



Review of First Quarter 2023

May 3, 2023

Forward Looking Statements

Certain statements made during this call, as well as included in this document, are not historical facts and may be considered “forward-looking statements” and are based on estimates, assumptions and projections which management believes are reasonable, but by their nature subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements.

The reasons which could cause actual results and/or financial condition to differ materially from those suggested by such forward-looking statements include, but are not limited to, those discussed or identified from time-to-time in AFG’s filings with the Securities and Exchange Commission, including the annual report on Form 10-K and the quarterly reports on Form 10-Q. We do not promise to update such forward-looking statements to reflect actual results or changes in assumptions or other factors that could affect these statements.

Core net operating earnings is a non-GAAP financial measure which sets aside items that are generally not considered to be part of ongoing operations, such as net realized gains and losses and certain nonrecurring items. AFG believes that this non-GAAP measure is a useful tool for investors and analysts in analyzing ongoing operating trends of AFG.

2023 First Quarter Consolidated Results

Dollars in millions, except per share data

	Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>
P&C Insurance Segment	\$ 350	\$ 422
Interest & other corporate expenses	<u>(42)</u>	<u>(44)</u>
Pretax Core Operating Earnings	308	378
Related income taxes	<u>61</u>	<u>75</u>
Core Net Operating Earnings	<u>\$ 247</u>	<u>\$ 303</u>
Average number of diluted shares	85.4	85.2
Core Net Operating Earnings per Share	\$ 2.89	\$ 3.56
Annualized Core Operating Return on Equity	22.0%	24.6%

2023 First Quarter Consolidated Results (continued)

Dollars in millions, except per share data

	Three Months Ended March 31, 2023	
		(Per Share)
Core Net Operating Earnings	\$ 247	\$ 2.89
<u>Non-core Items</u>		
After-tax net realized losses on securities ¹	(37)	(0.42)
Gain on retirement of debt	2	0.02
Net Earnings	<u>\$ 212</u>	<u>\$ 2.49</u>

¹ Included in this amount is \$18 million (\$0.21 per share) in after-tax net losses to adjust equity securities that the Company continued to own at March 31, 2023, to fair value.

