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, 2022

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	**13-2592361**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1271 Avenue of the Americas, New York, New York	**10020**
(Address of principal executive offices)	(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
Stock Purchase Rights		New York Stock Exchange
Depositary 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 ☑	Accelerated filer ☐
Non-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 August 3, 2022, there were 760,416,143 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, 2022
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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, 2022	December 31, 2021
Assets:		
Investments:		
Fixed maturity securities:		
Bonds available for sale, at fair value, net of allowance for credit losses of $175 in 2022 and $98 in 2021 (amortized cost: 2022 - $252,877; 2021 - $259,210)*	$ 232,735	$ 277,202
Other bond securities, at fair value (See Note 5)*	6,898	6,278
Equity securities, at fair value (See Note 5)*	629	739
Mortgage and other loans receivable, net of allowance for credit losses of $603 in 2022 and $629 in 2021*	49,314	46,048
Other invested assets (portion measured at fair value: 2022 - $11,709; 2021 - $10,504)*	16,040	15,668
Short-term investments, including restricted cash of $281 in 2022 and $197 in 2021 (portion measured at fair value: 2022 - $3,431; 2021 - $4,426)*	9,446	13,357
Total investments	315,062	359,292
Cash*	2,378	2,198
Accrued investment income*	2,232	2,239
Premiums and other receivables, net of allowance for credit losses and disputes of $180 in 2022 and $185 in 2021	15,000	12,409
Reinsurance assets - Fortitude Re, net of allowance for credit losses and disputes of $0 in 2022 and $0 in 2021	32,965	33,365
Reinsurance assets - other, net of allowance for credit losses and disputes of $342 in 2022 and $333 in 2021	41,512	40,919
Deferred income taxes	14,353	11,714
Deferred policy acquisition costs	14,838	10,514
Other assets, net of allowance for credit losses of $49 in 2022 and $49 in 2021, including restricted cash of $69 in 2022 and $32 in 2021 (portion measured at fair value: 2022 - $464; 2021 - $957)*	13,863	14,351
Separate account assets, at fair value	86,735	109,111
Total assets	$ 538,938	$ 596,112
Liabilities:		
Liability for unpaid losses and loss adjustment expenses, including allowance for credit losses of $14 in 2022 and $14 in 2021	$ 76,739	$ 79,026
Unearned premiums	21,120	19,313
Future policy benefits for life and accident and health insurance contracts	57,676	59,950
Policyholder contract deposits (portion measured at fair value: 2022 - $6,997; 2021 - $9,736)	156,557	156,686
Other policyholder funds	3,835	3,476
Fortitude Re funds withheld payable (portion measured at fair value: 2022 - $(638); 2021 - $5,922)	32,970	40,771
Other liabilities (portion measured at fair value: 2022 - $280; 2021 - $586)*	28,044	28,704
Long-term debt (portion measured at fair value: 2022 - $1,664; 2021 - $1,871)	22,186	23,741
Debt of consolidated investment entities*	6,252	6,422
Separate account liabilities	86,735	109,111
Total liabilities	492,114	527,200
Contingencies, commitments and guarantees (See Note 11)		
AIG shareholders' equity:		
Series A non-cumulative preferred stock and additional paid in capital, $5.00 par value; 100,000,000 shares authorized; shares issued: 2022 - 20,000 and 2021 - 20,000; liquidation preference $500	485	485
Common stock, $2.50 par value; 5,000,000,000 shares authorized; shares issued: 2022 - 1,906,671,492 and 2021 - 1,906,671,492	4,766	4,766
Treasury stock, at cost; 2022 - 1,135,399,976 shares; 2021 - 1,087,984,129 shares of common stock	(54,480)	(51,618)
Additional paid-in capital	81,679	81,851
Retained earnings	30,550	23,785
Accumulated other comprehensive income (loss)	(17,656)	6,687
Total AIG shareholders' equity	45,344	65,956
Non-redeemable noncontrolling interests	1,480	2,956
Total equity	46,824	68,912
Total liabilities and equity	$ 538,938	$ 596,112

* See Note 8 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)*

(dollars in millions, except per common share data)	Three Months Ended June 30, 2022	2021	Six Months Ended June 30, 2022	2021
Revenues:				
Premiums	$ 7,516	$ 7,914	$ 14,626	$ 14,421
Policy fees	742	771	1,506	1,555
Net investment income:				
Net investment income - excluding Fortitude Re funds withheld assets	2,416	3,168	5,362	6,339
Net investment income - Fortitude Re funds withheld assets	188	507	479	993
Total net investment income	2,604	3,675	5,841	7,332
Net realized gains (losses):				
Net realized gains (losses) - excluding Fortitude Re funds withheld assets and embedded derivative	702	(43)	1,943	652
Net realized gains (losses) on Fortitude Re funds withheld assets	(86)	173	(226)	346
Net realized gains (losses) on Fortitude Re funds withheld embedded derivative	2,776	(2,056)	6,094	326
Total net realized gains (losses)	3,392	(1,926)	7,811	1,324
Other income	187	247	465	503
Total revenues	14,441	10,681	30,249	25,135
Benefits, losses and expenses:				
Policyholder benefits and losses incurred	5,123	6,084	10,378	11,223
Interest credited to policyholder account balances	910	872	1,787	1,740
Amortization of deferred policy acquisition costs	1,298	915	2,735	2,219
General operating and other expenses	2,223	2,218	4,404	4,306
Interest expense	266	338	529	680
Loss on extinguishment of debt	299	106	299	98
Net (gain) loss on divestitures	1	1	(39)	(6)
Total benefits, losses and expenses	10,120	10,534	20,093	20,260
Income from continuing operations before income tax expense (benefit)	4,321	147	10,156	4,875
Income tax expense (benefit)	928	(3)	2,107	795
Income from continuing operations	3,393	150	8,049	4,080
Loss from discontinued operations, net of income taxes	(1)	—	(1)	—
Net income	3,392	150	8,048	4,080
Less:				
Net income from continuing operations attributable to noncontrolling interests	356	51	752	105
Net income attributable to AIG	3,036	99	7,296	3,975
Less: Dividends on preferred stock	8	8	15	15
Net income attributable to AIG common shareholders	$ 3,028	$ 91	$ 7,281	$ 3,960
Income per common share attributable to AIG common shareholders:				
Basic:				
Income from continuing operations	$ 3.83	$ 0.11	$ 9.06	$ 4.58
Income from discontinued operations	$ —	$ —	$ —	$ —
Net income attributable to AIG common shareholders	$ 3.83	$ 0.11	$ 9.06	$ 4.58
Diluted:				
Income from continuing operations	$ 3.78	$ 0.11	$ 8.95	$ 4.53
Income from discontinued operations	$ —	$ —	$ —	$ —
Net income attributable to AIG common shareholders	$ 3.78	$ 0.11	$ 8.95	$ 4.53
Weighted average shares outstanding:				
Basic	790,897,301	862,930,931	803,532,447	865,508,343
Diluted	800,730,746	872,877,303	813,298,338	874,566,280

See accompanying Notes to Condensed Consolidated Financial Statements.

American International Group, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss) *(unaudited)*

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net income	**$ 3,392**	$ 150	**$ 8,048**	$ 4,080
Other comprehensive income (loss), net of tax				
Change in unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken	**40**	4	**(5)**	37
Change in unrealized appreciation (depreciation) of all other investments	**(12,538)**	3,710	**(26,145)**	(3,489)
Change in foreign currency translation adjustments	**(281)**	14	**(286)**	139
Change in retirement plan liabilities adjustment	**16**	14	**25**	11
Change in fair value of liabilities under fair value option attributable to changes in own credit risk	**(4)**	—	**(4)**	(1)
Other comprehensive income (loss)	**(12,767)**	3,742	**(26,415)**	(3,303)
Comprehensive income (loss)	**(9,375)**	3,892	**(18,367)**	777
Comprehensive income (loss) attributable to noncontrolling interests	**(655)**	50	**(1,320)**	104
Comprehensive income (loss) attributable to AIG	**$ (8,720)**	$ 3,842	**$ (17,047)**	$ 673

See accompanying Notes to Condensed Consolidated Financial Statements.

American International Group, Inc.
Condensed Consolidated Statements of Equity *(unaudited)*

(in millions)	Preferred Stock and Additional Paid-in Capital	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total AIG Share-holders' Equity	Non-redeemable Non-controlling Interests	Total Equity
Three Months Ended June 30, 2022									
Balance, beginning of period	**$ 485**	**$ 4,766**	**$ (52,791)**	**$ 81,620**	**$ 27,764**	**$ (5,900)**	**$ 55,944**	**$ 2,159**	**$ 58,103**
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	**—**	**—**	**—**	**—**	**3,036**	**—**	**3,036**	**356**	**3,392**
Dividends on preferred stock	**—**	**—**	**—**	**—**	**(8)**	**—**	**(8)**	**—**	**(8)**
Dividends on common stock	**—**	**—**	**—**	**—**	**(248)**	**—**	**(248)**	**—**	**(248)**
Other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**(11,756)**	**(11,756)**	**(1,011)**	**(12,767)**
Contributions from noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5**	**5**
Distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(35)**	**(35)**
Other	**—**	**—**	**—**	**64**	**6**	**—**	**70**	**6**	**76**
Balance, end of period	**$ 485**	**$ 4,766**	**$ (54,480)**	**$ 81,679**	**$ 30,550**	**$ (17,656)**	**$ 45,344**	**$ 1,480**	**$ 46,824**
Three Months Ended June 30, 2021									
Balance, beginning of period	$ 485	$ 4,766	$ (49,412)	$ 81,253	$ 19,121	$ 6,466	$ 62,679	$ 881	$ 63,560
Common stock issued under stock plans	—	—	7	(5)	—	—	2	—	2
Purchase of common stock	—	—	(230)	—	—	—	(230)	—	(230)
Net income attributable to AIG or noncontrolling interests	—	—	—	—	99	—	99	51	150
Dividends on preferred stock	—	—	—	—	(8)	—	(8)	—	(8)
Dividends on common stock	—	—	—	—	(274)	—	(274)	—	(274)
Other comprehensive income (loss)	—	—	—	—	—	3,743	3,743	(1)	3,742
Net decrease due to divestitures and acquisitions	—	—	—	—	—	—	—	(17)	(17)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	2	2
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(91)	(91)
Other	—	—	1	74	(3)	—	72	—	72
Balance, end of period	$ 485	$ 4,766	$ (49,634)	$ 81,322	$ 18,935	$ 10,209	$ 66,083	$ 825	$ 66,908

American International Group, Inc.
Condensed Consolidated Statements of Equity (unaudited)(continued)

(in millions)	Preferred Stock and Additional Paid-in Capital	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total AIG Share-holders' Equity	Non-redeemable Non-controlling Interests	Total Equity
Six Months Ended June 30, 2022									
Balance, beginning of the year	**$ 485**	**$ 4,766**	**$ (51,618)**	**$ 81,851**	**$ 23,785**	**$ 6,687**	**$ 65,956**	**$ 2,956**	**$ 68,912**
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	**—**	**—**	**—**	**—**	**7,296**	**—**	**7,296**	**752**	**8,048**
Dividends on preferred stock	**—**	**—**	**—**	**—**	**(15)**	**—**	**(15)**	**—**	**(15)**
Dividends on common stock	**—**	**—**	**—**	**—**	**(506)**	**—**	**(506)**	**—**	**(506)**
Other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**(24,343)**	**(24,343)**	**(2,072)**	**(26,415)**
Contributions from noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5**	**5**
Distributions to noncontrolling interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(167)**	**(167)**
Other	**—**	**—**	—	**153**	**(10)**	**—**	**143**	**6**	**149**
Balance, end of period	**$ 485**	**$ 4,766**	**$ (54,480)**	**$ 81,679**	**$ 30,550**	**$ (17,656)**	**$ 45,344**	**$ 1,480**	**$ 46,824**
Six Months Ended June 30, 2021									
Balance, beginning of year	$ 485	$ 4,766	$ (49,322)	$ 81,418	$ 15,504	$ 13,511	$ 66,362	$ 837	$ 67,199
Common stock issued under stock plans	—	—	178	(260)	—	—	(82)	—	(82)
Purchase of common stock	—	—	(592)	—	—	—	(592)	—	(592)
Net income attributable to AIG or noncontrolling interests	—	—	—	—	3,975	—	3,975	105	4,080
Dividends on preferred stock	—	—	—	—	(15)	—	(15)	—	(15)
Dividends on common stock	—	—	—	—	(550)	—	(550)	—	(550)
Other comprehensive loss	—	—	—	—	—	(3,302)	(3,302)	(1)	(3,303)
Net increase due to divestitures and acquisitions	—	—	—	—	—	—	—	58	58
Contributions from noncontrolling interests	—	—	—	—	—	—	—	7	7
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(181)	(181)
Other	—	—	102	164	21	—	287	—	287
Balance, end of period	$ 485	$ 4,766	$ (49,634)	$ 81,322	$ 18,935	$ 10,209	$ 66,083	$ 825	$ 66,908

See accompanying Notes to Condensed Consolidated Financial Statements.

American International Group, Inc.
Condensed Consolidated Statements of Cash Flows *(unaudited)*

(in millions)	Six Months Ended June 30, 2022	2021
Cash flows from operating activities:		
Net income	$ 8,048	$ 4,080
Loss from discontinued operations	1	—
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Noncash revenues, expenses, gains and losses included in income (loss):		
Net (gains) losses on sales of securities available for sale and other assets	749	(579)
Net gain on divestitures	(39)	(6)
Loss on extinguishment of debt	299	98
Unrealized gains in earnings - net	(3,238)	(1,267)
Equity in (income) loss from equity method investments, net of dividends or distributions	(180)	31
Depreciation and other amortization	2,698	2,370
Impairments of assets	1	25
Changes in operating assets and liabilities:		
Insurance reserves	1,402	4,889
Premiums and other receivables and payables - net	(7,646)	(1,381)
Reinsurance assets, net	20	(1,928)
Capitalization of deferred policy acquisition costs	(2,543)	(2,688)
Current and deferred income taxes - net	1,842	199
Other, net	(783)	(1,033)
Total adjustments	(7,418)	(1,270)
Net cash provided by operating activities	631	2,810
Cash flows from investing activities:		
Proceeds from (payments for)		
Sales or distributions of:		
Available for sale securities	14,660	12,559
Other securities	769	465
Other invested assets	1,565	1,807
Maturities of fixed maturity securities available for sale	10,416	17,749
Principal payments received on and sales of mortgage and other loans receivable	3,542	4,115
Purchases of:		
Available for sale securities	(21,832)	(34,667)
Other securities	(2,143)	(95)
Other invested assets	(1,023)	(1,558)
Mortgage and other loans receivable	(7,592)	(3,719)
Net change in short-term investments	3,787	3,065
Other, net	385	(1,366)
Net cash provided by (used in) investing activities	2,534	(1,645)
Cash flows from financing activities:		
Proceeds from (payments for)		
Policyholder contract deposits	12,457	13,172
Policyholder contract withdrawals	(9,467)	(11,214)
Issuance of long-term debt	6,476	54
Issuance of debt of consolidated investment entities	808	2,542
Repayments of long-term debt	(7,600)	(1,839)
Repayments of debt of consolidated investment entities	(941)	(2,560)
Purchase of common stock	(3,105)	(592)
Dividends paid on preferred stock	(15)	(15)
Dividends paid on common stock	(506)	(550)
Other, net	(900)	(298)
Net cash used in financing activities	(2,793)	(1,300)
Effect of exchange rate changes on cash and restricted cash	(72)	(34)
Net increase (decrease) in cash and restricted cash	301	(169)
Cash and restricted cash at beginning of year	2,427	3,230
Cash and restricted cash at end of period	$ 2,728	$ 3,061

American International Group, Inc.
Condensed Consolidated Statements of Cash Flows *(unaudited)(continued)*

Supplementary Disclosure of Condensed Consolidated Cash Flow Information

	Six Months Ended June 30,	
(in millions)	**2022**	2021
Cash	**$ 2,378**	$ 2,760
Restricted cash included in Short-term investments*	**281**	59
Restricted cash included in Other assets*	**69**	242
Total cash and restricted cash shown in the Condensed Consolidated Statements of Cash Flows	**$ 2,728**	$ 3,061
Cash paid during the period for:		
Interest	**$ 574**	$ 592
Taxes	**$ 265**	$ 596
Non-cash investing activities:		
Fixed maturity securities available for sale received in connection with pension risk transfer transactions	**$ —**	$ 477
Fixed maturity securities received in connection with reinsurance transactions	**$ 2**	$ 161
Fixed maturity securities transferred in connection with reinsurance transactions	**$ (212)**	$ (695)
Non-cash financing activities:		
Interest credited to policyholder contract deposits included in financing activities	**$ 1,728**	$ 1,783
Fee income debited to policyholder contract deposits included in financing activities	**$ (844)**	$ (847)

* 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 serving customers in approximately 70 countries and jurisdictions. AIG companies serve commercial and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG Common Stock, par value $2.50 per share (AIG Common Stock), is listed on the New York Stock Exchange (NYSE: AIG). 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, 2021 (the 2021 Annual Report). The condensed consolidated financial information as of December 31, 2021 included herein has been derived from the audited Consolidated Financial Statements in the 2021 Annual Report.

Certain of our foreign subsidiaries included in the Condensed Consolidated Financial Statements report on the basis of a fiscal year ending November 30. 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. 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, 2022, are not necessarily indicative of the results that may be expected for the year ending December 31, 2022.

We evaluated the need to recognize or disclose events that occurred subsequent to June 30, 2022 and prior to the issuance of these Condensed Consolidated Financial Statements.

SALES/DISPOSALS OF ASSETS AND BUSINESSES

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

On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG. On November 2, 2021, AIG and Blackstone Inc. (Blackstone) completed the acquisition by Blackstone of a 9.9 percent equity stake in Corebridge Financial, Inc., formerly known as SAFG Retirement Services, Inc. (Corebridge), which is the holding company for AIG's Life and Retirement business. Pursuant to the definitive agreement, Blackstone will be 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%, 67% and 75% of its shares after the first, second and third anniversaries, respectively, of the initial public offering of Corebridge (the IPO), with the transfer restrictions terminating in full on the fifth anniversary of the IPO. In the event that the IPO of Corebridge is not completed prior to November 2, 2023, Blackstone will have the right to require AIG to undertake the IPO, and in the event that the IPO has not been completed prior to November 2, 2024, Blackstone will have the right to exchange all or a portion of its ownership interest in Corebridge for shares of AIG's common stock on the terms set forth in the definitive agreement. On November 1, 2021, Corebridge declared a dividend payable to AIG Parent in the amount of $8.3 billion. In connection with such dividend, Corebridge issued a promissory note to AIG Parent in the amount of $8.3 billion, which is required to be paid to AIG Parent prior to the IPO of Corebridge. On April 5, 2022, Corebridge issued senior unsecured notes in the aggregate principal amount of $6.5 billion, the proceeds of which were used to repay a portion of the $8.3 billion promissory note previously issued by Corebridge to AIG. While we currently believe the IPO is the next step in the separation of the Life and Retirement business from AIG, no assurance can be given regarding the form that future separation transactions may take or the specific terms or timing thereof, or that a separation will in fact occur. Any separation transaction will be subject to the satisfaction of various conditions and approvals, including approval by the AIG Board of Directors, receipt of insurance and other required regulatory approvals, and satisfaction of any applicable requirements of the Securities and Exchange Commission.

On December 15, 2021, AIG and Blackstone Real Estate Income Trust (BREIT), a long-term, perpetual capital vehicle affiliated with Blackstone, completed the acquisition by BREIT of AIG's interests in a U.S. affordable housing portfolio. The historical results of the U.S. affordable housing portfolio were reported in our Life and Retirement operating segments.

Sale of Certain AIG Life and Retirement Retail Mutual Funds Business

On February 8, 2021, AIG announced the execution of a definitive agreement with Touchstone Investments (Touchstone), an indirect wholly-owned subsidiary of Western & Southern Financial Group, to sell certain assets of Life and Retirement's Retail Mutual Funds business. This sale consisted of the reorganization of twelve of the retail mutual funds managed by SunAmerica Asset Management, LLC (SAAMCo), a Life and Retirement entity, into certain Touchstone funds and was subject to certain conditions, including approval of the fund reorganizations by the retail mutual fund boards of directors/trustees and fund shareholders. The transaction closed on July 16, 2021, at which time we received initial proceeds and the twelve retail mutual funds managed by SAAMCo, with $6.8 billion in assets, were reorganized into Touchstone funds. Additional consideration may be earned over a three-year period based on asset levels in certain reorganized funds. Six retail mutual funds managed by SAAMCo and not included in the transaction were liquidated. We will retain our fund management platform and capabilities dedicated to our variable annuity insurance products.

DEBT CASH TENDER OFFERS AND REDEMPTIONS

In the six months ended June 30, 2022, we repurchased, through cash tender offers, and redeemed $7.6 billion aggregate principal amount of certain notes and debentures issued or guaranteed by AIG, for an aggregate purchase price of $7.8 billion, resulting in a total loss on extinguishment of debt of $299 million.

DEBT ISSUANCE

On April 5, 2022, Corebridge issued and sold $6.5 billion of senior unsecured notes consisting of $1.0 billion aggregate principal amount of its 3.50% Senior Notes due 2025, $1.25 billion aggregate principal amount of its 3.65% Senior Notes due 2027, $1.0 billion aggregate principal amount of its 3.85% Senior Notes due 2029, $1.5 billion aggregate principal amount of its 3.90% Senior Notes due 2032, $500 million aggregate principal amount of its 4.35% Senior Notes due 2042 and $1.25 billion aggregate principal amount of its 4.40% Senior Notes due 2052.

CREDIT FACILITIES

On February 25, 2022, Corebridge entered into an 18-Month Delayed Draw Term Loan Agreement (the 18-Month DDTL Facility) among Corebridge, as borrower, the lenders party thereto and the administrative agent thereto, and a 3-Year Delayed Draw Term Loan Agreement (the 3-Year DDTL Facility) among Corebridge, as borrower, the lenders party thereto and the administrative agent thereto.

The 18-Month DDTL Facility and 3-Year DDTL Facility provided Corebridge with committed delayed draw term loan facilities in the aggregate principal amount of $6 billion and $3 billion, respectively. On April 6, 2022, in connection with the issuance of certain senior unsecured notes of Corebridge, (i) the commitments under the 18-Month DDTL Facility were terminated in full and (ii) the commitments under the 3-Year DDTL Facility were reduced from $3.0 billion to $2.5 billion. The ability to borrow under the 3-Year DDTL Facility is subject to, among other conditions, Corebridge's confirmation to the administrative agent that an initial public offering of Corebridge is expected to be consummated within five business days following such borrowing. Commitments under the 3-Year DDTL Facility will remain available for borrowing until December 30, 2022, subject to the terms and conditions thereof.

As of June 30, 2022, a total of $2.5 billion remained available for borrowing under the 3-Year DDTL Facility.

On May 12, 2022, Corebridge entered into a revolving syndicated credit facility (the Corebridge Facility) as a potential source of liquidity for general corporate purposes. The Corebridge Facility provides for aggregate commitments by the bank syndicate to provide unsecured revolving loans and/or standby letters of credit of up to $2.5 billion without any limits on the type of borrowings and is scheduled to expire on May 12, 2027 or if the IPO has not occurred on or prior to December 29, 2023, on such date. As of June 30, 2022, a total of $2.5 billion remained available for borrowing under the Corebridge Facility.

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;
- future policy benefit reserves for life and accident and health insurance contracts;
- liabilities for guaranteed benefit features of variable annuity, fixed annuity and fixed index annuity products;
- embedded derivative liabilities for fixed index annuity and life products;
- estimated gross profits to value deferred acquisition costs and unearned revenue for investment-oriented 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;
- legal contingencies;
- 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

ACCOUNTING STANDARDS ADOPTED

Reference Rate Reform

On March 12, 2020, the FASB issued an accounting standard that provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The standard allows us to account for certain contract modifications that result from the discontinuation of the London Inter-Bank Offered Rate (LIBOR) or another reference rate as a continuation of the existing contract without additional analysis. This standard may be elected and applied prospectively over time from March 12, 2020 through December 31, 2022 as reference rate reform activities occur.

Where permitted by the guidance, we have accounted for contract modifications stemming from the discontinuation of LIBOR or another reference rate as a continuation of the existing contract. As part of our implementation efforts, we have and will continue to assess our operational readiness and current and alternative reference rates' merits, limitations, risks and suitability for our investment and insurance processes. The adoption of the standard has not had, and is not expected to have, a material impact on our reported consolidated financial condition, results of operations, cash flows and required disclosures.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

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 will adopt the standard on January 1, 2023. We continue to evaluate and expect the adoption of this standard will impact our financial condition, results of operations, statement of cash flows and disclosures, as well as systems, processes and controls.

The Company will adopt the standard using the modified retrospective transition method relating to liabilities for traditional and limited payment contracts and deferred policy acquisition costs associated therewith. The Company will adopt the standard in relation to market risk benefits (MRBs) on a retrospective basis. Based upon this transition method, the Company currently estimates that the January 1, 2021 transition date (Transition Date) impact from adoption is likely to result in a decrease in AIG's equity between approximately $1.0 billion and $3.0 billion in AIG's Life and Retirement business. The most significant drivers of the transition adjustment are expected to be (1) changes related to market risk benefits in our Individual Retirement and Group Retirement segments, including the impact of non-performance adjustments (2) changes to the discount rate which will most significantly impact our Life Insurance and Institutional Markets segments and (3) the removal of balances recorded in accumulated other comprehensive income (loss) (AOCI) related to changes in unrealized appreciation (depreciation) on investments.

Market risk benefits: The standard requires the measurement of all MRBs associated with deposit (or account balance) contracts at fair value at each reporting period. Changes in fair value compared to prior periods will be recorded and presented separately within the income statement, with the exception of instrument-specific credit risk changes (non-performance adjustments), which will be recognized in other comprehensive income. MRBs will impact both retained earnings and AOCI upon transition.

As MRBs are required to be accounted for at fair value, the quarterly valuation of these items will result in variability and volatility in the Company's results following adoption.

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 currently estimates an adjustment to AOCI due to the fact that the market upper-medium grade (low credit risk) interest rates as of the Transition Date differ from reserve interest accretion rates. Lower interest rates result in a higher liability for future policy benefits, and are anticipated to more significantly impact our Life Insurance and Institutional Markets segments.

Following adoption, the impact of changes to discount rates will be recognized through other comprehensive income. Changes resulting from unlocking the discount rate each reporting period will primarily impact term life insurance and other traditional life insurance products, as well as pension risk transfer and structured settlement products.

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 will be 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 separate presentation of any resulting re-measurement gain or loss (except for discount rate changes as noted above) in the income statement.
- Simplifies the amortization of DAC to a constant level basis over the expected term of the related contracts with adjustments for unexpected terminations, but no longer requires an impairment test.
- Increased disclosures of disaggregated roll-forwards of several balances, including: liabilities for future policy benefits, deferred acquisition costs, account balances, market risk benefits, separate account liabilities and information about significant inputs, judgments and methods used in measurement and changes thereto and impact of those changes.

We expect that the accounting for Fortitude Reinsurance Company Ltd. (Fortitude Re) will continue to remain largely unchanged. With respect to Fortitude Re, the reinsurance assets, including the discount rates, will continue to be calculated using the same methodology and assumptions as the direct policies. Accounting for modified coinsurance (modco) remains unchanged.

The Company has created a governance framework and a plan to support implementation of the updated standard. As part of its implementation plan, the Company has also advanced the modernization of its actuarial technology platform to enhance its modeling, data management, experience study and analytical capabilities, increase the end-to-end automation of key reporting and analytical processes and optimize its control framework. The Company has designed and begun implementation and testing of internal controls related to the new processes created as part of implementing the updated standard and will continue to refine these internal controls until the formal implementation in the first quarter of 2023.

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. Because the Company has already adopted the current expected credit loss (CECL) model, the amendments in this standard are effective for fiscal years beginning after December 15, 2022, including interim periods within those years. We do not expect the standard to have a material impact on our reported consolidated financial condition, results of operations, cash flows or required disclosures.

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, variable annuities and retail mutual funds.
- **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.

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.*

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

Three Months Ended June 30,	2022		2021	
(in millions)	Adjusted Revenues	Adjusted Pre-tax Income (Loss)	Adjusted Revenues	Adjusted Pre-tax Income (Loss)
General Insurance				
North America	$ 2,972	$ 406 (a)	$ 2,685	$ 169 (a)
International	3,414	393 (a)	3,530	294 (a)
Net investment income	458	458	731	731
Total General Insurance	6,844	1,257	6,946	1,194
Life and Retirement				
Individual Retirement	1,288	204	1,519	617
Group Retirement	682	164	820	347
Life Insurance	1,299	117	1,295	20
Institutional Markets	786	78	1,412	140
Total Life and Retirement	4,055	563	5,046	1,124
Other Operations				
Other Operations before consolidation and eliminations	207	(331)	259	(516)
Consolidation and eliminations	(136)	(130)	(125)	(94)
Total Other Operations	71	(461)	134	(610)
Total	10,970	1,359	12,126	1,708
Reconciling items:				
Changes in fair value of securities used to hedge guaranteed living benefits	13	10	14	13
Changes in benefit reserves and DAC, VOBA and DSI related to net realized gains (losses)	—	(128)	—	120
Changes in the fair value of equity securities	(30)	(30)	(13)	(13)
Other income (expense) - net	(9)	—	(2)	—
Loss on extinguishment of debt	—	(299)	—	(106)
Net investment income on Fortitude Re funds withheld assets	188	188	507	507
Net realized gains (losses) on Fortitude Re funds withheld assets	(86)	(86)	173	173
Net realized gains (losses) on Fortitude Re funds withheld embedded derivative	2,776	2,776	(2,056)	(2,056)
Net realized gains (losses)[b]	615	620	(68)	(59)
Net loss on divestitures	—	(1)	—	(1)
Non-operating litigation reserves and settlements	4	4	—	—
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	—	144	—	65
Net loss reserve discount charge	—	(14)	—	(22)
Integration and transaction costs associated with acquiring or divesting businesses	—	(38)	—	(35)
Restructuring and other costs	—	(175)	—	(126)
Non-recurring costs related to regulatory or accounting changes	—	(9)	—	(21)
Revenues and pre-tax income	$ 14,441	$ 4,321	$ 10,681	$ 147

Six Months Ended June 30,	2022		2021	
(in millions)	Adjusted Revenues	Adjusted Pre-tax Income (Loss)	Adjusted Revenues	Adjusted Pre-tax Income (Loss)
General Insurance				
North America	$ 5,761	$ 662 (a)	$ 5,073	$ (33) (a)
International	6,881	583 (a)	7,008	569 (a)
Net investment income	1,223	1,223	1,503	1,503
Total General Insurance	13,865	2,468	13,584	2,039
Life and Retirement				
Individual Retirement	2,673	588	2,996	1,149
Group Retirement	1,426	389	1,626	654
Life Insurance	2,586	108	2,628	(20)
Institutional Markets	1,335	202	1,776	282
Total Life and Retirement	8,020	1,287	9,026	2,065
Other Operations				
Other Operations before consolidation and eliminations	501	(619)	583	(870)
AIG consolidation and eliminations	(272)	(263)	(305)	(270)
Total Other Operations	229	(882)	278	(1,140)
Total	22,114	2,873	22,888	2,964
Reconciling items:				
Changes in fair value of securities used to hedge guaranteed living benefits	27	23	32	35
Changes in benefit reserves and DAC, VOBA and DSI related to net realized gains (losses)	—	(401)	—	(83)
Changes in the fair value of equity securities	(57)	(57)	9	9
Other income (expense) - net	(16)	—	(8)	—
Loss on extinguishment of debt	—	(299)	—	(98)
Net investment income on Fortitude Re funds withheld assets	479	479	993	993
Net realized gains (losses) on Fortitude Re funds withheld assets	(226)	(226)	346	346
Net realized gains on Fortitude Re funds withheld embedded derivative	6,094	6,094	326	326
Net realized gains[(b)]	1,796	1,808	549	568
Net gain on divestitures	—	39	—	6
Non-operating litigation reserves and settlements	38	38	—	—
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	—	144	—	84
Net loss reserve discount benefit	—	6	—	10
Integration and transaction costs associated with acquiring or divesting businesses	—	(84)	—	(44)
Restructuring and other costs	—	(268)	—	(200)
Non-recurring costs related to regulatory or accounting changes	—	(13)	—	(41)
Revenues and pre-tax income	$ 30,249	$ 10,156	$ 25,135	$ 4,875

(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 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).

4. 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.

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, 2022 *(in millions)*	Level 1	Level 2	Level 3	Counterparty Netting[a]	Cash Collateral	Total
Assets:						
Bonds available for sale:						
U.S. government and government sponsored entities	$ —	$ 8,146	$ —	$ —	$ —	$ 8,146
Obligations of states, municipalities and political subdivisions	—	11,643	957	—	—	12,600
Non-U.S. governments	149	13,516	9	—	—	13,674
Corporate debt	—	140,258	2,483	—	—	142,741
RMBS	—	11,821	8,352	—	—	20,173
CMBS	—	14,016	871	—	—	14,887
CDO/ABS	—	8,818	11,696	—	—	20,514
Total bonds available for sale	149	208,218	24,368	—	—	232,735
Other bond securities:						
U.S. government and government sponsored entities	—	1,620	—	—	—	1,620
Obligations of states, municipalities and political subdivisions	—	99	—	—	—	99
Non-U.S. governments	—	76	—	—	—	76
Corporate debt	—	1,200	461	—	—	1,661
RMBS	—	102	192	—	—	294
CMBS	—	289	32	—	—	321
CDO/ABS	—	385	2,442	—	—	2,827
Total other bond securities	—	3,771	3,127	—	—	6,898
Equity securities	583	34	12	—	—	629
Other invested assets[b]	—	131	2,008	—	—	2,139
Derivative assets[c]:						
Interest rate contracts	—	4,460	151	—	—	4,611
Foreign exchange contracts	—	2,113	—	—	—	2,113
Equity contracts	21	214	152	—	—	387
Commodity contracts	—	9	—	—	—	9
Credit contracts	—	—	1	—	—	1
Other contracts	—	—	16	—	—	16
Counterparty netting and cash collateral	—	—	—	(4,354)	(2,426)	(6,780)
Total derivative assets	21	6,796	320	(4,354)	(2,426)	357
Short-term investments	1,874	1,557	—	—	—	3,431
Other assets[c]	—	—	107	—	—	107
Separate account assets	82,990	3,745	—	—	—	86,735
Total	$ 85,617	$ 224,252	$ 29,942	$ (4,354)	$ (2,426)	$ 333,031
Liabilities:						
Policyholder contract deposits	$ —	$ 40	$ 6,957	$ —	$ —	$ 6,997
Derivative liabilities[c]:						
Interest rate contracts	10	6,289	8	—	—	6,307
Foreign exchange contracts	—	647	1	—	—	648
Equity contracts	4	46	3	—	—	53
Credit contracts	—	11	33	—	—	44
Counterparty netting and cash collateral	—	—	—	(4,354)	(2,418)	(6,772)
Total derivative liabilities	14	6,993	45	(4,354)	(2,418)	280
Fortitude Re funds withheld payable	—	—	(638)	—	—	(638)
Long-term debt	—	1,664	—	—	—	1,664
Total	$ 14	$ 8,697	$ 6,364	$ (4,354)	$ (2,418)	$ 8,303

December 31, 2021 (in millions)	Level 1	Level 2	Level 3	Counterparty Netting[(a)]	Cash Collateral	Total
Assets:						
Bonds available for sale:						
U.S. government and government sponsored entities	$ 2,553	$ 5,641	$ —	$ —	$ —	$ 8,194
Obligations of states, municipalities and political subdivisions	—	13,096	1,431	—	—	14,527
Non-U.S. governments	9	16,314	7	—	—	16,330
Corporate debt	—	172,967	2,641	—	—	175,608
RMBS	—	16,909	10,378	—	—	27,287
CMBS	—	14,619	1,190	—	—	15,809
CDO/ABS	—	8,232	11,215	—	—	19,447
Total bonds available for sale	2,562	247,778	26,862	—	—	277,202
Other bond securities:						
U.S. government and government sponsored entities	—	1,750	—	—	—	1,750
Obligations of states, municipalities and political subdivisions	—	97	—	—	—	97
Non-U.S. governments	—	76	—	—	—	76
Corporate debt	—	916	134	—	—	1,050
RMBS	—	215	196	—	—	411
CMBS	—	280	35	—	—	315
CDO/ABS	—	247	2,332	—	—	2,579
Total other bond securities	—	3,581	2,697	—	—	6,278
Equity securities	669	64	6	—	—	739
Other invested assets [(b)]	—	138	1,948	—	—	2,086
Derivative assets[(c)]:						
Interest rate contracts	—	3,873	—	—	—	3,873
Foreign exchange contracts	—	1,188	1	—	—	1,189
Equity contracts	7	224	450	—	—	681
Commodity contracts	—	4	—	—	—	4
Credit contracts	—	—	1	—	—	1
Other contracts	—	—	13	—	—	13
Counterparty netting and cash collateral	—	—	—	(2,779)	(2,139)	(4,918)
Total derivative assets	7	5,289	465	(2,779)	(2,139)	843
Short-term investments	2,584	1,842	—	—	—	4,426
Other assets[(c)]	—	—	114	—	—	114
Separate account assets	105,221	3,890	—	—	—	109,111
Total	$ 111,043	$ 262,582	$ 32,092	$ (2,779)	$ (2,139)	$ 400,799
Liabilities:						
Policyholder contract deposits	$ —	$ 54	$ 9,682	$ —	$ —	$ 9,736
Derivative liabilities[(c)]:						
Interest rate contracts	1	3,632	—	—	—	3,633
Foreign exchange contracts	—	721	—	—	—	721
Equity contracts	1	46	6	—	—	53
Credit contracts	—	16	31	—	—	47
Counterparty netting and cash collateral	—	—	—	(2,779)	(1,089)	(3,868)
Total derivative liabilities	2	4,415	37	(2,779)	(1,089)	586
Fortitude Re funds withheld payable	—	—	5,922	—	—	5,922
Long-term debt	—	1,871	—	—	—	1,871
Total	$ 2	$ 6,340	$ 15,641	$ (2,779)	$ (1,089)	$ 18,115

(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 $9.6 billion and $8.4 billion as of June 30, 2022 and December 31, 2021, respectively.

