



Specialty Property and Casualty Insurance Fixed and Fixed-Indexed Annuities

Investor Presentation
August 2020



Forward Looking Statements

Certain statements made during this presentation, 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, annuity non-core earnings and losses, discontinued operations, as well as other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations. AFG believes that this non-GAAP measure is a useful tool for investors and analysts in analyzing ongoing operating trends of AFG.



A history dating back

145+ years

Approximately **50%** of Specialty P&C Group
gross written premium produced by businesses
with “top 10” market rankings

#7 Fixed Annuity provider

#2 in sales of FIAs through financial institutions

Specialists in providing insurance products that **help**
businesses manage their **unique financial risks** and
exposures and **individuals save** for their **financial futures**.



Great American Insurance Company **1** of only **4** companies
rated **“A” (Excellent)** or better by A.M. Best for
110+ years



We provide financial solutions that fulfill today's needs and tomorrow's dreams; a trusted partner in delivering long-term value to our customers, employees and investors.

Specialty P&C Insurance

Property & Transportation



- Agricultural-Related
- Aviation
- Commercial Automobile (buses, trucks)
- Inland and Ocean Marine

Specialty Casualty



- Accident & Health
- Excess and Surplus
- Executive and Professional Liability
- General Liability
- M&A Liability
- Targeted Programs
- Umbrella and Excess Liability
- Workers' Compensation

Specialty Financial



- Fidelity / Crime
- Financial Institution Services
- Lease and Loan Services
- Surety

Annuity



- Fixed and Indexed Annuities
- Sold in retail, financial institutions, broker-dealer and registered investment advisor markets

\$56.7 Billion Investment Portfolio Managed In-House

Building Long-Term Value for AFG Shareholders

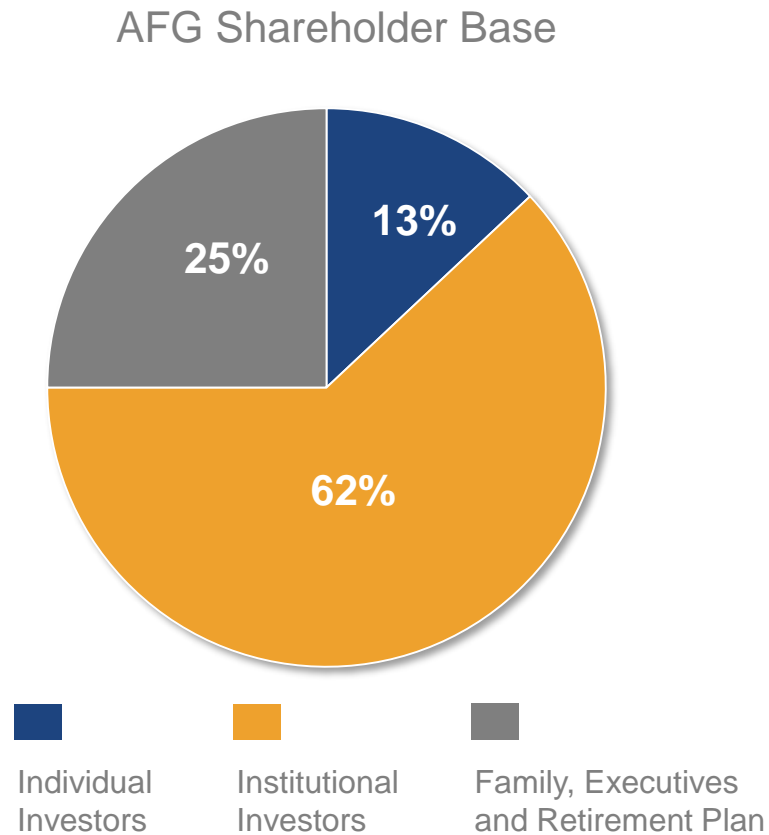


Culture • Entrepreneurial Business Model • Incentives

Our Corporate Values

|  | | |
|------------------------------------------------------------------------------------|-----------------------------|--------------------|
| Our Foundation | Our Priorities | Our Expectations |
| Specialization | Customer Focus | Integrity |
| Entrepreneurial Spirit | Clear & Open Communications | Self-Discipline |
| Accountability | Work / Family Balance | Respect for Others |
| 8,500 employees in 120 locations worldwide | | |

Significant Insider Ownership



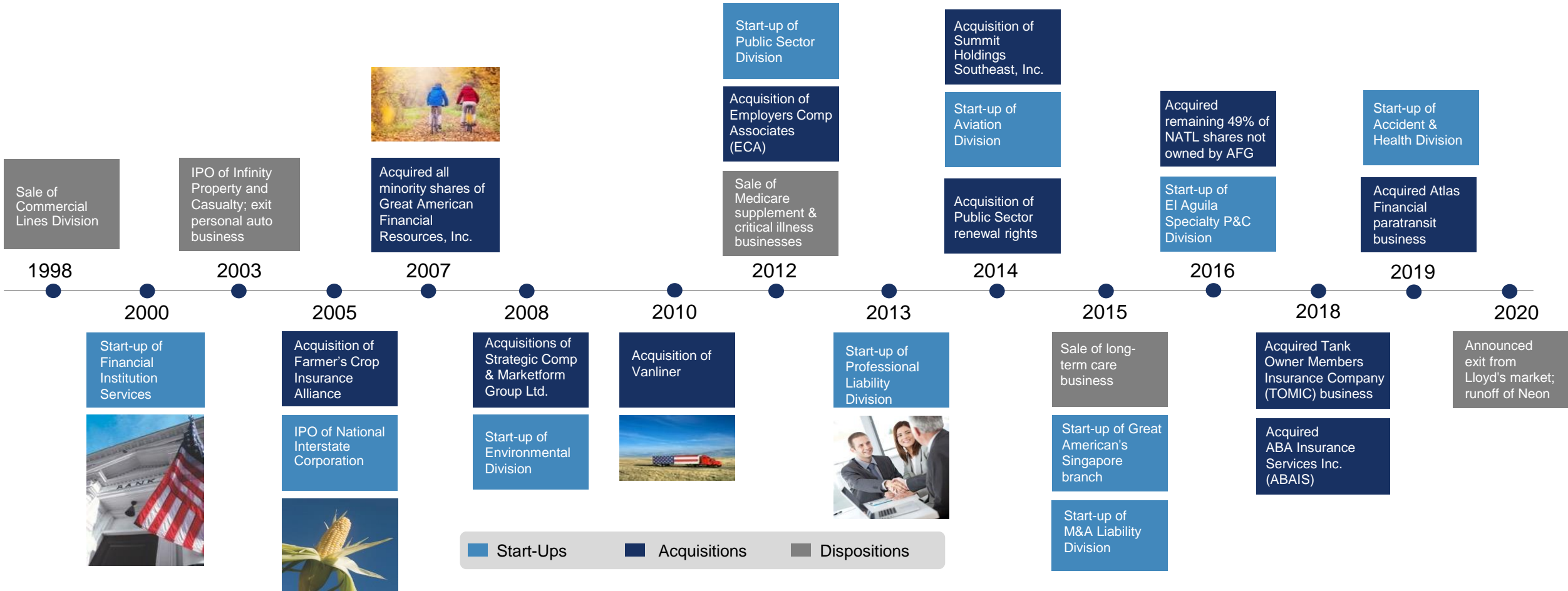
Significant ownership by management creates strong alignment of interests with shareholders over the long term.

The Lindner Family formed AFG in 1959 and continue to be significant shareholders.

Ownership Details

- Co-CEOs / family = 21%
- Executives and Retirement Plan = 4%

Focusing on What We Know Best



Intelligent Use of Excess Capital

2019 Capital Management

- Returned \$446 million of capital to shareholders
- 12.5% increase in regular annual dividend
 - 14th consecutive annual dividend increase
- Two special dividends in 2019
 - \$1.50 per share paid in May 2019
 - \$1.80 per share paid in November 2019

2020 Capital Management

- Excess capital at June 30, 2020 approximately \$850 million
- Paid \$81 million in regular dividends YTD through June 30
- Repurchased \$137 million of AFG common shares at an average price per share of \$68.04 YTD through June 30
- 2.8 million shares remaining in repurchase authorization as of 8/01/2020

Capital Returned to Shareholders Five Years Ended 12/31/2019 (in millions)

| | |
|----------------|------------------------|
| Dividends Paid | \$ 1,629 |
| Repurchases | <u>265</u> |
| Total | <u><u>\$ 1,894</u></u> |



***\$1.9 Billion Returned to
Shareholders***

Components of Excess Capital

Dollars in millions

Components of AFG Excess Capital

| | |
|--------------------------------|---------------|
| Cash at Holding Companies | \$ 501 |
| P&C Segment Excess Capital | 35 |
| Annuity Segment Excess Capital | 31 |
| Borrowing Capacity | <u>282</u> |
| | <u>\$ 849</u> |

AFG had approximately
\$850 million in
Excess Capital at
June 30, 2020

Insurance Company Excess Capital

Excess capital amounts shown above are based on the most stringent capital model of any rating agency

P&C Segment: Most Stringent Benchmark = S&P

- Statutory Capital exceeds S&P capital requirement for an A+ rating by \$35 million

Annuity Segment: Most Stringent Benchmark = Moody's (NAIC)

