
**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): October 31, 2017

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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 third quarter of 2017 and the availability of the Investor Supplement on the Company’s website. The press release was issued on October 31, 2017. 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 October 31, 2017, reporting American Financial Group Inc. results for the quarter ended September 30, 2017.
99.2	Investor Supplement – Third Quarter 2017

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: November 1, 2017

AMERICAN FINANCIAL GROUP, INC.

By: /s/ Karl J. Grafe

Karl J. Grafe
Vice President

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces Third Quarter Results

- *Net earnings \$0.13 per share; includes \$0.82 per share of after-tax A&E reserve strengthening*
- *Core net operating earnings \$1.06 per share, includes \$0.95 per share of after-tax catastrophe losses*
- *Specialty P&C combined ratio of 99.3% includes 8.4 points of catastrophe losses*
- *Full year 2017 core net operating earnings guidance revised to \$5.90 – \$6.20 per share*

CINCINNATI – October 31, 2017 – American Financial Group, Inc. (NYSE: AFG) today reported 2017 third quarter net earnings attributable to shareholders of \$11 million (\$0.13 per share) compared to \$109 million (\$1.23 per share) for the 2016 third quarter. Net earnings for the quarter include after-tax charges of \$74 million (\$0.82 per share) to strengthen the Company’s asbestos and environmental (“A&E”) reserves, expenses of \$2 million (\$0.03 per share) related to the redemption of AFG’s 5.75% Senior Notes and \$8 million (\$0.08 per share) in after-tax realized losses on securities. Comparatively, net earnings in the 2016 third quarter included net after-tax charges of \$25 million (\$0.28 per share). Details may be found in the table below. Book value per share was \$61.06 per share at September 30, 2017. Annualized return on equity was 1.0% and 9.9% for the third quarters of 2017 and 2016, respectively.

Core net operating earnings were \$95 million (\$1.06 per share) for the 2017 third quarter, compared to \$134 million (\$1.51 per share) in the 2016 third quarter. The decrease was primarily the result of lower operating earnings in our Specialty Property and Casualty (“P&C”) insurance operations, principally from previously announced catastrophe losses in the quarter. Book value per share, excluding unrealized gains related to fixed maturities, was \$55.08 at September 30, 2017. Core net operating earnings for the third quarters of 2017 and 2016 generated annualized core returns on equity of 8.1% and 12.2%, respectively.

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, rating 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 and other 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.

In millions, except per share amounts	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Components of net earnings attributable to shareholders:				
Core operating earnings before income taxes(a)	\$ 158	\$ 217	\$ 582	\$ 574
Pretax non-core items:				
Realized gains (losses) on securities	(12)	2	(1)	(32)
Gain on sale of subsidiaries	—	—	—	2
Gain on sale of apartment property	—	—	—	32
Special A&E charges(b)	(113)	(41)	(113)	(41)
Neon exited lines charge	—	—	—	(65)
Loss on retirement of debt	(4)	—	(11)	—
Earnings before income taxes	29	178	457	470
Provision (credit) for income taxes:				
Core operating earnings	63	79	189	202
Non-core items	(45)	(14)	(43)	(12)
Total provision (credit) for income taxes	18	65	146	190
Net earnings, including noncontrolling interests	11	113	311	280
Less net earnings attributable to noncontrolling interests:				
Core operating earnings	—	4	2	14
Non-core items	—	—	—	2
Total net earnings attributable to noncontrolling interests	—	4	2	16
Net earnings attributable to shareholders	\$ 11	\$ 109	\$ 309	\$ 264
Net earnings:				
Core net operating earnings(a)	\$ 95	\$ 134	\$ 391	\$ 358
Non-core items	(84)	(25)	(82)	(94)
Net earnings attributable to shareholders	\$ 11	\$ 109	\$ 309	\$ 264
Components of Earnings Per Share:				
Core net operating earnings	\$ 1.06	\$ 1.51	\$ 4.35	\$ 4.04
Non-core Items:				
Realized gains (losses) on securities	(0.08)	0.02	(0.01)	(0.21)
Gain on sale of subsidiaries	—	—	—	0.01
Gain on sale of apartment property	—	—	—	0.17
Special A&E charges(b)	(0.82)	(0.30)	(0.82)	(0.30)
Neon exited lines charge	—	—	—	(0.73)
Loss on retirement of debt	(0.03)	—	(0.08)	—
Diluted Earnings Per Share	\$ 0.13	\$ 1.23	\$ 3.44	\$ 2.98

Footnotes (a) and (b) are 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 pleased to report substantial core net operating earnings during the quarter, notwithstanding challenges faced by the industry as a whole, including an unprecedented level of natural disasters and a continued low interest rate environment. Our thoughts and prayers remain with those who have been impacted by the catastrophic events these past few months. We are grateful to our claims professionals and insurance specialists who are helping our policyholders recover, restore their businesses and rebuild their communities.

"It is times like these that demonstrate the solid fundamentals underlying our business and the value within our diversified specialty insurance franchise. For the nine months ended September 30, 2017, AFG's growth in adjusted book value per share plus dividends was 8.3%. Additionally, excess capital was approximately \$1.1 billion (including parent company cash of approximately \$435 million) at September 30, 2017. 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, share repurchases, particularly when executed at attractive valuations, and returning capital to shareholders through dividends are an important and effective component of our capital management strategy. We will evaluate our excess capital position again in the fourth quarter of 2017. The special cash dividend paid in May 2017 does not preclude our consideration of additional special dividends and opportunistic share repurchases.

“Based on results for the first nine months of 2017, we now expect AFG’s core net operating earnings in 2017 to be in the range of \$5.90 to \$6.20 per share, revised downward from the range of \$6.40 to \$6.90 announced previously. This revised range gives effect to our results of operations through the first nine months of 2017, as well as our expectations for fourth quarter catastrophe losses, including the California wildfires. Our core earnings per share guidance assumes no change in the corporate tax rate of 35%, and excludes non-core items such as realized gains and losses, as well as other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations.”

Specialty Property and Casualty Insurance Operations

Operating earnings in AFG’s P&C insurance operations were \$95 million in the third quarter of 2017, compared to \$153 million in the prior year period, a decrease of \$58 million, or 38%. Lower P&C underwriting profit was partially offset by lower other expenses (primarily due to the impact of the noncontrolling interest in National Interstate in the third quarter of 2016).

The Specialty P&C insurance operations generated an underwriting profit of \$9 million in the 2017 third quarter, compared to \$78 million in the third quarter of 2016, with each of our Specialty P&C Groups reporting lower year-over-year underwriting profit, due primarily to significantly higher catastrophe losses. The third quarter 2017 combined ratio of 99.3% was 6.1 points higher than the 93.2% reported in the comparable prior year period. Results in the third quarter of 2017 include 8.4 points in catastrophe losses, compared to 1.2 points in the 2016 third quarter. Third quarter 2017 results include 2.9 points of favorable prior year reserve development, compared to 1.1 points in the comparable prior year period.

Gross and net written premiums were up 11% and 13%, respectively, for the third quarter of 2017, when compared to the same period in 2016. Pricing across our entire P&C Group was up 1% for the quarter.

The **Property and Transportation Group** reported an underwriting profit of \$6 million in the third quarter of 2017, compared to \$44 million in the third quarter of 2016. Lower underwriting profits in our crop, property & inland marine and ocean marine businesses were the primary drivers of these lower results. The comparable 2016 quarter included very strong profitability in our crop business. Catastrophe losses for this group were \$25 million in the third quarter of 2017, compared to \$7 million in the comparable prior year period.

Gross and net written premiums for the third quarter of 2017 were 8% and 7% higher, respectively, than the comparable 2016 period. The increase was largely the result of higher year-over-year premiums in our agricultural and transportation businesses. This growth was partially offset by lower premiums resulting from an exit from the customs bond business, which was part of our ocean marine operations. Overall renewal rates in this group increased 2% on average for the third quarter of 2017.

The **Specialty Casualty Group** reported a 2017 third quarter underwriting profit of \$2 million, compared to \$13 million in the third quarter of 2016. Higher underwriting profitability in our excess and surplus lines, targeted markets, workers’ compensation and professional liability businesses was more than offset by lower underwriting profitability within Neon, primarily the result of third quarter catastrophe losses. Catastrophe losses for this group were \$56 million and \$2 million, respectively, in the third quarters of 2017 and 2016, respectively.

Gross and net written premiums increased 18% and 24%, respectively, for the third quarter of 2017 when compared to the same prior year period. New accounts written in our targeted markets businesses were the primary driver of the increase. Additionally, higher premiums in our workers’ compensation businesses, primarily the result of rate increases in Florida, coupled with growth in our executive liability, excess and surplus businesses and Neon, contributed to the year-over-year growth. In addition, net written premiums were higher as the result of timing of reinsurance placements within Neon. Renewal pricing for this group increased by 1% in the third quarter.

