
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 4, 2015

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

1-13653
(Commission
File Number)

31-1544320
(IRS Employer
Identification No.)

301 East Fourth Street, Cincinnati, OH
(Address of principal executive offices)

45202
(Zip Code)

Registrant's telephone number, including area code 513-579-2121

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Section 2 - Financial Information

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the second quarter of 2015 and the availability of the Investor Supplement on the Company's website. The press release was issued on August 4, 2015. A copy of the press release is attached to this Form 8-K as Exhibit 99.1 and a copy of the Investor Supplement is attached as Exhibit 99.2 and are incorporated herein by reference.

The information contained herein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

- (a) Financial statements of business acquired. Not applicable.
- (b) Pro forma financial information. Not applicable.
- (c) Shell company transactions. Not applicable
- (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated August 4, 2015, reporting American Financial Group Inc. results for the quarter ended June 30, 2015.
99.2	Investor Supplement – Second Quarter 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN FINANCIAL GROUP, INC.

Date: August 5, 2015

By: /s/ Karl J. Grafe
Karl J. Grafe
Vice President

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces Record Second Quarter Results

- *Net earnings per share of \$1.57; includes \$0.29 per share gain on sale of hotel property*
- *Record second quarter core net operating earnings \$1.28 per share, up 20% from the comparable 2014 period*
- *Adjusted book value \$49.63 per share at June 30, 2015*
- *Full year 2015 core net operating earnings guidance increased to \$5.25 - \$5.55 per share*

Cincinnati, Ohio – August 4, 2015 – American Financial Group, Inc. (NYSE: AFG) today reported 2015 second quarter net earnings attributable to shareholders of \$141 million (\$1.57 per share) compared to \$106 million (\$1.15 per share) for the 2014 second quarter. As previously announced, AFG's 2015 second quarter results include an after-tax gain of \$26 million (\$0.29 per share) related to the sale of a real estate investment. Comparatively, net earnings in the 2014 second quarter included after-tax net realized gains on securities of \$7 million (\$0.08 per share). Book value per share excluding unrealized gains on fixed maturities, increased by \$1.08 to \$49.63 per share during the second quarter of 2015. Annualized return on equity was 13.4% and 10.3% for the second quarters of 2015 and 2014, respectively.

Core net operating earnings were \$115 million (\$1.28 per share) for the 2015 second quarter, compared to \$99 million (\$1.07 per share) in the 2014 second quarter. Higher underwriting profit and net investment income in our Specialty Property and Casualty ("P&C") insurance operations and higher operating earnings in our Annuity and Run-off Long-Term Care and Life Segments contributed to these results. Core net operating earnings for the second quarters of 2015 and 2014 generated annualized core returns on equity of 10.9% and 9.6%, respectively.

During the second quarter of 2015, AFG repurchased approximately 740,000 shares of common stock for \$47 million (average price per share of \$63.91).

AFG's net earnings attributable to shareholders, determined in accordance with U.S. generally accepted accounting principles ("GAAP"), include certain items that may not be indicative of its ongoing core operations. The following table identifies such items and reconciles net earnings attributable to shareholders to core net operating earnings, a non-GAAP financial measure that AFG believes is a useful tool for investors and analysts in analyzing ongoing operating trends.

In millions, except per share amounts	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Components of net earnings attributable to shareholders:				
Core net operating earnings(a)	\$ 115	\$ 99	\$ 227	\$ 190
<u>Non-Core Items:</u>				
Realized gains (losses) on securities	—	7	12	19
Realized gain on sale of hotel property	26	—	26	—
Loss on sale of subsidiaries	—	—	(105)	—
Net earnings attributable to shareholders	\$ 141	\$ 106	\$ 160	\$ 209
Components of Earnings Per Share:				
Core net operating earnings(a)	\$ 1.28	\$ 1.07	\$ 2.54	\$ 2.07
<u>Non-Core Items:</u>				
Realized gains (losses) on securities	—	0.08	0.14	0.21
Realized gain on sale of hotel property	0.29	—	0.29	—
Loss on sale of subsidiaries	—	—	(1.18)	—
Diluted Earnings Per Share	\$ 1.57	\$ 1.15	\$ 1.79	\$ 2.28

Footnote (a) is contained in the accompanying Notes to Financial Schedules at the end of this release.

Carl H. Lindner III and S. Craig Lindner, AFG's Co-Chief Executive Officers, issued this statement: "Strong results in our Specialty P&C and Annuity businesses produced record core net operating earnings per share for the second quarter of 2015 that were 20% higher year-over-year. The gain recognized on the sale of the Le Pavillon Hotel added \$0.29 per share to our net earnings, and serves as an example of our opportunistic approach in managing our real estate portfolio.

"At June 30, 2015, AFG had approximately \$870 million of excess capital (including parent company cash of approximately \$215 million). In addition, the pending sale of our run-off long-term care insurance business is expected to generate approximately \$110 million in excess capital. Our excess capital will be deployed into AFG's core businesses as we identify potential for healthy, profitable organic growth, and opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds. We will also make opportunistic share repurchases when it makes sense to do so and return capital to shareholders through dividends.

"Based on results for the first six months of 2015, we now estimate AFG's core net operating earnings in 2015 to be between \$5.25 and \$5.55 per share, up from the range of \$5.10 to \$5.50 previously presented. Pending further information on the crop growing season, our outlook for the Specialty P&C Group is unchanged, while changes in the interest rate environment and actions we have taken in the Annuity Group lead us to increase our 2015 outlook for core pretax annuity operating earnings. Our core earnings per share guidance excludes non-core items such as the loss on the sale of AFG's run-off long-term care insurance business, other realized gains and losses as well as other significant items that may not be indicative of ongoing operations."

Specialty Property and Casualty Insurance Operations

The Specialty P&C insurance operations generated an underwriting profit of \$51 million in the 2015 second quarter, compared to \$29 million in the second quarter of 2014, a result of improved year-over-year underwriting results in each of our Specialty P&C Groups. The second quarter 2015 combined ratio of 94.9% includes 1.1 points of favorable prior year reserve development, compared to 1.4 points of adverse reserve development in the comparable prior year period. Second quarter results in 2015 include 1.0 point in catastrophe losses compared to 1.1 points in the 2014 second quarter.

Gross and net written premiums were up 2% and 3%, respectively, for the second quarter of 2015, when compared to the second quarter of 2014.

Further details about AFG's Specialty P&C operations may be found in the accompanying schedules and in our Quarterly Investor Supplement, which is posted on our website.

The **Property and Transportation Group** reported an underwriting loss of \$13 million in the second quarter of 2015, compared to an underwriting loss of \$18 million in the second quarter of 2014. Improved year-over-year underwriting results in our National Interstate subsidiary were partially offset by lower profitability and adverse reserve development in our property and inland marine, ocean marine and other transportation businesses. Catastrophe losses were \$7 million for this group during the second quarter of 2015 and \$8 million in the comparable prior year period.

Gross and net written premiums for the second quarter of 2015 were 2% and 3% higher, respectively, than the comparable 2014 period. Higher premiums in our transportation and agricultural businesses were partially offset by lower premiums in our property and inland marine businesses. Pricing in this group was up approximately 5% on average for the quarter, and includes a 7% increase in National Interstate's renewal rates.

The **Specialty Casualty Group** reported an underwriting profit of \$37 million in the second quarter of 2015, compared to \$30 million in the second quarter of 2014. Higher underwriting profitability in our workers' compensation and excess and surplus businesses was partially offset by lower underwriting profits in our executive liability business and higher adverse development in Mid-Continent's general liability business.

Gross and net written premiums for the second quarter of 2015 were both up 1% when compared to the second quarter of 2014. The majority of businesses in this group reported growth, particularly our excess and surplus businesses. This growth was partially offset by lower premiums in our general liability business, primarily the result of re-underwriting efforts within the Florida homebuilders market and the slowdown within the energy sector, as well as lower premiums in our international business, where we continue to focus on improving underwriting results. Pricing in this group was down approximately 1% on average for the quarter, due primarily to lower pricing in our workers' compensation businesses. Excluding workers' compensation, pricing in this group was up 1%.

The **Specialty Financial Group** reported underwriting profit of \$24 million in the second quarter of 2015, compared to \$15 million in the second quarter of 2014. Higher underwriting profits in our fidelity and crime, surety and trade credit businesses were the drivers of the improved results. Every business in this group achieved excellent underwriting margins during the quarter, producing an overall calendar year combined operating ratio of 81% for the second quarter of 2015.