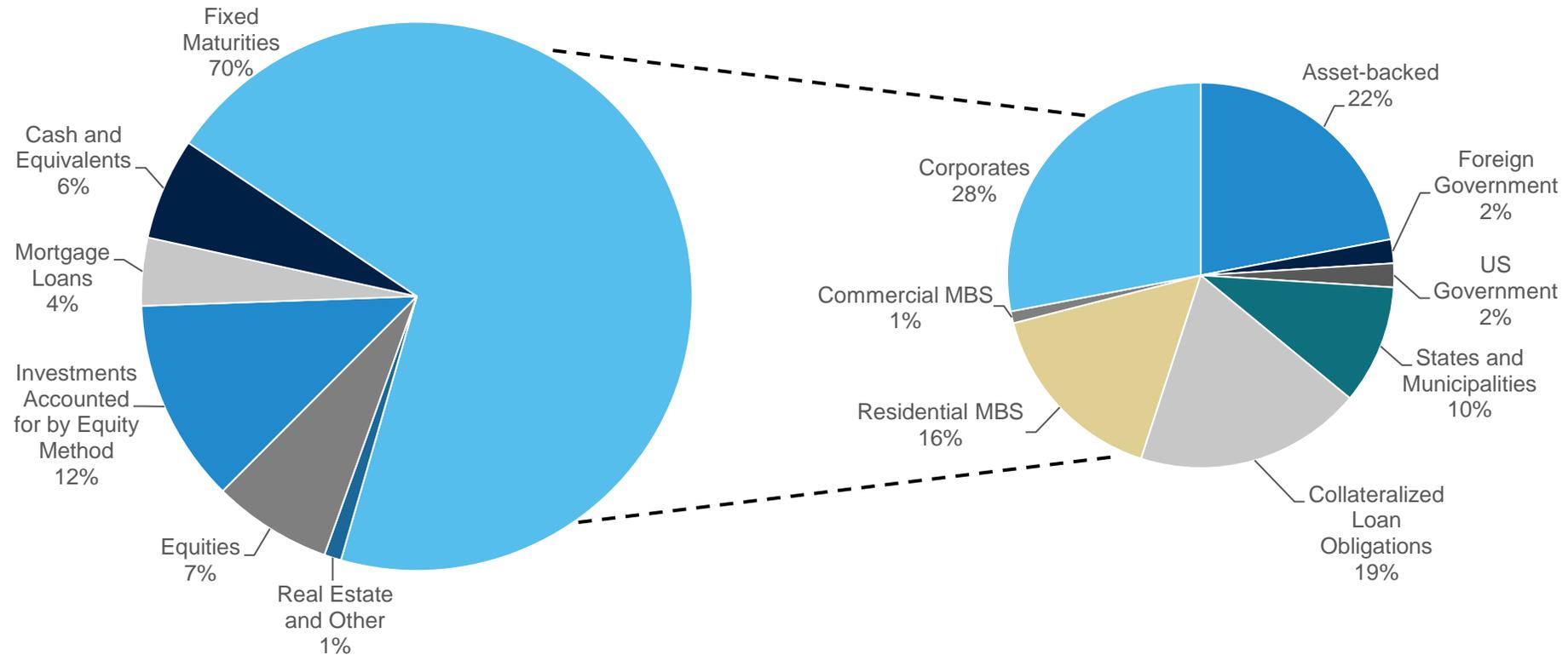
Investments

- Total carrying value of AFG's investment portfolio at March 31, 2023 = \$14.5 billion
- First quarter after-tax net realized losses on securities of \$37 million
 - includes \$18 million in after-tax net realized losses to adjust equity securities that the company continued to own at March 31, 2023 to fair value through earnings
- Pretax unrealized losses on fixed maturities were \$523 million at March 31, 2023
- First quarter 2023 annualized return of 14.2% on AFG's \$2.3 billion of alternative investments

AFG Investment Portfolio

As of March 31, 2023

Fixed Maturities Portfolio – 93% investment grade
 P&C Fixed Maturities Portfolio – 96% NAIC 1 & 2



Carrying Value – \$14.5 Billion

Exposure to Banking Industry

As of March 31, 2023 – Dollars in millions

	<u>Fair Value</u>	<u>% of Inv. Portfolio</u>	<u>Additional Information</u>	<u>Investor Supplement Page</u>
Fixed Maturities – Banking Corporate Securities	\$ 350	2.4%	Average NAIC rating 1.6	23
Equity Securities – Banking Perpetual Preferreds	219	1.5%	Average NAIC rating 2.0	n/a
Asset Backed Securities (TruPS)	212	1.5%	100% rated NAIC 1	25
Equity Securities – Banking Common Stock and Alt. Inv.	<u>43</u>	<u>0.3%</u>		n/a
	<u>\$ 824</u>	<u>5.7%</u>		

Exposure to Office Commercial Real Estate

As of March 31, 2023 – Dollars in millions

	Fair Value	% of Inv. Portfolio	Additional Information	Investor Supplement Page
Direct Mortgage Loans - Office	\$ 58	0.4%		27
Investment accounted for using equity method (Real Estate Funds/Investments) - Office	15	0.1%		27
Real Estate - Office Building	9	0.1%		27
Total Direct Office Commercial Real Estate Exposure	\$ 82	0.6%		
Commercial Real Estate Asset Backed Securities	\$ 453	3.1%	98% rated AAA; 2% rated AA (Office only represents 9% of underlying exposure)	25
CMBS	78	0.5%	96% rated NAIC 1; 4% rated NAIC 3 (Office only represents 14% of underlying exposure)	21
Corporate Securities – REITs	139	1.0%	39% rated NAIC 1; 61% rated NAIC 2 (Office only represents 5% of underlying exposure)	23
Fixed Maturities with Minimal Office Exposure	\$ 670	4.6%		

Strong Financial Position

Dollars in millions, except per share data

Capital Management

- Above target levels for all rating agencies
- Excess capital approximately \$1.0 billion at March 31, 2023
- First quarter regular dividends = \$54 million
- Paid special dividend of \$4 per share (\$340 million) in February 2023
- Repurchased 199,762 shares for approximately \$24 million during the first quarter