The **Specialty Financial Group** reported an underwriting loss of \$3 million in the third quarter of 2017, compared to an underwriting profit of \$19 million in the third quarter of 2016. The decrease was due primarily to catastrophe losses in the lender-placed mortgage property book. Most of the other businesses in this group continued to achieve strong underwriting margins. Catastrophe losses for this group were \$31 million and \$5 million in the third quarters of 2017 and 2016, respectively.

Gross written premiums decreased by 3% and net written premiums increased 1% in the 2017 third quarter when compared to the same 2016 period. Lower premiums in our financial institution business, which were largely ceded, were partially offset by higher premiums in our surety business. Renewal pricing in this group decreased by 1% for the quarter.

Carl Lindner III stated, “Catastrophe losses played a large role in reducing underwriting profits across each of our Specialty P&C groups in the third quarter. I’m very pleased, however, with the strong growth across our portfolio of businesses and otherwise strong underwriting profitability reported during the quarter. We have updated our 2017 P&C net written premium and combined ratio guidance based on results through the first nine months of the year, and with consideration to fourth quarter catastrophe estimates related to the California wildfires. We now estimate growth in net written premium to be between 6% and 9% and expect an overall 2017 calendar year combined ratio in the range of 94% to 95%.”

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.

Third Quarter Catastrophe Losses

AFG announced an initial \$105 million pretax loss estimate for third quarter 2017 catastrophe events on October 3, 2017. The impact of these catastrophe events on AFG’s third quarter 2017 results of operations by sub-segment of the Specialty Property and Casualty Insurance Group, which has not changed since the preannounced information, is as follows:

Dollars in millions	Property & Transportation	Specialty Casualty	Specialty Financial	Specialty Other	Specialty P&C Insurance Group
Catastrophe reinstatement premium	\$ 2	\$ 2	\$ 2	\$ —	\$ 6
Catastrophe loss	23	54	29	1	107
Total current accident year catastrophe loss	<u>\$ 25</u>	<u>\$ 56</u>	<u>\$ 31</u>	<u>\$ 1</u>	<u>\$ 113</u>
Underwriting expense (commission expense reduction)					(8)
Pretax loss					<u>\$ 105</u>
After-tax loss					<u>\$ 87</u>
Loss per AFG share					<u>\$ 0.95</u>

Annuity Segment

As shown in the following table, AFG’s Annuity Segment contributed \$102 million in pretax operating earnings in the third quarter of 2017 compared to \$107 million in the third quarter of 2016. Earnings before the impact of fair value accounting on fixed-indexed annuities (FIAs) were \$106 million in both the third quarters of 2017 and 2016, as shown in the table that follows:

Components of Annuity Operating Earnings Before Income Taxes

Dollars in millions	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change
	2017	2016		2017	2016	
Annuity earnings before fair value accounting for FIAs	\$ 106	\$ 106	—	\$ 305	\$ 292	4%
Impact of fair value accounting for FIAs	(4)	1	nm	(22)	(56)	nm
Pretax annuity operating earnings	\$ 102	\$ 107	(5%)	\$ 283	\$ 236	20%

Annuity Earnings Before Fair Value Accounting for FIAs – AFG’s quarterly average annuity investments and reserves grew approximately 11% and 12%, respectively, year-over-year; however, the benefit of this growth was offset by the runoff of higher yielding investments. Both quarterly periods included the positive impact from a strong stock market and the higher than expected income from certain investments required to be marked to market through earnings.

Impact of Fair Value Accounting for FIAs – Under Generally Accepted Accounting Principles (GAAP), a portion (\$2.3 billion at September 30, 2017) of the reserves for FIAs is considered an embedded derivative and is recorded at fair value using assumptions for items such as projected interest rates, option costs and surrenders. In addition to the interest expense related to the embedded derivative reserve, the amounts shown in the table above under “Impact of fair value accounting for FIAs” include the impact of variances from those assumptions, as well as changes in the stock market. Many of these adjustments are not economic in nature, but rather impact the timing of reported results.

In the third quarter of 2017, the benefit of a higher stock market was more than offset by lower interest rates, resulting in a \$4 million unfavorable impact to annuity operating earnings. In the third quarter of 2016, the impact from changes in the stock market and interest rates was a positive \$1 million.

Annuity Premiums – AFG’s Annuity Segment reported statutory premiums of \$876 million in the third quarter of 2017, compared to \$941 million in the third quarter of 2016. This decrease resulted from AFG’s adherence to pricing discipline in a relatively low and decreasing interest rate environment during the year, as well as from aggressive pricing by certain of its competitors.

Craig Lindner stated, “I am pleased with our annuity operating earnings in the quarter. We continue to focus on achieving appropriate returns on new business, effectively managing the interest spread on our inforce business and prudently managing our expenses. Disciplined product pricing and development of products that are consumer-friendly are important to our strategy, which includes growing our business only when we can achieve desired long-term returns. We believe we continue to be well-positioned in a changing regulatory environment.

“For earnings before the impact of fair value accounting for FIAs, AFG is increasing its 2017 full year expectations to a range of \$395 to \$410 million, up from our previous guidance of \$385 to \$405 million. This guidance assumes modest increases in the stock market and interest rates in the fourth quarter, as well as a more normalized expectation of earnings from certain investments required to be marked to market through earnings.

“Including the impact of fair value accounting for FIAs, we continue to believe that full year 2017 pretax annuity operating earnings will be in the range of \$370 to \$390 million.

“Finally, based on premiums through the first nine months of the year and our recent levels of sales, we expect that premiums for the full year of 2017 will be slightly lower than the \$4.4 billion reported in 2016.”

Fluctuations in the returns on investments that are required to be marked to market through earnings, or large changes in interest rates and/or the stock market, as compared to the Company's expectations, could lead to significant positive or negative impacts on the Annuity Segment's results. These earnings expectations do not reflect any potential earnings impact from our annual fourth quarter review ("unlocking") of the major actuarial assumptions in our fixed annuity business.

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

Department of Labor (DOL) Rule – The DOL Fiduciary Rule became effective on June 9, 2017, although the DOL delayed certain requirements until January 1, 2018. As a result, insurance-only agents are able to continue selling fixed-indexed annuities through the end of 2017, provided the agent acts in the customer's best interest, makes no misleading statements and receives only reasonable compensation. The DOL recently released a proposal to delay full implementation of the rule until July 1, 2019. There is uncertainty as to whether the rule will take effect in its current form at that date. AFG's management continues to believe that full implementation is likely to cause some short-term disruption in annuity premiums. Nonetheless, management does not believe the new rule will have a material impact on AFG's results of operations.

A&E Reserves

During the third quarter of 2017, AFG completed a comprehensive external study of its asbestos and environmental exposures relating to the run-off operations of its P&C Group and its exposures related to former railroad and manufacturing operations and sites. The comprehensive external study resulted in non-core after-tax special charges of \$74 million (\$113 million pretax) to increase AFG's A&E reserves.

The P&C Group's asbestos reserves were increased by \$53 million (net of reinsurance) and its environmental reserves were increased by \$36 million (net of reinsurance). At September 30, 2017, the P&C Group's insurance reserves include A&E reserves of \$408 million, net of reinsurance recoverables. At September 30, 2017, the property and casualty insurance segment's three-year survival ratios were 17.5 times paid losses for asbestos reserves, 11.8 times paid losses for environmental reserves and 14.6 times paid losses for total A&E reserves. These ratios compare favorably with industry data compiled by S&P Global Market Intelligence as of December 31, 2016, which indicate that industry survival ratios were 6.2 for asbestos, 7.1 for environmental, and 6.4 for total A&E reserves.

Over the past few years, the focus of AFG's asbestos claims litigation has shifted to smaller companies and companies with ancillary exposures. AFG's insureds with these exposures have been the driver of our P&C asbestos reserve increases in recent years. AFG is seeing modestly increasing estimates for indemnity and defense compared to prior studies. Overall, the rate of new asbestos cases received is down modestly. AFG's comprehensive external study incorporates, among other factors, the increase in projected industry ultimate losses attributable to asbestos exposures, as well as revised estimates for future claims emergence, which has resulted in an increase in our provision for future asbestos claims.

The increase in P&C environmental reserves was primarily associated with updated estimates of site investigation costs with respect to existing sites and newly identified sites. AFG is seeing increased legal defense costs in environmental claims generally, as well as a number of claims and sites where the estimated investigation and remediation costs have increased. Certain individual claims are taking a longer time to settle than originally estimated, causing us to increase our reserves to reflect related increased costs. As in past years, there were no new or emerging broad industry trends that were identified in this study.

In addition, the study encompassed reserves for asbestos and environmental exposures of our former railroad and manufacturing operations. As a result of the study, AFG increased its reserve for these asbestos and

environmental exposures by \$24 million, due primarily to relatively small movements across several sites that primarily reflect changes in the scope and costs of investigation. In addition, we have seen a small increase in claims arising from exposure to deleterious substances other than asbestos, which has caused us to increase our estimated future liability.