Gross and net written premiums for the second quarter of 2015 were up 7% and 13%, respectively, when compared to the same 2014 period, primarily the result of higher premiums in our financial institutions business. Pricing in this group was flat for the quarter.

Carl Lindner III stated: "I'm very pleased with the results in our Specialty P&C businesses during the second quarter, with total P&C operating income up nearly 25% year-over-year. Our Specialty Financial Group reported double digit growth and excellent underwriting margins. Despite competitive market conditions in some of our casualty businesses, results in our Specialty Casualty Group were very strong. I'm disappointed, however, with the underwriting loss reported by our Property and Transportation Group. We continue to make progress with pricing and remain committed to our culture of underwriting discipline to strengthen the underwriting profitability of this group overall. Our Specialty P&C Group achieved an average overall renewal rate increase of approximately 1% for the quarter.

"Based on results during the first six months of the year, we continue to expect an overall 2015 calendar year combined ratio in the 92% to 94% range and estimate net written premium growth to be between 4% and 8%."

Annuity Segment

In connection with AFG's Annuity Segment results shown below, Craig Lindner stated, "Our results reflect disciplined pricing and our strategy of growing our business when we can achieve desired long-term returns. Based on the results through the first six months of 2015, assuming no significant change in interest rates or the stock market from our expectations, we now estimate full year 2015 core pretax annuity operating earnings to be in the range of \$330 million to \$345 million, an increase from the range of \$310 million to \$340 million previously estimated. Significant changes in market interest rates and/or the stock market, as compared to our expectations, could lead to significant positive or negative impacts on the Annuity Segment's results. In addition, based on recent results, we now expect that premiums for the full year of 2015 will be in line with the \$3.7 billion achieved for the full year in 2014."

AFG's annuity operations contributed \$88 million in core pretax operating earnings in the second quarter of 2015 compared to \$84 million in the second quarter of 2014, an increase of 5%. Earnings before the impact of fair value accounting on fixed-indexed annuities (FIAs) declined by 18%, as detailed in the table below:

Components of Core Annuity Operating Earnings Before Income Taxes

In millions	Three months ended		Pct. Change	Six months ended		Pct. Change
	June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014	
Annuity earnings before fair value accounting for FIAs	\$ 77	\$ 94	(18%)	\$ 169	\$ 182	(7%)
Impact of Fair Value Accounting for FIAs	11	(10)	nm	(6)	(25)	nm
Core Pretax Annuity Operating Earnings	\$ 88	\$ 84	5%	\$ 163	\$ 157	4%

Annuity Earnings Before Fair Value Accounting for FIAs

AFG's 2015 earnings continued to benefit from growth in annuity assets. AFG's quarterly average annuity investments and reserves grew approximately 12% year-over-year; however, the impact of this growth was offset by the runoff of higher yielding investments, an adjustment in the current quarter affecting fixed-indexed annuities with guaranteed lifetime withdrawal benefits, and higher general and administrative expenses.

Impact of Fair Value Accounting for FIAs

Variances from expectations of certain items (such as projected interest rates, option costs and surrenders), as well as changes in the stock market, have an impact on the accounting for FIAs; these accounting adjustments are recognized through AFG's reported core earnings.

In the second quarter of 2015, interest rates rose significantly, resulting in a large favorable impact on earnings; this favorable result was partially offset by the impact of a stock market decrease during the quarter. Conversely, in the second quarter of 2014, interest rates generally decreased, versus AFG's assumption that they would rise; this difference had a negative impact on AFG's 2014 second quarter earnings. These impacts are included within the "Impact of Fair Value Accounting for FIAs" amounts shown in the table above.

Annuity Premiums

The Annuity Segment reported statutory premiums of \$899 million in the second quarter of 2015. While this amount was 5% lower than sales in the comparable prior year period, it represents an 11% increase in sales over the first quarter of 2015.

More information about premiums and the results of operations for our Annuity Segment may be found in the accompanying schedules and in our Quarterly Investor Supplement, which is posted on our website.

Run-off Long-Term Care and Life Segment

AFG's Run-off Long-term Care and Life Segment reported core pretax operating earnings of \$4 million in the second quarter of 2015 compared to a core pretax operating loss of \$2 million in the comparable prior year period, reflecting the favorable impact of rate increases, higher investment income and lower persistency compared to the same period last year.

As previously announced, AFG reached a definitive agreement to sell the legal entities containing all of its run-off long-term care insurance business to HC2 Holdings, Inc. for an initial payment of \$7 million in cash and HC2 securities, subject to adjustment based on certain items, including operating results through the closing date. In addition, AFG may also receive up to \$13 million of additional proceeds from HC2 in the future based on the release of certain statutory liabilities of the legal entities sold by AFG. In accordance with GAAP, AFG recorded its estimated non-core, after-tax loss on the sale of \$105 million in its results for the first quarter of 2015.

The legal entities involved in the transaction, United Teacher Associates Insurance Company and Continental General Insurance Company, contain all of AFG's long-term care insurance reserves. The transaction is expected to close in the second half of 2015, subject to customary conditions, including receipt of required regulatory approvals.

Investments

AFG recorded second quarter 2015 net realized losses on securities of less than \$1 million after tax and after deferred acquisition costs (DAC), compared to net realized gains of \$7 million reported in the comparable 2014 period. Unrealized gains on fixed maturities were \$457 million after tax and after DAC at June 30, 2015, a decrease of \$147 million since year end. Our portfolio continues to be high quality, with 87% of our fixed maturity portfolio rated investment grade and 97% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the six months ended June 30, 2015, P&C net investment income was approximately 13% higher than the comparable 2014 period, reflecting the investment of cash received in connection with the Summit acquisition.

Second quarter 2015 results also include an after-tax non-core net realized gain of \$26 million on the sale of Le Pavillon Hotel.

More information about the components of our investment portfolio may be found in our Quarterly Investor Supplement, which is posted on our website.

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets over \$45 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

This press release contains certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections. Examples of such forward-looking statements include statements relating to: the Company’s expectations concerning market and other conditions and their effect on future premiums, revenues, earnings and investment activities; recoverability of asset values; expected losses and the adequacy of reserves for long-term care, asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets; AFG’s ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG’s investment portfolio; the availability of capital; the possibility that the pending sale of AFG’s run-off long-term care business is not consummated; regulatory actions (including changes in statutory accounting rules); changes in the legal environment affecting AFG or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims and AFG’s run-off long-term care business; availability of reinsurance and ability of reinsurers to pay their obligations; trends in persistency, mortality and morbidity; competitive pressures, including those in the annuity distribution channels, the ability to obtain adequate rates and policy terms; changes in AFG’s credit ratings or the financial strength ratings assigned by major ratings agencies to our operating subsidiaries; and other factors identified in our filings with the Securities and Exchange Commission.

The forward-looking statements herein are made only as of the date of this press release. The Company assumes no obligation to publicly update any forward-looking statements.

Conference Call

The Company will hold a conference call to discuss 2015 second quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, August 5, 2015. Toll-free telephone access will be available by dialing 1-877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 78269027. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on August 12, 2015. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 78269027.

The conference call and accompanying webcast slides will also be broadcast live over the Internet. To listen to the call via the Internet, go to the **Investor Relations** page on AFG’s website, www.AFGinc.com, and follow the instructions at the **Webcasts and Presentations** link.

The archived webcast will be available immediately after the call via the same link on the Investor Relations page until August 12, 2015 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

Diane P. Weidner
Asst. Vice President – Investor Relations
(513) 369-5713

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

###

(Financial summaries follow)

This earnings release and AFG's Quarterly Investor Supplement are available in the Investor Relations section of AFG's website: www.AFGinc.com.