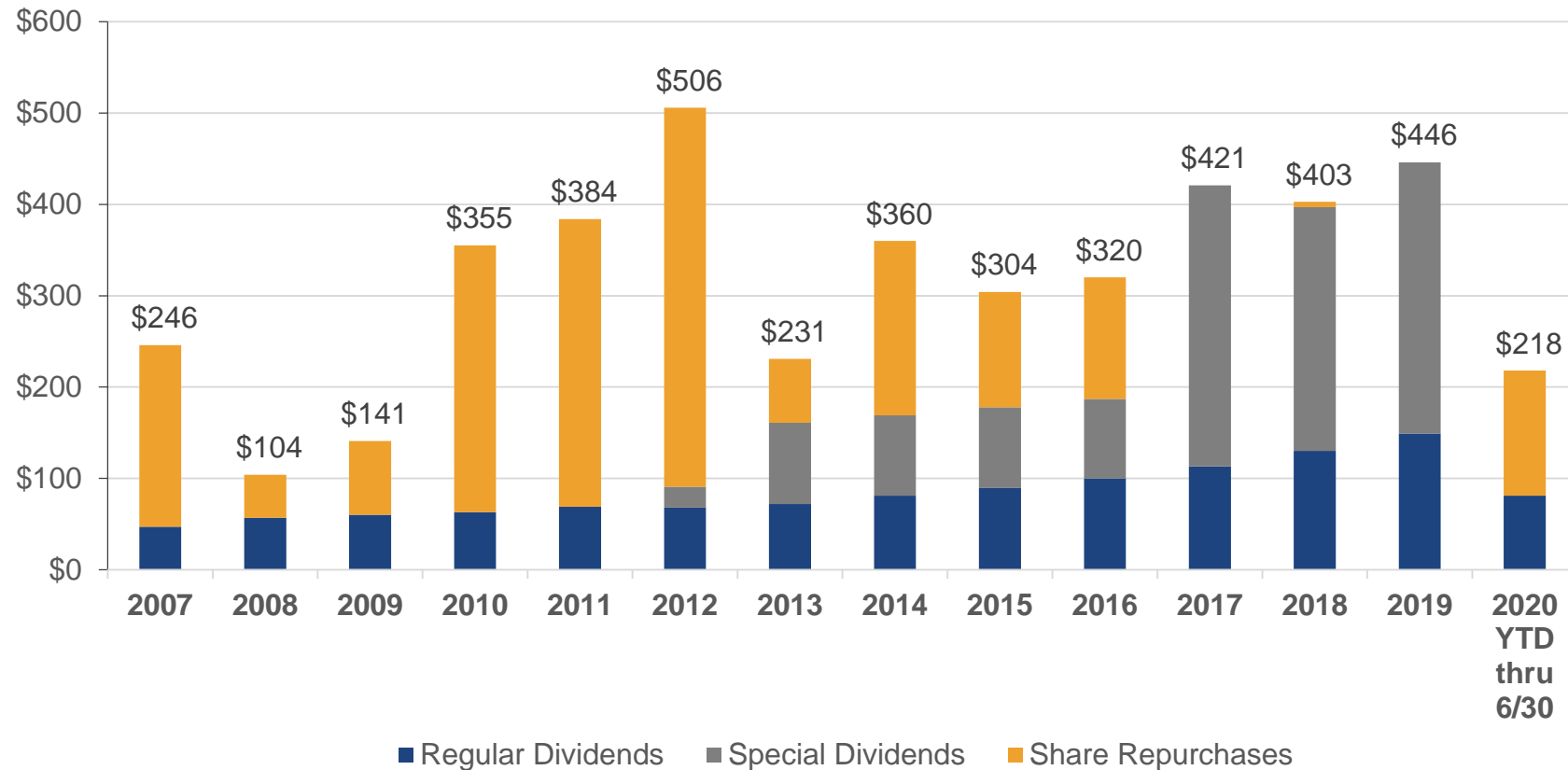
- Capital in Excess of Target 375% RBC = \$31 million
- Moody's has indicated that an NAIC RBC ratio below 325% is a factor that could lead to a downgrade, and indicated that a ratio of 375% or greater is a factor that could lead to an upgrade
- AFG's RBC Threshold takes into account favorable factors cited by Moody's, including: efficient expense structure, ability to lower cost of funds, and relatively simple product designs that provide surrender protection, among others

Borrowing Capacity

AFG can borrow an additional \$282 million without exceeding its 22% debt leverage target and commitment to rating agencies

Share Repurchases and Common Stock Dividends

Dollars in millions

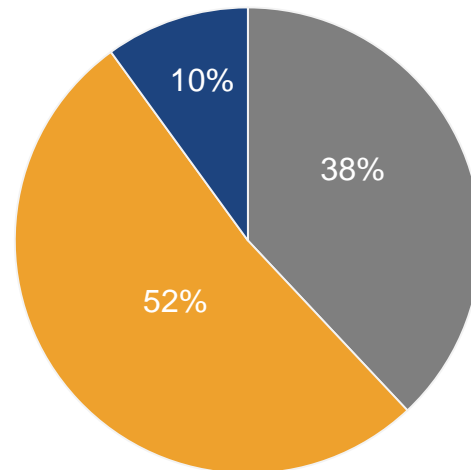


Between years
2009 – 2012,
AFG repurchased
33.7 million shares
at a weighted
average price of
**~ 90.5% of adjusted
book value**
*(book value per share
excluding unrealized
gains/losses related to
fixed maturities).*

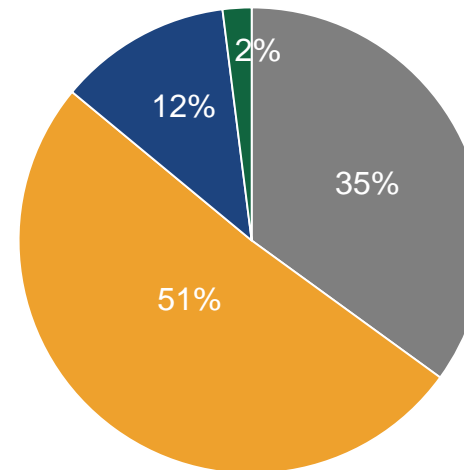
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

**Gross Written Premiums
Full Year 2019
\$7.3 Billion**



**Net Written Premiums
Full Year 2019
\$5.3 Billion**

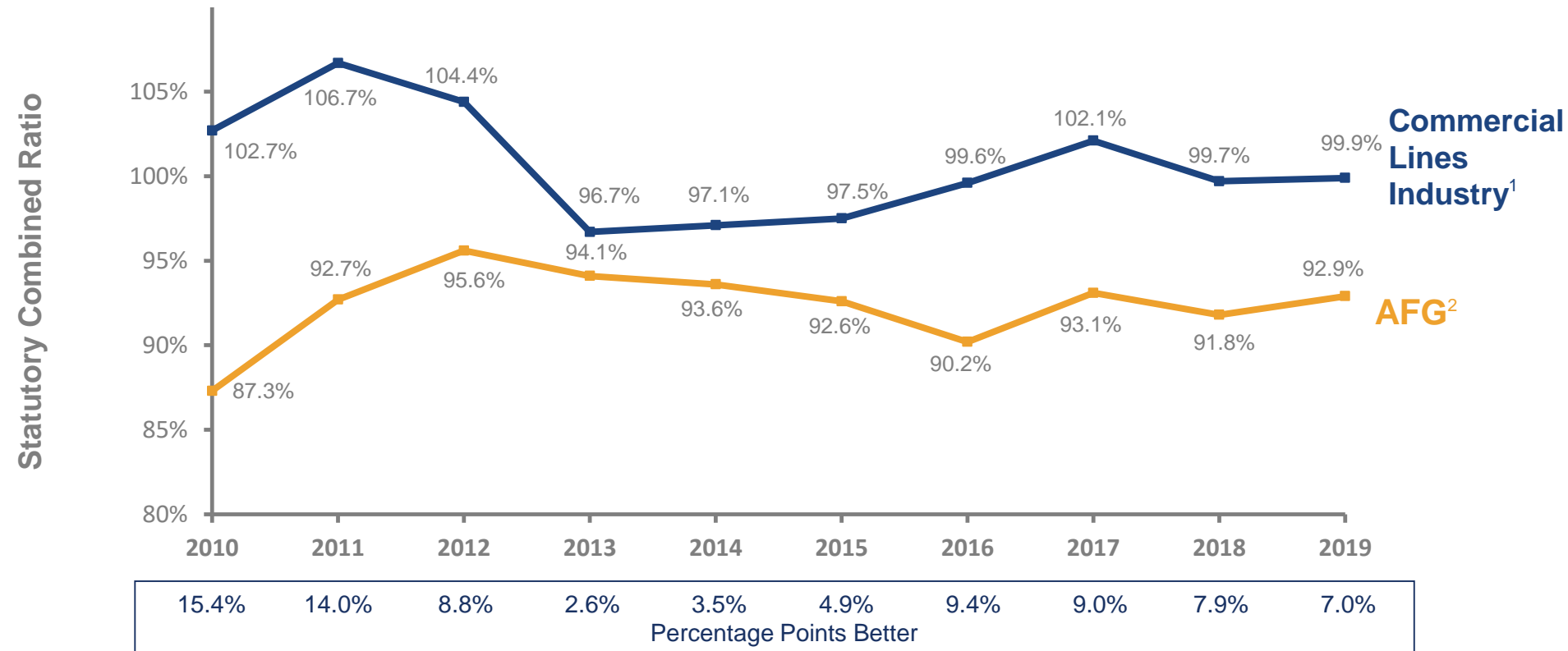


- Property & Transportation
- Specialty Casualty
- Specialty Financial
- Other Specialty¹

Approximately 50% of P&C Group GWP produced by businesses with “Top 10” market rankings including:
Crop • Equine • Fidelity/Crime • Financial Institution Services • FL Workers Comp •
Non-Profit/Social Services • Passenger Transportation • Trade Credit • Trucking

¹ Includes an internal reinsurance facility.

