>\$2,578</b>
Commercial Lines	1,314	1,998
Personal Insurance	725	580
<b>Net premiums earned</b>	<b>\$2,692</b>	<b>\$3,153</b>
Commercial Lines	1,918	2,375
Personal Insurance	774	778
<b>Underwriting loss</b>	<b>(\$328)</b>	<b>(\$11)</b>
Commercial Lines	(89)	54
Personal Insurance	(239)	(65)
<b>Net investment income</b>	<b>\$648</b>	<b>\$945</b>
<b>Adjusted pre-tax income</b>	<b>\$320</b>	<b>\$934</b>

## Key Takeaways:

- NPW growth driven by strategic acquisitions partially offset by underwriting and reinsurance actions
- AYLR, as adjusted, improvement due to business mix changes, Validus and Glatfelter acquisitions, and underwriting actions
- Continued discipline on expenses
- Acquisition ratio increase driven by Personal Insurance business mix

## Combined Ratios



■ Calendar Year Combined Ratio 
 ■ CAT Ratio 
 ■ PYD Ratio 
 ■ AYCR, As adjusted 
 ■ GOE Ratio 
 ■ Acquisition Ratio 
 ■ AYLR, As adjusted

1) Calendar year combined ratio includes an adjustment for ceded premiums under reinsurance contract in 1Q19.



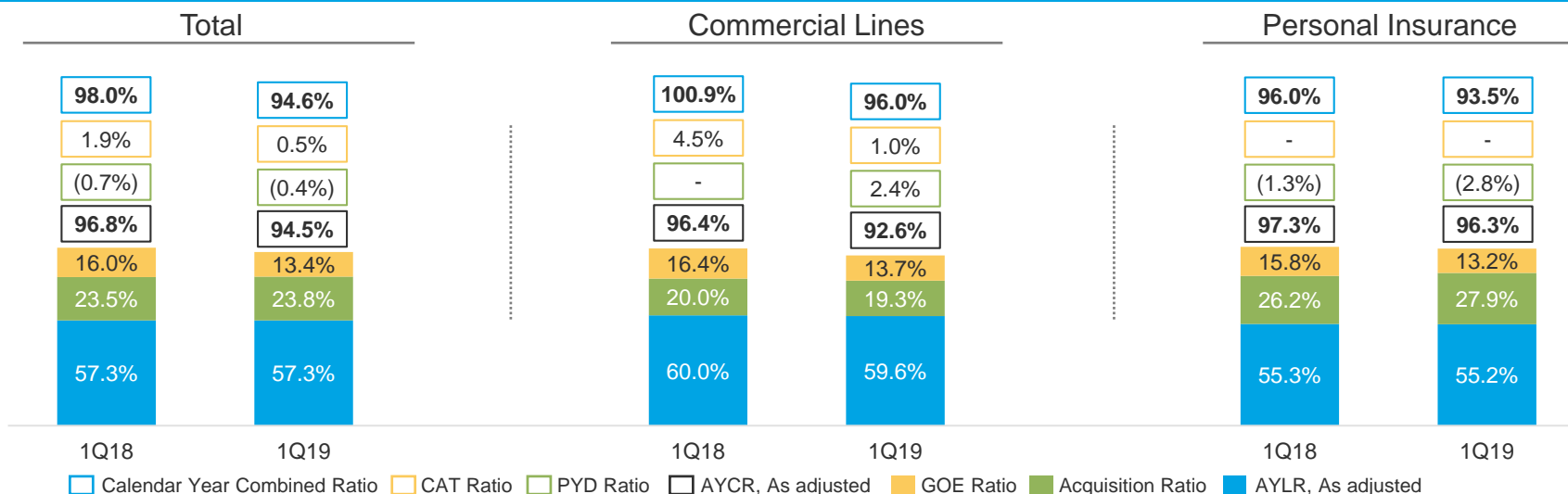
# General Insurance – International

(\$ in millions)	1Q18	1Q19
<b>Net premiums written</b>	<b>\$4,132</b>	<b>\$3,455</b>
Commercial Lines	1,955	1,780
Personal Insurance	2,177	1,675
<b>Net premiums earned</b>	<b>\$3,991</b>	<b>\$3,560</b>
Commercial Lines	1,722	1,684
Personal Insurance	2,269	1,876
<b>Underwriting income</b>	<b>\$77</b>	<b>\$190</b>
Commercial Lines	(14)	68
Personal Insurance	91	122
<b>Net investment income</b>	<b>\$113</b>	<b>\$144</b>
<b>Adjusted pre-tax income</b>	<b>\$190</b>	<b>\$334</b>

## Key Takeaways:

- NPW, excluding the impact of foreign exchange, decreased due to the 1Q18 Japan merger impact, reinsurance and lower A&H business in Asia Pacific, partially offset by the acquisition of Validus
- AYLR, as adjusted, is flat versus last year
- Reduced GOE ratio due to Japan merger impact and ongoing expense reduction initiatives

## Combined Ratios



# Reserves

(\$ in millions) Unfavorable (Favorable)	1Q18	4Q18	1Q19
<b>General Insurance</b>			
<b><i>North America</i></b>			
Commercial Lines	(\$136)	\$326	(\$69)
Personal Insurance	58	-	9
<b>Total North America</b>	<b>(78)</b>	<b>326</b>	<b>(60)</b>
<b><i>International</i></b>			
Commercial Lines	(1)	74	41
Personal Insurance	(29)	(37)	(53)
<b>Total International</b>	<b>(\$30)</b>	<b>37</b>	<b>(12)</b>
<b>Total General Insurance</b>	<b>(108)</b>	<b>363</b>	<b>(72)</b>
<b>Legacy Portfolio</b>	(2)	2	(2)
<b>Total prior year loss reserve development, net*</b>	<b>(\$110)</b>	<b>\$365</b>	<b>(\$74)</b>
<b>(Additional) return premium related to prior year development on loss sensitive business</b>	<b>\$4</b>	<b>\$13</b>	<b>\$10</b>

