



Review of First Quarter 2022

May 5, 2022

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 discontinued operations, 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.

2022 First Quarter Consolidated Results

Dollars in millions, except per share data

	Three Months Ended March 31,	
	<u>2022</u>	<u>2021</u>
P&C Insurance Segment	\$ 422	\$ 288
Real estate entities and other acquired from Annuity operations	-	28
Interest & other corporate expenses	<u>(44)</u>	<u>(58)</u>
Pretax Core Operating Earnings	378	258
Related income taxes	<u>75</u>	<u>52</u>
Core Net Operating Earnings	<u>\$ 303</u>	<u>\$ 206</u>
Average number of diluted shares	85.2	86.6
Core Net Operating Earnings per Share	\$ 3.56	\$ 2.38
Annualized Core Operating Return on Equity	24.6%	14.7%

2022 First Quarter Consolidated Results (continued)

Dollars in millions, except per share data

	Three Months Ended March 31, 2022	
		(Per Share)
Core Net Operating Earnings	\$ 303	\$ 3.56
<u>Non-core Items</u>		
After-tax net realized losses on securities ¹	(12)	(0.14)
Loss on retirement of debt	<u>(1)</u>	<u>(0.02)</u>
Net Earnings	<u>\$ 290</u>	<u>\$ 3.40</u>

¹ Included in this amount is \$10 million (\$0.12 per share) in after-tax net losses to adjust equity securities that the Company continued to own at March 31, 2022, to fair value.

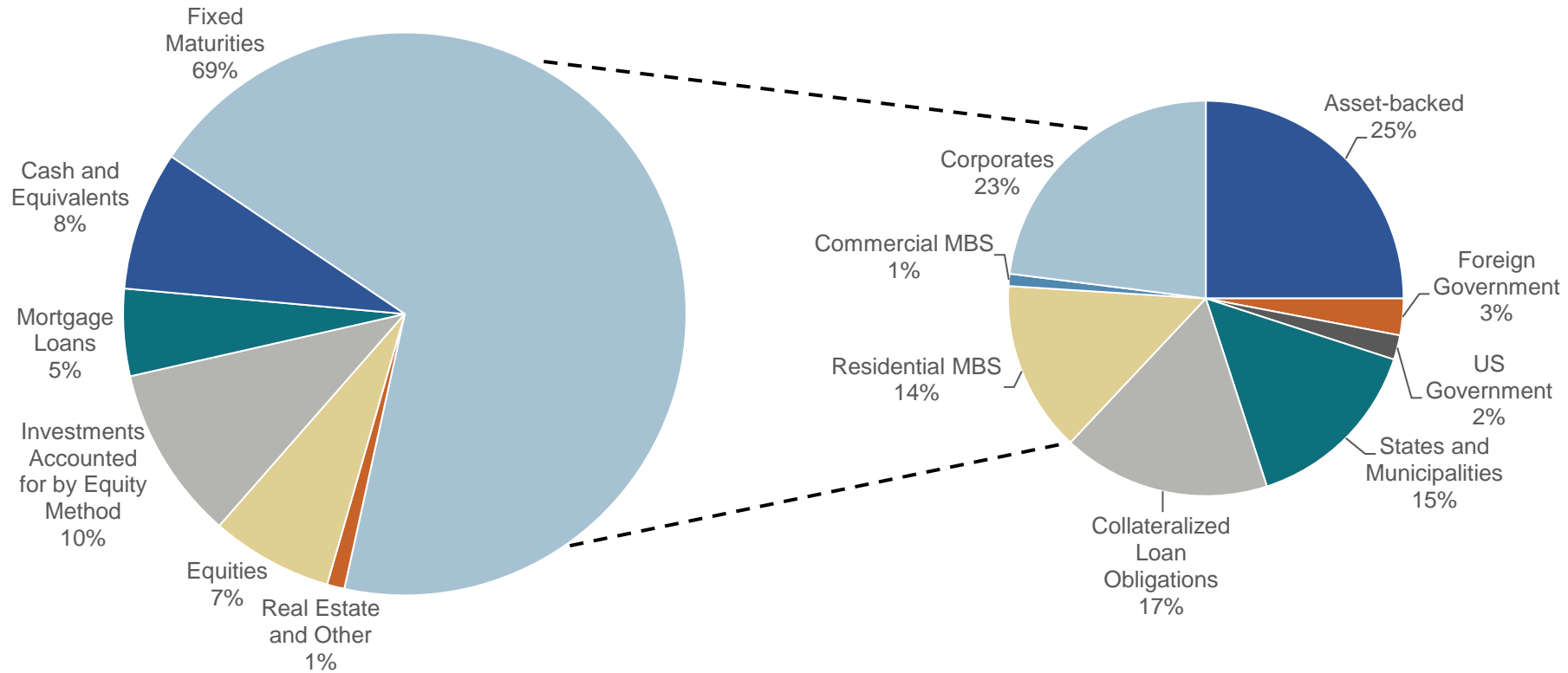
Investments

- Total carrying value of AFG's investment portfolio at March 31, 2022 = \$15.6 billion
- First quarter after-tax net realized losses on securities of \$12 million
 - includes \$10 million in after-tax net realized losses to adjust equity securities the company continued to own at March 31, 2022 to fair value through earnings
- Pretax unrealized losses on fixed maturities were \$138 million at March 31, 2022
- First quarter 2022 annualized return of 29.1% on AFG's \$2.0 billion of alternative investments