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

CHANGES IN LEVEL 3 RECURRING FAIR VALUE MEASUREMENTS

The following tables present changes during the three- and six-month periods ended June 30, 2022 and 2021 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, 2022 and 2021:

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Three Months Ended June 30, 2022										
Assets:										
Bonds available for sale:										
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)
CDO/ABS	11,776	3	(502)	1,106	349	(1,036)	—	11,696	—	(513)
Total bonds available for sale	25,404	85	(1,159)	707	619	(1,288)	—	24,368	—	(1,150)
Other bond securities:										
Corporate Debt	260	(4)	—	47	161	(3)	—	461	(4)	—
RMBS	199	(13)	1	5	—	—	—	192	(13)	—
CMBS	33	(1)	—	—	—	—	—	32	(1)	—
CDO/ABS	2,468	(135)	—	157	6	(54)	—	2,442	—	—
Total other bond securities	2,960	(153)	1	209	167	(57)	—	3,127	(18)	—
Equity securities	6	—	1	5	—	—	—	12	—	—
Other invested assets	1,935	133	(23)	(23)	—	(14)	—	2,008	174	—
Other assets	108	—	—	(1)	—	—	—	107	—	—
Total	$ 30,413	$ 65	$ (1,180)	$ 897	$ 786	$ (1,359)	$ —	$ 29,622	$ 156	$ (1,150)

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized (Gains) Losses Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Liabilities:										
Policyholder contract deposits	$ 8,030	$ (1,322)	$ —	$ 249	$ —	$ —	$ —	$ 6,957	$ 1,369	$ —
Derivative liabilities, net:										
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	—
Total derivative liabilities, net[(a)]	(165)	89	—	(117)	(81)	(1)	—	(275)	(92)	—
Fortitude Re funds withheld payable	2,206	(2,776)	—	(68)	—	—	—	(638)	2,836	—
Total	$ 10,071	$ (4,009)	$ —	$ 64	$ (81)	$ (1)	$ —	$ 6,044	$ 4,113	$ —

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Three Months Ended June 30, 2021										
Assets:										
Bonds available for sale:										
Obligations of states, municipalities and political subdivisions	$ 1,896	$ 5	$ 128	$ (65)	$ —	$ (25)	$ —	$ 1,939	$ —	$ 244
Non-U.S. governments	6	—	(1)	1	4	—	—	10	—	—
Corporate debt	2,570	14	17	31	208	(67)	—	2,773	—	50
RMBS	11,464	150	(39)	(460)	—	(30)	—	11,085	—	957
CMBS	1,104	7	23	85	—	(137)	—	1,082	—	18
CDO/ABS	9,602	(1)	44	(374)	384	(337)	—	9,318	—	403
Total bonds available for sale	26,642	175	172	(782)	596	(596)	—	26,207	—	1,672
Other bond securities:										
RMBS	126	1	—	(14)	—	—	—	113	12	—
CMBS	46	—	—	—	—	—	—	46	6	—
CDO/ABS	2,346	45	—	(112)	—	—	—	2,279	253	—
Total other bond securities	2,518	46	—	(126)	—	—	—	2,438	271	—
Equity securities	128	—	(3)	(112)	1	(10)	—	4	—	—
Other invested assets	1,897	114	(1)	89	—	—	—	2,099	122	—
Other assets	113	—	—	—	—	—	—	113	—	—
Total	$ 31,298	$ 335	$ 168	$ (931)	$ 597	$ (606)	$ —	$ 30,861	$ 393	$ 1,672

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized (Gains) Losses Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Liabilities:										
Policyholder contract deposits	$ 7,617	$ 1,363	$ —	$ 40	$ —	$ —	$ —	$ 9,020	$ (1,018)	$ —
Derivative liabilities, net:										
Interest rate contracts	—	(2)	—	1	—	—	—	(1)	1	—
Foreign exchange contracts	—	—	—	(1)	—	—	—	(1)	(1)	—
Equity contracts	(222)	(71)	—	(69)	—	5	—	(357)	85	—
Credit contracts	44	2	—	(3)	—	—	—	43	(1)	—
Other contracts	(9)	(16)	—	15	—	—	—	(10)	17	—
Total derivative liabilities, net[(a)]	(187)	(87)	—	(57)	—	5	—	(326)	101	—
Fortitude Re funds withheld payable	3,487	2,056	—	(226)	—	—	—	5,317	(1,452)	—
Total	$ 10,917	$ 3,332	$ —	$ (243)	$ —	$ 5	$ —	$ 14,011	$ (2,369)	$ —

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Six Months Ended June 30, 2022										
Assets:										
Bonds available for sale:										
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)
CDO/ABS	11,215	19	(1,003)	1,651	1,464	(1,650)	—	11,696	—	(1,003)
Total bonds available for sale	26,862	230	(2,638)	792	1,865	(2,743)	—	24,368	—	(2,583)
Other bond securities:										
Corporate Debt	134	(4)	—	124	222	(15)	—	461	(4)	—
RMBS	196	(18)	—	14	—	—	—	192	(21)	—
CMBS	35	(3)	—	—	—	—	—	32	(3)	—
CDO/ABS	2,332	(249)	—	352	63	(56)	—	2,442	(162)	—
Total other bond securities	2,697	(274)	—	490	285	(71)	—	3,127	(190)	—
Equity securities	6	—	—	6	—	—	—	12	—	—
Other invested assets	1,948	245	(27)	(38)	47	(167)	—	2,008	295	—
Other assets	114	—	—	(7)	—	—	—	107	—	—
Total	$ 31,627	$ 201	$ (2,665)	$ 1,243	$ 2,197	$ (2,981)	$ —	$ 29,622	$ 105	$ (2,583)

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized (Gains) Losses Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Liabilities:										
Policyholder contract deposits	$ 9,682	$ (3,119)	$ —	$ 394	$ —	$ —	$ —	$ 6,957	$ 3,353	$ —
Derivative liabilities, net:										
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	—
Total derivative liabilities, net[(a)]	(428)	372	—	(137)	(81)	(1)	—	(275)	(227)	—
Fortitude Re funds withheld payable	5,922	(6,094)	—	(466)	—	—	—	(638)	6,316	—
Total	$ 15,176	$ (8,841)	$ —	$ (209)	$ (81)	$ (1)	$ —	$ 6,044	$ 9,442	$ —

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Six Months Ended June 30, 2021										
Assets:										
Bonds available for sale:										
Obligations of states, municipalities and political subdivisions	$ 2,105	$ 8	$ (31)	$ (118)	$ —	$ (25)	$ —	$ 1,939	$ —	$ 234
Non-U.S. governments	5	—	(1)	1	5	—	—	10	—	—
Corporate debt	2,349	13	7	208	395	(199)	—	2,773	—	(109)
RMBS	11,694	317	25	(891)	—	(60)	—	11,085	—	943
CMBS	922	16	(33)	258	56	(137)	—	1,082	—	(38)
CDO/ABS	9,814	15	30	(538)	838	(841)	—	9,318	—	467
Total bonds available for sale	26,889	369	(3)	(1,080)	1,294	(1,262)	—	26,207	—	1,497
Other bond securities:										
RMBS	139	4	—	(30)	—	—	—	113	(86)	—
CMBS	47	(1)	—	(6)	6	—	—	46	4	—
CDO/ABS	2,512	34	—	(267)	—	—	—	2,279	255	—
Total other bond securities	2,698	37	—	(303)	6	—	—	2,438	173	—
Equity securities	51	11	—	(123)	76	(11)	—	4	3	—
Other invested assets	1,827	256	(7)	23	—	—	—	2,099	245	—
Other assets	113	—	—	—	—	—	—	113	—	—
Total	$ 31,578	$ 673	$ (10)	$ (1,483)	$ 1,376	$ (1,273)	$ —	$ 30,861	$ 421	$ 1,497

(in millions)	Fair Value Beginning of Period	Net Realized and Unrealized Gains (Losses) Included in Income	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances and Settlements, Net	Gross Transfers In	Gross Transfers Out	Other	Fair Value End of Period	Changes in Unrealized Gains (Losses) Included in Income on Instruments Held at End of Period	Changes in Unrealized Gains (Losses) Included in Other Comprehensive Income (Loss) for Recurring Level 3 Instruments Held at End of Period
Liabilities:										
Policyholder contract deposits	$ 9,798	$ (897)	$ —	$ 119	$ —	$ —	$ —	$ 9,020	$ 1,553	$ —
Derivative liabilities, net:										
Interest rate contracts	—	(2)	—	1	—	—	—	(1)	2	—
Foreign exchange contracts	(2)	1	—	—	—	—	—	(1)	(1)	—
Equity contracts	(151)	(97)	—	(154)	—	45	—	(357)	13	—
Credit contracts	42	7	—	(6)	—	—	—	43	(1)	—
Other contracts	(8)	(33)	—	31	—	—	—	(10)	33	—
Total derivative liabilities, net(a)	(119)	(124)	—	(128)	—	45	—	(326)	46	—
Fortitude Re funds withheld payable	6,042	(326)	—	(399)	—	—	—	5,317	1,503	—
Total	$ 15,721	$ (1,347)	$ —	$ (408)	$ —	$ 45	$ —	$ 14,011	$ 3,102	$ —

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

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:

(in millions)	Net Investment Income	Net Realized Gains (Losses)	Other Income	Total
Three Months Ended June 30, 2022				
Assets:				
Bonds available for sale	**$ 142**	**$ (57)**	**$ —**	**$ 85**
Other bond securities	**(153)**	**—**	**—**	**(153)**
Other invested assets	**133**	**—**	**—**	**133**
Three Months Ended June 30, 2021				
Assets:				
Bonds available for sale	$ 163	$ 12	$ —	$ 175
Other bond securities	46	—	—	46
Other invested assets	99	15	—	114
Six Months Ended June 30, 2022				
Assets:				
Bonds available for sale	**$ 306**	**$ (76)**	**$ —**	**$ 230**
Other bond securities	**(274)**	**—**	**—**	**(274)**
Other invested assets	**245**	**—**	**—**	**245**
Six Months Ended June 30, 2021				
Assets:				
Bonds available for sale	$ 348	$ 21	$ —	$ 369
Other bond securities	37	—	—	37
Equity securities	11	—	—	11
Other invested assets	241	15	—	256

(in millions)	Net Investment Income	Net Realized (Gains) Losses	Other Income	Total
Three Months Ended June 30, 2022				
Liabilities:				
Policyholder contract deposits*	**$ —**	**$ (1,322)**	**$ —**	**$ (1,322)**
Derivative liabilities, net	**—**	**102**	**(13)**	**89**
Fortitude Re funds withheld payable	**—**	**(2,776)**	**—**	**(2,776)**
Three Months Ended June 30, 2021				
Liabilities:				
Policyholder contract deposits*	$ —	$ 1,363	$ —	$ 1,363
Derivative liabilities, net	—	(72)	(15)	(87)
Fortitude Re funds withheld payable	—	2,056	—	2,056
Six Months Ended June 30, 2022				
Liabilities:				
Policyholder contract deposits*	**$ —**	**$ (3,119)**	**$ —**	**$ (3,119)**
Derivative liabilities, net	**—**	**400**	**(28)**	**372**
Fortitude Re funds withheld payable	**—**	**(6,094)**	**—**	**(6,094)**
Six Months Ended June 30, 2021				
Liabilities:				
Policyholder contract deposits*	$ —	$ (897)	$ —	$ (897)
Derivative liabilities, net	—	(95)	(29)	(124)
Fortitude Re funds withheld payable	—	(326)	—	(326)

* Primarily embedded derivatives.

The following table presents the gross components of purchases, sales, issuances and settlements, net, shown above, for the three- and six-month periods ended June 30, 2022 and 2021 related to Level 3 assets and liabilities in the Condensed Consolidated Balance Sheets:

(in millions)	Purchases	Sales	Issuances and Settlements[(a)]	Purchases, Sales, Issuances and Settlements, Net[(a)]
Three Months Ended June 30, 2022				
Assets:				
Bonds available for sale:				
Obligations of states, municipalities and political subdivisions	$ —	$ (4)	$ —	$ (4)
Corporate debt	14	—	(228)	(214)
RMBS	176	—	(442)	(266)
CMBS	76	—	9	85
CDO/ABS	1,245	—	(139)	1,106
Total bonds available for sale	1,511	(4)	(800)	707
Other bond securities:				
Corporate debt	5	—	42	47
RMBS	14	—	(9)	5
CDO/ABS	293	—	(136)	157
Total other bond securities	312	—	(103)	209
Equity securities	5	—	—	5
Other invested assets	259	—	(282)	(23)
Other assets	—	—	(1)	(1)
Total	$ 2,087	$ (4)	$ (1,186)	$ 897
Liabilities:				
Policyholder contract deposits	$ —	$ 250	$ (1)	$ 249
Derivative liabilities, net	(164)	1	46	(117)
Fortitude Re funds withheld payable	—	—	(68)	(68)
Total	$ (164)	$ 251	$ (23)	$ 64
Three Months Ended June 30, 2021				
Assets:				
Bonds available for sale:				
Obligations of states, municipalities and political subdivisions	$ 3	$ (23)	$ (45)	$ (65)
Non-U.S. governments	1	—	—	1
Corporate debt	212	(32)	(149)	31
RMBS	318	(115)	(663)	(460)
CMBS	97	—	(12)	85
CDO/ABS	780	119	(1,273)	(374)
Total bonds available for sale	1,411	(51)	(2,142)	(782)
Other bond securities:				
RMBS	1	(9)	(6)	(14)
CDO/ABS	—	—	(112)	(112)
Total other bond securities	1	(9)	(118)	(126)
Equity securities	—	(3)	(109)	(112)
Other invested assets	194	—	(105)	89
Total	$ 1,606	$ (63)	$ (2,474)	$ (931)
Liabilities:				
Policyholder contract deposits	—	202	(162)	40
Derivative liabilities, net	(71)	1	13	(57)
Fortitude Re funds withheld payable	—	—	(226)	(226)
Total	$ (71)	$ 203	$ (375)	$ (243)

(in millions)	Purchases	Sales	Issuances and Settlements[(a)]	Purchases, Sales, Issuances and Settlements, Net[(a)]
Six Months Ended June 30, 2022				
Assets:				
Bonds available for sale:				
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
CDO/ABS	2,131	—	(480)	1,651
Total bonds available for sale	2,586	(64)	(1,730)	792
Other bond securities:				
Corporate debt	24	—	100	124
RMBS	31	—	(17)	14
CDO/ABS	616	—	(264)	352
Total other bond securities	671	—	(181)	490
Equity securities	5	—	1	6
Other invested assets	517	—	(555)	(38)
Other assets	—	—	(7)	(7)
Total	$ 3,779	$ (64)	$ (2,472)	$ 1,243
Liabilities:				
Policyholder contract deposits	$ —	$ 467	$ (73)	$ 394
Derivative liabilities, net	(249)	3	109	(137)
Fortitude Re funds withheld payable	—	—	(466)	(466)
Total	$ (249)	$ 470	$ (430)	$ (209)
Six Months Ended June 30, 2021				
Assets:				
Bonds available for sale:				
Obligations of states, municipalities and political subdivisions	$ 11	$ (43)	$ (86)	$ (118)
Non-U.S. governments	1	—	—	1
Corporate Debt	953	(33)	(712)	208
RMBS	482	(115)	(1,258)	(891)
CMBS	290	—	(32)	258
CDO/ABS	1,156	70	(1,764)	(538)
Total bonds available for sale	2,893	(121)	(3,852)	(1,080)
Other bond securities:				
RMBS	1	(9)	(22)	(30)
CMBS	—	(6)	—	(6)
CDO/ABS	—	(39)	(228)	(267)
Total other bond securities	1	(54)	(250)	(303)
Equity securities	—	(3)	(120)	(123)
Other invested assets	392	—	(369)	23
Total	$ 3,286	$ (178)	$ (4,591)	$ (1,483)
Liabilities:				
Policyholder contract deposits	$ —	393	(274)	119
Derivative liabilities, net	(123)	2	(7)	(128)
Fortitude Re funds withheld payable	—	—	(399)	(399)
Total	$ (123)	$ 395	$ (680)	$ (408)

(a) There were no issuances during the three- and six-month periods ended June 30, 2022 and 2021.

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, 2022 and 2021 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 Other comprehensive income (loss) 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-month periods 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-month periods ended June 30, 2022, respectively.

The Net realized and unrealized gains (losses) included in income (loss) or Other comprehensive income (loss) as shown in the table above excludes $9 million and $28 million of net gains (losses) related to assets and liabilities transferred into Level 3 during the three- and six-month periods ended June 30, 2021, respectively, and includes $1 million and $(4) million of net gains (losses) related to assets and liabilities transferred out of Level 3 during the three- and six-month periods ended June 30, 2021, respectively.

Transfers of Level 3 Assets

During the three- and six-month periods ended June 30, 2022 and 2021, transfers into Level 3 assets primarily included certain investments in private placement corporate debt, RMBS, CMBS and CDO/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 CDO and certain ABS into Level 3 assets were due to diminished market transparency and liquidity for individual security types.

During the three- and six-month periods ended June 30, 2022 and 2021, transfers out of Level 3 assets primarily included private placement and other corporate debt, CMBS, RMBS, CDO/ABS and certain investments in municipal securities. Transfers of corporate debt, RMBS, CMBS, CDO/ABS and certain investments in municipal securities out of Level 3 assets were based on consideration of market liquidity as well as related transparency of pricing and associated observable inputs for these investments. Transfers of certain investments in private placement corporate debt and certain ABS out of Level 3 assets were primarily the result of using observable pricing information that reflects the fair value of those securities without the need for adjustment based on our own assumptions regarding the characteristics of a specific security or the current liquidity in the market.

Transfers of Level 3 Liabilities

During the three- and six-month periods ended June 30, 2022, transfers of derivatives into Level 3 were primarily due to increased long-dated European swaption activity with Secured Overnight Financing Rate tenors. There were no significant transfers of derivative or other liabilities into or out of Level 3 for the three- and six-month periods ended June 30, 2021.

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 CDO/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 June 30, 2022	Valuation Technique	Unobservable Input[b]	Range (Weighted Average)[c]
Assets:				
Obligations of states, municipalities and political subdivisions	$ 913	Discounted cash flow	Yield	4.43% - 5.28% (4.86%)
Corporate debt	2,346	Discounted cash flow	Yield	2.86% - 10.40% (6.63%)
RMBS[a]	5,843	Discounted cash flow	Constant prepayment rate	4.89% - 9.89% (7.39%)
			Loss severity	44.26% - 76.00% (60.13%)
			Constant default rate	0.95% - 2.86% (1.91%)
			Yield	4.93% - 6.39% (5.66%)
CDO/ABS[a]	9,064	Discounted cash flow	Yield	4.54% - 7.20% (5.87%)
CMBS	587	Discounted cash flow	Yield	4.12% - 7.74% (5.93%)
Liabilities[d]:				
Embedded derivatives within Policyholder contract deposits:				
Variable annuity guaranteed minimum withdrawal benefits (GMWB)	1,198	Discounted cash flow	Equity volatility	5.85% - 46.15%
			Base lapse rate	0.16% - 12.60%
			Dynamic lapse multiplier	20.00% - 186.00%
			Mortality multiplier[e]	38.00% - 147.00%
			Utilization	90.00% - 100.00%
			Equity / interest rate correlation	20.00% - 40.00%
			NPA[f]	0.00% - 2.04%
Fixed Index annuities including certain GMWB	5,130	Discounted cash flow	Base lapse rate	0.50% - 50.00%
			Dynamic lapse multiplier	20.00% - 186.00%
			Mortality multiplier[e]	24.00% - 180.00%
			Utilization[g]	60.00% - 95.00%
			Option budget	0.00% - 4.00%
			NPA[f]	0.00% - 2.04%
Indexed life	629	Discounted cash flow	Base lapse rate	0.00% - 37.97%
			Mortality rate	0.00% - 100.00%
			Equity volatility	6.37% - 24.69%
			NPA[f]	0.00% - 2.04%

(in millions)	Fair Value at December 31, 2021	Valuation Technique	Unobservable Input[b]	Range (Weighted Average)[c]
Assets:				
Obligations of states, municipalities and political subdivisions	$ 1,400	Discounted cash flow	Yield	2.74% - 3.33% (3.06%)
Corporate debt	1,561	Discounted cash flow	Yield	2.23% - 7.69% (4.96%)
RMBS[a]	9,916	Discounted cash flow	Constant prepayment rate	5.25% - 17.70% (11.47%)
			Loss severity	26.13% - 71.93% (49.03%)
			Constant default rate	1.15% - 5.85% (3.50%)
			Yield	1.69% - 3.97% (2.83%)
CDO/ABS[a]	8,229	Discounted cash flow	Yield	1.84% - 4.77% (3.31%)
CMBS	580	Discounted cash flow	Yield	1.50% - 5.01% (3.25%)
Liabilities[d]:				
Embedded derivatives within Policyholder contract deposits:				
GMWB	2,472	Discounted cash flow	Equity volatility	5.95% - 46.65%
			Base lapse rate	0.16% - 12.60%
			Dynamic lapse multiplier	20.00% - 186.00%
			Mortality multiplier[e]	38.00% - 147.00%
			Utilization	90.00% - 100.00%
			Equity / interest rate correlation	20.00% - 40.00%
			NPA[f]	0.01% - 1.40%
Fixed Index annuities including certain GMWB	6,445	Discounted cash flow	Base lapse rate	0.50% - 50.00%
			Dynamic lapse multiplier	20.00% - 186.00%
			Mortality multiplier[e]	24.00% - 180.00%
			Utilization[g]	60.00% - 95.00%
			Option budget	0.00% - 4.00%
			NPA[f]	0.01% - 1.40%
Indexed life	765	Discounted cash flow	Base lapse rate	0.00% - 37.97%
			Mortality rate	0.00% - 100.00%
			Equity volatility	7.65% - 20.70%
			NPA[f]	0.01% - 1.40%

(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 CDO 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 within Policyholder contract deposits 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 7, 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 non-performance risk adjustment (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 that are accounted for as an embedded derivative. The total embedded derivative liability at June 30, 2022 and December 31, 2021 was approximately $943 million and $1.2 billion, respectively. The remaining guaranteed minimum riders on the fixed index annuities are valued under the accounting guidance for certain nontraditional long-duration contracts.

The ranges of reported inputs for Obligations of states, municipalities and political subdivisions, Corporate debt, RMBS, CDO/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.

Embedded derivatives within Policyholder contract deposits

Embedded derivatives reported within Policyholder contract deposits include interest crediting rates based on market indices within fixed index annuities, indexed life, and GICs as well as GMWB within variable annuity and certain fixed index annuity products. For any given contract, assumptions for unobservable inputs vary throughout the period over which cash flows are projected for purposes of valuing the embedded derivative. The following unobservable inputs are used for valuing embedded derivatives measured at fair value:

- 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 / interest rate correlation estimates the relationship between changes in equity returns and interest rates in the economic scenario generator used to value our GMWB embedded derivatives. 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.
- Base lapse rate assumptions are determined by company experience 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 withdrawal 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 liability, while lower mortality rate assumptions will generally increase the fair value of the liability, because guaranteed payments will be made for a longer period of time.
- 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 and other factors, which includes partial withdrawal behavior. Increases in assumed utilization rates will generally increase the fair value of the liability.
- Option budget estimates the expected long-term cost of options used to hedge exposures associated with equity 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.
- Non-performance or “own credit” risk adjustment used in the valuation of 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 embedded derivative liabilities, resulting in a gain, and when corporate credit spreads narrow or tighten, the change in the NPA spread generally increases the fair value of the embedded derivative liabilities, resulting in a loss. 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 offered by variable and certain fixed index annuities.

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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.

		June 30, 2022		December 31, 2021	
(in millions)	Investment Category Includes	Fair Value Using NAV Per Share (or its equivalent)	Unfunded Commitments	Fair Value Using NAV Per Share (or its equivalent)	Unfunded Commitments
Investment Category					
Private equity funds:					
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	$ 3,116	$ 2,147	$ 2,768	$ 1,798
Real assets	Investments in real estate properties, agricultural and infrastructure assets, including power plants and other energy producing assets	1,694	593	904	487
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	262	202	252	201
Growth equity	Funds that make investments in established companies for the purpose of growing their businesses	829	71	914	82
Mezzanine	Funds that make investments in the junior debt and equity securities of leveraged companies	545	290	534	354
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	1,555	338	1,216	408
Total private equity funds		8,001	3,641	6,588	3,330
Hedge funds:					
Event-driven	Securities of companies undergoing material structural changes, including mergers, acquisitions and other reorganizations	355	—	466	—
Long-short	Securities that the manager believes are undervalued, with corresponding short positions to hedge market risk	428	—	432	—
Macro	Investments that take long and short positions in financial instruments based on a top-down view of certain economic and capital market conditions	432	—	516	—
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	354	5	416	—
Total hedge funds		1,569	5	1,830	—
Total		$ 9,570	$ 3,646	$ 8,418	$ 3,330

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 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:

	Gain (Loss) Three Months Ended June 30,		Gain (Loss) Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Assets:				
Other bond securities[(a)]	**$ (175)**	$ 96	**$ (376)**	$ (3)
Alternative investments[(b)]	**(167)**	428	**231**	845
Liabilities:				
Long-term debt[(c)]	**68**	(38)	**171**	33
Total gain (loss)	**$ (274)**	$ 486	**$ 26**	$ 875

(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 5. For additional information regarding the funds withheld arrangements with Fortitude Re, see Note 7.*

(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:

	June 30, 2022			December 31, 2021		
(in millions)	Fair Value	Outstanding Principal Amount	Difference	Fair Value	Outstanding Principal Amount	Difference
Liabilities:						
Long-term debt*	**$ 1,664**	**$ 1,404**	**$ 260**	$ 1,871	$ 1,405	$ 466

- 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:

	Assets at Fair Value Non-Recurring Basis				Impairment Charges			
					Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	Level 1	Level 2	Level 3	Total	**2022**	2021	**2022**	2021
June 30, 2022								
Other investments	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ —	**$ —**	$ 6
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	$ —	**$ —**	$ 6
December 31, 2021								
Other investments	$ —	$ —	$ 104	$ 104				
Total	$ —	$ —	$ 104	$ 104				

In addition to the assets presented in the table above, AIG had $109 million of loans held for sale which are carried at fair value at June 30, 2022. There is no associated impairment charge.

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:

	Estimated Fair Value				
(in millions)	Level 1	Level 2	Level 3	Total	Carrying Value
June 30, 2022					
Assets:					
Mortgage and other loans receivable	$ —	$ 59	$ 47,287	$ 47,346	$ 49,205
Other invested assets	—	833	6	839	839
Short-term investments	—	6,015	—	6,015	6,015
Cash	2,378	—	—	2,378	2,378
Other assets	57	12	—	69	69
Liabilities:					
Policyholder contract deposits associated with investment-type contracts	—	142	141,719	141,861	135,820
Fortitude Re funds withheld payable	—	—	33,608	33,608	33,608
Other liabilities	—	3,481	—	3,481	3,481
Long-term debt	—	19,175	295	19,470	20,522
Debt of consolidated investment entities	—	3,078	3,000	6,078	6,252
Separate account liabilities - investment contracts	—	82,317	—	82,317	82,317
December 31, 2021					
Assets:					
Mortgage and other loans receivable	$ —	$ 82	$ 47,947	$ 48,029	$ 46,033
Other invested assets	—	871	6	877	878
Short-term investments	—	8,931	—	8,931	8,931
Cash	2,198	—	—	2,198	2,198
Other assets	21	11	—	32	32
Liabilities:					
Policyholder contract deposits associated with investment-type contracts	—	169	142,974	143,143	133,043
Fortitude Re funds withheld payable	—	—	34,849	34,849	34,849
Other liabilities	—	3,704	—	3,704	3,704
Long-term debt	—	24,758	336	25,094	21,870
Debt of consolidated investment entities	—	3,077	3,313	6,390	6,422
Separate account liabilities - investment contracts	—	104,126	—	104,126	104,126

5. Investments

SECURITIES AVAILABLE FOR SALE

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

(in millions)	Amortized Cost	Allowance for Credit Losses[a]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 30, 2022					
Bonds available for sale:					
U.S. government and government sponsored entities	**$ 8,524**	**$ —**	**$ 48**	**$ (426)**	**$ 8,146**
Obligations of states, municipalities and political subdivisions	**13,013**	**—**	**256**	**(669)**	**12,600**
Non-U.S. governments	**15,065**	**(71)**	**123**	**(1,443)**	**13,674**
Corporate debt	**158,714**	**(77)**	**1,724**	**(17,620)**	**142,741**
Mortgage-backed, asset-backed and collateralized:					
RMBS	**20,060**	**(26)**	**1,125**	**(986)**	**20,173**
CMBS	**15,740**	**—**	**67**	**(920)**	**14,887**
CDO/ABS	**21,761**	**(1)**	**34**	**(1,280)**	**20,514**
Total mortgage-backed, asset-backed and collateralized	**57,561**	**(27)**	**1,226**	**(3,186)**	**55,574**
Total bonds available for sale[b]	**$ 252,877**	**$ (175)**	**$ 3,377**	**$ (23,344)**	**$ 232,735**
December 31, 2021					
Bonds available for sale:					
U.S. government and government sponsored entities	$ 7,874	$ —	$ 347	$ (27)	$ 8,194
Obligations of states, municipalities and political subdivisions	12,760	—	1,782	(15)	14,527
Non-U.S. governments	15,858	—	719	(247)	16,330
Corporate debt	163,064	(89)	13,892	(1,259)	175,608
Mortgage-backed, asset-backed and collateralized:					
RMBS	25,027	(9)	2,422	(153)	27,287
CMBS	15,333	—	555	(79)	15,809
CDO/ABS	19,294	—	276	(123)	19,447
Total mortgage-backed, asset-backed and collateralized	59,654	(9)	3,253	(355)	62,543
Total bonds available for sale[b]	$ 259,210	$ (98)	$ 19,993	$ (1,903)	$ 277,202

(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 Other comprehensive income (loss).

(b) At June 30, 2022 and December 31, 2021, bonds available for sale held by us that were below investment grade or not rated totaled $22.9 billion or 10 percent and $27.0 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	
(in millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
June 30, 2022						
Bonds available for sale:						
U.S. government and government sponsored entities	**$ 6,962**	**$ 387**	**$ 439**	**$ 39**	**$ 7,401**	**$ 426**
Obligations of states, municipalities and political subdivisions	**6,802**	**641**	**99**	**28**	**6,901**	**669**
Non-U.S. governments	**9,110**	**988**	**1,658**	**455**	**10,768**	**1,443**
Corporate debt	**109,879**	**15,019**	**10,125**	**2,588**	**120,004**	**17,607**
RMBS	**10,351**	**809**	**914**	**123**	**11,265**	**932**
CMBS	**13,057**	**893**	**230**	**27**	**13,287**	**920**
CDO/ABS	**18,433**	**1,211**	**696**	**69**	**19,129**	**1,280**
Total bonds available for sale	**$ 174,594**	**$ 19,948**	**$ 14,161**	**$ 3,329**	**$ 188,755**	**$ 23,277**
December 31, 2021						
Bonds available for sale:						
U.S. government and government sponsored entities	$ 3,696	$ 14	$ 447	$ 13	$ 4,143	$ 27
Obligations of states, municipalities and political subdivisions	714	11	57	4	771	15
Non-U.S. governments	4,644	115	1,324	132	5,968	247
Corporate debt	31,914	720	8,819	467	40,733	1,187
RMBS	5,362	102	1,154	46	6,516	148
CMBS	3,980	63	153	16	4,133	79
CDO/ABS	8,263	112	339	11	8,602	123
Total bonds available for sale	$ 58,573	$ 1,137	$ 12,293	$ 689	$ 70,866	$ 1,826

At June 30, 2022, we held 33,843 individual fixed maturity securities that were in an unrealized loss position and for which no allowance for credit losses has been recorded (including 4,273 individual fixed maturity securities that were in a continuous unrealized loss position for 12 months or more). At December 31, 2021, we held 15,029 individual fixed maturity securities that were in an unrealized loss position and for which no allowance for credit losses has been recorded (including 2,644 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, 2022 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:

	Total Fixed Maturity Securities Available for Sale	
(in millions)	Amortized Cost, Net of Allowance	Fair Value
June 30, 2022		
Due in one year or less	**$ 7,507**	**$ 7,478**
Due after one year through five years	**49,832**	**48,172**
Due after five years through ten years	**44,844**	**41,309**
Due after ten years	**92,985**	**80,202**
Mortgage-backed, asset-backed and collateralized	**57,534**	**55,574**
Total	**$ 252,702**	**$ 232,735**

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:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		**2022**		2021	
(in millions)	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	**$ 186**	**$ 790**	$ 290	$ 155	**$ 283**	**$ 1,026**	$ 750	$ 226

For the three- and six-month periods 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-month periods 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.

For the three- and six-month periods ended June 30, 2021, the aggregate fair value of available for sale securities sold was $6.0 billion and $12.4 billion, respectively, which resulted in net realized gains of $135 million and $524 million, respectively. Included within the net realized gains are $95 million and $390 million of net realized gains for the three- and six-month periods ended June 30, 2021, respectively, which relate to Fortitude Re funds withheld assets. These net realized gains 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:

	June 30, 2022		December 31, 2021	
(in millions)	Fair Value	Percent of Total	Fair Value	Percent of Total
Fixed maturity securities:				
U.S. government and government sponsored entities	$ 1,620	22 %	$ 1,750	25 %
Obligations of states, municipalities and political subdivisions	99	1	97	1
Non-U.S. governments	76	1	76	1
Corporate debt	1,661	22	1,050	15
Mortgage-backed, asset-backed and collateralized:				
RMBS	294	4	411	6
CMBS	321	4	315	4
CDO/ABS and other collateralized	2,827	38	2,579	37
Total mortgage-backed, asset-backed and collateralized	3,442	46	3,305	47
Total fixed maturity securities	6,898	92	6,278	89
Equity securities	629	8	739	11
Total	$ 7,527	100 %	$ 7,017	100 %

OTHER INVESTED ASSETS

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

(in millions)	June 30, 2022	December 31, 2021
Alternative investments[(a)(b)]	$ 11,520	$ 10,951
Investment real estate[(c)]	2,565	2,727
All other investments[(d)]	1,955	1,990
Total	$ 16,040	$ 15,668

(a) At June 30, 2022, included hedge funds of $1.6 billion and private equity funds of $9.9 billion. At December 31, 2021, included hedge funds of $2.0 billion, private equity funds of $8.9 billion.

(b) At June 30, 2022, approximately 58 percent of our hedge fund portfolio is available for redemption in 2022. The remaining 42 percent will be available for redemption between 2023 and 2028.

(c) Represents values net of accumulated depreciation. At June 30, 2022 and December 31, 2021, the accumulated depreciation was $813 million and $778 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 $100 million at June 30, 2022 and December 31, 2021, respectively.

NET INVESTMENT INCOME

The following table presents the components of Net investment income:

Three Months Ended June 30,	2022			2021		
(in millions)	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total
Available for sale fixed maturity securities, including short-term investments	$ 2,147	$ 267	$ 2,414	$ 2,130	$ 361	$ 2,491
Other fixed maturity securities[(a)]	(175)	(180)	(355)	93	6	99
Equity securities	(30)	—	(30)	(13)	—	(13)
Interest on mortgage and other loans	460	51	511	446	57	503
Alternative investments[(b)]	109	56	165	579	92	671
Real estate	32	—	32	57	—	57
Other investments[(c)]	37	3	40	(19)	1	(18)
Total investment income	2,580	197	2,777	3,273	517	3,790
Investment expenses	164	9	173	105	10	115
Net investment income	$ 2,416	$ 188	$ 2,604	$ 3,168	$ 507	$ 3,675

Six Months Ended June 30,	2022			2021		
(in millions)	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total
Available for sale fixed maturity securities, including short-term investments	$ 4,188	$ 568	$ 4,756	$ 4,308	$ 738	$ 5,046
Other fixed maturity securities[(a)]	(376)	(298)	(674)	(9)	6	(3)
Equity securities	(57)	—	(57)	9	—	9
Interest on mortgage and other loans	913	97	1,010	860	104	964
Alternative investments[(b)]	778	127	905	1,151	161	1,312
Real estate	32	—	32	116	—	116
Other investments[(c)]	194	3	197	121	2	123
Total investment income	5,672	497	6,169	6,556	1,011	7,567
Investment expenses	310	18	328	217	18	235
Net investment income	$ 5,362	$ 479	$ 5,841	$ 6,339	$ 993	$ 7,332

(a) Included in the three- and six-month periods 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. Included in the three- and six-month periods ended June 30, 2021 were income (loss) of $35 million and $(46) 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-month periods 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. Included in the three- and six-month periods ended June 30, 2021 were income (loss) of $(40) million and $43 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

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

Three Months Ended June 30,	2022			2021		
(in millions)	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total
Sales of fixed maturity securities	$ (482)	$ (122)	$ (604)	$ 40	$ 95	$ 135
Change in allowance for credit losses on fixed maturity securities	(47)	(1)	(48)	10	4	14
Change in allowance for credit losses on loans	24	6	30	67	8	75
Foreign exchange transactions	(231)	(15)	(246)	139	9	148
Variable annuity embedded derivatives, net of related hedges	454	—	454	(53)	—	(53)
All other derivatives and hedge accounting	970	48	1,018	(336)	60	(276)
Sales of alternative investments and real estate investments	7	2	9	31	(3)	28
Other	7	(4)	3	59	—	59
Net realized gains (losses) – excluding Fortitude Re funds withheld embedded derivative	702	(86)	616	(43)	173	130
Net realized gains (losses) on Fortitude Re funds withheld embedded derivative	—	2,776	2,776	—	(2,056)	(2,056)
Net realized gains (losses)	$ 702	$ 2,690	$ 3,392	$ (43)	$ (1,883)	$ (1,926)

Six Months Ended June 30,	2022			2021		
(in millions)	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total
Sales of fixed maturity securities	$ (589)	$ (154)	$ (743)	$ 134	$ 390	$ 524
Change in allowance for credit losses on fixed maturity securities	(100)	(41)	(141)	61	6	67
Change in allowance for credit losses on loans	5	(2)	3	108	3	111
Foreign exchange transactions	(245)	(24)	(269)	90	3	93
Variable annuity embedded derivatives, net of related hedges	960	—	960	36	—	36
All other derivatives and hedge accounting	1,909	(8)	1,901	15	(57)	(42)
Sales of alternative investments and real estate investments	23	3	26	57	1	58
Other	(20)	—	(20)	151	—	151
Net realized gains (losses) – excluding Fortitude Re funds withheld embedded derivative	1,943	(226)	1,717	652	346	998
Net realized gains on Fortitude Re funds withheld embedded derivative	—	6,094	6,094	—	326	326
Net realized gains	$ 1,943	$ 5,868	$ 7,811	$ 652	$ 672	$ 1,324

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 June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Increase (decrease) in unrealized appreciation (depreciation) of investments:				
Fixed maturity securities	**$ (17,897)**	$ 5,851	**$ (38,057)**	$ (5,798)
Other investments	**(7)**	(5)	**(14)**	(5)
Total increase (decrease) in unrealized appreciation (depreciation) of investments	**$ (17,904)**	$ 5,846	**$ (38,071)**	$ (5,803)

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,	2022			2021		
(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	**$ (30)**	**$ (71)**	**$ (101)**	$ (13)	$ 543	$ 530
Less: Net losses recognized during the period on equity securities and other investments sold during the period	**(1)**	**(33)**	**(34)**	(179)	(9)	(188)
Unrealized gains (losses) recognized during the reporting period on equity securities and other investments still held at the reporting date	**$ (29)**	**$ (38)**	**$ (67)**	$ 166	$ 552	$ 718

Six Months Ended June 30,	2022			2021		
(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	**$ (57)**	**$ 404**	**$ 347**	$ 9	$ 1,013	$ 1,022
Less: Net gains (losses) recognized during the period on equity securities and other investments sold during the period	**93**	**(36)**	**57**	(200)	15	(185)
Unrealized gains (losses) recognized during the reporting period on equity securities and other investments still held at the reporting date	**$ (150)**	**$ 440**	**$ 290**	$ 209	$ 998	$ 1,207

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 2021 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,	**2022**			**2021**		
(in millions)	Structured	Non-Structured	Total	Structured	Non-Structured	Total
Balance, beginning of period	**$ 15**	**$ 176**	**$ 191**	$ 14	$ 108	$ 122
Additions:						
Securities for which allowance for credit losses were not previously recorded	**2**	**28**	**30**	6	15	21
Reductions:						
Securities sold during the period	**(1)**	**(40)**	**(41)**	(2)	(3)	(5)
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	**10**	**8**	**18**	(8)	(27)	(35)
Write-offs charged against the allowance	**—**	**(22)**	**(22)**	—	(6)	(6)
Other	—	**(1)**	**(1)**	—	—	—
Balance, end of period	**$ 26**	**$ 149**	**$ 175**	$ 10	$ 87	$ 97

Six Months Ended June 30,	2022			2021		
(in millions)	Structured	Non-Structured	Total	Structured	Non-Structured	Total
Balance, beginning of period	**$ 8**	**$ 90**	**$ 98**	$ 17	$ 169	$ 186
Additions:						
Securities for which allowance for credit losses were not previously recorded	**51**	**156**	**207**	8	28	36
Reductions:						
Securities sold during the period	**(1)**	**(41)**	**(42)**	(3)	(7)	(10)
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	**(32)**	**(34)**	**(66)**	(12)	(91)	(103)
Write-offs charged against the allowance	**—**	**(22)**	**(22)**	—	(12)	(12)
Other	**—**	**—**	**—**	—	—	—
Balance, end of period	**$ 26**	**$ 149**	**$ 175**	$ 10	$ 87	$ 97

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-month periods ended June 30, 2022 and 2021.

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:

(in millions)	**June 30, 2022**	December 31, 2021
Fixed maturity securities available for sale	**$ 2,937**	$ 3,583

At June 30, 2022 and December 31, 2021, amounts borrowed under repurchase and securities lending agreements totaled $3.5 billion and $3.7 billion, respectively.

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

	Remaining Contractual Maturity of the Agreements					
(in millions)	Overnight and Continuous	up to 30 days	31 - 90 days	91 - 364 days	365 days or greater	Total
June 30, 2022						
Bonds available for sale:						
Non-U.S. governments	$ 42	$ —	$ —	$ —	$ —	$ 42
Corporate debt	219	61	—	—	—	280
Total	$ 261	$ 61	$ —	$ —	$ —	$ 322
December 31, 2021						
Bonds available for sale:						
Non-U.S. governments	$ 48	$ —	$ —	$ —	$ —	$ 48
Corporate debt	128	61	22	—	—	211
Total	$ 176	$ 61	$ 22	$ —	$ —	$ 259

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

	Remaining Contractual Maturity of the Agreements					
(in millions)	Overnight and Continuous	up to 30 days	31 - 90 days	91 - 364 days	365 days or greater	Total
June 30, 2022						
Bonds available for sale:						
Obligations of states, municipalities and political subdivisions	$ —	$ 197	$ —	$ —	$ —	$ 197
Non-U.S. governments	—	457	13	—	—	470
Corporate debt	—	1,816	132	—	—	1,948
Other bond securities:						
Non-U.S. governments	—	—	—	—	—	—
Corporate debt	—	—	—	—	—	—
Total	$ —	$ 2,470	$ 145	$ —	$ —	$ 2,615
December 31, 2021						
Bonds available for sale:						
Obligations of states, municipalities and political subdivisions	$ —	$ —	$ 106	$ —	$ —	$ 106
Non-U.S. governments	—	—	43	—	—	43
Corporate debt	—	534	2,641	—	—	3,175
Total	$ —	$ 534	$ 2,790	$ —	$ —	$ 3,324

We also enter into agreements in which securities are purchased by us under agreements to resell (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:

(in millions)	**June 30, 2022**	December 31, 2021
Securities collateral pledged to us	$ 411	$ 1,839

At June 30, 2022 and December 31, 2021, the carrying value of reverse repurchase agreements totaled $409 million and $1.9 billion, respectively.

We do not currently offset any secured financing transactions. All such 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.

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 $12.1 billion and $13.5 billion at June 30, 2022 and December 31, 2021, 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 $213 million and $211 million of stock in FHLBs at June 30, 2022 and December 31, 2021, 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 $4.8 billion and $2.0 billion, respectively, at June 30, 2022 and $5.1 billion and $1.5 billion, respectively, at December 31, 2021.

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 $1.5 billion and $1.4 billion, at June 30, 2022 and December 31, 2021, 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 $571 million and $514 million, comprised of bonds available for sale and short-term investments at June 30, 2022 and December 31, 2021, respectively.

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

6. Lending Activities

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

(in millions)		June 30, 2022		December 31, 2021
Commercial mortgages[(a)]	$	37,205	$	35,665
Residential mortgages		5,720		5,492
Life insurance policy loans		1,787		1,843
Commercial loans, other loans and notes receivable[(b)]		5,205		3,677
Total mortgage and other loans receivable		49,917		46,677
Allowance for credit losses[(c)]		(603)		(629)
Mortgage and other loans receivable, net	$	49,314	$	46,048

(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 20 percent and 12 percent, respectively, at June 30, 2022 and 21 percent and 10 percent, respectively, at December 31, 2021).

(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, 2022 and December 31, 2021, the net carrying value of these loans were $186 million and $15 million, respectively.