Superior Underwriting Talent



8.3%
Points
Better
Over 10
Years

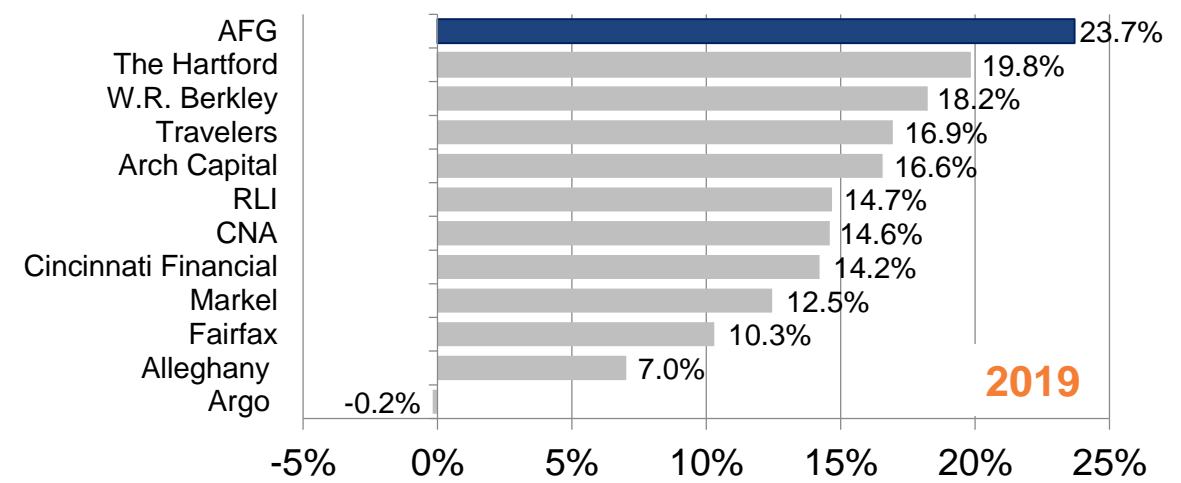
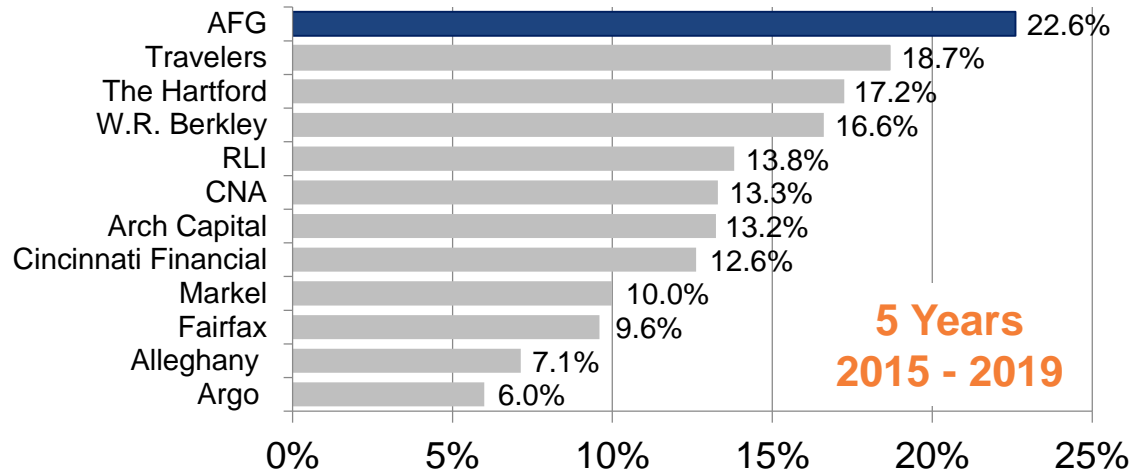
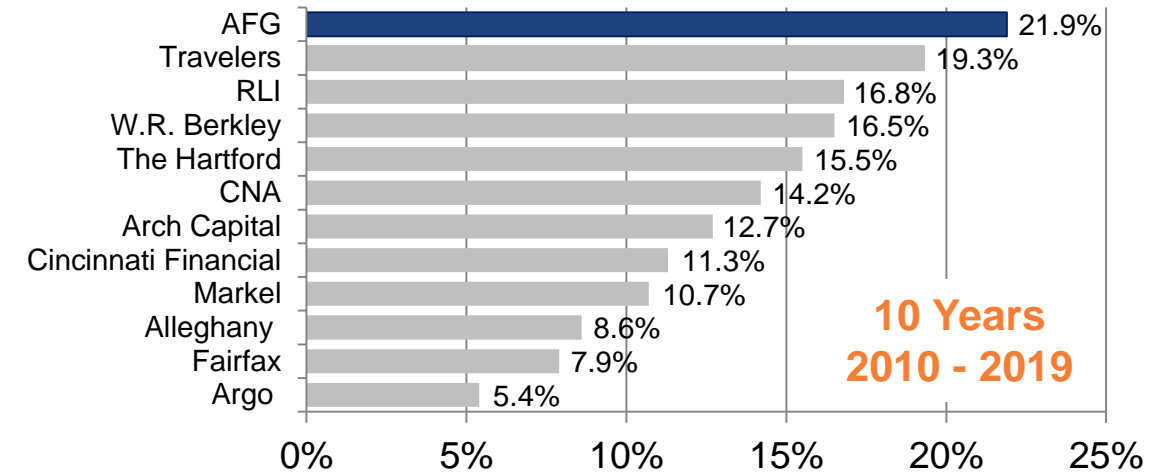
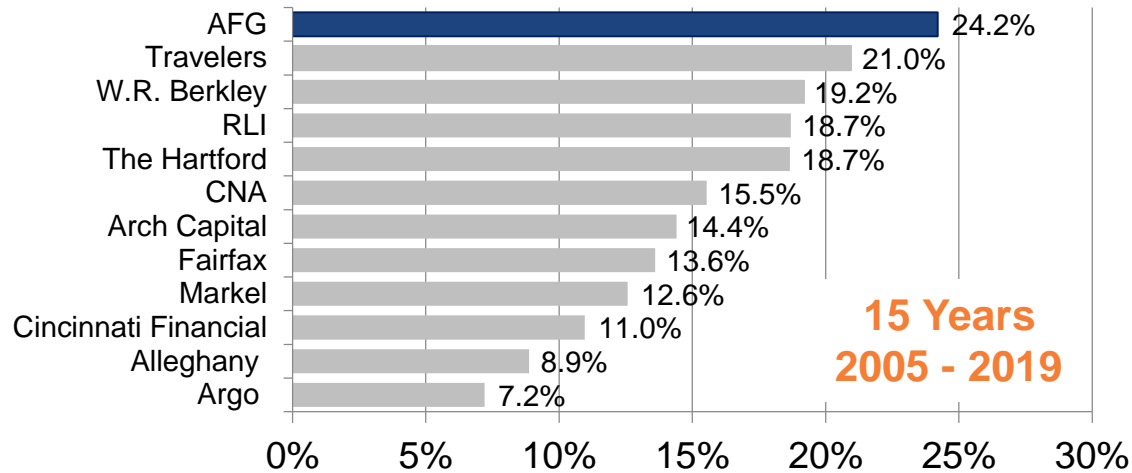
¹ Commercial Lines Industry based on data from A.M. Best's U.S. Property/Casualty Review & Preview – March 2, 2020.

² American Financial Group Form 10K filings.

Strong Alignment Creates Superior Underwriting Results

- Unique incentive programs for P&C Group based on underwriting profitability
- Annual awards
 - based on AY COR targets derived from ROE requirements
 - paid over 2-3 years
 - no rewards for volume unless COR targets are met
 - claw back feature
- Long Term Incentive Compensation (LTIC) Plan
 - five year measurement period based on AY COR targets derived from ROE requirements
 - paid out over the following 4-5 years
- Business executives are held accountable for COR performance, not investment performance
- Attract, retain and reward key operating executives & officers

