

**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): February 3, 2021

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	AFG	New York Stock Exchange
5.875% Subordinated Debentures due March 30, 2059	AFGB	New York Stock Exchange
5.125% Subordinated Debentures due December 15, 2059	AFGC	New York Stock Exchange
5.625% Subordinated Debentures due June 1, 2060	AFGD	New York Stock Exchange
4.5% Subordinated Debentures due September 15, 2060	AFGE	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 fourth quarter of 2020 and the year ended December 31, 2020 and the availability of the Investor Supplement on the Company's website. The press release was issued on February 3, 2021. 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 February 3, 2021, reporting American Financial Group Inc. results for the fourth quarter and full year results for the period ended December 31, 2020.
99.2	Investor Supplement – Fourth Quarter 2020
104	Cover page Interactive Data File (embedded within Inline XBRL document)

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.

Date: February 4, 2021

AMERICAN FINANCIAL GROUP, INC.

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

Press Release
For Immediate Release



American Financial Group, Inc. Announces Fourth Quarter and Full Year Results

- *Net earnings of \$8.20 per share for the full year; fourth quarter net earnings of \$7.93 per share*
- *Fourth quarter earnings include \$5.36 per share in realized gains on sales of securities and (\$0.52) per share in other after-tax non-core items*
- *Core net operating earnings per share of \$8.44 for the full year; fourth quarter core net operating earnings per share of \$3.09*
- *Full year 2020 ROE of 14.0%; 2020 core operating ROE of 14.4%*

CINCINNATI – February 3, 2021 – American Financial Group, Inc. (NYSE: AFG) today reported 2020 fourth quarter net earnings attributable to shareholders of \$692 million (\$7.93 per share) compared to \$211 million (\$2.31 per share) for the 2019 fourth quarter. Net earnings for the 2020 fourth quarter include after-tax non-core items aggregating \$423 million (\$4.84 per share), comprised of \$468 million (\$5.36 per share) in realized gains, the majority of which pertain to the transfer of investments associated with AFG’s annuity block reinsurance transaction (announced previously), which were partially offset by \$38 million (\$0.44 per share loss) in after-tax annuity non-core losses and \$7 million (\$0.08 per share loss) in other non-core charges. Comparatively, net earnings in the 2019 fourth quarter included \$8 million (\$0.09 per share) in non-core after-tax items. Net earnings attributable to shareholders for the full year of 2020 were \$8.20 per share, compared to \$9.85 per share in 2019. Other details may be found in the table below. Book value was \$78.62 per share at December 31, 2020. AFG paid cash dividends of \$2.50 per share during the fourth quarter, which included a \$2.00 per share special dividend. Return on equity was 14.0% and 17.1% for the full year in 2020 and 2019, respectively.

Core net operating earnings were \$269 million (\$3.09 per share) for the 2020 fourth quarter, compared to \$203 million (\$2.22 per share) in the 2019 fourth quarter. The year-over-year increase was primarily the result of significantly higher underwriting profit in the Specialty Property and Casualty (“P&C”) insurance operations and higher earnings from the Company’s \$2.4 billion of alternative investments that are marked to market through core operating earnings. These items were partially offset by lower other property and casualty net investment income, primarily due to lower short-term interest rates. Additional details for the 2020 and 2019 fourth quarters may be found in the table below. Core operating return on equity was 14.4% and 14.9% for the full year in 2020 and 2019, respectively.

<u>Components of Pretax Core Operating Earnings</u>	Three Months Ended December 31,					
	2020	2019	2020	2019	2020	2019
Dollars in millions, except per share amounts	Before Impact of Alternative Investments		Alternative Investments, net of DAC		Core Net Operating Earnings, as reported	
P&C Pretax Core Operating Earnings	\$ 233	\$ 181	\$ 41	\$ 18	\$ 274	\$ 199
Annuity Pretax Core Operating Earnings	77	84	52	20	129	104
Other Expenses	(33)	(32)	—	—	(33)	(32)
Holding Company Interest Expense	(24)	(18)	—	—	(24)	(18)
Pretax Core Operating Earnings	253	215	93	38	346	253
Related Income Taxes	57	42	20	8	77	50
Core Net Operating Earnings	\$ 196	\$ 173	\$ 73	\$ 30	\$ 269	\$ 203
Core Net Operating Earnings Per Share	\$ 2.25	\$ 1.90	\$ 0.84	\$ 0.32	\$ 3.09	\$ 2.22
Weighted Avg Diluted Shares Outstanding	87.2	91.3	87.2	91.3	87.2	91.3

Book value per share, excluding unrealized gains related to fixed maturities, was \$63.61 per share at December 31, 2020. In the fourth quarter of 2020, AFG repurchased 1.1 million shares of its common stock at an average price of \$74.98 per share, for a total of approximately \$80 million. For the full year, AFG repurchased 4.5 million shares at an average price of \$69.02 per share, for a total of approximately \$313 million. For the twelve months ended December 31, 2020, AFG's growth in adjusted book value per share plus dividends was 13%.

Beginning with the second quarter of 2019, AFG changed the way it defines annuity core operating earnings to exclude the impact of items that are not necessarily indicative of operating trends. Core net operating earnings for periods prior to the change have not been adjusted, however results for the twelve-month period ended December 31, 2019 are reconciled to historically reported Annuity Segment core operating earnings on page 6 of this release. Beginning with the first quarter of 2020, AFG's core net operating earnings for its property and casualty insurance segment exclude the run-off operations of Neon ("Neon Exited Lines"). The Neon Exited Lines impact is highlighted in the table below.

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 table below identifies such items and reconciles net earnings attributable to shareholders to core net operating earnings, a non-GAAP financial measure. AFG believes that its core net operating earnings provides management, financial analysts, ratings agencies and investors with an understanding of the results from the ongoing operations of the Company by excluding the impact of net realized gains and losses, annuity non-core earnings and losses, and special items that are not necessarily indicative of operating trends. AFG's management uses core net operating earnings to evaluate financial performance against historical results because it believes this provides a more comparable measure of its continuing business. Core net operating earnings is also used by AFG's management as a basis for strategic planning and forecasting.

Dollars in millions, except per share amounts	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Components of net earnings attributable to shareholders:				
Core operating earnings before income taxes	\$ 346	\$ 251	\$ 946	\$ 967
Pretax non-core items:				
Realized gains on securities	591	65	289	287
Annuity non-core earnings (losses)	(48)	24	(188)	(36)
Special A&E charges	—	—	(68)	(29)
Neon Exited Lines	—	(76)	(122)	(76)
Other	(5)	(5)	(9)	(5)
Earnings (loss) before income taxes	884	259	848	1,108
Provision (benefit) for income taxes:				
Core operating earnings	77	50	194	193
Non-core items	113	18	(67)	46
Total provision for income taxes	190	68	127	239
Net earnings, including noncontrolling interests	694	191	721	869
Less net earnings (loss) attributable to noncontrolling interests:				
Core operating earnings (losses)	—	(2)	—	(10)
Non-core earnings (losses)	2	(18)	(11)	(18)
Total net earnings (loss) attributable to noncontrolling interests	2	(20)	(11)	(28)
Net earnings attributable to shareholders	\$ 692	\$ 211	\$ 732	\$ 897
Net earnings:				
Core net operating earnings ^(a)	\$ 269	\$ 203	\$ 752	\$ 784
Realized gains on securities	468	51	229	227
Annuity non-core earnings (losses)	(38)	19	(149)	(29)
Special A&E charges	—	—	(54)	(23)
Neon Exited Lines	(3)	(58)	(39)	(58)
Other	(4)	(4)	(7)	(4)
Net earnings attributable to shareholders	\$ 692	\$ 211	\$ 732	\$ 897
Components of Earnings Per Share:				
Core net operating earnings ^(a)	\$ 3.09	\$ 2.22	\$ 8.44	\$ 8.62
Non-core Items:				
Realized gains on securities	5.36	0.56	2.56	2.47
Annuity non-core earnings (losses)	(0.44)	0.21	(1.67)	(0.31)
Special A&E charges	—	—	(0.61)	(0.25)
Neon Exited Lines	(0.04)	(0.64)	(0.45)	(0.64)
Other	(0.04)	(0.04)	(0.07)	(0.04)
Diluted Earnings Per Share	\$ 7.93	\$ 2.31	\$ 8.20	\$ 9.85

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

S. Craig Lindner and Carl H. Lindner III, AFG's Co-Chief Executive Officers, issued this statement: "We are extremely proud of AFG's fourth quarter and full year 2020 results, especially in a year fraught with challenges including a global pandemic, related economic disruption and a heightened level of natural disasters. AFG finished the year on a strong note, generating a core operating ROE for the full year 2020 in excess of 14%. We are very pleased with the recovery in and performance of our alternative investments, which are marked to market through core earnings. Our liquidity and excess capital afford us the flexibility to effectively address and respond to the uncertainties introduced by COVID-19, and we believe our results demonstrate the value of our disciplined operating philosophy and portfolio of diversified specialty insurance businesses."

"AFG had approximately \$1.2 billion of excess capital (including parent company cash of approximately \$215 million) at December 31, 2020. 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. In addition, returning capital to shareholders in the form of regular and special cash dividends and opportunistic share repurchases is also an important and effective component of our capital management strategy. Over the past year, we increased our quarterly dividend by 11% and paid a special dividend of \$2.00 per share.

"We expect AFG's core net operating earnings in 2021 to be in the range of \$6.25 to \$7.25 per share, excluding earnings from our annuity operations, which are being sold to Massachusetts Mutual Life Insurance Company (MassMutual) and are expected to be reported as discontinued operations effective January 1, 2021. These projected core net operating earnings for 2021 also assumes zero earnings on parent company cash, including the \$3.0 billion in net cash proceeds (net of real estate-related assets assumed to be acquired by AFG Parent) from the sale of the annuity operations, as AFG's ultimate deployment of this capital has not been determined. Our core earnings per share guidance excludes non-core items such as realized gains and losses, results of discontinued operations, and other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations. Furthermore, the above guidance reflects an approximately 8% return on alternative investments that are marked-to-market through core earnings and a normal crop year."

A summary of the components of AFG's core net operating earnings guidance follows:

	Core earnings per share guidance			Assumptions
	Point in range			
	Low	Mid	High	
P&C Operations, including parent company interest and expenses	\$ 5.90	\$ 6.40	\$ 6.90	
Real estate alt investments (partnerships) to be acquired by AFG Parent	0.31	0.31	0.31	8% pretax yield on \$430 million invested
Directly owned real estate to be acquired by AFG Parent	0.04	0.04	0.04	4% yield on \$100 million invested
Parent cash, including cash received at close of the Annuity sale	—	—	—	0% yield on \$3.2 billion in parent cash
Core earnings per share guidance	\$ 6.25	\$ 6.75	\$ 7.25	

Specialty Property and Casualty Insurance Operations

Pretax core operating earnings in AFG's P&C Insurance Segment were \$274 million in the fourth quarter of 2020, compared to \$199 million in the prior year period, an increase of \$75 million, or 38%. Significantly higher year-over-year P&C underwriting profit and higher earnings from alternative investments were partially offset by lower other P&C net investment income, primarily the result of lower interest rates.

The Specialty P&C insurance operations generated an underwriting profit of \$179 million for the 2020 fourth quarter compared to \$89 million in the fourth quarter of 2019. Higher underwriting profitability in our Property and Transportation and Specialty Casualty Groups was partially offset by lower year-over-year underwriting profit in our Specialty Financial Group.

The fourth quarter 2020 combined ratio of 86.2% improved 7.3 points year-over-year and includes 2.4 points of favorable prior year reserve development, compared to 3.8 points of favorable prior year reserve development in the 2019 fourth quarter. Catastrophe losses added 1.5 points to the combined ratio in the 2020 fourth quarter, compared to 1.0 point in the comparable prior year period.

AFG did not record any additional reserve charges for COVID-19 in the fourth quarter. Given the uncertainties surrounding the ultimate number or scope of claims relating to the pandemic, approximately 72% of AFG's COVID-19 related reserves from the \$95 million in charges recorded in the first half of 2020 are held as incurred but not reported (IBNR) at December 31, 2020. These reserves represent the Company's current best estimate of losses from the pandemic and related economic disruption.

Gross and net written premiums were down 2% and 7%, respectively, for the fourth quarter of 2020, when compared to the same period in 2019, primarily as the result of the run-off of Neon. Excluding the impact of the Neon run-off, gross and net written premiums increased 6% and 2%, respectively, year-over-year.

Average renewal pricing across our entire P&C Group was up approximately 13% for the quarter. Excluding our workers' compensation business, renewal pricing was up approximately 17%. Renewal pricing in 2020 was the highest we have achieved in more than fifteen years in each of our Specialty P&C sub-segments and in our Specialty P&C Group overall.

Further details about AFG's Specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting gain of \$74 million in the fourth quarter of 2020, compared to an underwriting loss of \$2 million in the comparable prior year period. Improved year-over-year results in our crop operations following 2019 losses from prevented planting, along with significantly improved accident year results in our aviation business and higher profitability in our transportation businesses were the primary drivers of the improved results. Catastrophe losses for this group were \$6 million and \$7 million in the fourth quarters of 2020 and 2019, respectively.

Fourth quarter 2020 gross written premiums in this group were up 3% and net written premiums were down 2% when compared to the 2019 fourth quarter. Growth and new business opportunities in our property & inland marine and ocean marine businesses and higher gross written premiums in our crop operations were partially offset by lower premiums in our transportation business, primarily from reduced exposures as a result of COVID-19 and premium reductions in two large national accounts. Higher cessions of certain crop insurance products contributed to the year-over-year decrease in net written premiums in the 2020 fourth quarter. Overall renewal rates in this group increased 5% on average for the fourth quarter of 2020 and 6% overall for the full year.

The **Specialty Casualty Group** reported an underwriting profit of \$91 million in the 2020 fourth quarter compared to \$69 million in the comparable 2019 period. Higher year-over year underwriting profit in our excess and surplus and excess liability businesses and improved year-over-year results in our general liability business were partially offset by lower favorable prior year reserve development in our workers' compensation businesses. Underwriting profitability in our workers' compensation business overall continues to be excellent. The Specialty Casualty Group achieved a very strong 84.0% calendar year combined ratio in the fourth quarter. Catastrophe losses for this group were \$2 million and \$6 million in the fourth quarters of 2020 and 2019, respectively.

Gross and net written premiums decreased 7% and 16%, respectively, for the fourth quarter of 2020 when compared to the same prior year period, primarily due to the run-off of Neon. Excluding the impact of Neon, gross and net written premiums increased 9% and 3%, respectively, in the fourth quarter of 2020 when compared to the same period in 2019. Significant renewal rate increases, coupled with new business opportunities in our excess and surplus, excess liability and directors' and officers' (D&O) businesses contributed to this growth. The COVID-19 pandemic has resulted in reduced exposures in our workers' compensation businesses, which when coupled with renewal rate decreases, contributed to lower year-over-year premiums, partially offsetting the growth in these other businesses. Renewal pricing for this group was up an impressive 19% in the fourth quarter. Excluding our workers' compensation businesses, renewal rates in this group were up approximately 29%, much higher than the renewal rate increases achieved in the first three quarters of 2020.

The **Specialty Financial Group** reported an underwriting profit of \$20 million in the fourth quarter of 2020, compared to \$32 million in the fourth quarter of 2019. Lower underwriting profit in our surety and trade credit businesses, along with higher year-over-year catastrophe losses in our financial institutions business were the primary drivers of the decrease. Nearly all businesses in this group continued to achieve excellent underwriting margins. Catastrophe losses for this group were \$7 million in the fourth quarter of 2020, compared to \$2 million in the 2019 fourth quarter.