Investments

AFG recorded third quarter 2017 net realized losses on securities of \$8 million after tax and after deferred acquisition costs (DAC), compared to net realized gains on securities of \$1 million in the comparable prior year period. Unrealized gains on fixed maturities were \$533 million, after tax, after DAC at September 30, 2017, an increase of \$227 million since year-end. Our portfolio continues to be high quality, with 90% of our fixed maturity portfolio rated investment grade and 98% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the nine months ended September 30, 2017, P&C net investment income was approximately 4% higher than the comparable 2016 period.

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

Loss on Retirement of Debt

On August 25, 2017, AFG redeemed all \$125 million principal amount of its outstanding 5.75% Senior Notes due August 2042, at 100% of principal plus accrued and unpaid interest. The redemption resulted in after-tax expenses of \$2 million (\$0.03 per share) related to unamortized debt issue costs.

The redemption of 5.75% Senior Notes was financed, in part, by the \$345 million of net proceeds from the June 2017 offering of \$350 million of 4.50% Senior Notes due June 15, 2047. It is expected that the redemption of the 5.75% Senior Notes (along with the redemption of AFG's \$230 million of 6.375% Senior Notes in June) and the issuance of the 4.50% Senior Notes in June 2017 will result in annual pretax interest savings to AFG of \$6 million (\$0.04 per share after-tax), beginning in 2018.

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets of approximately \$60 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections. Examples of such forward-looking statements include statements relating to: the Company's expectations concerning market and other conditions and their effect on future

premiums, revenues, earnings, 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: 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; 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; regulatory actions (including changes in statutory accounting rules); changes in the legal environment affecting AFG or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; trends in persistency and mortality; competitive pressures, including as a result of the outcome of U.S. business tax reform efforts; 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 (including those associated with the United Kingdom's expected withdrawal from the European Union, or "Brexit") 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 2017 third quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, November 1, 2017. Toll-free telephone access will be available by dialing 1-877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 95945506. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on November 8, 2017. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 95945506.

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

The archived webcast will be available immediately after the call via the same link on the **Investor Relations** page until November 8, 2017 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

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Asst. Vice President – Investor 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.

AFG17-20

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

	Three months ended		Nine months ended	
	September 30,	2016	September 30,	2016
	2017		2017	
Revenues				
P&C insurance net earned premiums	\$1,267	\$1,159	\$3,354	\$3,184
Life, accident & health net earned premiums	6	6	17	18
Net investment income	471	433	1,366	1,267
Realized gains (losses) on:				
Securities	(12)	2	(1)	(32)
Subsidiaries	—	—	—	2
Income of managed investment entities:				
Investment income	54	48	155	141
Gain on change in fair value of assets/liabilities	1	11	12	9
Other income	48	46	154	172
Total revenues	<u>1,835</u>	<u>1,705</u>	<u>5,057</u>	<u>4,761</u>
Costs and expenses				
P&C insurance losses & expenses	1,352	1,121	3,301	3,071
Annuity, life, accident & health benefits & expenses	276	251	812	797
Interest charges on borrowed money	21	19	65	56
Expenses of managed investment entities	45	38	137	109
Other expenses	112	98	285	258
Total costs and expenses	<u>1,806</u>	<u>1,527</u>	<u>4,600</u>	<u>4,291</u>
Earnings before income taxes	29	178	457	470
Provision for income taxes ^(c)	18	65	146	190
Net earnings including noncontrolling interests	11	113	311	280
Less: Net earnings attributable to noncontrolling interests	—	4	2	16
Net earnings attributable to shareholders	<u>\$ 11</u>	<u>\$ 109</u>	<u>\$ 309</u>	<u>\$ 264</u>
Diluted Earnings per Common Share	<u>\$ 0.13</u>	<u>\$ 1.23</u>	<u>\$ 3.44</u>	<u>\$ 2.98</u>
Average number of diluted shares	90.0	88.5	89.7	88.4

	September 30,	December 31,
	2017	2016
Selected Balance Sheet Data:		
Total cash and investments	\$ 45,253	\$ 41,433
Long-term debt	\$ 1,284	\$ 1,283
Shareholders' equity ^(d)	\$ 5,379	\$ 4,916
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities) ^(d)	\$ 4,852	\$ 4,617
Book value per share	\$ 61.06	\$ 56.55
Book value per share (excluding unrealized gains/losses related to fixed maturities)	\$ 55.08	\$ 53.11
Common Shares Outstanding	88.1	86.9

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

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

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change																																																																																				
	2017	2016		2017	2016																																																																																					
Gross written premiums	<u>\$2,104</u>	<u>\$1,899</u>	11%	<u>\$4,931</u>	<u>\$4,540</u>	9%																																																																																				
Net written premiums	<u>\$1,433</u>	<u>\$1,268</u>	13%	<u>\$3,590</u>	<u>\$3,303</u>	9%																																																																																				
Ratios (GAAP):																																																																																										
Loss & LAE ratio	71.4%	62.9%		64.0%	61.0%																																																																																					
Underwriting expense ratio	27.9%	30.3%		31.2%	31.9%																																																																																					
Specialty Combined Ratio	<u>99.3%</u>	<u>93.2%</u>		<u>95.2%</u>	<u>92.9%</u>																																																																																					
Combined Ratio – P&C Segment	<u>106.4%</u>	<u>96.3%</u>		<u>97.9%</u>	<u>96.0%</u>																																																																																					
Supplemental Information:(e)																																																																																										
Gross Written Premiums:																																																																																										
Property & Transportation	\$1,073	\$ 991	8%	\$2,062	\$1,927	7%																																																																																				
Specialty Casualty	850	722	18%	2,350	2,108	11%																																																																																				
Specialty Financial	181	186	(3%)	519	505	3%																																																																																				
	<u>\$2,104</u>	<u>\$1,899</u>	11%	<u>\$4,931</u>	<u>\$4,540</u>	9%																																																																																				
Net Written Premiums:																																																																																										
Property & Transportation	\$ 624	\$ 585	7%	\$1,341	\$1,278	5%																																																																																				
Specialty Casualty	624	504	24%	1,725	1,526	13%																																																																																				
Specialty Financial	150	149	1%	440	418	5%																																																																																				
Other	35	30	17%	84	81	4%																																																																																				
	<u>\$1,433</u>	<u>\$1,268</u>	13%	<u>\$3,590</u>	<u>\$3,303</u>	9%																																																																																				
Combined Ratio (GAAP):																																																																																										
Property & Transportation	98.9%	91.1%		94.3%	92.4%																																																																																					
Specialty Casualty	99.5%	97.4%		97.1%	95.7%																																																																																					
Specialty Financial	102.2%	86.4%		90.4%	84.5%																																																																																					
Aggregate Specialty Group	99.3%	93.2%		95.2%	92.9%																																																																																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Three months ended September 30,</th> <th colspan="2" style="text-align: center;">Nine months ended September 30,</th> </tr> <tr> <th style="text-align: center;">2017</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</th> <th style="text-align: center;">2016</th> </tr> </thead> <tbody> <tr> <td colspan="5">Reserve Development (Favorable)/Adverse:</td> </tr> <tr> <td> Property & Transportation</td> <td style="text-align: right;">\$ (8)</td> <td style="text-align: right;">\$ (5)</td> <td style="text-align: right;">\$ (36)</td> <td style="text-align: right;">\$ (34)</td> </tr> <tr> <td> Specialty Casualty</td> <td style="text-align: right;">(23)</td> <td style="text-align: right;">(2)</td> <td style="text-align: right;">(34)</td> <td style="text-align: right;">(16)</td> </tr> <tr> <td> Specialty Financial</td> <td style="text-align: right;">(5)</td> <td style="text-align: right;">(6)</td> <td style="text-align: right;">(22)</td> <td style="text-align: right;">(17)</td> </tr> <tr> <td> Other Specialty</td> <td style="text-align: right;">(2)</td> <td style="text-align: right;">(1)</td> <td style="text-align: right;">2</td> <td style="text-align: right;">(4)</td> </tr> <tr> <td> Specialty Group Excluding A&E and Neon Charge</td> <td style="text-align: right;">(38)</td> <td style="text-align: right;">(14)</td> <td style="text-align: right;">(90)</td> <td style="text-align: right;">(71)</td> </tr> <tr> <td> Special A&E Reserve Charge – P&C Run-off</td> <td style="text-align: right;">89</td> <td style="text-align: right;">36</td> <td style="text-align: right;">89</td> <td style="text-align: right;">36</td> </tr> <tr> <td> Neon Exited Lines Charge and Other</td> <td style="text-align: right;">1</td> <td style="text-align: right;">—</td> <td style="text-align: right;">3</td> <td style="text-align: right;">57</td> </tr> <tr> <td>Total Reserve Development</td> <td style="text-align: right;"><u>\$ 52</u></td> <td style="text-align: right;"><u>\$ 22</u></td> <td style="text-align: right;"><u>\$ 2</u></td> <td style="text-align: right;"><u>\$ 22</u></td> </tr> <tr> <td colspan="5">Points on Combined Ratio:</td> </tr> <tr> <td> Property & Transportation</td> <td style="text-align: right;">(1.5)</td> <td style="text-align: right;">(1.2)</td> <td style="text-align: right;">(3.0)</td> <td style="text-align: right;">(2.8)</td> </tr> <tr> <td> Specialty Casualty</td> <td style="text-align: right;">(4.0)</td> <td style="text-align: right;">(0.3)</td> <td style="text-align: right;">(2.1)</td> <td style="text-align: right;">(1.1)</td> </tr> <tr> <td> Specialty Financial</td> <td style="text-align: right;">(3.1)</td> <td style="text-align: right;">(3.9)</td> <td style="text-align: right;">(5.0)</td> <td style="text-align: right;">(4.0)</td> </tr> <tr> <td> Aggregate Specialty Group</td> <td style="text-align: right;">(2.9)</td> <td style="text-align: right;">(1.1)</td> <td style="text-align: right;">(2.6)</td> <td style="text-align: right;">(2.1)</td> </tr> <tr> <td>Total P&C Segment</td> <td style="text-align: right;">4.2</td> <td style="text-align: right;">2.0</td> <td style="text-align: right;">0.1</td> <td style="text-align: right;">0.7</td> </tr> </tbody> </table>								Three months ended September 30,		Nine months ended September 30,		2017	2016	2017	2016	Reserve Development (Favorable)/Adverse:					Property & Transportation	\$ (8)	\$ (5)	\$ (36)	\$ (34)	Specialty Casualty	(23)	(2)	(34)	(16)	Specialty Financial	(5)	(6)	(22)	(17)	Other Specialty	(2)	(1)	2	(4)	Specialty Group Excluding A&E and Neon Charge	(38)	(14)	(90)	(71)	Special A&E Reserve Charge – P&C Run-off	89	36	89	36	Neon Exited Lines Charge and Other	1	—	3	57	Total Reserve Development	<u>\$ 52</u>	<u>\$ 22</u>	<u>\$ 2</u>	<u>\$ 22</u>	Points on Combined Ratio:					Property & Transportation	(1.5)	(1.2)	(3.0)	(2.8)	Specialty Casualty	(4.0)	(0.3)	(2.1)	(1.1)	Specialty Financial	(3.1)	(3.9)	(5.0)	(4.0)	Aggregate Specialty Group	(2.9)	(1.1)	(2.6)	(2.1)	Total P&C Segment	4.2	2.0	0.1	0.7
	Three months ended September 30,		Nine months ended September 30,																																																																																							
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Footnote (e) is contained in the accompanying Notes to Financial Schedules at the end of this release.