AFG15-13

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
SUMMARY OF EARNINGS AND SELECTED BALANCE SHEET DATA
(In Millions, Except Per Share Data)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenues				
P&C insurance net earned premiums	\$ 985	\$ 931	\$1,931	\$1,685
Life, accident & health net earned premiums	27	27	52	55
Net investment income	404	379	792	740
Realized gains (losses) on:				
Securities	(1)	12	18	31
Subsidiaries	—	—	(162)	—
Income (loss) of managed investment entities:				
Investment income	38	27	72	55
Gain (loss) on change in fair value of assets/liabilities	(2)	(10)	(5)	(10)
Other income	90	26	137	47
Total revenues	<u>1,541</u>	<u>1,392</u>	<u>2,835</u>	<u>2,603</u>
Costs and expenses				
P&C insurance losses & expenses	939	902	1,828	1,598
Annuity, life, accident & health benefits & expenses	248	246	502	492
Interest charges on borrowed money	19	17	39	35
Expenses of managed investment entities	28	21	52	41
Other expenses	81	76	158	146
Total costs and expenses	<u>1,315</u>	<u>1,262</u>	<u>2,579</u>	<u>2,312</u>
Earnings before income taxes	226	130	256	291
Provision for income taxes ^(b)	77	47	82	101
Net earnings including noncontrolling interests	149	83	174	190
Less: Net earnings (loss) attributable to noncontrolling interests	8	(23)	14	(19)
Net earnings attributable to shareholders	<u>\$ 141</u>	<u>\$ 106</u>	<u>\$ 160</u>	<u>\$ 209</u>
Diluted Earnings per Common Share	<u>\$ 1.57</u>	<u>\$ 1.15</u>	<u>\$ 1.79</u>	<u>\$ 2.28</u>
Average number of diluted shares	89.5	91.6	89.4	91.6
Selected Balance Sheet Data:				
Total cash and investments			June 30, 2015	December 31, 2014
			\$37,644	\$ 36,210
Long-term debt			\$ 1,024	\$ 1,061
Shareholders' equity ^(c)			\$ 4,802	\$ 4,879
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities) ^(c)			\$ 4,345	\$ 4,277
Book Value Per Share:				
Excluding appropriated retained earnings			\$ 54.86	\$ 55.65
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities			\$ 49.63	\$ 48.76
Common Shares Outstanding			87.5	87.7

Footnotes (b) and (c) are contained in the accompanying Notes to Financial Schedules at the end of this release.

AMERICAN FINANCIAL GROUP, INC.
SPECIALTY P&C OPERATIONS
(Dollars in Millions)

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change	
	2015	2014		2015	2014		
Gross written premiums	<u>\$1,318</u>	<u>\$1,291</u>	2%	<u>\$2,514</u>	<u>\$2,315</u>	9%	
Net written premiums	<u>\$1,026</u>	<u>\$ 998</u>	3%	<u>\$1,952</u>	<u>\$1,753</u>	11%	
Ratios (GAAP):							
Loss & LAE ratio	61.0%	64.6%		60.9%	61.1%		
Underwriting expense ratio	33.9%	32.3%		33.3%	33.6%		
Combined Ratio	<u>94.9%</u>	<u>96.9%</u>		<u>94.2%</u>	<u>94.7%</u>		
Supplemental Information:(d)							
Gross Written Premiums:							
Property & Transportation	\$ 500	\$ 489	2%	\$ 876	\$ 865	1%	
Specialty Casualty	661	655	1%	1,344	1,162	16%	
Specialty Financial	157	147	7%	294	288	2%	
	<u>\$1,318</u>	<u>\$1,291</u>	2%	<u>\$2,514</u>	<u>\$2,315</u>	9%	
Net Written Premiums:							
Property & Transportation	\$ 362	\$ 353	3%	\$ 650	\$ 637	2%	
Specialty Casualty	503	499	1%	1,004	830	21%	
Specialty Financial	136	120	13%	251	236	6%	
Other	25	26	(4%)	47	50	(6%)	
	<u>\$1,026</u>	<u>\$ 998</u>	3%	<u>\$1,952</u>	<u>\$1,753</u>	11%	
Combined Ratio (GAAP):							
Property & Transportation	104.0%	105.5%		101.0%	102.0%		
Specialty Casualty	92.7%	93.6%		93.4%	91.2%		
Specialty Financial	81.0%	87.6%		81.4%	89.3%		
Aggregate Specialty Group	94.9%	96.9%		94.2%	94.7%		
				Three months ended June 30,	Six months ended June 30,		
				2015	2014	2015	2014
Reserve Development (Favorable)/Adverse:							
Property & Transportation				\$ 6	\$ 22	\$ 9	\$ 18
Specialty Casualty				(7)	(4)	(7)	(28)
Specialty Financial				(8)	(2)	(17)	(3)
Other				(2)	(2)	(3)	(5)
				<u>\$ (11)</u>	<u>\$ 14</u>	<u>\$ (18)</u>	<u>\$ (18)</u>
Points on Combined Ratio:							
Property & Transportation				1.7	6.6	1.4	2.9
Specialty Casualty				(1.4)	(0.8)	(0.8)	(3.6)
Specialty Financial				(6.2)	(1.8)	(6.7)	(1.2)
Aggregate Specialty Group				(1.1)	1.4	(1.0)	(1.1)

Footnote (d) is contained in the accompanying Notes to Financial Schedules at the end of this release

AMERICAN FINANCIAL GROUP, INC.
ANNUITY SEGMENT
(Dollars in Millions)

Components of Statutory Premiums

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2015	2014		2015	2014	
<u>Annuity Premiums:</u>						
Financial Institutions						
Single Premium	\$ 417	\$ 459	(9%)	\$ 811	\$ 939	(14%)
Retail Single Premium	422	428	(1%)	783	853	(8%)
Education Market	49	49	—	96	99	(3%)
Variable Annuities	11	13	(15%)	22	25	(12%)
Total Annuity Premiums	<u>\$ 899</u>	<u>\$ 949</u>	(5%)	<u>\$ 1,712</u>	<u>\$ 1,916</u>	(11%)

Components of Core Operating Earnings Before Income Taxes

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2015	2014		2015	2014	
Revenues:						
Net investment income	\$ 306	\$ 289	6%	\$ 598	\$ 564	6%
Other income	22	19	16%	46	37	24%
Total revenues	328	308	6%	644	601	7%
Costs and Expenses:						
Annuity benefits	151	166	(9%)	335	334	—
Acquisition expenses	60	37	62%	94	68	38%
Other expenses	29	21	38%	52	42	24%
Total costs and expenses	240	224	7%	481	444	8%
Core operating earnings before income taxes	<u>\$ 88</u>	<u>\$ 84</u>	5%	<u>\$ 163</u>	<u>\$ 157</u>	4%

Supplemental Fixed Annuity Information

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2015	2014		2015	2014	
Core Operating Earnings Before impact of fair value accounting on FIAs	\$ 77	\$ 94	(18%)	\$ 169	\$ 182	(7%)
Impact of Fair Value Accounting	11	(10)	nm	(6)	(25)	nm
Core operating earnings before income taxes	<u>\$ 88</u>	<u>\$ 84</u>	5%	<u>\$ 163</u>	<u>\$ 157</u>	4%
Average Fixed Annuity Reserves*	\$24,474	\$21,829	12%	\$24,113	\$21,448	12%
Net Interest Spread*	2.77%	2.92%		2.72%	2.87%	
Net Spread Earned Before Impact of Fair Value Accounting*	1.21%	1.64%		1.35%	1.61%	
Net Spread Earned After Impact of Fair Value Accounting*	1.39%	1.46%		1.30%	1.38%	

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

a) Components of core net operating earnings (in millions):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
<u>Core Operating Earnings before Income Taxes:</u>				
P&C Insurance Segment	\$ 121	\$ 97	\$ 250	\$ 205
Annuity Segment	88	84	163	157
Run-off Long-term Care and Life Segment	4	(2)	8	(4)
Interest and other corporate expenses	(39)	(37)	(80)	(78)
Core operating earnings before income taxes	174	142	341	280
Related income taxes	59	43	114	90
Core net operating earnings	<u>\$ 115</u>	<u>\$ 99</u>	<u>\$ 227</u>	<u>\$ 190</u>

b) Earnings before income taxes includes \$18 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in both the second quarter and first six months of 2014.

c) Shareholders' Equity at June 30, 2015 includes \$457 million (\$5.23 per share) in unrealized after-tax gains on fixed maturities. Shareholder's Equity at December 31, 2014 includes \$604 million (\$6.89 per share) in unrealized after-tax gains on fixed maturities and (\$2) million (\$0.03 per share) of retained earnings appropriated to managed investment entities.

d) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses, trucks and recreational vehicles, inland and ocean marine, agricultural-related products and other property coverages.
- **Specialty Casualty** includes primarily excess and surplus, general liability, executive liability, professional liability, umbrella and excess liability, specialty coverages in targeted markets, customized programs for small to mid-sized businesses and workers' compensation insurance.
- **Specialty Financial** includes risk management insurance programs for leasing and financing institutions (including collateral and lender-placed mortgage property insurance), surety and fidelity products and trade credit insurance.
- **Other** includes an internal reinsurance facility.