Gross and net written premiums increased by 2% and 4%, respectively, in the 2020 fourth quarter when compared to the same 2019 period due primarily to growth in our lender services business, which was partially offset by COVID-related economic impacts on our surety business and heightened risk selection that has reduced new business in our trade credit business. Renewal pricing in this group continued to increase each quarter in 2020, and was up 9% during the fourth quarter and 8% for the full year of 2020.

Carl Lindner III stated, "Fourth quarter and full year underwriting profitability in our Specialty P&C businesses was excellent. In fact, fourth quarter 2020 P&C core operating earnings established a new quarterly record for AFG. To achieve these results in the wake of continued uncertainty and economic disruption caused by the COVID-19 pandemic is a testament to the strength and diversity of our core P&C operating businesses. We continued to achieve broad-based pricing increases in the quarter, with exceptionally strong renewal pricing in our longer-tailed liability businesses, and are pleased to see new business opportunities emerge across our portfolio. Looking toward 2021, we expect an overall 2021 calendar year combined ratio in the range of 89% to 91%, and net written premiums to be up 5% to 9% when compared to the \$5.0 billion reported in 2020. We expect the market to remain firm throughout 2021, allowing us to achieve solid renewal rate increases."

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.

Annuity Segment

Annuity Core Operating Earnings – The table below reflects annuity core operating earnings under AFG’s definition utilized beginning in the second quarter of 2019. Annuity core operating earnings for the full year of 2019 are reconciled to previously reported annuity operating results.

Dollars in millions	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Components of Pretax Annuity Core Operating Earnings:				
Pretax core operating earnings before alternative investments	\$ 77	\$ 84	\$ 321	\$ 309
Amounts previously reported as core operating, net	—	—	—	(11)
Pretax Annuity core operating earnings before alternative investments	77	84	321	298
Alternative Investments, net of DAC	52	20	38	100
Pretax Annuity Core Operating Earnings, as reported	\$ 129	\$ 104	\$ 359	\$ 398
Alternative investments – change in market value during the period (before DAC impact)	4.4%	1.9%	4.8%	9.7%
Gross annuity premiums	\$1,319	\$1,139	\$4,087	\$4,960

Fourth quarter 2020 pretax annuity core operating earnings of \$129 million were 24% higher than the fourth quarter of 2019, reflecting significantly higher earnings from the Annuity Segment’s alternative investments. Earnings from alternative investments that are marked to market through core operating earnings vary from period to period based on the reported results of the underlying investments, and are generally reported on a quarter lag. Pretax core operating earnings before alternative investments in the fourth quarter decreased \$7 million, or 8% year-over-year, reflecting an unusually high amount of one-time investment income earned in the fourth quarter of 2019 and the impact of lower interest rates on the Annuity Segment’s investment portfolio, including the impact of significantly lower short-term rates on the Annuity Segment’s \$5 billion of cash and floating rate investments.

Craig Lindner stated, “AFG’s Annuity Segment achieved an operating return on equity of nearly 15% in the fourth quarter of 2020, and approximately 11% for the year. We were pleased that returns on alternative investments in the third and fourth quarters of 2020 increased sharply from the previous quarters, achieving annualized yields in those quarters of approximately 14% and 17%, respectively.”

Annuity Premiums – AFG’s Annuity Segment reported gross statutory premiums of \$1.32 billion (\$1.07 billion, net of reinsurance) in the fourth quarter of 2020, compared to \$1.14 billion gross and net premiums in the fourth quarter of 2019, an increase of 16%. This increase was driven by higher sales of traditional fixed annuities in the Financial Institutions channel, as well as higher pension risk transfer premiums.

Craig Lindner commented, “I am extremely pleased that sales in the fourth quarter of 2020 were nearly \$200 million higher than the fourth quarter of 2019. The results produced by AFG’s Annuity Segment during the quarter, combined with our recent upgrade to A+ by AM Best, demonstrate our strong business fundamentals, our pricing discipline and the success of our operating model. The Annuity Segment continued to have a very strong balance sheet at December 31, 2020, with unrealized gains in our annuity bond portfolio of \$2.6 billion, a Risk-Based Capital (RBC) ratio in excess of 400%, and capital well in excess of the amounts indicated by rating agencies to maintain our ratings. Furthermore, we have the ability to lower the crediting rates on \$26 billion of annuity reserves by an average of 102 basis points, giving us a great deal of flexibility in managing returns on our in-force business.”

Annuity Non-Core Loss – In the fourth quarter of 2020, AFG reported an after-tax annuity non-core loss of \$38 million (\$0.44 per share loss), which primarily reflects the negative impact of lower than anticipated interest rates and the amortization of the deferred loss and other impacts of the annuity block reinsurance agreement discussed below. These losses were partially offset by the favorable impact of stronger than anticipated stock market performance in the fourth quarter.

Annuity Block Reinsurance Agreement – As previously announced, AFG’s Annuity subsidiary, Great American Life Insurance Company (“GALIC”) entered into a reinsurance agreement with Commonwealth Annuity and Life Insurance Company (“Commonwealth”), a subsidiary of Global Atlantic Financial Group Limited in October 2020. Under the terms of the agreement, GALIC ceded approximately \$5.7 billion (statutory basis) of in-force traditional fixed and indexed annuities, representing approximately 15% of its in-force business, and transferred related investments to Commonwealth. This transaction created approximately \$335 million of excess capital for AFG, including more than \$250 million at GALIC. As a result, the Annuity Segment paid dividends totaling \$215 million to AFG in the fourth quarter of 2020.

More information about premiums and the results of operations for our Annuity Segment may be found in AFG’s Quarterly Investor Supplement.

Investments

AFG recorded fourth quarter 2020 net realized gains on securities of \$468 million (\$5.36 per share) after tax and after deferred acquisition costs (DAC). Included in this amount is \$292 million (\$3.35 per share) in after-tax, after-DAC gains related to investments transferred in connection with the annuity block reinsurance transaction. This amount also included \$123 million (\$1.41 per share) in after-tax, after-DAC net gains to adjust equity securities that the Company continued to own at December 31, 2020, to fair value. By comparison, AFG recorded net realized gains on securities of \$51 million (\$0.56 per share) in the comparable 2019 period.

Unrealized gains on fixed maturities were \$1.3 billion after tax and after DAC at December 31, 2020, an increase of \$393 million since year-end 2019. Our portfolio continues to be high quality, with 88% 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 twelve months ended December 31, 2020, P&C net investment income was approximately 15% lower than the comparable 2019 period, reflecting lower market interest rates and lower dividend income.

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

Neon Exited Lines

As announced on September 28, 2020, AFG reached a definitive agreement to sell GAI Holding Bermuda and its subsidiaries, comprising the legal entities that own its Lloyd’s of London insurer, Neon, to RiverStone Holdings Limited. The transaction closed in the fourth quarter of 2020. AFG recorded \$3 million (\$0.04 per share) in non-core losses related to the sale and runoff of this business in the fourth quarter of 2020.

Loss on Early Retirement of Debt

In November 2020, AFG redeemed \$150 million of its 6% Subordinated Debentures due 2055 at 100% of principal plus accrued and unpaid interest to, but excluding, the date of redemption. The redemption resulted in after-tax non-core expenses in the fourth quarter of 2020 of approximately \$4 million (\$0.04 per share loss).

Sale of AFG's Annuity Businesses to MassMutual

On January 27, 2021 AFG announced that it entered into a definitive agreement to sell its Annuity business to MassMutual for \$3.5 billion in cash, subject to final closing adjustments to the extent that GAAP shareholders' equity excluding accumulated other comprehensive income (AOCI) of the entities sold varies from \$2.8 billion. GAAP shareholders' equity (excluding AOCI) of the entities to be sold was \$2.9 billion at December 31, 2020. Under the terms of the agreement, which is expected to close in the second quarter of 2021, MassMutual will acquire GALIC and its two insurance subsidiaries, Annuity Investors Life Insurance Company and Manhattan National Life Insurance Company. At December 31, 2020, GALIC and its subsidiaries had approximately \$40 billion of traditional fixed and indexed annuity reserves. AFG expects to recognize an after-tax gain on the sale of \$620 million to \$690 million (\$7.10 to \$7.90 per AFG share) upon closing. Prior to completion of the transaction, AFG will acquire approximately \$500 million in real estate-related partnerships and directly owned real estate from GALIC.

Beginning with the first quarter of 2021, AFG will report the results of its Annuity operations as discontinued operations, in accordance with generally accepted accounting principles (GAAP), which includes adjusting prior period results to reflect these operations as discontinued.

This transaction significantly increases AFG's liquidity and excess capital position, as shown in the table below (in millions, except per share amounts):

	Actual 12/31/2020	Pro Forma 12/31/2020	Pro Forma Per Share
AFG Parent Cash	\$ 215	\$ 3,200	\$ 37
AFG Parent Real Estate-Related Investments	—	\$ 530	\$ 6
GAAP Adjusted Shareholders' Equity*	\$ 5,493	\$ 6,148	\$ 71
AFG Excess Capital (including parent cash)	\$ 1,195	\$ 4,400	
Debt to Capital Ratio	17.6%	16.2%	

* Excludes unrealized gains related to fixed maturities.

The pro forma information above is shown "as if" the transaction closed on December 31, 2020, and assumes that AFG parent acquires and holds \$530 million of real-estate related assets from GALIC and records an after-tax gain on the sale of the annuity business of \$655 million (midpoint of estimated range).

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio. 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 traditional fixed and fixed-indexed annuities in the retail, financial institutions, broker-dealer, and registered investment advisor 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, investment activities and the amount and timing of share repurchases; recoverability of asset values; expected losses and the adequacy of reserves for 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: that AFG may be unable to complete the proposed sale of its annuity business because, among other reasons, conditions to the closing of the proposed transaction may not be satisfied or waived, uncertainty as to the timing of completion of the proposed transaction, or failure to realize the anticipated benefits from the proposed transaction; 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, including the cost of equity index options; 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; changes in insurance law or regulation, including changes in statutory accounting rules, including modifications to capital requirements; the effects of the COVID-19 outbreak, including the effects on the international and national economy and credit markets, legislative or regulatory developments affecting the insurance industry, quarantines or other travel or health-related restrictions; 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 pandemics, civil unrest and other major losses; disruption caused by cyber-attacks or other technology breaches or failures by AFG or its business partners and service providers, which could negatively impact AFG’s business and/or expose AFG to litigation; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; trends in persistency and mortality; competitive pressures; 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 AFG’s operating subsidiaries; the impact of the conditions in the international financial markets and the global economy relating to AFG’s international operations; and other factors identified in AFG’s 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 2020 fourth quarter and full year results at 11:30 am (ET) tomorrow, Thursday, February 4, 2021. Toll-free telephone access will be available by dialing 877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 6976276. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available approximately two hours following the completion of the call and will remain available until 11:59 pm (ET) on February 11, 2021. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 6976276.

The conference call and accompanying webcast slides will also be broadcast live over the Internet. To access the event, click on the following link: <https://www.AFGinc.com/news-and-events/event-calendar>. Alternatively, you can choose **Events** from the Investor Relations page at www.AFGinc.com.

An archived webcast will be available immediately after the call via the same link on our website until February 11, 2021 at 11:59 p.m. (ET).

Contact:

Diane P. Weidner, IRC
Vice President – Investor & Media Relations
513-369-5713

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(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.

AFG2021-06

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenues				
P&C insurance net earned premiums	\$1,325	\$1,370	\$5,099	\$5,185
Net investment income	548	593	2,132	2,303
Realized gains on:				
Securities	591	65	289	287
Subsidiaries	53	—	23	—
Income of managed investment entities:				
Investment income	47	63	201	269
Gain (loss) on change in fair value of assets/liabilities	8	(14)	(39)	(30)
Other income	51	53	204	223
Total revenues	<u>2,623</u>	<u>2,130</u>	<u>7,909</u>	<u>8,237</u>
Costs and expenses				
P&C insurance losses & expenses	1,220	1,362	4,896	4,996
Annuity and supplemental insurance benefits & expenses	343	323	1,498	1,404
Interest charges on borrowed money	24	18	88	68
Expenses of managed investment entities	32	52	149	220
Other expenses	120	116	430	441
Total costs and expenses	<u>1,739</u>	<u>1,871</u>	<u>7,061</u>	<u>7,129</u>
Earnings before income taxes	884	259	848	1,108
Provision for income taxes	190	68	127	239
Net earnings, including noncontrolling interests	694	191	721	869
Less: Net earnings (loss) attributable to noncontrolling interests	2	(20)	(11)	(28)
Net earnings attributable to shareholders	<u>\$ 692</u>	<u>\$ 211</u>	<u>\$ 732</u>	<u>\$ 897</u>
Diluted earnings per Common Share	<u>\$ 7.93</u>	<u>\$ 2.31</u>	<u>\$ 8.20</u>	<u>\$ 9.85</u>
Average number of diluted shares	87.2	91.3	89.2	91.0
Selected Balance Sheet Data:			December 31,	December 31,
			2020	2019
Total cash and investments	\$	52,502	\$	55,252
Long-term debt	\$	1,963	\$	1,473
Shareholders' equity ^(b)	\$	6,789	\$	6,269
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities) ^(b)	\$	5,493	\$	5,390
Book value per share	\$	78.62	\$	69.43
Book value per share (excluding unrealized gains/losses related to fixed maturities)	\$	63.61	\$	59.70
Common Shares Outstanding		86.3		90.3

Footnote (b) is 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 December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2020	2019		2020	2019	
Gross written premiums	<u>\$1,707</u>	<u>\$1,749</u>	(2%)	<u>\$6,995</u>	<u>\$7,299</u>	(4%)
Net written premiums	<u>\$1,216</u>	<u>\$1,313</u>	(7%)	<u>\$4,992</u>	<u>\$5,342</u>	(7%)
Ratios (GAAP):						
Loss & LAE ratio	58.6%	63.2%		60.9%	61.5%	
Underwriting expense ratio	27.6%	30.3%		30.4%	32.2%	
Specialty Combined Ratio	<u>86.2%</u>	<u>93.5%</u>		<u>91.3%</u>	<u>93.7%</u>	
Combined Ratio – P&C Segment	<u>91.6%</u>	<u>99.1%</u>		<u>95.5%</u>	<u>95.8%</u>	
Supplemental Information:(c)						
Gross Written Premiums:						
Property & Transportation	\$ 647	\$ 628	3%	\$2,813	\$2,759	2%
Specialty Casualty	865	929	(7%)	3,444	3,768	(9%)
Specialty Financial	195	192	2%	738	772	(4%)
	<u>\$1,707</u>	<u>\$1,749</u>	(2%)	<u>\$6,995</u>	<u>\$7,299</u>	(4%)
Net Written Premiums:						
Property & Transportation	\$ 440	\$ 449	(2%)	\$1,887	\$1,876	1%
Specialty Casualty	565	669	(16%)	2,304	2,701	(15%)
Specialty Financial	163	156	4%	604	617	(2%)
Other	48	39	23%	197	148	33%
	<u>\$1,216</u>	<u>\$1,313</u>	(7%)	<u>\$4,992</u>	<u>\$5,342</u>	(7%)
Combined Ratio (GAAP):						
Property & Transportation	85.8%	100.4%		90.4%	95.7%	
Specialty Casualty	84.0%	89.7%		90.0%	93.3%	
Specialty Financial	86.8%	79.6%		91.8%	85.0%	
Aggregate Specialty Group	86.2%	93.5%		91.3%	93.7%	