AFG Investment Portfolio

As of March 31, 2022

Fixed Maturities Portfolio – 90% investment grade
 P&C Fixed Maturities Portfolio – 98% NAIC 1 & 2



Carrying Value – \$15.6 Billion

Strong Financial Position & Excess Capital

Dollars in millions, except per share data

Capital

- Above target levels for all rating agencies
- First quarter regular dividends = \$47 million
- Declared a \$170 million special dividend in the first quarter
- Declared a \$680 million special dividend on May 4, 2022, payable May 27, 2022

Long-Term Debt

- Announced Redemption of \$375 million principal amount of 3.5% Senior Notes in June 2022
- No debt maturities until 2030
- No borrowings under \$500 million credit line

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

	Proforma Mar 31, 2022 ¹	Mar 31, 2022	Dec 31, 2021
Principal amount of long-term debt	\$ 1,568	\$ 1,945	\$ 1,993
Adjusted shareholders' equity ²	4,266	4,948	4,876
Total adjusted capital	\$ 5,835	\$ 6,893	\$ 6,869
Ratio of debt to total adjusted capital ³			
Including subordinated debt	26.9%	28.2%	29.0%
Excluding subordinated debt	15.3%	18.4%	19.2%
Common shares outstanding	85.103	85.103	84.921
<u>Book value per share:</u>			
Book value per share	\$ 48.81	\$ 56.81	\$ 59.02
Adjusted ²	50.14	58.14	57.42
Tangible, adjusted ⁴	46.02	54.02	53.26
Parent company cash and investments	\$ 644	\$ 1,706	\$ 1,857
Excess Capital	\$ 1,041	\$ 2,020	\$ 2,133

¹ Adjusted for \$8.00 per share special dividend and debt redemption announced on May 4, 2022 (as if both occurred on March 31, 2022).

² Excludes net unrealized gains related to fixed maturity investments.

³ 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 related to fixed maturity investments).

⁴ Excludes net unrealized gains related to fixed maturity investments, goodwill and intangibles.

Property & Casualty Results

Dollars in millions

	Three Months Ended March 31,		
	2022	2021	Change ¹
Specialty Gross Written Premiums	\$ 1,936	\$ 1,616	20%
Specialty Net Written Premiums	\$ 1,368	\$ 1,205	14%
P&C Insurance Operating Earnings	\$ 422	\$ 288	47%
Specialty P&C Underwriting Profit	\$ 208	\$ 134	55%
Specialty P&C Combined Ratio	84.0%	88.5%	(4.5%)
Adverse (Favorable) Impact of:			
Catastrophe Losses	0.7%	1.7%	(1.0%)
COVID-19 Losses ²	0.0%	0.8%	(0.8%)
Prior Year Development	(6.8%)	(5.2%)	(1.6%)

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

² Approximately 61% of AFG's cumulative \$90 million in COVID-19 related losses were held as IBNR reserves at March 31, 2022.

Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended March 31,			Combined Ratio Three Months Ended March 31,	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>
Property & Transportation	\$ 501	\$ 403	24%	85.8%	85.6%
Specialty Casualty	\$ 650	\$ 588	11%	80.6%	90.2%
Specialty Casualty Excluding Workers' Compensation	\$ 401	\$ 357	12%		
Specialty Financial	\$ 159	\$ 161	(1%)	82.0%	84.1%

2022 Outlook

AFG's 2022 core net operating earnings guidance of \$10.50 - \$11.50 per share, an increase from previous guidance of \$9.75 - \$10.75 per share

	Updated Guidance ¹		February Guidance		2021 Actual
	NWP Growth	Combined Ratio	NWP Growth	Combined Ratio	
Specialty P&C Group Overall	8% – 12%	85% – 87%	8% – 12%	85% – 87%	86.4%
<u>Business Groups:</u>					
Property & Transportation	11% – 15%	87% – 91%	8% – 12%	87% – 91%	87.1%
Specialty Casualty	6% – 10%	80% – 84%	6% – 10%	80% – 84%	84.3%
<i>Excluding Workers' Comp</i>	<i>7% – 11%</i>		<i>7% – 11%</i>		
Specialty Financial	4% – 8%	84% – 88%	8% – 12%	84% – 88%	85.1%

P&C average renewal rates up 5% to 7% when compared to 2021

¹ Reflects an average crop year and an annualized return of approximately 12% on alternative investments.



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