American Financial Group, Inc.
Investor Supplement - Second Quarter 2015

August 4, 2015

American Financial Group, Inc.
Corporate Headquarters
Great American Insurance Group Tower
301 E Fourth Street
Cincinnati, OH 45202
513 579 6739

<u>Section</u>	<u>Page</u>
Table of Contents - Investor Supplement - Second Quarter 2015	2
Financial Highlights	3
Summary of Earnings	4
Earnings Per Share Summary	5
Property and Casualty Insurance Segment	
Property and Casualty Insurance - Summary Underwriting Results (GAAP)	6
Specialty - Underwriting Results (GAAP)	7
Property and Transportation - Underwriting Results (GAAP)	8
Specialty Casualty - Underwriting Results (GAAP)	9
Specialty Financial - Underwriting Results (GAAP)	10
Other Specialty - Underwriting Results (GAAP)	11
Annuity Segment	
Annuity Earnings (GAAP)	12
Detail of Annuity Benefits Expense (GAAP)	13
Net Spread on Fixed Annuities (GAAP)	14
Annuity Premiums (Statutory)	15
Fixed Annuity Benefits Accumulated (GAAP)	16
Consolidated Balance Sheet / Book Value / Debt	
Consolidated Balance Sheet	17
Book Value Per Share and Price / Book Summary	18
Capitalization	19
Additional Supplemental Information	20
Consolidated Investment Supplement	
Total Cash and Investments and Quarterly Net Investment Income	21
Fixed Maturities - By Security Type - AFG Consolidated	22
Fixed Maturities - By Security Type Portfolio	23
Fixed Maturities - Credit Rating and NAIC Designation	24
Mortgage-Backed Securities - AFG Consolidated	25
Mortgage-Backed Securities Portfolio	26
Mortgage-Backed Securities - Credit Rating and NAIC Designation	27

	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Highlights							
Core net operating earnings	\$ 115	\$ 112	\$ 122	\$ 127	\$ 99	\$ 227	\$ 190
Net earnings	141	19	127	116	106	160	209
Total assets	49,424	48,307	47,535	46,552	45,355	49,424	45,355
Adjusted shareholders' equity (a)	4,345	4,267	4,277	4,300	4,298	4,345	4,298
Property and Casualty net written premiums	1,026	926	1,025	1,242	998	1,952	1,753
Annuity statutory premiums	899	813	971	809	949	1,712	1,916
Per share data							
Core net operating earnings per share	\$ 1.28	\$ 1.25	\$ 1.35	\$ 1.40	\$ 1.07	\$ 2.54	\$ 2.07
Diluted earnings per share	1.57	0.21	1.41	1.28	1.15	1.79	2.28
Adjusted book value per share (a)	49.63	48.55	48.76	48.59	47.95	49.63	47.95
Cash dividends per common share	0.250	0.250	1.250	0.220	0.220	0.500	0.440
Financial ratios							
Annualized core operating return on equity (b)	10.9%	10.8%	11.7%	12.3%	9.6%	10.9%	9.3%
Annualized return on equity (b)	13.4%	1.8%	12.1%	11.1%	10.3%	7.6%	10.3%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	61.0%	60.8%	64.0%	67.1%	64.6%	60.9%	61.1%
Underwriting expense ratio	33.9%	32.8%	28.6%	26.7%	32.3%	33.3%	33.6%
Combined ratio - Specialty	94.9%	93.6%	92.6%	93.8%	96.9%	94.2%	94.7%
Net spread on fixed annuities:							
Net interest spread	2.77%	2.67%	2.64%	2.77%	2.92%	2.72%	2.87%
Net spread earned:							
Before impact of fair value accounting	1.21%	1.49%	1.54%	1.50%	1.64%	1.35%	1.61%
Impact of fair value accounting (c)	0.18%	(0.28%)	(0.14%)	(0.02%)	(0.18%)	(0.05%)	(0.23%)
After impact of fair value accounting	1.39%	1.21%	1.40%	1.48%	1.46%	1.30%	1.38%

- (a) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.
(b) Excludes appropriated retained earnings and accumulated other comprehensive income.
(c) Change in fair value of derivatives offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

American Financial Group, Inc.
Summary of Earnings
(\$ in millions)



	Three Months Ended				Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/14
Property and Casualty Insurance						
Underwriting profit	\$ 50	\$ 60	\$ 79	\$ 70	\$ 29	\$ 87
Net investment income	83	79	75	76	76	162
Other expense	(12)	(10)	(13)	(16)	(8)	(25)
Property and Casualty Insurance operating earnings	121	129	141	130	97	205
Annuity earnings	88	75	85	86	84	163
Run-off Long-Term Care and Life (losses)/earnings	4	4	(7)	1	(2)	(4)
Interest expense of parent holding companies	(19)	(19)	(19)	(17)	(16)	(38)
Other expense	(20)	(22)	(16)	(13)	(21)	(45)
Pre-tax core operating earnings	174	167	184	187	142	280
Income tax expense	59	55	62	60	43	90
Core net operating earnings	115	112	122	127	99	190
Non-core items, net of tax:						
Realized gains on securities	—	12	5	8	7	19
Realized gain on sale of hotel property	26	—	—	—	—	26
Loss on sale of subsidiaries	—	(105)	—	—	—	(105)
Significant A&E charges:						
Property and Casualty Insurance run-off operations	—	—	—	(15)	—	—
Former Railroad and Manufacturing operations	—	—	—	(4)	—	—
Net earnings	\$ 141	\$ 19	\$ 127	\$ 116	\$ 106	\$ 209

American Financial Group, Inc.
Earnings Per Share Summary
(in millions, except per share information)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Core net operating earnings	<u>\$ 115</u>	<u>\$ 112</u>	<u>\$ 122</u>	<u>\$ 127</u>	<u>\$ 99</u>	<u>\$ 227</u>	<u>\$ 190</u>
Net earnings	<u>\$ 141</u>	<u>\$ 19</u>	<u>\$ 127</u>	<u>\$ 116</u>	<u>\$ 106</u>	<u>\$ 160</u>	<u>\$ 209</u>
Average number of diluted shares	89.503	89.377	89.772	90.873	91.593	89.440	91.607
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	<u>\$ 1.28</u>	<u>\$ 1.25</u>	<u>\$ 1.35</u>	<u>\$ 1.40</u>	<u>\$ 1.07</u>	<u>\$ 2.54</u>	<u>\$ 2.07</u>
Realized gains on securities	—	0.14	0.06	0.09	0.08	0.14	0.21
Realized gain on sale of hotel property	0.29	—	—	—	—	0.29	—
Loss on sale of subsidiaries	—	(1.18)	—	—	—	(1.18)	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(0.17)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(0.04)	—	—	—
Diluted earnings per share	<u>\$ 1.57</u>	<u>\$ 0.21</u>	<u>\$ 1.41</u>	<u>\$ 1.28</u>	<u>\$ 1.15</u>	<u>\$ 1.79</u>	<u>\$ 2.28</u>

American Financial Group, Inc.
Property and Casualty Insurance - Summary Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Property and Transportation	\$ (13)	\$ 7	\$ 22	\$ 11	\$ (18)	\$ (6)	\$ (12)
Specialty Casualty	37	28	36	32	30	65	68
Specialty Financial	24	22	18	21	15	46	25
Other Specialty	3	3	3	6	2	6	7
Underwriting profit - Specialty	51	60	79	70	29	111	88
Other core charges, included in loss and LAE	1	—	—	—	—	1	1
Underwriting profit - Core	50	60	79	70	29	110	87
Special A&E charges, included in loss and LAE	—	—	—	(24)	—	—	—
Underwriting profit - Property and Casualty Insurance	\$ 50	\$ 60	\$ 79	\$ 46	\$ 29	\$ 110	\$ 87
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	10	6	3	3	10	16	22
Total current accident year catastrophe losses	\$ 10	\$ 6	\$ 3	\$ 3	\$ 10	\$ 16	\$ 22
Prior year loss reserve development (favorable) / adverse	\$ (10)	\$ (7)	\$ 10	\$ 13	\$ 14	\$ (17)	\$ (17)
Combined ratio:							
Property and Transportation	104.0%	97.7%	94.6%	97.8%	105.5%	101.0%	102.0%
Specialty Casualty	92.7%	94.2%	92.9%	93.3%	93.6%	93.4%	91.2%
Specialty Financial	81.0%	81.7%	85.6%	81.6%	87.6%	81.4%	89.3%
Other Specialty	88.0%	89.3%	86.9%	78.0%	89.0%	88.6%	84.6%
Combined ratio - Specialty	94.9%	93.6%	92.6%	93.8%	96.9%	94.2%	94.7%
Other core charges	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%
Special A&E charges	0.0%	0.0%	0.0%	2.1%	0.0%	0.0%	0.1%
Combined ratio	94.9%	93.7%	92.6%	96.0%	96.9%	94.2%	94.8%
Combined ratio excl. catastrophe and prior year development	95.0%	93.8%	91.4%	94.5%	94.4%	94.4%	94.5%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	61.1%	61.0%	62.8%	67.8%	62.1%	61.1%	60.9%
Prior accident year loss reserve development	(1.1%)	(0.7%)	1.0%	1.2%	1.4%	(1.0%)	(1.0%)
Current accident year catastrophe loss	1.0%	0.6%	0.2%	0.3%	1.1%	0.8%	1.3%
Loss and LAE ratio	61.0%	60.9%	64.0%	69.3%	64.6%	60.9%	61.2%

