



Review of Second Quarter 2022

August 4, 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 Second Quarter Consolidated Results

Dollars in millions, except per share data

	Three Months Ended June 30,	
	<u>2022</u>	<u>2021</u>
P&C Insurance Segment	\$ 345	\$ 288
Real estate entities and other acquired from Annuity operations	-	22
Interest & other corporate expenses	<u>(37)</u>	<u>(58)</u>
Pretax Core Operating Earnings	308	252
Related income taxes	<u>65</u>	<u>47</u>
Core Net Operating Earnings	<u>\$ 243</u>	<u>\$ 205</u>
Average number of diluted shares	85.3	85.6
Core Net Operating Earnings per Share	\$ 2.85	\$ 2.39
Annualized Core Operating Return on Equity	20.7%	14.7%

2022 Second Quarter Consolidated Results (continued)

Dollars in millions, except per share data

	Three Months Ended June 30, 2022	
		(Per Share)
Core Net Operating Earnings	\$ 243	\$ 2.85
<u>Non-core Items</u>		
After-tax net realized losses on securities ¹	(73)	(0.86)
Loss on retirement of debt	(7)	(0.08)
Other	<u>4</u>	<u>0.05</u>
Net Earnings	<u>\$ 167</u>	<u>\$ 1.96</u>

¹ Included in this amount is \$65 million (\$0.76 per share) in after-tax net losses to adjust equity securities that the Company continued to own at June 30, 2022, to fair value.