Pretax Property & Casualty Returns

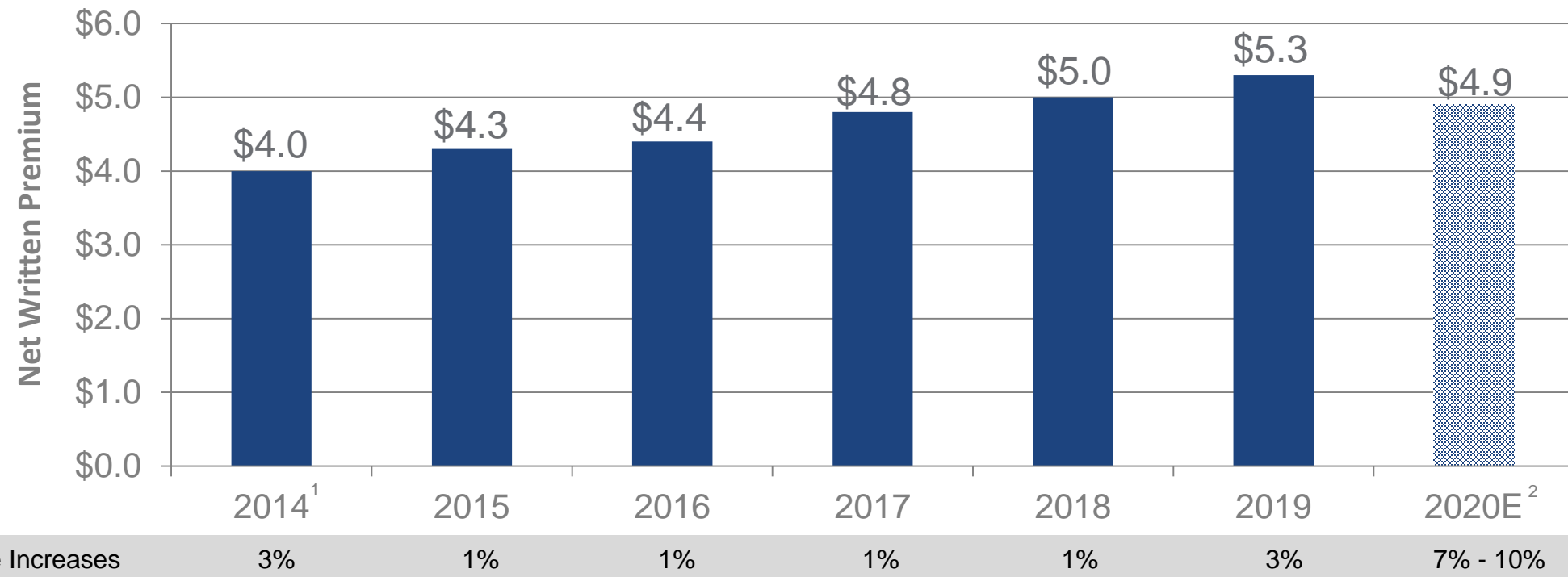


Source: Dowling & Partners

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates



► Overall Specialty P&C renewal rates increased approximately 9% in 2Q20. Excluding workers' compensation, renewal rates increased 13%.

¹ Includes Summit premiums for nine months.

² Excluding impact of the run-off of Neon, the change in Net Written Premiums is expected to be in the range of (4%) to +2%.
Excluding workers' compensation and the impact of the run-off of Neon, the change in Net Written Premiums is expected to be in the range of (2%) to +4%.

A View of our Annuity Segment



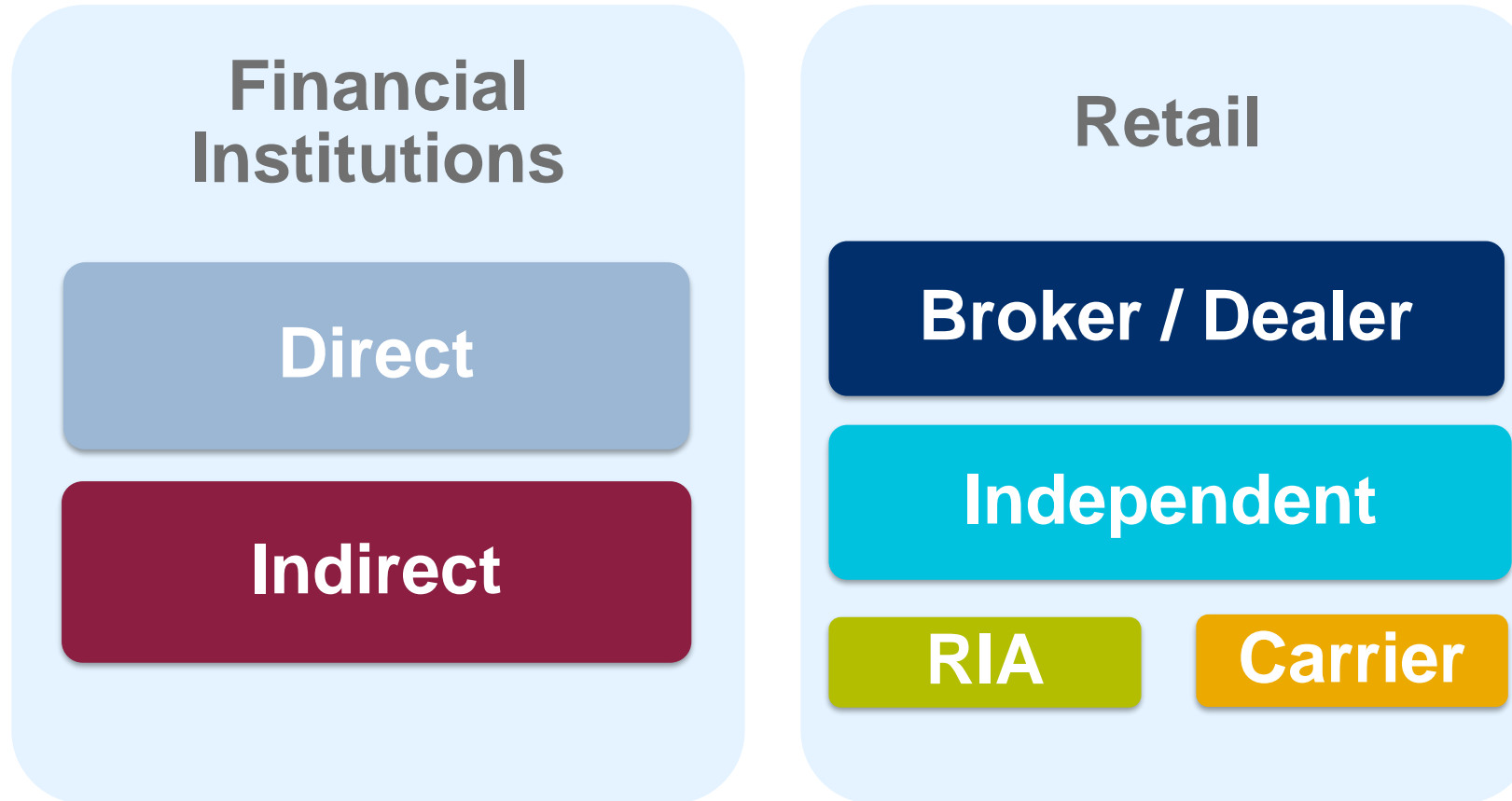
| Channel | Market Rank | Distribution | Product Focus | 2019 Premiums |
|--------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------|
| Financial Institutions | #2 FIAs #3 in Total Fixed and FIAs | ~35 Financial Institutions; ~ 4,800 agents – Direct through Financial Institutions – Independent Agents and Brokers | <ul style="list-style-type: none"> Fixed Annuities Indexed Annuities | \$2.8B |
| Retail (Independent Producers) | #15 FIAs #14 in Total Fixed and FIAs | Over 4,500 Retail Agents – Independent Marketing Organizations (IMOs) – Independent Broker Dealers – Registered Investment Advisors | | \$2.2B |
| All Channels | #11 FIAs #7 in Total Fixed and FIAs | | | \$5.0B |

- Focus on fixed and indexed annuities makes use of core competency in fixed income investing
- Simple, easy to understand products
- Lower up-front commissions and bonuses, shorter surrender charge periods
- Not a significant issuer of variable annuities.

An Industry Leader

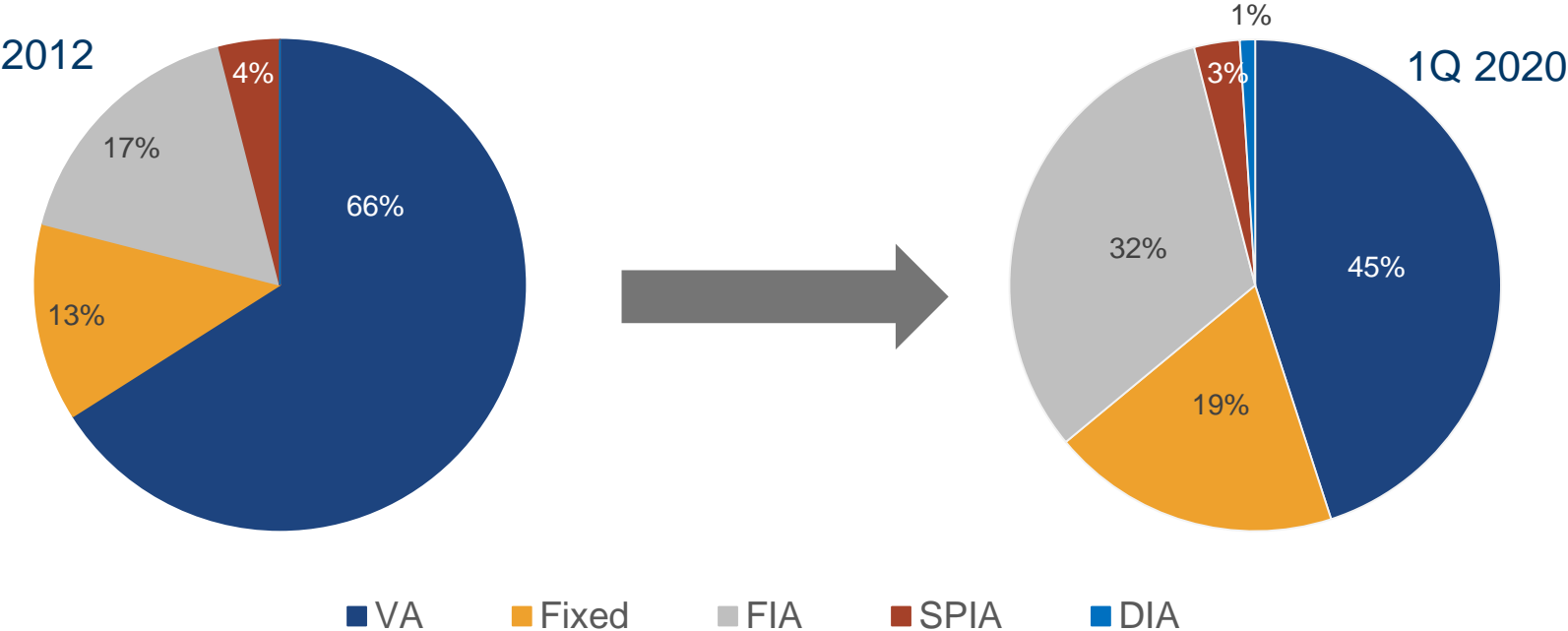
- Focus on fixed and indexed annuities
- Strong financial strength ratings and ALIRT score
- Long history in the industry and long-term agent relationships
- Consistent crediting rate strategy
- Reputation for simple, consumer-centric products
- Low cost structure