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Reserve Development (Favorable)/Adverse:				
Property & Transportation	\$ (29)	\$ (18)	\$ (107)	\$ (67)
Specialty Casualty	(6)	(25)	(97)	(88)
Specialty Financial	(6)	(14)	(28)	(38)
Other Specialty	9	4	19	6
Specialty Group	(32)	(53)	(213)	(187)
Special A&E Reserve Charge – P&C Run-off	—	—	47	18
Neon Exited Lines and Other	24	8	39	26
Total Reserve Development	<u>\$ (8)</u>	<u>\$ (45)</u>	<u>\$ (127)</u>	<u>\$ (143)</u>
Points on Combined Ratio:				
Property & Transportation	(5.6)	(3.5)	(5.7)	(3.6)
Specialty Casualty	(1.1)	(3.8)	(4.3)	(3.4)
Specialty Financial	(3.6)	(9.2)	(4.5)	(6.3)
Aggregate Specialty Group	(2.4)	(3.8)	(4.4)	(3.7)
Total P&C Segment	(0.6)	(3.3)	(2.5)	(2.8)

Footnote (c) 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 Gross Statutory Premiums

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2020	2019		2020	2019	
Annuity Premiums:						
Financial Institutions	\$ 728	\$ 629	16%	\$ 2,268	\$ 2,766	(18%)
Retail	173	195	(11%)	690	1,063	(35%)
Broker-Dealer	115	116	(1%)	484	689	(30%)
Pension Risk Transfer	274	158	73%	499	257	94%
Education Market	25	36	(31%)	129	164	(21%)
Variable Annuities	4	5	(20%)	17	21	(19%)
Total Gross Annuity Premiums	<u>\$1,319</u>	<u>\$ 1,139</u>	16%	<u>\$ 4,087</u>	<u>\$ 4,960</u>	(18%)

Components of Pretax Annuity Core Operating Earnings

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2020	2019		2020	2019	
Revenues:						
Net investment income	\$ 368	\$ 435	(15%)	\$ 1,635	\$ 1,682	(3%)
Other income	36	30	20%	136	119	14%
Total revenues	404	465	(13%)	1,771	1,801	(2%)
Costs and Expenses:						
Annuity benefits	242	285	(15%)	1,085	1,107	(2%)
Acquisition expenses	59	62	(5%)	239	246	(3%)
Other expenses	26	34	(24%)	126	139	(9%)
Total costs and expenses	327	381	(14%)	1,450	1,492	(3%)
Annuity core operating earnings before items below	77	84	(8%)	321	309	4%
Amounts previously reported as core Alternative investments	—	—	nm	—	(11)	nm
Marked to market, net of DAC	52	20	nm	38	100	nm
Pretax Annuity Core Operating Earnings	<u>\$ 129</u>	<u>\$ 104</u>	24%	<u>\$ 359</u>	<u>\$ 398</u>	(10%)

Fixed Annuity Spread Information*

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Core net interest spread before alternative investments	1.59%	1.71%	1.57%	1.69%
Net Interest Spread	2.28%	1.94%	1.74%	1.98%
Net spread earned before alternative investments	0.83%	0.87%	0.81%	0.82%
Net spread earned	1.42%	1.07%	0.91%	1.08%

* Excludes fixed annuity portion of variable annuity business.

Further details may be found in our Quarterly Investor Supplement, which is posted on our website.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
<u>Core Operating Earnings before Income Taxes:</u>				
P&C insurance segment	\$ 274	\$ 199	\$ 776	\$ 753
Annuity segment	129	104	359	409
Annuity results previously reported as operating earnings	—	—	—	(11)
Interest and other corporate expenses	(57)	(50)	(189)	(174)
Core operating earnings before income taxes	346	253	946	977
Related income taxes	77	50	194	193
Core net operating earnings	<u>\$ 269</u>	<u>\$ 203</u>	<u>\$ 752</u>	<u>\$ 784</u>

b) Shareholders' Equity at December 31, 2020 includes \$1.3 billion (\$14.54 per share) in unrealized after-tax, after-DAC gains on fixed maturities and \$41 million (\$0.47 per share) in unrealized after-tax, after-DAC gains on fixed maturity-related cash flow hedges. Shareholders' Equity at December 31, 2019 includes \$862 million (\$9.54 per share) in unrealized after-tax, after-DAC gains on fixed maturities and \$17 million (\$0.19 per share) in unrealized after-tax, after-DAC gains on fixed maturity-related cash flow hedges.

c) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses and trucks, inland and ocean marine, agricultural-related products and other commercial 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 lending and leasing institutions (including equipment leasing and 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 - Fourth Quarter 2020

February 3, 2021

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

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	Three Months Ended				Twelve Months End		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Highlights							
Net earnings (loss)	\$ 692	\$ 164	\$ 177	\$ (301)	\$ 211	\$ 732	\$ 897
Core net operating earnings	269	217	95	171	203	752	784
Core net operating earnings before alternative investments marked to market	196	163	139	178	173	676	647
Total assets	73,566	73,110	70,867	67,643	70,130	73,566	70,130
Adjusted shareholders' equity (a)	5,493	5,087	5,049	4,987	5,390	5,493	5,390
Property and Casualty net written premiums	1,216	1,488	1,123	1,165	1,313	4,992	5,342
Gross Annuity statutory premiums	1,319	871	687	1,210	1,139	4,087	4,960
Net Annuity statutory premiums	1,073	703	609	1,210	1,139	3,595	4,960
Per share data							
Diluted earnings (loss) per share	\$ 7.93	\$ 1.86	\$ 1.97	\$ (3.34)	\$ 2.31	\$ 8.20	\$ 9.85
Core net operating earnings per share	3.09	2.45	1.05	1.88	2.22	8.44	8.62
Core net operating earnings per share before alternative investments marked to market	2.25	1.84	1.53	1.96	1.90	7.58	7.11
Adjusted book value per share (a)	63.61	58.29	56.95	55.52	59.70	63.61	59.70
Cash dividends per common share	2.5000	0.4500	0.4500	0.4500	2.2500	3.8500	4.9500
Financial ratios							
Annualized return on equity (b)	52.1%	12.9%	14.1%	(23.1%)	15.6%	14.0%	17.1%
Annualized core operating return on equity (b)	20.3%	17.1%	7.5%	13.2%	15.0%	14.4%	14.9%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	58.6%	63.8%	62.6%	58.5%	63.2%	60.9%	61.5%
Underwriting expense ratio	27.6%	28.3%	32.6%	33.7%	30.3%	30.4%	32.2%
Combined ratio - Specialty	<u>86.2%</u>	<u>92.1%</u>	<u>95.2%</u>	<u>92.2%</u>	<u>93.5%</u>	<u>91.3%</u>	<u>93.7%</u>
Net interest spread on fixed annuities - before alternative investments marked to market							
Net interest spread on fixed annuities - before alternative investments marked to market	1.59%	1.51%	1.60%	1.59%	1.71%	1.57%	1.69%
Alternative investments marked to market	<u>0.69%</u>	<u>0.45%</u>	<u>(0.36%)</u>	<u>(0.06%)</u>	<u>0.23%</u>	<u>0.17%</u>	<u>0.29%</u>
Net interest spread on fixed annuities - including alternative investments marked to market	<u>2.28%</u>	<u>1.96%</u>	<u>1.24%</u>	<u>1.53%</u>	<u>1.94%</u>	<u>1.74%</u>	<u>1.98%</u>
Net spread earned on fixed annuities:							
Core operating - before alternative investments marked to market	0.83%	0.80%	0.80%	0.81%	0.87%	0.81%	0.82%
Alternative investments marked to market, net of DAC	<u>0.59%</u>	<u>0.39%</u>	<u>(0.41%)</u>	<u>(0.12%)</u>	<u>0.20%</u>	<u>0.10%</u>	<u>0.26%</u>
Core operating	<u>1.42%</u>	<u>1.19%</u>	<u>0.39%</u>	<u>0.69%</u>	<u>1.07%</u>	<u>0.91%</u>	<u>1.08%</u>

(a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 20.

(b) Excludes accumulated other comprehensive income.

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



	Three Months Ended				12/31/19	Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20		12/31/20	12/31/19
Property and Casualty Insurance							
Underwriting profit	\$ 163	\$ 103	\$ 52	\$ 88	\$ 88	\$ 406	\$ 306
Net investment income	122	111	72	99	120	404	472
Other expense	(11)	(9)	(8)	(6)	(9)	(34)	(25)
Property and Casualty Insurance operating earnings	274	205	116	181	199	776	753
Annuity operating earnings	129	121	42	67	104	359	398
Interest expense of parent holding companies	(24)	(24)	(23)	(17)	(18)	(88)	(68)
Other expense	(33)	(28)	(20)	(20)	(32)	(101)	(106)
Pretax core operating earnings	346	274	115	211	253	946	977
Income tax expense	77	57	20	40	50	194	193
Core net operating earnings	269	217	95	171	203	752	784
Non-core items, net of tax:							
Realized gains (losses) on securities	468	35	161	(435)	51	229	227
Annuity non-core earnings (losses)	(38)	(34)	(47)	(30)	19	(149)	(29)
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	(37)	—	—	—	(37)	(14)
Former Railroad and Manufacturing operations	—	(17)	—	—	—	(17)	(9)
Neon exited lines	(3)	3	(32)	(7)	(58)	(39)	(58)
Other non-core items	(4)	(3)	—	—	(4)	(7)	(4)
Net earnings (loss)	\$ 692	\$ 164	\$ 177	\$ (301)	\$ 211	\$ 732	\$ 897

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



	Three Months Ended				Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19
Core net operating earnings	\$ 269	\$ 217	\$ 95	\$ 171	\$ 203	\$ 784
Net earnings (loss)	\$ 692	\$ 164	\$ 177	\$ (301)	\$ 211	\$ 897
Average number of diluted shares - core	87.156	88.546	89.997	91.138	91.274	91.024
Average number of diluted shares - net	87.156	88.546	89.997	90.295	91.274	91.024
<u>Diluted earnings per share:</u>						
Core net operating earnings per share	\$ 3.09	\$ 2.45	\$ 1.05	\$ 1.88	\$ 2.22	\$ 8.62
Realized gains (losses) on securities	5.36	0.40	1.80	(4.81)	0.56	2.47
Annuity non-core earnings (losses)	(0.44)	(0.38)	(0.52)	(0.34)	0.21	(0.31)
Special A&E charges:						
Property and Casualty Insurance run-off operations	—	(0.42)	—	—	—	(0.15)
Former Railroad and Manufacturing operations	—	(0.19)	—	—	—	(0.10)
Neon exited lines	(0.04)	0.03	(0.36)	(0.07)	(0.64)	(0.64)
Other non-core items	(0.04)	(0.03)	—	—	(0.04)	(0.04)
Diluted earnings (loss) per share	\$ 7.93	\$ 1.86	\$ 1.97	\$ (3.34)	\$ 2.31	\$ 9.85

	Three Months Ended					Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Property and Transportation	\$ 74	\$ 47	\$ 33	\$ 27	\$ (2)	\$ 181	\$ 79
Specialty Casualty	91	53	27	52	69	223	175
Specialty Financial	20	13	—	17	32	50	92
Other Specialty	(6)	(9)	(6)	(7)	(10)	(28)	(21)
Underwriting profit — Specialty	179	104	54	89	89	426	325
Other core charges, included in loss and LAE	(16)	(1)	(2)	(1)	(1)	(20)	(19)
Underwriting profit — Core	163	103	52	88	88	406	306
Special A&E charges, included in loss and LAE	—	(47)	—	—	—	(47)	(18)
Neon exited lines (a)	(53)	(38)	(43)	(1)	(76)	(135)	(76)
Underwriting profit (loss) — Property and Casualty Insurance	\$ 110	\$ 18	\$ 9	\$ 87	\$ 12	\$ 224	\$ 212
Included in results above:							
COVID-19 related losses	\$ —	\$ —	\$ 105	\$ 10	\$ —	\$ 115	\$ —
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ (3)	\$ 5	\$ —	\$ —	\$ 1	\$ 2	\$ 1
Catastrophe loss	41	52	26	9	14	128	60
Total current accident year catastrophe losses	\$ 38	\$ 57	\$ 26	\$ 9	\$ 15	\$ 130	\$ 61
Prior year loss reserve development (favorable) / adverse	\$ (8)	\$ —	\$ (77)	\$ (42)	\$ (45)	\$ (127)	\$ (143)
Combined ratio:							
Property and Transportation	85.8%	91.9%	91.7%	92.9%	100.4%	90.4%	95.7%
Specialty Casualty	84.0%	90.7%	94.9%	90.7%	89.7%	90.0%	93.3%
Specialty Financial	86.8%	91.6%	100.4%	89.1%	79.6%	91.8%	85.0%
Other Specialty	116.9%	115.6%	114.2%	117.7%	122.5%	116.1%	113.3%
Combined ratio — Specialty	86.2%	92.1%	95.2%	92.2%	93.5%	91.3%	93.7%
Other core charges	1.2%	0.1%	0.2%	0.1%	0.1%	0.5%	0.4%
Neon exited lines charge	4.2%	3.1%	3.8%	0.5%	5.5%	2.7%	1.4%
Special A&E charges	0.0%	3.5%	0.0%	0.0%	0.0%	1.0%	0.3%
Combined ratio	91.6%	98.8%	99.2%	92.8%	99.1%	95.5%	95.8%
P&C combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	89.1%	95.0%	94.8%	94.6%	101.4%	93.3%	97.4%
Loss and LAE components — property and casualty insurance							
Current accident year, excluding COVID-19 related and catastrophe losses	60.1%	66.0%	60.7%	60.3%	68.9%	61.9%	64.6%
COVID-19 related losses	0.0%	0.0%	8.8%	0.8%	0.0%	2.2%	0.0%
Current accident year catastrophe losses	3.1%	3.8%	2.1%	0.8%	1.0%	2.5%	1.2%
Prior accident year loss reserve development	(0.6%)	0.0%	(6.5%)	(3.4%)	(3.3%)	(2.5%)	(2.8%)
Loss and LAE ratio	62.6%	69.8%	65.1%	58.5%	66.6%	64.1%	63.0%

(a) In the fourth quarter of 2020, AFG recorded \$55 million in non-core losses from Neon's operations and a \$1 million reduction in the estimated tax benefit related to the sale of Neon, partially offset by a \$53 million favorable adjustment to the estimated loss on sale recorded in Q3.

