

Fourth Quarter & Full Year 2021
Investor Presentation
February 17, 2022



There when it matters most.

We base all statements contained in this presentation that are not historic facts on our current expectations. Such statements are forward-looking in nature (as defined in the Private Securities Litigation Reform Act of 1995) and necessarily involve risks and uncertainties. Forward-looking statements we make may be identified by our use of words such as “will,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “seek,” “estimate” and similar expressions. Our actual results could vary materially from our forward-looking statements. The factors that could cause our actual results to vary materially from the forward-looking statements we have previously made include, but are not limited to, prolonged economic challenges resulting from the COVID-19 pandemic, the availability and cost of labor and materials, adverse and catastrophic weather events, our ability to maintain profitable operations, the adequacy of the loss and loss expense reserves of our insurance subsidiaries, the availability and successful operation of the information technology systems our insurance subsidiaries utilize, the successful development of new information technology systems to allow our insurance subsidiaries to compete effectively, business and economic conditions in the areas in which we and our insurance subsidiaries operate, interest rates, competition from various insurance and other financial businesses, terrorism, the availability and cost of reinsurance, legal and judicial developments including those related to COVID-19 business interruption coverage exclusions, adverse litigation and other industry trends that could increase our loss costs, changes in regulatory requirements, changes in our A.M. Best rating, our ability to integrate and manage successfully the companies we may acquire from time to time and the other risks that we describe from time to time in our filings with the Securities and Exchange Commission. We disclaim any obligation to update such statements or to announce publicly the results of any revisions that we may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Reconciliations of non-GAAP data are included in the financial supplement section of this presentation.

Company Overview

Donegal Group Inc. is an insurance holding company whose insurance subsidiaries and affiliates offer personal and commercial lines of property and casualty insurance to businesses and individuals in 24 Mid-Atlantic, Midwestern, New England, Southern and Southwestern states through approximately 2,300 independent insurance agencies.

The Company offers full lines of commercial products (approx. 62% of 2021 NPW) and personal products (approx. 38% of 2021 NPW), including commercial multi-peril, automobile, homeowners, workers' compensation and other coverages.

DONEGAL GROUP INC.

Kevin G. Burke
*President and
Chief Executive Officer*

Jeffrey D. Miller
*Executive Vice President and
Chief Financial Officer*

Corporate Headquarters Marietta, Pennsylvania

NASDAQ Tickers DGICA & DGICB

DGICA Share Description 25.8 million shares outstanding
(one-tenth of a vote per share)

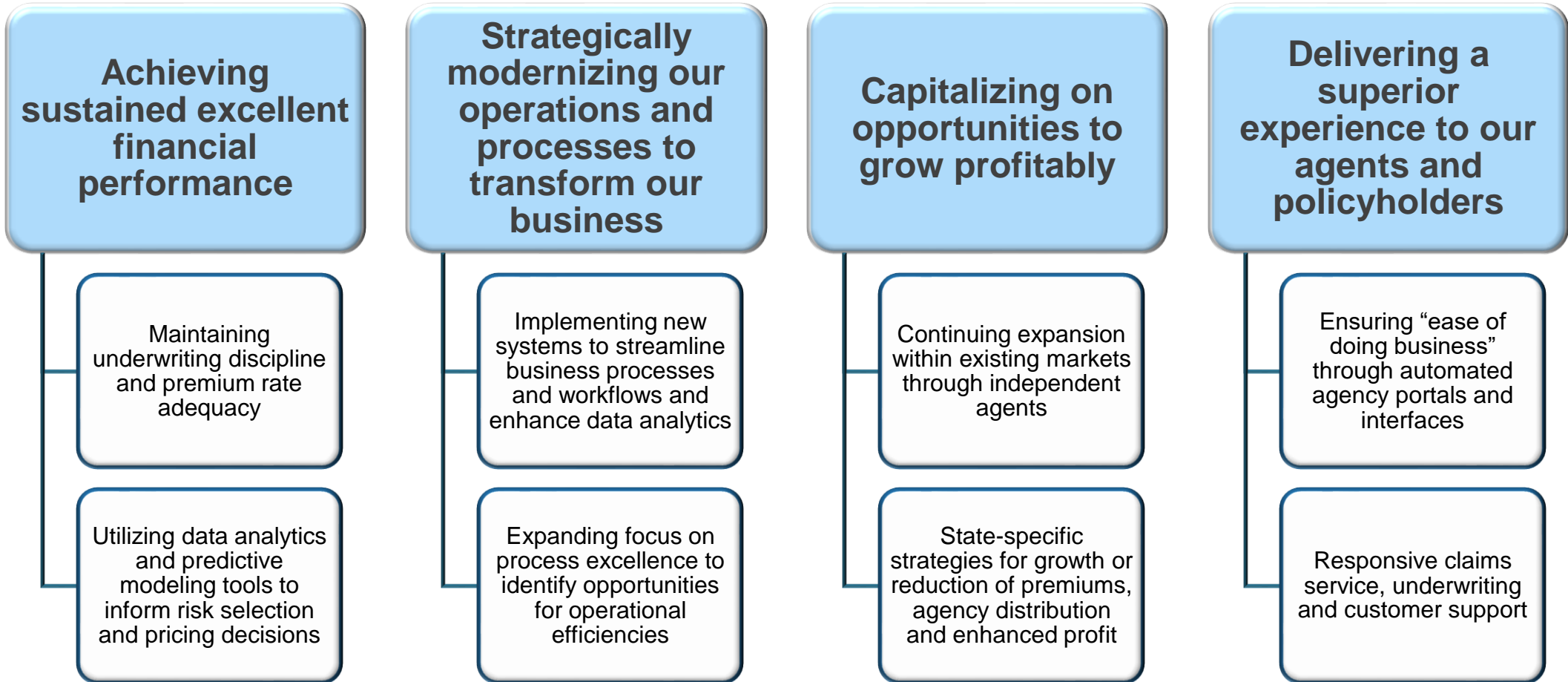
DGICB Share Description 5.6 million shares outstanding
(one vote per share)