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

Components of Statutory Premiums

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change
	2017	2016		2017	2016	
<u>Annuity Premiums:</u>						
Financial Institutions	\$ 442	\$ 532	(17%)	\$1,906	\$1,792	6%
Retail	386	358	8%	1,371	1,359	1%
Education Market	41	42	(2%)	133	144	(8%)
Variable Annuities	7	9	(22%)	22	29	(24%)
Total Annuity Premiums	<u>\$ 876</u>	<u>\$ 941</u>	(7%)	<u>\$3,432</u>	<u>\$3,324</u>	3%

Components of Operating Earnings Before Income Taxes

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change
	2017	2016		2017	2016	
Revenues:						
Net investment income	\$ 375	\$ 351	7%	\$1,082	\$1,010	7%
Other income	26	26	—	79	76	4%
Total revenues	401	377	6%	1,161	1,086	7%
Costs and Expenses:						
Annuity benefits	215	189	14%	635	640	(1%)
Acquisition expenses	54	53	2%	153	127	20%
Other expenses	30	28	7%	90	83	8%
Total costs and expenses	299	270	11%	878	850	3%
Operating earnings before income taxes	<u>\$ 102</u>	<u>\$ 107</u>	(5%)	<u>\$ 283</u>	<u>\$ 236</u>	20%

Supplemental Fixed Annuity Information

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change
	2017	2016		2017	2016	
Operating earnings before impact of fair value accounting on FIAs	\$ 106	\$ 106	—	\$ 305	\$ 292	4%
Impact of fair value accounting	(4)	1	nm	(22)	(56)	nm
Operating earnings before income taxes	<u>\$ 102</u>	<u>\$ 107</u>	(5%)	<u>\$ 283</u>	<u>\$ 236</u>	20%
Average fixed annuity reserves*	\$32,029	\$28,538	12%	\$31,141	\$27,778	12%
Net interest spread*	2.69%	2.85%		2.63%	2.75%	
Net spread earned before impact of fair value accounting*	1.36%	1.46%		1.32%	1.37%	
Net spread earned after impact of fair value accounting*	1.31%	1.47%		1.23%	1.10%	

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Core Operating Earnings before Income Taxes:				
P&C insurance segment	\$ 95	\$ 153	\$ 427	\$ 450
Annuity segment, before impact of fair value accounting	106	106	305	292
Impact of fair value accounting	(4)	1	(22)	(56)
Run-off long-term care and life segment	2	1	4	—
Interest & other corporate expenses	(41)	(48)	(134)	(126)
Core operating earnings before income taxes	158	213	580	560
Related income taxes*	63	79	189	202
Core net operating earnings	<u>\$ 95</u>	<u>\$ 134</u>	<u>\$ 391</u>	<u>\$ 358</u>

* The following table details the drivers of AFG's effective tax rate on core operating earnings as compared to the statutory tax rate of 35%:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Statutory tax rate	35%	35%	35%	35%
Tax exempt interest	(4%)	(3%)	(3%)	(3%)
Dividends received deduction	(1%)	(1%)	(1%)	(1%)
Stock-based compensation	— %	— %	(2%)	— %
Change in valuation allowance	10%	3%	3%	3%
Other	— %	3%	1%	2%
Effective tax rate on core operating earnings	<u>40%</u>	<u>37%</u>	<u>33%</u>	<u>36%</u>

b) Reflects the following effects of special A&E charges during the third quarter and first nine months of 2017 and 2016 (dollars in millions, except per share amounts):

	Pretax		After-tax		EPS	
	2017	2016	2017	2016	2017	2016
A&E Charges:						
P&C insurance run-off operations						
Asbestos	\$ 53	\$ 5	\$ 34	\$ 3		
Environmental	36	31	24	20		
	<u>\$ 89</u>	<u>\$ 36</u>	<u>\$ 58</u>	<u>\$ 23</u>	<u>\$0.64</u>	<u>\$0.26</u>
Former railroad & manufacturing operations						
Asbestos	\$ 4	\$—	\$ 3	\$—		
Environmental	20	5	13	3		
	<u>\$ 24</u>	<u>\$ 5</u>	<u>\$ 16</u>	<u>\$ 3</u>	<u>\$0.18</u>	<u>\$0.04</u>
Total A&E	<u>\$113</u>	<u>\$ 41</u>	<u>\$ 74</u>	<u>\$ 26</u>	<u>\$0.82</u>	<u>\$0.30</u>

c) The following table details the drivers of AFG's effective tax rate on GAAP earnings before income taxes as compared to the statutory tax rate of 35%:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Statutory tax rate	35%	35%	35%	35%
Tax exempt interest	(17%)	(3%)	(4%)	(4%)
Dividends received deduction	(7%)	(1%)	(1%)	(1%)
Stock-based compensation	(3%)	— %	(3%)	— %
Change in valuation allowance	55%	4%	4%	9%
Other	(1%)	2%	1%	1%
Effective tax rate	<u>62%</u>	<u>37%</u>	<u>32%</u>	<u>40%</u>

d) Shareholders' Equity at September 30, 2017 includes \$533 million (\$6.05 per share) in unrealized after-tax gains on fixed maturities and \$6 million (\$0.07 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges. Shareholders' Equity at December 31, 2016 includes \$306 million (\$3.52 per share) in unrealized after-tax gains on fixed maturities and \$7 million (\$0.08 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges.

e) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses, trucks and recreational vehicles, inland and ocean marine, agricultural-related products and other property coverages.
- **Specialty Casualty** includes primarily excess and surplus, general liability, executive liability, professional liability, umbrella and excess liability, specialty coverages in targeted markets, customized programs for small to mid-sized businesses and workers' compensation insurance.
- **Specialty Financial** includes risk management insurance programs for 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 - Third Quarter 2017

October 31, 2017

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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American Financial Group, Inc.
Financial Highlights
(in millions, except per share information)