(c) Does not include allowance for credit losses of $89 million and $71 million, respectively, at June 30, 2022 and December 31, 2021, 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, 2022, $8 million and $337 million of residential mortgage loans and commercial mortgage loans, respectively, were placed on nonaccrual status. As of December 31, 2021, $7 million and $226 million of residential mortgage loans and commercial mortgage loans, respectively, were 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, 2022, accrued interest receivable was $13 million and $134 million associated with residential mortgage loans and commercial mortgage loans, respectively. As of December 31, 2021, accrued interest receivable was $12 million and $126 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[(a)] for commercial mortgages by year of vintage:

June 30, 2022							
(in millions)	2022	2021	2020	2019	2018	Prior	Total
>1.2X	$ 3,687	$ 2,347	$ 1,671	$ 5,032	$ 4,002	$ 13,827	$ 30,566
1.00 - 1.20X	174	654	992	553	1,137	1,214	4,724
<1.00X	—	—	23	71	613	1,208	1,915
Total commercial mortgages	$ 3,861	$ 3,001	$ 2,686	$ 5,656	$ 5,752	$ 16,249	$ 37,205

December 31, 2021							
(in millions)	2021	2020	2019	2018	2017	Prior	Total
>1.2X	$ 2,245	$ 1,662	$ 5,126	$ 3,926	$ 3,557	$ 10,796	$ 27,312
1.00 - 1.20X	574	1,019	700	1,138	136	1,929	5,496
<1.00X	1	27	71	925	41	1,792	2,857
Total commercial mortgages	$ 2,820	$ 2,708	$ 5,897	$ 5,989	$ 3,734	$ 14,517	$ 35,665

The following table presents loan-to-value ratios[(b)] for commercial mortgages by year of vintage:

June 30, 2022							
(in millions)	2022	2021	2020	2019	2018	Prior	Total
Less than 65%	$ 3,330	$ 2,408	$ 2,227	$ 3,960	$ 4,560	$ 11,210	$ 27,695
65% to 75%	531	447	398	1,659	1,162	3,455	7,652
76% to 80%	—	114	—	—	30	468	612
Greater than 80%	—	32	61	37	—	1,116	1,246
Total commercial mortgages	$ 3,861	$ 3,001	$ 2,686	$ 5,656	$ 5,752	$ 16,249	$ 37,205

December 31, 2021							
(in millions)	2021	2020	2019	2018	2017	Prior	Total
Less than 65%	$ 2,286	$ 2,272	$ 4,149	$ 4,815	$ 2,892	$ 9,902	$ 26,316
65% to 75%	372	410	1,748	1,174	406	3,490	7,600
76% to 80%	—	—	—	—	188	274	462
Greater than 80%	162	26	—	—	248	851	1,287
Total commercial mortgages	$ 2,820	$ 2,708	$ 5,897	$ 5,989	$ 3,734	$ 14,517	$ 35,665

(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 June 30, 2022 and December 31, 2021. The debt service coverage ratios have been updated within the last three months. 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 57 percent at June 30, 2022 and was 57 percent at December 31, 2021. The loan-to-value ratios have been updated within the last three months.

The following table presents the credit quality performance indicators for commercial mortgages:

(dollars in millions)	Number of Loans	Class: Apartments	Offices	Retail	Industrial	Hotel	Others	Total	Percent of Total
June 30, 2022									
Credit Quality Performance Indicator:									
In good standing	**631**	**$ 13,706**	**$ 10,513**	**$ 4,290**	**$ 5,505**	**$ 2,055**	**$ 393**	**$ 36,462**	**98 %**
Restructured[(a)]	**10**	**—**	**353**	**140**	**—**	**137**	**—**	**630**	**2**
90 days or less delinquent	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
>90 days delinquent or in process of foreclosure	**3**	**—**	**65**	**48**	**—**	**—**	**—**	**113**	**—**
Total[(b)]	**644**	**$ 13,706**	**$ 10,931**	**$ 4,478**	**$ 5,505**	**$ 2,192**	**$ 393**	**$ 37,205**	**100 %**
Allowance for credit losses		**$ 88**	**$ 230**	**98**	**67**	**33**	**9**	**$ 525**	**1 %**
December 31, 2021									
Credit Quality Performance Indicator:									
In good standing	636	$ 14,267	$ 9,695	$ 4,778	$ 3,858	$ 1,985	$ 432	$ 35,015	98 %
Restructured[(a)]	8	—	354	25	—	136	—	515	2
90 days or less delinquent	—	—	—	—	—	—	—	—	—
>90 days delinquent or in process of foreclosure	5	—	81	54	—	—	—	135	—
Total[(b)]	649	$ 14,267	$ 10,130	$ 4,857	$ 3,858	$ 2,121	$ 432	$ 35,665	100 %
Allowance for credit losses		$ 109	$ 247	$ 103	$ 47	$ 31	$ 8	$ 545	2 %

(a) Loans that have been modified in troubled debt restructurings and are performing according to their restructured terms. *For additional discussion of troubled debt restructurings see Note 6 to the Consolidated Financial Statements in the 2021 Annual Report.*

(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, 2022 *(in millions)*	2022	2021	2020	2019	2018	Prior	Total
FICO*:							
780 and greater	$ 199	$ 2,266	$ 674	$ 243	$ 83	$ 596	**$ 4,061**
720 - 779	200	752	174	78	33	177	**1,414**
660 - 719	8	82	29	16	10	66	**211**
600 - 659	—	4	2	2	2	16	**26**
Less than 600	—	—	—	1	—	7	**8**
Total residential mortgages	$ 407	$ 3,104	$ 879	$ 340	$ 128	$ 862	**$ 5,720**

December 31, 2021 *(in millions)*	2021	2020	2019	2018	2017	Prior	Total
FICO*:							
780 and greater	$ 1,601	$ 691	$ 297	$ 107	$ 192	$ 501	$ 3,389
720 - 779	1,306	230	86	44	58	154	1,878
660 - 719	48	42	22	12	20	49	193
600 - 659	1	1	2	3	2	12	21
Less than 600	—	—	1	1	2	7	11
Total residential mortgages	$ 2,956	$ 964	$ 408	$ 167	$ 274	$ 723	$ 5,492

* 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 2021 Annual Report.

The following table presents a rollforward of the changes in the allowance for credit losses on Mortgage and other loans receivable[(a)]:

Three Months Ended June 30,	2022			2021		
(in millions)	Commercial Mortgages	Other Loans	Total	Commercial Mortgages	Other Loans	Total
Allowance, beginning of period	**$ 533**	**$ 84**	**$ 617**	$ 662	$ 125	$ 787
Loans charged off	**—**	**—**	**—**	—	—	—
Net charge-offs	**—**	**—**	**—**	—	—	—
Addition to (release of) allowance for loan losses	**(8)**	**(6)**	**(14)**	(75)	(11)	(86)
Allowance, end of period	**$ 525**	**$ 78**	**$ 603**	$ 587	$ 114	$ 701
Six Months Ended June 30,	**2022**			**2021**		
(in millions)	Commercial Mortgages	Other Loans	Total	Commercial Mortgages	Other Loans	Total
Allowance, beginning of year	**$ 545**	**$ 84**	**$ 629**	$ 685	$ 129	$ 814
Loans charged off	**(4)**	**—**	**(4)**	—	—	—
Net charge-offs	**(4)**	**—**	**(4)**	—	—	—
Addition to (release of) allowance for loan losses	**(16)**	**(6)**	**(22)**	(98)	(15)	(113)
Allowance, end of period	**$ 525**	**$ 78**	**$ 603**	$ 587	$ 114	$ 701

(a) Does not include allowance for credit losses of $89 million and $81 million, respectively, at June 30, 2022 and 2021 in relation to off-balance-sheet commitments to fund commercial mortgage loans, which is recorded in Other liabilities.

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. The full impact of COVID-19 on real estate valuations remains uncertain and we will continue to review our valuations as further information becomes available.

TROUBLED DEBT RESTRUCTURINGS

We modify loans to optimize their returns and improve their collectability, among other things. When we undertake such a modification with a borrower that is experiencing financial difficulty and the modification involves us granting a concession to the troubled debtor, the modification is a troubled debt restructuring (TDR). 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. Concessions granted may include extended maturity dates, interest rate changes, principal or interest forgiveness, payment deferrals and easing of loan covenants.

During the six-month periods ended June 30, 2022 and 2021, loans with a carrying value of $115 million and $46 million, respectively, were modified in TDRs.

7. Reinsurance

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 Other comprehensive income (loss)). As a result of the deconsolidation resulting from the Majority Interest Fortitude Sale, 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.

For additional information on Fortitude Re see Note 7 to the Consolidated Financial Statements in the 2021 Annual Report.

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:

	June 30, 2022		December 31, 2021		
(in millions)	Carrying Value	Fair Value	Carrying Value	Fair Value	Corresponding Accounting Policy
Fixed maturity securities - available for sale[(a)]	$ 21,982	$ 21,982	$ 31,815	$ 31,815	Fair value through other comprehensive income (loss)
Fixed maturity securities - fair value option	3,309	3,309	1,983	1,983	Fair value through net investment income
Commercial mortgage loans	4,126	4,010	3,637	3,859	Amortized cost
Real estate investments	168	422	201	395	Amortized cost
Private equity funds / hedge funds	1,794	1,794	1,606	1,606	Fair value through net investment income
Policy loans	364	364	380	380	Amortized cost
Short-term investments	135	135	50	50	Fair value through net investment income
Funds withheld investment assets	31,878	32,016	39,672	40,088	
Derivative assets, net[(b)]	94	94	81	81	Fair value through net realized gains (losses)
Other[(c)]	860	860	602	602	Amortized cost
Total	$ 32,832	$ 32,970	$ 40,355	$ 40,771	

(a) The change in the net unrealized gains (losses) on available for sale securities related to the Fortitude Re funds withheld assets was $(6.1) billion ($(4.8) billion after-tax) and $(1.6) billion ($(1.3) billion after-tax), respectively for the six months ended June 30, 2022 and 2021.

(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 $369 million and $20 million, respectively, as of June 30, 2022. The derivative assets and liabilities supporting the Fortitude Re funds withheld arrangements had a fair market value of $389 million and $10 million, respectively, as of December 31, 2021. 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 June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Net underwriting income	$ —	$ —	$ —	$ —
Net investment income - Fortitude Re funds withheld assets	188	507	479	993
Net realized gains (losses) on Fortitude Re funds withheld assets:				
Net realized gains (losses) - Fortitude Re funds withheld assets	(86)	173	(226)	346
Net realized gains (losses) - Fortitude Re embedded derivatives	2,776	(2,056)	6,094	326
Net realized gains (losses) on Fortitude Re funds withheld assets	2,690	(1,883)	5,868	672
Income (loss) from continuing operations before income tax expense (benefit)	2,878	(1,376)	6,347	1,665
Income tax expense (benefit)	605	(289)	1,333	350
Income tax expense (benefit)(a)	2,273	(1,087)	5,014	1,315
Change in unrealized appreciation (depreciation) of all other investments(a)	(2,156)	1,055	(4,794)	(1,285)
Comprehensive income (loss)	$ 117	$ (32)	$ 220	$ 30

(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 arrangements and the appreciation of these assets 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. Reinsurance assets include reinsurance recoverables on unpaid losses and loss adjustment expenses that are estimated as part of our loss reserving process and, consequently, are subject to similar judgments and uncertainties as the estimation of gross loss reserves. Similarly, Other assets include reinsurance recoverables for contracts which are accounted for as deposits.

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 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 determined 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 recoverables 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, 2022 were $76.6 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.

The total reinsurance recoverables as of December 31, 2021 were $76.3 billion. As of that date, utilizing AIG's ORRs, (i) approximately 92 percent of the reinsurance recoverables were investment grade, of which 52 percent related to General Insurance and 40 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, 2022 and December 31, 2021, approximately 72 percent and 71 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,	2022			2021		
(in millions)	General Insurance	Life and Retirement	Total	General Insurance	Life and Retirement	Total
Balance, beginning of period	**$ 286**	**$ 105**	**$ 391**	$ 291	$ 87	$ 378
Addition to (release of) allowance for expected credit losses and disputes, net	**(4)**	**2**	**(2)**	(1)	—	(1)
Write-offs charged against the allowance for credit losses and disputes	**—**	**—**	**—**	(3)	—	(3)
Recoveries of amounts previously written off	**2**	**—**	**2**	—	—	—
Other changes	**—**	**—**	**—**	—	—	—
Balance, end of period	**$ 284**	**$ 107**	**$ 391**	$ 287	$ 87	$ 374
Six Months Ended June 30,	**2022**			2021		
(in millions)	General Insurance	Life and Retirement	Total	General Insurance	Life and Retirement	Total
Balance, beginning of year	**$ 281**	**$ 101**	**$ 382**	$ 292	$ 83	$ 375
Addition to (release of) allowance for expected credit losses and disputes, net	**1**	**6**	**7**	—	4	4
Write-offs charged against the allowance for credit losses and disputes	**(2)**	**—**	**(2)**	(7)	—	(7)
Recoveries of amounts previously written off	**2**	**—**	**2**	—	—	—
Other changes	**2**	**—**	**2**	2	—	2
Balance, end of period	**$ 284**	**$ 107**	**$ 391**	$ 287	$ 87	$ 374

There were no material recoveries of credit losses previously written off for the three- and six-month periods ended June 30, 2021.

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.

8. 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 Investment Entities[d]	Securitization Vehicles	Total
June 30, 2022			
Assets:			
Bonds available for sale	**$ —**	**$ 5,359**	**$ 5,359**
Other bond securities	**—**	**1,442**	**1,442**
Equity securities	**55**	**—**	**55**
Mortgage and other loans receivable	**—**	**2,320**	**2,320**
Other invested assets			
Alternative investments[a]	**2,901**	**—**	**2,901**
Investment real estate	**2,145**	**—**	**2,145**
Short-term investments	**245**	**142**	**387**
Cash	**86**	**—**	**86**
Accrued investment income	**—**	**17**	**17**
Other assets	**165**	**97**	**262**
Total[b]	**$ 5,597**	**$ 9,377**	**$ 14,974**
Liabilities:			
Debt of consolidated investment entities	**$ 1,633**	**$ 4,431**	**$ 6,064**
Other[c]	**107**	**42**	**149**
Total	**$ 1,740**	**$ 4,473**	**$ 6,213**
December 31, 2021			
Assets:			
Bonds available for sale	$ —	$ 5,543	$ 5,543
Other bond securities	—	1,852	1,852
Equity securities	223	—	223
Mortgage and other loans receivable	—	2,523	2,523
Other invested assets			
Alternative investments[a]	3,017	—	3,017
Investment real estate	2,257	—	2,257
Short-term investments	487	151	638
Cash	96	—	96
Accrued investment income	—	17	17
Other assets	190	558	748
Total[b]	$ 6,270	$ 10,644	$ 16,914
Liabilities:			
Debt of consolidated investment entities	$ 1,743	$ 4,504	$ 6,247
Other[c]	122	722	844
Total	$ 1,865	$ 5,226	$ 7,091

(a) Comprised primarily of investments in real estate joint ventures at June 30, 2022 and December 31, 2021.

(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, 2022 and December 31, 2021.

(d) At June 30, 2022 and December 31, 2021, off-balance sheet exposure primarily consisting of our insurance companies' commitments to real estate and investment entities were $2.4 billion and $2.2 billion, respectively, of which commitments to external parties were $0.6 billion and $0.6 billion, respectively.

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[b]	Off-Balance Sheet		Total
June 30, 2022					
Real estate and investment entities[a]	**$ 500,408**	**$ 8,134**	**$ 3,668**	(c)	**$ 11,802**
Other	**1,730**	**272**	**644**	(d)	**916**
Total	**$ 502,138**	**$ 8,406**	**$ 4,312**		**$ 12,718**
December 31, 2021					
Real estate and investment entities[a]	$ 457,335	$ 7,650	$ 3,448	(c)	$ 11,098
Other	1,738	237	528	(d)	765
Total	$ 459,073	$ 7,887	$ 3,976		$ 11,863

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

(b) At June 30, 2022 and December 31, 2021, $8.3 billion and $7.8 billion, respectively, of our total unconsolidated VIE assets were recorded as Other invested assets.

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

(d) 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 2021 Annual Report.

9. 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 mitigate financial risk embedded in certain insurance liabilities and economically hedge certain investments. 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:

	June 30, 2022				December 31, 2021			
	Gross Derivative Assets		Gross Derivative Liabilities		Gross Derivative Assets		Gross Derivative Liabilities	
(in millions)	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives designated as hedging instruments:[a]								
Interest rate contracts	$ 85	$ 2	$ 925	$ 35	$ 265	$ 5	$ 895	$ 11
Foreign exchange contracts	8,027	870	1,956	217	5,431	467	5,828	197
Derivatives not designated as hedging instruments:[a]								
Interest rate contracts	49,436	4,609	56,712	6,272	47,499	3,868	42,113	3,622
Foreign exchange contracts	13,408	1,243	3,639	431	7,905	722	9,997	524
Equity contracts	29,116	387	4,710	53	27,423	681	5,091	53
Commodity contracts	271	9	104	—	303	4	219	—
Credit contracts[b]	1,789	1	933	44	3,790	1	936	47
Other contracts[c]	45,428	16	—	—	43,892	13	51	—
Total derivatives, gross	$ 147,560	$ 7,137	$ 68,979	$ 7,052	$ 136,508	$ 5,761	$ 65,130	$ 4,454
Counterparty netting[d]		(4,354)		(4,354)		(2,779)		(2,779)
Cash collateral[e]		(2,426)		(2,418)		(2,139)		(1,089)
Total derivatives on Condensed Consolidated Balance Sheets[f]		$ 357		$ 280		$ 843		$ 586

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

(b) As of June 30, 2022 and December 31, 2021, included CDSs on super senior multi-sector CDOs with a net notional amount of $93 million and $97 million (fair value liability of $32 million and $30 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 $0.6 billion and zero at June 30, 2022 and December 31, 2021, respectively. Fair value of liabilities related to bifurcated embedded derivatives was $7.0 billion and $14.5 billion, respectively, at June 30, 2022 and December 31, 2021. 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 variable annuity products, which include equity and interest rate components, and the funds withheld arrangement with Fortitude Re. *For additional information see Note 7.*

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 $3.8 billion at June 30, 2022 and $2.7 billion at December 31, 2021. 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 $2.5 billion and $2.4 billion at June 30, 2022 and December 31, 2021, 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-month periods ended June 30, 2022, we recognized gains (losses) of $220 million and $307 million, respectively, and for the three- and six-month periods ended June 30, 2021, we recognized gains (losses) of $5 million and $106 million, respectively, included in Change in foreign currency translation adjustments in Other comprehensive income (loss) 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 Derivatives[(a)]	Excluded Components[(b)]	Hedged Items	Net Impact
Three Months Ended June 30, 2022				
Interest rate contracts:				
Interest credited to policyholder account balances	**$ (7)**	**$ —**	**$ 8**	**$ 1**
Net investment income	**—**	**—**	**—**	**—**
Foreign exchange contracts:				
Net realized gains/(losses)	**325**	**98**	**(325)**	**98**
Three Months Ended June 30, 2021				
Interest rate contracts:				
Interest credited to policyholder account balances	$ (3)	$ —	$ 1	$ (2)
Net investment income (loss)	(1)	—	—	(1)
Foreign exchange contracts:				
Net realized gains/(losses)	(36)	107	36	107
Six Months Ended June 30, 2022				
Interest rate contracts:				
Interest credited to policyholder account balances	**$ (28)**	**$ —**	**$ 31**	**$ 3**
Net investment income (loss)	**1**	**—**	**(1)**	**—**
Foreign exchange contracts:				
Net realized gains/(losses)	**434**	**140**	**(434)**	**140**
Six Months Ended June 30, 2021				
Interest rate contracts:				
Interest credited to policyholder account balances	$ (7)	$ —	$ 7	$ —
Net investment income (loss)	7	—	(7)	—
Foreign exchange contracts:				
Net realized gains/(losses)	(4)	78	4	78

(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):

	Gains (Losses) Recognized in Income			
	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
By Derivative Type:				
Interest rate contracts	**$ (869)**	$ 856	**$ (1,482)**	$ (689)
Foreign exchange contracts	**730**	48	**966**	(39)
Equity contracts	**78**	(32)	**(126)**	(551)
Commodity contracts	**(3)**	1	**(7)**	1
Credit contracts	**—**	(4)	**(1)**	(9)
Other contracts	**13**	17	**31**	32
Embedded derivatives	**4,306**	(3,242)	**9,591**	1,597
Total	**$ 4,255**	$ (2,356)	**$ 8,972**	$ 342
By Classification:				
Policy fees	**$ 15**	$ 15	**$ 30**	$ 30
Net investment income	**3**	7	**2**	(5)
Net realized gains (losses) - excluding Fortitude Re funds withheld assets	**1,420**	(388)	**2,868**	52
Net realized gains (losses) on Fortitude Re funds withheld assets[(a)]	**2,824**	(1,996)	**6,086**	269
Policyholder benefits and claims incurred	**(7)**	6	**(14)**	(4)
Total	**$ 4,255**	$ (2,356)	**$ 8,972**	$ 342

(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.

CREDIT RISK-RELATED CONTINGENT FEATURES

We estimate that at June 30, 2022, 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 $19 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 $104 million and $206 million at June 30, 2022 and December 31, 2021, respectively. The aggregate fair value of assets posted as collateral under these contracts at June 30, 2022 and December 31, 2021, was approximately $120 million and $239 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, CDOs 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 values of these hybrid securities were $1.5 billion and $2.0 billion at June 30, 2022 and December 31, 2021, respectively. These securities have par amounts of $4.4 billion and $4.6 billion at June 30, 2022 and December 31, 2021, respectively, and have remaining stated maturity dates that extend to 2052.

10. 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. 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. 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. 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 $12.1 billion and $12.3 billion at June 30, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, we held collateral of approximately $8.5 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, 2022 and December 31, 2021.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Liability for unpaid loss and loss adjustment expenses, beginning of period	**$ 78,183**	$ 78,832	**$ 79,026**	$ 77,720
Reinsurance recoverable	**(34,321)**	(35,271)	**(35,213)**	(34,431)
Net Liability for unpaid loss and loss adjustment expenses, beginning of period	**43,862**	43,561	**43,813**	43,289
Losses and loss adjustment expenses incurred:				
Current year	**3,765**	3,870	**7,647**	7,795
Prior years, excluding discount and amortization of deferred gain	**(374)**	(29)	**(425)**	(13)
Prior years, discount charge (benefit)	**38**	34	**42**	16
Prior years, amortization of deferred gain on retroactive reinsurance[(a)]	**28**	(22)	**(14)**	(94)
Total losses and loss adjustment expenses incurred	**3,457**	3,853	**7,250**	7,704
Losses and loss adjustment expenses paid:				
Current year	**(834)**	(895)	**(1,157)**	(1,223)
Prior years	**(2,729)**	(2,620)	**(6,171)**	(6,204)
Total losses and loss adjustment expenses paid	**(3,563)**	(3,515)	**(7,328)**	(7,427)
Other changes:				
Foreign exchange effect	**(800)**	113	**(796)**	357
Retroactive reinsurance adjustment (net of discount)[(b)]	**200**	103	**217**	192
Total other changes	**(600)**	216	**(579)**	549
Liability for unpaid loss and loss adjustment expenses, end of period:				
Net liability for unpaid losses and loss adjustment expenses	**43,156**	44,115	**43,156**	44,115
Reinsurance recoverable	**33,583**	34,866	**33,583**	34,866
Total	**$ 76,739**	$ 78,981	**$ 76,739**	$ 78,981

(a) Includes $6 million and $1 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-month periods ended June 30, 2022 and 2021, respectively, and $10 million and $18 million for the six-month periods ended June 30, 2022 and 2021.

(b) Includes benefit (charge) from change in discount on retroactive reinsurance in the amount of $18 million and $17 million for the three-month periods ended June 30, 2022 and 2021 respectively, and $57 million and $56 million for the six-month periods ended June 30, 2022 and 2021 respectively.

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-month period 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-month period 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 largely 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.

During the three-month period ended June 30, 2021, we recognized favorable prior year loss reserve development of $29 million excluding discount and amortization of deferred gain. During the six-month period ended June 30, 2021, we recognized favorable prior year loss reserve development of $13 million excluding discount and amortization of deferred gain. The development in these periods was primarily driven by favorable development on U.S. Workers Compensation high deductible business, partially offset by adverse development on runoff companies, especially Blackboard and U.S. Financial Lines. U.S. Workers Compensation favorable development was driven by better than expected loss emergence for many older accident years over the last twelve months and an updated reserve analysis that reduced the ultimate loss estimates for many accident years. Blackboard adverse emergence was driven by significant increases in case incurred claim severity, principally in accident years 2018 to 2020.

Discounting of Loss Reserves

At June 30, 2022 and December 31, 2021, the loss reserves reflect a net loss reserve discount of $939 million and $876 million, 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, 2022 and December 31, 2021, the discount consists of $272 million and $260 million of tabular discount, respectively, and $667 million and $616 million of non-tabular discount for workers' compensation, respectively. During the six-month periods ended June 30, 2022 and 2021, the benefit / (charge) from changes in discount of $6 million and $10 million, respectively, were recorded as part of the 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, 2022		December 31, 2021
U.S. workers' compensation	$	1,835	$	1,829
Retroactive reinsurance		(896)		(953)
Total reserve discount[(a)(b)]	$	939	$	876

(a) Excludes $111 million and $116 million of discount related to certain long-tail liabilities in the UK at June 30, 2022 and December 31, 2021, respectively.

(b) Includes gross discount of $487 million and $500 million, which was 100 percent ceded to Fortitude Re at June 30, 2022 and December 31, 2021, respectively.

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

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Current accident year	**$ 24**	$ 12	**$ 48**	$ 26
Accretion and other adjustments to prior year discount	**(38)**	(34)	**(42)**	(16)
Net reserve discount benefit (charge)	**(14)**	(22)	**6**	10
Change in discount on loss reserves ceded under retroactive reinsurance	**18**	17	**57**	56
Net change in total reserve discount*	**$ 4**	$ (5)	**$ 63**	$ 66

* Excludes $(7) million and $2 million discount related to certain long-tail liabilities in the UK for the three-month periods ended June 30, 2022 and 2021, respectively, and excludes $(5) million and $9 million discount related to certain long-tail liabilities in the UK for the six-month periods ended June 30, 2022 and 2021, respectively.

Amortization of Deferred Gain on Retroactive Reinsurance

Amortization of the deferred gain on retroactive reinsurance includes $(34) million and $21 million related to the adverse development reinsurance cover with NICO for the three-month periods ended June 30, 2022 and 2021, respectively, and $4 million and $76 million related to the adverse development reinsurance cover with NICO for the six-month periods ended June 30, 2022 and 2021, 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.

11. 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. The District Court in Moriarty reached effectively the same result on October 2, 2020, when it held that the Act applied to Plaintiff's husband's 25-year term life insurance policy under the theory that the payment of premiums "renewed" Plaintiff's policy after the effective date of the Act. However, the District Court in Moriarty also ruled on October 2, 2020 that various fact issues precluded a final determination as to AGL's liability and what (if any) corresponding damages may have resulted. In addition, the District Court denied Plaintiff's motion for class certification without prejudice on November 25, 2020. On February 7, 2022, Plaintiff filed motions for summary judgment and class certification; AGL opposed both motions. In addition, on February 7, 2022, AGL filed a motion for partial summary judgment, which Plaintiff opposed. The District Court heard arguments on these motions on April 11, 2022. On July 26, 2022, the District Court granted in part and denied in part AGL's motion for partial summary judgment. The Court did not make a final determination as to AGL's liability and what (if any) corresponding damages may have resulted. Plaintiff's motions for summary judgment and class certification remain pending before the District Court. Proceedings are ongoing in other California cases that raise similar industry-wide issues. We have accrued our current estimate of probable loss with respect to this litigation.

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 $7.3 billion at both June 30, 2022 and December 31, 2021.

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 AIG Financial Products Corp. and related subsidiaries (collectively AIGFP) and of AIG Markets, Inc. arising from transactions entered into by AIG Markets, Inc.

In connection with AIGFP's business activities, AIGFP has issued, in a limited number of transactions, standby letters of credit or similar facilities to equity investors of structured leasing transactions in an amount equal to the termination value owing to the equity investor by the lessee in the event of a lessee default (the equity termination value). The total amount outstanding at June 30, 2022 was $70 million. In those transactions, AIGFP has agreed to pay such amount if the lessee fails to pay. The amount payable by AIGFP is, in certain cases, partially offset by amounts payable under other instruments typically equal to the present value of scheduled payments to be made by AIGFP. In the event that AIGFP is required to make a payment to the equity investor, the lessee is unconditionally obligated to reimburse AIGFP. To the extent that the equity investor is paid the equity termination value from the standby letter of credit and/or other sources, including payments by the lessee, AIGFP takes an assignment of the equity investor's rights under the lease of the underlying property. Because the obligations of the lessee under the lease transactions are generally economically defeased, lessee bankruptcy is the most likely circumstance in which AIGFP would be required to pay without reimbursement.

AIG Parent files a consolidated federal income tax return with certain subsidiaries and acts as an agent for the consolidated tax group when making payments to the Internal Revenue Service (IRS). AIG Parent and its subsidiaries have adopted, pursuant to a written agreement, a method of allocating consolidated federal income taxes. Under an Amended and Restated Tax Payment Allocation Agreement dated June 6, 2011 between AIG Parent and one of its Bermuda-domiciled insurance subsidiaries, AIG Life of Bermuda, Ltd. (AIGB), AIG Parent has agreed to indemnify AIGB for any tax liability (including interest and penalties) resulting from adjustments made by the IRS or other appropriate authorities to taxable income, special deductions or credits in connection with investments made by AIGB in certain affiliated entities.

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 8.*
- *For additional information on derivatives, see Note 9.*

12. 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.

The following table presents declaration date, record date, payment date and dividends paid per preferred share and per depository share on the Series A Preferred Stock in the six months ended June 30, 2022 and 2021:

			Dividends Paid	
Declaration Date	Record Date	Payment Date	Per Preferred Share	Per Depositary Share
May 3, 2022	May 31, 2022	June 15, 2022	**$ 365.625**	**$ 0.365625**
February 16, 2022	February 28, 2022	March 15, 2022	**365.625**	**0.365625**
May 6, 2021	May 31, 2021	June 15, 2021	$ 365.625	$ 0.365625
February 16, 2021	February 26, 2021	March 15, 2021	365.625	0.365625

Common Stock

The following table presents a rollforward of outstanding shares:

Six Months Ended June 30, 2022	Common Stock Issued	Treasury Stock	Common Stock Outstanding
Shares, beginning of year	**1,906,671,492**	**(1,087,984,129)**	**818,687,363**
Shares issued	—	5,126,759	5,126,759
Shares repurchased	—	(52,542,606)	(52,542,606)
Shares, end of period	**1,906,671,492**	**(1,135,399,976)**	**771,271,516**

Dividends

Dividends are payable on 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.

The following table presents declaration date, record date, payment date and dividends paid per common share on AIG Common Stock in the six months ended June 30, 2022 and 2021:

Declaration Date	Record Date	Payment Date		Dividends Paid Per Common Share
May 3, 2022	June 16, 2022	June 30, 2022	**$**	**0.32**
February 16, 2022	March 17, 2022	March 31, 2022		**0.32**
May 6, 2021	June 15, 2021	June 29, 2021	$	0.32
February 16, 2021	March 16, 2021	March 30, 2021		0.32

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 2021 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 Securities Exchange Act of 1934 (Exchange Act) Rule 10b5-1 repurchase plans. On May 3, 2022, the Board of Directors authorized the repurchase of $6.5 billion of AIG Common Stock (inclusive of the approximately $1.5 billion of expected remaining authorization upon expiration of the then-current 10b5-1 Plan as of May 20, 2022).

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.

The following table presents repurchases of AIG Common Stock:

Six Months Ended June 30, *(in millions)*		**2022**		2021
Aggregate repurchases of common stock*	**$**	**3,102**	$	592
Total number of common shares repurchased		**53**		13

* For the six months ended June 30, 2021, approximately $92 million of these share repurchases were funded with proceeds received from warrant exercises that occurred prior to the expiration of warrants to purchase shares of AIG Common Stock on January 19, 2021.

Pursuant to an Exchange Act Rule 10b5-1 repurchase plan from July 1, 2022 to August 3, 2022, we repurchased approximately 11 million shares of AIG Common Stock for an aggregate purchase price of approximately $556 million.

DIVIDENDS DECLARED

On August 8, 2022, our Board of Directors declared a cash dividend on AIG Common Stock of $0.32 per share, payable on September 30, 2022 to shareholders of record on September 16, 2022. On August 8, 2022, our Board of Directors declared a cash dividend on AIG's Series A Preferred Stock of $365.625 per share, payable on September 15, 2022 to holders of record on August 31, 2022.

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	Foreign Currency Translation Adjustments	Retirement Plan Liabilities Adjustment	Fair Value of Liabilities Under Fair Value Option Attributable to Changes in Own Credit Risk	Total
Balance, March 31, 2022, net of tax	**$ (97)**	**$ (2,437)**	**$ (2,478)**	**$ (894)**	**$ 6**	**$ (5,900)**
Change in unrealized appreciation (depreciation) of investments	**45**	**(17,949)**	**—**	**—**	**—**	**(17,904)**
Change in deferred policy acquisition costs adjustment and other	**4**	**2,517**	**—**	**—**	**—**	**2,521**
Change in future policy benefits	**—**	**942**	**—**	**—**	**—**	**942**
Change in foreign currency translation adjustments	**—**	**—**	**(204)**	**—**	**—**	**(204)**
Change in net actuarial loss	**—**	**—**	**—**	**5**	**—**	**5**
Change in prior service cost	**—**	**—**	**—**	**4**	**—**	**4**
Change in deferred tax asset (liability)	**(9)**	**1,952**	**(77)**	**7**	**—**	**1,873**
Change in fair value of liabilities under fair value option attributable to changes in own credit risk	—	—	—	—	(4)	(4)
Total other comprehensive income (loss)	**40**	**(12,538)**	**(281)**	**16**	**(4)**	**(12,767)**
Noncontrolling interests	**4**	**(1,003)**	**(12)**	**—**	**—**	**(1,011)**
Balance, June 30, 2022, net of tax	**$ (61)**	**$ (13,972)**	**$ (2,747)**	**$ (878)**	**$ 2**	**$ (17,656)**
Balance, March 31, 2021, net of tax	$ (62)	$ 9,894	$ (2,142)	$ (1,231)	$ 7	$ 6,466
Change in unrealized appreciation (depreciation) of investments	10	5,836	—	—	—	5,846
Change in deferred policy acquisition costs adjustment and other	(2)	(691)	—	—	—	(693)
Change in future policy benefits	—	(378)	—	—	—	(378)
Change in foreign currency translation adjustments	—	—	25	—	—	25
Change in net actuarial loss	—	—	—	12	—	12
Change in prior service cost	—	—	—	2	—	2
Change in deferred tax asset (liability)	(4)	(1,057)	(11)	—	—	(1,072)
Change in fair value of liabilities under fair value option attributable to changes in own credit risk	—	—	—	—	—	—
Total other comprehensive income	4	3,710	14	14	—	3,742
Noncontrolling interests	—	(1)	—	—	—	(1)
Balance, June 30, 2021, net of tax	$ (58)	$ 13,605	$ (2,128)	$ (1,217)	$ 7	$ 10,209

(in millions)	Unrealized Appreciation (Depreciation) of Fixed Maturity Securities on Which Allowance for Credit Losses Was Taken	Unrealized Appreciation (Depreciation) of All Other Investments	Foreign Currency Translation Adjustments	Retirement Plan Liabilities Adjustment	Fair Value of Liabilities Under Fair Value Option Attributable to Changes in Own Credit Risk	Total
Balance, December 31, 2021, net of tax	**$ (57)**	**$ 10,094**	**$ (2,453)**	**$ (903)**	**$ 6**	**$ 6,687**
Change in unrealized appreciation (depreciation) of investments	**(12)**	**(38,059)**	**—**	**—**	**—**	**(38,071)**
Change in deferred policy acquisition costs adjustment and other	**4**	**5,332**	**—**	**—**	**—**	**5,336**
Change in future policy benefits	**—**	**2,125**	**—**	**—**	**—**	**2,125**
Change in foreign currency translation adjustments	**—**	**—**	**(205)**	**—**	**—**	**(205)**
Change in net actuarial loss	**—**	**—**	**—**	**16**	**—**	**16**
Change in prior service cost	**—**	**—**	**—**	**5**	**—**	**5**
Change in deferred tax asset (liability)	**3**	**4,457**	**(81)**	**4**	**—**	**4,383**
Change in fair value of liabilities under fair value option attributable to changes in own credit risk	**—**	**—**	**—**	**—**	**(4)**	**(4)**
Total other comprehensive income (loss)	**(5)**	**(26,145)**	**(286)**	**25**	**(4)**	**(26,415)**
Noncontrolling interests	**(1)**	**(2,079)**	**8**	**—**	**—**	**(2,072)**
Balance, June 30, 2022, net of tax	**$ (61)**	**$ (13,972)**	**$ (2,747)**	**$ (878)**	**$ 2**	**$ (17,656)**
Balance, December 31, 2020, net of tax	$ (95)	$ 17,093	$ (2,267)	$ (1,228)	$ 8	$ 13,511
Change in unrealized appreciation (depreciation) of investments	51	(5,854)	—	—	—	(5,803)
Change in deferred policy acquisition costs adjustment and other	(4)	702	—	—	—	698
Change in future policy benefits	—	767	—	—	—	767
Change in foreign currency translation adjustments	—	—	195	—	—	195
Change in net actuarial loss	—	—	—	11	—	11
Change in prior service cost	—	—	—	4	—	4
Change in deferred tax asset (liability)	(10)	896	(56)	(4)	—	826
Change in fair value of liabilities under fair value option attributable to changes in own credit risk	—	—	—	—	(1)	(1)
Total other comprehensive income (loss)	37	(3,489)	139	11	(1)	(3,303)
Noncontrolling interests	—	(1)	—	—	—	(1)
Balance, June 30, 2021, net of tax	$ (58)	$ 13,605	$ (2,128)	$ (1,217)	$ 7	$ 10,209

The following table presents the other comprehensive income (loss) reclassification adjustments for the three- and six-month periods ended June 30, 2022 and 2021, 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	Foreign Currency Translation Adjustments	Retirement Plan Liabilities Adjustment	Fair Value of Liabilities Under Fair Value Option Attributable to Changes in Own Credit Risk	Total
Three Months Ended June 30, 2022						
Unrealized change arising during period	**$ 41**	**$ (15,086)**	**$ (204)**	**$ 2**	**$ (4)**	**$ (15,251)**
Less: Reclassification adjustments included in net income	**(8)**	**(596)**	**—**	**(7)**	**—**	**(611)**
Total other comprehensive income (loss), before income tax expense (benefit)	**49**	**(14,490)**	**(204)**	**9**	**(4)**	**(14,640)**
Less: Income tax expense (benefit)	**9**	**(1,952)**	**77**	**(7)**	**—**	**(1,873)**
Total other comprehensive income (loss), net of income tax expense (benefit)	**$ 40**	**$ (12,538)**	**$ (281)**	**$ 16**	**$ (4)**	**$ (12,767)**
Three Months Ended June 30, 2021						
Unrealized change arising during period	$ 4	$ 4,906	$ 25	$ 3	$ —	$ 4,938
Less: Reclassification adjustments included in net income	(4)	139	—	(11)	—	124
Total other comprehensive income (loss), before income tax expense (benefit)	8	4,767	25	14	—	4,814
Less: Income tax expense (benefit)	4	1,057	11	—	—	1,072
Total other comprehensive income (loss), net of income tax expense (benefit)	$ 4	$ 3,710	$ 14	$ 14	$ —	$ 3,742
Six Months Ended June 30, 2022						
Unrealized change arising during period	$ **(16)**	**$ (31,337)**	**$ (205)**	**$ 6**	**$ (4)**	**$ (31,556)**
Less: Reclassification adjustments included in net income	**(8)**	**(735)**	**—**	**(15)**	**—**	**(758)**
Total other comprehensive income (loss), before of income tax expense (benefit)	**(8)**	**(30,602)**	**(205)**	**21**	**(4)**	**(30,798)**
Less: Income tax expense (benefit)	**(3)**	**(4,457)**	**81**	**(4)**	**—**	**(4,383)**
Total other comprehensive income (loss), net of income tax expense (benefit)	$ **(5)**	**$ (26,145)**	**$ (286)**	**$ 25**	**$ (4)**	**$ (26,415)**
Six Months Ended June 30, 2021						
Unrealized change arising during period	$ 41	$ (3,855)	$ 195	$ (8)	$ (1)	$ (3,628)
Less: Reclassification adjustments included in net income	(6)	530	—	(23)	—	501
Total other comprehensive income (loss), before income tax expense (benefit)	47	(4,385)	195	15	(1)	(4,129)
Less: Income tax expense (benefit)	10	(896)	56	4	—	(826)
Total other comprehensive income (loss), net of income tax expense (benefit)	$ 37	$ (3,489)	$ 139	$ 11	$ (1)	$ (3,303)

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):

	Amount Reclassified from AOCI		Affected Line Item in the Condensed Consolidated Statements of Income (Loss)
	Three Months Ended June 30,		
(in millions)	**2022**	2021	
Unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken			
Investments	**$ (8)**	$ (4)	Net realized gains (losses)
Total	**(8)**	(4)	
Unrealized appreciation (depreciation) of all other investments			
Investments	**(596)**	139	Net realized gains (losses)
Total	**(596)**	139	
Change in retirement plan liabilities adjustment			
Prior-service credit	**—**	(1)	*
Actuarial losses	**(7)**	(10)	*
Total	**(7)**	(11)	
Total reclassifications for the period	**$ (611)**	$ 124	

	Amount Reclassified from AOCI		Affected Line Item in the Condensed Consolidated Statements of Income (Loss)
	Six Months Ended June 30,		
(in millions)	**2022**	2021	
Unrealized appreciation (depreciation) of fixed maturity securities on which allowance for credit losses was taken			
Investments	**$ (8)**	$ (6)	Net realized gains (losses)
Total	**(8)**	(6)	
Unrealized appreciation (depreciation) of all other investments			
Investments	**(735)**	530	Net realized gains (losses)
Total	**(735)**	530	
Change in retirement plan liabilities adjustment			
Prior-service credit	**(1)**	(2)	
Actuarial losses	**(14)**	(21)	
Total	**(15)**	(23)	
Total reclassifications for the period	**$ (758)**	$ 501	

* These AOCI components are included in the computation of net periodic pension cost.