CURRENT FIGURES FOR DGICA

as of December 31, 2021 unless otherwise noted

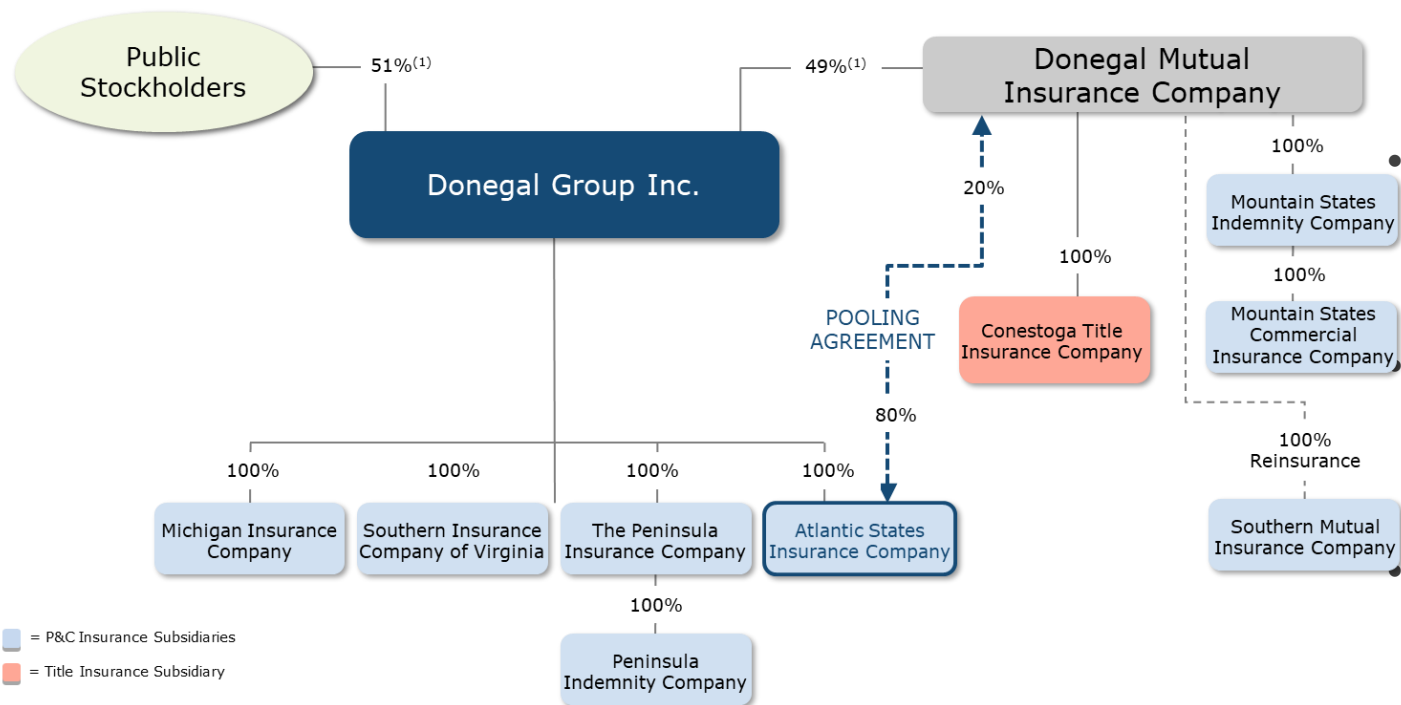
Stock Price	\$14.29
52-Week Range (as of 2/1/2022)	\$13.48 - \$16.48
Annualized Dividend Yield	4.5%
Book Value Per Share	\$16.95
Price-to-Book Value	0.84x

Strategies to Provide Value to Stakeholders



Continuing to shift our business mix to a higher proportion of commercial lines where we believe we will continue to have opportunities to achieve profitable, sustainable long-term growth

Significant Benefits to Shareholders from Mutual Relationship



(1) Because of the different relative voting power of Class A common stock and Class B common stock, public stockholders hold approximately 30% of the aggregate voting power of the combined classes, and Donegal Mutual holds approximately 70% of the aggregate voting power of the combined classes.