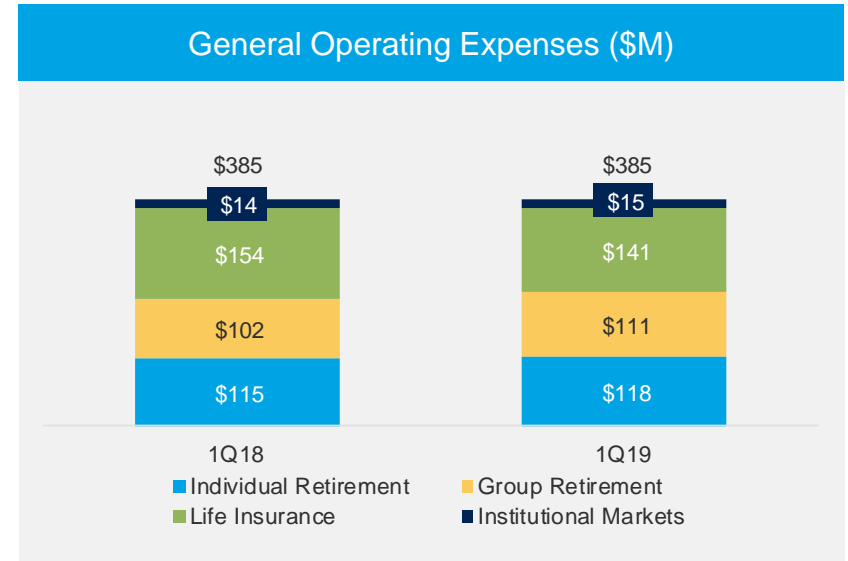
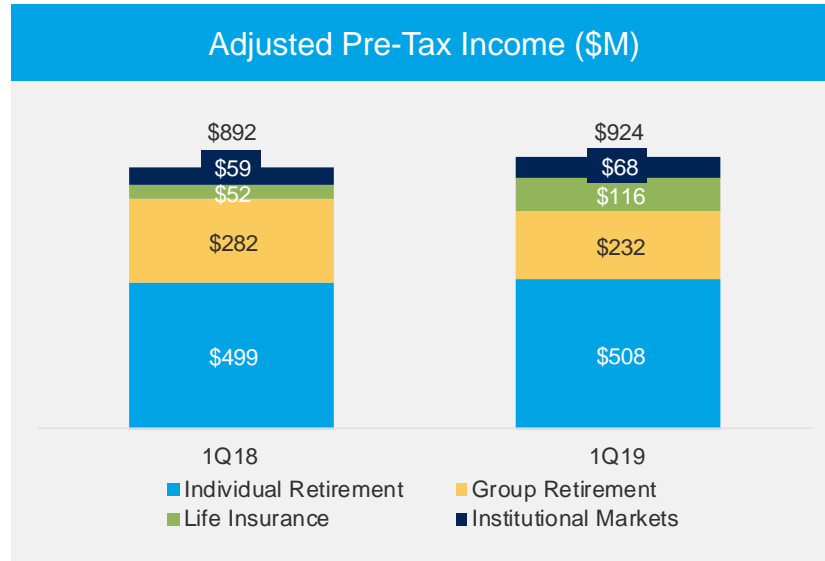
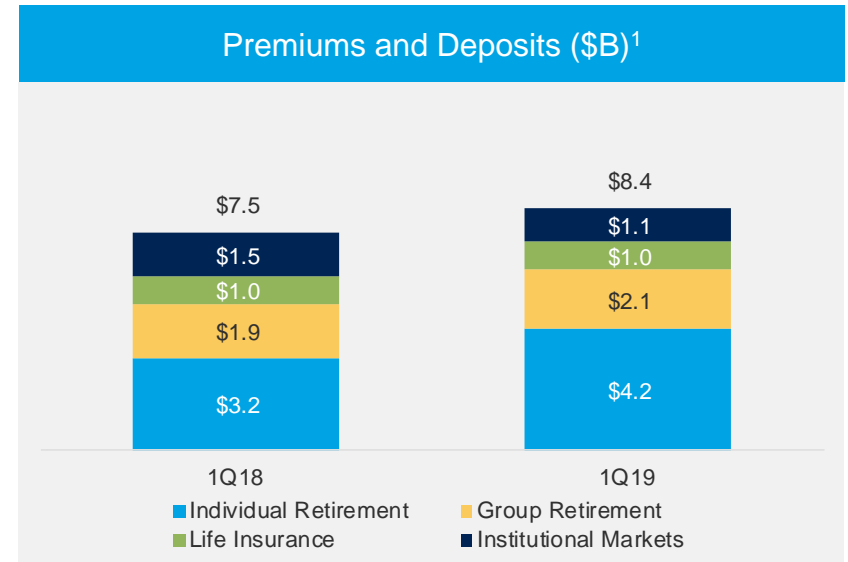
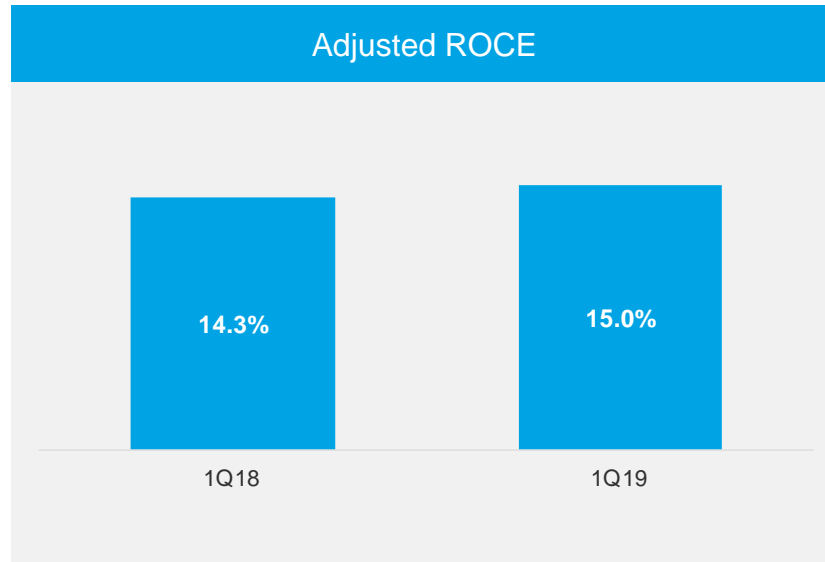
## 1Q19 Key Takeaways

- AIG's net favorable PYD of \$74M in 1Q19 includes \$2M of unfavorable PYD for which we have ceded the risk under the NICO reinsurance agreements
- 1Q19 includes amortization of the deferred gain of \$58M.



\* Includes amortization of the ADC deferred gain of \$58M, \$57M and \$62M in 1Q19, 4Q18 and 1Q18, respectively.