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Gross written premiums	\$1,707	\$2,223	\$1,539	\$1,526	\$1,749	\$ 6,995	\$ 7,299
Ceded reinsurance premiums	(491)	(735)	(416)	(361)	(436)	(2,003)	(1,957)
Net written premiums	1,216	1,488	1,123	1,165	1,313	4,992	5,342
Change in unearned premiums	83	(149)	—	(27)	57	(93)	(157)
Net earned premiums	1,299	1,339	1,123	1,138	1,370	4,899	5,185
Loss and LAE	762	855	703	666	865	2,986	3,188
Underwriting expense	358	380	366	383	416	1,487	1,672
Underwriting profit	\$ 179	\$ 104	\$ 54	\$ 89	\$ 89	\$ 426	\$ 325
Included in results above:							
COVID-19 related losses	\$ —	\$ —	\$ 85	\$ 10	\$ —	\$ 95	\$ —
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ (3)	\$ 5	\$ —	\$ —	\$ 1	\$ 2	\$ 1
Catastrophe loss	20	36	26	9	14	91	60
Total current accident year catastrophe losses	\$ 17	\$ 41	\$ 26	\$ 9	\$ 15	\$ 93	\$ 61
Prior year loss reserve development (favorable) / adverse	\$ (32)	\$ (48)	\$ (85)	\$ (48)	\$ (53)	\$ (213)	\$ (187)
Combined ratio:							
Loss and LAE ratio	58.6%	63.8%	62.6%	58.5%	63.2%	60.9%	61.5%
Underwriting expense ratio	27.6%	28.3%	32.6%	33.7%	30.3%	30.4%	32.2%
Combined ratio	86.2%	92.1%	95.2%	92.2%	93.5%	91.3%	93.7%
Specialty combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	87.1%	93.1%	92.9%	94.7%	96.3%	91.9%	96.2%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	59.5%	64.8%	60.3%	61.0%	66.0%	61.5%	64.0%
COVID-19 related losses	0.0%	0.0%	7.6%	0.9%	0.0%	1.9%	0.0%
Current accident year catastrophe losses	1.5%	2.7%	2.3%	0.8%	1.0%	1.9%	1.2%
Prior accident year loss reserve development	(2.4%)	(3.7%)	(7.6%)	(4.2%)	(3.8%)	(4.4%)	(3.7%)
Loss and LAE ratio	58.6%	63.8%	62.6%	58.5%	63.2%	60.9%	61.5%

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Gross written premiums	\$ 647	\$1,061	\$ 611	\$ 494	\$ 628	\$ 2,813	\$ 2,759
Ceded reinsurance premiums	(207)	(426)	(185)	(108)	(179)	(926)	(883)
Net written premiums	440	635	426	386	449	1,887	1,876
Change in unearned premiums	81	(61)	(36)	—	56	(16)	(48)
Net earned premiums	521	574	390	386	505	1,871	1,828
Loss and LAE	329	403	239	237	392	1,208	1,297
Underwriting expense	118	124	118	122	115	482	452
Underwriting profit	\$ 74	\$ 47	\$ 33	\$ 27	\$ (2)	\$ 181	\$ 79
Included in results above:							
COVID-19 related losses	\$ —	\$ 1	\$ 3	\$ 3	\$ —	\$ 7	\$ —
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	6	18	15	8	7	47	32
Total current accident year catastrophe losses	\$ 6	\$ 18	\$ 15	\$ 8	\$ 7	\$ 47	\$ 32
Prior year loss reserve development (favorable) / adverse	\$ (29)	\$ (26)	\$ (28)	\$ (24)	\$ (18)	\$ (107)	\$ (67)
Combined ratio:							
Loss and LAE ratio	63.3%	70.1%	61.3%	61.4%	77.8%	64.6%	71.0%
Underwriting expense ratio	22.5%	21.8%	30.4%	31.5%	22.6%	25.8%	24.7%
Combined ratio	85.8%	91.9%	91.7%	92.9%	100.4%	90.4%	95.7%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	90.0%	93.2%	94.3%	96.2%	102.5%	93.2%	97.5%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	67.5%	71.4%	63.9%	64.7%	79.9%	67.4%	72.8%
COVID-19 related losses	0.2%	0.1%	0.8%	0.6%	0.0%	0.4%	0.0%
Current accident year catastrophe losses	1.2%	3.1%	3.8%	2.2%	1.4%	2.5%	1.8%
Prior accident year loss reserve development	(5.6%)	(4.5%)	(7.2%)	(6.1%)	(3.5%)	(5.7%)	(3.6%)
Loss and LAE ratio	63.3%	70.1%	61.3%	61.4%	77.8%	64.6%	71.0%

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Gross written premiums	\$ 865	\$ 978	\$ 752	\$ 849	\$ 929	\$ 3,444	\$ 3,768
Ceded reinsurance premiums	(300)	(336)	(241)	(263)	(260)	(1,140)	(1,067)
Net written premiums	565	642	511	586	669	2,304	2,701
Change in unearned premiums	7	(82)	36	(30)	7	(69)	(104)
Net earned premiums	572	560	547	556	676	2,235	2,597
Loss and LAE	337	352	367	340	402	1,396	1,586
Underwriting expense	144	155	153	164	205	616	836
Underwriting profit	\$ 91	\$ 53	\$ 27	\$ 52	\$ 69	\$ 223	\$ 175
Included in results above:							
COVID-19 related losses	2	(1)	\$ 52	\$ 7	\$ —	\$ 60	\$ —
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ (3)	\$ 5	\$ —	\$ —	\$ 1	\$ 2	\$ 1
Catastrophe loss	5	3	6	—	5	14	17
Total current accident year catastrophe losses	\$ 2	\$ 8	\$ 6	\$ —	\$ 6	\$ 16	\$ 18
Prior year loss reserve development (favorable) / adverse	\$ (6)	\$ (16)	\$ (51)	\$ (24)	\$ (25)	\$ (97)	\$ (88)
Combined ratio:							
Loss and LAE ratio	59.0%	62.9%	67.1%	61.1%	59.4%	62.5%	61.1%
Underwriting expense ratio	25.0%	27.8%	27.8%	29.6%	30.3%	27.5%	32.2%
Combined ratio	84.0%	90.7%	94.9%	90.7%	89.7%	90.0%	93.3%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	84.0%	92.9%	93.8%	93.6%	92.7%	91.0%	96.0%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	59.0%	65.1%	66.0%	64.0%	62.4%	63.5%	63.8%
COVID-19 related losses	0.3%	(0.1%)	9.5%	1.3%	0.0%	2.7%	0.0%
Current accident year catastrophe losses	0.8%	0.8%	0.9%	0.0%	0.8%	0.6%	0.7%
Prior accident year loss reserve development	(1.1%)	(2.9%)	(9.3%)	(4.2%)	(3.8%)	(4.3%)	(3.4%)
Loss and LAE ratio	59.0%	62.9%	67.1%	61.1%	59.4%	62.5%	61.1%

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



	Three Months Ended					Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Gross written premiums	\$ 195	\$ 184	\$ 176	\$ 183	\$ 192	\$ 738	\$ 772
Ceded reinsurance premiums	(32)	(31)	(37)	(34)	(36)	(134)	(155)
Net written premiums	163	153	139	149	156	604	617
Change in unearned premiums	(5)	2	5	7	(4)	9	(7)
Net earned premiums	158	155	144	156	152	613	610
Loss and LAE	56	62	65	59	40	242	192
Underwriting expense	82	80	79	80	80	321	326
Underwriting profit	\$ 20	\$ 13	\$ —	\$ 17	\$ 32	\$ 50	\$ 92
Included in results above:							
COVID-19 related losses	\$ (3)	\$ (1)	\$ 30	\$ —	\$ —	\$ 26	\$ —
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	7	13	5	1	2	26	10
Total current accident year catastrophe losses	\$ 7	\$ 13	\$ 5	\$ 1	\$ 2	\$ 26	\$ 10
Prior year loss reserve development (favorable) / adverse	\$ (6)	\$ (9)	\$ (11)	\$ (2)	\$ (14)	\$ (28)	\$ (38)
Combined ratio:							
Loss and LAE ratio	35.6%	39.9%	44.9%	38.0%	26.1%	39.5%	31.5%
Underwriting expense ratio	51.2%	51.7%	55.5%	51.1%	53.5%	52.3%	53.5%
Combined ratio	86.8%	91.6%	100.4%	89.1%	79.6%	91.8%	85.0%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	87.7%	89.5%	83.7%	89.5%	87.7%	87.7%	89.7%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	36.5%	37.8%	28.2%	38.4%	34.2%	35.4%	36.2%
COVID-19 related losses	(1.8%)	(0.8%)	21.1%	0.1%	0.0%	4.3%	0.0%
Current accident year catastrophe losses	4.5%	8.6%	3.6%	0.6%	1.1%	4.3%	1.6%
Prior accident year loss reserve development	(3.6%)	(5.7%)	(8.0%)	(1.1%)	(9.2%)	(4.5%)	(6.3%)
Loss and LAE ratio	35.6%	39.9%	44.9%	38.0%	26.1%	39.5%	31.5%

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



	Three Months Ended					Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	48	58	47	44	39	197	148
Net written premiums	48	58	47	44	39	197	148
Change in unearned premiums	—	(8)	(5)	(4)	(2)	(17)	2
Net earned premiums	48	50	42	40	37	180	150
Loss and LAE	40	38	32	30	31	140	113
Underwriting expense	14	21	16	17	16	68	58
Underwriting profit (loss)	\$ (6)	\$ (9)	\$ (6)	\$ (7)	\$ (10)	\$ (28)	\$ (21)
Included in results above:							
COVID-19 related losses	\$ 1	\$ 1	\$ —	\$ —	\$ —	\$ 2	\$ —
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	2	2	—	—	—	4	1
Total current accident year catastrophe losses	\$ 2	\$ 2	\$ —	\$ —	\$ —	\$ 4	\$ 1
Prior year loss reserve development (favorable) / adverse	\$ 9	\$ 3	\$ 5	\$ 2	\$ 4	\$ 19	\$ 6
Combined ratio:							
Loss and LAE ratio	80.2%	78.6%	76.9%	73.9%	83.5%	77.6%	75.4%
Underwriting expense ratio	36.7%	37.0%	37.3%	43.8%	39.0%	38.5%	37.9%
Combined ratio	116.9%	115.6%	114.2%	117.7%	122.5%	116.1%	113.3%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	92.5%	107.8%	100.3%	113.4%	113.4%	103.1%	108.9%

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Net investment income (a)	\$ 368	\$ 418	\$ 421	\$ 428	\$ 435	\$ 1,635	\$ 1,682
Alternative investments marked to market through core operating earnings	61	46	(37)	(6)	23	64	110
Guaranteed withdrawal benefit fees	17	18	17	17	17	69	67
Policy charges and other miscellaneous income (b)	19	17	13	18	13	67	52
Total revenues	465	499	414	457	488	1,835	1,911
Annuity benefits (a) (b)	242	282	274	287	285	1,085	1,107
Acquisition expenses	68	64	62	71	65	265	256
Other expenses (a)	26	32	36	32	34	126	139
Total costs and expenses	336	378	372	390	384	1,476	1,502
Pretax Annuity core operating earnings	\$ 129	\$ 121	\$ 42	\$ 67	\$ 104	\$ 359	\$ 409
Other amounts previously reported as core operating, net (c)	n/a	n/a	n/a	n/a	n/a	n/a	(11)
Pretax Annuity core operating earnings - as reported	\$ 129	\$ 121	\$ 42	\$ 67	\$ 104	\$ 359	\$ 398
Components of Pretax Annuity Core Operating Earnings							
Pretax annuity core operating earnings before items below	\$ 77	\$ 81	\$ 84	\$ 79	\$ 84	\$ 321	\$ 309
Other amounts previously reported as core operating, net (c)	n/a	n/a	n/a	n/a	n/a	n/a	(11)
Pretax annuity core operating earnings before alternative investments marked to market	77	81	84	79	84	321	298
Alternative investments marked to market, net of DAC	52	40	(42)	(12)	20	38	100
Pretax Annuity core operating earnings - as reported	\$ 129	\$ 121	\$ 42	\$ 67	\$ 104	\$ 359	\$ 398

- (a) The fourth quarter decreases in Net Investment Income, Annuity Benefits, and Other Expenses reflect the impact of the Annuity Segment's October 2020 block reinsurance transaction.
- (b) Gains received on options in excess of index credits to policyholder are recorded through annuity benefits for GAAP. For the investor supplement presentation, these gains are shown in policy charges and other miscellaneous income.
- (c) "Other" primarily reflects (1) the impact of fair value accounting, (2) the impact of changes in the stock market on the liability for guaranteed benefits and DAC, and (3) unlocking.

American Financial Group, Inc.
Annuity Earnings - Alternative View
(\$ in millions)



	Three Months Ended				12/31/19	Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20		12/31/20	12/31/19
Net investment income (excluding alternative investments marked to market) (a)	\$ 366	\$ 416	\$ 418	\$ 426	\$ 433	\$ 1,626	\$ 1,673
Guaranteed withdrawal benefit fees	17	18	17	17	17	69	67
Policy charges and other miscellaneous income (b)	16	14	12	15	10	57	41
Total revenues	399	448	447	458	460	1,752	1,781
Annuity benefits (a) (b)	241	281	273	285	284	1,080	1,101
Acquisition expenses (excluding alternative investments marked to market)	58	57	57	61	61	233	240
Other expenses (a)	25	31	35	32	33	123	136
Total costs and expenses	324	369	365	378	378	1,436	1,477
Pretax Annuity core operating earnings (excluding variable annuity earnings and alternative investments marked to market)	75	79	82	80	82	316	304
Variable annuity earnings	2	2	2	(1)	2	5	5
Pretax Annuity core operating earnings (excluding alternative investments marked to market)	77	81	84	79	84	321	309
Alternative investments marked to market, net of DAC	52	40	(42)	(12)	20	38	100
Pretax annuity core operating earnings	129	121	42	67	104	359	409
Other amounts previously reported as core operating, net (c)	n/a	n/a	n/a	n/a	n/a	n/a	(11)
Pretax Annuity core operating earnings - as reported	\$ 129	\$ 121	\$ 42	\$ 67	\$ 104	\$ 359	\$ 398

- (a) The fourth quarter decreases in Net Investment Income, Annuity Benefits, and Other Expenses reflect the impact of the Annuity Segment's October 2020 block reinsurance transaction.
- (b) Gains received on options in excess of index credits to policyholder are recorded through annuity benefits for GAAP. For the investor supplement presentation, these gains are shown in policy charges and other miscellaneous income.
- (c) "Other" primarily reflects (1) the impact of fair value accounting, (2) the impact of changes in the stock market on the liability for guaranteed benefits and DAC, and (3) unlocking.

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Detail of annuity benefits expense:							
Cost of funds:							
Amortization of options (a)	\$ 116	\$ 148	\$ 148	\$ 150	\$ 150	\$ 562	\$ 586
Traditional fixed annuities	57	64	64	63	62	248	244
Fixed component of fixed-indexed annuities	21	26	26	25	25	98	94
Immediate annuities	6	5	6	6	6	23	24
Pension risk transfer (PRT)	6	5	4	4	3	19	7
Federal Home Loan Bank	2	1	3	5	6	11	27
Total cost of funds	208	249	251	253	252	961	982
Guaranteed withdrawal benefit reserve	28	26	17	25	24	96	84
Amortization of sales inducements	3	2	2	2	3	9	14
Change in expected death and annuitization reserve and other	3	5	4	7	6	19	27
Total other annuity benefits	34	33	23	34	33	124	125
Total annuity benefits expense	\$ 242	\$ 282	\$ 274	\$ 287	\$ 285	\$ 1,085	\$ 1,107
(a) Amortization of options, net of DAC and reserve offsets:							
Amortization of options	\$ 116	\$ 148	\$ 148	\$ 150	\$ 150	\$ 562	\$ 586
DAC and reserve offsets	(58)	(76)	(77)	(77)	(77)	(288)	(297)
Amortization of options, net of DAC and reserve offsets	\$ 58	\$ 72	\$ 71	\$ 73	\$ 73	\$ 274	\$ 289