	Three Months Ended				Six Months Ended		
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/14	
Gross written premiums	\$ 1,318	\$ 1,196	\$ 1,303	\$ 1,859	\$ 1,291	\$ 2,514	\$ 2,315
Ceded reinsurance premiums	(292)	(270)	(278)	(617)	(293)	(562)	(562)
Net written premiums	1,026	926	1,025	1,242	998	1,952	1,753
Change in unearned premiums	(41)	20	36	(110)	(67)	(21)	(68)
Net earned premiums	985	946	1,061	1,132	931	1,931	1,685
Loss and LAE	600	576	679	760	602	1,176	1,030
Underwriting expense	334	310	303	302	300	644	567
Underwriting profit	\$ 51	\$ 60	\$ 79	\$ 70	\$ 29	\$ 111	\$ 88
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	10	6	3	3	10	16	22
Total current accident year catastrophe losses	\$ 10	\$ 6	\$ 3	\$ 3	\$ 10	\$ 16	\$ 22
Prior year loss reserve development (favorable) / adverse	\$ (11)	\$ (7)	\$ 10	\$ (11)	\$ 14	\$ (18)	\$ (18)
Combined ratio:							
Loss and LAE ratio	61.0%	60.8%	64.0%	67.1%	64.6%	60.9%	61.1%
Underwriting expense ratio	33.9%	32.8%	28.6%	26.7%	32.3%	33.3%	33.6%
Combined ratio	94.9%	93.6%	92.6%	93.8%	96.9%	94.2%	94.7%
Combined ratio excl. catastrophe and prior year development	95.0%	93.8%	91.4%	94.5%	94.4%	94.4%	94.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.1%	61.0%	62.8%	67.8%	62.1%	61.1%	60.9%
Prior accident year loss reserve development	(1.1%)	(0.8%)	1.0%	(1.0%)	1.4%	(1.0%)	(1.1%)
Current accident year catastrophe loss	1.0%	0.6%	0.2%	0.3%	1.1%	0.8%	1.3%
Loss and LAE ratio	61.0%	60.8%	64.0%	67.1%	64.6%	60.9%	61.1%

American Financial Group, Inc.
Property and Transportation - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Gross written premiums	\$ 500	\$ 376	\$ 482	\$ 995	\$ 489	\$ 876	\$ 865
Ceded reinsurance premiums	(138)	(88)	(109)	(439)	(136)	(226)	(228)
Net written premiums	362	288	373	556	353	650	637
Change in unearned premiums	(35)	25	42	(52)	(29)	(10)	(12)
Net earned premiums	327	313	415	504	324	640	625
Loss and LAE	240	211	299	407	248	451	449
Underwriting expense	100	95	94	86	94	195	188
Underwriting profit (loss)	\$ (13)	\$ 7	\$ 22	\$ 11	\$ (18)	\$ (6)	\$ (12)
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	7	4	2	1	8	11	17
Total current accident year catastrophe losses	\$ 7	\$ 4	\$ 2	\$ 1	\$ 8	\$ 11	\$ 17
Prior year loss reserve development (favorable) / adverse	\$ 6	\$ 3	\$ 3	\$ (5)	\$ 22	\$ 9	\$ 18
Combined ratio:							
Loss and LAE ratio	73.2%	67.5%	72.2%	80.7%	76.4%	70.5%	71.9%
Underwriting expense ratio	30.8%	30.2%	22.4%	17.1%	29.1%	30.5%	30.1%
Combined ratio	104.0%	97.7%	94.6%	97.8%	105.5%	101.0%	102.0%
Combined ratio excl. catastrophe and prior year development	100.2%	95.4%	93.7%	98.5%	96.2%	97.9%	96.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	69.4%	65.2%	71.3%	81.4%	67.1%	67.4%	66.3%
Prior accident year loss reserve development	1.7%	1.1%	0.6%	(0.9%)	6.6%	1.4%	2.9%
Current accident year catastrophe loss	2.1%	1.2%	0.3%	0.2%	2.7%	1.7%	2.7%
Loss and LAE ratio	73.2%	67.5%	72.2%	80.7%	76.4%	70.5%	71.9%

American Financial Group, Inc.
Specialty Casualty - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Gross written premiums	\$ 661	\$ 683	\$ 660	\$ 707	\$ 655	\$1,344	\$1,162
Ceded reinsurance premiums	(158)	(182)	(162)	(171)	(156)	(340)	(332)
Net written premiums	503	501	498	536	499	1,004	830
Change in unearned premiums	—	(11)	1	(50)	(32)	(11)	(50)
Net earned premiums	503	490	499	486	467	993	780
Loss and LAE	311	316	325	310	300	627	472
Underwriting expense	155	146	138	144	137	301	240
Underwriting profit	\$ 37	\$ 28	\$ 36	\$ 32	\$ 30	\$ 65	\$ 68
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	1	1	1	1	2	2
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 2	\$ 2
Prior year loss reserve development (favorable) / adverse	\$ (7)	\$ —	\$ 14	\$ 7	\$ (4)	\$ (7)	\$ (28)
Combined ratio:							
Loss and LAE ratio	61.9%	64.4%	65.1%	63.7%	64.3%	63.1%	60.5%
Underwriting expense ratio	30.8%	29.8%	27.8%	29.6%	29.3%	30.3%	30.7%
Combined ratio	92.7%	94.2%	92.9%	93.3%	93.6%	93.4%	91.2%
Combined ratio excl. catastrophe and prior year development	94.0%	93.9%	89.9%	91.6%	94.3%	94.0%	94.6%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	63.2%	64.1%	62.1%	62.0%	65.0%	63.7%	63.9%
Prior accident year loss reserve development	(1.4%)	0.0%	2.9%	1.3%	(0.8%)	(0.8%)	(3.6%)
Current accident year catastrophe loss	0.1%	0.3%	0.1%	0.4%	0.1%	0.2%	0.2%
Loss and LAE ratio	61.9%	64.4%	65.1%	63.7%	64.3%	63.1%	60.5%

American Financial Group, Inc.
Specialty Financial - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Gross written premiums	\$ 157	\$ 137	\$ 160	\$ 157	\$ 147	\$ 294	\$ 288
Ceded reinsurance premiums	(21)	(22)	(29)	(36)	(27)	(43)	(52)
Net written premiums	136	115	131	121	120	251	236
Change in unearned premiums	(7)	5	(10)	(6)	(4)	(2)	(3)
Net earned premiums	129	120	121	115	116	249	233
Loss and LAE	36	36	42	32	40	72	85
Underwriting expense	69	62	61	62	61	131	123
Underwriting profit	\$ 24	\$ 22	\$ 18	\$ 21	\$ 15	\$ 46	\$ 25
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	2	1	—	—	1	3	3
Total current accident year catastrophe losses	\$ 2	\$ 1	\$ —	\$ —	\$ 1	\$ 3	\$ 3
Prior year loss reserve development (favorable) / adverse	\$ (8)	\$ (9)	\$ (4)	\$ (10)	\$ (2)	\$ (17)	\$ (3)
Combined ratio:							
Loss and LAE ratio	27.7%	30.4%	34.5%	27.7%	35.3%	29.0%	36.6%
Underwriting expense ratio	53.3%	51.3%	51.1%	53.9%	52.3%	52.4%	52.7%
Combined ratio	81.0%	81.7%	85.6%	81.6%	87.6%	81.4%	89.3%
Combined ratio excl. catastrophe and prior year development	85.2%	88.5%	88.8%	90.3%	88.6%	86.8%	89.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	31.9%	37.2%	37.7%	36.4%	36.3%	34.4%	36.7%
Prior accident year loss reserve development	(6.2%)	(7.3%)	(3.3%)	(9.0%)	(1.8%)	(6.7%)	(1.2%)
Current accident year catastrophe loss	2.0%	0.5%	0.1%	0.3%	0.8%	1.3%	1.1%
Loss and LAE ratio	27.7%	30.4%	34.5%	27.7%	35.3%	29.0%	36.6%