# Life and Retirement – Select Metrics



1) During 1Q18, several large FHLB funding agreements were issued within Institutional Markets, Individual Retirement and Group Retirement totaling \$2.7B. The deposits from these agreements were excluded from premiums and deposits and the net flows of Individual Retirement (\$1.1B) and Group Retirement (\$0.2B) as net flows from these funding agreements are not considered part of the metric to measure core recurring performance

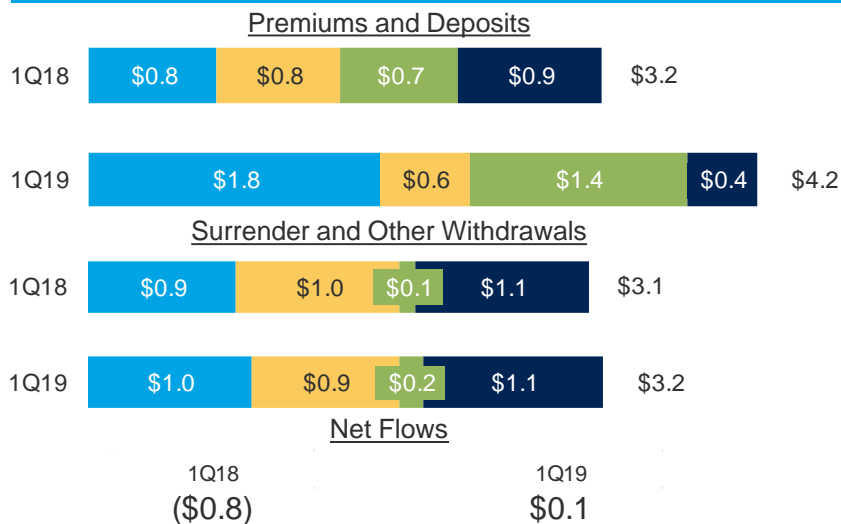
# Life and Retirement – Individual Retirement

(\$ in millions)	1Q18	1Q19
Premiums and deposits <sup>1</sup>	\$ 3,210	\$ 4,186
Premiums	12	11
Policy fees	204	193
Net investment income	984	999
Advisory fee and other income	161	148
Total adjusted revenues	1,361	1,351
Benefits, losses and expenses	862	843
<b>Adjusted pre-tax income</b>	<b>\$ 499</b>	<b>\$ 508</b>

## Key Takeaways

- Adjusted pre-tax income increased due to the positive impact of tightening credit spreads and equity market performance, which resulted in increased investment income and lower DAC amortization.
- Net flows were positive and increased significantly year-over-year, primarily due to stronger Fixed and Index Annuity sales
- Assets under administration are lower, driven mainly by the 4Q18 equity market declines and net redemptions on Retail Mutual Funds
- Base net spread is flat year-over-year after adjustment for unusual items

## Net Flows (\$B)<sup>1</sup>

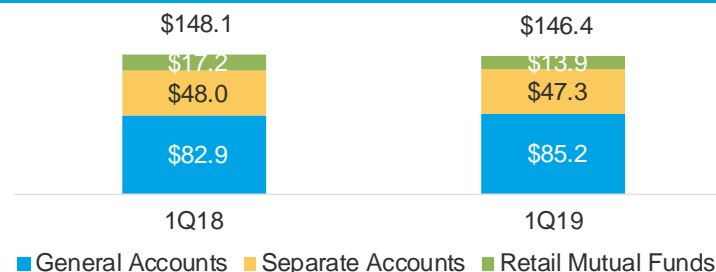


■ Fixed Annuities ■ Variable Annuities ■ Index Annuities ■ Retail Mutual Funds

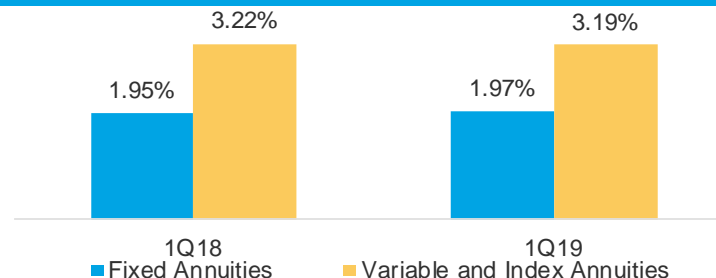


<sup>1</sup>) Excludes 1Q18 FHLB funding agreement from premiums and deposits and the net flows of Individual Retirement (\$1.1B). Furthermore, not shown in the chart above are outflows from death and other contract benefits of \$0.9B and \$0.8B in 1Q18 and 1Q19, respectively.

## Assets Under Administration (\$B)



## Base Net Investment Spread



# Life and Retirement – Group Retirement

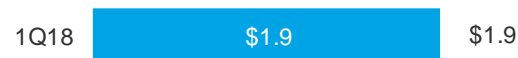
(\$ in millions)	1Q18	1Q19
Premiums and deposits <sup>1</sup>	\$ 1,863	\$ 2,063
Premiums	6	4
Policy fees	112	100
Net investment income	582	541
Advisory fee and other income	61	64
Total adjusted revenues	761	709
Benefits, losses and expenses	479	477
<b>Adjusted pre-tax income</b>	<b>\$ 282</b>	<b>\$ 232</b>

## Key Takeaways

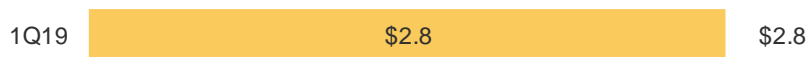
- Adjusted pre-tax income decreased mainly due to lower investment income, driven by a one-time bond claim payment recovery in 1Q18 and lower alternative investment returns
- Net flows are flat year-over-year. The increase in individual product and group acquisitions deposits was offset by higher surrender and other withdrawals, mainly from higher group losses
- Base net investment spread widened compared to prior year, due to higher accretion income. Base net spread is flat year-over-year after adjustment for unusual items

## Net Flows (\$B)<sup>1</sup>

### Premiums and Deposits



### Surrender and Other Withdrawals

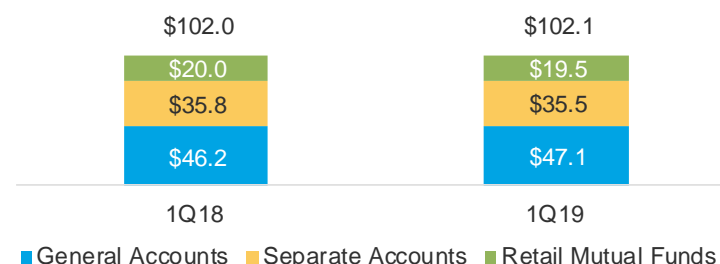


### Net Flows

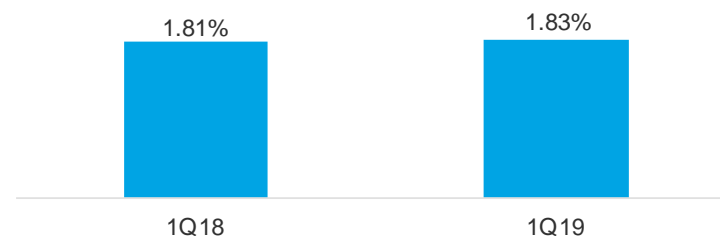
1Q18  
(\$0.8)

1Q19  
(\$0.9)

## Assets Under Administration (\$B)



## Base Net Investment Spread



1) Excludes 1Q18 FHLB funding agreement from premiums and deposit and the net flows of Group Retirement (\$0.2B). Furthermore, not shown in the chart above are outflows from death and other contract benefits of \$0.2B in both 1Q18 and 1Q19.