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Average fixed annuity investments (at amortized cost) (a)	\$35,538	\$40,859	\$40,570	\$40,073	\$39,316	\$39,260	\$38,216
Average annuity benefits accumulated	35,414	41,158	40,601	40,139	39,615	39,328	38,460
Annuity benefits accumulated in excess of investments (a)	\$ 124	\$ (299)	\$ (31)	\$ (66)	\$ (299)	\$ (68)	\$ (244)
As % of average annuity benefits accumulated (except as noted).							
Net investment income (excluding alternative investments marked to market) (as % of investments)	4.12%	4.07%	4.13%	4.25%	4.40%	4.14%	4.38%
Cost of funds	(2.35%)	(2.42%)	(2.47%)	(2.52%)	(2.54%)	(2.44%)	(2.55%)
Other annuity benefits, net of guaranteed withdrawal benefit fees	(0.18%)	(0.14%)	(0.06%)	(0.14%)	(0.15%)	(0.13%)	(0.14%)
Core net interest spread on fixed annuities	1.59%	1.51%	1.60%	1.59%	1.71%	1.57%	1.69%
Policy charges and other miscellaneous income	0.18%	0.14%	0.11%	0.15%	0.11%	0.14%	0.11%
Acquisition expenses (excluding alternative investments marked to market)	(0.66%)	(0.55%)	(0.56%)	(0.61%)	(0.62%)	(0.59%)	(0.63%)
Other expenses	(0.28%)	(0.30%)	(0.35%)	(0.32%)	(0.33%)	(0.31%)	(0.35%)
Core net spread earned on fixed annuities (excluding alternative investments marked to market)	0.83%	0.80%	0.80%	0.81%	0.87%	0.81%	0.82%
Alternative investments marked to market, net of DAC	0.59%	0.39%	(0.41%)	(0.12%)	0.20%	0.10%	0.26%
Core net spread earned on fixed annuities	1.42%	1.19%	0.39%	0.69%	1.07%	0.91%	1.08%
Net spread earned on items previously reported as core operating	n/a	n/a	n/a	n/a	n/a	n/a	(0.03%)
Core net spread earned on fixed annuities - as reported	1.42%	1.19%	0.39%	0.69%	1.07%	0.91%	1.05%
Average annuity benefits accumulated	\$35,414	\$41,158	\$40,601	\$40,139	\$39,615	\$39,328	\$38,460
Net spread earned on fixed annuities (excluding alternative investments marked to market) - core	0.83%	0.80%	0.80%	0.81%	0.87%	0.81%	0.82%
Earnings on fixed annuity benefits accumulated - core	\$ 74	\$ 82	\$ 82	\$ 81	\$ 85	\$ 319	\$ 314
Annuity benefits accumulated in excess of investments	\$ 124	\$ (299)	\$ (31)	\$ (66)	\$ (299)	\$ (68)	\$ (244)
Net investment income (excluding alternative investments marked to market) (as % of investments)	4.12%	4.07%	4.13%	4.25%	4.40%	4.14%	4.38%
Earnings/(loss) on annuity benefits accumulated in excess of investments	\$ 1	\$ (3)	\$ —	\$ (1)	\$ (3)	\$ (3)	\$ (10)
Variable annuity earnings	2	2	2	(1)	2	5	5
Pretax Annuity core operating earnings (excluding alternative investments marked to market)	77	81	84	79	84	321	309
Alternative investments marked to market, net of DAC	52	40	(42)	(12)	20	38	100
Pretax Annuity core operating earnings	129	121	42	67	104	359	409
Other amounts previously reported as core operating, net	n/a	n/a	n/a	n/a	n/a	n/a	(11)
Pretax Annuity core operating earnings - as reported	\$ 129	\$ 121	\$ 42	\$ 67	\$ 104	\$ 359	\$ 398

(a) Excludes non-investment assets such as deferred acquisition costs, FIA options, accrued investment income and company owned life insurance.

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



	Three Months Ended					Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Financial institutions single premium annuities - indexed	\$ 358	\$ 332	\$ 258	\$ 424	\$ 359	\$ 1,372	\$ 1,537
Financial institutions single premium annuities - fixed	370	141	98	287	270	896	1,229
Retail single premium annuities - indexed	147	134	138	172	170	591	943
Retail single premium annuities - fixed	26	17	31	25	25	99	120
Broker dealer single premium annuities - indexed	110	109	100	138	107	457	657
Broker dealer single premium annuities - fixed	5	3	2	17	9	27	32
Pension risk transfer (PRT)	274	99	23	103	158	499	257
Education market - fixed and indexed annuities	25	33	32	39	36	129	164
Subtotal fixed annuity premiums	1,315	868	682	1,205	1,134	4,070	4,939
Variable annuities	4	3	5	5	5	17	21
Total gross annuity premiums	\$ 1,319	\$ 871	\$ 687	\$ 1,210	\$ 1,139	\$ 4,087	\$ 4,960
Less: Reinsurance	(246)	(168)	(78)	—	—	(492)	—
Total net annuity premiums	\$ 1,073	\$ 703	\$ 609	\$ 1,210	\$ 1,139	\$ 3,595	\$ 4,960
Summary by Distribution Channel:							
Financial institutions	\$ 728	\$ 473	\$ 356	\$ 711	\$ 629	\$ 2,268	\$ 2,766
Retail	173	151	169	197	195	690	1,063
Broker dealer	115	112	102	155	116	484	689
Other	303	135	60	147	199	645	442
Total gross annuity premiums	\$ 1,319	\$ 871	\$ 687	\$ 1,210	\$ 1,139	\$ 4,087	\$ 4,960
Less: Reinsurance	(246)	(168)	(78)	—	—	(492)	—
Total net annuity premiums	\$ 1,073	\$ 703	\$ 609	\$ 1,210	\$ 1,139	\$ 3,595	\$ 4,960
Summary by Product Type:							
Total indexed	\$ 627	\$ 591	\$ 512	\$ 753	\$ 655	\$ 2,483	\$ 3,227
Total fixed	688	277	170	452	479	1,587	1,712
Variable	4	3	5	5	5	17	21
Total gross annuity premiums	\$ 1,319	\$ 871	\$ 687	\$ 1,210	\$ 1,139	\$ 4,087	\$ 4,960
Less: Reinsurance	(246)	(168)	(78)	—	—	(492)	—
Total net annuity premiums	\$ 1,073	\$ 703	\$ 609	\$ 1,210	\$ 1,139	\$ 3,595	\$ 4,960

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



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Beginning fixed annuity reserves	\$41,374	\$40,942	\$40,260	\$40,018	\$39,212	\$40,018	\$36,431
Premiums	1,315	868	682	1,205	1,134	4,070	4,939
Federal Home Loan Bank ("FHLB") advances (paydowns)	(125)	—	(40)	200	—	35	—
Surrenders, benefits and other withdrawals	(1,058)	(844)	(768)	(794)	(829)	(3,464)	(3,260)
Interest and other annuity benefit expenses:							
Cost of funds	208	249	251	253	252	961	982
Embedded derivative marked to market	324	245	601	(647)	276	523	1,100
Unlockings	—	(73)	—	—	—	(73)	(75)
Other	33	(13)	(44)	25	(27)	1	(99)
Ending fixed annuity reserves	\$42,071	\$41,374	\$40,942	\$40,260	\$40,018	\$42,071	\$40,018
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$42,071	\$41,374	\$40,942	\$40,260	\$40,018	\$42,071	\$40,018
Impact of unrealized investment gains on reserves	338	394	285	38	225	338	225
Fixed component of variable annuities	164	164	165	165	163	164	163
Annuity benefits accumulated per balance sheet	\$42,573	\$41,932	\$41,392	\$40,463	\$40,406	\$42,573	\$40,406
Estimated ceded GAAP reserves (a)	(6,388)	—	—	—	—	(6,388)	—
Annuity benefits accumulated, net of reinsurance	\$36,185	\$41,932	\$41,392	\$40,463	\$40,406	\$36,185	\$40,406
Annualized surrenders and other withdrawals as a % of beginning reserves	10.2%	8.3%	7.6%	7.9%	8.5%	8.7%	8.9%
Rider reserves included in ending fixed annuity reserves above	<u>\$ 817</u>	<u>\$ 801</u>	<u>\$ 680</u>	<u>\$ 690</u>	<u>\$ 625</u>	<u>\$ 817</u>	<u>\$ 625</u>
Embedded Derivative liability included in ending fixed annuity reserves above	<u>\$ 3,933</u>	<u>\$ 3,657</u>	<u>\$ 3,675</u>	<u>\$ 3,099</u>	<u>\$ 3,730</u>	<u>\$ 3,933</u>	<u>\$ 3,730</u>

(a) Includes block and flow deal reserves.

American Financial Group, Inc.
Annuity Non-Core Earnings (Losses)
(\$ in millions)



	Three Months Ended				Twelve Months Ended			
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19	
Annuity Non-Core Earnings (Losses):								
Stock market impact on:								
Liability for guaranteed benefits (a)	\$ 10	\$ 14	\$ 22	\$ (33)	\$ 12	\$ 13	\$ 34	
DAC and sales inducements (b)	4	3	7	(10)	4	4	11	
Fair Value (FV) accounting	6	2	9	(21)	8	(4)	23	
Subtotal impact of changes in stock market	20	19	38	(64)	24	13	68	
Impact of changes in interest rates on FV accounting	(12)	(17)	(100)	29	(4)	(100)	(117)	
Other FIA items	(9)	1	3	(3)	4	(8)	3	
Reinsurance	(47)	—	—	—	—	(47)	—	
Unlockings	—	(46)	—	—	—	(46)	(1)	
Annuity Non-Core Earnings (Losses)	\$ (48)	\$ (43)	\$ (59)	\$ (38)	\$ 24	\$ (188)	\$ (47)	
							Core = (\$11)	
<i>Reported as</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core = (\$36)</i>	
Annuity Non-Core Earnings (Losses), net of taxes	\$ (38)	\$ (34)	\$ (47)	\$ (30)	\$ 19	\$ (149)	\$ (29)	
Annuity Non-Core Net Spread Earned:								
Stock market impact on:								
Liability for guaranteed benefits (a)	0.11%	0.14%	0.22%	(0.33%)	0.12%	0.03%	0.09%	
DAC and sales inducements (b)	0.05%	0.03%	0.07%	(0.10%)	0.04%	0.01%	0.03%	
Fair Value (FV) accounting	0.07%	0.02%	0.09%	(0.21%)	0.08%	(0.01%)	0.06%	
Subtotal impact of changes in stock market	0.23%	0.19%	0.38%	(0.64%)	0.24%	0.03%	0.18%	
Impact of changes in interest rates on FV accounting	(0.14%)	(0.16%)	(0.99%)	0.29%	(0.04%)	(0.25%)	(0.31%)	
Other FIA items	(0.10%)	0.01%	0.03%	(0.03%)	0.04%	(0.02%)	0.01%	
Reinsurance	(0.53%)	0.00%	0.00%	0.00%	0.00%	(0.12%)	0.00%	
Unlockings	0.00%	(0.45%)	0.00%	0.00%	0.00%	(0.12%)	0.00%	
Non-core net spread earned on fixed annuities	(0.54%)	(0.41%)	(0.58%)	(0.38%)	0.24%	(0.48%)	(0.12%)	
							Core = (.03%)	
<i>Reported as</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core = (.09%)</i>	

- (a) Reflects the impact of changes in the stock market on AFG's liability for fixed-indexed annuities with guaranteed benefits. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.
- (b) Reflects the impact of changes in the stock market on the current and projected lifetime profitability of AFG's annuity business. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.

American Financial Group, Inc.
Reconciliation from Core to GAAP Annuity Pretax Earnings
(\$ in millions)



	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Annuity Earnings							
Core annuity operating earnings - as reported (see page 12a)	\$ 129	\$ 121	\$ 42	\$ 67	\$ 104	\$ 359	\$ 398
Annuity non-core earnings (losses)	(48)	(43)	(59)	(38)	24	(188)	(36)
Earnings before income taxes - GAAP	<u>\$ 81</u>	<u>\$ 78</u>	<u>\$ (17)</u>	<u>\$ 29</u>	<u>\$ 128</u>	<u>\$ 171</u>	<u>\$ 362</u>
Policy Charges and Other Miscellaneous Income							
Policy charges and other miscellaneous income (see page 12a)	\$ 19	\$ 17	\$ 13	\$ 18	\$ 13	\$ 67	\$ 52
Annuity non-core policy charges and other miscellaneous income	—	(5)	—	—	—	(5)	1
Policy Charges and Other Miscellaneous Income - GAAP	<u>\$ 19</u>	<u>\$ 12</u>	<u>\$ 13</u>	<u>\$ 18</u>	<u>\$ 13</u>	<u>\$ 62</u>	<u>\$ 53</u>
Annuity Benefit Expense							
Annuity benefits expense (see page 13)	\$ 242	\$ 282	\$ 274	\$ 287	\$ 285	\$ 1,085	\$ 1,107
Annuity non-core annuity benefits	86	(69)	157	(3)	(30)	171	56
Annuity Benefit Expense - GAAP	<u>\$ 328</u>	<u>\$ 213</u>	<u>\$ 431</u>	<u>\$ 284</u>	<u>\$ 255</u>	<u>\$ 1,256</u>	<u>\$ 1,163</u>
Acquisition Expenses							
Acquisition expenses (see page 12a)	\$ 68	\$ 64	\$ 62	\$ 71	\$ 65	\$ 265	\$ 256
Annuity non-core acquisition expenses	(38)	107	(98)	41	6	12	(8)
Acquisition Expenses - GAAP	<u>\$ 30</u>	<u>\$ 171</u>	<u>\$ (36)</u>	<u>\$ 112</u>	<u>\$ 71</u>	<u>\$ 277</u>	<u>\$ 248</u>
Net Spread on Fixed Annuities							
Core net spread earned on fixed annuities - as reported (see page 14)	1.42%	1.19%	0.39%	0.69%	1.07%	0.91%	1.05%
Non-core net spread earned on fixed annuities	(0.54%)	(0.41%)	(0.58%)	(0.38%)	0.24%	(0.48%)	(0.09%)
Net Spread on Fixed Annuities	<u>0.88%</u>	<u>0.78%</u>	<u>(0.19%)</u>	<u>0.31%</u>	<u>1.31%</u>	<u>0.43%</u>	<u>0.96%</u>

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



	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	9/30/19
Assets:						
Total cash and investments	\$52,502	\$58,087	\$56,741	\$53,221	\$55,252	\$54,207
Recoverables from reinsurers:						
Property and Casualty Insurance	3,288	3,324	3,132	3,116	3,133	2,977
Fixed & Indexed Annuities	6,539	229	72	—	—	—
Other	265	266	272	271	282	284
Prepaid reinsurance premiums	768	862	733	708	678	781
Agents' balances and premiums receivable	1,231	1,384	1,366	1,302	1,335	1,403
Deferred policy acquisition costs	546	497	818	1,573	1,037	964
Assets of managed investment entities	4,971	4,717	4,393	4,026	4,736	4,702
Other receivables	959	1,185	880	981	975	1,187
Variable annuity assets (separate accounts)	664	603	577	497	628	601
Other assets	1,626	1,749	1,676	1,741	1,867	1,754
Goodwill	207	207	207	207	207	207
Total assets	\$73,566	\$73,110	\$70,867	\$67,643	\$70,130	\$69,067
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$10,392	\$10,754	\$10,321	\$10,106	\$10,232	\$ 9,847
Unearned premiums	2,803	3,015	2,778	2,808	2,830	2,986
Annuity benefits accumulated	42,573	41,932	41,392	40,463	40,406	39,651
Life, accident and health reserves	607	609	606	607	612	613
Payable to reinsurers	807	977	746	779	814	867
Liabilities of managed investment entities	4,771	4,541	4,236	3,865	4,571	4,523
Long-term debt	1,963	2,108	1,912	1,473	1,473	1,423
Variable annuity liabilities (separate accounts)	664	603	577	497	628	601
Other liabilities	2,197	2,231	2,173	1,998	2,295	2,235
Total liabilities	\$66,777	\$66,770	\$64,741	\$62,596	\$63,861	\$62,746
Shareholders' equity:						
Common stock	\$ 86	\$ 87	\$ 89	\$ 90	\$ 90	\$ 90
Capital surplus	1,281	1,283	1,299	1,309	1,307	1,292
Retained earnings	4,149	3,737	3,685	3,616	4,009	4,022
Unrealized gains — fixed maturities	1,255	1,212	1,030	16	862	920
Unrealized gains (losses) — fixed maturity-related cash flow hedges	41	41	47	44	17	25
Other comprehensive income, net of tax	(23)	(20)	(24)	(28)	(16)	(28)
Total shareholders' equity	6,789	6,340	6,126	5,047	6,269	6,321
Noncontrolling interests	—	—	—	—	—	—
Total liabilities and equity	\$73,566	\$73,110	\$70,867	\$67,643	\$70,130	\$69,067

