



Review of Fourth Quarter and Full Year 2022

February 2, 2023

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 Full Year Highlights

- Core net operating earnings per share of \$11.63
 - core ROE 21.2% for 2022
 - net earnings of \$10.53 per share; ROE 19.2%
- Returned \$1.23 billion of capital to shareholders
 - \$197 million in regular common stock dividends; 12.5% increase in regular dividend in October 2022
 - \$1.02 billion in special dividends (\$12.00 per share)
 - \$11 million in share repurchases
- Growth in adjusted BVPS plus dividends of 18.5%

2022 Fourth Quarter Consolidated Results

Dollars in millions, except per share data

	Three Months Ended December 31,	
	<u>2022</u>	<u>2021</u>
P&C Insurance Segment	\$ 363	\$ 485
Interest & other corporate expenses	<u>(45)</u>	<u>(47)</u>
Pretax Core Operating Earnings	318	438
Related income taxes	<u>63</u>	<u>87</u>
Core Net Operating Earnings	<u>\$ 255</u>	<u>\$ 351</u>
Average number of diluted shares	85.3	85.2
Core Net Operating Earnings per Share	\$ 2.99	\$ 4.12
Annualized Core Operating Return on Equity	22.3%	28.1%

2022 Fourth Quarter Consolidated Results (continued)

Dollars in millions, except per share data

	Three Months Ended December 31, 2022	
		(Per Share)
Core Net Operating Earnings	\$ 255	\$ 2.99
<u>Non-core Items</u>		
After-tax net realized gains on securities ¹	<u>21</u>	<u>0.25</u>
Net Earnings	<u>\$ 276</u>	<u>\$ 3.24</u>

¹ Included in this amount is \$17 million (\$0.19 per share) in after-tax net gains to adjust equity securities that the Company continued to own at December 31, 2022, to fair value.