# Life and Retirement – Life Insurance

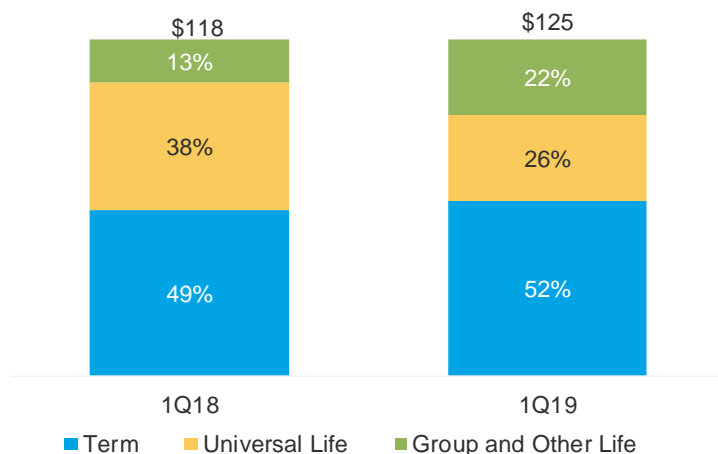
(\$ in millions)	1Q18	1Q19
Premiums and deposits	\$ 969	\$ 995
Premiums	379	395
Policy fees	377	373
Net investment income	293	291
Advisory fee and other income <sup>1</sup>	12	14
Total adjusted revenues	1,061	1,073
Benefits, losses and expenses	1,009	957
<b>Adjusted pre-tax income</b>	<b>\$ 52</b>	<b>\$ 116</b>

## Key Takeaways

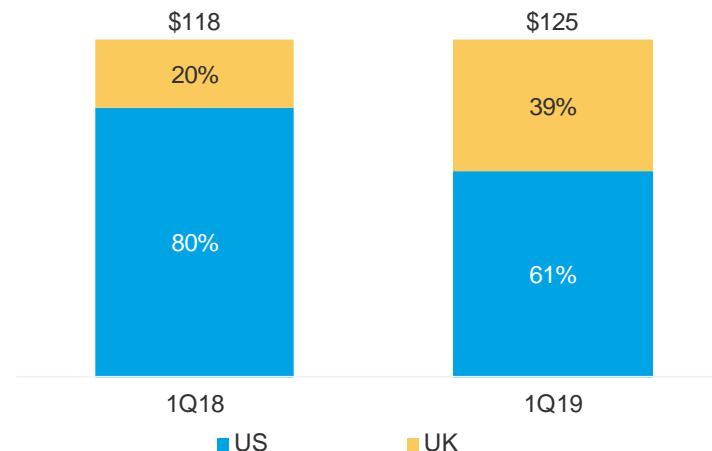
- Adjusted pre-tax income increased due to favorable mortality, positive reserve and reinsurance refinements and lower general operating expenses and commissions
- Premiums reflect growth in term and international life and health products
- Overall mortality experience is within pricing assumptions

## New Business Sales (\$M)

### By Product



### By Geography



1) Other income primarily related to commission and profit sharing revenues received by Laya Healthcare from the distribution of insurance products.

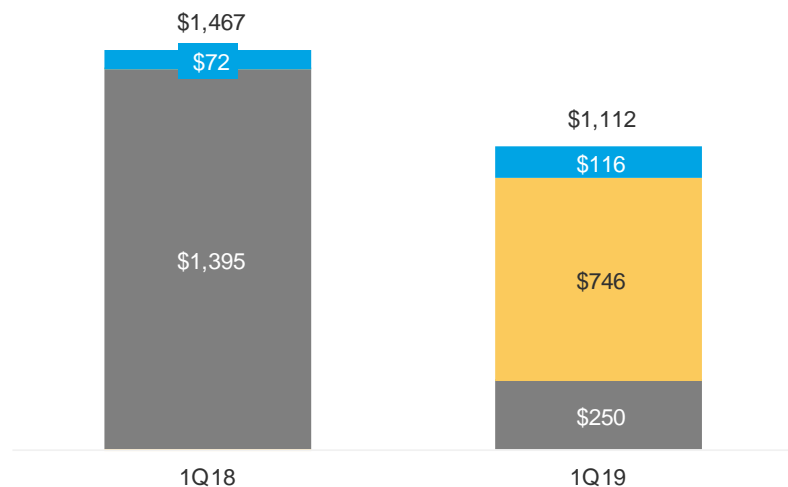
# Life and Retirement – Institutional Markets

(\$ in millions)	1Q18	1Q19
Premiums and deposits	\$ 1,463	\$ 1,112
Premiums	49	819
Policy fees	41	41
Net investment income	187	211
Advisory fee and other income	0	0
Total adjusted revenues	277	1,071
Benefits, losses and expenses	218	1,003
<b>Adjusted pre-tax income</b>	<b>\$ 59</b>	<b>\$ 68</b>

## Key Takeaways

- Adjusted pre-tax income increased with higher net investment income on growing asset base
- Shift in premium and deposit mix is consistent with Institutional Markets' strategy to opportunistically grow the portfolio. 1Q19 saw strong sales in Pension Risk Transfer ("PRT") with a modest Guaranteed Investment Contract issuance ("GIC"), whereas 1Q18 had a larger GIC issuance but no PRT sales
- Continue to maintain expense and pricing discipline

## Premiums and Deposits (\$M)<sup>1</sup>



## GAAP Reserves by Line of Business (\$B)



<sup>1</sup> 1Q18 excludes (\$4M) adjustment for Pension Risk Transfer related to prior year. No new sales reported for 1Q18.

# Legacy

(\$ in millions)	1Q18	4Q18	1Q19
General Insurance run-off lines	62	7	15
Life and Retirement run-off lines	28	(137)	87
Legacy Investments	55	(20)	10
<b>Adjusted pre-tax income (loss)</b>	<b>\$145</b>	<b>(\$150)</b>	<b>\$112</b>

## Key Takeaways

- Life and Retirement run-off lines adjusted pre-tax income increased primarily due to higher other yield enhancements in 1Q19.
- General Insurance run-off lines adjusted pre-tax income declined due to lower net investment income and lower premiums driven by the continued run-off of the Legacy General Insurance portfolio.
- Legacy Investments adjusted pre-tax income declined due to continued decrease in net assets of the Legacy Investments Portfolio.