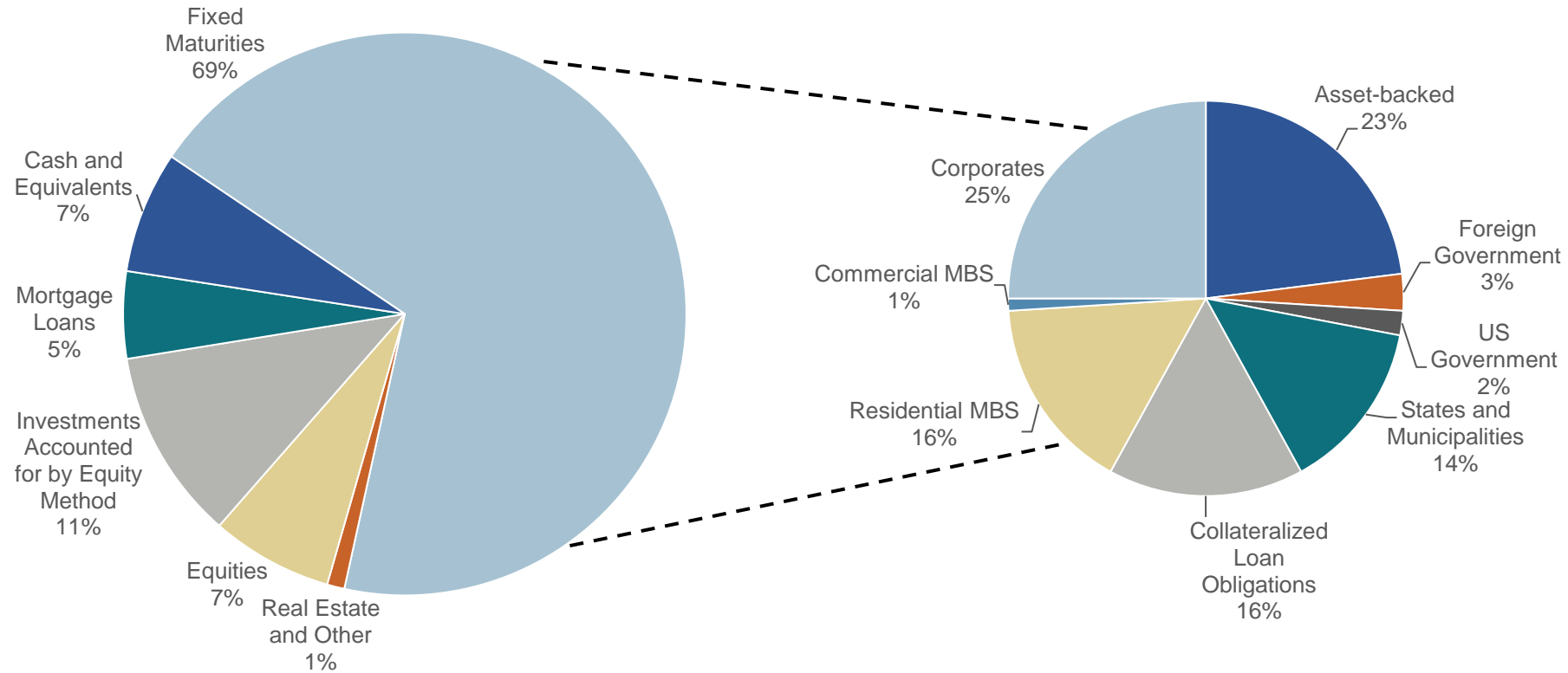
Investments

- Total carrying value of AFG's investment portfolio at June 30, 2022 = \$14.3 billion
- Second quarter after-tax net realized losses on securities of \$73 million
 - includes \$65 million in after-tax net realized losses to adjust equity securities that the company continued to own at June 30, 2022 to fair value through earnings
- Pretax unrealized losses on fixed maturities were \$413 million at June 30, 2022
- Second quarter 2022 annualized return of 12.4% on AFG's \$2.0 billion of alternative investments

AFG Investment Portfolio

As of June 30, 2022

Fixed Maturities Portfolio – 91% investment grade
 P&C Fixed Maturities Portfolio – 98% NAIC 1 & 2



Carrying Value – \$14.3 Billion

Strong Financial Position

Dollars in millions, except per share data

Capital Management

- Above target levels for all rating agencies
- Excess capital approximately \$1.1 billion at June 30, 2022
- Second quarter regular dividends = \$48 million
- May special dividend = \$680 million

Long-Term Debt

- 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

	<u>June 30, 2022</u>	<u>Dec 31, 2021</u>
Principal amount of long-term debt	\$ 1,568	\$ 1,993
Adjusted shareholders' equity ¹	4,401	4,876
Total adjusted capital	\$ 5,969	\$ 6,869
Ratio of debt to total adjusted capital ²		
Including subordinated debt	26.3%	29.0%
Excluding subordinated debt	15.0%	19.2%
Common shares outstanding	85.154	84.921
<u>Book value per share:</u>		
Book value per share	\$ 47.76	\$ 59.02
Adjusted ¹	51.68	57.42
Tangible, adjusted ³	47.60	53.26
Parent company cash and investments	\$ 750	\$ 1,857

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 June 30,		
	2022	2021	Change ¹
Specialty Gross Written Premiums	\$ 2,123	\$ 1,937	10%
Specialty Net Written Premiums	\$ 1,516	\$ 1,369	11%
P&C Insurance Operating Earnings	\$ 345	\$ 288	20%
Specialty P&C Underwriting Profit	\$ 197	\$ 153	29%
Specialty P&C Combined Ratio	85.8%	87.9%	(2.1%)
Adverse (Favorable) Impact of:			
Catastrophe Losses	1.6%	0.9%	0.7%
COVID-19 Losses ²	0.0%	0.2%	(0.2%)
Prior Year Development	(6.3%)	(5.4%)	(0.9%)

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

² Approximately 57% of AFG's cumulative \$86 million in COVID-19 related losses were held as IBNR reserves at June 30, 2022.

Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended June 30,			Combined Ratio Three Months Ended June 30,	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>
Property & Transportation	\$ 632	\$ 564	12%	92.4%	86.6%
Specialty Casualty	\$ 646	\$ 592	9%	80.1%	87.9%
Specialty Casualty Excluding Workers' Compensation	\$ 407	\$ 368	11%		
Specialty Financial	\$ 177	\$ 159	11%	78.4%	86.4%

2022 Outlook

AFG's 2022 core net operating earnings guidance of \$10.75 - \$11.75 per share, an increase from previous guidance of \$10.50 - \$11.50 per share

	Updated Guidance ¹		May Guidance		2021 Actual
	NWP Growth	Combined Ratio	NWP Growth	Combined Ratio	
Specialty P&C Group Overall	9% – 13%	85% – 87%	8% – 12%	85% – 87%	86.4%
<u>Business Groups:</u>					
Property & Transportation	13% – 17%	88% – 91%	11% – 15%	87% – 91%	87.1%
Specialty Casualty	6% – 10%	79% – 83%	6% – 10%	80% – 84%	84.3%
<i>Excluding Workers' Comp</i>	<i>9% – 13%</i>		<i>7% – 11%</i>		
Specialty Financial	4% – 8%	81% – 85%	4% – 8%	84% – 88%	85.1%

P&C average renewal rates up 4% to 6% when compared to 2021

¹ Reflects an average crop year and an annualized return of approximately 11% on alternative investments.



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