



Review of Third Quarter 2021

November 3, 2021

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.

Consolidated Results

Dollars in millions, except per share data

Three Months Ended
September 30,

2021 2020¹

\$ 329 \$ 205

- 3

(45) (53)

284 155

53 34

\$ 231 \$ 121

85.2 88.5

\$ 2.71 \$ 1.38

17.6% 9.6%

P&C Insurance Segment

Real estate entities and other acquired from
Annuity operations

Interest & other corporate expenses

Pretax Core Operating Earnings

Related income taxes

Core Net Operating Earnings

Average number of diluted shares

Core Net Operating Earnings per Share

Annualized Core Operating Return on Equity

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.

Consolidated Results (continued)

Dollars in millions, except per share data

	<u>Three Months Ended September 30, 2021</u>	
		(Per Share)
Core Net Operating Earnings	\$ 231	\$ 2.71
<u>Non-core Items</u>		
After-tax net realized losses on securities ¹	<u>(12)</u>	<u>(0.15)</u>
Net Earnings Attributable to Shareholders	<u>\$ 219</u>	<u>\$ 2.56</u>

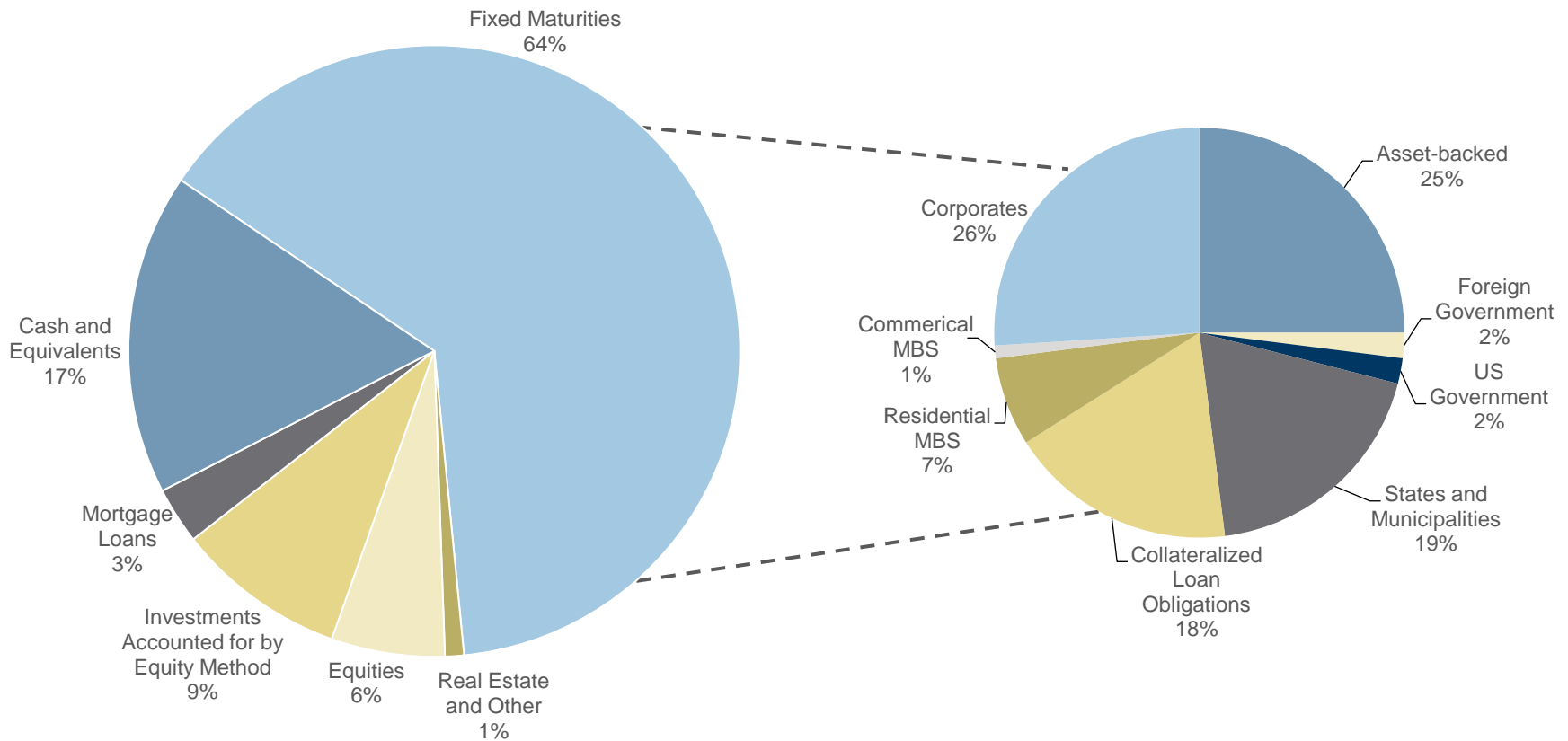
¹ Included in this amount is \$12 million (\$0.15 per share) in after-tax net losses to adjust equity securities that the Company continued to own at September 30, 2021, to fair value.