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



	<u>12/31/20</u>	<u>9/30/20</u>	<u>6/30/20</u>	<u>3/31/20</u>	<u>12/31/19</u>	<u>9/30/19</u>
Shareholders' equity	\$ 6,789	\$ 6,340	\$ 6,126	\$ 5,047	\$ 6,269	\$ 6,321
Unrealized (gains) related to fixed maturities	(1,296)	(1,253)	(1,077)	(60)	(879)	(945)
Adjusted shareholders' equity	5,493	5,087	5,049	4,987	5,390	5,376
Goodwill	(207)	(207)	(207)	(207)	(207)	(207)
Intangibles	(34)	(34)	(37)	(40)	(43)	(45)
Tangible adjusted shareholders' equity	\$ 5,252	\$ 4,846	\$ 4,805	\$ 4,740	\$ 5,140	\$ 5,124
Common shares outstanding	86.345	87.267	88.659	89.827	90.304	90.127
<u>Book value per share:</u>						
Book value per share	\$ 78.62	\$ 72.65	\$ 69.10	\$ 56.18	\$ 69.43	\$ 70.14
Adjusted (a)	63.61	58.29	56.95	55.52	59.70	59.65
Tangible, adjusted (b)	60.82	55.53	54.20	52.77	56.93	56.84
<u>Market capitalization</u>						
AFG's closing common share price	\$ 87.62	\$ 66.98	\$ 63.46	\$ 70.08	\$ 109.65	\$ 107.85
Market capitalization	\$ 7,566	\$ 5,845	\$ 5,626	\$ 6,295	\$ 9,902	\$ 9,720
Price / Adjusted book value ratio	1.38	1.15	1.11	1.26	1.84	1.81

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

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

American Financial Group, Inc.
Capitalization
(\$ in millions)



	<u>12/31/20</u>	<u>9/30/20</u>	<u>6/30/20</u>	<u>3/31/20</u>	<u>12/31/19</u>	<u>9/30/19</u>
AFG senior obligations	\$ 1,318	\$ 1,318	\$ 1,318	\$1,018	\$1,018	\$1,018
Borrowings drawn under credit facility	—	—	—	—	—	—
Debt excluding subordinated debt	\$ 1,318	\$ 1,318	\$ 1,318	\$1,018	\$1,018	\$1,018
AFG subordinated debentures	675	825	625	475	475	425
Total principal amount of long-term debt	\$ 1,993	\$ 2,143	\$ 1,943	\$1,493	\$1,493	\$1,443
Shareholders' equity	6,789	6,340	6,126	5,047	6,269	6,321
Noncontrolling interests (including redeemable NCI)	—	—	—	—	—	—
Less:						
Unrealized (gains) related to fixed maturity investments	(1,296)	(1,253)	(1,077)	(60)	(879)	(945)
Total adjusted capital	\$ 7,486	\$ 7,230	\$ 6,992	\$6,480	\$6,883	\$6,819
Ratio of debt to total adjusted capital:						
Including subordinated debt	26.6%	29.6%	27.8%	23.0%	21.7%	21.2%
Excluding subordinated debt	17.6%	18.2%	18.9%	15.7%	14.8%	14.9%

	Three Months Ended				Twelve Months Ended	
	<u>12/31/20</u>	<u>9/30/20</u>	<u>6/30/20</u>	<u>3/31/20</u>	<u>12/31/19</u>	<u>12/31/19</u>
<u>Property and Casualty Insurance</u>						
Paid Losses (GAAP)	<u>\$ 758</u>	<u>\$ 646</u>	<u>\$ 601</u>	<u>\$ 751</u>	<u>\$ 727</u>	<u>\$ 2,866</u>
<u>GAAP Equity (excluding AOCI)</u>						
Property and Casualty Insurance	\$ 4,458	\$ 4,154	\$ 3,945	\$ 3,800	\$ 4,043	\$ 4,094
Annuity	2,881	2,659	2,579	2,512	2,715	2,613
Parent and other subsidiaries	(1,823)	(1,706)	(1,451)	(1,297)	(1,352)	(1,303)
AFG GAAP Equity (excluding AOCI)	<u>\$ 5,516</u>	<u>\$ 5,107</u>	<u>\$ 5,073</u>	<u>\$ 5,015</u>	<u>\$ 5,406</u>	<u>\$ 5,404</u>
<u>Allowable dividends without regulatory approval</u>						
Property and Casualty Insurance	\$ 416	\$ 565	\$ 565	\$ 565	\$ 565	\$ 529
Annuity and Run-off	289	287	287	287	287	768
Total	<u>\$ 705</u>	<u>\$ 852</u>	<u>\$ 852</u>	<u>\$ 852</u>	<u>\$ 852</u>	<u>\$ 1,297</u>

American Financial Group, Inc.
Total Cash and Investments
(\$ in millions)



	Carrying Value - December 31, 2020					
	Property and Casualty Insurance	Annuity and Run-off (a)	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:						
Cash and cash equivalents	\$ 1,408	\$ 1,166	\$ 236	\$ —	\$ 2,810	5%
Fixed maturities — Available for sale	9,076	34,123	8	—	43,207	82%
Fixed maturities — Trading	24	42	—	—	66	0%
Equity securities — common stocks	438	412	72	—	922	2%
Equity securities — perpetual preferred	379	362	—	—	741	1%
Investments accounted for using the equity method	806	1,075	—	—	1,881	4%
Mortgage loans	377	1,246	—	—	1,623	3%
Policy loans	—	151	—	—	151	0%
Equity index call options	—	825	—	—	825	2%
Real estate and other investments	125	297	54	(200)	276	1%
Total cash and investments	\$ 12,633	\$ 39,699	\$ 370	\$ (200)	\$ 52,502	100%

	Carrying Value - December 31, 2019					
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:						
Cash and cash equivalents	\$ 1,387	\$ 746	\$ 181	\$ —	\$ 2,314	4%
Fixed maturities — Available for sale	8,596	37,899	10	—	46,505	84%
Fixed maturities — Trading	59	54	—	—	113	0%
Equity securities — common stocks	664	553	66	—	1,283	3%
Equity securities — perpetual preferred	397	257	—	—	654	1%
Investments accounted for using the equity method	703	985	—	—	1,688	3%
Mortgage loans	262	1,067	—	—	1,329	2%
Policy loans	—	164	—	—	164	0%
Equity index call options	—	924	—	—	924	2%
Real estate and other investments	122	265	55	(164)	278	1%
Total cash and investments	\$ 12,190	\$ 42,914	\$ 312	\$ (164)	\$ 55,252	100%

- (a) On January 27, 2021, AFG entered into a definitive agreement to sell its annuity subsidiaries to Mass Mutual (which includes the run-off life and long term care business) in a transaction that is expected to close in Q2 2021. As part of the sale of the annuity business, AFG will retain approximately \$500 million in real estate-related partnerships and directly owned real estate.

	Three Months Ended					Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 71	\$ 72	\$ 75	\$ 81	\$ 79	\$ 299	\$ 310
Fixed maturities - Trading	—	—	—	1	—	1	3
Equity securities - dividends	7	8	8	10	11	33	49
Equity securities - MTM	8	(3)	2	3	(1)	10	9
Equity in investees	27	27	(15)	11	21	50	64
AFG managed CLOs	6	4	—	(11)	(2)	(1)	1
Other investments (a)	4	5	3	6	13	18	42
Gross investment income	123	113	73	101	121	410	478
Investment expenses	(1)	(2)	(1)	(2)	(1)	(6)	(6)
Total net investment income	\$ 122	\$ 111	\$ 72	\$ 99	\$ 120	\$ 404	\$ 472
Average cash and investments (b)	\$12,135	\$11,764	\$11,454	\$11,457	\$11,744	\$11,760	\$11,348
Average yield (c)	4.02%	3.77%	2.51%	3.46%	4.09%	3.44%	4.16%
Fixed Annuity							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 352	\$ 394	\$ 402	\$ 403	\$ 406	\$ 1,551	\$ 1,574
Equity securities - dividends	6	7	8	7	8	28	34
Equity securities - MTM	14	(2)	—	5	4	17	17
Equity in investees	34	39	(39)	14	24	48	90
AFG managed CLOs	13	9	2	(25)	(5)	(1)	3
Other investments (a)	19	19	14	19	23	71	81
Gross investment income	438	466	387	423	460	1,714	1,799
Investment expenses	(11)	(4)	(5)	(3)	(4)	(23)	(16)
Total net investment income	\$ 427	\$ 462	\$ 382	\$ 420	\$ 456	\$ 1,691	\$ 1,783
Average cash and investments (b)	\$35,538	\$40,859	\$40,570	\$40,073	\$39,316	\$39,260	\$38,216
Average yield (c)	4.81%	4.52%	3.77%	4.19%	4.63%	4.31%	4.67%
AFG consolidated net investment income:							
Property & Casualty core	\$ 122	\$ 111	\$ 72	\$ 99	\$ 120	\$ 404	\$ 472
Neon exited lines non-core	—	1	—	(6)	—	(5)	—
Annuity:							
Fixed Annuity	427	462	382	420	456	1,691	1,783
Variable Annuity	2	2	2	2	2	8	9
Parent & other	16	9	14	(7)	8	32	43
Consolidate CLOs	(19)	(13)	(2)	36	7	2	(4)
Total net investment income	\$ 548	\$ 572	\$ 468	\$ 544	\$ 593	\$ 2,132	\$ 2,303

(a) Includes income from mortgage loans, real estate, policy loans, short-term investments, and cash equivalents.

(b) Average cash and investments is the average of the beginning and ending quarter balances, or the average of the five quarters balances.

(c) Average yield is calculated by dividing investment income for the quarter by the average cash and investment balance over the quarter.

	Three Months Ended				Twelve Months Ended		
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/19	
Property and Casualty Insurance:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 8	\$ (3)	\$ 2	\$ 3	\$ (1)	\$ 10	\$ 9
Investments accounted for using the equity method (b)	27	27	(15)	11	21	50	64
AFG managed CLOs (eliminated in consolidation)	6	4	—	(11)	(2)	(1)	1
Total Property & Casualty	\$ 41	\$ 28	\$ (13)	\$ 3	\$ 18	\$ 59	\$ 74
Investments							
Equity securities MTM through investment income (a)	\$ 129	\$ 109	\$ 95	\$ 86	\$ 71	\$ 129	\$ 71
Investments accounted for using the equity method (b)	806	778	755	736	703	806	703
AFG managed CLOs (eliminated in consolidation)	57	46	39	40	48	57	48
Total Property & Casualty	\$ 992	\$ 933	\$ 889	\$ 862	\$ 822	\$ 992	\$ 822
Annualized Yield - Property & Casualty	17.0%	12.3%	(5.9%)	1.4%	9.2%	6.6%	10.3%
Fixed Annuity:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 14	\$ (2)	\$ —	\$ 5	\$ 4	\$ 17	\$ 17
Investments accounted for using the equity method (b)	34	39	(39)	14	24	48	90
AFG managed CLOs (eliminated in consolidation)	13	9	2	(25)	(5)	(1)	3
Total Fixed Annuity	\$ 61	\$ 46	\$ (37)	\$ (6)	\$ 23	\$ 64	\$ 110
Investments							
Equity securities MTM through investment income (a)	\$ 205	\$ 186	\$ 168	\$ 160	\$ 142	\$ 205	\$ 142
Investments accounted for using the equity method (b)	1,075	1,063	1,026	1,027	985	1,075	985
AFG managed CLOs (eliminated in consolidation)	143	129	118	120	116	143	116
Total Fixed Annuity	\$ 1,423	\$ 1,378	\$ 1,312	\$ 1,307	\$ 1,243	\$ 1,423	\$ 1,243
Annualized Yield - Fixed Annuity	17.4%	13.7%	(11.3%)	(1.9%)	7.7%	4.8%	9.7%
Combined:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 22	\$ (5)	\$ 2	\$ 8	\$ 3	\$ 27	\$ 26
Investments accounted for using the equity method (b)	61	66	(54)	25	45	98	154
AFG managed CLOs (eliminated in consolidation)	19	13	2	(36)	(7)	(2)	4
Total Combined	\$ 102	\$ 74	\$ (50)	\$ (3)	\$ 41	\$ 123	\$ 184
Investments							
Equity securities MTM through investment income (a)	\$ 334	\$ 295	\$ 263	\$ 246	\$ 213	\$ 334	\$ 213
Investments accounted for using the equity method (b)	1,881	1,841	1,781	1,763	1,688	1,881	1,688
AFG managed CLOs (eliminated in consolidation)	200	175	157	160	164	200	164
Total Combined	\$ 2,415	\$ 2,311	\$ 2,201	\$ 2,169	\$ 2,065	\$ 2,415	\$ 2,065
Annualized Yield - Combined	17.3%	13.1%	(9.2%)	(0.6%)	8.3%	5.5%	10.0%

- (a) AFG carries the small portion of its equity securities previously classified as “trading” and investments in limited partnerships and similar investments that aren’t accounted for using the equity method at fair value through net investment income.
- (b) The majority of AFG’s investments accounted for using the equity method mark their underlying assets to market through net income.

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



December 31, 2020	Book Value (b)	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 232	\$ 243	\$ 11	0%	0%
States, municipalities and political subdivisions	5,264	5,748	484	13%	11%
Foreign government	224	232	8	0%	0%
Residential mortgage-backed securities	2,810	3,056	246	7%	6%
Commercial mortgage-backed securities	748	790	42	2%	1%
Collateralized loan obligations	4,543	4,553	10	11%	9%
Other asset-backed securities	7,120	7,223	103	17%	14%
Corporate and other bonds	19,493	21,428	1,935	50%	41%
Total AFG consolidated	\$ 40,434	\$ 43,273	\$ 2,839	100%	82%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.02%
Net of investment expense (a)	3.91%

Approximate average life and duration:

Approximate average life	5.5 years
Approximate duration	3.5 years

December 31, 2019	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 203	\$ 213	\$ 10	1%	0%
States, municipalities and political subdivisions	6,628	6,987	359	15%	12%
Foreign government	209	211	2	0%	0%
Residential mortgage-backed securities	2,901	3,161	260	7%	6%
Commercial mortgage-backed securities	896	927	31	2%	2%
Collateralized loan obligations	4,307	4,280	(27)	9%	8%
Other asset-backed securities	6,992	7,128	136	15%	13%
Corporate and other bonds	22,501	23,711	1,210	51%	43%
Total AFG consolidated	\$ 44,637	\$ 46,618	\$ 1,981	100%	84%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.48%
Net of investment expense (a)	4.44%

Approximate average life and duration:

Approximate average life	5.5 years
Approximate duration	4 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) Book Value is amortized cost, net of allowance for expected credit losses.