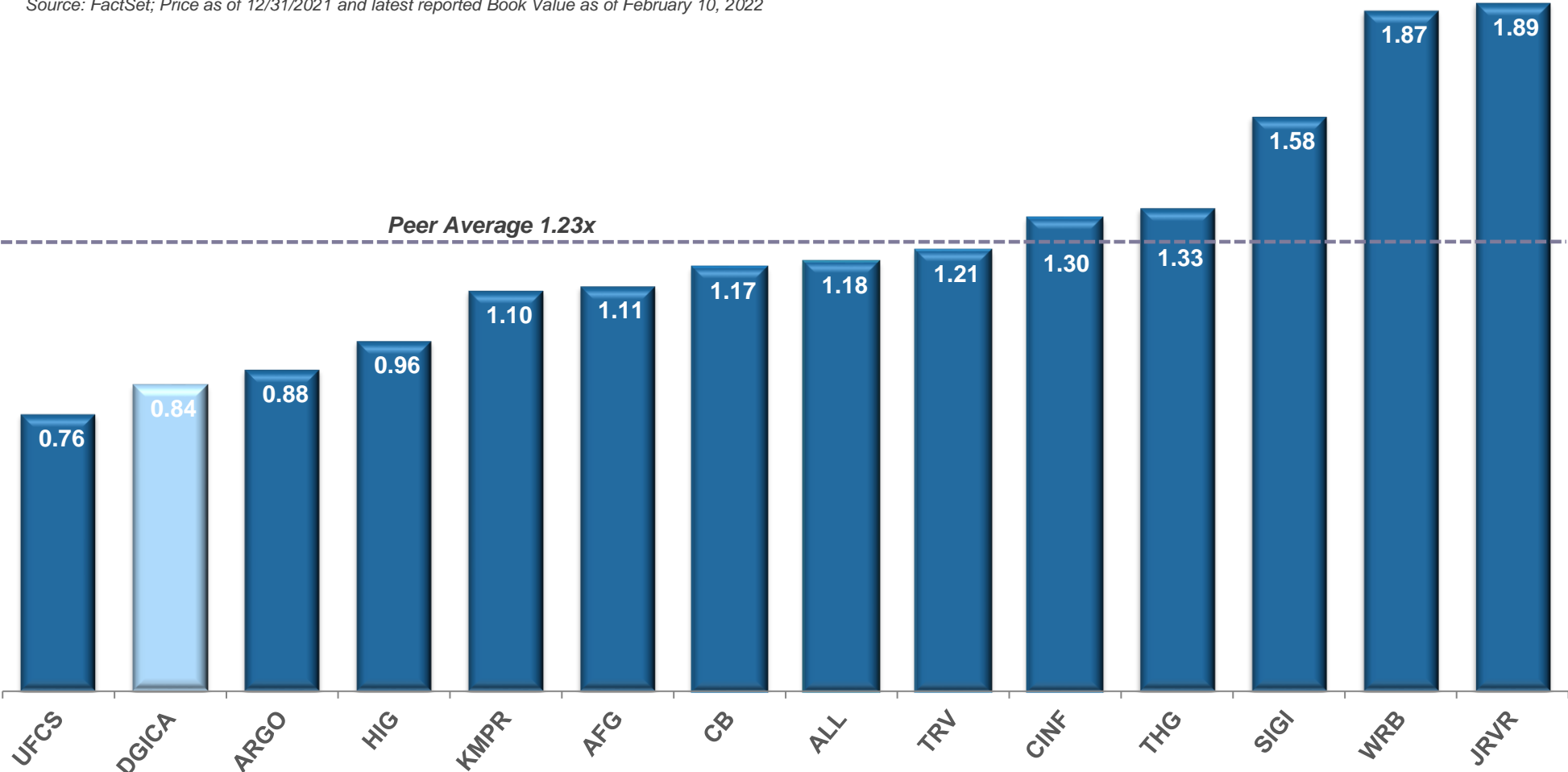
- **Pooling agreement** fosters an **environment of continuity** and maintains **superior employee relations** in which the business can grow.
- Shared combined business plan to **enhance market penetration** and **underwriting profitability**.

Product offerings are **complementary**, offering a **broad range of products** that expands our ability to service accounts.

Donegal Mutual held approximately **41% of our outstanding Class A common stock** and approximately **84% of our outstanding Class B common stock** with approximately **70% of combined voting power** as of December 31, 2021.