Annuity Distribution Channels



Annuity Industry: Market Share by Product Line

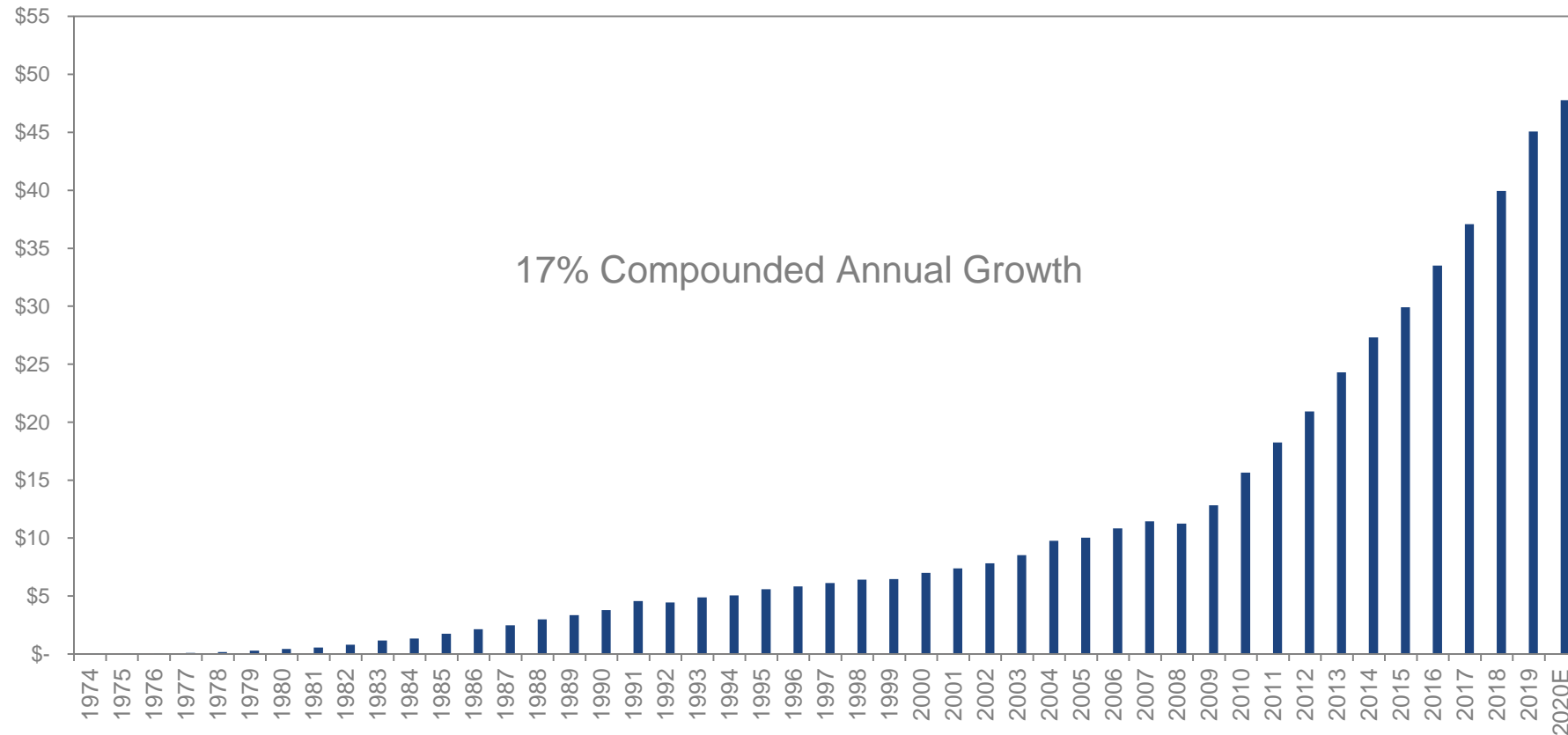
Shift from Variable Annuities to Traditional Fixed and Indexed Annuities



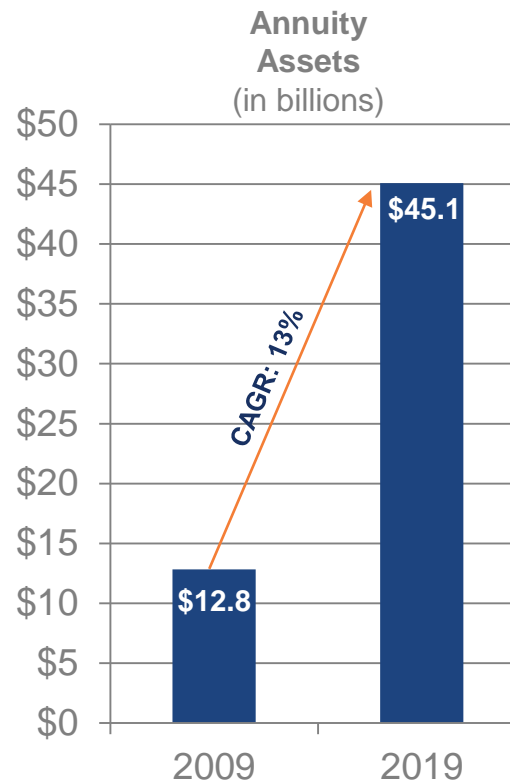
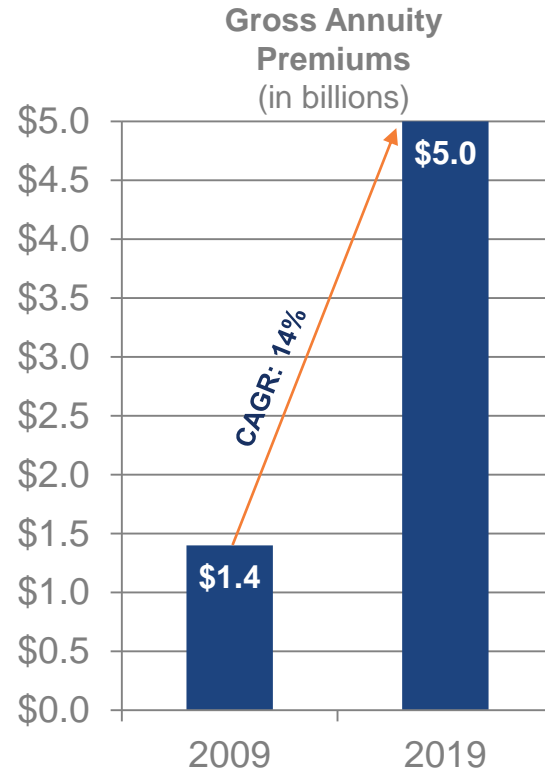
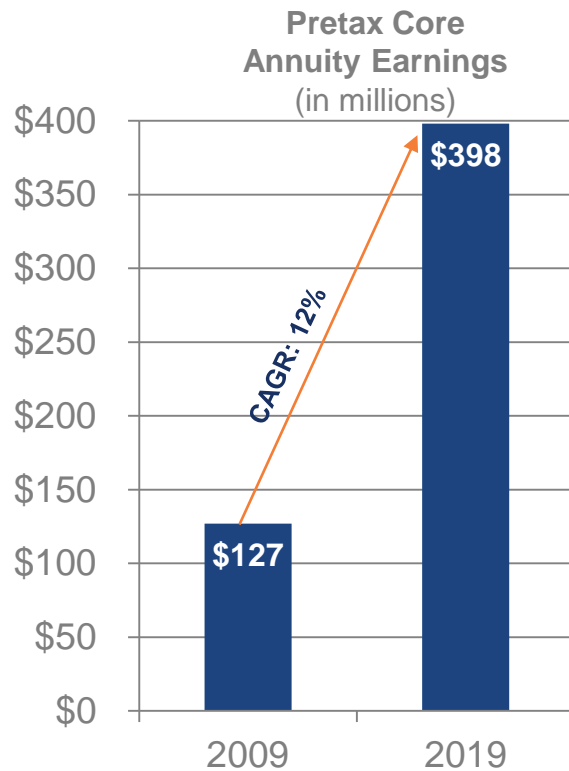
Market share for Bank, Independent B-D, Independent Agent, Full-Service BD, and Career Agent Channels only; Source: LIMRA

Growth in Annuity Segment Assets (GAAP)

Dollars in billions



Growth in Annuity Earnings, Premiums and Assets



Annuity Transformation

- Focus on core competency of fixed and indexed annuities; focus where we have critical mass and competitive advantage
- Significantly improved ROEs
 - appropriate pricing
 - expense discipline
- Ratings
 - no downgrades during recession
 - upgrades by S&P and Moody's since recession