Long-Term Debt

- No debt maturities until 2030
- No borrowings under \$500 million credit line
- Repurchased approximately \$18 million of Senior Notes during the first quarter

Financial Strength Ratings - U.S. Based P&C Insurers (where rated)

- A.M. Best: All companies = A+
- Standard & Poor's: All companies = A+
- Moody's: All companies = A1

	<u>Mar 31, 2023</u>	<u>Dec 31, 2022</u>
Principal amount of long-term debt	\$ 1,503	\$ 1,521
Adjusted shareholders' equity ¹	4,375	4,578
Total adjusted capital	\$ 5,878	\$ 6,099
Ratio of debt to total adjusted capital ²		
Including subordinated debt	25.6%	24.9%
Excluding subordinated debt	14.1%	13.9%
Common shares outstanding (millions)	85.172	85.204
<u>Book value per share:</u>		
Book value per share	\$ 46.27	\$ 47.56
Adjusted ¹	51.37	53.73
Tangible, adjusted ³	47.25	49.58
Parent company cash and investments	\$ 672	\$ 876

¹ Excludes net unrealized gains (losses) related to fixed maturity investments.

² The ratio is calculated by dividing the principal amount of AFG's long-term debt by its total capital, which includes long-term debt and shareholders' equity, excluding unrealized gains (losses) related to fixed maturity investments.

³ Excludes net unrealized gains (losses) related to fixed maturity investments, goodwill and intangibles.

Property & Casualty Results

Dollars in millions

	Three Months Ended March 31,		Change ¹
	2023	2022	
Specialty Gross Written Premiums	\$ 2,155	\$ 1,936	11%
Specialty Net Written Premiums	\$ 1,519	\$ 1,368	11%
P&C Insurance Operating Earnings	\$ 350	\$ 422	(17%)
Specialty P&C Underwriting Profit	\$ 155	\$ 208	(25%)
Specialty P&C Combined Ratio	89.2%	84.0%	5.2%
Adverse (Favorable) Impact of:			
Catastrophe Losses	2.2%	0.7%	1.5%
COVID-19 Losses ²	0.0%	0.0%	0.0%
Prior Year Development	(4.5%)	(6.8%)	2.3%

¹ Calculated as a percentage change for dollars and an arithmetic difference for percentages.

² Approximately 48% of AFG's \$73 million in cumulative COVID-19 related losses were held as IBNR reserves at March 31, 2023.

Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended March 31,			Combined Ratio Three Months Ended March 31,	
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>2023</u>	<u>2022</u>
Property & Transportation	\$ 552	\$ 501	10%	91.0%	85.8%
Specialty Casualty	\$ 722	\$ 650	11%	87.5%	80.6%
Specialty Casualty Excluding Workers' Compensation	\$ 433	\$ 401	8%		
Specialty Financial	\$ 184	\$ 159	16%	86.5%	82.0%

2023 Outlook

AFG's 2023 core net operating earnings guidance of \$11.00 - \$12.00 per share, a core return on equity of more than 20% at the midpoint¹

	Updated Guidance ¹		February Guidance		2022 Actual
	NWP Growth	Combined Ratio	NWP Growth	Combined Ratio	
Specialty P&C Group Overall	3% – 6%	87% – 89%	3% – 5%	86% – 88%	87.2%
Business Groups:					
Property & Transportation	0% – 2%	90% – 93%	1% – 3%	89% – 93%	91.7%
Specialty Casualty	5% – 9%	82% – 86%	4% – 8%	80% – 84%	81.2%
<i>Excluding Workers' Comp</i>	<i>7% – 11%</i>		<i>6% – 10%</i>		
Specialty Financial	6% – 10%	85% – 89%	4% – 8%	83% – 87%	83.7%

P&C average renewal rates up 3% to 5% when compared to 2022



¹ Reflects an assumed return on alternative investments of 8%, an increase from the 7% return included in AFG's February guidance. This compares to 13.2% earned in 2022. This guidance also assumes an average crop year.



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