American Financial Group, Inc.
Fixed Maturities - By Security Type Portfolio
(\$ in millions)



	December 31, 2020				December 31, 2019			
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Property and Casualty Insurance:								
US Government and government agencies	\$ 192	\$ 198	\$ 6	2%	\$ 165	\$ 167	\$ 2	2%
States, municipalities and political subdivisions	2,196	2,312	116	25%	2,524	2,614	90	30%
Foreign government	193	197	4	2%	178	177	(1)	2%
Residential mortgage-backed securities	858	907	49	10%	990	1,051	61	12%
Commercial mortgage-backed securities	89	92	3	1%	89	92	3	1%
Collateralized loan obligations	1,062	1,062	—	12%	906	901	(5)	11%
Other asset-backed securities	2,033	2,047	14	23%	1,727	1,741	14	20%
Corporate and other bonds	2,200	2,285	85	25%	1,861	1,912	51	22%
Property and Casualty Insurance	\$ 8,823	\$ 9,100	\$ 277	100%	\$ 8,440	\$ 8,655	\$ 215	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.31%	3.94%
Net of investment expense (a)	3.24%	3.90%
Tax equivalent, net of investment expense (b)	3.38%	4.05%

Approximate average life and duration:

Approximate average life	4 years	4.5 years
Approximate duration	3 years	3 years

	December 31, 2020				December 31, 2019			
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Annuity and Run-off (c):								
US Government and government agencies	\$ 40	\$ 45	\$ 5	0%	\$ 38	\$ 46	\$ 8	0%
States, municipalities and political subdivisions	3,068	3,436	368	10%	4,104	4,373	269	12%
Foreign government	31	35	4	0%	31	34	3	0%
Residential mortgage-backed securities	1,951	2,141	190	7%	1,909	2,100	191	6%
Commercial mortgage-backed securities	659	698	39	2%	807	835	28	2%
Collateralized loan obligations	3,481	3,491	10	10%	3,401	3,379	(22)	9%
Other asset-backed securities	5,087	5,176	89	15%	5,265	5,387	122	14%
Corporate and other bonds	17,293	19,143	1,850	56%	20,640	21,799	1,159	57%
Total Annuity and Run-off	\$ 31,610	\$34,165	\$ 2,555	100%	\$ 36,195	\$37,953	\$ 1,758	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.54%	4.59%
Net of investment expense (a)	4.41%	4.55%

Approximate average life and duration:

Approximate average life	5.5 years	6 years
Approximate duration	4 years	4.5 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.
- (c) On January 27, 2021, AFG entered into a definitive agreement to sell its annuity subsidiaries to Mass Mutual (which includes the run-off life and long term care business) in a transaction that is expected to close in Q2 2021.

By Credit Rating (a)	December 31, 2020			
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 9,190	\$ 9,455	\$ 265	22%
AA	6,897	7,319	422	17%
A	7,636	8,334	698	19%
BBB	11,951	13,168	1,217	30%
Subtotal - Investment grade	35,674	38,276	2,602	88%
BB	872	888	16	2%
B	266	264	(2)	1%
Other (b)	3,622	3,845	223	9%
Subtotal - Non-Investment grade	4,760	4,997	237	12%
Total	\$ 40,434	\$ 43,273	\$ 2,839	100%

97% of the fixed maturity portfolio is NAIC designated 1 or 2.

By Credit Rating (a)	December 31, 2019			
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 8,854	\$ 9,010	\$ 156	19%
AA	8,615	8,957	342	19%
A	10,456	10,983	527	24%
BBB	12,759	13,465	706	29%
Subtotal - Investment grade	40,684	42,415	1,731	91%
BB	714	724	10	2%
B	186	183	(3)	0%
Other (b)	3,053	3,296	243	7%
Subtotal - Non-Investment grade	3,953	4,203	250	9%
Total	\$ 44,637	\$ 46,618	\$ 1,981	100%

98% of the fixed maturity portfolio is NAIC designated 1 or 2.

- (a) 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.
- (b) See pages 32 and 33 for more information.



December 31, 2020	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 487	\$ 494	\$ 7	13%	1%
Prime (Non-Agency)	1,297	1,403	106	36%	3%
Alt-A	757	860	103	22%	1%
Subprime	269	299	30	8%	1%
Commercial	748	790	42	21%	1%
Total AFG consolidated	\$ 3,558	\$ 3,846	\$ 288	100%	7%

- 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 89%; Alt-A 80%; Subprime 82%; CMBS 98%.
- The average FICO score of our residential MBS securities is—Prime 744; Alt-A 693; Subprime 631.
- 96% of our Commercial MBS portfolio is investment-grade rated (82% AAA) and the average subordination for this group of assets is 38%.
- The approximate average life by collateral type is—Residential 3.5 years; Commercial 3 years.

December 31, 2019	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 549	\$ 552	\$ 3	13%	1%
Prime (Non-Agency)	1,157	1,264	107	31%	2%
Alt-A	897	1,015	118	25%	2%
Subprime	298	330	32	8%	1%
Commercial	896	927	31	23%	2%
Total AFG consolidated	\$ 3,797	\$ 4,088	\$ 291	100%	8%

Property and Casualty Insurance:

By Asset Type	December 31, 2020				
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 242	\$ 246	\$ 4	25%	2%
Prime (Non-Agency)	324	336	12	34%	2%
Alt-A	189	213	24	21%	2%
Subprime	103	112	9	11%	1%
Commercial	89	92	3	9%	1%
Total	\$ 947	\$ 999	\$ 52	100%	8%

By Asset Type	December 31, 2019				
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 315	\$ 317	\$ 2	28%	3%
Prime (Non-Agency)	279	292	13	26%	2%
Alt-A	265	299	34	26%	2%
Subprime	131	143	12	12%	1%
Commercial	89	92	3	8%	1%
Total	\$ 1,079	\$ 1,143	\$ 64	100%	9%

Annuity and Run-off (a):

By Asset Type	December 31, 2020				
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 245	\$ 248	\$ 3	9%	0%
Prime (Non-Agency)	972	1,059	87	37%	3%
Alt-A	568	647	79	23%	2%
Subprime	166	187	21	6%	0%
Commercial	659	698	39	25%	2%
Total	\$ 2,610	\$ 2,839	\$ 229	100%	7%

By Asset Type	December 31, 2019				
	Book Value	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 234	\$ 235	\$ 1	8%	1%
Prime (Non-Agency)	876	962	86	33%	2%
Alt-A	632	716	84	25%	2%
Subprime	167	187	20	6%	0%
Commercial	807	835	28	28%	2%
Total	\$ 2,716	\$ 2,935	\$ 219	100%	7%

- (a) On January 27, 2021, AFG entered into a definitive agreement to sell its annuity subsidiaries to Mass Mutual (which includes the run-off life and long term care business) in a transaction that is expected to close in Q2 2021.

Appendix A
American Financial Group, Inc.
Components of Core Operating Earnings As Reported
(\$ in millions)

	Three Months Ended					Twelve Months Ended	
	12/31/20	9/30/20	6/30/20	3/31/20	12/31/19	12/31/20	12/31/19
Core operating earnings before alternative investments marked to market							
Property and Casualty Insurance core operating earnings before alternative investments marked to market	\$ 233	\$ 177	\$ 129	\$ 178	\$ 181	\$ 717	\$ 679
Annuity Pretax core operating earnings before alternative investments marked to market	77	81	84	79	84	321	298
Interest expense of parent holding companies	(24)	(24)	(23)	(17)	(18)	(88)	(68)
Other expense	(33)	(28)	(20)	(20)	(32)	(101)	(106)
Pre-tax core operating earnings before alternative investments marked to market	253	206	170	220	215	849	803
Income tax expense	57	43	31	42	42	173	156
Core net operating earnings before alternative investments marked to market	\$ 196	\$ 163	\$ 139	\$ 178	\$ 173	\$ 676	\$ 647
Alternative investments marked to market through core operating earnings, net of DAC							
Property and Casualty Insurance alternative investments marked to market	\$ 41	\$ 28	\$ (13)	\$ 3	\$ 18	\$ 59	\$ 74
Annuity alternative investments marked to market, net of DAC	52	40	(42)	(12)	20	38	100
Core pre-tax alternative investments marked to market, net of DAC	93	68	(55)	(9)	38	97	174
Income tax expense	20	14	(11)	(2)	8	21	37
Alternative investments marked to market through core operating earnings, net of DAC	\$ 73	\$ 54	\$ (44)	\$ (7)	\$ 30	\$ 76	\$ 137
Core operating earnings as reported							
Property and Casualty Insurance operating earnings	\$ 274	\$ 205	\$ 116	\$ 181	\$ 199	\$ 776	\$ 753
Annuity operating earnings	129	121	42	67	104	359	398
Interest expense of parent holding companies	(24)	(24)	(23)	(17)	(18)	(88)	(68)
Other expense	(33)	(28)	(20)	(20)	(32)	(101)	(106)
Pre-tax core operating earnings as reported	346	274	115	211	253	946	977
Income tax expense	77	57	20	40	50	194	193
Core net operating earnings as reported	\$ 269	\$ 217	\$ 95	\$ 171	\$ 203	\$ 752	\$ 784
Average number of diluted shares	87.156	88.546	89.997	91.138	91.274	89.202	91.024
<u>Diluted core net operating earnings per share:</u>							
Core net operating earnings before alternative investments marked to market per share	\$ 2.25	\$ 1.84	\$ 1.53	\$ 1.96	\$ 1.90	\$ 7.58	\$ 7.11
Core alternative investments marked to market through core operating earnings, net of DAC per share	0.84	0.61	(0.48)	(0.08)	0.32	0.86	1.51
Core net operating earnings as reported per share	\$ 3.09	\$ 2.45	\$ 1.05	\$ 1.88	\$ 2.22	\$ 8.44	\$ 8.62

Appendix B
American Financial Group, Inc.
Fixed Maturities by Credit Rating & NAIC Designation by Type
12/31/2020
(\$ in millions)



By Credit Rating (a)	Fair Value by Type									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 234	\$1,727	\$ 179	\$1,271	\$ 649	\$3,306	\$1,936	\$ 153	\$ 9,455	22%
AA	9	3,564	35	123	19	947	1,896	726	7,319	17%
A	—	348	—	269	13	254	1,494	5,956	8,334	19%
BBB	—	46	1	70	75	31	966	11,979	13,168	30%
Subtotal - Investment grade	243	5,685	215	1,733	756	4,538	6,292	18,814	38,276	88%
BB	—	10	—	47	32	—	15	784	888	2%
B	—	—	—	85	—	—	42	137	264	1%
CCC, CC, C	—	—	—	496	2	—	4	40	542	1%
D	—	—	—	166	—	—	—	—	166	1%
Subtotal - Non-Investment grade	—	10	—	794	34	—	61	961	1,860	5%
Not Rated (b)	—	53	17	529	—	15	870	1,653	3,137	7%
Total	\$ 243	\$5,748	\$ 232	\$3,056	\$ 790	\$4,553	\$7,223	\$21,428	\$43,273	100%

NAIC designation	Fair Value by type									
	US Gov	Munis	Frgn gov	RMBS	CMBS	CLOs	ABS	Corp/Oth	Total	% Total
1	\$ 228	\$5,691	\$ 211	\$2,939	\$ 749	\$4,506	\$6,188	\$ 8,227	\$28,739	66%
2	—	47	—	28	9	31	969	12,086	13,170	31%
Subtotal	228	5,738	211	2,967	758	4,537	7,157	20,313	41,909	97%
3	—	9	—	28	32	—	15	806	890	2%
4	—	—	—	11	—	—	40	212	263	1%
5	—	—	—	38	—	15	6	90	149	0%
6	15	—	—	4	—	—	—	4	23	0%
Subtotal	15	9	—	81	32	15	61	1,112	1,325	3%
No designation (c)	—	1	21	8	—	1	5	3	39	0%
Total	\$ 243	\$5,748	\$ 232	\$3,056	\$ 790	\$4,553	\$7,223	\$21,428	\$43,273	100%

- (a) 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.
- (b) For ABS, 99% are NAIC 1.
For Corp/Oth, 88% are NAIC 1, 4% NAIC 2, 3% NAIC 3, 3% NAIC 4, 2% NAIC 5.
For Total, 91% are NAIC 1, 2% NAIC 2, 2% NAIC 3, 2% NAIC 4, 3% NAIC 5.
- (c) Primarily relates to securities held by non-insurance companies.

Appendix C
American Financial Group, Inc.
Fixed Maturities by Credit Rating & NAIC Designation by Type
12/31/2019
(\$ in millions)



By Credit Rating (a)	Fair Value by Type									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 204	\$2,086	\$ 134	\$1,184	\$ 773	\$2,921	\$1,529	\$ 179	\$ 9,010	19%
AA	9	4,325	52	131	20	1,074	1,779	1,567	8,957	19%
A	—	418	8	250	16	241	1,983	8,067	10,983	24%
BBB	—	95	3	115	78	27	742	12,405	13,465	29%
Subtotal - Investment grade	213	6,924	197	1,680	887	4,263	6,033	22,218	42,415	91%
BB	—	9	—	74	32	—	13	596	724	2%
B	—	—	1	97	5	—	4	76	183	0%
CCC, CC, C	—	—	—	544	3	—	4	42	593	1%
D	—	—	—	185	—	—	—	1	186	0%
Subtotal - Non-Investment grade	—	9	1	900	40	—	21	715	1,686	3%
Not Rated (b)	—	54	13	581	—	17	1,074	778	2,517	6%
Total	\$ 213	\$6,987	\$ 211	\$3,161	\$ 927	\$4,280	\$7,128	\$23,711	\$46,618	100%

NAIC designation	Fair Value by type									
	US Gov	Munis	Frgn gov	RMBS	CMBS	CLOs	ABS	Corp/Oth	Total	% Total
1	\$ 191	\$6,875	\$ 172	\$3,030	\$ 883	\$4,232	\$6,308	\$10,310	\$32,001	69%
2	—	95	—	29	9	26	770	12,518	13,447	29%
Subtotal	191	6,970	172	3,059	892	4,258	7,078	22,828	45,448	98%
3	—	9	—	29	32	—	13	601	684	2%
4	—	—	—	16	—	—	4	146	166	0%
5	—	—	—	21	3	18	4	92	138	0%
6	15	—	—	5	—	—	15	5	40	0%
Subtotal	15	9	—	71	35	18	36	844	1,028	2%
No designation (c)	7	8	39	31	—	4	14	39	142	0%
Total	\$ 213	\$6,987	\$ 211	\$3,161	\$ 927	\$4,280	\$7,128	\$23,711	\$46,618	100%

- (a) 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.
- (b) 87% are NAIC 1, 4% NAIC 2, 2% NAIC 3, 3% NAIC 4, 3% NAIC 5 and 1% NAIC 6.
- (c) Primarily relates to securities held by non-insurance companies.