American Financial Group, Inc.
Other Specialty - Underwriting Results (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Gross written premiums	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	25	22	22	29	26	47	50
Net written premiums	25	22	23	29	26	47	50
Change in unearned premiums	1	1	3	(2)	(2)	2	(3)
Net earned premiums	26	23	26	27	24	49	47
Loss and LAE	13	13	13	11	14	26	24
Underwriting expense	10	7	10	10	8	17	16
Underwriting profit	\$ 3	\$ 3	\$ 3	\$ 6	\$ 2	\$ 6	\$ 7
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	—	1	—	—	—
Total current accident year catastrophe losses	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Prior year loss reserve development (favorable) / adverse	\$ (2)	\$ (1)	\$ (3)	\$ (3)	\$ (2)	\$ (3)	\$ (5)
Combined ratio:							
Loss and LAE ratio	52.4%	54.4%	49.6%	43.4%	53.2%	53.4%	49.6%
Underwriting expense ratio	35.6%	34.9%	37.3%	34.6%	35.8%	35.2%	35.0%
Combined ratio	88.0%	89.3%	86.9%	78.0%	89.0%	88.6%	84.6%
Combined ratio excl. catastrophe and prior year development	93.2%	96.6%	97.4%	85.6%	97.1%	94.8%	94.4%

American Financial Group, Inc.
Annuity Earnings (GAAP)
(\$ in millions)



	Three Months Ended				Six Months Ended		
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/14	
Net investment income	\$ 306	\$ 292	\$ 285	\$ 287	\$ 289	\$ 598	\$ 564
Guaranteed withdrawal benefit fees	10	10	9	9	8	20	16
Policy charges and other miscellaneous income	12	14	12	11	11	26	21
Total revenues	328	316	306	307	308	644	601
Annuity benefits expense	151	184	157	157	166	335	334
Acquisition expenses	60	34	47	41	37	94	68
Other expenses	29	23	17	23	21	52	42
Total costs and expenses	240	241	221	221	224	481	444
Core Annuity earnings before income taxes	\$ 88	\$ 75	\$ 85	\$ 86	\$ 84	\$ 163	\$ 157
Detail of core Annuity earnings before income taxes							
Core earnings before income taxes and impact of fair value accounting	\$ 77	\$ 92	\$ 93	\$ 87	\$ 94	\$ 169	\$ 182
Impact of fair value accounting (a)	11	(17)	(8)	(1)	(10)	(6)	(25)
Core Annuity earnings before income taxes	\$ 88	\$ 75	\$ 85	\$ 86	\$ 84	\$ 163	\$ 157

(a) Change in fair value of derivatives offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

American Financial Group, Inc.
Detail of Annuity Benefits Expense (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Detail of annuity benefits expense:							
Interest credited - fixed	\$ 131	\$ 128	\$ 127	\$ 126	\$ 123	\$ 259	\$ 244
Interest credited - fixed component of variable annuities	2	1	1	2	2	3	3
Change in expected death and annuitization reserve	5	4	4	5	5	9	9
Amortization of sales inducements	7	7	6	7	6	14	13
Guaranteed withdrawal benefit reserve	16	12	11	12	10	28	18
Change in other benefit reserves	12	2	1	3	5	14	8
Unlockings (a)	—	—	(11)	—	—	—	—
Subtotal before impact of fair value accounting	173	154	139	155	151	327	295
Embedded derivative mark-to-market (b)	(19)	50	87	21	78	31	132
Equity option mark-to-market	(3)	(20)	(69)	(19)	(63)	(23)	(93)
Subtotal impact of fair value accounting	(22)	30	18	2	15	8	39
Total annuity benefits expense	\$ 151	\$ 184	\$ 157	\$ 157	\$ 166	\$ 335	\$ 334

- (a) Includes unlockings for fixed indexed annuity embedded derivative reserves, sales inducement asset and other reserves. Does not include unlocking charge of \$10mm in the 4th quarter of 2014 for deferred policy acquisition costs and unearned revenue reserves. These unlockings are included in acquisition expenses. In total AFG recorded an unlocking expense reduction of \$1mm in the 4th quarter of 2014.
- (b) Excludes unlocking impact of (\$58) million in the 4th quarter of 2014.

American Financial Group, Inc.
Net Spread on Fixed Annuities (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Average fixed annuity investments (at amortized cost)	\$ 24,711	\$ 23,943	\$ 23,334	\$ 22,730	\$ 22,098	\$ 24,327	\$ 21,750
Average annuity benefits accumulated	24,474	23,752	23,104	22,475	21,829	24,113	21,448
Investments in excess of annuity benefits accumulated	<u>\$ 237</u>	<u>\$ 191</u>	<u>\$ 230</u>	<u>\$ 255</u>	<u>\$ 269</u>	<u>\$ 214</u>	<u>\$ 302</u>
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.91%	4.83%	4.85%	5.01%	5.18%	4.87%	5.14%
Interest credited	(2.14%)	(2.16%)	(2.21%)	(2.24%)	(2.26%)	(2.15%)	(2.27%)
Net interest spread on fixed annuities	2.77%	2.67%	2.64%	2.77%	2.92%	2.72%	2.87%
Policy charges and other miscellaneous income	0.13%	0.20%	0.14%	0.14%	0.14%	0.16%	0.14%
Other annuity benefit expenses, net	(0.49%)	(0.25%)	(0.20%)	(0.33%)	(0.33%)	(0.37%)	(0.29%)
Acquisition expenses	(0.94%)	(0.55%)	(0.61%)	(0.69%)	(0.64%)	(0.75%)	(0.60%)
Other expenses	(0.43%)	(0.36%)	(0.28%)	(0.37%)	(0.36%)	(0.39%)	(0.37%)
Change in fair value of derivatives	0.35%	(0.50%)	(0.31%)	(0.04%)	(0.27%)	(0.07%)	(0.37%)
Unlockings	0.00%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%
Net spread earned on fixed annuities - core	1.39%	1.21%	1.40%	1.48%	1.46%	1.30%	1.38%
Average annuity benefits accumulated	\$24,474	\$23,752	\$23,104	\$22,475	\$21,829	\$24,113	\$21,448
Net spread earned on fixed annuities	1.39%	1.21%	1.40%	1.48%	1.46%	1.30%	1.38%
Earnings on fixed annuity benefits accumulated	\$ 85	\$ 72	\$ 81	\$ 83	\$ 80	\$ 157	\$ 148
Investments in excess of annuity benefits accumulated	\$ 237	\$ 191	\$ 230	\$ 255	\$ 269	\$ 214	\$ 302
Net investment income (as % of investments)	4.91%	4.83%	4.85%	5.01%	5.18%	4.87%	5.14%
Earnings on investments in excess of annuity benefits accumulated	\$ 3	\$ 2	\$ 3	\$ 3	\$ 3	\$ 5	\$ 8
Variable annuity earnings	—	1	1	—	1	1	1
Earnings before income taxes - core	\$ 88	\$ 75	\$ 85	\$ 86	\$ 84	\$ 163	\$ 157
Detail of net spread earned on fixed annuities - core							
Net spread earned core - before impact of fair value accounting	1.21%	1.49%	1.54%	1.50%	1.64%	1.35%	1.61%
Impact of fair value accounting (a)	0.18%	(0.28%)	(0.14%)	(0.02%)	(0.18%)	(0.05%)	(0.23%)
Net spread earned core - after impact of fair value accounting	<u>1.39%</u>	<u>1.21%</u>	<u>1.40%</u>	<u>1.48%</u>	<u>1.46%</u>	<u>1.30%</u>	<u>1.38%</u>

(a) Change in fair value of derivatives offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

American Financial Group
Annuity Premiums (Statutory)
(\$ in millions)



	Three Months Ended					Six months ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Retail single premium annuities - indexed	\$ 404	\$ 349	\$ 405	\$ 339	\$ 403	\$ 753	\$ 789
Retail single premium annuities - fixed	18	12	19	18	25	30	64
Financial institutions single premium annuities - indexed	369	356	426	333	364	725	730
Financial institutions single premium annuities - fixed	48	38	61	62	95	86	209
Education market - fixed and indexed annuities	49	47	49	46	49	96	99
Subtotal fixed annuity premiums	888	802	960	798	936	1,690	1,891
Variable annuities	11	11	11	11	13	22	25
Total annuity premiums	\$ 899	\$ 813	\$ 971	\$ 809	\$ 949	\$1,712	\$1,916

