



Review of Fourth Quarter and Full Year 2021

February 10, 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.

2021 Full Year Highlights

- Core net operating earnings per share of \$11.59
 - core ROE 18.6% for 2021
 - net earnings of \$23.30 per share; ROE 37.5%
- Sold AFG's annuity businesses at a multiple of ~ 1.4x GAAP book value (x-AOCI)
- Returned \$2.7 billion of capital to shareholders
 - \$176 million in regular common stock dividends; 12% increase in regular dividend in October 2021
 - \$2.2 billion special dividends
 - \$319 million in share repurchases
- Growth in adjusted BVPS plus dividends of 34.4%
- AFG 10-year total shareholder return through 2021 = 547.1%
 - By comparison:
 - S&P 500 = 362.1%
 - S&P Property and Casualty Index = 347.0%

Sale of Annuity Operations

Dollars in millions

\$ 3,569	Sales proceeds at closing
505	Dividends paid to AFG from announcement date through closing date
<u>\$ 4,074</u>	Sales proceeds adjusted for dividends received

\$ 2,865 Net investment in annuity business sold (x-AOCI) at May 31, 2021

142% Price to Book Multiple

Prior to completion of the transaction, AFG's acquired approximately \$580 million in directly owned real estate and real estate-related partnerships from the Annuity Group. These investments are comprised primarily of real estate funds with underlying multi-family properties, which have performed very well post-closing, and real estate properties that AFG believes have substantial upside value to their carrying value.

2021 Fourth Quarter Consolidated Results

Dollars in millions, except per share data

	Three Months Ended December 31,	
	<u>2021</u>	<u>2020¹</u>
P&C Insurance Segment	\$ 485	\$ 274
Real estate entities and other acquired from Annuity operations	-	9
Interest & other corporate expenses	<u>(47)</u>	<u>(56)</u>
Pretax Core Operating Earnings	438	227
Related income taxes	<u>87</u>	<u>52</u>
Core Net Operating Earnings	<u>\$ 351</u>	<u>\$ 175</u>
Average number of diluted shares	85.2	87.2
Core Net Operating Earnings per Share	\$ 4.12	\$ 2.01
Annualized Core Operating Return on Equity	28.1%	13.2%

¹ On May 28, 2021, AFG completed the sale of its Annuity business to MassMutual. The results of AFG's Annuity operations are reported as discontinued operations beginning with the first quarter of 2021 and through the date of sale, in accordance with GAAP, which included adjusting prior period results to reflect these operations as discontinued.

2021 Fourth Quarter Consolidated Results (continued)

Dollars in millions, except per share data

	Three Months Ended December 31, 2021	
		(Per Share)
Core Net Operating Earnings	\$ 351	\$ 4.12
<u>Non-core Items</u>		
After-tax net realized gains on securities ¹	<u>4</u>	<u>0.06</u>
Net Earnings Attributable to Shareholders	<u>\$ 355</u>	<u>\$ 4.18</u>

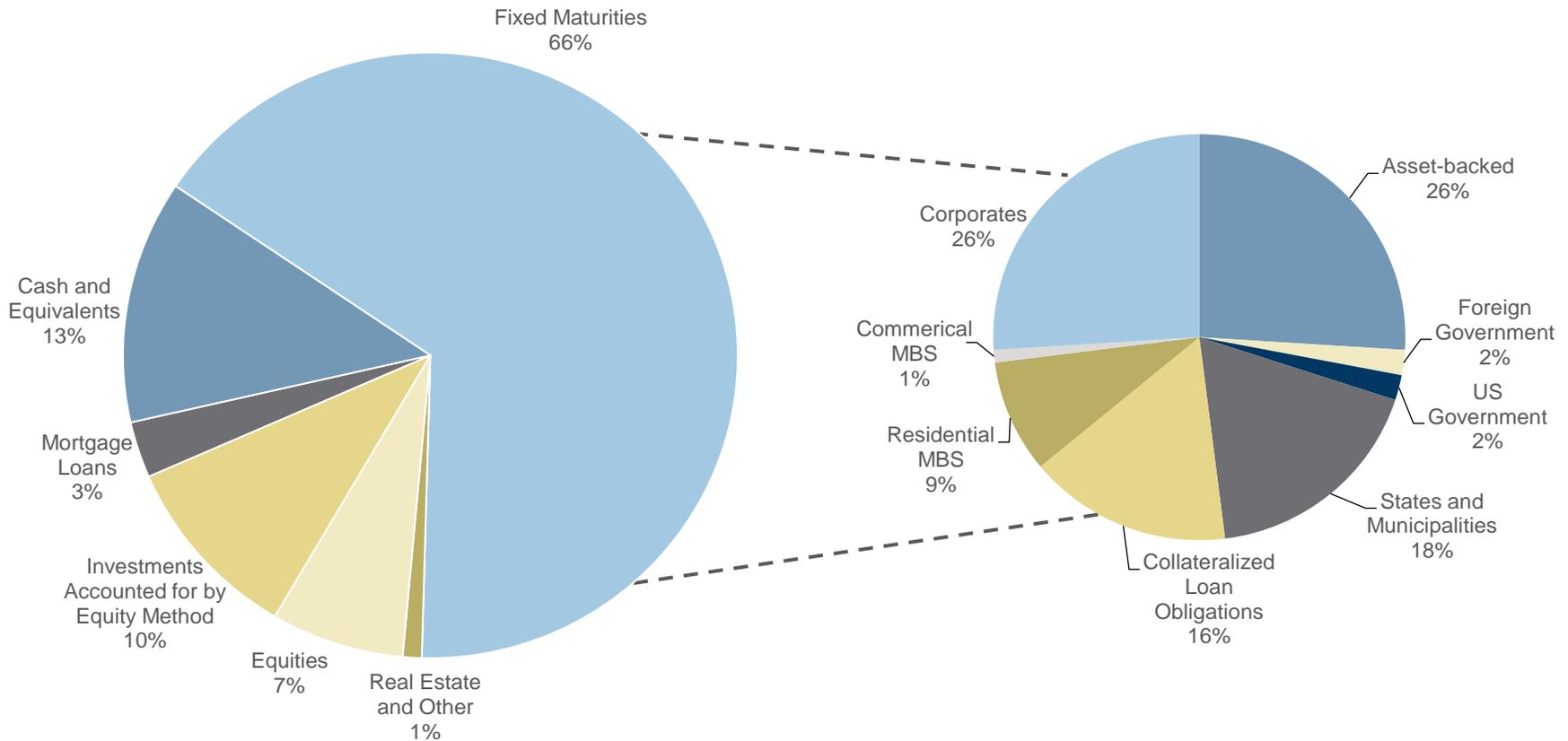
¹ Included in this amount is \$3 million (\$0.04 per share) in after-tax net losses to adjust equity securities that the Company continued to own at December 31, 2021, to fair value.