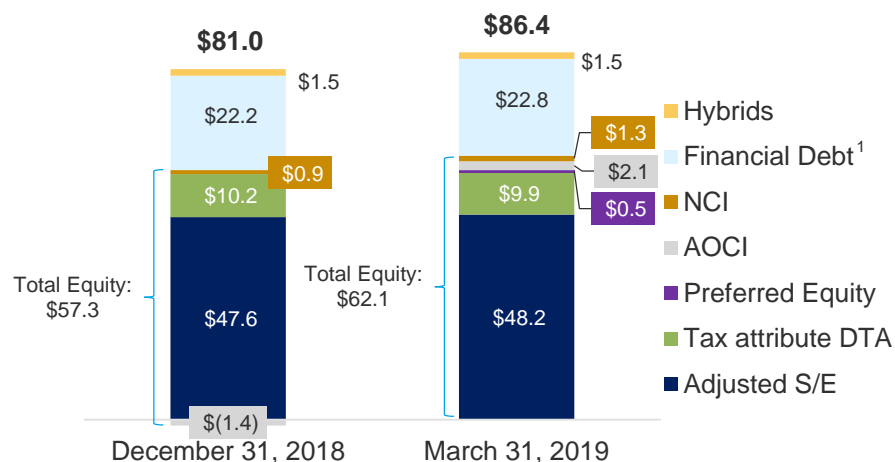


## Q&A and Closing Remarks

# Appendix

# Strong Capital Position

## Capital Structure (\$B)



## Capital Return (\$M)

	FY'18	1Q19
Share & warrant repurchases	\$1,750	\$ -
Dividends declared	1,138	278
<b>Total</b>	<b>\$2,888</b>	<b>\$278</b>

## Risk Based Capital (RBC) Ratios<sup>2</sup>

Year-end	Life and Retirement Companies	General Insurance Companies
2017	480% (CAL)	409% (ACL)
2018	389% (CAL)	394% (ACL)

### Ratios:

	Dec. 31, 2018	Mar. 31, 2019
Hybrids / Total capital	1.9%	1.8%
Financial debt / Total capital	27.4%	26.3%
Total Hybrids & Financial debt / Total capital	29.3%	28.1%
Preferred stock / Total capital	-	0.6%
Total debt and preferred stock / Total capital	29.3%	28.7%

## Credit Ratings<sup>3</sup>

	S&P	Moody's	Fitch	A.M. Best
<b>AIG – Senior Debt</b>	BBB+	Baa1	BBB+	NR
<b>General Insurance – FSR</b>	A+	A2	A	A
<b>Life and Retirement – FSR</b>	A+	A2	A+	A

1) Includes AIG notes, bonds, loans and mortgages payable, AIG Life Holdings, Inc. (AIGLH) notes and bonds payable and junior subordinated debt, and Validus notes and bonds payable.

2) The inclusion of RBC measures is intended solely for the information of investors and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities. ACL is defined as Authorized Control Level and CAL is defined as Company Action Level. RBC ratio for Domestic Life and Retirement companies excludes holding company, AGC Life Insurance Company. 2018 RBC ratio for Life and Retirement reflects the impact of tax reform.

3) As of the date of this presentation, Moody's and A.M. Best have Stable outlooks; S&P has Negative outlooks and Fitch has Negative outlooks, with the exception of Life and Retirement, which is Stable. For General Insurance companies FSR and Life and Retirement companies FSR, ratings only reflect those of the core insurance companies.

## Glossary of Non-GAAP Financial Measures and Non-GAAP Reconciliations

# Glossary of Non-GAAP Financial Measures

## Glossary of Non-GAAP

Throughout this presentation, we present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. Some of the measurements we use are “Non-GAAP financial measures” under Securities and Exchange Commission rules and regulations. GAAP is the acronym for generally accepted accounting principles in the United States. The non-GAAP financial measures we present may not be comparable to similarly-named measures reported by other companies. The reconciliations of such measures to the most comparable GAAP measures in accordance with Regulation G are included within the relevant tables or in the First Quarter 2019 Financial Supplement available in the Investor Information section of AIG’s website, [www.aig.com](http://www.aig.com).

**We may use certain non-GAAP operating performance measures as forward-looking financial targets or projections.** These financial targets or projections are provided based on management’s estimates. The most directly comparable GAAP financial targets or projections would be heavily dependent upon results that are beyond management’s control and the outcome of these items could be significantly different than management’s estimates. Therefore, we do not provide quantitative reconciliations for these financial targets or projections as we cannot predict with accuracy future actual events (e.g., catastrophe losses) and impacts from changes in macro-economic market conditions, including the interest rate environment (e.g. estimate for DIB & GCM returns, net reserve discount change and returns on alternative investments).

- **Book Value per Common Share, Excluding Accumulated Other Comprehensive Income (AOCI) and Book Value per Common Share, Excluding AOCI and Deferred Tax Assets (DTA) (Adjusted Book Value per Common Share)** are used to show the amount of our net worth on a per-common share basis. We believe these measures are useful to investors because they eliminate items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. These measures also eliminate 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. 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. Book value per common share, excluding AOCI, is derived by dividing Total AIG Common Shareholders’ equity, excluding AOCI, by total common shares outstanding. Adjusted Book Value per Common Share is derived by dividing Total AIG common shareholders’ equity, excluding AOCI and DTA (**Adjusted Common Shareholders’ Equity**), by total common shares outstanding.
- **AIG Return on Common Equity (ROCE) – Adjusted After-tax Income Excluding AOCI and DTA (Adjusted Return on Common Equity)** is used to show the rate of return on common shareholders’ equity. We believe this measure is useful to investors because it eliminates items that can fluctuate significantly from period to period, including changes in fair value of our available for sale securities portfolio, foreign currency translation adjustments and U.S. tax attribute deferred tax assets. This measure also eliminates the asymmetrical impact resulting from changes in fair value of our available for sale securities portfolio wherein there is largely no offsetting impact for certain related insurance liabilities. 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 by average Adjusted Common Shareholders’ Equity.
- **Core, General Insurance, Life and Retirement and Legacy Adjusted Attributed Common Equity** is an attribution of total AIG Adjusted Common Shareholders’ Equity to these segments based on our internal capital model, which incorporates the segments’ respective risk profiles. Adjusted attributed common equity represents our best estimates based on current facts and circumstances and will change over time.
- **Core, General Insurance, Life and Retirement and Legacy Return on Common Equity – Adjusted After-tax Income (Adjusted Return on Attributed Common Equity)** is used to show the rate of return on Adjusted Attributed Common Equity. Adjusted Return on Attributed Common Equity is derived by dividing actual or annualized Adjusted After-tax Income by Average Adjusted Attributed Common Equity.
- **Adjusted After-tax Income Attributable to Core, General Insurance, Life and Retirement and Legacy** is derived by subtracting attributed interest expense and income tax expense from APTI. Attributed debt and the related interest expense is calculated based on our internal capital model. Tax expense or benefit is calculated based on an internal attribution methodology that considers among other things the taxing jurisdiction in which the segments conduct business, as well as the deductibility of expenses in those jurisdictions.
- **Adjusted Revenues** exclude Net realized capital gains (losses), income from non-operating litigation settlements (included in Other income for GAAP purposes) and changes in fair value of securities used to hedge guaranteed living benefits (included in Net investment income for GAAP purposes). Adjusted revenues is a GAAP measure for our operating segments.