Investments

- Total carrying value of AFG's investment portfolio at September 30, 2021 = \$16.4 billion
- Third quarter after-tax net realized losses on securities of \$12 million
 - includes \$12 million in after-tax net realized losses to adjust equity securities the company continued to own at September 30, 2021 to fair value through earnings
- Pretax unrealized gains on fixed maturities were \$225 million at September 30, 2021
- Third quarter 2021 annualized return of 20.3% on AFG's \$1.7 billion of alternative investments

Investment Portfolio – September 30, 2021

Fixed Maturities Portfolio 88% investment grade
 P&C Fixed Maturities Portfolio 97% NAIC 1 & 2



Carrying Value – \$16.4 Billion

Strong Financial Position

In millions, except per share data

	<u>Sept 30, 2021</u>	<u>Dec 31, 2020</u>
Principal amount of long-term debt	\$ 1,993	\$ 1,993
Adjusted shareholders' equity ¹	<u>5,062</u>	<u>5,493</u>
Total adjusted capital	<u>\$ 7,055</u>	<u>\$ 7,486</u>
Ratio of debt to total adjusted capital ²		
Including subordinated debt	28.2%	26.6%
Excluding subordinated debt	18.7%	17.6%
Common shares outstanding	84.795	86.345
<u>Book value per share:</u>		
Book value per share	\$ 61.80	\$ 78.62
Adjusted ¹	59.70	63.61
Tangible, adjusted ³	57.28	60.82
Parent company cash and investments	\$ 2,704	\$ 238

Capital

- Above target levels for all rating agencies
- Excess capital approximately \$3.0 billion
- 3Q21 share repurchases = \$12 million
- Third quarter regular dividends = \$42 million
- Declared \$509 million in special dividends in the third quarter

Long-Term Debt at September 30, 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 September 30,		Change ¹
	2021	2020	
Specialty Gross Written Premiums	\$ 2,656	\$ 2,223	19%
Specialty Net Written Premiums	\$ 1,729	\$ 1,488	16%
P&C Insurance Operating Earnings	\$ 329	\$ 205	60%
Specialty P&C Underwriting Profit	\$ 169	\$ 104	63%
Specialty P&C Combined Ratio	89.0%	92.1%	(3.1%)
Adverse (Favorable) Impact of:			
Catastrophe Losses	2.0%	2.7%	(0.7%)
COVID-19 Losses ²	0.1%	0.0%	0.1%
Prior Year Development	(5.4%)	(3.7%)	(1.7%)

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

² Approximately 63% of AFG's cumulative \$96 million in COVID-19 related losses were held as IBNR reserves at September 30, 2021.


Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended September 30,			Combined Ratio Three Months Ended September 30,	
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>
Property & Transportation	\$ 773	\$ 635	22%	93.5%	91.9%
Specialty Casualty	\$ 732	\$ 642	14%	82.0%	90.7%
Specialty Casualty Excluding Workers' Compensation	\$ 497	\$ 415	20%		
Specialty Financial	\$ 165	\$ 153	8%	84.2%	91.6%

2021 Outlook

AFG's 2021 core net operating earnings guidance \$10.10 - \$10.70 per share, an increase from previous guidance of \$8.40 to \$9.20 per share¹

	Updated Guidance ²		August 2021 Guidance		2020 Actual
	NWP Growth	Combined Ratio	NWP Growth	Combined Ratio	
Specialty P&C Group Overall	11% – 14%	86% – 88%	10% – 13%	88% – 90%	91.3%
Business Groups:					
Property & Transportation	15% – 19%	86% – 88%	15% – 19%	87% – 90%	90.4%
Specialty Casualty	8% – 12%	85% – 87%	5% – 9%	87% – 90%	90.0%
<i>Excluding Workers' Comp</i>	15% – 19%		10% – 14%		
Specialty Financial	10% – 14%	84% – 86%	10% – 14%	84% – 87%	91.8%

P&C average renewal rates up 9% to 11% when compared to 2020

¹ Excludes earnings from our discontinued annuity operations that were sold to MassMutual, which were classified as discontinued operations effective January 1, 2021.

² Reflects an above-average crop year and an annualized return of approximately 10% on alternative investments in the fourth quarter of 2021.



Review of Third Quarter 2021

November 3, 2021