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Highlights							
Net earnings	\$ 11	\$ 145	\$ 153	\$ 385	\$ 109	\$ 309	\$ 264
Core net operating earnings	95	145	151	176	134	391	358
Total assets	60,163	58,618	57,464	55,072	54,845	60,163	54,845
Adjusted shareholders' equity (a)	4,852	4,837	4,815	4,617	4,487	4,852	4,487
Property and Casualty net written premiums	1,433	1,130	1,027	1,083	1,268	3,590	3,303
Annuity statutory premiums	876	1,266	1,290	1,111	941	3,432	3,324
Per share data							
Diluted earnings per share	\$ 0.13	\$ 1.61	\$ 1.72	\$ 4.33	\$ 1.23	\$ 3.44	\$ 2.98
Core net operating earnings per share	1.06	1.61	1.69	1.98	1.51	4.35	4.04
Adjusted book value per share (a)	55.08	54.97	54.98	53.11	51.68	55.08	51.68
Cash dividends per common share	0.3125	1.8125	0.3125	1.3125	0.2800	2.4375	0.8400
Financial ratios							
Annualized return on equity (b)	1.0%	12.3%	13.3%	34.4%	9.9%	8.9%	8.1%
Annualized core operating return on equity (b)	8.1%	12.3%	13.1%	15.7%	12.2%	11.2%	11.0%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	71.4%	59.5%	59.5%	63.7%	62.9%	64.0%	61.0%
Underwriting expense ratio	27.9%	33.7%	32.7%	26.7%	30.3%	31.2%	31.9%
Combined ratio - Specialty	99.3%	93.2%	92.2%	90.4%	93.2%	95.2%	92.9%
Net spread on fixed annuities:							
Net interest spread	2.69%	2.61%	2.58%	2.70%	2.85%	2.63%	2.75%
Net spread earned:							
Before impact of fair value accounting	1.36%	1.32%	1.31%	1.42%	1.46%	1.32%	1.37%
Impact of fair value accounting (c)	(0.05%)	(0.21%)	(0.03%)	0.40%	0.01%	(0.09%)	(0.27%)
After impact of fair value accounting	1.31%	1.11%	1.28%	1.82%	1.47%	1.23%	1.10%

- (a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 18.
(b) Excludes accumulated other comprehensive income.
(c) Change in fair value of derivatives offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

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



	Three Months Ended				Nine Months Ended		
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/16	
Property and Casualty Insurance							
Underwriting profit	\$ 8	\$ 72	\$ 78	\$ 110	\$ 78	\$ 158	\$ 227
Net investment income	94	96	86	85	93	276	265
Other income (expense)	(7)	(5)	5	(15)	(18)	(7)	(42)
Property and Casualty Insurance operating earnings	95	163	169	180	153	427	450
Annuity earnings	102	85	96	132	107	283	236
Run-off Long-Term Care and Life earnings	2	2	—	2	1	4	—
Interest expense of parent holding companies	(21)	(23)	(21)	(21)	(19)	(65)	(56)
Other expense	(20)	(23)	(26)	(29)	(29)	(69)	(70)
Pre-tax core operating earnings	158	204	218	264	213	580	560
Income tax expense	63	59	67	88	79	189	202
Core net operating earnings	95	145	151	176	134	391	358
Non-core items, net of tax:							
Realized gains (losses) on securities	(8)	5	2	32	1	(1)	(19)
Gain on sale of subsidiaries	—	—	—	—	—	—	1
Gain on sale of apartment property	—	—	—	—	—	—	15
Special A&E charges:							
Property and Casualty Insurance run-off operations	(58)	—	—	—	(23)	(58)	(23)
Former Railroad and Manufacturing operations	(16)	—	—	—	(3)	(16)	(3)
Neon exited lines charge	—	—	—	—	—	—	(65)
Tax benefit related to National Interstate merger	—	—	—	66	—	—	—
Tax benefit related to Neon restructuring	—	—	—	111	—	—	—
Loss on retirement of debt	(2)	(5)	—	—	—	(7)	—
Net earnings	\$ 11	\$ 145	\$ 153	\$ 385	\$ 109	\$ 309	\$ 264

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Core net operating earnings	\$ 95	\$ 145	\$ 151	\$ 176	\$ 134	\$ 391	\$ 358
Net earnings	\$ 11	\$ 145	\$ 153	\$ 385	\$ 109	\$ 309	\$ 264
Average number of diluted shares	89.984	89.799	89.342	88.774	88.461	89.712	88.447
Diluted earnings per share:							
Core net operating earnings per share	\$ 1.06	\$ 1.61	\$ 1.69	\$ 1.98	\$ 1.51	\$ 4.35	\$ 4.04
Realized gains (losses) on securities	(0.08)	0.05	0.03	0.36	0.02	(0.01)	(0.21)
Gain on sale of subsidiaries	—	—	—	—	—	—	0.01
Gain on sale of apartment property	—	—	—	—	—	—	0.17
Special A&E charges:							
Property and Casualty Insurance run-off operations	(0.64)	—	—	—	(0.26)	(0.64)	(0.26)
Former Railroad and Manufacturing operations	(0.18)	—	—	—	(0.04)	(0.18)	(0.04)
Neon exited lines charge	—	—	—	—	—	—	(0.73)
Tax benefit related to National Interstate merger	—	—	—	0.74	—	—	—
Tax benefit related to Neon restructuring	—	—	—	1.25	—	—	—
Loss on retirement of debt	(0.03)	(0.05)	—	—	—	(0.08)	—
Diluted earnings per share	\$ 0.13	\$ 1.61	\$ 1.72	\$ 4.33	\$ 1.23	\$ 3.44	\$ 2.98

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



	Three Months Ended				Nine Months Ended		
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/16	
Property and Transportation	\$ 6	\$ 21	\$ 43	\$ 75	\$ 44	\$ 70	\$ 91
Specialty Casualty	2	29	15	13	13	46	65
Specialty Financial	(3)	23	22	20	19	42	64
Other Specialty	4	—	(1)	2	2	3	7
Underwriting profit -Specialty	9	73	79	110	78	161	227
Other core charges, included in loss and LAE	1	1	1	—	—	3	—
Underwriting profit - Core	8	72	78	110	78	158	227
Special A&E charges, included in loss and LAE	(89)	—	—	—	(36)	(89)	(36)
Neon exited lines charge, included in loss and LAE	—	—	—	—	—	—	(57)
Neon exited lines charge, included in underwriting expenses	—	—	—	—	—	—	(8)
Underwriting profit (loss) - Property and Casualty Insurance	\$ (81)	\$ 72	\$ 78	\$ 110	\$ 42	\$ 69	\$ 126
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ —
Catastrophe loss	107	18	7	12	14	132	43
Total current accident year catastrophe losses	\$ 113	\$ 18	\$ 7	\$ 12	\$ 14	\$ 138	\$ 43
Prior year loss reserve development (favorable) / adverse	\$ 52	\$ (22)	\$ (28)	\$ 10	\$ 22	\$ 2	\$ 22
Combined ratio:							
Property and Transportation	98.9%	94.2%	87.3%	83.9%	91.1%	94.3%	92.4%
Specialty Casualty	99.5%	94.7%	97.0%	97.4%	97.4%	97.1%	95.7%
Specialty Financial	102.2%	84.4%	85.0%	86.0%	86.4%	90.4%	84.5%
Other Specialty	85.1%	98.3%	105.8%	94.9%	91.5%	95.8%	90.1%
Combined ratio - Specialty	99.3%	93.2%	92.2%	90.4%	93.2%	95.2%	92.9%
Other core charges	0.1%	0.2%	0.1%	0.0%	0.1%	0.1%	0.0%
Neon exited lines charge, loss and LAE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%
Neon exited lines charge, underwriting expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Special A&E charges	7.0%	0.0%	0.0%	0.0%	3.0%	2.6%	1.1%
Combined ratio	106.4%	93.4%	92.3%	90.4%	96.3%	97.9%	96.0%
Combined ratio excl. catastrophe and prior year development	93.8%	93.7%	94.3%	88.4%	93.1%	93.9%	93.7%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	65.9%	60.0%	61.6%	61.7%	62.8%	62.7%	61.8%
Prior accident year loss reserve development	4.2%	(2.0%)	(2.7%)	0.9%	2.0%	0.1%	0.7%
Current accident year catastrophe loss	8.4%	1.7%	0.7%	1.1%	1.2%	3.9%	1.3%
Loss and LAE ratio	78.5%	59.7%	59.6%	63.7%	66.0%	66.7%	63.8%