Price-to-Book Multiple

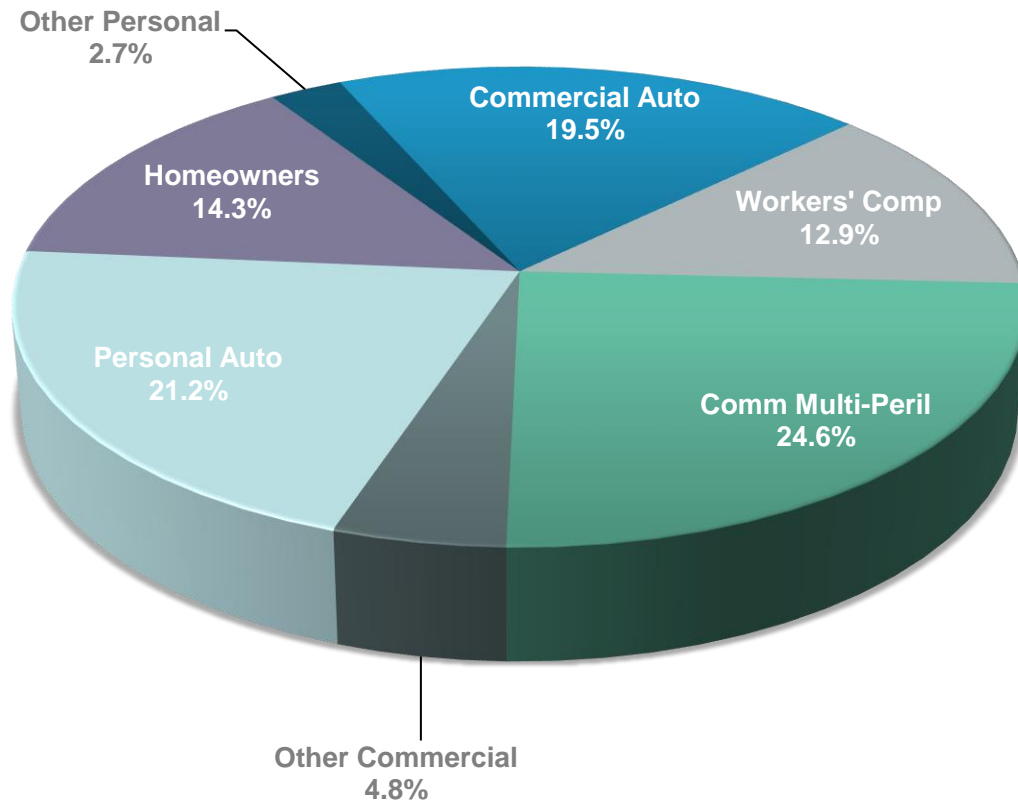
Source: FactSet; Price as of 12/31/2021 and latest reported Book Value as of February 10, 2022