Protection From Changes in Interest Rates

As of June 30, 2020

Protection From Rising Interest Rates

- 85% of inforce annuities have some surrender penalty
 - 52% of annuity reserves have a surrender charge of 5% or higher
 - 7% of these annuity reserves are two-tier in nature, with an average surrender charge of 14%
- Other product features that should encourage persistency or discourage lapses
 - 12% with 3%+ GMIR
 - 36% with an MVA or Longevity Rider
 - Nearly 80% of new sales have an MVA
 - Over 40% of new sales electing some form of trail or multi-year commission when available
- Asset duration shorter than liability duration by 1.47 (4.72 vs. 6.19)
- Unrealized gain in bond portfolio of \$2.2 billion pre-tax, pre-DAC (106% of book value)

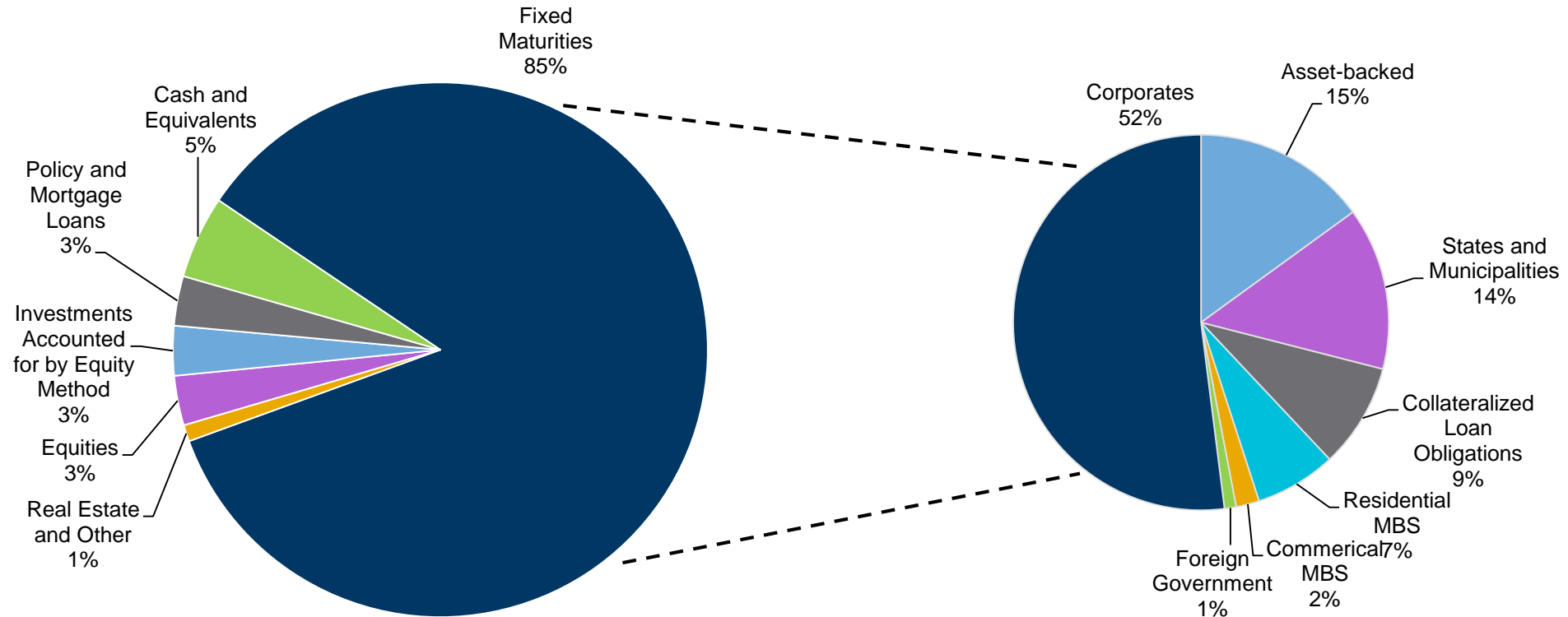
Protection From Falling Interest Rate Environment

- Ability to lower crediting rates by 114 bps on \$32 billion of reserves (excludes immediate annuities and FIAs with riders)
- Produces extra \$360 million of pretax income
- Low upfront costs to recover (lower commissions than competitors, low or no bonuses)

AFG Investment Portfolio

As of June 30, 2020

Fixed Maturities Portfolio – 91% investment grade; 97% NAIC 1 & 2



Carrying Value – \$56.7 Billion

Investment Portfolio Information and Outperformance

| | Property & Casualty | Annuity |
|---------------------------------------------------------------------|---------------------|-----------|
| Approximate Average Duration – Fixed Maturities as of June 30, 2020 | 3.0 years | 4.0 years |
| Annualized yield on available for sale fixed maturities | | |
| Quarter ended 6/30/2020: | | |
| • Net of investment expenses ^(a) | 3.46% | 4.32% |
| • Tax equivalent, net of investment expenses ^(b) | 3.61% | 4.32% |

^(a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.

^(b) Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

Fixed Income Annualized Total Return 12 Years Ended 12/31/2019¹

AFG 6.1%

Benchmark:
Blended Insurance Industry² 5.4%

Outperformance 0.7%

≈ \$1.3 Billion Total Return Outperformance

¹ 2008-2019 time period captures the beginning of the global financial crisis.

² Source: SNL. Blended Insurance Industry returns reflect actual Life & Annuity and Property & Casualty industry returns weighted by AFG's Annuity and P&C Groups' relative assets.

Strong Financial Position

Dollars in millions, except per share data

| | <u>Jun 30, 2020</u> | <u>Dec 31, 2019</u> |
|--------------------------------------------------------|---------------------|---------------------|
| Principal Amount of Long-Term Debt | \$ 1,943 | \$ 1,493 |
| Adjusted shareholders' equity ^(a) | <u>5,055</u> | <u>5,390</u> |
| Total adjusted capital | <u>\$ 6,992</u> | <u>\$ 6,883</u> |
| Ratio of debt to total adjusted capital ^(b) | | |
| Including subordinated debt | 27.8% | 21.7% |
| Excluding subordinated debt | 18.9% | 14.8% |
| Common shares outstanding | 88.659 | 90.304 |
| <u>Book value per share:</u> | | |
| Book value per share | \$ 69.10 | \$ 69.43 |
| Adjusted ^(c) | 56.95 | 59.70 |
| Tangible, adjusted ^(d) | 54.20 | 56.93 |
| Parent Company Cash | \$ 496 | \$ 166 |

Capital Management

- Insurance company capital above target levels for all rating agencies
- Excess capital ~ \$850 million
- Share repurchases totaled \$137 million YTD through June 30, 2020 (avg. price per share \$68.04)
- Regular dividends YTD through 6/30/20= \$81 million

Long-Term Debt at June 30, 2020

- In April, issued \$300 million 5.25% Sr. Notes due 2030
- In May, issued \$150 million 5.625% Sub Debs due 2060
- No debt maturities until 2026
- No borrowings under \$500 million credit line

Financial Strength Ratings – U.S. Based Insurers

- A.M. Best: GAI, Mid-Continent and National Interstate = A+, Republic and Annuity = A
- S&P: = A+
- Moody's: GAI = A1, Republic = A3, Annuity = A2

(a) Excludes net unrealized gains (losses) related to fixed maturity securities.

(b) The ratio is calculated by dividing the principal amount of AFG's long-term debt by its total capital, which includes long-term debt, noncontrolling interests and shareholders' equity (excluding unrealized gains (losses) related to fixed maturity investments).

(c) Excludes unrealized gains related to fixed maturity investments.

(d) Excludes unrealized gains related to fixed maturity investments, goodwill and intangibles.

2020 Outlook – AFG

AFG Core Operating Earnings Guidance \$6.60 - \$7.40 per share
(excluding the impact of alternative investments marked-to-market through core operating earnings)

| | <u>NWP Growth</u> | <u>Combined Ratio</u> |
|------------------------------------------------------------|----------------------|-----------------------|
| Specialty P&C Group Overall | (11%) – (5%) | 92% – 94% |
| <i>Excluding Impact of Neon Runoff</i> | <i>(4%) – 2%</i> | |
| <i>Excluding Impact of Neon Runoff & Workers' Comp</i> | <i>(2%) – 4%</i> | |
| <u>Business Groups:</u> | | |
| Property & Transportation | (2%) – 4% | 90% – 94% |
| Specialty Casualty | (20%) – (14%) | 91% – 95% |
| <i>Excluding Neon</i> | <i>(5%) – 1%</i> | |
| <i>Excluding Neon & Workers' Comp</i> | <i>0% – 6%</i> | |
| Specialty Financial | (8%) – (2%) | 91% – 95% |

P&C average renewal rates up 7% to 10%, excluding workers' comp rates are expected to be up 10% to 13%

Pretax P&C Core Operating Earnings, excluding alternative investments, in the range of \$615 million to \$675 million

Annuity Segment:

- Pretax Annuity Core Operating Earnings, excluding alternative investments, in the range of \$300 million to \$320 million
- Gross annuity premiums in the range of \$3.4 billion to \$3.9 billion

Appendix

Financial Highlights – Second Quarter and First Six Months 2020

Dollars in millions, except per share amounts

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|------------------------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| • Results of Operations: | | | | |
| – Core net operating earnings | \$ 95 | \$ 192 | \$ 266 | \$ 376 |
| – Core net operating earnings per share | \$ 1.05 | \$ 2.12 | \$ 2.94 | \$ 4.14 |
| – Average number of diluted shares ¹ | 90.0 | 91.0 | 90.0 | 90.8 |
| • Book Value per Share: | | | | |
| | <u>June 30,</u> <u>2020</u> | <u>Dec. 31,</u> <u>2019</u> | | |
| – Excluding unrealized gains (losses) related to fixed maturities | \$ 56.95 | \$ 59.70 | | |
| – Tangible, excluding unrealized gains (losses) related to fixed maturities | \$ 54.20 | \$ 56.93 | | |
| • Capital Adequacy, Financial Condition and Liquidity: | | | | |
| – Maintained capital at levels that support operations; in excess of amounts required for rating levels | | | | |
| – Excess capital of approximately \$850 million at June 30, 2020, including parent cash of approximately \$500 million | | | | |

¹ Because AFG had a net loss for the six months ended June 30, 2020, the impact of potential dilutive options (weighted average of 0.59 million shares) was excluded from AFG's fully diluted earnings per share calculation. However, for the non-GAAP measure of core net operating earnings, the Company believes it is most appropriate to use the fully diluted share data that would have been used if AFG had net earnings for the six months ended June 30, 2020.