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Gross written premiums	\$ 2,104	\$ 1,503	\$ 1,324	\$ 1,441	\$ 1,899	\$ 4,931	\$ 4,540
Ceded reinsurance premiums	(671)	(373)	(297)	(358)	(631)	(1,341)	(1,237)
Net written premiums	1,433	1,130	1,027	1,083	1,268	3,590	3,303
Change in unearned premiums	(166)	(65)	(5)	61	(109)	(236)	(119)
Net earned premiums	1,267	1,065	1,022	1,144	1,159	3,354	3,184
Loss and LAE	905	634	608	729	729	2,147	1,940
Underwriting expense	353	358	335	305	352	1,046	1,017
Underwriting profit	\$ 9	\$ 73	\$ 79	\$ 110	\$ 78	\$ 161	\$ 227
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ —
Catastrophe loss	107	18	7	12	14	132	43
Total current accident year catastrophe losses	\$ 113	\$ 18	\$ 7	\$ 12	\$ 14	\$ 138	\$ 43
Prior year loss reserve development (favorable) / adverse	\$ (38)	\$ (23)	\$ (29)	\$ 10	\$ (14)	\$ (90)	\$ (71)
Combined ratio:							
Loss and LAE ratio	71.4%	59.5%	59.5%	63.7%	62.9%	64.0%	61.0%
Underwriting expense ratio	27.9%	33.7%	32.7%	26.7%	30.3%	31.2%	31.9%
Combined ratio	99.3%	93.2%	92.2%	90.4%	93.2%	95.2%	92.9%
Combined ratio excl. catastrophe and prior year development	93.8%	93.7%	94.3%	88.4%	93.1%	93.9%	93.7%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	65.9%	60.0%	61.6%	61.7%	62.8%	62.7%	61.8%
Prior accident year loss reserve development	(2.9%)	(2.2%)	(2.8%)	0.9%	(1.1%)	(2.6%)	(2.1%)
Current accident year catastrophe loss	8.4%	1.7%	0.7%	1.1%	1.2%	3.9%	1.3%
Loss and LAE ratio	71.4%	59.5%	59.5%	63.7%	62.9%	64.0%	61.0%

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Gross written premiums	\$ 1,073	\$ 573	\$ 416	\$ 577	\$ 991	\$ 2,062	\$ 1,927
Ceded reinsurance premiums	(449)	(180)	(92)	(183)	(406)	(721)	(649)
Net written premiums	624	393	324	394	585	1,341	1,278
Change in unearned premiums	(97)	(36)	18	71	(92)	(115)	(81)
Net earned premiums	527	357	342	465	493	1,226	1,197
Loss and LAE	407	232	208	319	339	847	795
Underwriting expense	114	104	91	71	110	309	311
Underwriting profit	\$ 6	\$ 21	\$ 43	\$ 75	\$ 44	\$ 70	\$ 91
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ —
Catastrophe loss	23	11	5	6	7	39	25
Total current accident year catastrophe losses	\$ 25	\$ 11	\$ 5	\$ 6	\$ 7	\$ 41	\$ 25
Prior year loss reserve development (favorable) / adverse	\$ (8)	\$ (11)	\$ (17)	\$ 13	\$ (5)	\$ (36)	\$ (34)
Combined ratio:							
Loss and LAE ratio	77.3%	64.9%	60.8%	68.6%	68.8%	69.1%	66.4%
Underwriting expense ratio	21.6%	29.3%	26.5%	15.3%	22.3%	25.2%	26.0%
Combined ratio	98.9%	94.2%	87.3%	83.9%	91.1%	94.3%	92.4%
Combined ratio excl. catastrophe and prior year development	96.0%	94.3%	90.7%	79.7%	90.7%	94.1%	93.1%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	74.4%	65.0%	64.2%	64.4%	68.4%	68.9%	67.1%
Prior accident year loss reserve development	(1.5%)	(3.1%)	(4.8%)	3.0%	(1.2%)	(3.0%)	(2.8%)
Current accident year catastrophe loss	4.4%	3.0%	1.4%	1.2%	1.6%	3.2%	2.1%
Loss and LAE ratio	77.3%	64.9%	60.8%	68.6%	68.8%	69.1%	66.4%

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Gross written premiums	\$ 850	\$ 756	\$ 744	\$ 684	\$ 722	\$2,350	\$2,108
Ceded reinsurance premiums	(226)	(195)	(204)	(174)	(218)	(625)	(582)
Net written premiums	624	561	540	510	504	1,725	1,526
Change in unearned premiums	(56)	(24)	(32)	—	(7)	(112)	(30)
Net earned premiums	568	537	508	510	497	1,613	1,496
Loss and LAE	402	339	331	348	330	1,072	972
Underwriting expense	164	169	162	149	154	495	459
Underwriting profit	\$ 2	\$ 29	\$ 15	\$ 13	\$ 13	\$ 46	\$ 65
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ —
Catastrophe loss	54	2	1	4	2	57	6
Total current accident year catastrophe losses	<u>\$ 56</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 2</u>	<u>\$ 59</u>	<u>\$ 6</u>
Prior year loss reserve development (favorable) / adverse	<u>\$ (23)</u>	<u>\$ (5)</u>	<u>\$ (6)</u>	<u>\$ 3</u>	<u>\$ (2)</u>	<u>\$ (34)</u>	<u>\$ (16)</u>
Combined ratio:							
Loss and LAE ratio	70.7%	63.1%	65.2%	68.2%	66.5%	66.4%	65.0%
Underwriting expense ratio	28.8%	31.6%	31.8%	29.2%	30.9%	30.7%	30.7%
Combined ratio	<u>99.5%</u>	<u>94.7%</u>	<u>97.0%</u>	<u>97.4%</u>	<u>97.4%</u>	<u>97.1%</u>	<u>95.7%</u>
Combined ratio excl. catastrophe and prior year development	<u>94.0%</u>	<u>95.2%</u>	<u>97.9%</u>	<u>96.1%</u>	<u>97.4%</u>	<u>95.7%</u>	<u>96.4%</u>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	65.2%	63.6%	66.1%	66.9%	66.5%	65.0%	65.7%
Prior accident year loss reserve development	(4.0%)	(0.9%)	(1.1%)	0.5%	(0.3%)	(2.1%)	(1.1%)
Current accident year catastrophe loss	9.5%	0.4%	0.2%	0.8%	0.3%	3.5%	0.4%
Loss and LAE ratio	<u>70.7%</u>	<u>63.1%</u>	<u>65.2%</u>	<u>68.2%</u>	<u>66.5%</u>	<u>66.4%</u>	<u>65.0%</u>

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Gross written premiums	\$ 181	\$ 174	\$ 164	\$ 180	\$ 186	\$ 519	\$ 505
Ceded reinsurance premiums	(31)	(25)	(23)	(26)	(37)	(79)	(87)
Net written premiums	150	149	141	154	149	440	418
Change in unearned premiums	(8)	(3)	6	(13)	(4)	(5)	(2)
Net earned premiums	142	146	147	141	145	435	416
Loss and LAE	79	49	52	46	45	180	132
Underwriting expense	66	74	73	75	81	213	220
Underwriting profit (loss)	\$ (3)	\$ 23	\$ 22	\$ 20	\$ 19	\$ 42	\$ 64
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ —
Catastrophe loss	29	5	1	2	5	35	9
Total current accident year catastrophe losses	<u>\$ 31</u>	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 5</u>	<u>\$ 37</u>	<u>\$ 9</u>
Prior year loss reserve development (favorable) / adverse	<u>\$ (5)</u>	<u>\$ (8)</u>	<u>\$ (9)</u>	<u>\$ (6)</u>	<u>\$ (6)</u>	<u>\$ (22)</u>	<u>\$ (17)</u>
Combined ratio:							
Loss and LAE ratio	56.0%	33.1%	35.6%	32.4%	31.6%	41.4%	31.8%
Underwriting expense ratio	46.2%	51.3%	49.4%	53.6%	54.8%	49.0%	52.7%
Combined ratio	<u>102.2%</u>	<u>84.4%</u>	<u>85.0%</u>	<u>86.0%</u>	<u>86.4%</u>	<u>90.4%</u>	<u>84.5%</u>
Combined ratio excl. catastrophe and prior year development	<u>84.9%</u>	<u>86.5%</u>	<u>90.6%</u>	<u>88.8%</u>	<u>87.0%</u>	<u>87.4%</u>	<u>86.3%</u>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	38.7%	35.2%	41.2%	35.2%	32.2%	38.4%	33.6%
Prior accident year loss reserve development	(3.1%)	(5.4%)	(6.4%)	(4.5%)	(3.9%)	(5.0%)	(4.0%)
Current accident year catastrophe loss	20.4%	3.3%	0.8%	1.7%	3.3%	8.0%	2.2%
Loss and LAE ratio	<u>56.0%</u>	<u>33.1%</u>	<u>35.6%</u>	<u>32.4%</u>	<u>31.6%</u>	<u>41.4%</u>	<u>31.8%</u>