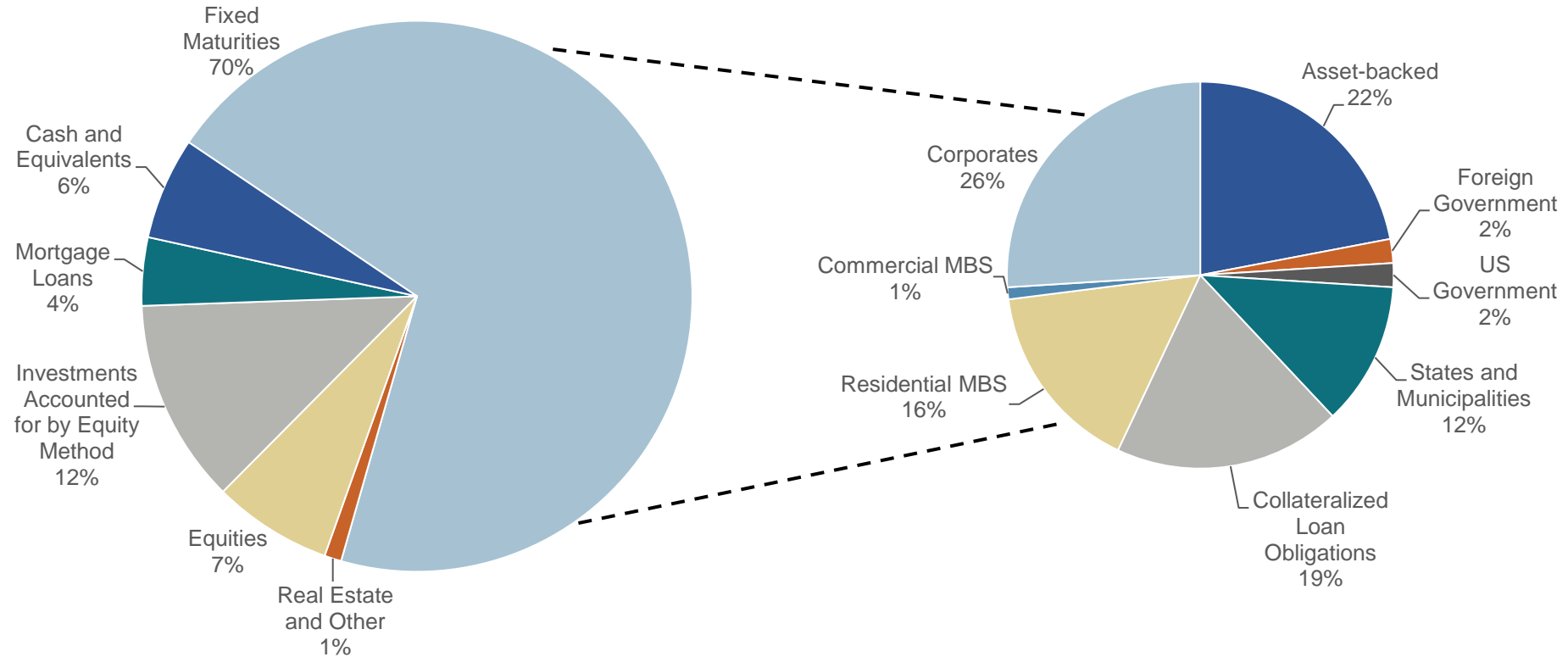
Investments

- Total carrying value of AFG's investment portfolio at December 31, 2022 = \$14.5 billion
- Fourth quarter after-tax net realized gains on securities of \$21 million
 - includes \$17 million in after-tax net realized gains to adjust equity securities that the company continued to own at December 31, 2022 to fair value through earnings
- Pretax unrealized losses on fixed maturities were \$630 million at December 31, 2022
- Fourth quarter 2022 annualized return of 5.3% on AFG's \$2.1 billion of alternative investments; full year return of 13.2%

AFG Investment Portfolio

As of December 31, 2022

Fixed Maturities Portfolio – 92% investment grade
P&C Fixed Maturities Portfolio – 97% NAIC 1 & 2



Carrying Value – \$14.5 Billion

Strong Financial Position

Dollars in millions, except per share data

Capital Management

- Above target levels for all rating agencies
- Excess capital approximately \$1.4 billion at December 31, 2022
- Fourth quarter regular dividends = \$54 million
- Paid special dividend of \$2 per share (\$170 million) in November 2022
- Total capital returned to shareholders in 2022 = \$1.23 billion

Long-Term Debt

- No debt maturities until 2030
- No borrowings under \$500 million credit line
- Repurchased approximately \$38 million of Senior Notes during the fourth quarter

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, 2022</u>	<u>Dec 31, 2021</u>
Principal amount of long-term debt	\$ 1,521	\$ 1,993
Adjusted shareholders' equity ¹	4,578	4,876
Total adjusted capital	\$ 6,099	\$ 6,869
Ratio of debt to total adjusted capital ²		
Including subordinated debt	24.9%	29.0%
Excluding subordinated debt	13.9%	19.2%
Common shares outstanding (millions)	85.204	84.921
<u>Book value per share:</u>		
Book value per share	\$ 47.56	\$ 59.02
Adjusted ¹	53.73	57.42
Tangible, adjusted ³	49.58	53.26
Parent company cash and investments	\$ 876	\$ 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 December 31,		
	2022	2021	Change ¹
Specialty Gross Written Premiums	\$ 1,845	\$ 1,737	6%
Specialty Net Written Premiums	\$ 1,338	\$ 1,270	5%
P&C Insurance Operating Earnings	\$ 363	\$ 485	(25%)
Specialty P&C Underwriting Profit	\$ 217	\$ 281	(23%)
Specialty P&C Combined Ratio	86.6%	80.7%	5.9%
Adverse (Favorable) Impact of:			
Catastrophe Losses	0.9%	1.8%	(0.9%)
COVID-19 Losses ²	0.0%	0.2%	(0.2%)
Prior Year Development	(3.6%)	(5.0%)	1.4%

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

² Approximately 50% of AFG's cumulative \$74 million in COVID-19 related losses were held as IBNR reserves at December 31, 2022.

Specialty P&C Group

Dollars in millions

	Net Written Premiums Three Months Ended December 31,			Combined Ratio Three Months Ended December 31,	
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>
Property & Transportation	\$ 423	\$ 417	1%	90.0%	80.5%
Specialty Casualty	\$ 655	\$ 628	4%	81.3%	78.0%
Specialty Casualty Excluding Workers' Compensation	\$ 403	\$ 392	3%		
Specialty Financial	\$ 199	\$ 173	15%	83.1%	85.5%

2023 Outlook

AFG's core net operating earnings guidance for 2023 established at \$11.00 - \$12.00 per share, a core return on equity of more than 20% at the midpoint¹

	2022 Combined Ratio	2023 Outlook	
		NWP Growth	Combined Ratio
Specialty P&C Group Overall	87.2%	3% – 5%	86% – 88%
<u>Business Groups:</u>			
Property & Transportation	91.7%	1% – 3%	89% – 93%
Specialty Casualty	81.2%	4% – 8%	80% – 84%
<i>Excluding Workers' Comp</i>		6% – 10%	
Specialty Financial	83.7%	4% – 8%	83% – 87%

P&C average renewal rates up 2% to 4% when compared to 2022

¹ Reflects an assumed return on alternative investments of 7% compared to the 13.2% earned in 2022 and an average crop year. At the midpoint of our guidance for 2023, core net operating earnings excluding income from alternative investments would produce year-over-year growth of more than 10% when measured on a comparable basis in 2022.



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