



Review of Fourth Quarter and Full Year 2023

February 7, 2024

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 Full Year Highlights

- **Core net operating earnings per share of \$10.56**
 - core ROE 19.8% for 2023
 - net earnings of \$10.05 per share; ROE 18.8%
- **Returned \$900 million of capital to shareholders**
 - \$221 million in regular common stock dividends; 12.7% increase in regular dividend in October 2023
 - \$466 million in special dividends (\$5.50 per share)
 - \$213 million in share repurchases
- **Growth in adjusted BVPS plus dividends of 16.6%**

2023 Fourth Quarter Consolidated Results

Dollars in millions, except per share data

	Three Months Ended December 31,	
	<u>2023</u>	<u>2022</u>
P&C Insurance Segment	\$ 357	\$ 363
Interest & other corporate expenses	<u>(53)</u>	<u>(45)</u>
Pretax Core Operating Earnings	304	318
Related income taxes	<u>66</u>	<u>63</u>
Core Net Operating Earnings	<u>\$ 238</u>	<u>\$ 255</u>
Average number of diluted shares	83.8	85.3
Core Net Operating Earnings per Share	\$ 2.84	\$ 2.99
Annualized Core Operating Return on Equity	20.9%	22.3%

2023 Fourth Quarter Consolidated Results (continued)

Dollars in millions, except per share data

	<u>Three Months Ended December 31, 2023</u>	
		(Per Share)
Core Net Operating Earnings	\$ 238	\$ 2.84
<u>Non-core Items</u>		
After-tax net realized gains on securities ¹	<u>25</u>	<u>0.29</u>
Net Earnings	<u>\$ 263</u>	<u>\$ 3.13</u>



¹ Included in this amount is \$22 million (\$0.26 per share) in after-tax net gains to adjust equity securities that the Company continued to own at December 31, 2023, to fair value.