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	35	27	22	25	30	84	81
Net written premiums	35	27	22	25	30	84	81
Change in unearned premiums	(5)	(2)	3	3	(6)	(4)	(6)
Net earned premiums	30	25	25	28	24	80	75
Loss and LAE	17	14	17	16	15	48	41
Underwriting expense	9	11	9	10	7	29	27
Underwriting profit (loss)	\$ 4	\$ —	\$ (1)	\$ 2	\$ 2	\$ 3	\$ 7
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	—	—	—	—	1	3
Total current accident year catastrophe losses	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 3
Prior year loss reserve development (favorable) / adverse	\$ (2)	\$ 1	\$ 3	\$ —	\$ (1)	\$ 2	\$ (4)
Combined ratio:							
Loss and LAE ratio	52.6%	62.0%	68.0%	59.5%	55.2%	60.4%	53.2%
Underwriting expense ratio	32.5%	36.3%	37.8%	35.4%	36.3%	35.4%	36.9%
Combined ratio	85.1%	98.3%	105.8%	94.9%	91.5%	95.8%	90.1%
Combined ratio excl. catastrophe and prior year development	90.4%	93.5%	93.4%	93.7%	95.1%	92.3%	92.5%

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Net investment income	\$ 375	\$ 360	\$ 347	\$ 346	\$ 351	\$ 1,082	\$ 1,010
Guaranteed withdrawal benefit fees	15	14	14	14	14	43	39
Policy charges and other miscellaneous income	11	12	13	13	12	36	37
Total revenues	401	386	374	373	377	1,161	1,086
Annuity benefits expense	215	224	196	160	189	635	640
Acquisition expenses	54	47	52	54	53	153	127
Other expenses	30	30	30	27	28	90	83
Total costs and expenses	299	301	278	241	270	878	850
Annuity earnings before income taxes	\$ 102	\$ 85	\$ 96	\$ 132	\$ 107	\$ 283	\$ 236
Detail of Annuity earnings before income taxes							
Earnings before income taxes and impact of fair value accounting	\$ 106	\$ 101	\$ 98	\$ 103	\$ 106	\$ 305	\$ 292
Impact of fair value accounting (a)	(4)	(16)	(2)	29	1	(22)	(56)
Annuity earnings before income taxes	\$ 102	\$ 85	\$ 96	\$ 132	\$ 107	\$ 283	\$ 236

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

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



	Three Months Ended					Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/17	09/30/16
Detail of annuity benefits expense:							
Interest credited - fixed	\$ 160	\$ 157	\$ 152	\$ 148	\$ 145	\$ 469	\$ 426
Interest credited - fixed component of variable annuities	1	2	1	1	1	4	4
Change in expected death and annuitization reserve	5	4	4	4	5	13	14
Amortization of sales inducements	4	4	6	7	6	14	17
Guaranteed withdrawal benefit reserve	18	17	16	20	18	51	49
Change in other benefit reserves	16	9	11	11	10	36	23
Unlockings (a)	—	—	—	23	—	—	—
Subtotal before impact of fair value accounting	204	193	190	214	185	587	533
Embedded derivative mark-to-market (b)	127	112	147	6	109	386	188
Equity option mark-to-market	(116)	(81)	(141)	(60)	(105)	(338)	(81)
Subtotal impact of fair value accounting	11	31	6	(54)	4	48	107
Total annuity benefits expense	\$ 215	\$ 224	\$ 196	\$ 160	\$ 189	\$ 635	\$ 640

- (a) Includes unlockings for fixed indexed annuity embedded derivative reserves, sales inducement asset and other reserves. Does not include unlocking income of \$24 million in 2016 for deferred policy acquisition costs and unearned revenue reserves. These unlockings are included in acquisition expenses and other income. In total, AFG recorded an unlocking expense reduction of \$1 million in 2016.
- (b) Excludes unlocking impact of \$17 million in 2016.

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



	Three Months Ended				Nine Months Ended		
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/16	
Average fixed annuity investments (at amortized cost) (a)	\$31,713	\$30,988	\$30,055	\$29,192	\$28,548	\$30,919	\$27,899
Average annuity benefits accumulated	32,029	31,212	30,183	29,250	28,538	31,141	27,778
Annuity benefits accumulated in excess of investments (a)	\$ (316)	\$ (224)	\$ (128)	\$ (58)	\$ 10	\$ (222)	\$ 121
As % of average annuity benefits accumulated (except as noted).							
Net investment income (as % of investments)	4.70%	4.62%	4.59%	4.72%	4.88%	4.64%	4.79%
Interest credited	(2.01%)	(2.01%)	(2.01%)	(2.02%)	(2.03%)	(2.01%)	(2.04%)
Net interest spread on fixed annuities	2.69%	2.61%	2.58%	2.70%	2.85%	2.63%	2.75%
Policy charges and other miscellaneous income	0.10%	0.12%	0.14%	0.15%	0.14%	0.12%	0.14%
Other annuity benefit expenses, net	(0.33%)	(0.27%)	(0.31%)	(0.38%)	(0.36%)	(0.31%)	(0.31%)
Acquisition expenses	(0.65%)	(0.58%)	(0.67%)	(1.06%)	(0.72%)	(0.63%)	(0.58%)
Other expenses	(0.36%)	(0.38%)	(0.38%)	(0.35%)	(0.39%)	(0.38%)	(0.39%)
Change in fair value of derivatives	(0.14%)	(0.39%)	(0.08%)	0.73%	(0.05%)	(0.20%)	(0.51%)
Unlockings	0.00%	0.00%	0.00%	0.03%	0.00%	0.00%	0.00%
Net spread earned on fixed annuities	1.31%	1.11%	1.28%	1.82%	1.47%	1.23%	1.10%
Average annuity benefits accumulated	\$32,029	\$31,212	\$30,183	\$29,250	\$28,538	\$31,141	\$27,778
Net spread earned on fixed annuities	1.31%	1.11%	1.28%	1.82%	1.47%	1.23%	1.10%
Earnings on fixed annuity benefits accumulated	\$ 105	\$ 87	\$ 96	\$ 133	\$ 105	\$ 288	\$ 230
Annuity benefits accumulated in excess of investments	\$ (316)	\$ (224)	\$ (128)	\$ (58)	\$ 10	\$ (222)	\$ 121
Net investment income (as % of investments)	4.70%	4.62%	4.59%	4.72%	4.88%	4.64%	4.79%
Earnings on annuity benefits accumulated in excess of investments	\$ (4)	\$ (3)	\$ (1)	\$ —	\$ —	\$ (8)	\$ 4
Variable annuity earnings (loss)	1	1	1	(1)	2	3	2
Earnings before income taxes - core	\$ 102	\$ 85	\$ 96	\$ 132	\$ 107	\$ 283	\$ 236
Detail of net spread earned on fixed annuities - core							
Net spread earned core - before impact of fair value accounting	1.36%	1.32%	1.31%	1.42%	1.46%	1.32%	1.37%
Change in fair value of derivatives	(0.14%)	(0.39%)	(0.08%)	0.73%	(0.05%)	(0.20%)	(0.51%)
Estimated net offsets to deferred sales inducements and deferred policy acquisition costs	0.09%	0.18%	0.05%	(0.33%)	0.06%	0.11%	0.24%
Net spread earned core - after impact of fair value accounting	1.31%	1.11%	1.28%	1.82%	1.47%	1.23%	1.10%

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

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



	Three Months Ended				Nine Months Ended		
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/16	
Retail single premium annuities - indexed	\$ 367	\$ 474	\$ 469	\$ 415	\$ 340	\$ 1,310	\$ 1,299
Retail single premium annuities - fixed	19	22	20	22	18	61	60
Financial institutions single premium annuities - indexed	360	500	487	474	435	1,347	1,476
Financial institutions single premium annuities - fixed	82	215	262	152	97	559	316
Education market - fixed and indexed annuities	41	47	45	40	42	133	144
Subtotal fixed annuity premiums	869	1,258	1,283	1,103	932	3,410	3,295
Variable annuities	7	8	7	8	9	22	29
Total annuity premiums	\$ 876	\$ 1,266	\$ 1,290	\$ 1,111	\$ 941	\$ 3,432	\$ 3,324

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



	Three Months Ended				09/30/16	Nine Months Ended	
	09/30/17	06/30/17	03/31/17	12/31/16		09/30/17	09/30/16
Beginning fixed annuity reserves	\$31,704	\$30,719	\$29,647	\$28,853	\$28,222	\$29,647	\$26,371
Premiums	869	1,258	1,283	1,103	932	3,410	3,295
Federal Home Loan Bank advances	—	—	—	—	—	—	150
Surrenders, benefits and other withdrawals	(540)	(571)	(539)	(524)	(586)	(1,650)	(1,665)
Interest and other annuity benefit expenses:							
Interest credited	160	157	152	148	145	469	426
Embedded derivative mark-to-market	127	112	147	6	109	386	188
Change in other benefit reserves	34	29	29	34	31	92	88
Unlockings	—	—	—	27	—	—	—
Ending fixed annuity reserves	\$32,354	\$31,704	\$30,719	\$29,647	\$28,853	\$32,354	\$28,853
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$32,354	\$31,704	\$30,719	\$29,647	\$28,853	\$32,354	\$28,853
Impact of unrealized investment gains on reserves	138	128	100	76	180	138	180
Fixed component of variable annuities	179	182	183	184	189	179	189
Annuity benefits accumulated per balance sheet	\$32,671	\$32,014	\$31,002	\$29,907	\$29,222	\$32,671	\$29,222
Annualized surrenders and other withdrawals as a % of beginning reserves	6.8%	7.4%	7.3%	7.3%	8.3%	7.4%	8.4%