13. 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 June 30,		Six Months Ended June 30,	
(dollars in millions, except per common share data)	**2022**	2021	**2022**	2021
Numerator for EPS:				
Income from continuing operations	**$ 3,393**	$ 150	**$ 8,049**	$ 4,080
Less: Net income from continuing operations attributable to noncontrolling interests	**356**	51	**752**	105
Less: Preferred stock dividends	**8**	8	**15**	15
Income attributable to AIG common shareholders from continuing operations	**3,029**	91	**7,282**	3,960
Loss from discontinued operations, net of income tax expense	**(1)**	—	**(1)**	—
Net income attributable to AIG common shareholders	**$ 3,028**	$ 91	**$ 7,281**	$ 3,960
Denominator for EPS:				
Weighted average common shares outstanding - basic	**790,897,301**	862,930,931	**803,532,447**	865,508,343
Dilutive common shares	**9,833,445**	9,946,372	**9,765,891**	9,057,937
Weighted average common shares outstanding - diluted[(a)]	**800,730,746**	872,877,303	**813,298,338**	874,566,280
Income per common share attributable to AIG common shareholders:				
Basic:				
Income from continuing operations	**$ 3.83**	$ 0.11	**$ 9.06**	$ 4.58
Income from discontinued operations	**$ —**	$ —	**$ —**	$ —
Income attributable to AIG common shareholders	**$ 3.83**	$ 0.11	**$ 9.06**	$ 4.58
Diluted:				
Income from continuing operations	**$ 3.78**	$ 0.11	**$ 8.95**	$ 4.53
Income from discontinued operations	**$ —**	$ —	**$ —**	$ —
Income attributable to AIG common shareholders	**$ 3.78**	$ 0.11	**$ 8.95**	$ 4.53

(a) Potential dilutive common shares include our share-based employee compensation plans, a weighted average portion of the 10-year warrants issued to AIG shareholders as part of AIG's recapitalization in January 2011, which expired in January 2021 and an option for Blackstone to exchange all or a portion of its ownership interest in Corebridge for AIG common shares. The number of common shares excluded from diluted shares outstanding was 46.6 million and 46.2 million for the three- and six-month periods ended June 30, 2022, respectively, and 5.5 million and 7.4 million for the three- and six-month periods ended June 30, 2021, respectively, because the effect of including those common shares in the calculation would have been anti-dilutive.

For information regarding the Blackstone option to exchange all or a portion of its ownership interest in Corebridge for AIG common shares, see Note 1. For information regarding our repurchases of AIG Common Stock, see Note 12.

14. Income Taxes

U.S. TAX LAW CHANGES

The IRS has continued to issue new guidance in relation to the Tax Cuts and Jobs Act (the Tax Act) enacted in 2017. Guidance has been issued covering provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries, foreign tax credits by which the U.S. mitigates double taxation of foreign operations, and other elements of tax law. Changes to this guidance, and other provisions of tax law, are expected in future periods. Such guidance may result in changes to the interpretations and assumptions we made and actions we may take, which may impact amounts recorded with respect to international provisions of the Tax Act, possibly materially. 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.

On March 27, 2020, the U.S. enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act to mitigate the economic impacts of the COVID-19 pandemic. The tax provisions of the CARES Act have not had and are currently not expected to have a material impact on AIG’s U.S. federal tax liabilities.

On November 15, 2021, the U.S. enacted the Infrastructure Investment and Jobs Act to improve infrastructure in the U.S. The tax provisions of the Infrastructure Investment and Jobs Act have not had and are currently not expected to have a material impact on AIG’s U.S. federal tax liabilities.

RECLASSIFICATION OF CERTAIN TAX EFFECTS FROM AOCI

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.

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. While certain impacts of the Tax Act are included in our annual effective tax rate, we continue to refine our calculations as additional information becomes available, which may result in changes to the estimated annual effective tax rate.

INTERIM TAX EXPENSE (BENEFIT)

For the three-month period 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-month period 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.

For the three-month period ended June 30, 2021, 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 associated with the release of reserves for uncertain tax positions and interest related to a New York State tax settlement based on the completion of recent audit activity, tax exempt income, remeasurement of deferred taxes as a result of the increase in the UK corporate statutory income tax rate, and reclassifications from AOCI to income from continuing operations related to the disposal of available for sale securities. 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. We also recognized a tax charge associated with reduction of net operating loss deferred tax assets in certain foreign jurisdictions, with a corresponding decrease in the related deferred tax asset valuation allowance. 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-month period ended June 30, 2021, the effective tax rate on income from continuing operations was 16.3 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 the release of reserves for uncertain tax positions, penalties and interest related to the recent completion of audit activity by the IRS, release of reserves for uncertain tax positions and interest related to a New York State tax settlement based on the completion of recent audit activity, tax exempt income, remeasurement of deferred taxes as a result of an increase in the UK corporate income tax rate enacted during the second quarter, and reclassifications from AOCI to income from continuing operations related to the disposal of available for sale securities. These tax benefits were partially offset by tax charges associated with the establishment of U.S. federal valuation allowance related to certain tax attribute carryforwards, the effect of foreign operations, excess tax charges related to share based compensation payments recorded through the income statement, state and local income taxes, and non-deductible transfer pricing charges. We also recognized a tax charge associated with reduction of net operating loss deferred tax assets in certain foreign jurisdictions, with a corresponding decrease in the related deferred tax asset valuation allowance. 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-month period ended June 30, 2022, 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. Deferred taxes, if necessary, have been provided on earnings of non-U.S. affiliates whose earnings are not indefinitely reinvested.

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.

Our framework for assessing the recoverability of the deferred tax asset requires us to consider all available evidence, including:

- the nature, frequency, and amount of cumulative financial reporting income and losses in recent years;
- the sustainability of recent operating profitability of our subsidiaries;
- the predictability of future operating profitability of the character necessary to realize the net deferred tax asset, including forecasts of future income for each of our businesses and actual and planned business and operational changes;
- the carryforward periods for the net operating loss, capital loss and foreign tax credit carryforwards, including the effect of reversing taxable temporary differences; and
- prudent and feasible actions and tax planning strategies that would be implemented, if necessary, to protect against the loss of the deferred tax asset.

In performing our assessment of the recoverability of the deferred tax asset under this framework, we consider tax laws governing the utilization of the net operating loss, capital loss and foreign tax credit carryforwards in each applicable jurisdiction. Under U.S. tax law, a company generally must use its net operating loss carryforwards before it can use its foreign tax credit carryforwards, even though the carryforward period for the foreign tax credit is shorter than for the net operating loss. Our U.S. consolidated federal income tax group includes both life companies and non-life companies. While the U.S. taxable income of our non-life companies can be offset by our net operating loss carryforwards, only a portion (no more than 35 percent) of the U.S. taxable income of our life companies can be offset by those net operating loss carryforwards. The remaining tax liability of our life companies can be offset by the foreign tax credit carryforwards. Accordingly, we are able to utilize both the net operating loss and foreign tax credit carryforwards concurrently.

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.

As of June 30, 2022, the balance sheet reflects a valuation allowance of $850 million related to a portion of our tax attribute carryforwards that are no longer more-likely-than-not to be realized. No change in valuation allowance was recorded for the three-month or six-month periods ended June 30, 2022.

Estimates of future taxable income, including income generated from prudent and feasible actions and tax planning strategies, impact of settlements with taxing authorities, and any changes to interpretations and assumptions related to the impact of the Tax Act could change in the near term, perhaps materially, which may require us to consider any potential impact to our assessment of the recoverability of the deferred tax asset. Such potential impact could be material to our consolidated financial condition or results of operations for an individual reporting period.

Further, the planned separation of the Life and Retirement business from AIG, if completed, would result in tax deconsolidation of these entities from the AIG Consolidated Federal Tax Group and potentially impact our ability to utilize certain tax loss and credit carryforwards. Such potential impact could result in valuation allowance being established with respect to such tax attributes in the reporting period in which tax deconsolidation occurs.

For the six-month period ended June 30, 2022, recent changes in market conditions, including rising 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 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, 2022, based on all available evidence, we concluded that a valuation allowance should be established on a portion of the deferred tax assets related to unrealized tax capital losses that are not more-likely-than-not to be realized. For the six-month period ended June 30, 2022, we established $1.5 billion of valuation allowance associated with the unrealized tax capital losses in the U.S. Life Insurance Companies’ available for sale securities portfolio and $630 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-month period ended June 30, 2022, we recorded an increase in valuation allowance of $735 million associated with the unrealized tax capital losses in the U.S. Life Insurance Companies’ available for sale securities portfolio and $460 million associated with the unrealized tax capital losses in the non-life insurance companies’ available for sale securities portfolio. All of the valuation allowance establishment was allocated to other comprehensive income.

For the six-month period ended June 30, 2022, we recognized a net $23 million decrease in deferred tax asset valuation allowance associated with certain foreign and state jurisdictions, primarily attributable to current year activity.

TAX EXAMINATIONS AND LITIGATION

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.

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.

In 2009, after paying amounts due on a statutory notice of deficiency related to the disallowance of foreign tax credits associated with cross border financing transactions, we filed a refund lawsuit in the Southern District of New York (Southern District) with respect to tax year 1997. During the fourth quarter of 2020, the parties executed a binding settlement agreement with respect to the underlying issues in the lawsuit. On October 22, 2020, the Southern District dismissed the case based upon the settlement reached between AIG and the government. During June 2021 and October 2021, AIG made additional payments of $354 million and $10 million to the U.S. Treasury with respect to this matter. In March 2022, interest amounts due on the settlement of items challenged by the IRS during the audit of AIG's 2006 and prior years were agreed to between AIG and the IRS.

ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

At both June 30, 2022 and December 31, 2021, our unrecognized tax benefits, excluding interest and penalties, were $1.2 billion. At June 30, 2022 and December 31, 2021, our unrecognized tax benefits related to tax positions that, if recognized, would not affect the effective tax rate because they relate to such factors as the timing, rather than the permissibility, of the deduction were $2 million and $22 million, respectively. Accordingly, at June 30, 2022 and December 31, 2021, the amounts of unrecognized tax benefits that, if recognized, would favorably affect the effective tax rate were $1.2 billion and $1.1 billion, respectively.

Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At June 30, 2022 and December 31, 2021, we had accrued liabilities of $66 million and $69 million, respectively for the payment of interest (net of the federal benefit) and penalties. For the six-month period ended June 30, 2022, we accrued benefit of $3 million for the payment of interest and penalties. The interest activity related to unrecognized tax benefits for the six-month period ended June 30, 2022 was due to the expiration of a certain statute in a foreign jurisdiction. For the six-month period ended June 30, 2021, we accrued benefit of $203 million for the payment of interest and penalties. The activity for the six-month period ended June 30, 2021 primarily related to the completion of audit activity by the IRS.

We believe it is reasonably possible that our unrecognized tax benefits could decrease within the next 12 months by as much as $11 million, principally as a result of potential resolutions or settlements of prior years' tax items. The prior years' tax items include unrecognized tax benefits related to the deductibility of certain expenses.

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, 2021 (the 2021 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

This Quarterly Report on Form 10-Q and other publicly available documents may include, and officers and representatives of AIG 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 or 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 catastrophes, and macroeconomic and/or geopolitical events, anticipated dispositions, monetization and/or acquisitions of businesses or assets, or 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 the specific projections, goals, assumptions and statements include, without limitation:

- AIG's ability to continue to separate the Life and Retirement business, including through an initial public offering, and the impact separation may have on AIG, its businesses, employees, contracts and customers;
- the effects of economic conditions in the markets in which AIG and its businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in interest rates and foreign currency exchange rates and inflationary pressures, each of which may also be affected by geopolitical conflicts, including the conflict between Russia and Ukraine;
- the occurrence of catastrophic events, both natural and man-made, including geopolitical conflicts, pandemics, civil unrest and the effects of climate change;
- disruptions in the availability of AIG's electronic data systems or those of third parties, including as a result of potential information technology, cybersecurity or data security breaches due to supply chain disruptions, cyber-attacks or security vulnerabilities, the likelihood of which may increase as a result of remote business operations;
- 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;
- availability of reinsurance or access to reinsurance on acceptable terms;
- concentrations in AIG's investment portfolios, including as a result of our asset management relationships with Blackstone Inc. (Blackstone) and BlackRock, Inc. (BlackRock);
- changes in the valuation of AIG's investments;
- the effectiveness of strategies to recruit and retain key personnel and to implement effective succession plans;
- 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;
- AIG's ability to successfully dispose of, monetize and/or acquire businesses or assets or successfully integrate acquired businesses;
- nonperformance or defaults by counterparties, including Fortitude Reinsurance Company Ltd. (Fortitude Re);
- the requirements, which may change from time to time, of the global regulatory framework to which AIG is subject;
- significant legal, regulatory or governmental proceedings;
- the effects of sanctions related to the conflict between Russia and Ukraine and failure to comply therewith;
- AIG's ability to effectively execute on the AIG 200 operational programs designed to modernize AIG's operating infrastructure and enhance user and customer experiences, and AIG's ability to achieve anticipated cost savings from AIG 200;
- the impact of COVID-19 and its variants and responses thereto;
- AIG's ability to effectively execute on environmental, social and governance targets and standards; 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 2021 Annual Report.

The 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 the forward-looking statements is disclosed from time to time in our 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 of AIG’s 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. 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 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. 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 (the Tax Act).

Adjusted revenues exclude Net realized 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 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;
- changes in benefit reserves and deferred policy acquisition costs (DAC), value of business acquired (VOBA), and deferred sales inducements (DSI) 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;
- 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; and
- non-recurring costs associated with the implementation of non-ordinary course legal or regulatory changes or changes to accounting principles.

- ***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;
- future policy benefit reserves for life and accident and health insurance contracts;
- liabilities for guaranteed benefit features of variable annuity, fixed annuity and fixed index annuity products;
- embedded derivative liabilities for fixed index annuity and life products;
- estimated gross profits to value deferred acquisition costs and unearned revenue for investment-oriented 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;
- legal contingencies;
- 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.

For a complete discussion of our critical accounting estimates, see Part II, Item 7. MD&A – Critical Accounting Estimates in the 2021 Annual Report.

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 2021 Annual Report, in their entirety for a more detailed description of events, trends, uncertainties, risks and critical accounting estimates affecting us.

Separation of Life and Retirement Business and Relationship with Blackstone

On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG. On November 2, 2021, AIG and Blackstone completed the acquisition by Blackstone of a 9.9 percent equity stake in Corebridge Financial, Inc., formerly known as SAFG Retirement Services, Inc. (Corebridge), which is the holding company for AIG's Life and Retirement business. Pursuant to the definitive agreement, Blackstone will be 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%, 67% and 75% of its shares after the first, second and third anniversaries, respectively, of the initial public offering of Corebridge (the IPO), with the transfer restrictions terminating in full on the fifth anniversary of the IPO. In the event that the IPO of Corebridge is not completed prior to November 2, 2023, Blackstone will have the right to require AIG to undertake the IPO, and in the event that the IPO has not been completed prior to November 2, 2024, Blackstone will have the right to exchange all or a portion of its ownership interest in Corebridge for shares of AIG's common stock on the terms set forth in the definitive agreement. On November 1, 2021, Corebridge declared a dividend payable to AIG Parent in the amount of $8.3 billion. In connection with such dividend, Corebridge issued a promissory note to AIG Parent in the amount of $8.3 billion, which is required to be paid to AIG Parent prior to the IPO of Corebridge. On April 5, 2022, Corebridge issued senior unsecured notes in the aggregate principal amount of $6.5 billion, the proceeds of which were used to repay a portion of the $8.3 billion promissory note previously issued by Corebridge to AIG. While we currently believe the IPO is the next step in the separation of the Life and Retirement business from AIG, no assurance can be given regarding the form that future separation transactions may take or the specific terms or timing thereof, or that a separation will in fact occur. Any separation transaction will be subject to the satisfaction of various conditions and approvals, including approval by the AIG Board of Directors, receipt of insurance and other required regulatory approvals, and satisfaction of any applicable requirements of the SEC.

On December 15, 2021, AIG and Blackstone Real Estate Income Trust (BREIT), a long-term, perpetual capital vehicle affiliated with Blackstone, completed the acquisition by BREIT of AIG's interests in a U.S. affordable housing portfolio. The historical results of the U.S. affordable housing portfolio were reported in our Life and Retirement operating segments.

Our Investment Management Agreements with BlackRock

On March 28, 2022, we announced entry into a binding letter of intent with BlackRock pursuant to which certain of our insurance company subsidiaries would enter into separate investment management agreements with BlackRock (the BlackRock Arrangement). Since April 28, 2022, certain of our insurance company subsidiaries have entered into such investment management agreements, with the expectation that certain additional insurance company subsidiaries will enter into such investment management agreements over the coming months. Overall, we expect to transfer the management of up to $150 billion of our investment of liquid fixed income and certain private placement assets, including $90 billion of the Life and Retirement investment portfolio, over a period of 12 months in connection with the BlackRock Arrangement. The investment management agreements contain detailed investment guidelines and reporting requirements. These agreements also contain reasonable and customary representations and warranties, standard of care, expense reimbursement, liability, indemnity and other provisions. The investment management agreements continue unless terminated by either party on 45 days' notice or by us immediately for cause. We continue to be responsible for our overall investment portfolio, including decisions surrounding asset allocation, risk composition and investment strategy. There can be no assurance that all of such investment management agreements will be entered into as contemplated, or at all.

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.

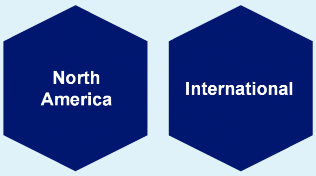
Consistent with how we manage our business, our General Insurance North America operating segment primarily includes insurance businesses in the United States, Canada and Bermuda, and our global reinsurance business, AIG Re. Our General Insurance International operating segment includes regional insurance 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.

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, see Note 1 to the Condensed Consolidated Financial Statements.

Business Segments

General Insurance

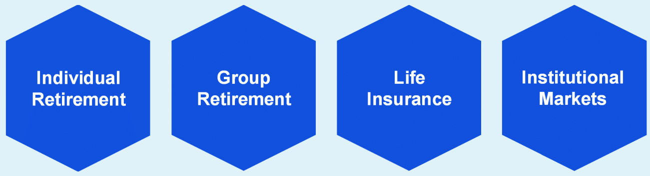
General Insurance is a leading provider of insurance products and services for commercial and personal insurance customers. It includes one of the world's most far-reaching property casualty networks. General Insurance offers a broad range of products to customers through a diversified, multichannel 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.



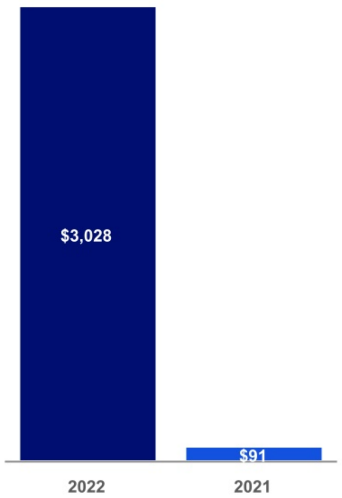
Life and Retirement includes the following major operating companies: American General Life Insurance Company (AGL); The Variable Annuity Life Insurance Company (VALIC); The United States Life Insurance Company in the City of New York (U.S. Life); Laya Healthcare Limited and AIG Life Limited.

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.

FINANCIAL PERFORMANCE SUMMARY

Net Income (Loss) Attributable to AIG Common Shareholders
Three Months Ended June 30,
(in millions)



Quarterly 2022 and 2021 Comparison

Net income attributable to AIG common shareholders increased $2.9 billion due to the following, on a pre-tax basis:

- an increase in Net realized gains on Fortitude Re funds withheld embedded derivative of $4.8 billion driven by interest rate movements, partially offset by losses on Fortitude Re funds withheld assets of $86 million in 2022 compared to a gain of $173 million in 2021;
- an increase in Net realized gains excluding Fortitude Re funds withheld assets and embedded derivative of $745 million, driven by a $1.8 billion increase in derivative and hedge activity and gains on variable annuity embedded derivatives, net of hedging partially offset by losses on sales of securities of $522 million and unfavorable effects of foreign exchange of $370 million;
- higher underwriting income in General Insurance of $336 million from higher premiums marked by higher renewal retentions, positive rate change and strong new business production, focused risk selection and improved terms and conditions; and
- lower interest expense of $72 million primarily driven by interest savings of $74 million from $7.6 billion debt repurchases, through cash tender offers, and debt redemptions in the six months ended June 30, 2022, as well as $646 million debt repurchases, through cash tender offers in the three months ended December 31, 2021 compared to interest savings of $19 million resulting from redemptions of $1.5 billion of debt in the three months ended June 30, 2021, and interest savings of $29 million from consolidated investment entities partially offset by interest expense of $61 million on $6.5 billion Corebridge senior unsecured notes issued in the six months ended June 30, 2022.

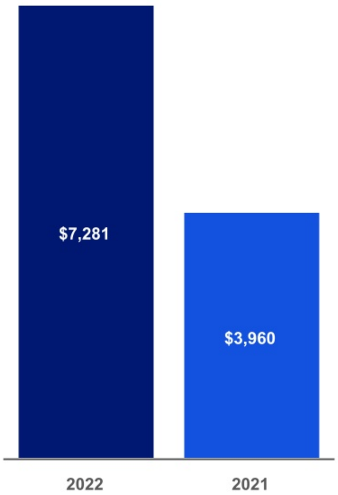
The increase in Net income attributable to AIG common shareholders was partially offset by the following:

- lower net investment income of $1.1 billion primarily driven by declines in alternative investments of $506 million and fair value of fixed maturity securities of $454 million, where we elected the fair value option as a result of negative equity market performance.
- higher income attributable to noncontrolling interest of $305 million driven by the sale of 9.9 percent interest of Corebridge to Blackstone in December 2021 of $306 million.

The $931 million increase in income tax expense was primarily attributable to higher income from continuing operations.

For further discussion see Consolidated Results of Operations.

Net Income (Loss) Attributable to AIG Common Shareholders
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

Net income attributable to AIG common shareholders increased $3.3 billion due to the following, on a pre-tax basis:

- an increase in Net realized gains on Fortitude Re funds withheld embedded derivative of $5.8 billion driven by interest rate movements, partially offset by losses on Fortitude Re funds withheld assets of $226 million in 2022 compared to a gain of $346 million in 2021;
- an increase in Net realized gains excluding Fortitude Re funds withheld assets and embedded derivative of $1.3 billion, driven by a $2.8 billion increase in derivative and hedge activity and gains on variable annuity embedded derivatives, net of hedging, partially offset by losses on sales of securities of $723 million, unfavorable effects of foreign exchange ($335 million) and unfavorable movement in the allowance for credit losses on fixed maturity securities and loans of $264 million;
- higher underwriting income in General Insurance of $709 million from higher premiums marked by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions, lower catastrophe losses and higher net favorable prior year reserve development; and
- lower interest expense of $151 million primarily driven by interest savings of $89 million from $7.6 billion debt repurchases, through cash tender offers, and debt redemptions in the six months ended June 30, 2022 as well as $646 million debt repurchases, through cash tender offers in the three months ended December 31, 2021 compared to interest savings of $42 million resulting from redemptions of $3.0 billion of debt in the six months ended June 30, 2021, and interest savings from consolidated investment entities of $69 million, partially offset by interest expense of $61 million on $6.5 billion Corebridge senior unsecured notes issued in the six months ended June 30, 2022.

The increase in Net income attributable to AIG common shareholders was partially offset by the following:

- lower net investment income of $1.5 billion primarily driven by declines in fair value of fixed maturity securities, where we elected the fair value option of $671 million, lower returns on our alternative investments of $407 million and lower returns on available for sale fixed maturity securities of $290 million as a result of the higher rate environment and negative equity market performance.
- higher income attributable to noncontrolling interest of $647 million driven by the sale of 9.9 percent interest of Corebridge to Blackstone in December 2021 of $660 million.

The $1.3 billion increase in income tax expense was primarily attributable to higher income from continuing operations.

For further discussion see Consolidated Results of Operations.

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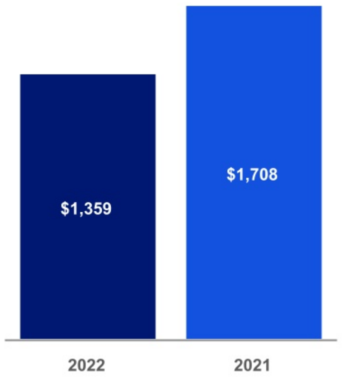
Adjusted Pre-Tax Income (Loss)*
Three Months Ended June 30,
(in millions)

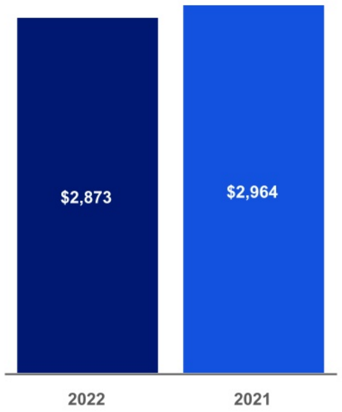


Quarterly 2022 and 2021 Comparison

Adjusted pre-tax income decreased $349 million driven by lower net investment income at General Insurance ($273 million) and Life and Retirement ($387 million), primarily as a result of lower yield enhancement income and alternative investment income. In addition, Life and Retirement results were impacted by higher DAC amortization and policyholder benefits, net of premiums, as a result of lower variable annuity separate account returns partially offset by lower mortality of $90 million, and lower policy and advisory fee income, net of advisory fee expense, of $58 million due to negative equity market performance.

This decrease was partially offset by higher underwriting income in General Insurance of $336 million with 5.1 points of combined ratio improvement driven by higher premiums marked by higher renewal retentions, positive rate change and strong business production, focused risk selection and improved terms and conditions, as well as more favorable prior year development.

Adjusted Pre-Tax Income*
Six Months Ended June 30,
(in millions)



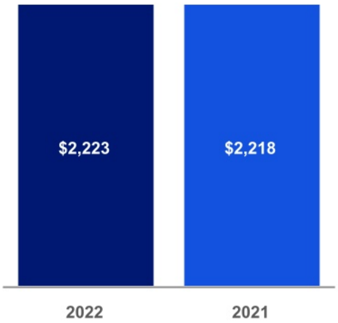
Year-to-Date 2022 and 2021 Comparison

Adjusted pre-tax income decreased $91 million driven by lower net investment income at General Insurance ($280 million) and Life and Retirement ($611 million), primarily as a result of lower yield enhancement income and alternative investment income. In addition, Life and Retirement results were impacted by higher DAC amortization and policyholder benefits, net of premiums as a result of lower variable annuity separate account returns partially offset by lower mortality of $91 million and lower policy and advisory fee income, net of advisory fee expense due to negative equity market performance of $77 million.

This decrease was partially offset by higher underwriting income in General Insurance ($709 million) from higher premiums marked by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions and lower catastrophe losses and net favorable prior year reserve development in 2022 compared to net adverse prior year reserve development in 2021.

* Non-GAAP measure – for reconciliation of Non-GAAP to GAAP measures see Consolidated Results of Operations.

General Operating and Other Expenses
Three Months Ended June 30,
(in millions)

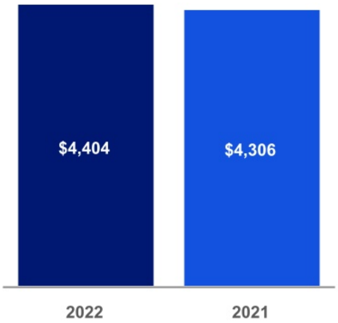


Quarterly 2022 and 2021 Comparison

General operating and other expenses increased $5 million primarily due to increases in professional fees inclusive of transaction costs and other acquisition expenses.

General operating and other expenses in the three-months ended June 30, 2022 and 2021 included approximately $175 million and $126 million, respectively, of pre-tax restructuring and other costs which were primarily comprised of employee severance charges and other costs related to organizational simplification, operational efficiency, and business rationalization.

General Operating and Other Expenses
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

General operating and other expenses increased $98 million primarily due to increases in professional fees inclusive of transaction costs and other acquisition expenses.

General operating and other expenses in the six-month periods ended June 30, 2022 and 2021 included approximately $268 million and $200 million, respectively, of pre-tax restructuring and other costs which were primarily comprised of employee severance charges and other costs related to organizational simplification, operational efficiency, and business rationalization.

AIG'S OUTLOOK – INDUSTRY AND ECONOMIC FACTORS

Our business is affected by 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 2022, 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.

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

Key U.S. benchmark rates have continued to rise during the first six months of 2022 as markets react to over elevated inflation measures, geopolitical risk, and the Board of Governors of the Federal Reserve System raising short term interest rates for the first time since 2018. As of June 30, 2022, increases in key rates have improved yields on new investments which are now closer to the yield on maturities and redemptions (runoff yield) that we are experiencing on our existing portfolios and in some instances are higher than the runoff yield. Furthermore, the impact of interest rate increases is further reflected in our results as these rate increases have also reduced the value of fixed income assets that are held in the variable annuity separate accounts and brokerage and advisory assets, and, accordingly, have adversely impacted the fees that are charged on these accounts. We actively manage our exposure to the interest rate environment through portfolio selection 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 also impacts the performance of our alternative investment portfolio and fee income, net amount at risk, policyholder benefits and DAC on our variable annuity portfolio. For instance, we earn fee income on the account value in our variable annuities, which fluctuates with the equity markets as a significant amount of our separate account 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 variable annuity 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, and we may be required to post additional collateral when equity markets are higher. These hedging costs are mostly 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.

Annuity Sales and Surrenders

The rising interest rate environment has provided a strong tailwind for fixed annuity sales with sales in the three to five-year products significantly increasing in 2022. Continued rising interest rates could create the potential for increased sales, but may also drive higher surrenders. 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. 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. Changes in interest rates significantly impact the valuation of our liabilities for annuities with guaranteed living benefit features and the value of the related hedging portfolio.

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 accounts 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 done under contractual provisions that were designed to allow crediting rates to be reset at pre-established intervals in accordance with state and federal laws 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 a rising rate environment. 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, 68 percent were crediting at the contractual minimum guaranteed interest rate as of June 30, 2022. The percentage of fixed account values of our annuity products that are currently crediting at rates above one percent were 56 percent and 58 percent as of June 30, 2022 and December 31, 2021, respectively. In the universal life products in our Life Insurance business, 67 percent of the account values were crediting at the contractual minimum guaranteed interest rate as of both June 30, 2022 and December 31, 2021. 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.

The following table presents fixed annuity and universal life account values of our Individual Retirement, Group Retirement and Life Insurance operating segments by contractual minimum guaranteed interest rate and current crediting rates, excluding balances ceded to Fortitude Re:

June 30, 2022 Contractual Minimum Guaranteed Interest Rate *(in millions)*	Current Crediting Rates: At Contractual Minimum Guarantee	1-50 Basis Points Above Minimum Guarantee	More than 50 Basis Points Above Minimum Guarantee	Total
Individual Retirement*				
<=1%	$ 10,300	$ 1,775	$ 19,868	$ 31,943
> 1% - 2%	4,300	25	1,666	5,991
> 2% - 3%	9,995	—	18	10,013
> 3% - 4%	7,934	40	6	7,980
> 4% - 5%	471	—	5	476
> 5% - 5.5%	34	—	4	38
Total Individual Retirement	$ 33,034	$ 1,840	$ 21,567	$ 56,441
Group Retirement*				
<=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% - 5.5%	159	—	—	159
Total Group Retirement	$ 32,491	$ 2,127	$ 4,681	$ 39,299
Universal life insurance				
<=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% - 5.5%	226	—	—	226
Total universal life insurance	$ 4,990	$ 848	$ 1,647	$ 7,485
Total	$ 70,515	$ 4,815	$ 27,895	$ 103,225
Percentage of total	68 %	5 %	27 %	100 %

* Individual Retirement and Group Retirement amounts shown include fixed options within variable annuity products.

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 June 30,			Six Months Ended June 30,		
Rate for 1 USD	2022	2021	Percentage Change	2022	2021	Percentage Change
Currency:						
GBP	**0.78**	0.72	8 %	**0.76**	0.73	4 %
EUR	**0.93**	0.83	12 %	**0.90**	0.83	8 %
JPY	**124.44**	108.95	14 %	**119.53**	106.62	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-month periods ended June 30, 2022 and 2021. 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 2021 Annual Report.

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

(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Percentage Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Percentage Change
Revenues:						
Premiums	$ 7,516	$ 7,914	(5) %	$ 14,626	$ 14,421	1 %
Policy fees	742	771	(4)	1,506	1,555	(3)
Net investment income:						
Net investment income - excluding Fortitude Re funds withheld assets	2,416	3,168	(24)	5,362	6,339	(15)
Net investment income - Fortitude Re funds withheld assets	188	507	(63)	479	993	(52)
Total net investment income	2,604	3,675	(29)	5,841	7,332	(20)
Net realized gains (losses):						
Net realized gains (losses) - excluding Fortitude Re funds withheld assets and embedded derivative	702	(43)	NM	1,943	652	198
Net realized gains (losses) on Fortitude Re funds withheld assets	(86)	173	NM	(226)	346	NM
Net realized gains (losses) on Fortitude Re funds withheld embedded derivative	2,776	(2,056)	NM	6,094	326	NM
Total net realized gains (losses)	3,392	(1,926)	NM	7,811	1,324	490
Other income	187	247	(24)	465	503	(8)
Total revenues	14,441	10,681	35	30,249	25,135	20
Benefits, losses and expenses:						
Policyholder benefits and losses incurred	5,123	6,084	(16)	10,378	11,223	(8)
Interest credited to policyholder account balances	910	872	4	1,787	1,740	3
Amortization of deferred policy acquisition costs	1,298	915	42	2,735	2,219	23
General operating and other expenses	2,223	2,218	—	4,404	4,306	2
Interest expense	266	338	(21)	529	680	(22)
Loss on extinguishment of debt	299	106	182	299	98	205
Net (gain) loss on divestitures	1	1	—	(39)	(6)	NM
Total benefits, losses and expenses	10,120	10,534	(4)	20,093	20,260	(1)
Income from continuing operations before income tax expense	4,321	147	NM	10,156	4,875	108
Income tax expense (benefit)	928	(3)	NM	2,107	795	165
Income from continuing operations	3,393	150	NM	8,049	4,080	97
Income (loss) from discontinued operations, net of income taxes	(1)	—	NM	(1)	—	NM
Net income	3,392	150	NM	8,048	4,080	97
Less: Net income attributable to noncontrolling interests	356	51	NM	752	105	NM
Net income attributable to AIG	3,036	99	NM	7,296	3,975	84
Less: Dividends on preferred stock	8	8	—	15	15	—
Net income attributable to AIG common shareholders	$ 3,028	$ 91	NM %	$ 7,281	$ 3,960	84 %

(in millions, except per common share data)		**June 30, 2022**		December 31, 2021
Balance sheet data:				
Total assets	**$**	**538,938**	$	596,112
Long-term debt		**22,186**		23,741
Debt of consolidated investment entities		**6,252**		6,422
Total AIG shareholders' equity		**45,344**		65,956
Book value per common share		**58.16**		79.97
Adjusted book value per common share		**72.23**		68.83

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.*

(in millions, except per common share data)		**June 30, 2022**		December 31, 2021
Total AIG shareholders' equity	**$**	**45,344**	$	65,956
Preferred equity		**485**		485
Total AIG common shareholders' equity		**44,859**		65,471
Less: Deferred tax assets		**4,582**		5,221
Less: Accumulated other comprehensive income (loss)		**(17,656)**		6,687
Add: Cumulative unrealized gains and losses related to Fortitude Re funds withheld assets		**(2,223)**		2,791
Subtotal: AOCI plus cumulative unrealized gains and losses related to Fortitude Re funds withheld assets		**(15,433)**		3,896
Adjusted common shareholders' equity	**$**	**55,710**	$	56,354
Total common shares outstanding		**771.3**		818.7
Book value per common share	**$**	**58.16**	$	79.97
Adjusted book value per common share		**72.23**		68.83

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 June 30,						Six Months Ended June 30,						Year Ended December 31,		
(dollars in millions)		**2022**			2021			**2022**			2021			2021	
Actual or annualized net income (loss) attributable to AIG common shareholders	**$**	**12,112**		$	364		**$**	**14,562**		$	7,920		$	9,359	
Actual or annualized adjusted after-tax income attributable to AIG common shareholders		**3,916**			5,324			**4,106**			4,508			4,430	
Average AIG common shareholders' equity	**$**	**50,159**		$	63,896		**$**	**55,263**		$	64,556		$	64,704	
Less: Average DTA		**4,699**			7,457			**4,873**			7,607			7,025	
Less: Average AOCI		**(11,778)**			8,338			**(5,623)**			10,062			9,096	
Add: Average cumulative unrealized gains and losses related to Fortitude Re funds withheld assets		**(1,088)**			2,794			**205**			3,415			3,200	
Subtotal: AOCI plus cumulative unrealized gains and losses related to Fortitude Re funds withheld assets		**(10,690)**			5,544			**(5,828)**			6,647			5,896	
Average adjusted AIG common shareholders' equity	**$**	**56,150**		$	50,895		**$**	**56,218**		$	50,302		$	51,783	
Return on common equity		**24.1**	**%**		0.6	%		**26.4**	**%**		12.3	%		14.5	%
Adjusted return on common equity		**7.0**	**%**		10.5	%		**7.3**	**%**		9.0	%		8.6	%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Revenues	**$ 14,441**	$ 10,681	**$ 30,249**	$ 25,135
Changes in fair value of securities used to hedge guaranteed living benefits	**(13)**	(14)	**(27)**	(32)
Changes in the fair value of equity securities	**30**	13	**57**	(9)
Other (income) expense - net	**9**	2	**16**	8
Net investment income on Fortitude Re funds withheld assets	**(188)**	(507)	**(479)**	(993)
Net realized (gains) losses on Fortitude Re funds withheld assets	**86**	(173)	**226**	(346)
Net realized (gains) losses on Fortitude Re funds withheld embedded derivative	**(2,776)**	2,056	**(6,094)**	(326)
Net realized (gains) losses*	**(615)**	68	**(1,796)**	(549)
Non-operating litigation reserves and settlements	**(4)**	—	**(38)**	—
Adjusted revenues	**$ 10,970**	$ 12,126	**$ 22,114**	$ 22,888

* 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.

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,	2022				2021			
(in millions, except per common share data)	Pre-tax	Total Tax (Benefit) Charge	Non-controlling Interests[d]	After Tax	Pre-tax	Total Tax (Benefit) Charge	Non-controlling Interests[d]	After Tax
Pre-tax income/net income, including noncontrolling interests	**$ 4,321**	**$ 928**	**$ —**	**$ 3,392**	$ 147	$ (3)	$ —	$ 150
Noncontrolling interests			**(356)**	**(356)**			(51)	(51)
Pre-tax income/net income attributable to AIG	**$ 4,321**	**$ 928**	**$ (356)**	**$ 3,036**	$ 147	$ (3)	$ (51)	$ 99
Dividends on preferred stock				**8**				8
Net income attributable to AIG common shareholders				**$ 3,028**				$ 91
Changes in uncertain tax positions and other tax adjustments[a]		**(3)**	**—**	**3**		(35)	—	35
Deferred income tax valuation allowance releases[b]		**17**	**—**	**(17)**		25	—	(25)
Changes in fair value of securities used to hedge guaranteed living benefits	**(10)**	**(2)**	**—**	**(8)**	(13)	(2)	—	(11)
Changes in benefit reserves and DAC, VOBA and DSI related to net realized gains (losses)	**128**	**27**	**—**	**101**	(120)	(25)	—	(95)
Changes in the fair value of equity securities	**30**	**6**	**—**	**24**	13	3	—	10
Loss on extinguishment of debt	**299**	**63**	**—**	**236**	106	23	—	83
Net investment income on Fortitude Re funds withheld assets	**(188)**	**(40)**	**—**	**(148)**	(507)	(107)	—	(400)
Net realized (gains) losses on Fortitude Re funds withheld assets	**86**	**19**	**—**	**67**	(173)	(37)	—	(136)
Net realized (gains) losses on Fortitude Re funds withheld embedded derivative	**(2,776)**	**(583)**	**—**	**(2,193)**	2,056	431	—	1,625
Net realized (gains) losses[c]	**(620)**	**(154)**	**—**	**(466)**	59	17	—	42
Loss from discontinued operations				**1**				—
Net loss on divestitures	**1**	**1**	**—**	**—**	1	—	—	1
Non-operating litigation reserves and settlements	**(4)**	**(1)**	**—**	**(3)**	—	—	—	—
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	**(144)**	**(30)**	**—**	**(114)**	(65)	(14)	—	(51)
Net loss reserve discount charge	**14**	**4**	**—**	**10**	22	5	—	17
Integration and transaction costs associated with acquiring or divesting businesses	**38**	**8**	**—**	**30**	35	7	—	28
Restructuring and other costs	**175**	**37**	**—**	**138**	126	26	—	100
Non-recurring costs related to regulatory or accounting changes	**9**	**2**	**—**	**7**	21	4	—	17
Noncontrolling interests[d]			**283**	**283**			—	—
Adjusted pre-tax income/Adjusted after-tax income attributable to AIG common shareholders	**$ 1,359**	**$ 299**	**$ (73)**	**$ 979**	$ 1,708	$ 318	$ (51)	$ 1,331
Weighted average diluted shares outstanding				**800.7**				872.9
Income per common share attributable to AIG common shareholders (diluted)				**$ 3.78**				$ 0.11
Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)[e]				**$ 1.19**				$ 1.52

Six Months Ended June 30,	**2022**				**2021**			
(in millions, except per common share data)	Pre-tax	Total Tax (Benefit) Charge	Non-controlling Interests[d]	After Tax	Pre-tax	Total Tax (Benefit) Charge	Non-controlling Interests[d]	After Tax
Pre-tax income/net income, including noncontrolling interests	**$ 10,156**	**$ 2,107**	**$ —**	**$ 8,048**	$ 4,875	$ 795	$ —	$ 4,080
Noncontrolling interests			**(752)**	**(752)**			(105)	(105)
Pre-tax income/net income attributable to AIG	**$ 10,156**	**$ 2,107**	**$ (752)**	**$ 7,296**	$ 4,875	$ 795	$ (105)	$ 3,975
Dividends on preferred stock				**15**				15
Net income attributable to AIG common shareholders				**$ 7,281**				$ 3,960
Changes in uncertain tax positions and other tax adjustments[a]		**88**	**—**	**(88)**		866	—	(866)
Deferred income tax valuation allowance (releases) charges[b]		**23**	**—**	**(23)**		(661)	—	661
Changes in fair value of securities used to hedge guaranteed living benefits	**(23)**	**(5)**	**—**	**(18)**	(35)	(7)	—	(28)
Changes in benefit reserves and DAC, VOBA and DSI related to net realized gains (losses)	**401**	**84**	**—**	**317**	83	18	—	65
Changes in the fair value of equity securities	**57**	**12**	**—**	**45**	(9)	(2)	—	(7)
Loss on extinguishment of debt	**299**	**63**	**—**	**236**	98	21	—	77
Net investment income on Fortitude Re funds withheld assets	**(479)**	**(101)**	**—**	**(378)**	(993)	(209)	—	(784)
Net realized (gains) losses on Fortitude Re funds withheld assets	**226**	**48**	**—**	**178**	(346)	(73)	—	(273)
Net realized gains on Fortitude Re funds withheld embedded derivative	**(6,094)**	**(1,280)**	**—**	**(4,814)**	(326)	(68)	—	(258)
Net realized gains[c]	**(1,808)**	**(435)**	**—**	**(1,373)**	(568)	(128)	—	(440)
Loss from discontinued operations				**1**				—
Net gain on divestitures	**(39)**	**(8)**	**—**	**(31)**	(6)	(1)	—	(5)
Non-operating litigation reserves and settlements	**(38)**	**(8)**	**—**	**(30)**	—	—	—	—
Favorable prior year development and related amortization changes ceded under retroactive reinsurance agreements	**(144)**	**(30)**	**—**	**(114)**	(84)	(18)	—	(66)
Net loss reserve discount benefit	**(6)**	**(1)**	**—**	**(5)**	(10)	(2)	—	(8)
Integration and transaction costs associated with acquiring or divesting businesses	**84**	**18**	**—**	**66**	44	9	—	35
Restructuring and other costs	**268**	**56**	**—**	**212**	200	42	—	158
Non-recurring costs related to regulatory or accounting changes	**13**	**3**	**—**	**10**	41	8	—	33
Noncontrolling interests[d]			**581**	**581**			—	—
Adjusted pre-tax income/Adjusted after-tax income attributable to AIG common shareholders	**$ 2,873**	**$ 634**	**$ (171)**	**$ 2,053**	$ 2,964	$ 590	$ (105)	$ 2,254
Weighted average diluted shares outstanding				**813.3**				874.6
Income per common share attributable to AIG common shareholders (diluted)				**$ 8.95**				$ 4.53
Adjusted after-tax income per common share attributable to AIG common shareholders (diluted)[e]				**$ 2.50**				$ 2.58

(a) Six months ended June 30, 2021 includes the completion of audit activity by the Internal Revenue Service (IRS).