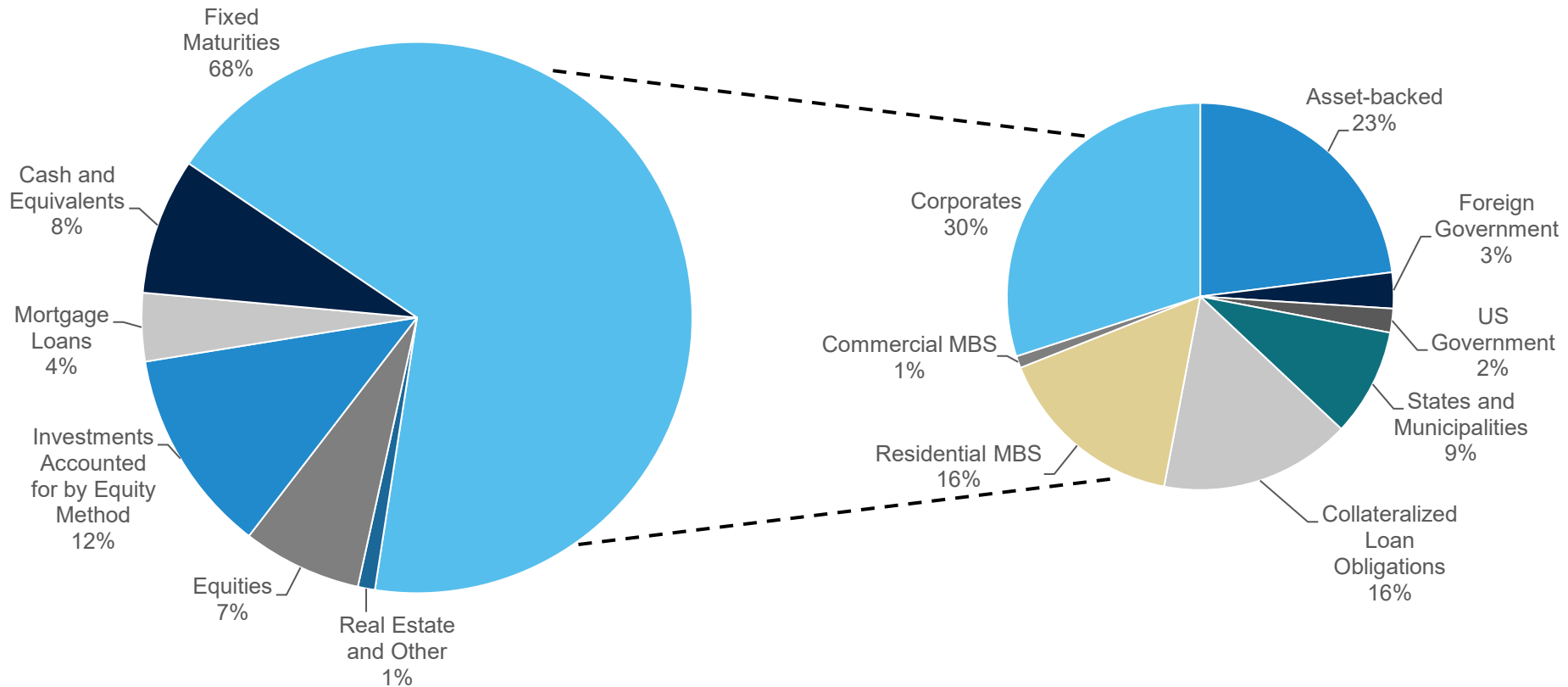
Investments

- Total carrying value of AFG's investment portfolio at December 31, 2023 = \$15.3 billion
- Fourth Quarter 2023: P&C net investment income up 1% YOY; up 19% excluding alternative investments. Fourth quarter 2023 annualized return of 0.8% on AFG's \$2.4 billion of alternative investments
- Full Year 2023: P&C net investment income up 7% YOY; up 35% excluding alternative investments. Full year return of 7% on alternative investments
- Fourth quarter after-tax net realized gains on securities of \$25 million
 - includes \$22 million in after-tax net realized gains to adjust equity securities that the company continued to own at December 31, 2023 to fair value through earnings

AFG Investment Portfolio

As of December 31, 2023

Fixed Maturities Portfolio – 94% investment grade
P&C Fixed Maturities Portfolio – 96% NAIC 1 & 2



Carrying Value – \$15.3 Billion

Strong Financial Position

Dollars in millions, except per share data

Capital Management

- Above target levels for all rating agencies
- Fourth quarter regular dividends = \$61 million
- Repurchased approximately 543,000 shares for \$60 million during the fourth quarter
- Paid special dividend of \$1.50 per share (\$126 million) in November 2023
- Total capital returned to shareholders in 2023 = \$900 million
- Declared special dividend of \$2.50 per share (approximately \$210 million) payable February 28, 2024

Long-Term Debt

- No debt maturities until 2030
- No borrowings under \$450 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

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
Principal amount of long-term debt	\$ 1,498	\$ 1,521
Adjusted shareholders' equity ¹	4,562	4,578
Total adjusted capital	\$ 6,060	\$ 6,099
Ratio of debt to total adjusted capital ²		
Including subordinated debt	24.7%	24.9%
Excluding subordinated debt	13.6%	13.9%
Common shares outstanding (millions)	83.636	85.204
<u>Book value per share:</u>		
Book value per share	\$ 50.91	\$ 47.56
Adjusted ¹	54.54	53.73
Tangible, adjusted ³	48.35	49.58

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 December 31,		
	2023	2022	Change ¹
Specialty Gross Written Premiums	\$ 1,992	\$ 1,845	8%
Specialty Net Written Premiums	\$ 1,445	\$ 1,338	8%
P&C Insurance Operating Earnings	\$ 357	\$ 363	(2%)
Specialty P&C Underwriting Profit	\$ 212	\$ 217	(2%)
Specialty P&C Combined Ratio	87.7%	86.6%	1.1%
Adverse (Favorable) Impact of:			
Catastrophe Losses	1.4%	0.9%	0.5%
Prior Year Development	(3.3%)	(3.6%)	0.3%

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

Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended December 31,			Combined Ratio Three Months Ended December 31,	
	2023	2022	Change	2023	2022
Property & Transportation	\$ 426	\$ 423	1%	90.3%	90.0%
Specialty Casualty	\$ 700	\$ 655	7%	84.6%	81.3%
Specialty Casualty Excluding Workers' Compensation	\$ 429	\$ 403	6%		
Specialty Financial	\$ 250	\$ 199	26%	81.3%	83.1%

2024 Business Plan Assumptions

- **Beginning in 2024, AFG will no longer provide earnings guidance or other guidance measures. Instead, the following estimates and assumptions underlying our 2024 Business Plan are offered to assist investors and analysts with their modeling:**
 - **Growth in net written premiums of 8% from the \$6.7 billion reported in 2023**
 - **A combined ratio comparable to the 90.3% achieved in 2023**
 - **A reinvestment rate of approximately 5.5%**
 - **An annual return of approximately 6% on AFG's \$2.4 billion alternative investments portfolio**
- **We expect that performance in line with these business plan assumptions would result in core operating earnings per share of approximately \$11.00 for 2024, generating a core operating return on equity excluding AOCI of approximately 20%.**



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