Mix of Commercial and Personal Lines

Net Premiums Written by Line of Business

Quarter Ending December 31, 2021



Commercial Lines

Commercial Auto
Commercial Multi-Peril
Workers' Comp
Other Commercial

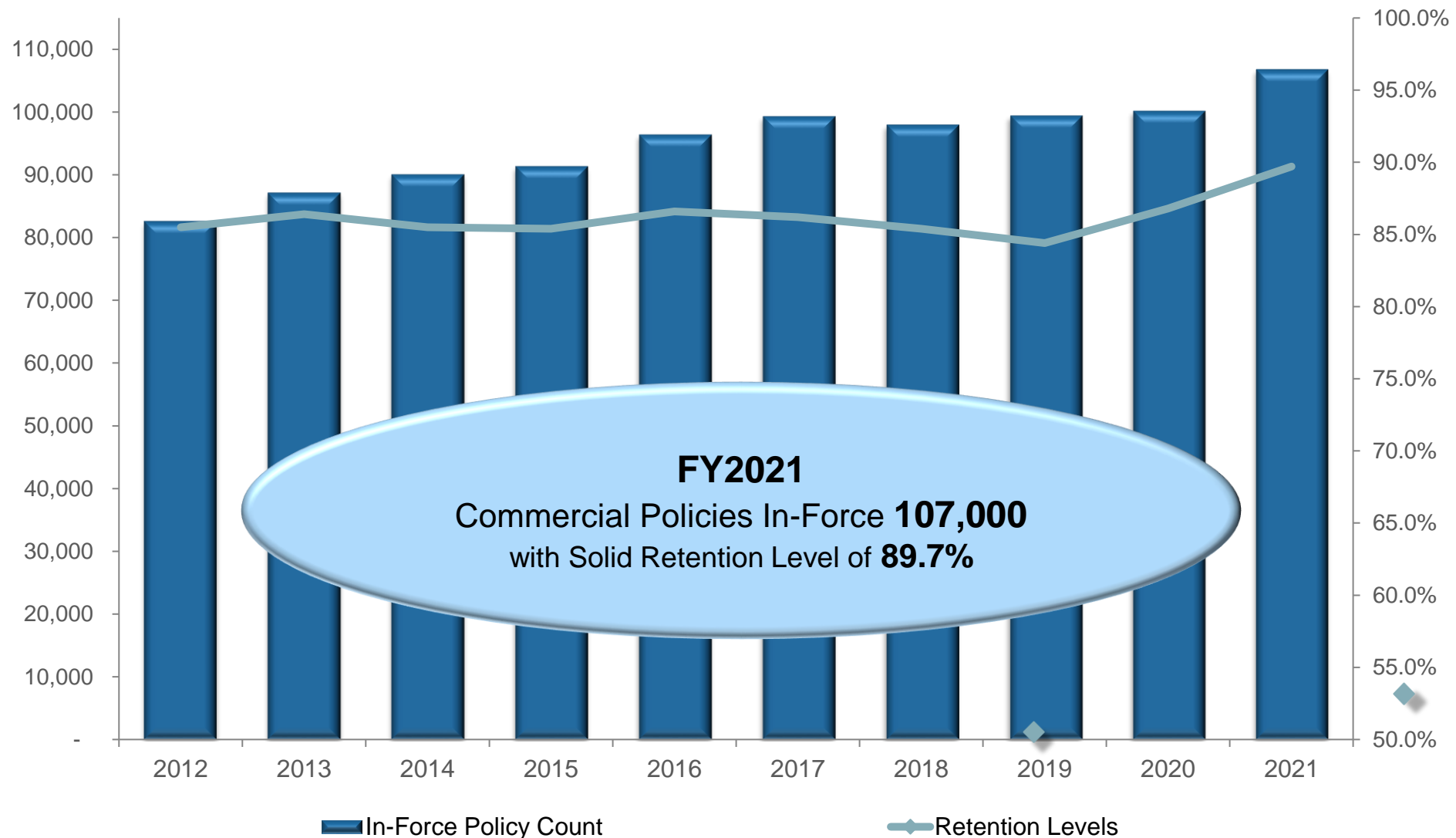
62% of NPW

Personal Lines

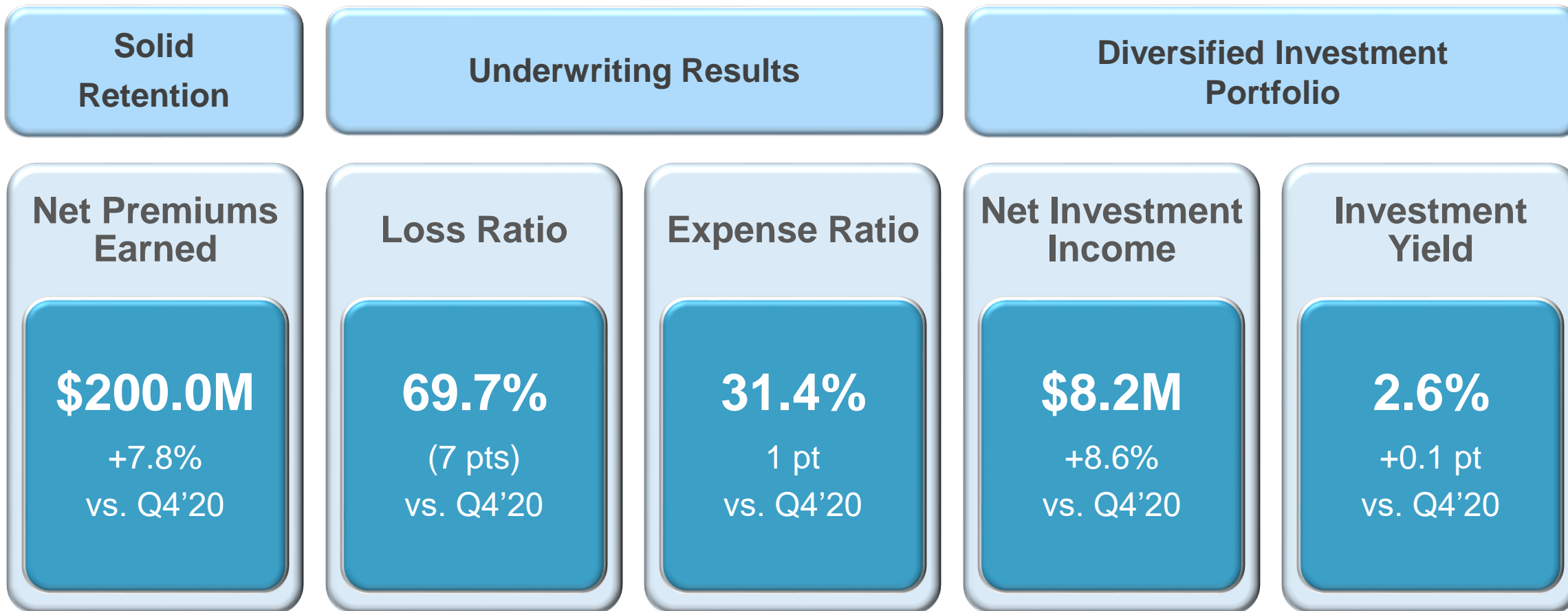
Personal Automobile
Homeowners
Other Personal

38% of NPW

Continued Growth in Commercial Lines



Fourth Quarter 2021 – Overview



Percentage change is reflective of Better/(Worse)

Underwriting results reflect higher automobile claim frequency and severity due to a return to pre-pandemic driving activity levels & elevated losses from large fires