(b) Six months ended June 30, 2021 includes an increase in the valuation allowance against a portion of certain tax attribute carryforwards of AIG's U.S. federal consolidated income tax group, as well as net valuation allowance release in certain foreign jurisdictions.

(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.

(d) For the three and six months ended June 30, 2022, noncontrolling interests include Blackstone's 9.9 percent equity stake in Corebridge. Corebridge summarized financial information is presented below:

	Three Months Ended June 30, 2022		Six Months Ended June 30, 2022	
(in millions)	Corebridge	AIG Noncontrolling Interest	Corebridge	AIG Noncontrolling Interest
Revenues	$ 3,609	$ 357	$ 8,083	$ 800
Expenses	3,330	331	7,037	698
Adjusted pre-tax income	279	26	1,046	102
Taxes on APTI	25	2	181	17
Adjusted after-tax income	254	24	865	85
Non-operating income	3,359	332	7,014	694
Taxes on non-operating income	512	50	1,214	119
Non-operating income - after-tax	2,847	282	5,800	575
Net income	$ 3,101	$ 306	$ 6,665	$ 660

(e) For the three- and six-month periods ended June 30, 2022, an option for Blackstone to exchange all or a portion of its ownership interest in Corebridge for AIG common shares was dilutive for the calculation of Adjusted after-tax income per common share attributable to AIG common shareholders. The dilutive impact was an additional 42,572,031 shares for both periods.

PRE-TAX INCOME (LOSS) QUARTERLY AND YEAR-TO-DATE COMPARISON FOR 2022 AND 2021

Pre-tax income was $4.3 billion in the three-month period ended June 30, 2022 compared to $147 million in the same period in 2021.

Pre-tax income was $10.2 billion in the six-month period ended June 30, 2022 compared to $4.9 billion in the same period in 2021.

For the main drivers impacting AIG's results of operations, see Executive Summary – Financial Performance Summary – Net Income (Loss) Attributable to AIG Common Shareholders.

U.S. TAX LAW CHANGES

The IRS has continued to issue new guidance in relation to the Tax Act enacted in 2017. Guidance has been issued covering provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries, foreign tax credits by which the U.S. mitigates double taxation of foreign operations, and other elements of tax law. Changes to this guidance, and other provisions of tax law, are expected in future periods. Such guidance may result in changes to the interpretations and assumptions we made and actions we may take, which may impact amounts recorded with respect to international provisions of the Tax Act, possibly materially. 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.

On March 27, 2020, the U.S. enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act to mitigate the economic impacts of the COVID-19 pandemic. The tax provisions of the CARES Act have not had and are currently not expected to have a material impact on AIG's U.S. federal tax liabilities.

On November 15, 2021, the U.S. enacted the Infrastructure Investment and Jobs Act to improve infrastructure in the U.S. The tax provisions of the Infrastructure Investment and Jobs Act have not had and are currently not expected to have a material impact on AIG's U.S. federal tax liabilities.

Repatriation Assumptions

For the six-month period ended June 30, 2022, 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. Deferred taxes, if necessary, have been provided on earnings of non-U.S. affiliates whose earnings are not indefinitely reinvested.

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. While certain impacts of the Tax Act are included in our annual effective tax rate, we continue to refine our calculations as additional information becomes available, which may result in changes to the estimated annual effective tax rate.

INCOME TAX EXPENSE ANALYSIS

For the three-month period 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-month period 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.

For the three-month period ended June 30, 2021, 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 associated with the release of reserves for uncertain tax positions and interest related to a New York State tax settlement based on the completion of recent audit activity, tax exempt income, remeasurement of deferred taxes as a result of the increase in the UK corporate statutory income tax rate, and reclassifications from AOCI to income from continuing operations related to the disposal of available for sale securities. 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. We also recognized a tax charge associated with reduction of net operating loss deferred tax assets in certain foreign jurisdictions, with a corresponding decrease in the related deferred tax asset valuation allowance. 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-month period ended June 30, 2021, the effective tax rate on income from continuing operations was 16.3 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 the release of reserves for uncertain tax positions, penalties and interest related to the recent completion of audit activity by the IRS, release of reserves for uncertain tax positions and interest related to a New York State tax settlement based on the completion of recent audit activity, tax exempt income, remeasurement of deferred taxes as a result of an increase in the UK corporate income tax rate enacted during the second quarter, and reclassifications from AOCI to income from continuing operations related to the disposal of available for sale securities. These tax benefits were partially offset by tax charges associated with the establishment of U.S. federal valuation allowance related to certain tax attribute carryforwards, the effect of foreign operations, excess tax charges related to share based compensation payments recorded through the income statement, state and local income taxes, and non-deductible transfer pricing charges. We also recognized a tax charge associated with reduction of net operating loss deferred tax assets in certain foreign jurisdictions, with a corresponding decrease in the related deferred tax asset valuation allowance. 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.

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.

On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG. For additional information on the separation of Life and Retirement, see Note 1 to the Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
General Insurance				
North America - Underwriting income (loss)	**$ 406**	$ 169	**$ 662**	$ (33)
International - Underwriting income	**393**	294	**583**	569
Net investment income	**458**	731	**1,223**	1,503
General Insurance	**1,257**	1,194	**2,468**	2,039
Life and Retirement				
Individual Retirement	**204**	617	**588**	1,149
Group Retirement	**164**	347	**389**	654
Life Insurance	**117**	20	**108**	(20)
Institutional Markets	**78**	140	**202**	282
Life and Retirement	**563**	1,124	**1,287**	2,065
Other Operations				
Other Operations before consolidation and eliminations	**(331)**	(516)	**(619)**	(870)
Consolidation and eliminations	**(130)**	(94)	**(263)**	(270)
Other Operations	**(461)**	(610)	**(882)**	(1,140)
Adjusted pre-tax income	**$ 1,359**	$ 1,708	**$ 2,873**	$ 2,964

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 our Commercial Lines and Personal Insurance products within these geographic markets.

PRODUCTS AND DISTRIBUTION

North America

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

International

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.

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.

OUTLOOK – INDUSTRY AND ECONOMIC FACTORS

Below is a discussion of the industry and economic factors impacting our operating segments:

The results of General Insurance for the three months ended June 30, 2022 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 inflationary impacts resulting from government stimulus in recent years, ongoing labor force and supply chain disruptions and rising 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 (which we believe to be in part connected to climate change). 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 and will continue to expand our innovative products and services to distribution partners and clients.

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 (i.e. Financial Lines and Accident & Health) while remaining a market leader in key developed and developing markets. Overall, Commercial Lines continue to show continued positive rate change, particularly in our Financial Lines, Property, Energy and Marine 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, portfolio diversity, and generally low volatility of the short-tailed risk in these business lines, although some product classes are exposed to catastrophe losses.

GENERAL INSURANCE RESULTS

	Three Months Ended June 30,			Six Months Ended June 30,		
(in millions)	**2022**	2021	Change	**2022**	2021	Change
Underwriting results:						
Net premiums written	**$ 6,866**	$ 6,860	— %	**$ 13,499**	$ 13,339	1 %
Increase in unearned premiums	**(480)**	(645)	26	**(857)**	(1,258)	32
Net premiums earned	**6,386**	6,215	3	**12,642**	12,081	5
Losses and loss adjustment expenses incurred[(a)]	**3,591**	3,810	(6)	**7,400**	7,658	(3)
Acquisition expenses:						
Amortization of deferred policy acquisition costs	**864**	854	1	**1,753**	1,727	2
Other acquisition expenses	**382**	335	14	**732**	646	13
Total acquisition expenses	**1,246**	1,189	5	**2,485**	2,373	5
General operating expenses	**750**	753	—	**1,512**	1,514	—
Underwriting income	**799**	463	73	**1,245**	536	132
Net investment income	**458**	731	(37)	**1,223**	1,503	(19)
Adjusted pre-tax income	**$ 1,257**	$ 1,194	5 %	**$ 2,468**	$ 2,039	21 %
Loss ratio[(a)]	**56.2**	61.3	(5.1)	**58.5**	63.4	(4.9)
Acquisition ratio	**19.5**	19.1	0.4	**19.7**	19.6	0.1
General operating expense ratio	**11.7**	12.1	(0.4)	**12.0**	12.5	(0.5)
Expense ratio	**31.2**	31.2	—	**31.7**	32.1	(0.4)
Combined ratio[(a)]	**87.4**	92.5	(5.1)	**90.2**	95.5	(5.3)
Adjustments for accident year loss ratio, as adjusted and accident year combined ratio, as adjusted:						
Catastrophe losses and reinstatement premiums	**(1.8)**	(2.1)	0.3	**(3.1)**	(4.6)	1.5
Prior year development, net of reinsurance and prior year premiums	**2.9**	0.7	2.2	**2.0**	0.8	1.2
Accident year loss ratio, as adjusted	**57.3**	59.9	(2.6)	**57.4**	59.6	(2.2)
Accident year combined ratio, as adjusted	**88.5**	91.1	(2.6)	**89.1**	91.7	(2.6)

(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:

	Three Months Ended June 30,		Percentage Change in		Six Months Ended June 30,		Percentage Change in	
(in millions)	**2022**	2021	U.S. dollars	Original Currency	**2022**	2021	U.S. dollars	Original Currency
North America	**$ 3,401**	$ 3,156	8 %	8 %	**$ 6,552**	$ 6,086	8 %	8 %
International	**3,465**	3,704	(6)	1	**6,947**	7,253	(4)	2
Total net premiums written	**$ 6,866**	$ 6,860	— %	5 %	**$ 13,499**	$ 13,339	1 %	5 %

The following tables present General Insurance accident year catastrophes[a] by geography and number of events:

(in millions)	# of Events	North America	International	Total
Three Months Ended June 30, 2022				
Flooding, rainstorms and other	**2**	**$ 10**	**$ 26**	**$ 36**
Windstorms and hailstorms	**6**	**41**	**37**	**78**
Winter storms	**2**	**—**	**3**	**3**
Earthquakes	**1**	**—**	**2**	**2**
Russia / Ukraine	**N/A** (b)	**—**	**—**	**—**
Reinstatement premiums		**2**	**—**	**2**
Total catastrophe-related charges	**11**	**$ 53**	**$ 68**	**$ 121**
Three Months Ended June 30, 2021				
Flooding, rainstorms and other	1	$ —	$ —	$ —
Windstorms and hailstorms	3	72	—	72
Winter storms	3	(2)	41	39
Earthquakes	1	—	7	7
Reinstatement premiums		12	8	20
Total catastrophe-related charges	8	$ 82	$ 56	$ 138
Six Months Ended June 30, 2022				
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** (b)	**—**	**85**	**85**
Reinstatement premiums		**1**	**15**	**16**
Total catastrophe-related charges	**11**	**$ 112**	**$ 297**	**$ 409**
Six Months Ended June 30, 2021				
Flooding, rainstorms and other	1	$ —	$ 10	$ 10
Windstorms and hailstorms	3	82	—	82
Winter storms	3	349	80	429
Earthquakes	1	—	19	19
Reinstatement premiums		18	14	32
Total catastrophe-related charges	8	$ 449	$ 123	$ 572

(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.

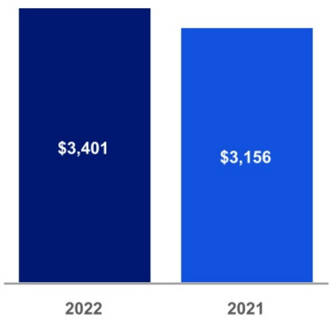
NORTH AMERICA RESULTS

(in millions)	Three Months Ended June 30, 2022	2021	Change	Six Months Ended June 30, 2022	2021	Change
Underwriting results:						
Net premiums written	$ 3,401	$ 3,156	8 %	$ 6,552	$ 6,086	8 %
Increase in unearned premiums	(429)	(471)	9	(791)	(1,013)	22
Net premiums earned	2,972	2,685	11	5,761	5,073	14
Losses and loss adjustment expenses incurred[(a)]	1,725	1,810	(5)	3,457	3,712	(7)
Acquisition expenses:						
Amortization of deferred policy acquisition costs	386	309	25	742	616	20
Other acquisition expenses	153	112	37	297	207	43
Total acquisition expenses	539	421	28	1,039	823	26
General operating expenses	302	285	6	603	571	6
Underwriting income (loss)	$ 406	$ 169	140 %	$ 662	$ (33)	NM %
Loss ratio[(a)]	58.0	67.4	(9.4)	60.0	73.2	(13.2)
Acquisition ratio	18.1	15.7	2.4	18.0	16.2	1.8
General operating expense ratio	10.2	10.6	(0.4)	10.5	11.3	(0.8)
Expense ratio	28.3	26.3	2.0	28.5	27.5	1.0
Combined ratio[(a)]	86.3	93.7	(7.4)	88.5	100.7	(12.2)
Adjustments for accident year loss ratio, as adjusted and accident year combined ratio, as adjusted:						
Catastrophe losses and reinstatement premiums	(1.7)	(2.9)	1.2	(1.9)	(8.8)	6.9
Prior year development, net of reinsurance and prior year premiums	5.3	1.6	3.7	3.7	2.1	1.6
Accident year loss ratio, as adjusted	61.6	66.1	(4.5)	61.8	66.5	(4.7)
Accident year combined ratio, as adjusted	89.9	92.4	(2.5)	90.3	94.0	(3.7)

(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

North America Net Premiums Written
Three Months Ended June 30,
(in millions)

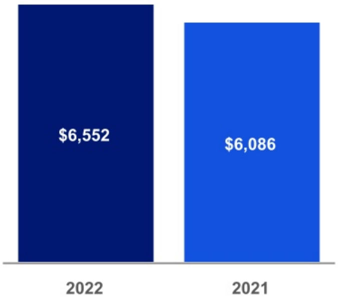


Quarterly 2022 and 2021 Comparison

Net premiums written increased by $245 million primarily due to growth in Commercial Lines ($263 million), particularly within Property which was 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 uncertain economic conditions.

This increase was partially offset by lower production in Personal Lines ($18 million), including Warranty as well as underwriting actions taken in PCG, partially offset by an increase in Travel.

North America Net Premiums Written
Six Months Ended June 30,
(in millions)

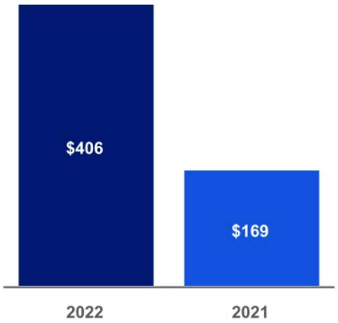


Year-to-Date 2022 and 2021 Comparison

Net premiums written increased by $466 million primarily due to:

- growth in Commercial Lines ($428 million), particularly within our Property business driven by continued positive rate change, higher renewal retentions and strong new business production, as well as growth in Crop Risk Services driven by higher commodity prices, partially offset by a decrease in Financial Lines due to volatility in capital markets and uncertain economic conditions; and
- growth in Personal Lines ($38 million), particularly in Travel, partially offset by lower production in Warranty as well as underwriting actions taken in PCG

North America Underwriting Income (Loss)
Three Months Ended June 30,
(in millions)



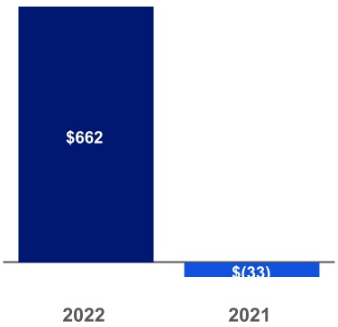
Quarterly 2022 and 2021 Comparison

Underwriting income increased by $237 million primarily due to:

- premium growth with improvement in the accident year loss ratio, as adjusted (4.5 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions;
- higher net favorable prior year reserve development in 2022 (3.7 points or $101 million), primarily due to favorable development within Casualty, partially offset by favorable development in PCG in 2021; and
- lower catastrophe losses (1.2 points or $29 million)

These increases were partially offset by a higher expense ratio of 2.0 points reflecting a higher acquisition ratio (2.4 points) primarily driven by changes in business mix and reinsurance, partially offset by a lower general operating expense ratio (0.4 points) resulting from continued general expense discipline as we grow the portfolio.

North America Underwriting Income (Loss)
Six Months Ended June 30,
(in millions)



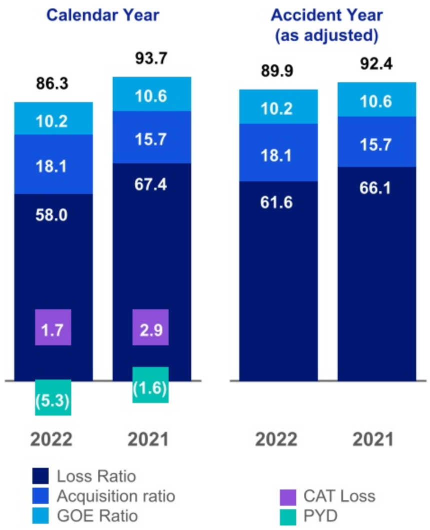
Year-to-Date 2022 and 2021 Comparison

Underwriting income of $662 million in 2022 compared to an underwriting loss of $33 million in 2021 primarily reflected:

- lower catastrophe losses (6.9 points or $337 million);
- premium growth with improvement in the accident year loss ratio, as adjusted (4.7 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- higher net favorable prior year reserve development in 2022 (1.6 points or $85 million), primarily due to favorable development within Casualty, partially offset by higher favorable development in PCG business in 2021.

These increases were partially offset by higher expense ratio of 1.0 points reflecting a higher acquisition ratio (1.8 points) primarily driven by changes in business mix and reinsurance, partially offset by a lower general operating expense ratio (0.8 points) resulting from continued general expense discipline as we grow the portfolio.

North America Combined Ratios
Three Months Ended June 30,



Quarterly 2022 and 2021 Comparison

The decrease in the calendar year combined ratio of 7.4 points reflected a decrease in loss ratio (9.4 points) partially offset by an increase in expense ratio (2.0 points).

The decrease in the loss ratio of 9.4 points reflected:

- premium growth with improvement in the accident year loss ratio, as adjusted (4.5 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions;
- higher net favorable prior year reserve development in 2022 (3.7 points), primarily due to favorable development within Casualty, partially offset by favorable development in PCG in 2021; and
- lower catastrophe losses (1.2 points).

The increase in the expense ratio of 2.0 points reflected a higher acquisition ratio (2.4 points) primarily driven by changes in business mix and reinsurance, partially offset by a lower general operating expense ratio (0.4 points) resulting from continued general expense discipline as we grow the portfolio.

North America Combined Ratios
Six Months Ended June 30,

Year-to-Date 2022 and 2021 Comparison

The decrease in the calendar year combined ratio of 12.2 points reflected a decrease in loss ratio (13.2 points) partially offset by an increase in expense ratio (1.0 points).

The decrease in the loss ratio of 13.2 points reflected:

- lower catastrophe losses (6.9 points)
- premium growth with improvement in the accident year loss ratio, as adjusted (4.7 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- higher net favorable prior year reserve development in 2022 (1.6 points), primarily due to favorable development within Casualty, partially offset by higher favorable development in PCG in 2021.

The increase in the expense ratio of 1.0 points reflected a higher acquisition ratio (1.8 points) primarily driven by changes in business mix and reinsurance, partially offset by a lower general operating expense ratio (0.8 points) resulting from continued general expense discipline as we grow the portfolio.

INTERNATIONAL RESULTS

(in millions)	Three Months Ended June 30, 2022	2021	Change	Six Months Ended June 30, 2022	2021	Change
Underwriting results:						
Net premiums written	$ 3,465	$ 3,704	(6) %	$ 6,947	$ 7,253	(4) %
Increase in unearned premiums	(51)	(174)	71	(66)	(245)	73
Net premiums earned	3,414	3,530	(3)	6,881	7,008	(2)
Losses and loss adjustment expenses incurred	1,866	2,000	(7)	3,943	3,946	—
Acquisition expenses:						
Amortization of deferred policy acquisition costs	478	545	(12)	1,011	1,111	(9)
Other acquisition expenses	229	223	3	435	439	(1)
Total acquisition expenses	707	768	(8)	1,446	1,550	(7)
General operating expenses	448	468	(4)	909	943	(4)
Underwriting income	$ 393	$ 294	34 %	$ 583	$ 569	2 %
Loss ratio	54.7	56.7	(2.0)	57.3	56.3	1.0
Acquisition ratio	20.7	21.8	(1.1)	21.0	22.1	(1.1)
General operating expense ratio	13.1	13.3	(0.2)	13.2	13.5	(0.3)
Expense ratio	33.8	35.1	(1.3)	34.2	35.6	(1.4)
Combined ratio	88.5	91.8	(3.3)	91.5	91.9	(0.4)
Adjustments for accident year loss ratio, as adjusted and accident year combined ratio, as adjusted:						
Catastrophe losses and reinstatement premiums	(2.0)	(1.5)	(0.5)	(4.2)	(1.7)	(2.5)
Prior year development, net of reinsurance and prior year premiums	0.7	(0.1)	0.8	0.6	(0.1)	0.7
Accident year loss ratio, as adjusted	53.4	55.1	(1.7)	53.7	54.5	(0.8)
Accident year combined ratio, as adjusted	87.2	90.2	(3.0)	87.9	90.1	(2.2)

Business and Financial Highlights

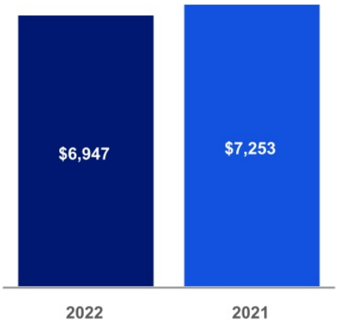
International Net Premiums Written
Three Months Ended June 30,
(in millions)

Quarterly 2022 and 2021 Comparison

Net premiums written, excluding the unfavorable impact of foreign exchange ($286 million), increased by $47 million due to growth in Commercial Lines ($100 million), notably Specialty and Property driven by continued positive rate change and strong new business production.

This increase was partially offset by lower production in Personal Insurance ($53 million). The declines in Warranty and Personal Auto were partially offset by growth in Travel and Accident & Health.

International Net Premiums Written
Six Months Ended June 30,
(in millions)

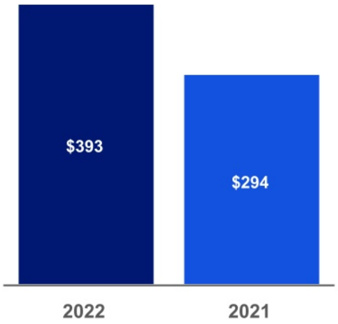


Year-to-Date 2022 and 2021 Comparison

Net premiums written, excluding the impact of unfavorable foreign exchange ($471 million), increased by $165 million due to growth in Commercial Lines ($290 million), notably Financial Lines, Specialty and Property driven by continued positive rate change and strong new business production.

This increase was partially offset by lower production in Personal Insurance ($125 million). The declines in Warranty and Personal Auto were partially offset by growth in Travel and Accident & Health.

International Underwriting Income (Loss)
Three Months Ended June 30,
(in millions)



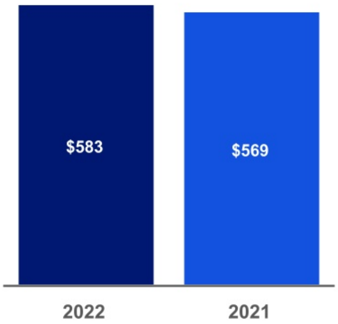
Quarterly 2022 and 2021 Comparison

Underwriting income increased by $99 million primarily due to:

- improvement in the accident year loss ratio, as adjusted (1.7 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions;
- a lower expense ratio (1.3 points), including a lower acquisition ratio (1.1 points) primarily driven by changes in business mix, improved commission terms and reinsurance program changes, as well as a lower general operating expense ratio (0.2 points), which reflects continued general expense discipline; and
- higher net favorable prior year reserve development in 2022 (0.8 points or $36 million), primarily as a result of improvement in Commercial Property

These increases were partially offset by higher catastrophe losses (0.5 points or $12 million).

International Underwriting Income (Loss)
Six Months Ended June 30,
(in millions)



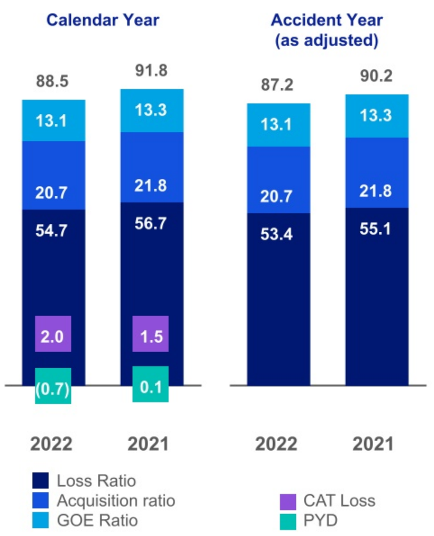
Year-to-Date 2022 and 2021 Comparison

Underwriting income increased by $14 million primarily due to:

- a lower expense ratio (1.4 points), including a lower acquisition ratio (1.1 points) primarily driven by changes in business mix, improved commission terms and reinsurance program changes, as well as a lower general operating expense ratio (0.3 points), which reflects continued general expense discipline;
- improvement in the accident year loss ratio, as adjusted (0.8 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- net favorable prior year reserve development in 2022 compared to net adverse prior year reserve development in 2021 (0.7 points or $56 million), primarily as a result of favorable development across Personal Insurance and improvement in Commercial Property

These increases were partially offset by higher catastrophe losses (2.5 points or $174 million).

International Combined Ratios
Three Months Ended June 30,



Quarterly 2022 and 2021 Comparison

The decrease in the calendar year combined ratio of 3.3 points reflected a decrease in both the loss ratio (2.0 points) and the expense ratio (1.3 points).

The decrease in the loss ratio of 2.0 points reflected:

- improvement in the accident year loss ratio, as adjusted (1.7 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions;
- net favorable prior year reserve development in 2022 compared to net adverse prior year development in 2021 (0.8 points), primarily as a result of improvement in Commercial Property; partially offset by
- higher catastrophe losses (0.5 points)

The decrease in the expense ratio of 1.3 points reflected a lower acquisition ratio (1.1 points) primarily driven by changes in business mix, improved commission terms and reinsurance program changes, as well as a lower general operating expense ratio (0.2 points), which reflects continued general expense discipline.

International Combined Ratios
Six Months Ended June 30,

Year-to-Date 2022 and 2021 Comparison

The decrease in the calendar year combined ratio of 0.4 points reflected a decrease in expense ratio (1.4 points) partially offset by an increase in loss ratio (1.0 points).

The decrease in the expense ratio of 1.4 points reflected:

- lower acquisition ratio (1.1 points) primarily driven by changes in business mix, improved commission terms and reinsurance program changes; and
- lower general operating expense ratio (0.3 points) which reflects continued general expense discipline

The increase in the loss ratio of 1.0 points reflected:

- higher catastrophe losses (2.5 points); partially offset by
- improvement in the accident year loss ratio, as adjusted (0.8 points) primarily driven by changes in business mix along with continued positive rate change, focused risk selection and improved terms and conditions; and
- net favorable prior year reserve development in 2022 compared to net adverse prior year reserve development in 2021 (0.7 points), primarily as a result of favorable development across Personal Insurance and improvement in Commercial Property

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.

Retail Mutual Funds: Included our mutual fund offerings and related administration and servicing operations. Retail Mutual Funds were distributed primarily through broker-dealers. On July 16, 2021, the Company sold certain assets of the AIG Retail Mutual Funds business. *For additional information on the Sale of Certain Assets of the Retail Mutual Funds Business, see Executive Summary – Overview.*

Group Retirement

Group Retirement: 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.

AIG 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.

AIG Retirement Services career 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 are issued through our Individual Retirement, Group Retirement and Institutional Markets operating segments. 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. AIG Retirement Services' self-service tools paired with its career 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 Insurance will continue to focus on growing the business organically and through potential acquisition opportunities.

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 opportunistic 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.

OUTLOOK–INDUSTRY AND ECONOMIC FACTORS

Below is a discussion of the industry and economic factors impacting our specific operating segments:

The worldwide health and economic impact of COVID-19 continues to evolve, influenced by the scope, severity and duration of the pandemic, including resurgences and variants of the virus as well as the distribution and effectiveness of vaccinations.

On October 26, 2020, AIG announced its intention to separate its Life and Retirement business from AIG. On November 2, 2021, AIG and Blackstone completed the acquisition by Blackstone of a 9.9 percent equity stake in Corebridge, which is the holding company for AIG’s Life and Retirement business. On November 1, 2021, Corebridge declared a dividend payable to AIG Parent in the amount of $8.3 billion. In connection with such dividend, Corebridge issued a promissory note to AIG Parent in the amount of $8.3 billion, which is required to be paid to AIG Parent prior to the IPO of Corebridge. On April 5, 2022, Corebridge issued senior unsecured notes in the aggregate principal amount of $6.5 billion, the proceeds of which were used to repay a portion of the $8.3 billion promissory note previously issued by Corebridge to AIG. While we currently believe the IPO is the next step in the separation of the Life and Retirement business from AIG, no assurance can be given regarding the form that future separation transactions may take or the specific terms or timing thereof, or that a separation will in fact occur. Any separation transaction will be subject to the satisfaction of various conditions and approvals, including approval by the AIG Board of Directors, receipt of insurance and other required regulatory approvals, and satisfaction of any applicable requirements of the SEC.

On December 15, 2021, AIG and BREIT, a long-term, perpetual capital vehicle affiliated with Blackstone, completed the acquisition by BREIT of AIG’s interests in a U.S. affordable housing portfolio. The historical results of the U.S. affordable housing portfolio were reported in our Life and Retirement operating segments.

For additional information on the separation of Life and Retirement please see Note 1 to the Condensed Consolidated Financial Statements and the 2021 Annual Report, Part I, Item 1A. Risk Factors – Business and Operations – “No assurances can be given that the separation of our Life and Retirement business will occur or as to the specific terms or timing thereof. In addition, the separation could cause the emergence or exacerbate the effects of other risks to which AIG is exposed.”

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 individual index and fixed deferred annuities with guaranteed income 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 income benefits for variable, fixed index, and fixed deferred 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 AIG Retirement Services brand. AIG 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, AIG Retirement Services is investing in a client- focused technology platform to support improved compliance and self-service functionality. AIG Retirement Services' model pairs self-service tools with its career 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 low 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 impact of market interest rate movement on our Life and Retirement business see Executive Summary – AIG's Outlook – Industry and Economic Factors – Impact of Changes in the Interest Rate Environment and Equity Markets.

LIFE AND RETIREMENT RESULTS

(in millions)	Three Months Ended June 30, 2022	2021	Percentage Change	Six Months Ended June 30, 2022	2021	Percentage Change
Adjusted revenues:						
Premiums	$ 1,119	$ 1,645	(32) %	$ 1,959	$ 2,245	(13) %
Policy fees	743	772	(4)	1,506	1,555	(3)
Net investment income	1,989	2,376	(16)	4,118	4,729	(13)
Advisory fee and other income	204	253	(19)	437	497	(12)
Total adjusted revenues	4,055	5,046	(20)	8,020	9,026	(11)
Benefits, losses and expenses:						
Policyholder benefits and losses incurred	1,654	2,223	(26)	3,097	3,480	(11)
Interest credited to policyholder account balances	906	882	3	1,773	1,752	1
Amortization of deferred policy acquisition costs	301	168	79	581	393	48
Non deferrable insurance commissions	166	146	14	327	303	8
Advisory fee expenses	65	85	(24)	136	168	(19)
General operating expenses	395	383	3	808	796	2
Interest expense	5	35	(86)	11	69	(84)
Total benefits, losses and expenses	3,492	3,922	(11)	6,733	6,961	(3)
Adjusted pre-tax income	$ 563	$ 1,124	(50) %	$ 1,287	$ 2,065	(38) %

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 June 30, 2022	2021	Percentage Change	Six Months Ended June 30, 2022	2021	Percentage Change
Adjusted revenues:						
Premiums	$ 57	$ 32	78 %	$ 112	$ 57	96 %
Policy fees	210	241	(13)	434	473	(8)
Net investment income	906	1,089	(17)	1,889	2,157	(12)
Advisory fee and other income	115	157	(27)	238	309	(23)
Total adjusted revenues	1,288	1,519	(15)	2,673	2,996	(11)
Benefits and expenses:						
Policyholder benefits and losses incurred	190	95	100	329	211	56
Interest credited to policyholder account balances	462	433	7	904	859	5
Amortization of deferred policy acquisition costs	202	108	87	379	241	57
Non deferrable insurance commissions	86	89	(3)	178	177	1
Advisory fee expenses	35	54	(35)	72	106	(32)
General operating expenses	107	107	—	218	221	(1)
Interest expense	2	16	(88)	5	32	(84)
Total benefits, losses and expenses	1,084	902	20	2,085	1,847	13
Adjusted pre-tax income	$ 204	$ 617	(67) %	$ 588	$ 1,149	(49) %
Fixed annuities base net investment spread:						
Base yield*	3.74 %	4.02 %	(28) bps	3.75 %	4.00 %	(25) bps
Cost of funds	2.59	2.58	1	2.58	2.60	(2)
Fixed annuities base net investment spread	1.15 %	1.44 %	(29) bps	1.17 %	1.40 %	(23) bps
Variable and fixed index annuities base net investment spread:						
Base yield*	3.78 %	3.96 %	(18) bps	3.76 %	3.89 %	(13) bps
Cost of funds	1.42	1.32	10	1.40	1.31	9
Variable and fixed index annuities base net investment spread	2.36 %	2.64 %	(28) bps	2.36 %	2.58 %	(22) bps

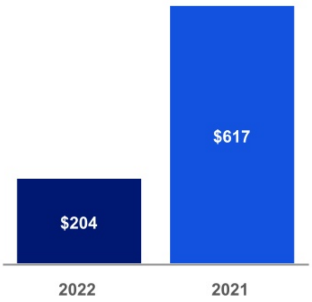
* Includes returns from base portfolio including accretion and income (loss) from certain other invested assets.

Business and Financial Highlights

For the three-month period ended June 30, 2022, Premiums and deposits decreased $358 million compared to the same period in the prior year, primarily driven by lower variable annuity sales, due to market volatility and less competitive pricing versus peers, partially offset by higher fixed annuity sales due to more competitive pricing versus peers and higher interest rates. For the six-month period ended June 30, 2022, Premiums and deposits increased $150 million compared to the same period in the prior year, primarily driven by improved fixed annuity sales, partially offset by lower variable annuity sales. Net flows improved in the three- and six-month periods ended June 30, 2022 compared to the same periods in the prior year primarily due to higher fixed annuity sales, as well as lower annuity surrenders and withdrawals and no retail mutual fund net flows due to the sale and liquidation of the Retail Mutual Fund business in the third quarter of 2021 compared to outflows in the same periods in the prior year.

Adjusted pre-tax income decreased $413 million and $561 million in the three- and six-month periods ended June 30, 2022, respectively, compared to the same periods in the prior year primarily due to lower net investment income ($183 million and $268 million). In addition, decreases in the equity markets and increases in interest rates resulted in lower variable annuity separate account assets that contributed to the acceleration of DAC amortization and higher policyholder benefits net of premiums ($164 million and $201 million) compared to the same periods in the prior year, and lower policy and advisory fee income, net of advisory fee expenses ($54 million and $76 million).

Individual Retirement Adjusted Pre-Tax Income (Loss)
Three Months Ended June 30,
(in millions)

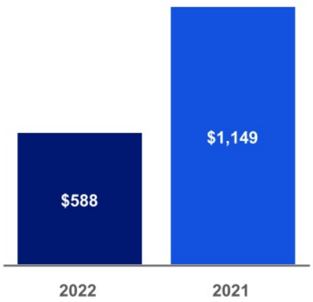


Quarterly 2022 and 2021 Comparison

Adjusted pre-tax income decreased $413 million primarily due to:

- lower net investment income ($183 million) primarily driven by lower yield enhancement income ($78 million) primarily due to lower call and tender income, as well as higher losses on securities for which the fair value option was elected, lower alternative investment income ($95 million) and lower base portfolio income ($10 million) driven by decreased reinvestment rates;
- higher DAC amortization and policyholder benefits net of premiums ($164 million) primarily due to lower variable annuity separate account returns; and
- lower policy and advisory fee income, net of advisory fee expenses ($54 million), primarily due to a decrease in variable annuity separate account assets driven by negative equity market performance.

Individual Retirement Adjusted Pre-Tax Income (Loss)
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

Adjusted pre-tax income decreased $561 million primarily due to:

- lower net investment income ($268 million) primarily driven by lower yield enhancement income ($139 million) primarily due to lower call and tender income, as well as higher losses on securities for which the fair value option was elected, lower alternative investment income ($108 million) and lower base portfolio income ($21 million) driven by decreased reinvestment rates;
- higher DAC amortization and policyholder benefits net of premiums ($201 million) primarily due to lower variable annuity separate account returns; and
- lower policy and advisory fee income, net of advisory fee expenses ($76 million), primarily due to a decrease in variable annuity separate account assets driven by negative equity market performance.

INDIVIDUAL 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 in Individual Retirement represent premiums and deposits less death, surrender and other withdrawal benefits. Net flows for mutual funds represent deposits less withdrawals.

The following table presents a reconciliation of Individual Retirement GAAP premiums to premiums and deposits:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Premiums	**$ 57**	$ 32	**$ 112**	$ 57
Deposits	**3,566**	3,949	**7,396**	7,298
Other	**(3)**	(3)	**(7)**	(4)
Premiums and deposits	**$ 3,620**	$ 3,978	**$ 7,501**	$ 7,351

The following table presents surrenders as a percentage of average reserves:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Surrenders as a percentage of average reserves				
Fixed annuities	**7.9 %**	8.0 %	**7.3 %**	7.5 %
Variable annuities	**6.3**	7.3	**6.4**	7.1
Fixed index annuities	**4.0**	4.6	**4.0**	4.7

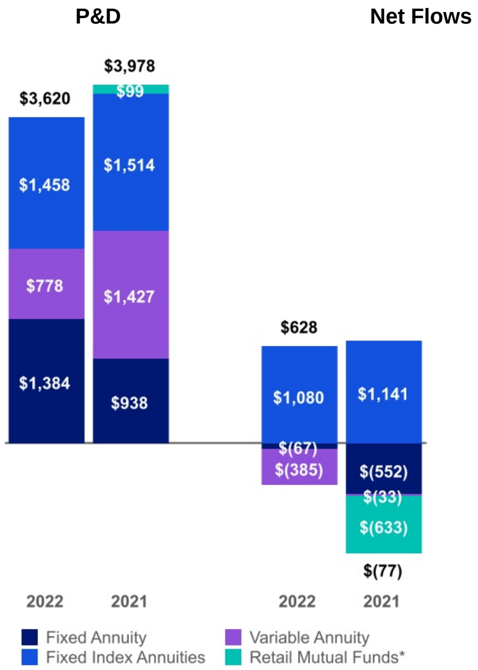
The following table presents reserves for fixed annuities and variable and fixed index annuities by surrender charge category:

	June 30, 2022			December 31, 2021		
(in millions)	Fixed Annuities	Fixed Index Annuities	Variable Annuities	Fixed Annuities	Fixed Index Annuities	Variable Annuities
No surrender charge	**$ 25,620**	**$ 1,810**	**$ 28,085**	$ 26,419	$ 2,009	$ 34,030
Greater than 0% - 2%	**2,464**	**1,490**	**8,209**	2,091	1,681	10,926
Greater than 2% - 4%	**2,140**	**3,634**	**6,056**	2,424	4,195	9,884
Greater than 4%	**17,690**	**23,876**	**12,847**	16,443	22,489	13,219
Non-surrenderable	**2,386**	**—**	**—**	2,373	—	—
Total reserves	**$ 50,300**	**$ 30,810**	**$ 55,197**	$ 49,750	$ 30,374	$ 68,059

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 reserves subject to surrender charge at June 30, 2022 increased compared to December 31, 2021 primarily due to growth in business. The increase in the proportion of reserves with no surrender charge for variable annuities as of June 30, 2022 compared to December 31, 2021 was principally due to normal aging of business.