# Glossary of Non-GAAP Financial Measures

## Glossary of Non-GAAP

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

- **Adjusted Pre-tax Income (APTI)** is derived by excluding the items set forth below from income from continuing operations before income tax. This definition is consistent across our segments. These items generally fall into one or more of the following broad categories: legacy matters having no relevance to our current businesses or operating performance; adjustments to enhance transparency to the underlying economics of transactions; and measures that we believe to be common to the industry. APTI is a GAAP measure for our segments. Excluded items include the following:
  - changes in fair value of securities used to hedge guaranteed living benefits;
  - changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and sales inducement assets (SIA) related to net realized capital gains and losses;
  - changes in the fair value of equity securities;
  - loss (gain) on extinguishment of debt;
  - all net realized capital gains and losses except earned income (periodic settlements and changes in settlement accruals) on derivative instruments used for non-qualifying (economic) hedging or for asset replication. Earned income on such economic hedges is reclassified from net realized capital gains and losses to specific APTI line items based on the economic risk being hedged (e.g. net investment income and interest credited to policyholder account balances);
  - income or loss from discontinued operations;
  - pension expense related to a one-time lump sum payment to former employees;
  - income and loss from divested businesses;
  - non-operating litigation reserves and settlements;
  - restructuring and other costs related to initiatives designed to reduce operating expenses, improve efficiency and simplify our organization;
  - the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain;
  - net loss reserve discount benefit (charge);
  - integration and transaction costs associated with acquired businesses;
  - losses from the impairment of goodwill; and
  - non-recurring external costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles.
- **Adjusted After-tax Income attributable to AIG (AATI)** is derived by excluding the tax effected adjusted pre-tax income (APTI) adjustments described above and the following tax items from net income attributable to AIG:
  - deferred income tax valuation allowance releases and charges;
  - changes in uncertain tax positions and other tax items related to legacy matters having no relevance to our current businesses or operating performance; and
  - net tax charge related to the enactment of the Tax Cuts and Jobs Act (Tax Act);
 and by excluding the net realized capital gains (losses) from noncontrolling interests.
- **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.

# Glossary of Non-GAAP Financial Measures

## Glossary of Non-GAAP

- **Accident year loss and combined ratios, as adjusted:** both the accident year loss and combined ratios, as adjusted, exclude catastrophe losses and related reinstatement premiums, prior year development, net of premium adjustments, and the impact of reserve discounting. Natural and man-made catastrophe losses are generally weather or seismic events having a net impact on AIG in excess of \$10 million each and also include certain man-made events, such as terrorism and civil disorders that exceed the \$10 million threshold. We believe that as adjusted ratios are meaningful measures of our underwriting results on an ongoing basis as they exclude catastrophes and the impact of reserve discounting which are outside of management's control. We also exclude prior year development to provide transparency related to current accident year results.

Underwriting ratios are computed as follows:

- Loss ratio = Loss and loss adjustment expenses incurred ÷ Net premiums earned (NPE)
  - Acquisition ratio = Total acquisition expenses ÷ NPE
  - General operating expense ratio = General operating expenses ÷ NPE
  - Expense ratio = Acquisition ratio + General operating expense ratio
  - Combined ratio = Loss ratio + Expense ratio
  - Accident year loss ratio, as adjusted (AYLR) = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/- Reinstatement premiums related to catastrophes (CYRIPs) +/- RIPs related to prior year catastrophes (PYRIPs) + (Additional) returned premium related to PYD on loss sensitive business ((AP)RP) + Adjustment for ceded premiums under reinsurance contracts related to prior accident years]
  - Accident year combined ratio, as adjusted = AYLR + Expense ratio
  - Catastrophe losses (CATs) and reinstatement premiums = [Loss and loss adjustment expenses incurred – (CATs)] ÷ [NPE +/- CYRIPs] – Loss ratio
  - Prior year development net of (additional) return premium related to PYD on loss sensitive business = [Loss and loss adjustment expenses incurred – CATs – PYD] ÷ [NPE +/- CYRIPs +/- PYRIPs + (AP)RP] – Loss ratio – CAT ratio
- **Premiums and deposits:** includes direct and assumed amounts received and earned on traditional life insurance policies, group benefit policies and life-contingent payout annuities, as well as deposits received on universal life, investment-type annuity contracts, Federal Home Loan Bank (FHLB) funding agreements and mutual funds.

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

# Non-GAAP Reconciliations

## Adjusted Pre-tax and After-tax Income - Consolidated

(in millions)

### Pre-tax income from continuing operations

#### Adjustments to arrive at Adjusted pre-tax income

Changes in fair value of securities used to hedge guaranteed living benefits	77
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	31
Changes in the fair value of equity securities	-
Loss (gain) on extinguishment of debt	4
Net realized capital (gains) losses (a)	19
(Income) loss from divested businesses	(8)
Non-operating litigation reserves and settlements	13
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	34
Net loss reserve discount (benefit) charge	(205)
Integration and transaction costs associated with acquired businesses	-
Restructuring and other costs	24

#### Adjusted pre-tax income

### After-tax net income, including noncontrolling interest

Noncontrolling interest (income) loss

#### Net income attributable to AIG

#### Adjustments to arrive at Adjusted after-tax income (amounts net of tax, at U.S. statutory tax rate for each respective period, except where noted):

Changes in uncertain tax positions and other tax adjustments	(4)
Deferred income tax valuation allowance (releases) charges	30
Changes in fair value of securities used to hedge guaranteed living benefits	61
Changes in benefit reserves and DAC, VOBA and SIA related to net realized capital gains (losses)	25
Changes in the fair value of equity securities	-
Loss (gain) on extinguishment of debt	3
Net realized capital (gains) losses (a)(b)	20
(Income) loss from discontinued operations and divested businesses (b)	(5)
Non-operating litigation reserves and settlements	10
Unfavorable (favorable) prior year development and related amortization changes ceded under retroactive reinsurance agreements	27
Net loss reserve discount (benefit) charge	(162)
Integration and transaction costs associated with acquired businesses	-
Restructuring and other costs	19
Noncontrolling interest primarily related to net realized capital gains (losses) of Fortitude Holdings' standalone results (c)	1

#### Adjusted after-tax income

### Weighted average diluted shares outstanding

#### Income per common share attributable to AIG (diluted)

Adjusted after-tax income per common share attributable to AIG (diluted)

Quarterly	
1Q18	1Q19
\$ 1,227	\$ 1,154
77	(96)
31	(99)
-	(79)
4	(2)
19	474
(8)	(6)
13	1
34	(27)
(205)	473
-	7
24	47
<b>\$ 1,216</b>	<b>\$ 1,847</b>
<b>\$ 949</b>	<b>\$ 937</b>
(11)	(283)
<b>\$ 938</b>	<b>\$ 654</b>
(4)	(12)
30	(38)
61	(76)
25	(78)
-	(62)
3	(1)
20	365
(5)	(5)
10	-
27	(22)
(162)	374
-	5
19	37
1	247
<b>\$ 963</b>	<b>\$ 1,388</b>
925.3	877.5
\$ 1.01	\$ 0.75
1.04	1.58

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

(b) Includes the impact of non-U.S. tax rates which differ from the applicable U.S. statutory tax rate and tax only adjustments.