Financial Results – Q4 & FY 2021

<i>(dollars in thousands, except per share data)</i>	Q4'21	Q4'20	Change	FY'21	FY'20	Change
Net Premiums Written	\$181,785	\$169,420	7.3%	\$804,267	\$742,140	8.4%
Net Premiums Earned	\$200,040	\$185,488	7.8%	\$776,015	\$742,040	4.6%
Loss Ratio	69.7%	62.7%	(7.0 pts)	67.1%	62.0%	(5.1 pts)
<i>Weather</i>	4.3%	4.8%	0.5 pts	5.8%	6.9%	1.1 pts
<i>Prior Accident Year Development Adverse/(Favorable)</i>	(2.7)%	(1.4)%	1.3 pts	(4.0)%	(1.7)%	2.3 pts
<i>Large Fire Losses</i>	5.5%	2.8%	(2.7 pts)	5.9%	3.1%	(2.8 pts)
Expense Ratio	31.4%	32.4%	1.0 pts	33.3%	33.0%	(0.3 pts)
<u>Dividend Ratio</u>	<u>0.5%</u>	<u>1.1%</u>	<u>0.6 pts</u>	<u>0.6%</u>	<u>1.0%</u>	<u>0.4 pts</u>
Combined Ratio	101.6%	96.2%	(5.4 pts)	101.0%	96.0%	(5.0 pts)
Net Investment Income	\$8,199	\$7,553	8.6%	\$31,126	\$29,504	5.5%
Net Income	\$5,272	\$14,568	(63.8)%	\$25,254	\$52,815	(52.2)%
Per Share – Class A (Diluted)	\$0.17	\$0.49	(65.3)%	\$0.83	\$1.83	(54.6)%
Book Value	\$16.95	\$17.13	(1.1)%	\$16.95	\$17.13	(1.1)%

Results by Line of Business

- Achieved steady new business, coupled with high premium retention and solid Q4 renewal rate increases of 6.2% in Commercial Lines (excluding Workers' Comp)
- Strategically slowing new business while taking Q4 renewal rate increases of 3.8% in selective accounts to maintain a profitable book of business in Personal Lines

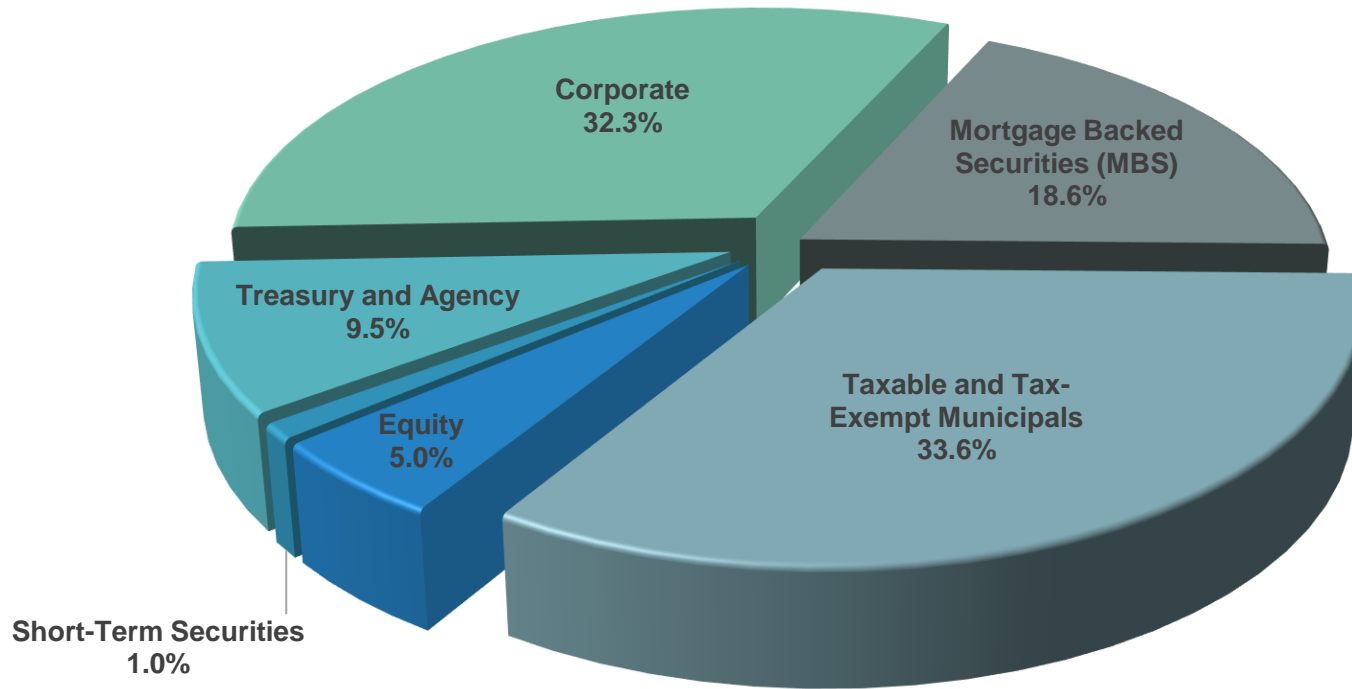
(\$ in millions)	Net Premiums Written						Statutory Combined Ratio					
	Q4'21	Q4'20	Change Better/(Worse)	FY'21	FY'20	Change Better/(Worse)	Q4'21	Q4'20	Change Better/(Worse)	FY'21	FY'20	Change Better/(Worse)
Commercial Lines - Total	\$112.4	\$98.1	14.6%	\$501.8	\$426.0	17.8%	108.1%	99.5%	(8.6 pts)	104.9%	97.8%	(7.1 pts)
<i>Automobile</i>	\$35.5	\$31.2	13.8%	\$161.9	\$135.3	19.7%	120.6%	119.1%	(1.5 pts)	108.6%	112.7%	4.1 pts
<i>Workers' Compensation</i>	\$23.5	\$23.6	(0.6)%	\$113.3	\$110.0	3.0%	82.5%	87.4%	4.9 pts	94.6%	86.3%	(8.3 pts)
<i>Commercial Multi-peril</i>	\$44.7	\$35.5	25.7%	\$188.2	\$148.0	27.2%	115.4%	99.3%	(16.1 pts)	114.1%	98.4%	(15.7 pts)
<i>Other</i>	\$8.8	\$7.7	13.3%	\$38.3	\$32.7	17.1%	94.5%	58.0%	(36.5 pts)	77.5%	74.0%	(3.5 pts)
Personal Lines - Total	\$69.4	\$71.3	(2.8)%	\$302.5	\$316.1	(4.3)%	95.6%	95.1%	(0.5 pts)	94.4%	92.4%	(2.0 pts)
<i>Automobile</i>	\$38.6	\$41.0	(5.9)%	\$170.6	\$184.6	(7.6)%	109.3%	100.2%	(9.1 pts)	94.4%	91.3%	(3.1 pts)
<i>Homeowners</i>	\$25.9	\$25.9	0.1%	\$110.0	\$111.9	(1.7)%	88.6%	90.7%	2.1 pts	102.9%	97.2%	(5.7 pts)
<i>Other</i>	\$4.8	\$4.4	9.9%	\$21.9	\$19.7	11.5%	20.8%	70.4%	49.6 pts	49.3%	74.9%	25.6 pts
Total Lines	\$181.8	\$169.4	7.3%	\$804.3	\$742.1	+8.4%	103.3%	97.6%	(5.7 pts)	100.8%	95.4%	(5.4 pts)