A discussion of the significant variances in premiums and deposits and net flows for each product line follows:

Individual Retirement Premiums and Deposits (P&D) and Net Flows
Three Months Ended June 30,
(in millions)



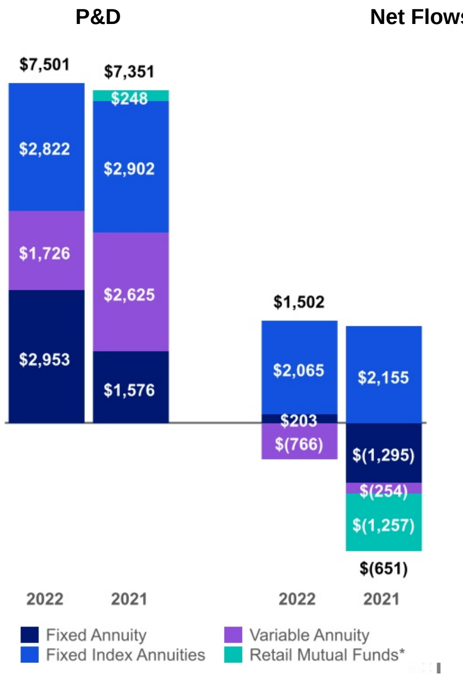
* In 2021, Retail Mutual Fund premiums and deposits and net flows reflects customer activity of the funds that were transferred or liquidated in the third quarter of 2021.

Quarterly 2022 and 2021 Comparison

- **Fixed Annuities** Net outflows decreased ($485 million) over the prior year, primarily due to higher premiums and deposits ($446 million) due to more competitive pricing versus peers and higher interest rates, lower surrenders, withdrawals and death benefits ($39 million).
- **Variable Annuities** Net flows deteriorated ($352 million) primarily due to lower premium and deposits ($649 million) due to market volatility and less competitive pricing versus peers, partially offset by lower surrenders and withdrawals ($268 million) and lower death benefits ($29 million).
- **Fixed Index Annuities** Net flows decreased ($61 million) primarily due to lower premiums and deposits ($56 million) and higher death benefits ($11 million), partially offset by lower surrenders and withdrawals ($6 million).
- **Retail Mutual Funds** There were no flows in 2022 due to the Touchstone sale in the third quarter of 2021.

For additional information regarding the sale of certain assets of the AIG Life and Retirement Retail Mutual Funds business, see Note 1 to the Condensed Consolidated Financial Statements.

Individual Retirement Premiums and Deposits (P&D) and Net Flows
Six Months Ended June 30,
(in millions)



* In 2021, Retail Mutual Fund premiums and deposits and net flows reflects customer activity of the funds that were transferred or liquidated in the third quarter of 2021.

Year-to-Date 2022 and 2021 Comparison

- **Fixed Annuities** Net flows turned positive and improved ($1.5 billion) over the prior year, primarily due to higher premiums and deposits ($1.4 billion) due to more competitive pricing versus peers and higher interest rates, lower surrenders and withdrawals ($56 million) and lower death benefits ($65 million).

- **Variable Annuities** Net flows deteriorated ($512 million) primarily due to lower premium and deposits ($899 million), due to market volatility and less competitive pricing versus peers, partially offset by lower surrenders and withdrawals ($344 million) and lower death benefits ($43 million).
- **Fixed Index Annuities** Net flows decreased ($90 million) primarily due to lower premiums and deposits ($80 million) and higher death benefits ($20 million), partially offset by lower surrenders and withdrawals ($10 million).

- **Retail Mutual Funds** There were no flows in 2022 due to the Touchstone sale in the second quarter of 2021.

For additional information regarding the sale of certain assets of the AIG Life and Retirement Retail Mutual Funds business, see Note 1 to the Condensed Consolidated Financial Statements.

GROUP RETIREMENT RESULTS

(in millions)	Three Months Ended June 30, 2022	2021	Percentage Change	Six Months Ended June 30, 2022	2021	Percentage Change
Adjusted revenues:						
Premiums	$ 5	$ 4	25 %	$ 13	$ 8	63 %
Policy fees	114	130	(12)	238	254	(6)
Net investment income	490	605	(19)	1,017	1205	(16)
Advisory fee and other income	73	81	(10)	158	159	(1)
Total adjusted revenues	682	820	(17)	1,426	1626	(12)
Benefits and expenses:						
Policyholder benefits and losses incurred	27	8	238	54	26	108
Interest credited to policyholder account balances	286	287	—	567	570	(1)
Amortization of deferred policy acquisition costs	33	13	154	63	29	117
Non deferrable insurance commissions	30	18	67	58	47	23
Advisory fee expenses	30	31	(3)	64	62	3
General operating expenses	111	106	5	228	219	4
Interest expense	1	10	(90)	3	19	(84)
Total benefits, losses and expenses	518	473	10	1,037	972	7
Adjusted pre-tax income	$ 164	$ 347	(53) %	$ 389	$ 654	(41) %
Base net investment spread:						
Base yield*	3.92 %	4.17 %	(25) bps	3.90 %	4.14 %	(24) bps
Cost of funds	2.58	2.61	(3)	2.58	2.61	(3)
Base net investment spread	1.34 %	1.56 %	(22) bps	1.32 %	1.53 %	(21) bps

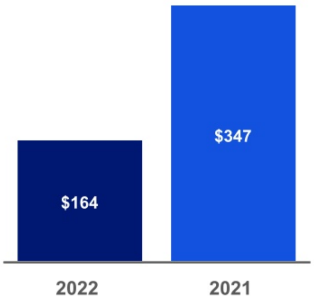
* Includes returns from base portfolio including accretion and income (loss) from certain other invested assets.

Business and Financial Highlights

Group Retirement is focused on implementing initiatives to grow its business. Premiums and deposits decreased $483 million and $413 million in the three- and six-month periods ended June 30, 2022 compared to the same periods in the prior year. Net flows deteriorated by $319 million and $245 million in the three- and six-month periods ended June 30, 2022 compared to the same periods in 2021.

Adjusted pre-tax income decreased $183 million and $265 million in the three- and six-month periods ended June 30, 2022 compared to the same periods in the prior year primarily due to lower net investment income ($115 million and $188 million) and higher DAC amortization and policyholder benefits, net of premiums mostly due to lower equity market performance ($38 million and $57 million).

Group Retirement Adjusted Pre-Tax Income (Loss)
Three Months Ended June 30,
(in millions)

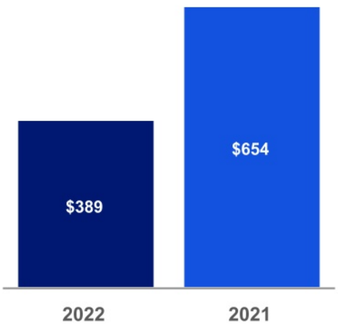


Quarterly 2022 and 2021 Comparison

Adjusted pre-tax income decreased $183 million primarily due to:

- lower net investment income, net of interest credited ($112 million) primarily driven by lower alternative investment income ($49 million), lower yield enhancement income ($38 million) primarily due to lower call and tender income and lower base portfolio income net of interest credited ($25 million).
- higher DAC amortization and policyholder benefits, net of premiums mostly due to lower equity market performance ($38 million).
- lower policy and advisory fee income, net of advisory fee expenses of ($23 million) due to lower fee based assets under administration as a result of lower equity market performance.

Group Retirement Adjusted Pre-Tax Income (Loss)
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

Adjusted pre-tax income decreased $265 million primarily due to:

- lower net investment income, net of interest credited ($183 million) primarily driven by lower yield enhancement income ($83 million) primarily due to lower call and tender income, lower alternative investment income ($55 million) and lower base portfolio income net of interest credited ($45 million).
- higher DAC amortization and policyholder benefits, net of premiums mostly due to lower equity market performance ($57 million).
- lower policy and advisory fee income, net of advisory fee expenses of $(19) million due to lower fee based assets under administration as a result of lower equity market performance.

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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Premiums	**$ 5**	$ 4	**$ 13**	$ 8
Deposits	**1,767**	2,251	**3,647**	4,065
Premiums and deposits[(a)]	**$ 1,772**	$ 2,255	**$ 3,660**	$ 4,073

(a) Excludes client deposits into advisory and brokerage accounts of $1.2 billion and $1.2 billion for the six months ended June 30, 2022 and 2021, respectively.

The following table presents Group Retirement surrenders as a percentage of average reserves and mutual funds under administration:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	**2022**	2021
Surrenders as a percentage of average reserves and mutual funds	**7.7 %**	7.9 %	**8.2 %**	8.4 %

The following table presents reserves for Group Retirement annuities by surrender charge category:

(in millions)	**June 30, 2022 (a)**	December 31, 2021 (a)
No surrender charge(b)	**$ 71,176**	$ 81,132
Greater than 0% - 2%	**569**	716
Greater than 2% - 4%	**402**	857
Greater than 4%	**6,214**	6,197
Non-surrenderable	**756**	810
Total reserves	**$ 79,117**	$ 89,712

(a) Excludes mutual fund assets under administration of $23.4 billion and $28.8 billion at June 30, 2022 and December 31, 2021, respectively.

(b) Group Retirement amounts in this category include general account reserves of approximately $4.6 billion and $4.7 billion at June 30, 2022 and December 31, 2021, respectively, which are subject to 20 percent annual withdrawal limitations at the participant level and general account reserves of $5.8 billion and $5.7 billion at June 30, 2022 and December 31, 2021, respectively, which are subject to 20 percent annual withdrawal limitations at the plan level.

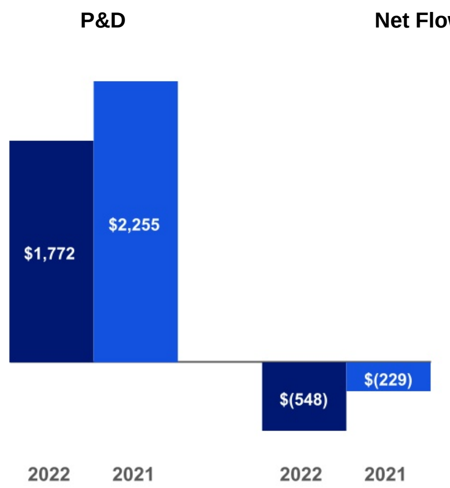
Group Retirement annuity deposits are typically subject to a five- to seven-year surrender charge period, depending on the product. At June 30, 2022, Group Retirement annuity reserves with no surrender charge decreased compared to December 31, 2021 primarily due to decline in assets under management from lower equity markets.

A discussion of the significant variances in premiums and deposits and net flows follows:

Group Retirement Premiums and Deposits and Net Flows

Three Months Ended June 30,

(in millions)



Quarterly 2022 and 2021 Comparison

Net flows deteriorated ($319 million) due to lower premiums and deposits ($483 million) partially offset by lower surrenders and withdrawals of $189 million. In general, net outflows are concentrated in fixed annuity products with higher contractual guaranteed minimum crediting rates. Large plan acquisitions and surrenders contributes period-to-period volatility and resulted in lower net flows of $0.5 billion compared to the same period in the prior year.

Group Retirement Premiums and Deposits and Net Flows
Six Months Ended June 30,
(in millions)

Year-to-Date 2022 and 2021 Comparison

Net flows deteriorated ($245 million) due to lower premiums and deposits ($413 million) partially offset by lower surrenders and withdrawals of ($200 million). In general, net outflows are concentrated in fixed annuity products with higher contractual guaranteed minimum crediting rates. Large plan acquisitions and surrenders resulted in lower net flows of $0.3 billion compared to the same period in the prior year.

LIFE INSURANCE RESULTS

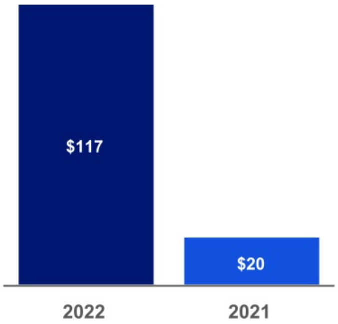
(in millions)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Percentage Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Percentage Change
Adjusted revenues:						
Premiums	$ 561	$ 532	5 %	$ 1,100	$ 1,064	3 %
Policy fees	370	355	4	738	735	—
Net investment income	352	394	(11)	708	801	(12)
Other income	16	14	14	40	28	43
Total adjusted revenues	1,299	1,295	—	2,586	2,628	(2)
Benefits and expenses:						
Policyholder benefits and losses incurred	828	950	(13)	1,766	1,954	(10)
Interest credited to policyholder account balances	87	89	(2)	172	177	(3)
Amortization of deferred policy acquisition costs	64	45	42	136	120	13
Non deferrable insurance commissions	43	33	30	77	66	17
General operating expenses	159	152	5	325	318	2
Interest expense	1	6	(83)	2	13	(85)
Total benefits, losses and expenses	1,182	1,275	(7)	2,478	2,648	(6)
Adjusted pre-tax income (loss)	$ 117	$ 20	485 %	$ 108	$ (20)	NM %

Business and Financial Highlights

Life Insurance is focused on selling profitable new products through strategic channels to enhance future returns. Premiums and deposits, excluding the effect of foreign exchange, increased $29 million and $77 million in the three- and six-month periods ended June 30, 2022, respectively, compared to the same periods in the prior year primarily due to growth in international life premiums.

Adjusted pre-tax income increased $97 million and $128 million in the three- and six-month periods ended June 30, 2022, respectively, compared to the same periods in the prior year primarily due to favorable premiums and policy fees, net of policyholder benefits ($166 million and $227 million), partially offset by lower net investment income.

Life Insurance Adjusted Pre-Tax Income (Loss)
Three Months Ended June 30,
(in millions)



Quarterly 2022 and 2021 Comparison

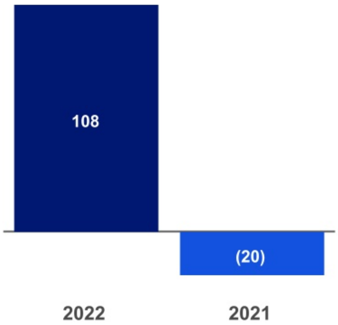
Adjusted pre-tax income increased $97 million primarily due to:

- higher premiums and policy fees, net of policyholder benefits ($166 million) primarily due to lower mortality.

Partially offsetting this increase was:

- lower net investment income ($42 million), primarily driven by lower yield enhancement income ($28 million) primarily due to lower equity partnership performance and lower base portfolio income ($14 million).

Life Insurance Adjusted Pre-Tax Income (Loss)
Six Months Ended June 30,



Year-to-Date 2022 and 2021 Comparison

Adjusted pre-tax income increased $128 million primarily due to:

- higher premiums and policy fees, net of policyholder benefits ($227 million) primarily due to lower mortality.

Partially offsetting this increase was:

- lower net investment income ($93 million), primarily driven by lower yield enhancement income ($71 million) primarily due to lower equity partnership performance and lower base portfolio income ($22 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 $53 million and $69 million in the three- and six-month periods ended June 30, 2022, respectively, compared to the same periods in the prior year. 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.

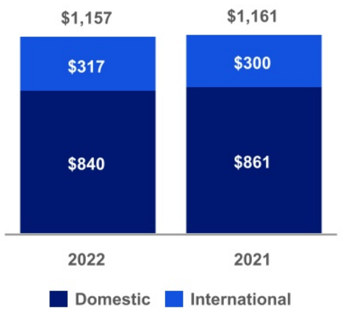
The following table presents a reconciliation of Life Insurance GAAP premiums to premiums and deposits:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2022	2021	2022	2021
Premiums	$ 561	$ 532	$ 1,100	$ 1,064
Deposits	388	409	785	806
Other*	208	220	441	422
Premiums and deposits	$ 1,157	$ 1,161	$ 2,326	$ 2,292

* Other principally consists of adding back ceded premiums to reflect the gross premiums and deposits.

A discussion of the significant variances in premiums and deposits follows:

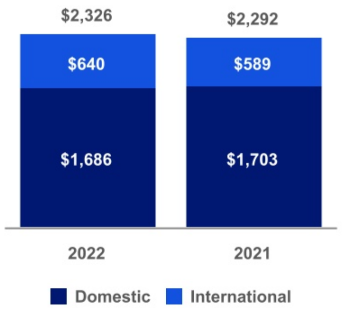
Life Insurance Premiums and Deposits
Three Months Ended June 30,
(in millions)



Quarterly 2022 and 2021 Comparison

Premiums and deposits, excluding the effect of foreign exchange, increased $29 million primarily due to growth in international life premiums.

Life Insurance Premiums and Deposits
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

Premiums and deposits, excluding the effect of foreign exchange, increased $77 million primarily due to growth in international life premiums.

INSTITUTIONAL MARKETS RESULTS

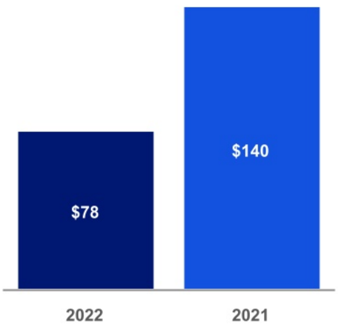
(in millions)	Three Months Ended June 30, 2022	2021	Percentage Change	Six Months Ended June 30, 2022	2021	Percentage Change
Adjusted revenues:						
Premiums	$ 496	$ 1,077	(54) %	$ 734	$ 1,116	(34) %
Policy fees	49	46	7	96	93	3
Net investment income	241	288	(16)	504	566	(11)
Other income	—	1	NM	1	1	—
Total adjusted revenues	786	1,412	(44)	1,335	1,776	(25)
Benefits and expenses:						
Policyholder benefits and losses incurred	609	1,170	(48)	948	1,289	(26)
Interest credited to policyholder account balances	71	73	(3)	130	146	(11)
Amortization of deferred policy acquisition costs	2	2	—	3	3	—
Non deferrable insurance commissions	7	6	17	14	13	8
General operating expenses	18	18	—	37	38	(3)
Interest expense	1	3	(67)	1	5	(80)
Total benefits, losses and expenses	708	1,272	(44)	1,133	1,494	(24)
Adjusted pre-tax income	$ 78	$ 140	(44) %	$ 202	$ 282	(28) %

Business and Financial Highlights

Institutional Markets is focused on opportunities to grow its portfolio while maintaining pricing discipline. Product distribution continues to be strong. Premiums and deposits decreased $1.1 billion and $844 million in the three- and six-month periods ended June 30, 2022, respectively, compared to the same periods in the prior year primarily due to lower premiums on new pension risk transfer business and lower deposits on GICs driven by the opportunistic nature of these businesses.

Adjusted pre-tax income decreased $62 million and $80 million in the three- and six-month periods ended June 30, 2022 compared to the same periods in the prior year primarily due to lower net investment income ($47 million and $62 million) driven by lower private equity returns and call and tender income.

Institutional Markets Adjusted Pre-Tax Income (Loss)
Three Months Ended June 30,
(in millions)



Quarterly 2022 and 2021 Comparison

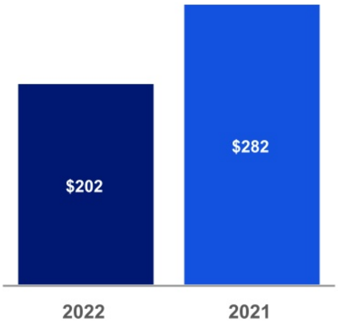
Adjusted pre-tax income decreased $62 million primarily due to:

- lower premiums primarily on new pension risk transfer business ($581 million); and
- lower net investment income ($47 million) primarily due to lower private equity returns and call and tender income.

Partially offsetting these decreases were:

- a decrease in policyholder benefits and losses incurred (including interest accretion) primarily on new pension risk transfer business ($561 million).

Institutional Markets Adjusted Pre-Tax Income (Loss)
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

Adjusted pre-tax income decreased $80 million primarily due to:

- lower premiums primarily on new pension risk transfer business ($382 million); and
- lower net investment income ($62 million) primarily due to lower private equity returns and call and tender income.

Partially offsetting these decreases were:

- a decrease in policyholder benefits and losses incurred (including interest accretion) primarily on new pension risk transfer business ($341 million); and
- lower interest credited to policyholder account balances ($16 million), primarily related to the GIC business.

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 decreased $581 million and $382 million in the three- and six-month periods ended June 30, 2022, respectively, compared to the same period in the prior year primarily driven by the opportunistic 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.

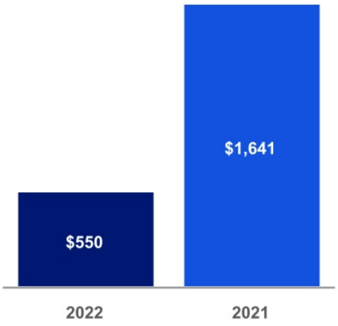
The following table presents a reconciliation of Institutional Markets GAAP premiums to premiums and deposits:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Premiums	**$ 496**	$ 1,077	**$ 734**	$ 1,116
Deposits	**46**	559	**128**	593
Other*	**8**	5	**15**	12
Premiums and deposits	**$ 550**	$ 1,641	**$ 877**	$ 1,721

* Other principally consists of adding back ceded premiums to reflect the gross premiums and deposits.

A discussion of the significant variances in premiums and deposits follows:

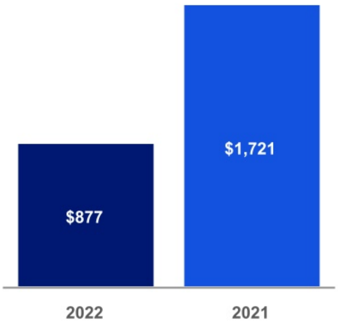
Institutional Markets Premiums and Deposits
Three Months Ended June 30,
(in millions)



Quarterly 2022 and 2021 Comparison

Premiums and deposits decreased ($1.1 billion) primarily due to lower premiums on new pension risk transfer business and lower deposits on GICs driven by the opportunistic nature of these businesses.

Institutional Markets Premiums and Deposits
Six Months Ended June 30,
(in millions)



Year-to-Date 2022 and 2021 Comparison

Premiums and deposits decreased ($844 million) primarily due to lower premiums on new pension risk transfer business and lower deposits on GICs driven by the opportunistic nature of these businesses, partially offset by increased deposits on structured settlement annuities.

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 June 30, 2022	Three Months Ended June 30, 2021	Percentage Change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Percentage Change
Adjusted revenues:						
Premiums	$ 20	$ 54	(63) %	$ 50	$ 106	(53) %
Policy fees	—	—	NM	—	—	NM
Net investment income:						
Interest and dividends	97	45	116	160	95	68
Alternative investments	167	118	42	436	325	34
Other investment income (loss)	(62)	45	NM	(147)	43	NM
Investment expenses	(4)	(8)	50	(13)	(14)	7
Total net investment income	198	200	(1)	436	449	(3)
Other income	(11)	5	NM	15	28	(46)
Total adjusted revenues	207	259	(20)	501	583	(14)
Benefits, losses and expenses:						
Policyholder benefits and losses incurred	6	96	(94)	23	162	(86)
Interest credited to policyholder account balances	—	—	NM	—	—	NM
Acquisition expenses:						
Amortization of deferred policy acquisition costs	2	11	(82)	5	21	(76)
Other acquisition expenses	(2)	(1)	(100)	(2)	(1)	(100)
Total acquisition expenses	—	10	NM	3	20	(85)
General operating expenses:						
Corporate and Other	245	319	(23)	510	560	(9)
Asset Management	8	13	(38)	30	48	(38)
Amortization of intangible assets	10	10	—	20	20	—
Total General operating expenses	263	342	(23)	560	628	(11)
Interest expense:						
Corporate and Other	216	265	(18)	444	537	(17)
Asset Management*	53	62	(15)	90	106	(15)
Total interest expense	269	327	(18)	534	643	(17)
Total benefits, losses and expenses	538	775	(31)	1,120	1,453	(23)
Adjusted pre-tax loss before consolidation and eliminations	(331)	(516)	36	(619)	(870)	29
Consolidation and eliminations	(130)	(94)	(38)	(263)	(270)	3
Adjusted pre-tax loss	$ (461)	$ (610)	24 %	$ (882)	$ (1,140)	23 %
Adjusted pre-tax income (loss) by activities:						
Corporate and Other	$ (494)	$ (617)	20 %	$ (1,041)	(1,169)	11 %
Asset Management	163	101	61	422	299	41
Consolidation and eliminations	(130)	(94)	(38)	(263)	(270)	3
Adjusted pre-tax loss	$ (461)	$ (610)	24 %	$ (882)	$ (1,140)	23 %

* Interest – Asset Management primarily represents interest expense on consolidated investment entities of $51 million and $61 million in the three-month periods ended June 30, 2022 and 2021, respectively, and $87 million and $102 million in the six-month periods ended June 30, 2022 and 2021, respectively.

QUARTERLY 2022 AND 2021 COMPARISON

Adjusted pre-tax loss before consolidation and eliminations of $331 million in 2022 compared to $516 million in 2021, decreased $185 million, was primarily due to:

- lower underwriting loss attributable to decreased catastrophe losses and absence of unfavorable prior year development ($71 million in 2021) within Other Operations Run-Off, primarily Blackboard U.S. Holdings, Inc.;
- lower corporate and other general operating expenses primarily driven by decreases in employment costs ($105 million) partially offset by higher informational technology professional fees ($28 million);
- lower corporate interest expense primarily driven by interest savings of $74 million from $7.6 billion debt repurchases, through cash tender offers, and debt redemption in the six months ended June 30, 2022 as well as $646 million debt repurchases, through cash tender offers in the three months ended December 31, 2021 compared to interest savings of $19 million resulting from redemptions of $1.5 billion of debt in the three months ended June 30, 2021, partially offset by interest expense of $61 million on $6.5 billion Corebridge senior unsecured notes issued in the six months ended June 30, 2022; and
- lower net investment income driven by an increase in mark to market losses on CDO securities of $133 million, partially offset by higher income associated consolidated investment entities of $72 million, lower gains on fair value option assets and liabilities of $37 million, and higher income on structured securities on AIG Parent portfolio of $32 million.

Adjusted pre-tax loss on consolidation and eliminations of $130 million in 2022 compared to $94 million in 2021, an increase of $36 million, was primarily due to the elimination of the insurance companies' net investment income from their investment in the consolidated investment entities of $30 million.

YEAR-TO-DATE 2022 AND 2021 COMPARISON

Adjusted pre-tax loss before consolidation and eliminations of $619 million in 2022 compared to $870 million in 2021, decreased $251 million, was primarily due to:

- lower underwriting loss attributable to decreased catastrophe losses and absence of unfavorable prior year development ($107 million in 2021) within Other Operations Run-Off, primarily Blackboard U.S. Holdings, Inc.;
- lower corporate interest expense primarily driven by interest savings of $89 million from $7.6 billion debt repurchases, through cash tender offers, and debt redemption in the six months ended June 30, 2022 as well as $646 million debt repurchases, through cash tender offers in the three months ended December 31, 2021 compared to interest savings of $42 million resulting from redemptions of $3.0 billion of debt in the six months ended in June 30, 2021, partially offset by interest expense of $61 million on $6.5 billion Corebridge senior unsecured notes issued in the six months ended June 30, 2022;
- lower corporate and other general operating expenses primarily driven by decreases in employment costs ($176 million) partially offset by higher informational technology professional fees ($45 million); and
- lower net investment income driven by an increase in mark to market losses on CDO securities of $209 million, partially offset by higher income associated consolidated investment entities of $101 million, lower income associated with equity investments of $55 million and higher income on structured securities on AIG Parent portfolio of $32 million.

Adjusted pre-tax loss on consolidation and eliminations of $263 million in 2022 compared to $270 million in 2021, a decrease of $7 million, was primarily due to the elimination of the insurance companies' net investment income from their investment in the consolidated investment entities of $20 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 increases in interest rates by the Board of Governors of the Federal Reserve System in several years. 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.

INVESTMENT HIGHLIGHTS IN THE SIX MONTHS ENDED JUNE 30, 2022

- A significant rise in interest rates and widening of credit spreads resulted in net unrealized losses in our available for sale fixed security portfolio of $17.9 billion during the second quarter of 2022. Our Net unrealized gain of $18.1 billion as of December 31, 2021 decreased to a net unrealized loss of $20.0 billion on our available for sale portfolio as of June 30, 2022.
- We continued to make investments in structured securities and other fixed maturity securities with favorable risk compared to return characteristics to improve yields and increase net investment income.
- We experienced a decrease in net investment income in the six-month period ended June 30, 2022 compared to the same period in the prior year due primarily to higher losses on assets for which we elected fair value option, losses in our hedge funds versus gains in the prior year, and lower income in our available for sale fixed security portfolio primarily driven by lower call income and yield compression, which more than offset higher income in our private equity portfolio.
- Blended investment yields on new investments are higher than blended rates on investments that were sold, matured or called.

INVESTMENT STRATEGIES

Investment strategies are assessed at the segment level and involve considerations that include local and general market conditions, duration and cash flow management, risk appetite and volatility constraints, rating agency and regulatory capital considerations, and tax and legal investment limitations.

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.
- AIG embeds Environmental, Social and Governance (ESG) considerations in its fundamental investment analysis of the companies or projects we invest in to ensure that they have sustainable earnings over the full term of our investment. This analysis is performed where ESG considerations are relevant or material to a particular investment. AIG considers internal and external factors and evaluates changes in consumer behavior, industry trends related to ESG factors as well as the ability of the management of companies to respond appropriately to these changes in order to maintain their competitive advantage.
- We seek to originate 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 have access to assets that provide diversification from 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 assets 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, short-term investments and publicly traded, investment grade rated fixed maturity securities that can be readily monetized through sales or repurchase agreements. 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 by mainly 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 with more emphasis given to private equity, real estate and below investment grade credit.
- Outside of the U.S., fixed maturity securities held by insurance companies consist primarily of investment-grade securities generally denominated in the currencies of the countries in which we operate.

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 4.0 years. Fixed maturity securities of the General Insurance companies’ International operations have an average duration of 3.7 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 is invested in a diversified portfolio of alternative investments that seek to balance liquidity, volatility and growth of surplus. There is a higher allocation to equity-oriented investments in General Insurance surplus relative to other AIG portfolios given the underlying inflation risks inherent in that business. 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 7.8 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.

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, 2022 *(in millions)* NAIC Designation	1	2	Total Investment Grade	3	4	5	6	Total Below Investment Grade	Total
Other fixed maturity securities	$ 93,390	$ 70,673	$ 164,063	$ 7,386	$ 7,938	$ 976	$ 228	$ 16,528	$ 180,591
Mortgage-backed, asset-backed and collateralized	50,719	6,707	57,426	193	81	240	1,076	1,590	59,016
Total*	$ 144,109	$ 77,380	$ 221,489	$ 7,579	$ 8,019	$ 1,216	$ 1,304	$ 18,118	$ 239,607

* Excludes $26 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, 2022 *(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	$ 96,408	$ 67,183	$ 163,591	$ 7,593	$ 6,876	$ 2,531	$ 17,000	$ 180,591
Mortgage-backed, asset-backed and collateralized	44,095	7,196	51,291	506	409	6,810	7,725	59,016
Total*	$ 140,503	$ 74,379	$ 214,882	$ 8,099	$ 7,285	$ 9,341	$ 24,725	$ 239,607

* Excludes $26 million of fixed maturity securities for which no NAIC Designation is available.

CREDIT RATINGS

At June 30, 2022, approximately 87 percent of our fixed maturity securities were held by our domestic entities. Approximately 89 percent of these securities were rated investment grade by one or more of the principal rating agencies. Our investment decision process relies primarily on internally generated fundamental analysis and internal risk ratings. Third-party rating services' ratings and opinions provide one source of independent perspective for consideration in the internal analysis.

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 department closely reviews the credit quality of the foreign portfolio's non-rated fixed maturity securities. At June 30, 2022, approximately 94 percent of such investments were either rated investment grade or, on the basis of our internal analysis, were equivalent from a credit standpoint to securities rated investment grade. Approximately 27 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 (98 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 2021 Annual Report.

The following table presents the composite AIG credit ratings of our fixed maturity securities calculated on the basis of their fair value:

	Available for Sale		Other		Total	
(in millions)	**June 30, 2022**	December 31, 2021	**June 30, 2022**	December 31, 2021	**June 30, 2022**	December 31, 2021
Rating:						
Other fixed maturity securities						
AAA	**$ 14,873**	$ 15,578	**$ 1,620**	$ 1,756	**$ 16,493**	$ 17,334
AA	**33,634**	39,110	**576**	282	**34,210**	39,392
A	**45,529**	57,346	**174**	160	**45,703**	57,506
BBB	**66,461**	83,192	**723**	461	**67,184**	83,653
Below investment grade	**15,316**	17,795	**363**	314	**15,679**	18,109
Non-rated	**1,348**	1,638	**—**	—	**1,348**	1,638
Total	**$ 177,161**	$ 214,659	**$ 3,456**	$ 2,973	**$ 180,617**	$ 217,632
Mortgage-backed, asset-backed and collateralized						
AAA	**$ 21,515**	$ 27,144	**$ 204**	$ 232	**$ 21,719**	$ 27,376
AA	**14,729**	15,688	**567**	485	**15,296**	16,173
A	**6,824**	6,685	**257**	197	**7,081**	6,882
BBB	**6,237**	5,492	**959**	725	**7,196**	6,217
Below investment grade	**6,171**	7,508	**1,165**	1,462	**7,336**	8,970
Non-rated	**98**	26	**290**	204	**388**	230
Total	**$ 55,574**	$ 62,543	**$ 3,442**	$ 3,305	**$ 59,016**	$ 65,848
Total						
AAA	**$ 36,388**	$ 42,722	**$ 1,824**	$ 1,988	**$ 38,212**	$ 44,710
AA	**48,363**	54,798	**1,143**	767	**49,506**	55,565
A	**52,353**	64,031	**431**	357	**52,784**	64,388
BBB	**72,698**	88,684	**1,682**	1,186	**74,380**	89,870
Below investment grade	**21,487**	25,303	**1,528**	1,776	**23,015**	27,079
Non-rated	**1,446**	1,664	**290**	204	**1,736**	1,868
Total	**$ 232,735**	$ 277,202	**$ 6,898**	$ 6,278	**$ 239,633**	$ 283,480

Available-for-Sale Investments

The following table presents the fair value of our available-for-sale securities:

(in millions)	**June 30, 2022**	December 31, 2021
Bonds available for sale:		
U.S. government and government sponsored entities	**$ 8,146**	$ 8,194
Obligations of states, municipalities and political subdivisions	**12,600**	14,527
Non-U.S. governments	**13,674**	16,330
Corporate debt	**142,741**	175,608
Mortgage-backed, asset-backed and collateralized:		
RMBS	**20,173**	27,287
CMBS	**14,887**	15,809
CDO/ABS	**20,514**	19,447
Total mortgage-backed, asset-backed and collateralized	**55,574**	62,543
Total bonds available for sale*	**$ 232,735**	$ 277,202

* At June 30, 2022 and December 31, 2021, the fair value of bonds available for sale held by us that were below investment grade or not rated totaled $22.9 billion and $27.0 billion, respectively.

The following table presents the fair value of our aggregate credit exposures to non-U.S. governments for our fixed maturity securities:

(in millions)	June 30, 2022	December 31, 2021
Canada	$ 1,220	$ 1,233
Japan	997	1,230
Germany	840	702
France	672	731
United Kingdom	563	1,031
Indonesia	510	634
Chile	406	511
United Arab Emirates	390	484
Israel	374	515
Qatar	366	438
Other	7,412	8,897
Total	$ 13,750	$ 16,406

The following table presents the fair value of our aggregate European credit exposures by major sector for our fixed maturity securities:

	June 30, 2022					
(in millions)	Sovereign	Financial Institution	Non-Financial Corporates	Structured Products	Total	December 31, 2021 Total
Euro-Zone countries:						
Germany	$ 840	$ 238	$ 2,144	$ —	$ 3,222	$ 3,610
France	672	1,361	1,093	—	3,126	3,870
Netherlands	225	861	1,051	36	2,173	2,652
Ireland	9	76	401	1,206	1,692	1,958
Belgium	67	293	943	40	1,343	1,620
Luxembourg	18	642	348	—	1,008	880
Spain	5	310	429	—	744	888
Italy	19	85	408	—	512	636
Denmark	229	80	137	—	446	518
Finland	33	32	39	—	104	150
Other Euro-Zone	262	2	26	—	290	379
Total Euro-Zone	$ 2,379	$ 3,980	$ 7,019	$ 1,282	$ 14,660	$ 17,161
Remainder of Europe:						
United Kingdom	$ 563	$ 3,643	$ 7,403	$ 962	$ 12,571	$ 16,908
Switzerland	23	787	764	—	1,574	1,884
Norway	279	126	230	—	635	797
Sweden	147	196	103	—	446	537
Jersey (Channel Islands)	4	137	34	—	175	225
Russian Federation	22	1	36	—	59	359
Other - Remainder of Europe	55	29	79	—	163	261
Total - Remainder of Europe	$ 1,093	$ 4,919	$ 8,649	$ 962	$ 15,623	$ 20,971
Total	$ 3,472	$ 8,899	$ 15,668	$ 2,244	$ 30,283	$ 38,132

Investments in Municipal Bonds

At June 30, 2022, the U.S. municipal bond portfolio was composed primarily of essential service revenue bonds and high-quality tax-exempt bonds with 96 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:

	June 30, 2022				December 31, 2021
(in millions)	State General Obligation	Local General Obligation	Revenue	Total Fair Value	Total Fair Value
California	**$ 589**	**$ 391**	**$ 1,687**	**$ 2,667**	$ 3,108
New York	**35**	**185**	**2,074**	**2,294**	2,765
Texas	**35**	**481**	**750**	**1,266**	1,416
Illinois	**74**	**76**	**745**	**895**	1,009
Massachusetts	**253**	**20**	**296**	**569**	666
Georgia	**94**	**59**	**233**	**386**	474
Pennsylvania	**60**	**2**	**314**	**376**	397
Florida	**5**	**—**	**364**	**369**	403
Ohio	**8**	**—**	**359**	**367**	488
Washington	**122**	**6**	**203**	**331**	359
New Jersey	**10**	**3**	**305**	**318**	282
Virginia	**9**	**—**	**295**	**304**	380
Washington, D.C.	**10**	**—**	**246**	**256**	293
All other states[(a)]	**324**	**159**	**1,719**	**2,202**	2,487
Total[(b)(c)]	**$ 1,628**	**$ 1,382**	**$ 9,590**	**$ 12,600**	$ 14,527

(a) We did not have material credit exposure to the government of Puerto Rico.

(b) Excludes certain university and not-for-profit entities that issue their bonds in the corporate debt market. Includes industrial revenue bonds.

(c) Includes $432 million of pre-refunded municipal bonds.

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 *(in millions)*	June 30, 2022	December 31, 2021
Financial institutions:		
Money center/Global bank groups	**$ 8,369**	$ 10,053
Regional banks – other	**385**	434
Life insurance	**2,347**	3,094
Securities firms and other finance companies	**306**	350
Insurance non-life	**5,292**	6,795
Regional banks – North America	**5,785**	7,228
Other financial institutions	**16,469**	18,255
Utilities	**19,616**	24,180
Communications	**9,250**	11,510
Consumer noncyclical	**18,936**	24,411
Capital goods	**7,093**	8,668
Energy	**10,947**	13,506
Consumer cyclical	**11,146**	13,279
Basic	**4,721**	6,041
Other	**22,079**	27,804
Total*	**$ 142,741**	$ 175,608

* At June 30, 2022 and December 31, 2021, approximately 89 percent and 90 percent, respectively, of these investments were rated investment grade.

Our investments in the energy category, as a percentage of total investments in available-for-sale fixed maturities, was 4.7 percent and 4.9 percent, at June 30, 2022 and December 31, 2021, respectively. While the energy investments are primarily investment grade and are actively managed, the category continues to experience volatility that could adversely affect credit quality and fair value.

Investments in RMBS

The following table presents the fair value of AIG's RMBS available for sale securities:

(in millions)		June 30, 2022		December 31, 2021
Agency RMBS	$	8,898	$	13,778
Alt-A RMBS		4,891		5,936
Subprime RMBS		1,974		2,329
Prime non-agency		2,141		3,058
Other housing related		2,269		2,186
Total RMBS[(a)(b)]	$	20,173	$	27,287

(a) Includes approximately $5.0 billion and $6.1 billion at June 30, 2022 and December 31, 2021, respectively, of certain RMBS that had experienced deterioration in credit quality since their origination. *For additional information on Purchased Credit Deteriorated Securities see Note 5 to the Condensed Consolidated Financial Statements.*

(b) The weighted average expected life was six years at June 30, 2022 and five years at December 31, 2021.