Appendix D
American Financial Group, Inc.
Corporate Securities by Credit Rating & NAIC Designation by Industry
12/31/2020
(\$ in millions)



Fair Value By Industry

Credit Rating (a)	Fair Value By Industry																	Total	%		
	Banking	Other Financials	Insurance	Asset Managers	Technology	Energy	Healthcare	Consumer	REITs	Capital Goods	Utilities	Basic Industry	Media	Autos	Communications	Retailers	Aviation			Restaurants, Hospitality & Leisure	Other
AAA	\$ —	\$ —	\$ —	\$ —	\$ 20	\$ —	\$ 21	\$ 32	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 79	\$ —	\$ —	\$ —	\$ 1	\$ 153	
AA	91	60	112	42	84	112	69	93	—	1	—	—	—	—	—	23	—	18	21	726	
A	1,729	238	839	608	401	190	264	153	243	250	309	21	138	102	149	71	67	16	168	5,956	
BBB	3,276	735	968	786	810	907	685	498	406	308	266	491	346	397	288	232	144	126	310	11,979	
Subtotal	5,096	1,033	1,919	1,436	1,315	1,209	1,039	776	649	559	575	512	484	499	516	326	211	160	500	18,814	
BB	42	31	25	10	69	156	62	82	38	33	14	31	22	48	3	57	20	40	1	784	
B	—	—	1	—	5	20	14	11	60	—	—	9	—	—	—	2	10	5	—	137	
CCC, CC, C	—	2	—	—	9	—	2	7	—	—	—	4	—	—	—	5	—	11	—	40	
D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Subtotal	42	33	26	10	83	176	78	100	98	33	14	44	22	48	3	64	30	56	1	961	
Not Rated (b)	15	1,330	13	—	25	—	28	72	46	4	1	7	42	—	—	24	—	8	38	1,653	
Total	\$ 5,153	\$ 2,396	\$ 1,958	\$ 1,446	\$ 1,423	\$ 1,385	\$ 1,145	\$ 948	\$ 793	\$ 596	\$ 590	\$ 563	\$ 548	\$ 547	\$ 519	\$ 414	\$ 241	\$ 224	\$ 539	\$21,428	1

Fair Value By Industry

NAIC designation	Fair Value By Industry																	Total	%		
	Banking	Other Financials	Insurance	Asset Managers	Technology	Energy	Healthcare	Consumer	REITs	Capital Goods	Utilities	Basic Industry	Media	Autos	Communications	Retailers	Aviation			Restaurants, Hospitality & Leisure	Other
1	\$ 1,827	\$ 1,593	\$ 958	\$ 650	\$ 521	\$ 278	\$ 373	\$ 310	\$ 242	\$ 250	\$ 339	\$ 21	\$ 138	\$ 97	\$ 228	\$ 117	\$ 67	\$ 18	\$ 200	\$ 8,227	
2	3,279	759	973	786	811	931	694	496	406	313	236	497	379	402	288	232	144	125	335	12,086	
Subtotal	5,106	2,352	1,931	1,436	1,332	1,209	1,067	806	648	563	575	518	517	499	516	349	211	143	535	20,313	
3	47	29	17	10	61	155	58	90	61	32	14	31	22	48	3	58	20	49	1	806	
4	—	12	9	—	6	20	18	21	84	—	—	9	—	—	—	2	10	21	—	212	
5	—	2	1	—	22	1	2	31	—	1	—	5	9	—	—	5	—	11	—	90	
6	—	1	—	—	2	—	—	—	—	—	1	—	—	—	—	—	—	—	—	4	
Subtotal	47	44	27	10	91	176	78	142	145	33	15	45	31	48	3	65	30	81	1	1,112	
No designation (c)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3	3	
Total	\$ 5,153	\$ 2,396	\$ 1,958	\$ 1,446	\$ 1,423	\$ 1,385	\$ 1,145	\$ 948	\$ 793	\$ 596	\$ 590	\$ 563	\$ 548	\$ 547	\$ 519	\$ 414	\$ 241	\$ 224	\$ 539	\$21,428	1

- (a) 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.
(b) For Other Financials, 98% are NAIC 1 and 99% are NAIC 1 or 2.
For the Total, 88% are NAIC 1, 4% NAIC 2, 3% NAIC 3, 3% NAIC 4, 2% NAIC 5.
(c) Primarily relates to securities held by non-insurance companies.

Appendix E
American Financial Group, Inc.
Corporate Securities by Credit Rating & NAIC Designation by Industry
12/31/2019
(\$ in millions)



Fair Value By Industry

Credit Rating (a)	Fair Value By Industry																	Total		
	Banking	Other Financials	Insurance	Asset Managers	Technology	Energy	Healthcare	Consumer	REITs	Capital Goods	Utilities	Basic Industry	Media	Autos	Communications	Retailers	Aviation		Restaurants, Hospitality & Leisure	Other
Investment Grade																				
AAA	\$ —	\$ —	\$ —	\$ —	\$ 48	\$ —	\$ 20	\$ 29	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 78	\$ —	\$ —	\$ —	\$ 4	\$ 179
AA	219	72	308	205	146	204	98	114	—	1	—	—	—	35	—	22	46	20	77	1,567
A	2,482	326	921	775	471	260	425	258	352	333	450	44	112	278	176	89	166	18	131	8,067
BBB	2,691	656	1,034	576	862	1,199	753	673	845	424	291	556	454	334	264	209	133	206	245	12,405
Subtotal	5,392	1,054	2,263	1,556	1,527	1,663	1,296	1,074	1,197	758	741	600	566	647	518	320	345	244	457	22,218
BB	3	29	15	17	75	102	50	89	75	11	19	46	3	4	4	—	10	44	—	596
B	—	—	1	—	4	—	18	22	—	—	—	16	5	—	—	—	—	10	—	76
CCC, CC, C	—	1	—	—	9	1	—	2	—	—	—	—	—	—	—	12	—	17	—	42
D	—	—	—	—	—	1	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Subtotal	3	30	16	17	88	104	68	113	75	11	19	62	8	4	4	12	10	71	—	715
Not Rated (b)	33	486	14	7	1	2	34	97	20	5	—	8	50	—	2	13	—	4	2	778
Total	\$ 5,428	\$ 1,570	\$ 2,293	\$ 1,580	\$ 1,616	\$ 1,769	\$ 1,398	\$ 1,284	\$ 1,292	\$ 774	\$ 760	\$ 670	\$ 624	\$ 651	\$ 524	\$ 345	\$ 355	\$ 319	\$ 459	\$ 23,711

Fair Value By Industry

NAIC designation	Fair Value By Industry																	Total		
	Banking	Other Financials	Insurance	Asset Managers	Technology	Energy	Healthcare	Consumer	REITs	Capital Goods	Utilities	Basic Industry	Media	Autos	Communications	Retailers	Aviation		Restaurants, Hospitality & Leisure	Other
1	\$ 2,712	\$ 842	\$ 1,235	\$ 950	\$ 663	\$ 440	\$ 562	\$ 448	\$ 349	\$ 330	\$ 449	\$ 64	\$ 112	\$ 348	\$ 253	\$ 124	\$ 213	\$ 22	\$ 194	\$ 10,310
2	2,712	675	1,031	606	862	1,222	767	688	859	428	291	552	454	298	263	209	129	224	248	12,518
Subtotal	5,424	1,517	2,266	1,556	1,525	1,662	1,329	1,136	1,208	758	740	616	566	646	516	333	342	246	442	22,828
3	3	28	15	17	66	103	50	98	84	10	19	38	3	4	4	—	13	46	—	601
4	—	13	11	—	6	—	16	27	—	—	—	16	47	—	—	—	—	10	—	146
5	—	11	—	7	16	1	2	17	—	1	—	7	—	—	2	11	—	17	—	92
6	—	—	—	—	1	3	—	—	—	—	—	—	—	—	—	1	—	—	—	5
Subtotal	3	52	26	24	89	107	68	142	84	11	19	54	57	4	6	12	13	73	—	844
No designation (c)	1	1	1	—	2	—	1	6	—	5	1	—	1	1	2	—	—	—	17	39
Total	\$ 5,428	\$ 1,570	\$ 2,293	\$ 1,580	\$ 1,616	\$ 1,769	\$ 1,398	\$ 1,284	\$ 1,292	\$ 774	\$ 760	\$ 670	\$ 624	\$ 651	\$ 524	\$ 345	\$ 355	\$ 319	\$ 459	\$ 23,711

- (a) 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.
- (b) 74% are NAIC 1, 9% NAIC 2, 3% NAIC 3, 8% NAIC 4, 6% NAIC 5.
- (c) Primarily relates to securities held by non-insurance companies.

Appendix F
American Financial Group, Inc.
Asset-Backed Securities by Credit Rating & NAIC Designation by Collateral Type
12/31/2020
(\$ in millions)



Credit Rating (a)	Fair Value By Collateral Type											Total	% Total	
	Secured Financing (c)	TruPS	Whole Business	Railcar	Commercial Real Estate	Single Family Rental	Aircraft	Mortgage Servicer Receivables	Consumer Loans	Life Ins/ Structured Settlements	Other			
Investment Grade														
AAA	\$ —	\$ —	\$ —	\$ —	\$ 835	\$ 427	\$ —	\$ 88	\$ 56	\$ 156	\$ 374	\$1,936	27%	
AA	317	1,126	147	—	19	98	—	—	90	—	99	1,896	26%	
A	78	363	22	559	3	11	154	—	48	2	254	1,494	21%	
BBB	—	45	559	12	—	—	170	102	—	2	76	966	13%	
Subtotal	395	1,534	728	571	857	536	324	190	194	160	803	6,292	87%	
BB	—	1	—	—	—	—	9	—	—	5	—	15	0%	
B	10	—	—	—	—	—	30	—	—	—	2	42	1%	
CCC, CC, C	—	—	—	—	—	—	—	—	—	3	1	4	0%	
D	—	—	—	—	—	—	—	—	—	—	—	—	0%	
Subtotal	10	1	—	—	—	—	39	—	—	8	3	61	1%	
Not Rated (b)	783	—	—	—	—	—	7	—	—	—	80	870	12%	
Total	\$ 1,188	\$1,535	\$ 728	\$ 571	\$ 857	\$ 536	\$ 370	\$ 190	\$ 194	\$ 168	\$886	\$7,223	100%	

NAIC designation	Fair Value By Collateral Type											Total	% Total
	Secured Financing (c)	TruPS	Whole Business	Railcar	Commercial Real Estate	Single Family Rental	Aircraft	Mortgage Servicer Receivables	Consumer Loans	Life Ins/ Structured Settlements	Other		
1	\$ 1,178	\$1,489	\$ 169	\$ 559	\$ 857	\$ 535	\$ 154	\$ 88	\$ 194	\$ 159	\$806	\$6,188	86%
2	3	45	559	12	—	—	170	102	—	1	77	969	13%
Subtotal	1,181	1,534	728	571	857	535	324	190	194	160	883	7,157	99%
3	—	1	—	—	—	—	9	—	—	5	—	15	0%
4	7	—	—	—	—	—	30	—	—	—	3	40	1%
5	—	—	—	—	—	—	3	—	—	3	—	6	0%
6	—	—	—	—	—	—	—	—	—	—	—	—	0%
Subtotal	7	1	—	—	—	—	42	—	—	8	3	61	1%
No designation (d)	—	—	—	—	—	1	4	—	—	—	—	5	0%
Total	\$ 1,188	\$1,535	\$ 728	\$ 571	\$ 857	\$ 536	\$ 370	\$ 190	\$ 194	\$ 168	\$886	\$7,223	100%

- (a) 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.
- (b) 99% of not rated securities are NAIC 1.
- (c) Secured Financings are privately placed funding agreements secured by assets including Single Family Rental properties, Bank Loans, Bank Trust Preferreds, Commercial and Residential Mortgages.
- (d) Primarily relates to securities held by non-insurance companies.

Appendix G
American Financial Group, Inc.
Asset-Backed Securities by Credit Rating & NAIC Designation by Collateral Type
12/31/2019
(\$ in millions)



Credit Rating (a)	Fair Value By Collateral Type											Total	% Total	
	Secured Financing (c)	TruPS	Whole Business	Railcar	Commercial Real Estate	Single Family Rental	Aircraft	Mortgage Servicer Receivables	Consumer Loans	Life Ins/ Structured Settlements	Other			
Investment Grade														
AAA	\$ —	\$ —	\$ —	\$ —	\$ 460	\$ 367	\$ —	\$ 167	\$ 64	\$ 157	\$ 314	\$1,529	22%	
AA	311	990	92	—	52	106	—	34	110	—	84	1,779	25%	
A	78	326	22	602	—	11	442	—	17	3	482	1,983	28%	
BBB	10	53	599	—	—	—	—	38	—	1	41	742	10%	
Subtotal	399	1,369	713	602	512	484	442	239	191	161	921	6,033	85%	
BB	—	1	—	—	—	—	7	—	—	5	—	13	0%	
B	—	—	—	—	—	—	—	—	—	—	4	4	0%	
CCC, CC, C	—	—	—	—	—	—	—	—	—	3	1	4	0%	
D	—	—	—	—	—	—	—	—	—	—	—	—	0%	
Subtotal	—	1	—	—	—	—	7	—	—	8	5	21	0%	
Not Rated (b)	1,060	—	—	—	—	—	14	—	—	—	—	1,074	15%	
Total	\$ 1,459	\$1,370	\$ 713	\$ 602	\$ 512	\$ 484	\$ 463	\$ 239	\$ 191	\$ 169	\$926	\$7,128	100%	

NAIC designation	Fair Value By Collateral Type											Total	% Total
	Secured Financing (c)	TruPS	Whole Business	Railcar	Commercial Real Estate	Single Family Rental	Aircraft	Mortgage Servicer Receivables	Consumer Loans	Life Ins/ Structured Settlements	Other		
1	\$ 1,421	\$1,314	\$ 114	\$ 601	\$ 511	\$ 482	\$ 442	\$ 201	\$ 189	\$ 159	\$874	\$6,308	89%
2	38	53	599	—	—	—	—	38	—	2	40	770	11%
Subtotal	1,459	1,367	713	601	511	482	442	239	189	161	914	7,078	100%
3	—	1	—	—	—	—	7	—	—	5	—	13	0%
4	—	—	—	—	—	—	—	—	—	—	4	4	0%
5	—	—	—	—	—	—	—	—	—	3	1	4	0%
6	—	—	—	—	—	—	14	—	—	—	1	15	0%
Subtotal	—	1	—	—	—	—	21	—	—	8	6	36	0%
No designation (d)	—	2	—	1	1	2	—	—	2	—	6	14	0%
Total	\$ 1,459	\$1,370	\$ 713	\$ 602	\$ 512	\$ 484	\$ 463	\$ 239	\$ 191	\$ 169	\$926	\$7,128	100%

- (a) 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.
- (b) 99% of not rated securities are NAIC 1 or 2.
- (c) Secured Financings are privately placed funding agreements secured by assets including Single Family Rental properties, Bank Loans, Bank Trust Preferreds, Commercial and Residential Mortgages.
- (d) Primarily relates to securities held by non-insurance companies.

Investments accounted for using equity method (Real Estate Funds/Investments) (a)

<u>Investment Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Occupancy (b)</u>	<u>Collection Rate (c)</u>
Multi-family	\$ 793	81%	96%	98%
Fund Investments	106	11%	—	—
Student Housing	28	3%	77%	94%
Land - Development	17	2%	—	—
QOZ Fund - Development	16	1%	—	—
Office	15	1%	88%	100%
Hospitality	8	1%	—	—
Total	\$ 983	100%		

Real Estate

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Debt</u>
Marinas	\$ 63	39%	\$—
Resort & Marina	56	34%	—
Hotel	23	14%	—
Office Building	17	10%	—
Land	4	3%	—
Total	\$ 163	100%	\$—

Mortgage Loans

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Loan To Value (d)</u>
Multifamily	716	44%	64%
Hospitality	622	39%	56%
Office	249	15%	65%
Retail	22	1%	57%
Other	14	1%	58%
Total	\$ 1,623	100%	61%

Currently, no loans are receiving interest deferral through forbearance agreements.

- (a) Total investments accounted for using the equity method is \$1.88 billion, the amounts presented in this table only relate to real estate funds/investments.
- (b) Occupancy as of 12/31/20
- (c) Collections for October - December
- (d) Based on most recent property appraisals, the vast majority of which are prior to March 2020.

Investments accounted for using equity method (Real Estate Funds/Investments). (a)

<u>Investment Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Occupancy (b)</u>	<u>Collection Rate (c)</u>
Multi-family	\$ 589	77%	96%	99%
Fund Investments	100	13%		
Student Housing	30	4%	94%	98%
Land - Development	20	2%		
QOZ Fund - Development	16	2%		
Office	14	2%	90%	100%
Total	\$ 769	100%		

Real Estate

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Debt</u>
Marinas	\$ 63	37%	\$—
Resort & Marina	59	35%	—
Hotel	22	13%	—
Office Building	20	12%	—
Land	5	3%	—
Total	\$ 169	100%	\$—

Mortgage Loans

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Loan To Value</u>
Hospitality	575	43%	56%
Multifamily	392	30%	62%
Office	253	19%	65%
Retail	61	4%	59%
Other	48	4%	50%
Total	\$ 1,329	100%	59%

- (a) Total investments accounted for using the equity method is \$1.69 billion, the amounts presented in this table only relate to real estate funds/investments.
(b) Occupancy as of 12/31/19
(c) Collections for October - December