Certain components may not foot due to rounding.

Conservative Investment Strategy

\$1.3 Billion in Invested Assets

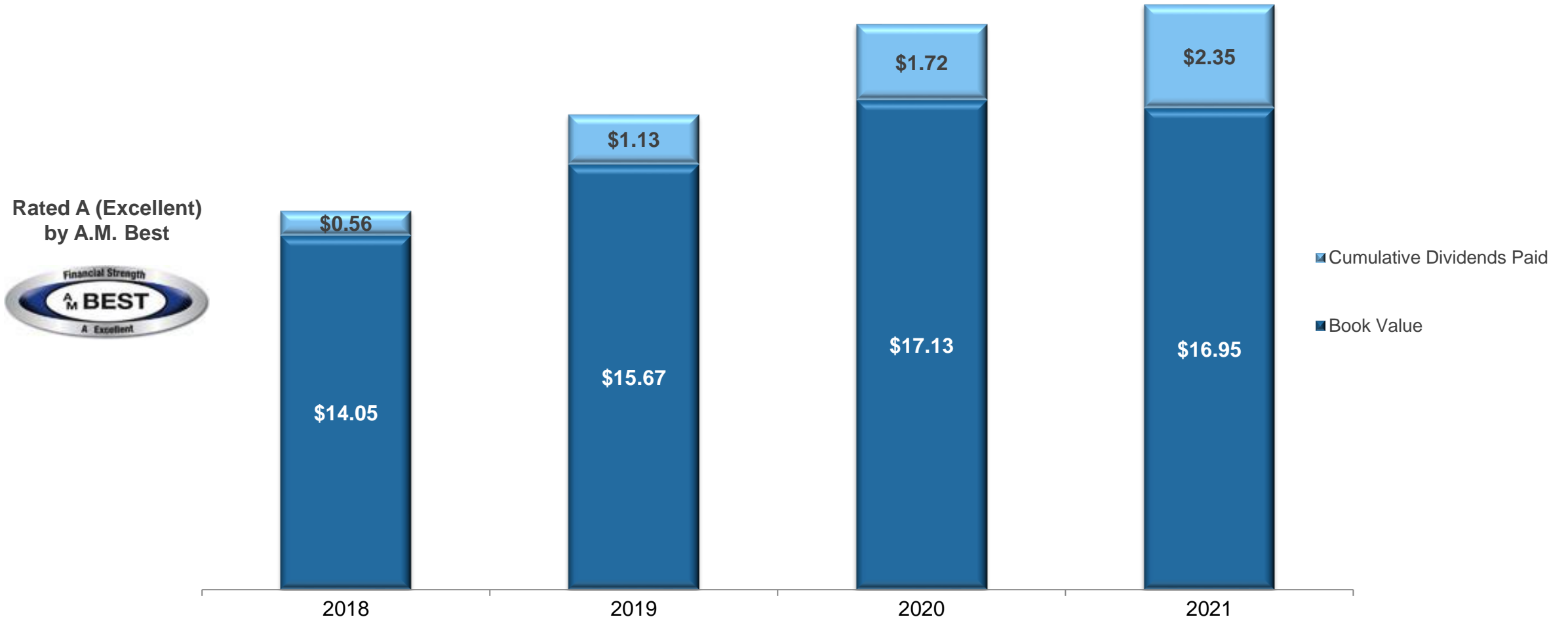
As of December 31, 2021



- Investment portfolio emphasizes on quality and reliability
- “Laddering” structure provides additional measure of liquidity
- Invested assets increased by \$55.6 million
- 94% in diversified, highly rated and marketable fixed-maturity securities
 - Effective duration of 4.7 years
 - Tax-equivalent yield of 2.6%