Our underwriting practices for investing in RMBS, other asset-backed securities (ABS) and CDOs 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:

(in millions)		June 30, 2022		December 31, 2021
CMBS (traditional)	$	12,549	$	13,091
Agency		1,375		1,627
Other		963		1,091
Total	$	14,887	$	15,809

The fair value of CMBS holdings remained stable during the first six months of 2022. The majority of our investments in CMBS are in tranches that contain substantial protection features through collateral subordination. The majority of CMBS holdings are traditional conduit transactions, broadly diversified across property types and geographical areas.

Investments in ABS/CDOs

The following table presents the fair value of our ABS/CDO available for sale securities by collateral type:

(in millions)		June 30, 2022		December 31, 2021
Collateral Type:				
ABS	$	11,146	$	10,532
Bank loans (collateralized loan obligation)		9,340		8,899
Other		28		16
Total	$	20,514	$	19,447

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, 2022	Less Than or Equal to 20% of Cost[b]			Greater Than 20% to 50% of Cost[b]			Greater Than 50% of Cost[b]			Total		
Aging[a] (dollars in millions)	Cost[c]	Unrealized Loss	Items[e]	Cost[c]	Unrealized Loss	Items[e]	Cost[c]	Unrealized Loss	Items[e]	Cost[c]	Unrealized Loss [d]	Items[e]
Investment grade bonds												
0-6 months	$ 124,636	$ 8,578	17,297	$ 17,539	$ 4,377	1,416	$ 1	$ 1	3	$ 142,176	$ 12,956	18,716
7-11 months	28,454	2,901	5,112	9,771	2,796	1,060	25	15	7	38,250	5,712	6,179
12 months or more	6,644	682	1,681	7,152	2,175	727	4	2	2	13,800	2,859	2,410
Total	$ 159,734	$ 12,161	24,090	$ 34,462	$ 9,348	3,203	$ 30	$ 18	12	$ 194,226	$ 21,527	27,305
Below investment grade bonds												
0-6 months	$ 10,931	$ 712	4,217	$ 667	$ 163	255	$ 30	$ 24	22	$ 11,628	$ 899	4,494
7-11 months	2,618	230	965	745	200	280	12	7	14	3,375	437	1,259
12 months or more	3,069	219	880	672	205	214	85	57	38	3,826	481	1,132
Total	$ 16,618	$ 1,161	6,062	$ 2,084	$ 568	749	$ 127	$ 88	74	$ 18,829	$ 1,817	6,885
Total bonds												
0-6 months	$ 135,567	$ 9,290	21,514	$ 18,206	$ 4,540	1,671	$ 31	$ 25	25	$ 153,804	$ 13,855	23,210
7-11 months	31,072	3,131	6,077	10,516	2,996	1,340	37	22	21	41,625	6,149	7,438
12 months or more	9,713	901	2,561	7,824	2,380	941	89	59	40	17,626	3,340	3,542
Total[e]	$ 176,352	$ 13,322	30,152	$ 36,546	$ 9,916	3,952	$ 157	$ 106	86	$ 213,055	$ 23,344	34,190

(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) The effect on Net income of unrealized losses after taxes will be mitigated upon realization because certain realized losses will result in current decreases in the amortization of certain DAC.

(e) Item count is by CUSIP by subsidiary.

The allowance for credit losses was $7 million for investment grade bonds and $169 million for below investment grade bonds as of June 30, 2022.

Commercial Mortgage Loans

At June 30, 2022, we had direct commercial mortgage loan exposure of $37.2 billion.

The following table presents the commercial mortgage loan exposure by location and class of loan based on amortized cost:

(dollars in millions)	Number of Loans	Class: Apartments	Offices	Retail	Industrial	Hotel	Others	Total	Percent of Total
June 30, 2022									
State:									
New York	**89**	**$ 1,569**	**$ 4,757**	**$ 481**	**$ 431**	**$ 104**	**$ —**	**$ 7,342**	**20 %**
California	**62**	**696**	**1,279**	**234**	**1,302**	**756**	**13**	**4,280**	**11**
New Jersey	**62**	**2,204**	**83**	**436**	**435**	**11**	**32**	**3,201**	**9**
Texas	**47**	**831**	**1,002**	**154**	**186**	**143**	**—**	**2,316**	**6**
Florida	**61**	**560**	**120**	**365**	**213**	**391**	**—**	**1,649**	**4**
Massachusetts	**14**	**567**	**355**	**530**	**23**	**—**	**—**	**1,475**	**4**
Illinois	**23**	**559**	**629**	**3**	**47**	**—**	**21**	**1,259**	**3**
Washington, D.C.	**11**	**474**	**184**	**—**	**—**	**18**	**—**	**676**	**2**
Ohio	**22**	**146**	**10**	**172**	**321**	**—**	**—**	**649**	**2**
Pennsylvania	**19**	**77**	**133**	**275**	**75**	**25**	**—**	**585**	**2**
Other states	**138**	**1,822**	**511**	**922**	**979**	**326**	**—**	**4,560**	**12**
Foreign	**96**	**4,201**	**1,868**	**906**	**1,493**	**418**	**327**	**9,213**	**25**
Total*	**644**	**$ 13,706**	**$ 10,931**	**$ 4,478**	**$ 5,505**	**$ 2,192**	**$ 393**	**$ 37,205**	**100 %**
December 31, 2021									
State:									
New York	94	$ 2,217	$ 4,329	$ 450	$ 438	$ 103	$ —	$ 7,537	21 %
California	62	817	1,293	239	553	761	13	3,676	10
New Jersey	48	2,092	30	462	225	11	33	2,853	8
Texas	49	630	1,133	167	187	144	—	2,261	6
Florida	60	469	152	368	214	281	—	1,484	4
Massachusetts	13	534	290	537	24	—	—	1,385	4
Illinois	24	554	626	9	50	—	21	1,260	5
Pennsylvania	22	78	144	477	76	25	—	800	2
Washington, D.C.	11	455	184	—	—	18	—	657	2
Ohio	25	167	10	175	289	—	—	641	2
Other states	155	1,852	598	975	686	329	—	4,440	12
Foreign	86	4,402	1,341	998	1,116	449	365	8,671	24
Total*	649	$ 14,267	$ 10,130	$ 4,857	$ 3,858	$ 2,121	$ 432	$ 35,665	100 %

* Does not reflect allowance for credit losses.

For additional information on commercial mortgage loans, see Note 6 to the Consolidated Financial Statements in the 2021 Annual Report.

Net Realized Gains and Losses

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

Three Months Ended June 30,	2022			2021		
(in millions)	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total
Sales of fixed maturity securities	$ (482)	$ (122)	$ (604)	$ 40	$ 95	$ 135
Change in allowance for credit losses on fixed maturity securities	(47)	(1)	(48)	10	4	14
Change in allowance for credit losses on loans	24	6	30	67	8	75
Foreign exchange transactions	(231)	(15)	(246)	139	9	148
Variable annuity embedded derivatives, net of related hedges	454	—	454	(53)	—	(53)
All other derivatives and hedge accounting	970	48	1,018	(336)	60	(276)
Sales of alternative investments and real estate investments	7	2	9	31	(3)	28
Other	7	(4)	3	59	—	59
Net realized gains (losses) – excluding Fortitude Re funds withheld embedded derivative	702	(86)	616	(43)	173	130
Net realized gains (losses) on Fortitude Re funds withheld embedded derivative	—	2,776	2,776	—	(2,056)	(2,056)
Net realized gains (losses)	$ 702	$ 2,690	$ 3,392	$ (43)	$ (1,883)	$ (1,926)

Six Months Ended June 30,	2022			2021		
(in millions)	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total	Excluding Fortitude Re Funds Withheld Assets	Fortitude Re Funds Withheld Assets	Total
Sales of fixed maturity securities	$ (589)	$ (154)	$ (743)	$ 134	$ 390	$ 524
Change in allowance for credit losses on fixed maturity securities	(100)	(41)	(141)	61	6	67
Change in allowance for credit losses on loans	5	(2)	3	108	3	111
Foreign exchange transactions	(245)	(24)	(269)	90	3	93
Variable annuity embedded derivatives, net of related hedges	960	—	960	36	—	36
All other derivatives and hedge accounting	1,909	(8)	1,901	15	(57)	(42)
Sales of alternative investments and real estate investments	23	3	26	57	1	58
Other	(20)	—	(20)	151	—	151
Net realized gains (losses) – excluding Fortitude Re funds withheld embedded derivative	1,943	(226)	1,717	652	346	998
Net realized gains on Fortitude Re funds withheld embedded derivative	—	6,094	6,094	—	326	326
Net realized gains	$ 1,943	$ 5,868	$ 7,811	$ 652	$ 672	$ 1,324

Net realized capital gains excluding Fortitude Re funds withheld assets in the three-month period ended June 30, 2022 compared to the net realized capital losses in the same period in the prior year were due to derivative gains versus losses in the prior year, which was partially offset by losses in sales of securities and foreign exchange losses versus gains in the prior year period.

Variable annuity embedded derivatives, net of related hedges, reflected higher gains in the three-month period ended June 30, 2022 compared to 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 the variable annuities with GMWB embedded derivative, 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 must under those reinsurance arrangements 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 7 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 Universal Life Risk Management and Hedging Programs in the 2021 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 DAC – Variable Annuity Guaranteed Benefits and Hedging Results in this MD&A.

For additional information on our investment portfolio, see Note 5 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-month periods ended June 30, 2022 was primarily attributable to decrease in the fair value of fixed maturity securities. For the second quarter of 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-month period ended June 30, 2022, net unrealized losses were $38.1 billion due to increase in interest rates.

The change in net unrealized gains and losses on investments in the three- and six-month periods ended June 30, 2021 was primarily attributable to increases (decreases) in the fair value of fixed maturity securities. For the three-month period ended June 30, 2021, net unrealized gains related to fixed maturity securities increased by $5.9 billion due primarily to a decrease in rates and narrowing of credit spreads. For the six-month period ending June 30, 2021, net unrealized gains related to fixed maturity securities decreased by $5.8 billion due primarily to an increase in interest rates.

For additional information on our investment portfolio, see Note 5 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[(a)]:

	June 30, 2022			December 31, 2021		
(in millions)	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
General Insurance:						
U.S. Workers' Compensation (net of discount)	$ 3,165	$ 4,771	$ 7,936	$ 3,282	$ 5,216	$ 8,498
U.S. Excess Casualty	3,690	3,951	7,641	3,850	4,195	8,045
U.S. Other Casualty	4,160	3,905	8,065	3,805	4,191	7,996
U.S. Financial Lines	5,378	1,622	7,000	5,356	1,893	7,249
U.S. Property and Special Risks	6,525	3,089	9,614	6,615	3,587	10,202
U.S. Personal Insurance	919	2,154	3,073	1,001	2,198	3,199
UK/Europe Casualty and Financial Lines	6,940	1,708	8,648	7,175	1,603	8,778
UK/Europe Property and Special Risks	2,705	1,531	4,236	2,631	1,492	4,123
UK/Europe and Japan Personal Insurance	1,852	633	2,485	1,962	608	2,570
Other product lines[(b)]	5,936	5,569	11,505	5,815	5,468	11,283
Unallocated loss adjustment expenses[(b)]	1,245	959	2,204	1,654	1,015	2,669
Total General Insurance	42,515	29,892	72,407	43,146	31,466	74,612
Other Operations Run-Off:						
U.S. run-off long tail insurance lines (net of discount)	196	3,393	3,589	164	3,434	3,598
Other run-off product lines	255	52	307	264	61	325
Blackboard U.S. Holdings, Inc.	180	132	312	217	138	355
Unallocated loss adjustment expenses	10	114	124	22	114	136
Total Other Operations Run-Off	641	3,691	4,332	667	3,747	4,414
Total	$ 43,156	$ 33,583	$ 76,739	$ 43,813	$ 35,213	$ 79,026

(a) Includes net loss reserve discount of $939 million and $876 million as of June 30, 2022 and December 31, 2021, respectively. *For information regarding loss reserve discount see Note 10 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 $3.7 billion and $3.5 billion as of June 30, 2022 and December 31, 2021, 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,	
(in millions)	**2022**	2021	**2022**	2021
General Insurance:				
North America*	**$ (191)**	$ (58)	**$ (264)**	$ (116)
International	**(11)**	7	**(31)**	9
Total General Insurance	**$ (202)**	$ (51)	**$ (295)**	$ (107)
Other Operations Run-Off	**(1)**	65	**(1)**	84
Total prior year (favorable) unfavorable development	**$ (203)**	$ 14	**$ (296)**	$ (23)

* Includes the amortization attributed to the deferred gain at inception from the National Indemnity Company (NICO) adverse development reinsurance agreement of $42 million and $49 million for the three-month periods ended June 30, 2022 and 2021, respectively, and $84 million and $101 million for the six-month periods ended June 30, 2022 and 2021, 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 $(213) million and $(92) million for the three-month periods ended June 30, 2022 and 2021, respectively, and $(213) million and $(91) million for the six-month periods ended June 30, 2022 and 2021, respectively. Also excludes the related changes in amortization of the deferred gain, which were $(70) million and $(27) million for the three-month periods ended June 30, 2022 and 2021, respectively, and $(70) million and $(7) million for the six-month periods ended June 30, 2022 and 2021, respectively.

Net Loss Development

In the three-month period 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 of $(40) million related to the deferred gain on the adverse development cover

In the six-month period 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 of $(80) million related to the deferred gain on the adverse development cover.

International

- Favorable development in Japan personal lines.

In the three-month period ended June 30, 2021, we recognized adverse prior year loss reserve development of $14 million. The key components of this development were:

North America

- Amortization of the deferred gain on the adverse development cover and favorable development on Workers Compensation partially offset by adverse development on U.S. Property, Special Risks and Financial Lines.

International

- Adverse development on Property and Other short-tail lines.

Other Operations

- Adverse development on the Blackboard insurance companies and other runoff companies due to increased severity on reported claims.

In the six-month period ended June 30, 2021, we recognized favorable prior year loss reserve development of $(23) million. The key components of this development were:

North America

- Amortization of the deferred gain from the adverse development cover and favorable development on Workers Compensation partially offset by adverse development on Commercial Property and Financial Lines.

International

- Adverse development in Property and Other short-tailed lines.

Other Operations

- Adverse development on the Blackboard insurance companies and other runoff companies due to increased severity on reported claims.

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, 2022 *(in millions)*	Total	2021	2020 & Prior
General Insurance North America:			
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)**
Total General Insurance North America	**$ (191)**	**$ (30)**	**$ (161)**
General Insurance International:			
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)**
Total General Insurance International	**$ (11)**	**$ 3**	**$ (14)**
Other Operations Run-Off	**(1)**	**—**	**(1)**
Total Prior Year (Favorable) Unfavorable Development	**$ (203)**	**$ (27)**	**$ (176)**

Three Months Ended June 30, 2021 *(in millions)*	Total	2020	2019 & Prior
General Insurance North America:			
U.S. Workers' Compensation	$ (79)	$ 11	$ (90)
U.S. Excess Casualty	(12)	—	(12)
U.S. Other Casualty	3	(2)	5
U.S. Financial Lines	30	—	30
U.S. Property and Special Risks	22	5	17
U.S. Personal Insurance	(18)	(10)	(8)
Other Product Lines	(4)	(4)	—
Total General Insurance North America	$ (58)	$ —	$ (58)
General Insurance International:			
UK/Europe Casualty and Financial Lines	$ 12	$ 2	$ 10
UK/Europe Property and Special Risks	(13)	(10)	(3)
UK/Europe and Japan Personal Insurance	(3)	—	(3)
Other product lines	11	7	4
Total General Insurance International	$ 7	$ (1)	$ 8
Other Operations Run-Off	65	34	31
Total Prior Year (Favorable) Unfavorable Development	$ 14	$ 33	$ (19)

Six Months Ended June 30, 2022 *(in millions)*		Total		2021		2020 & Prior
General Insurance North America:						
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
Total General Insurance North America	$	(264)	$	(95)	$	(169)
General Insurance International:						
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)
Total General Insurance International	$	(31)	$	(23)	$	(8)
Other Operations Run-Off		(1)		—		(1)
Total Prior Year (Favorable) Unfavorable Development	$	(296)	$	(118)	$	(178)

Six Months Ended June 30, 2021 *(in millions)*		Total		2020		2019 & Prior
General Insurance North America:						
U.S. Workers' Compensation	$	(105)	$	13	$	(118)
U.S. Excess Casualty		(24)		—		(24)
U.S. Other Casualty		1		(2)		3
U.S. Financial Lines		21		—		21
U.S. Property and Special Risks		20		(9)		29
U.S. Personal Insurance		(22)		(9)		(13)
Other Product Lines		(7)		(6)		(1)
Total General Insurance North America	$	(116)	$	(13)	$	(103)
General Insurance International:						
UK/Europe Casualty and Financial Lines	$	8	$	(1)	$	9
UK/Europe Property and Special Risks		(10)		(1)		(9)
UK/Europe and Japan Personal Insurance		(4)		(4)		—
Other product lines		15		18		(3)
Total General Insurance International	$	9	$	12	$	(3)
Other Operations Run-Off		84		33		51
Total Prior Year (Favorable) Unfavorable Development	**$**	(23)	$	32	$	(55)

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 2021, see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks – General Insurance Companies' Key Risks – Natural Catastrophe Risk in the 2021 Annual Report.

The table below shows the calculation of the deferred gain on the adverse development reinsurance agreement as of June 30, 2022 and as of December 31, 2021, showing the effect of discounting of loss reserves and amortization of the deferred gain.

(in millions)	June 30, 2022	December 31, 2021
Gross Covered Losses		
Covered reserves before discount	$ 13,374	$ 14,398
Inception to date losses paid	27,781	27,023
Attachment point	(25,000)	(25,000)
Covered losses above attachment point	$ 16,155	$ 16,421
Deferred Gain Development		
Covered losses above attachment ceded to NICO (80%)	$ 12,924	$ 13,137
Consideration paid including interest	(10,188)	(10,188)
Pre-tax deferred gain before discount and amortization	2,736	2,949
Discount on ceded losses[a]	(896)	(953)
Pre-tax deferred gain before amortization	1,840	1,996
Inception to date amortization of deferred gain at inception	(1,181)	(1,097)
Inception to date amortization attributed to changes in deferred gain[b]	50	(30)
Deferred gain liability reflected in AIG's balance sheet	$ 709	$ 869

(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:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2022	2021	2022	2021
Balance at beginning of period, net of discount	$ 870	$ 1,282	$ 869	$ 1,297
(Favorable) unfavorable prior year reserve development ceded to NICO[a]	(213)	(92)	(213)	(91)
Amortization attributed to deferred gain at inception[b]	(42)	(49)	(84)	(101)
Amortization attributed to changes in deferred gain[c]	76	28	80	25
Changes in discount on ceded loss reserves	18	17	57	56
Balance at end of period, net of discount	$ 709	$ 1,186	$ 709	$ 1,186

(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, 2022, approximately $29.3 billion of reserves from our Life and Retirement Run-Off Lines and approximately $3.6 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.

Of the Fortitude Re reinsurance agreements, the largest is the Amended and Restated Combination Coinsurance and Modified Coinsurance Agreement by and between our subsidiary AGL and Fortitude Re. Under this treaty, approximately $22.4 billion of AGL reserves as of June 30, 2022 were ceded to Fortitude Re representing a mix of life and annuity risks. Fortitude Re provides 100 percent reinsurance of the ceded risks. AGL retains the risk of collection of any third party reinsurance covering the ceded business. At effectiveness of the treaty, an amount equal to the aggregate ceded reserves was deposited by AGL into a modified coinsurance account of AGL to secure the obligations of Fortitude Re. Fortitude Re receives or makes quarterly payments that represent the net gain or loss under the treaty for the relevant quarter, including any net investment gain or loss on the assets in the modified coinsurance account. An AIG affiliate will serve as portfolio manager of assets in the modified coinsurance account for a minimum of three years after the June 2, 2020 closing of the sale of our majority interest in Fortitude Group Holdings, LLC..

Following receipt of all regulatory approvals and the satisfaction of other conditions, effective as of January 1, 2022, AIG sold to an affiliate of Fortitude Re all of the outstanding capital stock of two servicing companies that administer the Life and Retirement and General Insurance ceded business, and the ceding insurers entered into administrative services agreements pursuant to which AIG transferred administration of certain Life and Retirement and General Insurance ceded business to such companies.

For a summary of significant reinsurers see Part II, Item 7. MD&A – Enterprise Risk Management – Insurance Risks – Reinsurance Activities – Reinsurance Recoverable in the 2021 Annual Report.

LIFE AND ANNUITY FUTURE POLICY BENEFITS, POLICYHOLDER CONTRACT DEPOSITS AND DAC

The following section provides discussion of life and annuity future policy benefits, policyholder contract deposits and deferred policy acquisition costs.

Variable Annuity Guaranteed Benefits and Hedging Results

Our Individual Retirement and Group Retirement businesses offer variable annuity products with GMWB riders that provide guaranteed living benefit features. The liabilities for GMWB are accounted for as embedded derivatives measured at fair value. The fair value of the embedded derivatives 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 GMWB, including exposures to changes in interest rates, equity prices, credit spreads and volatility. The hedging program utilizes derivative instruments, including but not limited to equity options, futures contracts and interest rate swap and swaption contracts, as well as fixed maturity securities with a fair value election.

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, Index Annuity and Universal Life Risk Management and Hedging Programs in the 2021 Annual Report.

Differences in Valuation of Embedded Derivatives 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 GMWB embedded derivatives, creating volatility in our net income (loss) primarily due to the following:

- The economic hedge target includes 100 percent of rider fees in present value calculations; the GAAP valuation reflects only those fees attributed to the embedded derivative such that the initial value at contract issue equals zero;
- 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 the non-performance or "own credit" risk adjustment used in the GAAP valuation, 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. Because the discount rate includes the NPA spread and other explicit risk margins, 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 embedded derivatives within policyholder contract deposits, see Note 4 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 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 embedded derivatives and the value of our economic hedge target:

(in millions)	June 30, 2022	December 31, 2021
Reconciliation of embedded derivatives and economic hedge target:		
Embedded derivative liability	$ 1,198	$ 2,472
Exclude non-performance risk adjustment	(2,810)	(2,508)
Embedded derivative liability, excluding NPA	4,008	4,980
Adjustments for risk margins and differences in valuation	(2,401)	(2,172)
Economic hedge target liability	$ 1,607	$ 2,808

Impact on Pre-tax Income (Loss)

The impact on our pre-tax income (loss) of variable annuity guaranteed living benefits and related hedging results includes changes in the fair value of the GMWB embedded derivatives, and changes in the fair value of related derivative hedging instruments, both of which are recorded in Net realized gains (losses). Realized gains (losses), as well as net investment income from changes in the fair value of fixed maturity securities used in the hedging program, are excluded from adjusted pre-tax income of Individual Retirement and Group Retirement.

The change in the fair value of the embedded derivatives 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 embedded derivatives and the fair value of the hedging portfolio, as discussed above. When corporate credit spreads widen, the change in the NPA spread generally reduces the fair value of the embedded derivative liabilities, resulting in a gain, and when corporate credit spreads narrow or tighten, the change in the NPA spread generally increases the fair value of the embedded derivative liabilities, resulting in a loss. 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.

The following table presents the net increase (decrease) to consolidated pre-tax income (loss) from changes in the fair value of the GMWB embedded derivatives and related hedges, excluding related DAC amortization:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2022	2021	2022	2021
Change in fair value of embedded derivatives, excluding NPA	$ 511	$ (762)	$ 1,334	$ 1,917
Change in fair value of variable annuity hedging portfolio:				
Fixed maturity securities*	10	13	23	31
Interest rate derivative contracts	(862)	760	(1,592)	(644)
Equity derivative contracts	650	(390)	915	(780)
Change in fair value of variable annuity hedging portfolio	(202)	383	(654)	(1,393)
Change in fair value of embedded derivatives excluding NPA, net of hedging portfolio	309	(379)	680	524
Change in fair value of embedded derivatives due to NPA spread	448	18	972	(93)
Change in fair value of embedded derivatives due to change in NPA volume	(293)	321	(669)	(364)
Total change due to NPA	155	339	303	(457)
Net impact on pre-tax income (loss)	$ 464	$ (40)	$ 983	$ 67
Impact to Condensed Consolidated Income Statement				
Net investment income, net of related interest credited to policyholder account balances	$ 10	$ 13	$ 23	$ 31
Net realized gains (losses)	454	(53)	960	36
Net impact on pre-tax income (loss)	$ 464	$ (40)	$ 983	$ 67
Net change in value of economic hedge target and related hedges				
Net impact on economic gains (losses)	$ 241	$ 267	$ 369	$ 77

* The change in fair value of available-for-sale fixed maturity securities recognized as a component of other comprehensive income (loss) were losses of $215 million and $430 million for the three- and six-month periods ended June 30, 2022 due to higher interest rates and wider credit spreads. The change in fair value of available-for-sale fixed maturity securities recognized as a component of other comprehensive income (loss) were gains of $105 million for the three-month period ended June 30, 2021 due to lower interest rates, and losses of $111 million for the six-month period ended June 30, 2021, due to higher interest rates.

The three-month period ended June 30, 2022 net impact on pre-tax income (loss) of $464 million resulted from:

- $309 million gain in the fair value of embedded derivatives excluding NPA, net of the hedging portfolio was driven by increases in interest rates, partially offset by lower equity markets.
- $155 million gain due to NPA was driven by a widening of the NPA credit spread, partially offset by the impact of higher interest rates that resulted in NPA volume losses from lower expected GMWB payments.

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 $241 million from our hedging activities related to our economic hedge target primarily driven by widening credit spreads.

The six-month period ended June 30, 2022 net impact on pre-tax income (loss) of $983 million resulted from:

- $680 million gain in the fair value of embedded derivatives excluding NPA, net of the hedging portfolio was driven by increases in interest rates, partially offset by lower equity markets.
- $303 million gain due to NPA was driven by a widening of the NPA credit spread, partially offset by the impact of higher interest rates that resulted in NPA volume losses from lower expected GMWB payments.

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 $369 million from our hedging activities related to our economic hedge target primarily driven by widening credit spreads.

The three-month period ended June 30, 2021 net impact on pre-tax income (loss) of $(40) million resulted from:

- $379 million loss in the fair value of embedded derivatives excluding NPA, net of the hedging portfolio was driven by impact of lower interest rates partially offset by gains from higher equity markets.
- $339 million gain due to NPA driven by a slight widening of the NPA credit spread and the impact of lower interest rates that resulted in NPA volume gains from higher expected GMWB payments.

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, 2021, we had a net mark-to-market gain of approximately $267 million from our hedging activities related to our economic hedge target primarily driven by widening credit spreads.

The six-month period ended June 30, 2021 net impact on pre-tax income (loss) of $67 million resulted from:

- $524 million gain in the fair value of embedded derivatives excluding NPA, net of the hedging portfolio was driven by increases in interest rates and higher equity markets.
- $457 million loss due to NPA was driven by a tightening of the NPA credit spread, and the impact of higher interest rates that resulted in NPA volume losses from lower expected GMWB payments.

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, 2021, we had a net mark-to-market gain of approximately $77 million from our hedging activities related to our economic hedge target primarily driven by positive basis risk.

Change in Economic Hedge Target

The decrease in the economic hedge target liability in the three- and six-month periods ended June 30, 2022 was primarily driven by higher interest rates and widening credit spreads, offset by lower equity markets. The increase in the economic hedge target liability in the three-month period ended June 30, 2021 was primarily driven by the decrease in rates offset by higher equity markets. The decrease in the economic hedge target liability in the first half of 2021 was primarily due to higher interest rates and equity markets.

Change in Fair Value of the Hedging Portfolio

The changes in the fair value of the economic hedge target and, to a lesser extent, the embedded derivative valuation under GAAP, were offset in part by the following changes in the fair value of the variable annuity hedging portfolio:

- Changes in the fair value of interest rate derivative contracts, which included swaps, swaptions and futures, resulted in losses driven by higher interest rates in the three- and six-month periods ended June 30, 2022 compared to gains driven by declining interest rates in the three-month period ended June 30, 2021 and losses driven by higher interest rates in the six-month period ended June 30, 2021.
- Changes in the fair value of equity derivative contracts, which included futures and options, resulted in gains in three- and six-month periods ended June 30, 2022 driven by the decline in the equity market compared to losses in the three- and six-month periods ended June 30, 2021.
- Changes in the fair value of fixed maturity securities, primarily corporate bonds, are used as a capital-efficient way to economically hedge interest rate and credit spread-related risk. The change in the fair value of the corporate bond hedging program in the three- and six-month periods ended June 30, 2022 reflected losses due to increases in interest rates and widening credit spreads. The change in the fair value of the corporate bond hedging program in the three-month period ended June 30, 2021 reflected gains due to decreases in interest rates. The change in the fair value of the corporate bond hedging program in the six-month period ended June 30, 2021 reflected losses due to increases in interest rates, offset by tightening credit spreads.

DAC

The following table summarizes the major components of the changes in DAC, including VOBA, within the Life and Retirement companies:

Six Months Ended June 30, *(in millions)*	2022	2021
Balance, beginning of year	$ 8,086	$ 7,316
Acquisition costs deferred	495	535
Amortization expense:		
Related to realized gains and losses	(396)	(78)
All other operating amortization	(581)	(393)
Increase (decrease) in DAC due to foreign exchange	(73)	6
Change related to unrealized depreciation (appreciation) of investments	4,724	603
Balance, end of period[(a)]	$ 12,255	$ 7,989

(a) DAC balance excluding the amount related to unrealized depreciation (appreciation) of investments was $9.9 billion and $10.5 billion at June 30, 2022 and 2021, respectively.

DAC and Reserves Related to Unrealized Appreciation of Investments

DAC and Reserves for universal life insurance and investment-oriented products are adjusted at each balance sheet date to reflect the change in DAC, unearned revenue, and benefit reserves with an offset to Other comprehensive income (loss) (OCI) as if securities available for sale had been sold at their stated aggregate fair value and the proceeds reinvested at current yields (changes related to unrealized appreciation (depreciation) of investments). Similarly, for long-duration traditional products, significant unrealized appreciation of investments in a sustained low interest rate environment may cause additional future policy benefit liabilities with an offset to OCI to be recorded.

Changes related to unrealized appreciation (depreciation) of investments related to DAC and unearned revenue generally move in the opposite direction of the change in unrealized appreciation of the available for sale securities portfolio, reducing the reported DAC and unearned revenue balance when market interest rates decline. Conversely, changes related to unrealized appreciation (depreciation) of investments related to benefit reserves generally move in the same direction as the change in unrealized appreciation of the available for sale securities portfolio, increasing reported future policy benefit liabilities balance when market interest rates decline.

Market conditions in the six-month period ended June 30, 2022 drove a $32 billion decrease in the unrealized appreciation of the available for sale fixed maturity securities portfolio held to support the Life and Retirement businesses at June 30, 2022 compared to December 31, 2021. At June 30, 2022, the changes related to unrealized appreciation (depreciation) of investments reflected increases in amortized balances including DAC and unearned revenue reserves, while accrued liabilities such as policyholder benefit liabilities decreased $727 million from December 31, 2021.

Reserves

The following table presents a rollforward of insurance reserves by operating segments for Life and Retirement, including future policy benefits, policyholder contract deposits, other policyholder funds, and separate account liabilities, as well as Retail Mutual Funds and Group Retirement mutual fund assets under administration:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Individual Retirement				
Balance at beginning of period, gross	**$ 143,834**	$ 148,110	**$ 148,492**	$ 148,837
Premiums and deposits	**3,620**	3,978	**7,501**	7,351
Surrenders and withdrawals	**(2,229)**	(3,238)	**(4,434)**	(6,349)
Death and other contract benefits	**(763)**	(817)	**(1,565)**	(1,653)
Subtotal	**144,462**	148,033	**149,994**	148,186
Change in fair value of underlying assets and reserve accretion, net of policy fees	**(7,853)**	3,777	**(13,341)**	3,534
Cost of funds[(a)]	**440**	415	**868**	829
Other reserve changes	**(431)**	234	**(903)**	(90)
Balance at end of period	**136,618**	152,459	**136,618**	152,459
Reinsurance ceded	**(311)**	(312)	**(311)**	(312)
Total Individual Retirement insurance reserves and mutual fund assets	**$ 136,307**	$ 152,147	**$ 136,307**	$ 152,147
Group Retirement				
Balance at beginning of period, gross	**$ 112,773**	$ 112,732	**$ 118,492**	$ 110,651
Premiums and deposits	**1,772**	2,255	**3,660**	4,073
Surrenders and withdrawals	**(2,074)**	(2,263)	**(4,547)**	(4,747)
Death and other contract benefits	**(246)**	(221)	**(480)**	(448)
Subtotal	**112,225**	112,503	**117,125**	109,529
Change in fair value of underlying assets and reserve accretion, net of policy fees	**(9,984)**	4,206	**(15,096)**	7,049
Cost of funds[(a)]	**281**	284	**559**	564
Other reserve changes	**8**	(51)	**(58)**	(200)
Balance at end of period	**102,530**	116,942	**102,530**	116,942
Total Group Retirement insurance reserves and mutual fund assets	**$ 102,530**	$ 116,942	**$ 102,530**	$ 116,942
Life Insurance				
Balance at beginning of period, gross	**$ 27,510**	$ 27,589	**$ 28,415**	$ 27,998
Premiums and deposits	**1,049**	1,056	**2,106**	2,085
Surrenders and withdrawals	**(109)**	(116)	**(264)**	(260)
Death and other contract benefits	**(131)**	(138)	**(274)**	(311)
Subtotal	**28,319**	28,391	**29,983**	29,512
Change in fair value of underlying assets and reserve accretion, net of policy fees	**(400)**	(198)	**(734)**	(406)
Cost of funds[(a)]	**87**	89	**172**	177
Other reserve changes	**(1,292)**	25	**(2,707)**	(976)
Balance at end of period	**26,714**	28,307	**26,714**	28,307
Reinsurance ceded	**(1,552)**	(1,488)	**(1,552)**	(1,488)
Total Life Insurance reserves	**$ 25,162**	$ 26,819	**$ 25,162**	$ 26,819

Institutional Markets				
Balance at beginning of period, gross	$ 30,153	$ 26,813	$ 30,264	$ 27,342
Premiums and deposits	550	1,641	877	1,721
Surrenders and withdrawals	(53)	(607)	(69)	(919)
Death and other contract benefits	(232)	(194)	(506)	(402)
Subtotal	30,418	27,653	30,566	27,742
Change in fair value of underlying assets and reserve accretion, net of policy fees	(93)	280	(176)	445
Cost of funds[(a)]	71	73	130	146
Other reserve changes	(282)	(7)	(406)	(334)
Balance at end of period	30,114	27,999	30,114	27,999
Reinsurance ceded	(45)	(45)	(45)	(45)
Total Institutional Markets reserves	$ 30,069	$ 27,954	$ 30,069	$ 27,954
Total insurance reserves and mutual fund assets				
Balance at beginning of period, gross	$ 314,270	$ 315,244	$ 325,663	$ 314,828
Premiums and deposits	6,991	8,930	14,144	15,230
Surrenders and withdrawals	(4,465)	(6,224)	(9,314)	(12,275)
Death and other contract benefits	(1,372)	(1,370)	(2,825)	(2,814)
Subtotal	315,424	316,580	327,668	314,969
Change in fair value of underlying assets and reserve accretion, net of policy fees	(18,330)	8,065	(29,347)	10,622
Cost of funds[(a)]	879	861	1,729	1,716
Other reserve changes	(1,997)	201	(4,074)	(1,600)
Balance at end of period, excluding Fortitude Re reserves	295,976	325,707	295,976	325,707
Fortitude Re reserves[(b)]	27,485	28,118	27,485	28,118
Balance at end of period, including Fortitude Re reserves	323,461	353,825	323,461	353,825
Fortitude Re reinsurance ceded[(b)]	(27,485)	(28,118)	(27,485)	(28,118)
Reinsurance ceded	(1,908)	(1,845)	(1,908)	(1,845)
Total insurance reserves and mutual fund assets	$ 294,068	$ 323,862	$ 294,068	$ 323,862

(a) Excludes amortization of deferred sales inducements.

(b) Includes amounts related to policies where AIG has partially ceded to other reinsurers and Fortitude Re.

Insurance reserves and Group Retirement mutual fund assets under administration, were comprised of the following balances:

(in millions)	June 30, 2022	December 31, 2021
Future policy benefits	$ 55,669	$ 57,749
Policyholder contract deposits	156,634	156,844
Other policyholder funds[(a)]	1,009	833
Separate account liabilities	86,735	109,111
Total insurance reserves	300,047	324,537
Mutual fund assets	23,414	28,780
Total insurance reserves and mutual fund assets	$ 323,461	$ 353,317

(a) Excludes unearned revenue liability.

Liquidity and Capital Resources

OVERVIEW

Liquidity refers to the ability to generate sufficient cash resources to meet our payment obligations. It is defined as cash and unencumbered assets that can be monetized in a short period of time at a reasonable cost. Our liquidity risk framework is designed to manage liquidity at both AIG Parent and its subsidiaries to meet our financial obligations for a minimum of six months under a liquidity stress scenario.

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.

For additional information, 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 2021 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. Additional collateral calls, deterioration in investment portfolios or reserve strengthening affecting statutory surplus, higher surrenders of annuities and other policies, downgrades in credit ratings, catastrophic losses or fluctuations in the capital markets generally may result in significant additional cash or capital needs and loss of sources of liquidity and capital. Other potential events that could cause a liquidity strain include an economic collapse of a nation or region significant to our operations, nationalization, catastrophic terrorist acts, pandemics or other events causing economic or political upheaval. In addition, regulatory and other legal restrictions could limit our ability to transfer funds freely, either to or from our subsidiaries.

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

Liquidity to AIG Parent from Subsidiaries

During the six-month period ended June 30, 2022, our General Insurance companies distributed cash and fixed maturity securities of $807 million, and our Life and Retirement companies distributed $1.7 billion of cash to AIG Parent or applicable intermediate holding companies.

Note offering of Corebridge

On April 5, 2022, Corebridge issued senior unsecured notes in the aggregate principal amount of $6.5 billion, the proceeds of which were used to repay a portion of the $8.3 billion promissory note previously issued by Corebridge to AIG in November 2021.

USES

General Borrowings

During the six-month period ended June 30, 2022, $7.6 billion of debt categorized as general borrowings matured, was repaid or redeemed as follows:

- Redeemed €750 million aggregate principal amount of our 1.500% Notes due 2023 for a redemption price of 101.494 percent of the principal amount, plus accrued and unpaid interest.
- Repurchased, through cash tender offers, approximately $6.8 billion aggregate principal amount of certain notes and debentures issued or guaranteed by AIG for an aggregate purchase price of approximately $7.1 billion.

We made interest payments on our general borrowings totaling $490 million during the six-month period ended June 30, 2022 including interest payments made by AIG Parent on AIG Parent-issued debt instruments of $464 million.

Dividends

During the six-month period ended June 30, 2022:

- We made quarterly cash dividend payments of $365.625 per share on AIG's Series A Preferred Stock totaling $15 million.
- We made quarterly cash dividend payments of $0.32 per share on AIG Common Stock totaling $506 million.
- Corebridge made cash dividend payments of $57 million in the aggregate to Blackstone.

Repurchases of Common Stock[a]

During the six-month period ended June 30, 2022, AIG Parent repurchased approximately 53 million shares of AIG Common Stock, for an aggregate purchase price of approximately $3.1 billion.

(a) Pursuant to a Securities Exchange Act of 1934 (the Exchange Act) Rule 10b5-1 repurchase plan, from July 1, 2022 to August 3, 2022, we repurchased approximately 11 million shares of AIG Common Stock for an aggregate purchase price of approximately $556 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 $574 million and $592 million in the six-month periods ended June 30, 2022 and 2021. Excluding interest payments, AIG had operating cash inflows of $1.2 billion in the six-month period ended June 30, 2022 compared to operating cash inflows of $3.4 billion in the same period in the prior year.

Investing Cash Flow Activities

Net cash provided by investing activities in the six-month period ended June 30, 2022 was $2.5 billion compared to net cash used in investing activities of $1.6 billion in the same period in the prior year.

Financing Cash Flow Activities

Net cash used in financing activities in the six-month period ended June 30, 2022 reflected:

- $506 million to pay a dividend of $0.32 per share per quarter on AIG Common Stock;
- $15 million to pay a dividend of $365.625 per share per quarter on AIG's Series A Preferred Stock;
- $57 million 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 and repayment of long-term debt; and
- $133 million in net outflows from the issuance and repayment of debt of consolidated investment entities.

Net cash used in financing activities in the six-month period ended June 30, 2021 reflected:

- $550 million to pay a dividend of $0.32 per share per quarter on AIG Common Stock;
- $15 million to pay a dividend of $365.625 per share per quarter on AIG's Series A Preferred Stock;
- $592 million to repurchase approximately 13 million shares of AIG Common Stock;
- $1.8 billion in net outflows from the issuance and repayment of long-term debt; and
- $18 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, 2022, AIG Parent and applicable intermediate holding companies had approximately $10.1 billion in liquidity sources. AIG Parent's liquidity sources are primarily held in the form of cash, short-term investments and publicly traded, investment grade rated fixed maturity securities and also include a committed, revolving syndicated credit facility. Fixed maturity securities primarily include U.S. government and government sponsored entity securities, U.S. agency mortgage-backed securities, corporate and municipal bonds and certain other highly rated securities. AIG Parent actively manages its assets and liabilities in terms of products, counterparties and duration. Based upon an assessment of funding needs, the liquidity sources can be readily monetized through sales or repurchase agreements or contributed as admitted assets to regulated insurance companies. AIG Parent liquidity is monitored through the use of various internal liquidity risk measures. 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, and operating expenses.

We believe that we have sufficient liquidity and capital resources to satisfy our reasonably foreseeable future requirements and meet our obligations to our creditors, debt-holders and insurance company subsidiaries. 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 growth or acquisition 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.

In the normal course, it is expected that a portion of the capital released by our insurance companies, by our other operations or through the utilization of AIG's deferred tax assets may be available to support our business strategies, for distribution to shareholders or for liability management.