Investments

- Total carrying value of AFG's investment portfolio at December 31, 2021 = \$15.7 billion
- Fourth quarter after-tax net realized gains on securities of \$4 million
 - includes \$3 million in after-tax net realized losses to adjust equity securities the company continued to own at December 31, 2021 to fair value through earnings
- Pretax unrealized gains on fixed maturities were \$173 million at December 31, 2021
- Fourth quarter 2021 annualized return of 26.3% on AFG's \$1.8 billion of alternative investments

Investment Portfolio – December 31, 2021

Fixed Maturities Portfolio 88% investment grade
 P&C Fixed Maturities Portfolio 98% NAIC 1 & 2



Carrying Value – \$15.7 Billion

Strong Financial Position

In millions, except per share data

	<u>Dec 31, 2021</u>	<u>Dec 31, 2020</u>
Principal amount of long-term debt	\$ 1,993	\$ 1,993
Adjusted shareholders' equity ¹	<u>4,876</u>	<u>5,493</u>
Total adjusted capital	<u>\$ 6,869</u>	<u>\$ 7,486</u>
Ratio of debt to total adjusted capital ²		
Including subordinated debt	29.0%	26.6%
Excluding subordinated debt	19.2%	17.6%
Common shares outstanding	84.921	86.345
<u>Book value per share:</u>		
Book value per share	\$ 59.02	\$ 78.62
Adjusted ¹	57.42	63.61
Tangible, adjusted ³	53.12	60.82
Parent company cash and investments	\$ 1,857	\$ 336

Capital

- Above target levels for all rating agencies
- Excess capital approximately \$2.1 billion
- Fourth quarter regular dividends = \$48 million
- Declared \$509 million in special dividends in the fourth quarter

Long-Term Debt at December 31, 2021

- No debt maturities until 2026
- 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

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

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

Property & Casualty Results

Dollars in millions

	Three Months Ended December 31,		Change ¹
	2021	2020	
Specialty Gross Written Premiums	\$ 1,737	\$ 1,707	2%
Specialty Net Written Premiums	\$ 1,270	\$ 1,216	4%
P&C Insurance Operating Earnings	\$ 485	\$ 274	77%
Specialty P&C Underwriting Profit	\$ 281	\$ 179	57%
Specialty P&C Combined Ratio	80.7%	86.2%	(5.5%)
Adverse (Favorable) Impact of:			
Catastrophe Losses	1.8%	1.5%	0.3%
COVID-19 Losses ²	0.2%	0.0%	0.2%
Prior Year Development	(5.0%)	(2.4%)	(2.6%)

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

² Approximately 61% of AFG's cumulative \$92 million in COVID-19 related losses were held as IBNR reserves at December 31, 2021.

Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended December 31,			Combined Ratio Three Months Ended December 31,	
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>
Property & Transportation	\$ 417	\$ 440	(5%)	80.5%	85.8%
Specialty Casualty	\$ 628	\$ 565	11%	78.0%	84.0%
Specialty Casualty Excluding Workers' Compensation	\$ 392	\$ 342	15%		
Specialty Financial	\$ 173	\$ 163	6%	85.5%	86.8%

2022 Outlook

AFG's core net operating earnings guidance for 2022 established at \$9.75 - \$10.75 per share

	2021 Combined Ratio	2022 Outlook ¹	
		NWP Growth	Combined Ratio
Specialty P&C Group Overall	86.4%	8% – 12%	85% – 87%
<u>Business Groups:</u>			
Property & Transportation	87.1%	8% – 12%	87% – 91%
Specialty Casualty	84.3%	6% – 10%	80% – 84%
<i>Excluding Workers' Comp</i>		7% – 11%	
Specialty Financial	85.1%	8% – 12%	84% – 88%

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 10% on alternative investments.



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