(c) Noncontrolling interests is primarily due to the 19.9 percent investment in Fortitude Holdings by an affiliate of The Carlyle Group L.P. (Carlyle), which occurred in the fourth quarter of 2018. Carlyle is allocated 19.9 percent of Fortitude Holdings' standalone financial results. Fortitude Holdings' results are mostly eliminated in AIG's consolidated income from continuing operations given that its results arise from intercompany transactions. Noncontrolling interests is calculated based on the standalone financial results of Fortitude Holdings. The most significant component of Fortitude Holdings' standalone results concerns gains related to the change in fair value of embedded derivatives, which moved materially in the quarter due to lower rates and tightening credit spreads, and which are recorded in net realized capital gains and losses of Fortitude Holdings. In accordance with AIG's adjusted after-tax income definition, realized capital gains and losses are excluded from noncontrolling interests.



# Non-GAAP Reconciliations

## Book Value Per Share and Return on Common Equity

(in millions, except per share data)

### Book Value Per Common Share

Total AIG shareholders' equity  
Less: Preferred equity  
Total AIG common shareholders' equity (a)  
Less: Accumulated other comprehensive income (AOCI)  
Total AIG common shareholders' equity, excluding AOCI (b)  
Less: Deferred tax assets (DTA)\*  
Total adjusted common shareholders' equity (c)  
Total common shares outstanding (d)  
Book value per common share (a÷d)  
Book value per common share, excluding AOCI (b÷d)  
Adjusted book value per common share (c÷d)

	4Q18	1Q19
\$	56,361	\$ 60,787
	-	485
	56,361	60,302
	(1,413)	2,128
	57,774	58,174
	10,153	9,926
	47,621	48,248
	866.6	869.7
\$	65.04	\$ 69.33
	66.67	66.89
	54.95	55.47

(in millions)

### Return On Common Equity (ROCE) Computations

Actual or Annualized net income (loss) attributable to AIG (a)  
Actual or Annualized adjusted after-tax income (loss) attributable to AIG (b)  
Average AIG Common Shareholders' equity (c)  
Less: Average AOCI  
Less: Average DTA  
Average adjusted common shareholders' equity (d)  
ROCE (a÷c)  
Adjusted return on common equity (b÷d)

Quarterly	
1Q18	1Q19
\$ 3,752	\$ 2,616
\$ 3,852	\$ 5,552
\$ 63,982	\$ 58,332
3,843	358
10,353	10,040
\$ 49,786	\$ 47,934
5.9%	4.5%
7.7%	11.6%

\* Represents deferred tax assets only related to U.S. net operating loss and foreign tax credit carryforwards on a U.S. GAAP basis and excludes other balance sheet deferred tax assets and liabilities.

# Non-GAAP Reconciliations

## Return on Common Equity

### General Insurance

(in millions)

	Quarterly	
	1Q18	1Q19
<b>Adjusted pre-tax income</b>	<b>\$ 510</b>	<b>\$ 1,268</b>
Interest expense on attributed financial debt	124	144
<b>Adjusted pre-tax income including attributed interest expense</b>	<b>386</b>	<b>1,124</b>
Income tax expense	89	252
<b>Adjusted after-tax income (a)</b>	<b>\$ 297</b>	<b>\$ 872</b>
Ending adjusted attributed common equity	\$ 23,887	\$ 24,826
Average adjusted attributed common equity (b)	23,410	24,946
Adjusted return on attributed common equity (a÷b)	<u>5.1 %</u>	<u>14.0 %</u>

### Life and Retirement

(in millions)

	Quarterly	
	1Q18	1Q19
<b>Adjusted pre-tax income</b>	<b>\$ 892</b>	<b>\$ 924</b>
Interest expense on attributed financial debt	16	37
<b>Adjusted pre-tax income including attributed interest expense</b>	<b>876</b>	<b>887</b>
Income tax expense	174	176
<b>Adjusted after-tax income (a)</b>	<b>\$ 702</b>	<b>\$ 711</b>
Ending adjusted attributed common equity	\$ 19,931	\$ 18,280
Average adjusted attributed common equity (b)	19,699	18,988
Adjusted return on attributed common equity (a÷b)	<u>14.3 %</u>	<u>15.0 %</u>

### Core

(in millions)

	Quarterly	
	1Q18	1Q19
<b>Adjusted pre-tax income</b>	<b>\$ 1,071</b>	<b>\$ 1,735</b>
Interest expense (benefit) on attributed financial debt	(10)	-
<b>Adjusted pre-tax income including attributed interest expenses</b>	<b>1,081</b>	<b>1,735</b>
Income tax expense	214	400
<b>Adjusted after-tax income (a)</b>	<b>\$ 867</b>	<b>\$ 1,335</b>
Ending adjusted attributed common equity	\$ 41,112	\$ 40,798
Average adjusted attributed common equity (b)	40,522	39,767
Adjusted return on attributed common equity (a÷b)	<u>8.6 %</u>	<u>13.4 %</u>

### Legacy

(in millions)

	Quarterly	
	1Q18	1Q19
<b>Adjusted pre-tax income</b>	<b>\$ 145</b>	<b>\$ 112</b>
Interest expense on attributed financial debt	10	-
<b>Adjusted pre-tax income including attributed interest expense</b>	<b>135</b>	<b>112</b>
Income tax expense	29	23
<b>Adjusted after-tax income (a)</b>	<b>\$ 106</b>	<b>\$ 89</b>
Ending adjusted attributed common equity	\$ 9,246	\$ 7,450
Average adjusted attributed common equity (b)	9,265	8,168
Adjusted return on attributed common equity (a÷b)	<u>4.6 %</u>	<u>4.4 %</u>

# Non-GAAP Reconciliations

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

### General Insurance

	Quarterly	
	1Q18	1Q19
Loss ratio	67.2	63.1
Catastrophe losses and reinstatement premiums	(5.7)	(2.7)
Prior year development	1.6	1.0
Adjustments for ceded premium under reinsurance contracts and other	-	0.4
Accident year loss ratio, as adjusted	63.1	61.8
Acquisition ratio	21.7	21.8
General operating expense ratio	14.9	12.5
Expense ratio	36.6	34.3
Combined ratio	103.8	97.4
Accident year combined ratio, as adjusted	99.7	96.1

### General Insurance - North America

	Quarterly	
	1Q18	1Q19
Loss ratio	80.0	69.4
Catastrophe losses and reinstatement premiums	(11.1)	(5.1)
Prior year development	2.8	1.8
Adjustments for ceded premium under reinsurance contracts and other	-	1.0
Accident year loss ratio, as adjusted	71.7	67.1
Acquisition ratio	19.0	19.5
General operating expense ratio	13.2	11.4
Expense ratio	32.2	30.9
Combined ratio	112.2	100.3
Accident year combined ratio, as adjusted	103.9	98.0