American Financial Group, Inc.
Fixed Annuity Benefits Accumulated (GAAP)
(\$ in millions)



	Three Months Ended					Six Months Ended	
	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	06/30/15	06/30/14
Beginning fixed annuity reserves	\$24,042	\$23,462	\$22,745	\$22,205	\$21,453	\$23,462	\$20,679
Premiums	888	802	960	798	936	1,690	1,891
Federal Home Loan Bank advances	300	—	—	—	—	300	—
Surrenders, benefits and other withdrawals	(471)	(420)	(464)	(426)	(408)	(891)	(783)
Interest and other annuity benefit expenses:							
Interest credited	131	128	127	126	123	259	244
Embedded derivative mark-to-market	(19)	50	87	21	78	31	132
Change in other benefit reserves	35	20	18	21	23	55	42
Unlockings	—	—	(11)	—	—	—	—
Ending fixed annuity reserves	\$24,906	\$24,042	\$23,462	\$22,745	\$22,205	\$24,906	\$22,205
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$24,906	\$24,042	\$23,462	\$22,745	\$22,205	\$24,906	\$22,205
Impact of unrealized investment gains on reserves	107	179	111	107	117	107	117
Fixed component of variable annuities	190	190	191	192	194	190	194
Annuity benefits accumulated per balance sheet	\$25,203	\$24,411	\$23,764	\$23,044	\$22,516	\$25,203	\$22,516
Annualized surrenders and other withdrawals as a % of beginning reserves	7.8%	7.2%	8.2%	7.7%	7.6%	7.6%	7.6%

American Financial Group, Inc.
Consolidated Balance Sheet
(\$ in millions)



	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14
Assets:						
Total cash and investments	\$37,644	\$37,384	\$36,210	\$35,151	\$34,843	\$32,727
Recoverables from reinsurers	3,075	3,046	3,238	3,134	3,107	2,969
Prepaid reinsurance premiums	499	475	469	587	489	438
Agents' balances and premiums receivable	959	864	889	901	902	735
Deferred policy acquisition costs	965	756	821	858	806	890
Assets of managed investment entities	3,629	3,279	3,108	2,946	2,799	2,723
Other receivables	660	641	910	1,140	527	524
Variable annuity assets (separate accounts)	655	667	662	649	681	666
Other assets	1,137	994	1,027	985	1,001	913
Goodwill	201	201	201	201	200	185
Total assets	\$49,424	\$48,307	\$47,535	\$46,552	\$45,355	\$42,770
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 7,744	\$ 7,636	\$ 7,872	\$ 7,645	\$ 7,370	\$ 6,134
Unearned premiums	2,004	1,936	1,956	2,114	1,911	1,788
Annuity benefits accumulated	25,203	24,411	23,764	23,044	22,516	21,744
Life, accident and health reserves	2,156	2,195	2,175	2,098	2,082	2,039
Payable to reinsurers	511	494	645	673	445	400
Liabilities of managed investment entities	3,309	2,952	2,819	2,625	2,499	2,413
Long-term debt	1,024	1,061	1,061	1,062	912	913
Variable annuity liabilities (separate accounts)	655	667	662	649	681	666
Other liabilities	1,834	1,855	1,527	1,564	1,781	1,700
Total liabilities	\$44,440	\$43,207	\$42,481	\$41,474	\$40,197	\$37,797
Shareholders' equity:						
Common stock	\$ 88	\$ 88	\$ 88	\$ 88	\$ 90	\$ 90
Capital surplus	1,183	1,173	1,152	1,150	1,152	1,138
Appropriated retained earnings	—	—	(2)	2	31	49
Unappropriated retained earnings	2,968	2,886	2,914	2,946	2,913	2,842
Unrealized gains - fixed maturities	457	656	604	602	656	556
Unrealized gains - equities	130	143	139	124	149	129
Other comprehensive income, net of tax	(24)	(23)	(16)	(8)	(6)	(8)
Total shareholders' equity	4,802	4,923	4,879	4,904	4,985	4,796
Noncontrolling interests	182	177	175	174	173	177
Total liabilities and equity	\$49,424	\$48,307	\$47,535	\$46,552	\$45,355	\$42,770

American Financial Group, Inc.
Book Value Per Share and Price / Book Summary
(in millions, except per share information)



	<u>06/30/15</u>	<u>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>	<u>06/30/14</u>	<u>03/31/14</u>
Shareholders' equity	\$ 4,802	\$ 4,923	\$ 4,879	\$ 4,904	\$ 4,985	\$ 4,796
Appropriated retained earnings	—	—	2	(2)	(31)	(49)
Shareholders' equity, excluding appropriated retained earnings	4,802	4,923	4,881	4,902	4,954	4,747
Unrealized (gains) on fixed maturities	(457)	(656)	(604)	(602)	(656)	(556)
Adjusted shareholders' equity	4,345	4,267	4,277	4,300	4,298	4,191
Goodwill	(201)	(201)	(201)	(201)	(200)	(185)
Intangibles	(53)	(55)	(57)	(63)	(66)	(27)
Tangible adjusted shareholders' equity	\$ 4,091	\$ 4,011	\$ 4,019	\$ 4,036	\$ 4,032	\$ 3,979
Common shares outstanding	87.540	87.886	87.709	88.491	89.618	89.589
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 54.86	\$ 56.01	\$ 55.65	\$ 55.39	\$ 55.27	\$ 52.99
Adjusted (b)	49.63	48.55	48.76	48.59	47.95	46.79
Tangible, adjusted (c)	46.73	45.63	45.82	45.61	44.99	44.42
Market capitalization						
AFG's closing common share price	\$ 65.04	\$ 64.15	\$ 60.72	\$ 57.89	\$ 59.56	\$ 57.71
Market capitalization	\$ 5,694	\$ 5,638	\$ 5,326	\$ 5,123	\$ 5,338	\$ 5,170
Price / Adjusted book value ratio	1.31	1.32	1.25	1.19	1.24	1.23

- (a) Excludes appropriated retained earnings.
(b) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.
(c) Excludes appropriated retained earnings, unrealized gains related to fixed maturity investments, goodwill and intangibles.

	06/30/15	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14
AFG senior obligations	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840
Borrowings drawn under credit facility	—	—	—	—	—	—
Obligations of subsidiaries - other	12	12	12	12	12	12
Debt excluding subordinated debt & debt secured by real estate	\$ 852	\$ 852	\$ 852	\$ 852	\$ 852	\$ 852
AFG subordinated debentures	150	150	150	150	—	—
Obligations of subsidiaries - secured by real estate	22	59	59	60	60	61
Payable to subsidiary trusts - subordinated	—	—	—	—	—	—
Total Long-term debt	\$1,024	\$1,061	\$1,061	\$1,062	\$ 912	\$ 913
Shareholders' equity	4,802	4,923	4,879	4,904	4,985	4,796
Noncontrolling interests	182	177	175	174	173	177
Less:						
Appropriated retained earnings	—	—	2	(2)	(31)	(49)
Unrealized gains related to fixed maturity investments	(457)	(656)	(604)	(602)	(656)	(556)
Total adjusted capital	\$5,551	\$5,505	\$5,513	\$5,536	\$5,383	\$5,281
Less:						
Obligations of subsidiaries - secured by real estate	(22)	(59)	(59)	(60)	(60)	(61)
Total adjusted capital excluding obligations secured by real estate	\$5,529	\$5,446	\$5,454	\$5,476	\$5,323	\$5,220
Ratio of debt to total adjusted capital:						
Including subordinated debt & debt secured by real estate	18.4%	19.3%	19.2%	19.2%	16.9%	17.3%
Excluding subordinated debt & debt secured by real estate	15.4%	15.6%	15.6%	15.6%	16.0%	16.3%

	<u>Three Months Ended</u>					<u>Six months ended</u>	
	<u>06/30/15</u>	<u>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/14</u>
<u>Property and Casualty Insurance</u>							
Paid Losses (GAAP)	\$ 526	\$ 617	\$ 562	\$ 528	\$ 530	\$ 1,143	\$ 1,040
<u>Statutory Surplus</u>							
Property and Casualty Insurance	\$ 2,399	\$ 2,340	\$ 2,286	\$ 2,206	\$ 2,227	\$ 1,981	
AFG's principal annuity subsidiaries (total adjusted capital)	\$ 1,911	\$ 1,861	\$ 1,822	\$ 1,818	\$ 1,751	\$ 1,688	
<u>Allowable dividends without regulatory approval</u>							
Property and Casualty Insurance	\$ 315	\$ 315	\$ 315	\$ 335	\$ 335	\$ 335	
Annuity and Run-off	358	358	358	275	275	275	
Total	\$ 673	\$ 673	\$ 673	\$ 610	\$ 610	\$ 610	

	Carrying Value					% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off*	Other	Consolidate CLOs	Total AFG Consolidated	
Total cash and investments:						
Cash and cash equivalents	\$ 730	\$ 236	\$250	\$ —	\$ 1,216	3%
Fixed maturities - Available for sale	6,643	25,603	14	—	32,260	86%
Fixed maturities - Trading	156	123	—	—	279	1%
Equity securities	1,156	503	45	—	1,704	4%
Policy loans	—	223	—	—	223	1%
Mortgage loans	215	839	—	—	1,054	3%
Real estate and other investments	419	790	18	(319)	908	2%
Total cash and investments	\$ 9,319	\$ 28,317	\$327	\$ (319)	\$ 37,644	100%

* Total cash and investments in Annuity and Run-off segment includes \$1.37 billion in cash and investments held by AFG's two long-term care insurance subsidiaries, which are being sold.