Financial Highlights – 2019

Dollars in millions, except per share amounts

- Results of Operations:

- Core net operating earnings
- Core net operating earnings per share
- Average number of diluted shares

- Core Operating Return on Equity:¹

AFG Consolidated²

- Specialty Property & Casualty
- Annuity, as reported

- Book Value per Share:

- Excluding unrealized gains (losses) related to fixed maturities
- Tangible, excluding unrealized gains (losses) related to fixed maturities

Twelve Months Ended
December 31,

| <u>2019</u> | <u>2018</u> |
|-------------|-------------|
| \$ 784 | \$ 761 |
| \$ 8.62 | \$ 8.40 |
| 91.0 | 90.6 |

| <u>2019</u> | <u>2018</u> |
|-------------|-------------|
| 14.9% | 15.6% |
| 15.4% | 16.8% |
| 12.3% | 12.2% |

| <u>Dec 31,</u> <u>2019</u> | <u>Dec 31,</u> <u>2018</u> |
|-------------------------------|-------------------------------|
| \$ 59.70 | \$ 54.86 |
| \$ 56.93 | \$ 51.93 |

17.8%
Growth in Adj
BVPS + Dividends

¹ Equity excludes AOCI.

² Includes the impact of holding company and other operations not reported in AFG's operating segments.

Specialty Property & Casualty Businesses

Dollars in millions

| | Net Written Premium | | | | 2020E excl. Neon | 2020E excl. Neon & Workers' Comp |
|----------------------------------------|---------------------|-----------------|------------------|---------------------|---------------------|----------------------------------------|
| | 2018 | 2019 | YTD 6/30/2020 | 2020E ¹ | | |
| Specialty Property & Transportation | \$ 1,754 | \$ 1,876 | \$ 812 | (2%) – 4% | | |
| Specialty Casualty | \$ 2,509 | \$ 2,701 | \$ 1,097 | (20%) – (14%) | (5%) – 1% | 0% – 6% |
| Specialty Financial | \$ 602 | \$ 617 | \$ 288 | (8%) – (2%) | | |
| Other Specialty | \$ 158 | \$ 148 | \$ 91 | n/a | | |
| Total Specialty | \$ 5,023 | \$ 5,342 | \$ 2,288 | (11%) – (5%) | (4%) – 2% | (2%) – 4% |

¹ 2020E based on guidance issued August 5, 2020.

Specialty Property & Casualty Businesses

| | GAAP Combined Ratio | | | |
|-------------------------------------|---------------------|--------------|----------------------|--------------------------|
| | <u>2018</u> | <u>2019</u> | <u>YTD 6/30/2020</u> | <u>2020E¹</u> |
| Specialty Property & Transportation | 93.1% | 95.7% | 92.3% | 90% – 94% |
| Specialty Casualty | 94.2% | 93.3% | 92.8% | 91% – 95% |
| Specialty Financial | 88.9% | 85.0% | 94.4% | 91% – 95% |
| Other Specialty | 103.7% | 113.3% | 115.8% | n/a |
| Total Specialty | 93.4% | 93.7% | 93.7% | 92% – 94% |

¹ 2020E based on guidance issued August 5, 2020.

Annuity Segment

Dollars in millions, unless otherwise noted

| | <u>2018</u> | <u>2019</u> | <u>YTD 6/30/20</u> | <u>2020E¹</u> |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|--------------------------|
| Gross Annuity Premiums | \$ 5,407 | \$ 4,960 | \$ 1,897 | \$3.4 to \$3.9 billion |
| Average Fixed Annuity Investments | \$ 34,471 | \$ 38,216 | \$ 40,322 | + 5% to 7% |
| Average Fixed Annuity Reserves | \$ 34,706 | \$ 38,460 | \$ 40,370 | + 5% to 7% |
| <hr/> | | | | |
| Pretax Annuity Core Earnings, excl. Alternative Investments | \$ 257 | \$ 298 | \$ 163 | \$300 to \$320 million |
| Pretax Annuity Core Operating Earnings, as reported | \$ 361 | \$ 398 | \$ 109 | n/a |
| <u>Net Spread Earned:</u> | | | | |
| Core Net Spread Earned, excl. Alternative Investments | 0.90% | 0.82% | 0.81% | 0.75% to 0.80% |
| Core Net Spread Earned on Fixed Annuities | 1.20% | 1.08% | 0.54% | n/a |
| Items Previously Reported as Core Operating | (0.13%) | (0.03%) | n/a | n/a |
| Core Net Spread Earned, as reported² | <u>1.07%</u> | <u>1.05%</u> | <u>0.54%</u> | n/a |

¹ This guidance reflects the impacts of (i) the continued negative impact of low short-term interest rates on the Annuity Segment's approximately \$4.9 billion net investment in cash and floating rate securities, (ii) the favorable impact of more aggressive renewal rate actions taken on annuity policies near or after the end of their surrender charge period, and (iii) the stock market and longer-term interest rates than remain relatively flat.

² Amounts for 2019 and 2020 are calculated using the new definition of core operating earnings. Amounts for 2018 are shown as originally reported.

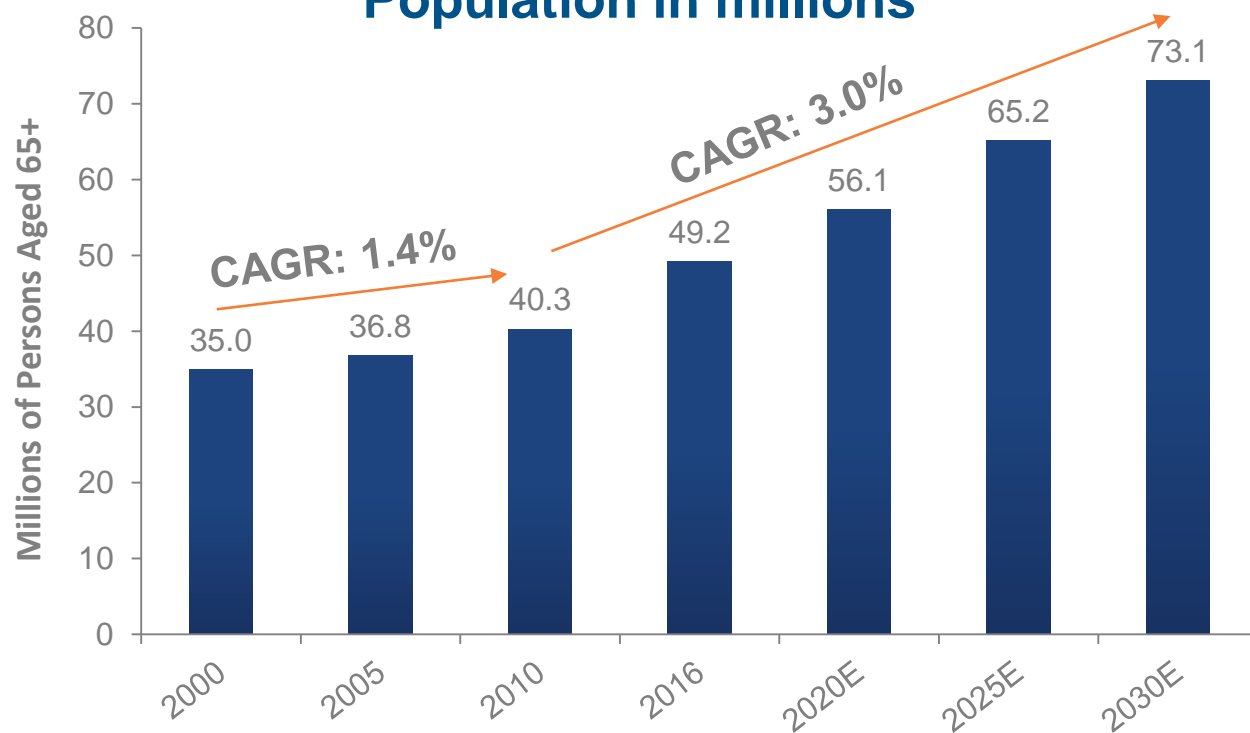
Snapshot of Current AFG Annuity Segment Sales