### General Insurance - North America - Commercial Lines

	Quarterly	
	1Q18	1Q19
Loss ratio	75.9	70.7
Catastrophe losses and reinstatement premiums	(4.5)	(5.1)
Prior year development	6.9	2.8
Adjustments for ceded premium under reinsurance contracts and other	-	1.0
Accident year loss ratio, as adjusted	78.3	69.4
Acquisition ratio	15.0	15.2
General operating expense ratio	13.8	11.8
Expense ratio	28.8	27.0
Combined ratio	104.7	97.7
Accident year combined ratio, as adjusted	107.1	96.4

### General Insurance - North America - Personal Insurance

	Quarterly	
	1Q18	1Q19
Loss ratio	90.1	65.4
Catastrophe losses and reinstatement premiums	(27.4)	(5.0)
Prior year development	(7.5)	(1.2)
Adjustments for ceded premium under reinsurance contract	-	0.9
Accident year loss ratio, as adjusted	55.2	60.1
Acquisition ratio	29.1	32.5
General operating expense ratio	11.8	10.4
Expense ratio	40.9	42.9
Combined ratio	131.0	108.3
Accident year combined ratio, as adjusted	96.1	103.0

# Non-GAAP Reconciliations

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

### General Insurance - International

	Quarterly	
	1Q18	1Q19
Loss ratio	58.5	57.4
Catastrophe losses and reinstatement premiums	(1.9)	(0.5)
Prior year development	0.7	0.4
Accident year loss ratio, as adjusted	57.3	57.3
Acquisition ratio	23.5	23.8
General operating expense ratio	16.0	13.4
Expense ratio	39.5	37.2
Combined ratio	98.0	94.6
Accident year combined ratio, as adjusted	96.8	94.5

### General Insurance - International - Commercial Lines

	Quarterly	
	1Q18	1Q19
Loss ratio	64.5	63.0
Catastrophe losses and reinstatement premiums	(4.5)	(1.0)
Prior year development	-	(2.4)
Accident year loss ratio, as adjusted	60.0	59.6
Acquisition ratio	20.0	19.3
General operating expense ratio	16.4	13.7
Expense ratio	36.4	33.0
Combined ratio	100.9	96.0
Accident year combined ratio, as adjusted	96.4	92.6

### General Insurance - International - Personal Insurance

	Quarterly	
	1Q18	1Q19
Loss ratio	54.0	52.4
Prior year development	1.3	2.8
Accident year loss ratio, as adjusted	55.3	55.2
Acquisition ratio	26.2	27.9
General operating expense ratio	15.8	13.2
Expense ratio	42.0	41.1
Combined ratio	96.0	93.5
Accident year combined ratio, as adjusted	97.3	96.3

# Non-GAAP Reconciliations

## Net Premiums Written – Change in Constant Dollar

Foreign exchange effect on worldwide premiums:

### Change in net premiums written

Increase (decrease) in original currency

Foreign exchange effect

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

General Insurance	
1Q19	
0.1	%
(2.4)	
(2.3)	%

International	
1Q19	
(13.2)	%
(3.2)	
(16.4)	%

### General Insurance

(in millions)

### Net premiums written

Japan merger impact

Validus and Glatfelter

Net premiums written, excluding Validus and Glatfelter and Japan merger impact

Quarterly		Percentage Change in	
1Q18	1Q19	U.S. dollars	Original currency
\$ 6,171	\$ 6,033	(2.3) %	0.1 %
(300)	n/a	n/a	5.3
n/a	(1,329)	n/a	(23.2)
			(17.8) %

## General Operating Expenses and General Operating Expense Ratio, excluding Validus and Glatfelter

### General Insurance

### General operating expenses

Validus and Glatfelter

### General operating expenses (excluding Validus and Glatfelter)

FX impact

Japan merger impact

### General operating expenses (excluding Validus and Glatfelter, FX and Japan merger impact)

### General operating expense ratio

Validus and Glatfelter

### General operating expense ratio (excluding Validus and Glatfelter)

Quarterly	
1Q18	1Q19
\$ 995	\$ 839
-	(81)
995	758
(15)	
(57)	
\$ 923	\$ 758
14.9	12.5
-	-
14.9	12.5

# Non-GAAP Reconciliations

## Premiums\*

(in millions)

	Quarterly	
	1Q18	1Q19
<b>Individual Retirement:</b>		
Premiums	\$ 12	\$ 11
Deposits	4,347	4,175
Other	(1)	-
<b>Premiums and deposits</b>	<b>\$ 4,358</b>	<b>\$ 4,186</b>
<b>Individual Retirement (Fixed Annuities):</b>		
Premiums	\$ 13	\$ 12
Deposits	786	1,811
Other	(2)	(2)
<b>Premiums and deposits</b>	<b>\$ 797</b>	<b>\$ 1,821</b>
<b>Individual Retirement (Variable Annuities):</b>		
Premiums	\$ (1)	\$ (1)
Deposits	1,921	557
Other	1	2
<b>Premiums and deposits</b>	<b>\$ 1,921</b>	<b>\$ 558</b>
<b>Individual Retirement (Index Annuities):</b>		
Premiums	\$ -	\$ -
Deposits	739	1,362
Other	-	-
<b>Premiums and deposits</b>	<b>\$ 739</b>	<b>\$ 1,362</b>
<b>Individual Retirement (Retail Mutual Funds):</b>		
Premiums	\$ -	\$ -
Deposits	901	445
Other	-	-
<b>Premiums and deposits</b>	<b>\$ 901</b>	<b>\$ 445</b>
<b>Group Retirement:</b>		
Premiums	\$ 6	\$ 4
Deposits	2,066	2,059
Other	-	-
<b>Premiums and deposits</b>	<b>\$ 2,072</b>	<b>\$ 2,063</b>
<b>Life Insurance:</b>		
Premiums	\$ 379	\$ 395
Deposits	412	406
Other	178	194
<b>Premiums and deposits</b>	<b>\$ 969</b>	<b>\$ 995</b>
<b>Institutional Markets:</b>		
Premiums	\$ 49	\$ 819
Deposits	1,408	286
Other	6	7
<b>Premiums and deposits</b>	<b>\$ 1,463</b>	<b>\$ 1,112</b>
<b>Total Life and Retirement:</b>		
Premiums	\$ 446	\$ 1,229
Deposits	8,233	6,926
Other	183	201
<b>Premiums and deposits</b>	<b>\$ 8,862</b>	<b>\$ 8,356</b>

\* 1Q18 includes deposits in Individual Retirement (\$1.1 billion), Group Retirement (\$0.2 billion) and Institutional Markets (\$1.4 billion) of FHLB funding agreements.