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
Total quarterly net investment income:					
Fixed maturities - Available for sale	\$ 62	\$ 297	\$—	\$ —	\$ 359
Fixed maturities - Trading	—	1	—	—	1
Equity securities	12	6	(1)	—	17
Equity in investees	3	2	—	—	5
Other investments	8	23	—	(5)	26
Gross investment income	85	329	(1)	(5)	408
Investment expenses	(2)	(2)	—	—	(4)
Total net investment income	\$ 83	\$ 327	\$ (1)	\$ (5)	\$ 404

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$ 456	\$ 503	\$ 47
Property and Casualty Insurance	1,000	1,156	156
Other	45	45	—
Total AFG consolidated	\$1,501	\$1,704	\$ 203

American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
June 30, 2015
(\$ in millions)



	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
US Government and government agencies	\$ 371	\$ 376	\$ 5	1%	1%
States, municipalities and political subdivisions	6,899	7,110	211	22%	19%
Foreign government	262	272	10	1%	1%
Residential mortgage-backed securities	3,762	4,120	358	13%	11%
Commercial mortgage-backed securities	2,207	2,326	119	7%	6%
Asset-backed securities	4,356	4,384	28	13%	12%
Corporate bonds					
Manufacturing	2,501	2,600	99	8%	7%
Banks, lending and credit institutions	3,038	3,129	91	10%	8%
Gas and electric services	1,330	1,424	94	4%	4%
Insurance and insurance related	979	1,029	50	3%	3%
Other corporate	5,579	5,769	190	18%	15%
Total AFG consolidated	\$ 31,284	\$ 32,539	\$ 1,255	100%	87%
Annuity and Run-off	\$ 24,642	\$ 25,726	1,084	79%	69%
Property and Casualty Insurance	6,639	6,799	160	21%	18%
Other	3	14	11	0%	0%
Total AFG consolidated	\$ 31,284	\$ 32,539	\$ 1,255	100%	87%
Annualized yield on available for sale fixed maturities:					
Excluding investment expense (a)	4.70%				
Net of investment expense (a)	4.65%				
Approximate average life and duration:					
Approximate average life	6.5 years				
Approximate duration	5 years				

- (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.

	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Annuity and Run-off:				
US Government and government agencies	\$ 83	\$ 84	\$ 1	0%
States, municipalities and political subdivisions	4,140	4,287	147	17%
Foreign government	17	20	3	0%
Residential mortgage-backed securities	2,807	3,100	293	12%
Commercial mortgage-backed securities	1,986	2,098	112	8%
Asset-backed securities	3,092	3,116	24	12%
Corporate debt	12,517	13,021	504	51%
Total Annuity and Run-off	\$ 24,642	\$ 25,726	\$ 1,084	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.92%
Net of investment expense (a)	4.89%

Approximate average life and duration:

Approximate average life	7 years
Approximate duration	5 years

	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Property and Casualty Insurance:				
US Government and government agencies	\$ 286	\$ 290	\$ 4	4%
States, municipalities and political subdivisions	2,759	2,823	64	41%
Foreign government	245	252	7	4%
Residential mortgage-backed securities	954	1,008	54	15%
Commercial mortgage-backed securities	221	228	7	3%
Asset-backed securities	1,264	1,268	4	19%
Corporate debt	910	930	20	14%
Property and Casualty Insurance	\$ 6,639	\$ 6,799	\$ 160	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.84%
Net of investment expense (a)	3.74%
Tax equivalent, net of investment expense (b)	4.36%

Approximate average life and duration:

Approximate average life	5 years
Approximate duration	3.5 years

- (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.

By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,637	\$ 6,814	\$ 177	21%
AA	6,636	6,819	183	21%
A	8,016	8,345	329	26%
BBB	6,121	6,361	240	19%
Subtotal - Investment grade	27,410	28,339	929	87%
BB	816	844	28	3%
B	415	422	7	1%
Other	2,643	2,934	291	9%
Total	\$ 31,284	\$ 32,539	\$ 1,255	100%

If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.

By NAIC Designation	Statutory Data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$23,882	77%	\$ 23,882	\$ 24,884	\$ 1,002
NAIC 2	6,219	20%	6,219	6,450	231
	30,101	97%	30,101	31,334	1,233
NAIC 3	656	2%	657	677	20
NAIC 4	158	1%	159	160	1
NAIC 5	61	0%	63	72	9
NAIC 6	37	0%	40	54	14
Total	\$31,013	100%	\$ 31,020	\$ 32,297	\$ 1,277

By Asset Type	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 310	\$ 319	\$ 9	5%	1%
Prime (Non-Agency)	1,743	1,930	187	30%	5%
Alt-A	886	985	99	15%	3%
Subprime	823	886	63	14%	2%
Subtotal - Residential	3,762	4,120	358	64%	11%
Commercial	2,207	2,326	119	36%	6%
Total AFG consolidated	\$ 5,969	\$ 6,446	\$ 477	100%	17%
Annuity and Run-off	\$ 4,793	\$ 5,198	\$ 405	81%	14%
Property and Casualty Insurance	1,175	1,236	61	19%	3%
Other	1	12	11	0%	0%
Total AFG consolidated	\$ 5,969	\$ 6,446	\$ 477	100%	17%

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is—Prime 83%; Alt-A 78%; Subprime 86%; CMBS 99%.
- The average FICO score of our residential MBS securities is—Prime 740; Alt-A 712; Subprime 638.
- 99.7% of our Commercial MBS portfolio is investment-grade rated (84% AAA) and the average subordination for this group of assets is 39%.
- The approximate average life by collateral type is—Residential 5.0 years; Commercial 3.5 years.

Annuity and Run-off:

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 140	\$ 146	\$ 6	3%	1%
Prime (Non-Agency)	1,506	1,667	161	32%	6%
Alt-A	649	728	79	14%	3%
Subprime	512	559	47	11%	2%
Subtotal - Residential	2,807	3,100	293	60%	12%
Commercial	1,986	2,098	112	40%	7%
Total Annuity and Run-off	\$ 4,793	\$ 5,198	\$ 405	100%	19%

Property and Casualty Insurance:

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 170	\$ 173	\$ 3	14%	2%
Prime (Non-Agency)	236	251	15	20%	3%
Alt-A	237	257	20	21%	3%
Subprime	311	327	16	27%	4%
Subtotal - Residential	954	1,008	54	82%	12%
Commercial	221	228	7	18%	2%
Total Property and Casualty Insurance	\$ 1,175	\$ 1,236	\$ 61	100%	14%

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 2,613	\$ 2,738	\$ 125	42%
AA	304	316	12	5%
A	421	444	23	7%
BBB	218	236	18	4%
Subtotal - investment grade	3,556	3,734	178	58%
BB	296	307	11	5%
B	355	364	9	5%
Other	1,762	2,041	279	32%
Total	\$ 5,969	\$ 6,446	\$ 477	100%

If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.

By NAIC Designation	Statutory data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$ 5,693	97%	\$ 5,694	\$ 6,194	\$ 500
NAIC 2	62	1%	62	63	1
	5,755	98%	5,756	6,257	501
NAIC 3	51	1%	51	52	1
NAIC 4	59	1%	59	63	4
NAIC 5	21	0%	21	32	11
NAIC 6	2	0%	3	17	14
Total	\$ 5,888	100%	\$ 5,890	\$ 6,421	\$ 531