As of December 31, 2019

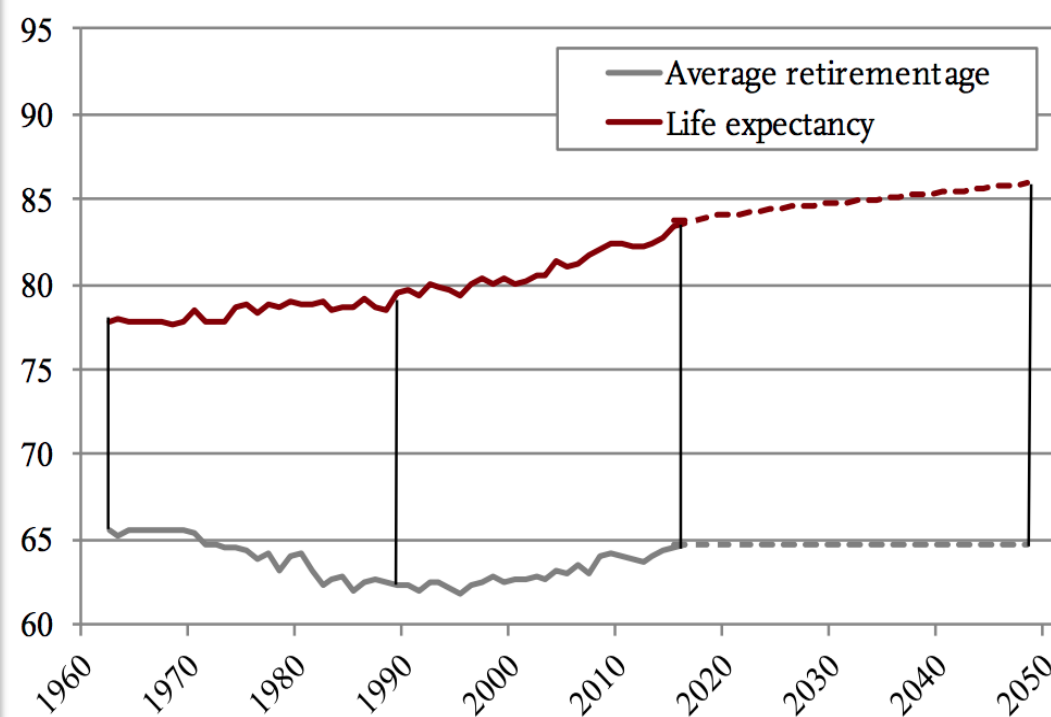
- Target market = middle and mass affluent baby boomers (not high wealth clients)
- Average single premium policy size ~\$110,000
- Approximately 63% of 2019 sales were FIAs
- About 48% of 2019 sales were qualified / IRA
- Only 5% of sales have living benefit riders
- Approximately 40% of sales have some form of "non-heaped" commissions
- Each product is priced to its own risk-adjusted return target, 12% in aggregate

Changing Demographics Create Opportunities for the Annuity Market

U.S. Growth in Persons Aged 65+ Population in millions



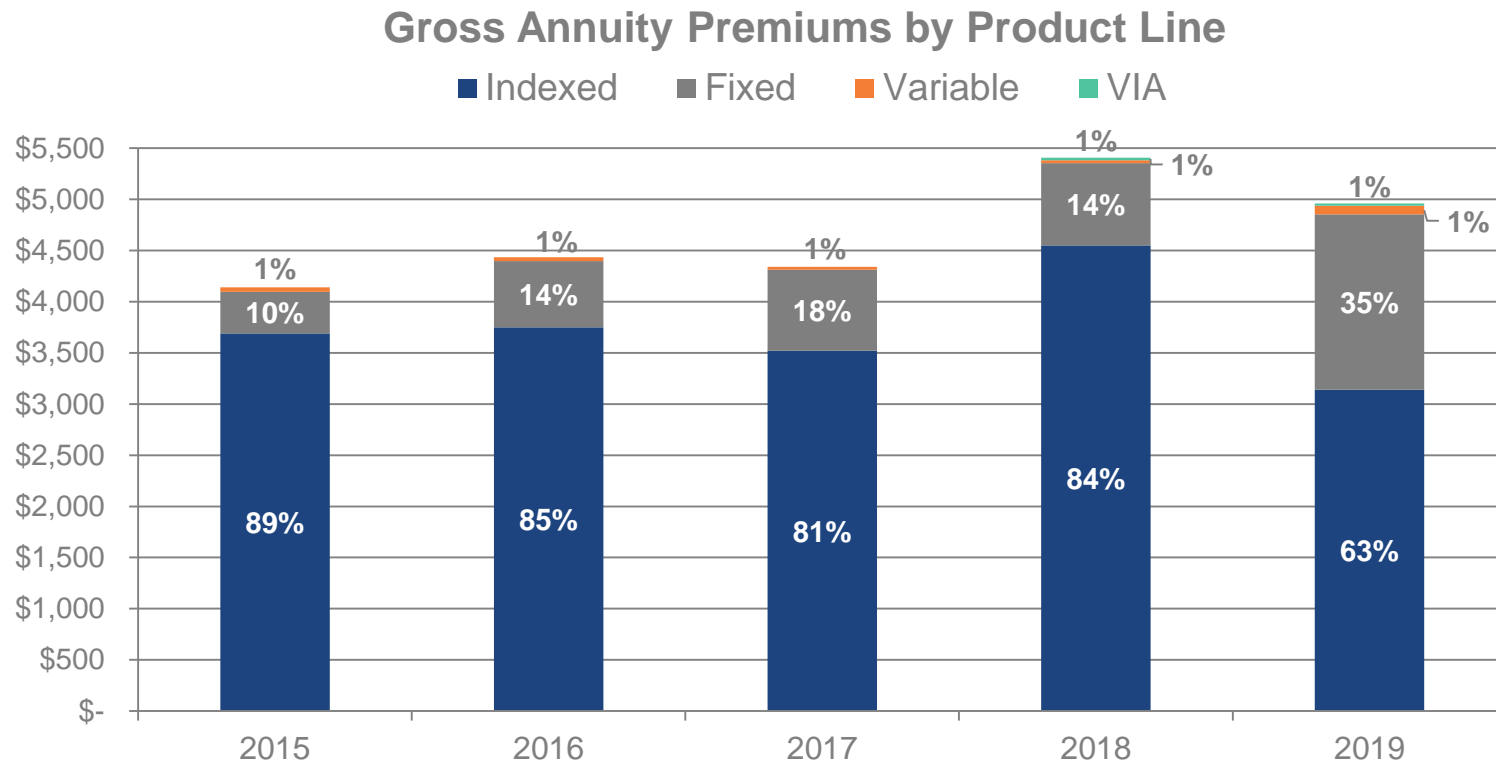
Retiring At The Same Age, But Living Longer



Source: U.S. Census Bureau and Stanford Center for Longevity

Annuity Product Snapshot

Dollars in millions

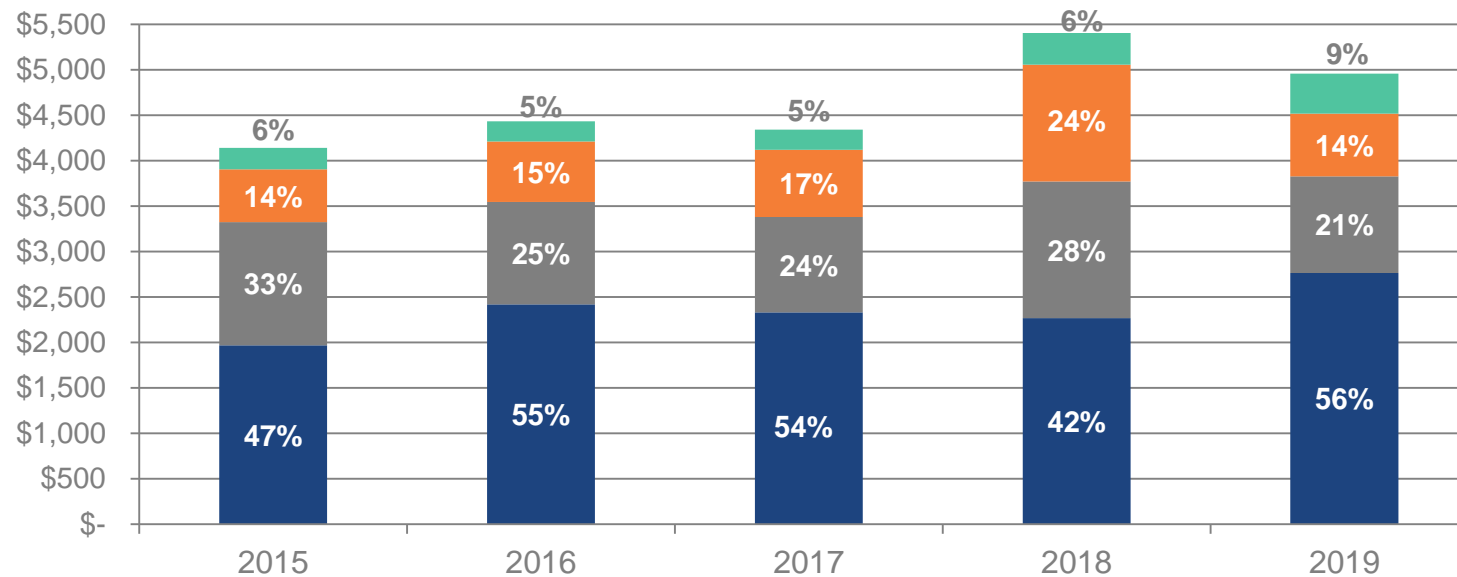


Annuity Product Snapshot (continued)

Dollars in millions

Gross Annuity Premiums by Distribution Channel

■ Financial Institutions ■ Retail ■ Broker Dealer ■ Other



Annuity Product Snapshot (continued)

Dollars in millions