In developing plans to distribute capital, AIG considers a number of factors, including, but not limited to: AIG's business and strategic plans, expectations for capital generation and utilization, AIG's funding capacity and capital resources in comparison to internal benchmarks, as well as rating agency expectations, regulatory requirements, bank creditor covenants and internal stress tests for capital.

The following table presents AIG Parent and applicable intermediate holding companies liquidity sources:

(in millions)		As of June 30, 2022		As of December 31, 2021
Cash and short-term investments[(a)]	$	2,235	$	4,334
Unencumbered fixed maturity securities[(b)]		3,328		6,357
Total AIG Parent liquidity		5,563		10,691
Available capacity under committed, syndicated credit facility[(c)]		4,500		4,500
Total AIG Parent liquidity sources	$	10,063	$	15,191

(a) Cash and short-term investments include agreements in which securities are purchased by us under agreements to resell totaling $409 million and $1.9 billion as of June 30, 2022 and December 31, 2021, respectively.

(b) Unencumbered securities consist of publicly traded, investment grade rated fixed maturity securities. Fixed maturity securities primarily include U.S. government and government sponsored entity securities, U.S. agency mortgage-backed securities, corporate and municipal bonds and certain other highly rated securities.

(c) *For additional information relating to this committed, syndicated credit facility, see – Credit Facilities below.*

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.

Downgrades in our credit ratings could put pressure on the insurer financial strength ratings of our subsidiaries, which could result in non-renewals or cancellations by policyholders and adversely affect a subsidiary's ability to meet its own obligations. Increases in market interest rates may adversely affect the financial strength ratings of our subsidiaries, as rating agency capital models may reduce the amount of available capital relative to required capital.

Management believes that because of the size and liquidity of our Life and Retirement companies' investment portfolios, normal deviations from projected claim or surrender experience would not create significant liquidity risk. Furthermore, our Life and Retirement companies' products contain certain features that mitigate surrender risk, including surrender charges. However, in times of extreme capital markets disruption or as a result of fluctuations in the capital markets generally, liquidity needs could outpace resources.

As part of their risk management framework, our insurance companies continue to evaluate and, where appropriate, pursue strategies and programs to improve their liquidity position and facilitate their ability to maintain a fully invested asset portfolio.

Certain of our U.S. insurance companies are members of the FHLBs in their respective districts. Borrowings from FHLBs are used to supplement liquidity or for other uses deemed appropriate by management. Our U.S. General Insurance companies had no outstanding borrowings from FHLBs at both June 30, 2022 and December 31, 2021. Our U.S. Life and Retirement companies had $3.6 billion which were due to FHLBs in their respective districts at both June 30, 2022 and December 31, 2021, 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. These investment contracts do not have mortality or morbidity risk and are similar to GICs. In addition, our U.S. Life and Retirement companies had no outstanding borrowings in the form of cash advances from FHLBs at both June 30, 2022 and December 31, 2021.

Certain of our U.S. Life and Retirement companies have programs, which began in 2012, that lend securities from their investment portfolio to supplement liquidity or for other uses as deemed appropriate by management. Under these programs, these U.S. Life and Retirement companies lend securities to financial institutions and receive cash as collateral equal to 102 percent of the fair value of the loaned securities. Cash collateral received is invested in short-term investments or partially used for short-term liquidity purposes. Additionally, the aggregate amount of securities that a Life and Retirement company is able to lend under its program at any time is limited to five percent of its general account statutory-basis admitted assets. Our U.S. Life and Retirement companies had $2.6 billion and $3.3 billion of securities subject to these agreements at June 30, 2022 and December 31, 2021, respectively, and $3.2 billion and $3.4 billion of liabilities to borrowers for collateral received at June 30, 2022 and December 31, 2021, respectively.

AIG generally manages capital between AIG Parent and our insurance companies through internal, Board-approved policies and limits, as well as management standards. In addition, AIG Parent has unconditional capital maintenance agreements in place with certain subsidiaries. Nevertheless, regulatory and other legal restrictions could limit our ability to transfer capital freely, either to or from our subsidiaries.

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 $4.0 billion at June 30, 2022. Letters of credit issued in support of the Life and Retirement companies totaled approximately $272 million at June 30, 2022, of which $175 million are subject to reimbursement by Corebridge with no recourse to AIG Parent.

In the six-month period ended June 30, 2022, our General Insurance companies collectively paid to AIG Parent or applicable intermediate holding companies a total of approximately $775 million in dividends in the form of cash and fixed maturity securities and $32 million in tax sharing payments in the form of cash. The fixed maturity securities primarily included U.S. treasuries and securities issued by U.S. agencies.

In the six-month period ended June 30, 2022, our Life and Retirement companies collectively paid to AIG Parent or applicable intermediate holding companies a total of approximately $893 million in dividends in the form of cash and $834 million in tax sharing payments in the form of cash. On November 1, 2021, Corebridge declared a dividend payable to AIG Parent in the amount of $8.3 billion. In connection with such dividend, Corebridge issued a promissory note to AIG Parent in the amount of $8.3 billion, which is required to be paid to AIG Parent prior to the initial public offering of Corebridge. As of August 8, 2022, Corebridge repaid approximately $6.5 billion of the $8.3 billion promissory note.

CREDIT FACILITIES

We maintain a committed, revolving syndicated credit facility (the Facility) as a potential source of liquidity for general corporate purposes. The Facility provides for aggregate commitments by the bank syndicate to provide unsecured revolving loans and/or standby letters of credit of up to $4.5 billion without any limits on the type of borrowings and is scheduled to expire in November 2026.

As of June 30, 2022, a total of $4.5 billion remained available for borrowing under the Facility. Our ability to utilize the Facility is not contingent on our credit ratings. However, 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. We expect to utilize the Facility from time to time, and may use the proceeds for general corporate purposes.

On February 25, 2022, Corebridge entered into an 18-Month Delayed Draw Term Loan Agreement (the 18-Month DDTL Facility) among Corebridge, as borrower, the lenders party thereto and the administrative agent thereto, and a 3-Year Delayed Draw Term Loan Agreement (the 3-Year DDTL Facility) among Corebridge, as borrower, the lenders party thereto and the administrative agent thereto.

The 18-Month DDTL Facility and 3-Year DDTL Facility provided Corebridge with committed delayed draw term loan facilities in the aggregate principal amount of $6 billion and $3 billion, respectively. On April 6, 2022, in connection with the issuance of certain senior unsecured notes of Corebridge, (i) the commitments under the 18-Month DDTL Facility were terminated in full and (ii) the commitments under the 3-Year DDTL Facility were reduced from $3.0 billion to $2.5 billion. The ability to borrow under the 3-Year DDTL Facility is subject to, among other conditions, Corebridge’s confirmation to the administrative agent that an initial public offering of Corebridge is expected to be consummated within five business days following such borrowing. Commitments under the 3-Year DDTL Facility will remain available for borrowing until December 30, 2022, subject to the terms and conditions thereof.

As of June 30, 2022, a total of $2.5 billion remained available for borrowing under the 3-Year DDTL Facility.

On May 12, 2022, Corebridge entered into a revolving syndicated credit facility (the Corebridge Facility) as a potential source of liquidity for general corporate purposes. The Corebridge Facility provides for aggregate commitments by the bank syndicate to provide unsecured revolving loans and/or standby letters of credit of up to $2.5 billion without any limits on the type of borrowings and is scheduled to expire on May 12, 2027 or if the IPO has not occurred on or prior to December 29, 2023, on such date.

As of June 30, 2022, a total of $2.5 billion remained available for borrowing under the Corebridge Facility.

CONTRACTUAL OBLIGATIONS

As of June 30, 2022, there have been no material changes in our contractual obligations from December 31, 2021, a description of which may be found in Part II, Item 7. MD&A – Liquidity and Capital Resources – Contractual Obligations in the 2021 Annual Report.

OFF-BALANCE SHEET ARRANGEMENTS AND COMMERCIAL COMMITMENTS

As of June 30, 2022, there have been no material changes in our off-balance sheet arrangements and commercial commitments from December 31, 2021, 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 2021 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. AIG borrowings supported by assets of AIG include GIAs that are supported by cash and investments held by AIG Parent, certain non-insurance subsidiaries and amounts posted to third parties as collateral for the repayment of those obligations. Total debt includes debt of consolidated investments not guaranteed by AIG.

For additional information on GIAs and associated collateral posted, see Note 5 to the Condensed Consolidated Financial Statements.

The following table provides the rollforward of AIG's total debt outstanding:

Six Months Ended June 30, 2022 *(in millions)*	Balance at December 31, 2021	Issuances	Maturities and Repayments	Effect of Foreign Exchange	Other Changes	**Balance at June 30, 2022**
Debt issued or guaranteed by AIG:						
AIG general borrowings:						
Notes and bonds payable	$ 19,633	$ —	$ (7,409)	$ (212)	$ (20) (c)	**$ 11,992**
Junior subordinated debt	1,164	—	(167)	(8)	—	**989**
AIG Japan Holdings Kabushiki Kaisha	333	—	—	(40)	—	**293**
AIGLH notes and bonds payable	199	—	—	—	1	**200**
AIGLH junior subordinated debt	227	—	—	—	—	**227**
Validus notes and bonds payable	293	—	(14)	—	(8)	**271**
Total AIG general borrowings	21,849	—	(7,590)	(260)	(27)	**13,972**
AIG borrowings supported by assets:(a)						
AIG notes and bonds payable	—	—	—	—	81 (c)	**81**
Series AIGFP matched notes and bonds payable	18	—	—	—	—	**18**
GIAs, at fair value	1,803	15	(30)	—	(161) (d)	**1,627**
Notes and bonds payable, at fair value	68	—	(2)	—	(29) (d)	**37**
Total AIG borrowings supported by assets	1,889	15	(32)	—	(109)	**1,763**
Total debt issued or guaranteed by AIG	23,738	15	(7,622)	(260)	(136)	**15,735**
Corebridge senior unsecured notes - not guaranteed by AIG	—	6,461	—	—	(12)	**6,449**
Other subsidiaries' notes, bonds, loans and mortgages payable - not guaranteed by AIG	3	—	(1)	—	—	**2**
Total long-term debt	$ 23,741	$ 6,476	$ (7,623)	$ (260)	$ (148)	**$ 22,186**
Debt of consolidated investment entities - not guaranteed by AIG	$ 6,422	$ 808	$ (941)	$ (37)	$ — (e)	**$ 6,252**

(a) AIG Parent guarantees all such debt, except for Series AIGFP matched notes and bonds payable and AIG notes and bonds payable, which are direct obligations of AIG Parent. Collateral posted to third parties were $1.4 billion at both June 30, 2022 and December 31, 2021. 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.

(b) At June 30, 2022, includes debt of consolidated investment entities primarily related to real estate investments of $1.8 billion and other securitization vehicles of $4.4 billion. At December 31, 2021, includes debt of consolidated investment entities related to real estate investments of $1.9 billion and other securitization vehicles of $4.5 billion.

(c) Includes reclassifications of debt between AIG general borrowings and AIG borrowings supported by assets.

(d) Primarily represents adjustments to the fair value of debt.

(e) Includes the effect of consolidating previously unconsolidated partnerships.

Debt Maturities

The following table summarizes maturing long-term debt at June 30, 2022 of AIG for the next four quarters:

(in millions)	Third Quarter 2022	Fourth Quarter 2022	First Quarter 2023	Second Quarter 2023	Total
AIG general borrowings	$ —	$ 16	$ —	$ 486	$ 502
AIG borrowings supported by assets	19	15	5	116	155
Other subsidiaries' notes, bonds, loans and mortgages payable	1	—	—	—	1
Total	$ 20	$ 31	$ 5	$ 602	$ 658

The following table presents maturities of long-term debt (including unamortized original issue discount, hedge accounting valuation adjustments and fair value adjustments, when applicable):

June 30, 2022 (in millions)	Total	Remainder of 2022	Year Ending 2023	2024	2025	2026	2027	Thereafter
Debt issued or guaranteed by AIG:								
AIG general borrowings:								
Notes and bonds payable	$ 11,992	$ 16	$ 404	$ 459	$ 2,015	$ 1,530	$ 1,044	$ 6,524
Junior subordinated debt	989	—	—	—	—	—	—	989
AIG Japan Holdings Kabushiki Kaisha	293	—	192	—	101	—	—	—
AIGLH notes and bonds payable	200	—	—	—	101	—	—	99
AIGLH junior subordinated debt	227	—	—	—	—	—	—	227
Validus notes and bonds payable	271	—	—	—	—	—	—	271
Total AIG general borrowings	**13,972**	**16**	**596**	**459**	**2,217**	**1,530**	**1,044**	**8,110**
AIG borrowings supported by assets:								
AIG notes and bonds payable	81	—	62	—	12	7	—	—
Series AIGFP matched notes and bonds payable	18	—	—	—	—	—	—	18
GIAs, at fair value	1,627	34	121	139	542	94	61	636
Notes and bonds payable, at fair value	37	—	—	—	—	—	—	37
Total AIG borrowings supported by assets	**1,763**	**34**	**183**	**139**	**554**	**101**	**61**	**691**
Total debt issued or guaranteed by AIG	**15,735**	**50**	**779**	**598**	**2,771**	**1,631**	**1,105**	**8,801**
Debt not guaranteed by AIG:								
Corebridge senior unsecured notes	6,449	—	—	—	993	—	1,240	4,216
Other subsidiaries notes, bonds, loans and mortgages payable	2	1	1	—	—	—	—	—
Total debt not guaranteed by AIG	6,451	1	1	—	993	—	1,240	4,216
Total*	**$ 22,186**	**$ 51**	**$ 780**	**$ 598**	**$ 3,764**	**$ 1,631**	**$ 2,345**	**$ 13,017**

* Does not reflect $6.3 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[(a)]	S&P[(b)]	Fitch[(c)]
American International Group, Inc.	**P-2 (2nd of 4)**	**A-2 (2nd of 5)**	**Baa 2 (4th of 9) / *Stable***	**BBB+ (4th of 9) / *Negative***	**BBB+ (4th of 9) / *Stable***
AIG Financial Products Corp.[(d)]	**P-2**	**A-2**	**Baa 2 (4th of 9) / *Stable***	**BBB+ / *Negative***	
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.

(d) AIG guarantees all obligations of AIG Financial Products Corp.

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. *For a discussion of rating agency actions in response to AIG's separation of its Life and Retirement business from AIG, see – Rating Agency Actions Related to Corebridge Senior Note Offering and Other Recent Actions below.*

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, AIG Financial Products Corp. and related subsidiaries (collectively AIGFP) and certain other AIG entities would be required to post additional collateral under some derivative and other transactions, or certain of the counterparties of AIGFP or of such other 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.

For information regarding the effects of downgrades in our credit ratings see Note 9 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 2021 Annual Report.

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

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 financial strength ratings see Note 9 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 2021 Annual Report.

RATING AGENCY ACTIONS RELATED TO COREBRIDGE SENIOR NOTE OFFERING AND OTHER RECENT ACTIONS

- On March 29, 2022, Moody's affirmed ratings on Corebridge entities and revised the outlook from Negative to Stable. On March 31, 2022, Moody's assigned a Baa2 rating to the senior debt of Corebridge.
- On March 29, 2022, S&P affirmed the ratings of AIG and subsidiaries and revised the outlook on AIG and General Insurance from CreditWatch Negative to Negative. On March 29, 2022, S&P affirmed the ratings of Corebridge and revised the outlook from CreditWatch Developing to Stable. On March 31, 2022, S&P assigned a rating of BBB+ to the senior debt of Corebridge.
- On March 4, 2022, Fitch affirmed the ratings of AIG and subsidiaries and revised the outlook on General Insurance from Stable to Positive and revised the outlook for AIG senior debt from Rating Watch Negative to Stable. On March 31, 2022, Fitch assigned a rating of BBB+ to the senior debt of Corebridge.
- On October 7, 2021, A.M. Best affirmed all of the financial strength and issuer credit ratings of AIG and subsidiaries with Stable outlooks.

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 2021 Annual Report, and Regulatory Environment below in this MD&A.

DIVIDENDS

The following table presents declaration date, record date, payment date and dividends paid per common share on AIG Common Stock in the six months ended June 30, 2022:

Declaration Date	Record Date	Payment Date	Dividends Paid Per Common Share
May 3, 2022	June 16, 2022	June 30, 2022	$ 0.32
February 16, 2022	March 17, 2022	March 31, 2022	0.32

On August 8, 2022, our Board of Directors declared a cash dividend on AIG Common Stock of $0.32 per share, payable on September 30, 2022 to shareholders of record on September 16, 2022.

The following table presents declaration date, record date, payment date and dividends paid per preferred share and per depository share on the Series A Preferred Stock in the six months ended June 30, 2022:

			Dividends Paid	
Declaration Date	Record Date	Payment Date	Per Preferred Share	Per Depositary Share
May 3, 2022	May 31, 2022	June 15, 2022	$ 365.625	$ 0.365625
February 16, 2022	February 28, 2022	March 15, 2022	365.625	0.365625

On August 8, 2022, our Board of Directors declared a cash dividend on AIG's Series A Preferred Stock of $365.625 per share, payable on September 15, 2022 to holders of record on August 31, 2022.

The payment of any future dividends will be at the discretion of our Board of Directors and will depend on various factors, as discussed further in Note 12 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. On May 3, 2022, our Board of Directors authorized the repurchase of $6.5 billion of AIG Common Stock (inclusive of the approximately $1.5 billion remaining under the Board's prior share repurchase authorization). During the six-month period ended June 30, 2022, AIG Parent repurchased approximately 53 million shares of AIG Common Stock for an aggregate purchase price of $3.1 billion. Pursuant to an Exchange Act Rule 10b5-1 repurchase plan, from July 1, 2022 to August 3, 2022, we repurchased approximately $556 million of additional shares of AIG Common Stock. As of August 3, 2022, $5.3 billion remained under the authorization.

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 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, as discussed further in Note 12 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 2021 Annual Report.

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 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 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. Within each business unit, senior leaders and executives approve targeted risk tolerances within the framework provided by ERM. ERM supports our businesses and management by embedding risk management in our key day-to-day business processes and in identifying, assessing, quantifying, monitoring, reporting, and mitigating the risks taken by our businesses and AIG overall. 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.

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 for 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 2021 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 2021 Annual Report. *See Part I, Item 1A. Risk Factors in the 2021 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.*

Regulatory Environment

OVERVIEW

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 sanctions related to the Russia/Ukraine conflict, see Executive Summary – Overview.

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 2021 Annual Report.

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.

Additional premium represents a premium on an insurance policy over and above the initial premium imposed at the beginning of the policy. An additional premium may be assessed if the insured's risk is found to have increased significantly.

Adjusted revenues exclude Net realized 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 segments.

Assets under administration include assets under management and Retail Mutual Funds and Group Retirement mutual fund assets that we sell or administer.

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.

Attritional losses are losses recorded in the current accident year, which are not catastrophe losses.

Base spread Net investment income excluding income from alternative investments and other enhancements, less interest credited excluding amortization of deferred sales inducements.

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.

CSA *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. Also, the CVA/NPA reflects the fair value movement in AIGFP's asset portfolio that is attributable to credit movements only, without the impact of other market factors such as interest rates and foreign exchange rates. Finally, 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.

LAE *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.

Loan-to-value ratio Principal amount of loan amount divided by appraised value of collateral securing the loan.

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.

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 Additional premiums 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.

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.

Return premium represents amounts given back to the insured in the case of a cancellation, an adjustment to the rate or an overpayment of an advance premium.

Solvency II Legislation in the European Union which reforms the insurance industry's solvency framework, including minimum capital and solvency requirements, governance requirements, risk management and public reporting standards. The Solvency II Directive (2009/138/EEC) was adopted on November 25, 2009 and became effective on January 1, 2016.

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 projected future gross profits from in-force policies of acquired businesses.

Acronyms

A&H	Accident and Health Insurance
ABS	Asset-Backed Securities
APTI	Adjusted pre-tax income
AUM	Assets Under Management
CDO	Collateralized Debt Obligations
CDS	Credit Default Swap
CMA	Capital Maintenance Agreement
CMBS	Commercial Mortgage-Backed Securities
EGPs	Estimated Gross Profits
FASB	Financial Accounting Standards Board
FRBNY	Federal Reserve Bank of New York
GAAP	Accounting Principles Generally Accepted in the United States of America
GIA	Guaranteed Investment Agreements
GMDB	Guaranteed Minimum Death Benefits
GMWB	Guaranteed Minimum Withdrawal Benefits
ISDA	International Swaps and Derivatives Association, Inc.
Moody's	Moody's Investors' Service Inc.
NAIC	National Association of Insurance Commissioners
NM	Not Meaningful
ORR	Obligor Risk Ratings
OTC	Over-the-Counter
OTTI	Other-Than-Temporary Impairment
RMBS	Residential Mortgage-Backed Securities
S&P	Standard & Poor's Financial Services LLC
SEC	Securities and Exchange Commission
URR	Unearned Revenue Reserve
VIE	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, 2022. 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, 2022.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) that have occurred during the quarter ended June 30, 2022 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 11 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 2021 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, 2022:

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	9,639,408	$ 62.00	9,639,408	$ 1,942
May 1-31	10,060,592	58.98	10,060,592	6,349
June 1-30	9,469,102	53.65	9,469,102	5,841
Total	**29,169,102**	**$ 58.25**	**29,169,102**	**$ 5,841**

During the three-month period ended June 30, 2022, AIG Parent repurchased approximately 29 million shares of AIG common stock, par value $2.50 per share (AIG Common Stock) for an aggregate purchase price of $1.7 billion.

As of June 30, 2022, approximately $5.8 billion remained under the authorization. From July 1, 2022 to August 3, 2022, we repurchased approximately 11 million shares of AIG Common Stock for an aggregate purchase price of approximately $556 million.

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 4 | Mine Safety Disclosures

Not applicable.

ITEM 6 | Exhibits

Exhibit Index

Exhibit Number	Description	Location
10	(1) Revolving Credit Agreement, dated as of May 12, 2022 among Corebridge Financial, Inc., the subsidiary borrowers thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent, and the several L/C agent party thereto.	Incorporated by reference Exhibit 10.1 to AIG's Current Report on Form 8-K, filed with the SEC on May 13, 2022 (File No. 1-8787).
	(2) Amendment Letter, dated as of May 12, 2022, to the Credit Agreement among AIG, the subsidiary borrowers party thereto, the lenders party thereto, and Bank of America, N.A., as administrative agent, and each several L/C agent party thereto.	Filed herewith.
	(3) Amendment Letter, dated as of May 11, 2022, to the 3-Year Delayed Draw Term Loan Agreement among Corebridge Financial, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent.	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, 2022 and December 31, 2021, (ii) the Condensed Consolidated Statements of Income (Loss) for the three and six months ended June 30, 2022 and 2021, (iii) the Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2022 and 2021, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021, (v) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2022 and 2021 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

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/ SHANE FITZSIMONS

Shane Fitzsimons
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/S/ KATHLEEN CARBONE

Kathleen Carbone
Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

Dated: August 9, 2022

Exhibit 10.2

Execution Version

AMENDMENT LETTER
TO
LENDERS PARTY TO THE CREDIT AGREEMENT REFERENCED BELOW

May 12, 2022

Reference is made to the Credit Agreement (as amended, the "Credit Agreement") dated as of November 19, 2021 among AMERICAN INTERNATIONAL GROUP, INC. (the "Company"), the subsidiary borrowers party thereto, the lenders party thereto (the "Lenders"), BANK OF AMERICA, N.A., as Administrative Agent and the Several L/C Agent party thereto. Terms used but not defined herein shall have the meanings provided in the Credit Agreement.

Each Lender is hereby requested by the Company to confirm its agreement of the following:

1. The definition of Consolidated Total Debt in Section 1.01 (Defined Terms) is amended and restated in its entirety to read:

"Consolidated Total Debt" means, at any date, without duplication, the sum of (a) the aggregate amount of all Indebtedness of the Company and its Subsidiaries (excluding all Operating Indebtedness and Hybrid Securities of the Company and its Subsidiaries) plus (b) the aggregate amount of Hybrid Securities in excess of 15% of Consolidated Total Capitalization, in each case, determined on a consolidated basis in accordance with GAAP; provided that, the Company shall be entitled to net against such Indebtedness to the extent included in clause (a) or such Hybrid Securities to the extent included in clause (b), as applicable, unrestricted cash of the Company that was distributed or otherwise paid to the Company from the proceeds of any incurrence of such Indebtedness or such Hybrid Securities by AIG L&R up to a maximum amount of $8.3 billion for a period of up to 12 months following the first incurrence of any such Indebtedness or such Hybrid Securities.

2. Section 6.02 (Fundamental Changes) is amended and restated in its entirety to read:

Fundamental Changes. The Company will not, nor will it cause or permit any Subsidiary Borrower to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the Equity Interests of any of the Subsidiary Borrowers (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default has occurred and is continuing:

(i) any Person may merge with or into the Company; provided that the Company shall be the surviving entity;

(ii) any Subsidiary Borrower may merge with or into any other Person; provided that a Subsidiary Borrower or the Company shall be the surviving entity; and

(iii) any Subsidiary Borrower may sell, transfer, lease or otherwise dispose of its assets to the Company or to another Subsidiary Borrower.

For purposes of this Section 6.02, the Separation shall not be considered a disposition of substantially all assets of the Company or any Subsidiary Borrower. The Separation shall be disregarded for the purpose of determining whether any other transaction or series of transactions is a disposition of substantially all of the assets of the Company or any Subsidiary Borrower.

The undersigned is in agreement with the foregoing. Please signify your agreement with the foregoing by signing and returning a copy of this Amendment Letter to Elizabeth Hamilton (via pdf email at ehamilton@cgsh.com) at your earliest convenience but **not later than 3:00 p.m., New York City time, on May 12, 2022.**

Except as expressly modified by this Amendment Letter, all terms, conditions, covenants, representations and warranties contained in the Credit Agreement and the other Loan Documents, and all rights and remedies of the Lenders and the Administrative Agent and all of the obligations of the Loan Parties, shall remain in full force and effect. From and after the effectiveness of this Amendment Letter, the term “Agreement” (or words of similar import) in the Credit Agreement, and all references to the Credit Agreement in any related document, shall mean the Credit Agreement as modified by this Amendment Letter. This Amendment Letter shall constitute a “Loan Document” for purposes of the Credit Agreement and the other Loan Documents. The Company hereby represents and warrants to the Lenders and the Administrative Agent that (i) the representations and warranties of the Company and each Subsidiary Borrower (if any) set forth in the Credit Agreement and the other Loan Documents shall be true and correct in all material respects (or, in the case of any such representations and warranties qualified as to materiality, in all respects) on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specified date, as of such specified date) and as if each reference to “this Agreement” included reference to this Agreement Letter (it being agreed that it shall be deemed to be an Event of Default under the Credit Agreement if any of the foregoing representations and warranties shall prove to have been false in any material respect when made) and (ii) at the time of and immediately after giving effect to this Amendment Letter, no Default has occurred and or is continuing.

This Amendment Letter may be executed in any number of counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Amendment Letter by electronic transmission shall be effective as delivery of a manually executed counterpart hereof. This Amendment Letter may be in the form of an Electronic Record (as defined herein) and may be executed using Electronic Signatures (as defined herein) (including, without limitation, facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed paper communication which has been converted into electronic form (such as scanned into .pdf format), or an electronically signed communication converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by it pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the parties hereto without further verification and (b) upon the request of the Administrative Agent any Electronic Signature shall be promptly followed by a manually executed, original counterpart. "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

This Amendment Letter shall be construed in accordance with and governed by the law of the State of New York.

Please direct any questions of a legal nature to Elizabeth Hamilton at Cleary Gottlieb Steen & Hamilton (ehamilton@cgsh.com, 212-225-2145). Questions of a business nature should be directed to Jon Mullen (jonathan.m.mullen@bofa.com) of Bank of America, N.A.

[Signature pages follow]

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Christopher Choi
Name: Christopher Choi
Title: Managing Director

[*Signature page to Amendment Letter*]

AMERICAN INTERNATIONAL GROUP, INC.

By: /s/ Marilyn V. Hirsch
Name: Marilyn V. Hirsch
Title: Senior Vice President and Treasurer

[*Signature page to Amendment Letter*]

SO AGREED:

BANK OF AMERICA, N.A.

By: /s/ Christopher Choi
Name: Christopher Choi
Title: Managing Director

[*Signature page to Amendment Letter*]

SO AGREED:

CITIBANK, N.A.

By: /s/ Maureen P. Maroney
Name: Maureen P. Maroney
Title: Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

JPMORGAN CHASE BANK, N.A.

By: /s/ James S. Mintzer
Name: James S. Mintzer
Title: Executive Director

[*Signature page to Amendment Letter*]

SO AGREED:

BARCLAYS BANK PLC

By: /s/ Warren Veech III
Name: Warren Veech III
Title: Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

BNP PARIBAS

By: /s/ Joseph Malley
Name: Joseph Malley
Title: Managing Director

By: /s/ Patrick Cunnane
Name: Patrick Cunnane
Title: Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ Ming K. Chu
Name: Ming K. Chu
Title: Director

By: /s/ Douglas Darman
Name: Douglas Darman
Title: Director

[*Signature page to Amendment Letter*]

SO AGREED:

GOLDMAN SACHS BANK USA

By: /s/ Dan Martis
Name: Dan Martis
Title: Authorized Signatory

[*Signature page to Amendment Letter*]

SO AGREED:

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ Mrudul Kotia
Name: Mrudul Kotia
Title: Vice President, Financial Institutions Group

[*Signature page to Amendment Letter*]

SO AGREED:

MIZUHO BANK, LTD.

By: /s/ Raymond Ventura
Name: Raymond Ventura
Title: Managing Director

[*Signature page to Amendment Letter*]

SO AGREED:

MORGAN STANLEY BANK, N.A.

By: /s/ David White
Name: David White
Title: Authorized Signatory

[*Signature page to Amendment Letter*]

SO AGREED:

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Thomas A. McLaughlin
Name: Thomas A. McLaughlin
Title: Senior Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

ROYAL BANK OF CANADA

By: /s/ Tim Stephens
Name: Tim Stephens
Title: Authorized Signatory

[*Signature page to Amendment Letter*]

SO AGREED:

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Shane Klein
Name: Shane Klein
Title: Managing Director

[*Signature page to Amendment Letter*]

SO AGREED:

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Andre Liu
Name: Andre Liu
Title: Senior Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Jason Hafener
Name: Jason Hafener
Title: Managing Director

[*Signature page to Amendment Letter*]

SO AGREED:

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

By: /s/ Wendy Tso
Name: Wendy Tso
Title: Director

[*Signature page to Amendment Letter*]

SO AGREED:

MANUFACTURERS & TRADERS TRUST COMPANY

By: /s/ Brooks W. Thropp
Name: Brooks W. Thropp
Title: Senior Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

NATIONAL AUSTRALIA BANK LIMITED

By: /s/ Helen Hsu
Name: Helen Hsu
Title: Director

[*Signature page to Amendment Letter*]

SO AGREED:

NATIXIS, NEW YORK BRANCH

By: /s/ Kelley T. Hebert
Name: Kelley T. Hebert
Title: Managing Director

By: /s/ Eric Ouyang
Name: Eric Ouyang
Title: VP

[*Signature page to Amendment Letter*]

SO AGREED:

SOCIETE GENERALE

By: /s/ Arun Bansal
Name: Arun Bansal
Title: Managing Director

[*Signature page to Amendment Letter*]

SO AGREED:

STANDARD CHARTERED BANK

By: /s/ Kristopher Tracy
Name: Kristopher Tracy
Title: Director – Financing Solutions

[*Signature page to Amendment Letter*]

SO AGREED:

THE BANK OF NEW YORK MELLON

By: /s/ Kenneth P. Sneider Jr.
Name: Kenneth P. Sneider, Jr.
Title: Director

[*Signature page to Amendment Letter*]

SO AGREED:

THE BANK OF NOVA SCOTIA

By: /s/ Marilena Devcic

Name: Marilena Devcic

Title: Director, Financial Institutions, U.S., The Bank of Nova Scotia

[*Signature page to Amendment Letter*]

SO AGREED:

UNICREDIT BANK AG, NEW YORK BRANCH

By: /s/ Sam Opitz
Name: Sam Opitz
Title: Director

By: /s/ Aleksander Borowicz
Name: Aleksander Borowicz
Title: Director

[*Signature page to Amendment Letter*]

Exhibit 10.3

Execution Version

AMENDMENT LETTER
TO
LENDERS PARTY TO THE CREDIT AGREEMENT REFERENCED BELOW

May 11, 2022

Reference is made to the 3-Year Delayed Draw Term Loan Agreement (as amended, the "Credit Agreement") dated as of February 25, 2022 among Corebridge Financial, Inc. (f/k/a SAFG Retirement Services, Inc.) (the "Company"), the lenders party thereto (the "Lenders"), and JPMorgan Chase Bank, N.A., as Administrative Agent. Terms used but not defined herein shall have the meanings provided in the Credit Agreement.

Each Lender is hereby requested by the Company to confirm its agreement of the following:

1. Such Lender hereby consents to the Company's delivery to the Administrative Agent on or prior to May 20, 2022 of the documents required to be delivered pursuant to Section 5.01(b) with respect to the first fiscal quarter of the fiscal year 2022 and agrees that no Default shall be deemed to occur as a result of the failure of the Company to deliver such documents on or before the original deadline therefor provided that such documents are delivered on or prior to May 20, 2022.

2. The first paragraph of the preamble is amended and restated in its entirety to read:

> 3-YEAR DELAYED DRAW TERM LOAN AGREEMENT, dated as of February 25, 2022 among COREBRIDGE FINANCIAL, INC. (f/k/a SAFG RETIREMENT SERVICES, INC.), a Delaware corporation (the "Company"), as borrower, the LENDERS party hereto from time to time, and JPMORGAN CHASE BANK, N.A., as Administrative Agent (this "Agreement").

3. Section 1.01 (Defined Terms) is amended by:

(a) deleting the words "(rounded upwards, if necessary, to the next 1/100 of 1.00%)" in the definition of "Adjusted Term SOFR Rate."

(b) adding in the appropriate alphabetical position:

> "AIG Guarantee" means the guarantees by RemainCo of AIGLH's obligations under the AIGLH Notes pursuant to any of (i) that First Supplemental Indenture dated as of November 1, 2001, to the Indenture dated as of November 15, 1997, between AIGLH, as successor to American General Corporation, as Issuer, RemainCo, as Guarantor, and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as Trustee, (ii) that First Supplemental Indenture dated as of November 1, 2001, to the Indenture dated as of December 1, 1996, between AIGLH, as successor to American General Corporation, as Issuer, RemainCo, as Guarantor, and Deutsche Bank Trust Company Americas, as successor to Bankers Trust Company, as Trustee, and (iii) that First Supplemental Indenture dated as of November 1, 2001, to the Indenture dated as of May 15, 1995, between AIGLH, as successor to American General Corporation, as Issuer, RemainCo, as Guarantor, and The Chase Manhattan Bank, as Trustee.

"AIGLH" means AIG Life Holdings, Inc., a Texas corporation.

"AIGLH Notes" means (A) the outstanding senior debt securities issued by AIGLH, consisting of (i) its 7½% Notes due 2025 and (ii) its 6⅝% Notes due 2029, and (B) the outstanding junior subordinated debt securities issued by AIGLH, consisting of (i) its 8½% Junior Subordinated Debentures due 2030, (ii) its 7.57% Junior Subordinated Deferrable Interest Debentures, Series A and (iii) its 8⅛% Junior Subordinated Deferrable Interest Debentures, Series B.

(c) amending and restating the following definition in its entirety to read:

"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the CME Term SOFR Administrator on the CME Term SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Company.

4. Section 4.02(a) is amended and restated in its entirety to read:

(i) with respect to any Borrowing on or prior to the IPO Effective Date, the representations and warranties of the Company set forth in this Agreement and the other Loan Documents or (ii) with respect to any Borrowing following the IPO Effective Date, the representations and warranties of the Company set forth in this Agreement and the other Loan Documents, other than those representations and warranties contained in Section 3.05(b) (but only as to clause (a) of the definition of "Material Adverse Effect") and Section 3.06(a) and (c) (but solely to the extent such matters affecting the truth and accuracy of such representation and warranty have been disclosed to the Administrative Agent), in each case under clauses (i) and (ii) of this Section 4.02(a), shall be true and correct in all material respects (or, in the case of any such representations and warranties qualified by materiality, in all respects) on and as of the date of such Borrowing (or if any such representation or warranty is expressly stated to have been made as of a specified date, as of such specified date);

5. Section 6.01(p) is amended and restated in its entirety to read:

Liens granted by the Company and/or AIGLH to RemainCo in order to secure the reimbursement or contribution obligations of the Company and/or AIGLH, whether collateralized or uncollateralized, to RemainCo in respect of the AIG Guarantee of AIGLH Notes so long as (i) such Liens permitted under this clause (p) do not secure any obligations other than such reimbursement or contribution obligations of the Company and/or AIGLH and (ii) such reimbursement or contribution obligations do not exceed the obligations (contingent or actual) under such AIG Guarantee (as the same may decrease, but not increase (other than for interest and other amounts that may become due under such AIG Guarantee and related documentation for the reimbursement or contribution obligations) for the purposes of this clause (p), from time to time thereafter) in respect of the AIGLH Notes;

5. Section 5.02 is amended by (i) deleting the "or" from the end of Section 5.02(b), (ii) replacing the "." at the end of 5.02(c) with "; or", and (iii) adding a Section 5.02(d) as follows:

(d) 2 Business Days prior written notice of an anticipated IPO Effective Date.

The undersigned is in agreement with the foregoing. Please signify your agreement with the foregoing by signing and returning a copy of this Amendment Letter to Elizabeth Hamilton (via pdf email at ehamilton@cgsh.com) at your earliest convenience but **not later than 3:00 p.m., New York City time, on May 11, 2022.**

Except as expressly modified by this Amendment Letter, all terms, conditions, covenants, representations and warranties contained in the Credit Agreement and the other Loan Documents, and all rights and remedies of the Lenders and the Administrative Agent and all of the obligations of the Loan Parties, shall remain in full force and effect. From and after the effectiveness of this Amendment Letter, the term "Agreement" (or words of similar import) in the Credit Agreement, and all references to the Credit Agreement in any related document, shall mean the Credit Agreement as modified by this Amendment Letter. This Amendment Letter shall constitute a "Loan Document" for purposes of the Credit Agreement and the other Loan Documents. The Company hereby represents and warrants to the Lenders and the Administrative Agent that (i) the representations and warranties of the Company and each Subsidiary Borrower (if any) set forth in the Credit Agreement and the other Loan Documents shall be true and correct in all material respects (or, in the case of any such representations and warranties qualified as to materiality, in all respects) on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specified date, as of such specified date) and as if each reference to "this Agreement" included reference to this Agreement Letter (it being agreed that it shall be deemed to be an Event of Default under the Credit Agreement if any of the foregoing representations and warranties shall prove to have been false in any material respect when made) and (ii) at the time of and immediately after giving effect to this Amendment Letter, no Default has occurred and or is continuing.

This Amendment Letter may be executed in any number of counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Amendment Letter by electronic transmission shall be effective as delivery of a manually executed counterpart hereof. This Amendment Letter may be in the form of an Electronic Record (as defined herein) and may be executed using Electronic Signatures (as defined herein) (including, without limitation, facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Administrative Agent of a manually signed paper communication which has been converted into electronic form (such as scanned into .pdf format), or an electronically signed communication converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by it pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Administrative Agent has agreed to accept such Electronic Signature, the Administrative Agent shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the parties hereto without further verification and (b) upon the request of the Administrative Agent any Electronic Signature shall be promptly followed by a manually executed, original counterpart. "Electronic Record" and "Electronic Signature" shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

This Amendment Letter shall be construed in accordance with and governed by the law of the State of New York.

Please direct any questions of a legal nature to Elizabeth Hamilton at Cleary Gottlieb Steen & Hamilton (ehamilton@cgsh.com, 212-225-2145). Questions of a business nature should be directed to Sid Lahiri (sid.lahiri@jpmorgan.com) of JPMorgan Chase Bank, N.A.

[Signature pages follow]

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ James S. Mintzer
Name: James S. Mintzer
Title: Executive Director

[*Signature page to Amendment Letter*]

COREBRIDGE FINANCIAL, INC.

By: /s/ Justin Caulfield
Name: Justin Caulfield
Title: Vice President and Treasurer

[*Signature page to Amendment Letter*]

SO AGREED:

JPMORGAN CHASE BANK, N.A.

By: /s/ James S. Mintzer
Name: James S. Mintzer
Title: Executive Director

[*Signature page to Amendment Letter*]

SO AGREED:

BANK OF AMERICA, N.A.

By: /s/ Chris Choi
Name: Chris Choi
Title: Managing Director

[*Signature page to Amendment Letter*]

SO AGREED:

CITIBANK, N.A.

By: /s/ Maureen P. Maroney
Name: Maureen P. Maroney
Title: Vice President

[*Signature page to Amendment Letter*]

SO AGREED:

MORGAN STANLEY BANK, N.A.

By: /s/ Mrinalini MacDonough
Name: Mrinalini MacDonough
Title: Authorized Signatory

[*Signature page to Amendment Letter*]

SO AGREED:

GOLDMAN SACHS BANK USA

By: /s/ Thomas M. Manning
Name: Thomas M. Manning
Title: Authorized Signatory

[*Signature page to Amendment Letter*]

Exhibit 31

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 9, 2022

/S/ PETER ZAFFINO

Peter Zaffino

Chairman and Chief Executive Officer

CERTIFICATIONS

I, Shane Fitzsimons, 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 9, 2022

/S/ SHANE FITZSIMONS

Shane Fitzsimons
Executive Vice President and
Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with this Quarterly Report on Form 10-Q of American International Group, Inc. (the “Company”) for the quarter ended June 30, 2022, 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 9, 2022

/S/ PETER ZAFFINO

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, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Shane Fitzsimons, 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 9, 2022

/S/ SHANE FITZSIMONS

Shane Fitzsimons
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.