Increasing Stockholder Value Over Time

Strategic corporate initiatives implemented beginning in 2018 continue to drive operating improvements



- Well-established regional insurance group with a **diverse book of business** including both commercial and personal lines
- Continuing the shift in our mix of business with **emphasis on commercial lines** while **strategically stabilizing personal lines** to maintain a **profitable book of business** that will **increase stockholder value** over time
- Focusing on achieving sustained excellent **financial performance**, modernizing our operations and processes to **transform our business**, capitalizing on opportunities to **grow profitably** and delivering a **superior experience to our agents and policyholders**
- Maintaining our highly responsive service levels as a key underlying force that contributes to solid growth in our **commercial lines of business**

Contact Information



Donegal Group Inc.
1195 River Road
P.O. Box 302
Marietta, PA 17547-0302
(800) 877-0600

Company Contact

Jeffrey D. Miller
CFO, Donegal Group Inc.
Phone: (800) 877-0600 x7357
investors@donegalgroup.com

Investor Relations Contact

Karin Daly
Vice President, The Equity Group
Phone: (212) 836-9623
kdaly@equityny.com

Transfer Agent

Computershare Trust Company, N.A.
P.O. Box 505000
Louisville, KY 40233
Phone: 800-317-4445
www.computershare.com

Definitions of Non-GAAP Financial Measures

We prepare our consolidated financial statements on the basis of GAAP. Our insurance subsidiaries also prepare financial statements based on statutory accounting principles state insurance regulators prescribe or permit (“SAP”). In addition to using GAAP-based performance measurements, we also utilize certain non-GAAP financial measures that we believe provide value in managing our business and for comparison to the financial results of our peers. These non-GAAP measures are net premiums written, operating income or loss and statutory combined ratio.

Net premiums written and operating income or loss are non-GAAP financial measures investors in insurance companies commonly use. We define net premiums written as the amount of full-term premiums our insurance subsidiaries record for policies effective within a given period less premiums our insurance subsidiaries cede to reinsurers. We define operating income or loss as net income or loss excluding after-tax net investment gains or losses, after-tax restructuring charges and other significant non-recurring items. Because our calculation of operating income or loss may differ from similar measures other companies use, investors should exercise caution when comparing our measure of operating income or loss to the measure of other companies.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of net premiums earned to net premiums written:

	Three Months Ended December 31,			Year Ended December 31,		
	2021	2020	% Change	2021	2020	% Change
	(dollars in thousands)					
Reconciliation of Net Premiums Earned to Net Premiums Written						
Net premiums earned	\$ 200,040	\$ 185,488	7.8%	\$ 776,015	\$ 742,040	4.6%
Change in net unearned premiums	(18,255)	(16,068)	13.6	28,252	100	NM ²
Net premiums written	<u>\$ 181,785</u>	<u>\$ 169,420</u>	<u>7.3%</u>	<u>\$ 804,267</u>	<u>\$ 742,140</u>	<u>8.4%</u>

² Not meaningful.

Reconciliation of net income to operating income:

	Three Months Ended December 31,			Year Ended December 31,		
	2021	2020	% Change	2021	2020	% Change
	(dollars in thousands, except per share amounts)					
Reconciliation of Net Income to Non-GAAP Operating Income						
Net income	\$ 5,272	\$ 14,568	-63.8%	\$ 25,254	\$ 52,815	-52.2%
Investment gains (after tax)	(1,056)	(2,937)	-64.0	(5,117)	(2,194)	133.2
Other, net	-	-	-	-	161	-100.0
Non-GAAP operating income	<u>\$ 4,216</u>	<u>\$ 11,631</u>	<u>-63.8%</u>	<u>\$ 20,137</u>	<u>\$ 50,782</u>	<u>-60.3%</u>
Per Share Reconciliation of Net Income to Non-GAAP Operating Income						
Net income – Class A (diluted)	\$ 0.17	\$ 0.49	-65.3%	\$ 0.83	\$ 1.83	-54.6%
Investment gains (after tax)	(0.03)	(0.10)	-70.0	(0.17)	(0.08)	112.5
Other, net	-	-	-	-	0.01	-100.0
Non-GAAP operating income – Class A	<u>\$ 0.14</u>	<u>\$ 0.39</u>	<u>-64.1%</u>	<u>\$ 0.66</u>	<u>\$ 1.76</u>	<u>-62.5%</u>
Net income – Class B	\$ 0.15	\$ 0.44	-65.9%	\$ 0.74	\$ 1.65	-55.2%
Investment gains (after tax)	(0.03)	(0.09)	-66.7	(0.15)	(0.07)	114.3
Other, net	-	-	-	-	0.01	-100.0
Non-GAAP operating income – Class B	<u>\$ 0.12</u>	<u>\$ 0.35</u>	<u>-65.7%</u>	<u>\$ 0.59</u>	<u>\$ 1.59</u>	<u>-62.9%</u>