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



	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	06/30/16
Assets:						
Total cash and investments	\$45,253	\$44,779	\$43,350	\$41,433	\$41,805	\$40,639
Recoverables from reinsurers	3,262	2,839	2,735	2,737	2,814	2,576
Prepaid reinsurance premiums	691	587	533	539	634	521
Agents' balances and premiums receivable	1,173	1,124	989	997	1,029	992
Deferred policy acquisition costs	1,119	1,156	1,205	1,239	867	881
Assets of managed investment entities	4,767	4,873	5,331	4,765	4,312	4,410
Other receivables	1,545	923	875	908	1,391	788
Variable annuity assets (separate accounts)	628	620	614	600	606	595
Other assets	1,526	1,518	1,633	1,655	1,188	1,132
Goodwill	199	199	199	199	199	199
Total assets	\$60,163	\$58,618	\$57,464	\$55,072	\$54,845	\$52,733
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 9,563	\$ 8,730	\$ 8,621	\$ 8,563	\$ 8,661	\$ 8,203
Unearned premiums	2,567	2,294	2,174	2,171	2,328	2,109
Annuity benefits accumulated	32,671	32,014	31,002	29,907	29,222	28,596
Life, accident and health reserves	667	676	687	691	700	702
Payable to reinsurers	906	681	621	634	835	588
Liabilities of managed investment entities	4,506	4,685	5,101	4,549	4,067	4,192
Long-term debt	1,284	1,405	1,283	1,283	1,300	998
Variable annuity liabilities (separate accounts)	628	620	614	600	606	595
Other liabilities	1,992	2,201	2,166	1,755	1,768	1,557
Total liabilities	\$54,784	\$53,306	\$52,269	\$50,153	\$49,487	\$47,540
Shareholders' equity:						
Common stock	\$ 88	\$ 88	\$ 88	\$ 87	\$ 87	\$ 87
Capital surplus	1,167	1,158	1,138	1,111	1,242	1,228
Unappropriated retained earnings	3,435	3,451	3,466	3,343	3,079	3,016
Unrealized gains - equities	173	158	145	98	103	46
Unrealized gains - fixed maturities	533	481	384	306	669	639
Unrealized gains (losses) - fixed maturity-related cash flow hedges	(6)	(6)	(8)	(7)	5	5
Other comprehensive income, net of tax	(11)	(18)	(22)	(22)	(24)	(21)
Total shareholders' equity	5,379	5,312	5,191	4,916	5,161	5,000
Noncontrolling interests	—	—	4	3	197	193
Total liabilities and equity	\$60,163	\$58,618	\$57,464	\$55,072	\$54,845	\$52,733

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



	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	06/30/16
Shareholders' equity	\$ 5,379	\$ 5,312	\$ 5,191	\$ 4,916	\$ 5,161	\$ 5,000
Unrealized (gains) related to fixed maturities	(527)	(475)	(376)	(299)	(674)	(644)
Adjusted shareholders' equity	4,852	4,837	4,815	4,617	4,487	4,356
Goodwill	(199)	(199)	(199)	(199)	(199)	(199)
Intangibles	(29)	(30)	(32)	(34)	(44)	(46)
Tangible adjusted shareholders' equity	\$ 4,624	\$ 4,608	\$ 4,584	\$ 4,384	\$ 4,244	\$ 4,111
Common shares outstanding	88.093	88.007	87.592	86.924	86.813	86.850
Book value per share:						
Book value per share	\$ 61.06	\$ 60.36	\$ 59.26	\$ 56.55	\$ 59.45	\$ 57.57
Adjusted (a)	55.08	54.97	54.98	53.11	51.68	50.16
Tangible, adjusted (b)	52.50	52.36	52.34	50.43	48.89	47.34
Market capitalization						
AFG's closing common share price	\$103.45	\$ 99.37	\$ 95.42	\$ 88.12	\$ 75.00	\$ 73.93
Market capitalization	\$ 9,113	\$ 8,745	\$ 8,358	\$ 7,660	\$ 6,511	\$ 6,421
Price / Adjusted book value ratio	1.88	1.81	1.74	1.66	1.45	1.47

(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)



	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	06/30/16
AFG senior obligations	\$ 1,003	\$ 1,128	\$ 1,008	\$ 1,008	\$ 1,008	\$ 708
Borrowings drawn under credit facility	—	—	—	—	—	—
Obligations of subsidiaries - other	—	—	—	—	18	12
Debt excluding subordinated debt	\$ 1,003	\$ 1,128	\$ 1,008	\$ 1,008	\$ 1,026	\$ 720
AFG subordinated debentures	300	300	300	300	300	300
Total principal amount of long-term debt	\$ 1,303	\$ 1,428	\$ 1,308	\$ 1,308	\$ 1,326	\$ 1,020
Shareholders' equity	5,379	5,312	5,191	4,916	5,161	5,000
Noncontrolling interests	—	—	4	3	197	193
Less:						
Unrealized (gains) - fixed maturity investments	(533)	(481)	(384)	(306)	(669)	(639)
Total adjusted capital	\$ 6,149	\$ 6,259	\$ 6,119	\$ 5,921	\$ 6,015	\$ 5,574
Ratio of debt to total adjusted capital:						
Including subordinated debt	21.2%	22.8%	21.4%	22.1%	22.0%	18.3%
Excluding subordinated debt	16.3%	18.0%	16.5%	17.0%	17.1%	12.9%

American Financial Group, Inc.
Additional Supplemental Information
(\$ in millions)



	Three Months Ended				Nine Months Ended	
	<u>09/30/17</u>	<u>06/30/17</u>	<u>03/31/17</u>	<u>12/31/16</u>	<u>09/30/16</u>	<u>09/30/16</u>
<u>Property and Casualty Insurance</u>						
Paid Losses (GAAP)	\$ 596	\$ 652	\$ 554	\$ 683	\$ 537	\$ 1,802
						\$ 1,670
<u>Statutory Surplus</u>						
Property and Casualty Insurance	\$2,817	\$2,882	\$3,013	\$2,939	\$3,038	\$2,601
AFG's principal annuity subsidiaries (total adjusted capital)	\$2,433	\$2,389	\$2,341	\$2,234	\$2,216	\$2,089
<u>Allowable dividends without regulatory approval</u>						
Property and Casualty Insurance	\$ 496	\$ 496	\$ 496	\$ 496	\$ 434	\$ 434
Annuity and Run-off	197	197	197	197	375	375
Total	\$ 693	\$ 693	\$ 693	\$ 693	\$ 809	\$ 809

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



	Carrying Value - September 30, 2017					
	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	\$ 1,074	\$ 825	\$ 450	\$ —	\$ 2,349	5%
Fixed maturities - Available for sale	6,969	30,836	13	—	37,818	84%
Fixed maturities - Trading	233	117	—	—	350	1%
Equity securities	1,046	539	54	—	1,639	4%
Policy loans	—	186	—	—	186	0%
Mortgage loans	255	788	—	—	1,043	2%
Equity index call options	—	629	—	—	629	1%
Real estate and other investments	552	895	53	(261)	1,239	3%
Total cash and investments	\$ 10,129	\$ 34,815	\$ 570	\$ (261)	\$ 45,253	100%
Unrealized gain/(loss) on equity securities	\$ 167	\$ 100	\$ —	\$ —	\$ 267	

	Carrying Value - December 31, 2016					
	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	\$ 1,383	\$ 511	\$ 213	\$ —	\$ 2,107	5%
Fixed maturities - Available for sale	6,510	28,021	13	—	34,544	83%
Fixed maturities - Trading	242	117	—	—	359	1%
Equity securities	1,013	496	49	—	1,558	4%
Policy loans	—	192	—	—	192	0%
Mortgage loans	261	886	—	—	1,147	3%
Equity index call options	—	492	—	—	492	1%
Real estate and other investments	497	705	48	(216)	1,034	3%
Total cash and investments	\$ 9,906	\$ 31,420	\$ 323	\$ (216)	\$ 41,433	100%
Unrealized gain/(loss) on equity securities	\$ 102	\$ 49	\$ —	\$ —	\$ 151	

American Financial Group, Inc.
Net Investment Income
(\$ in millions)



	Three Months Ended				Nine Months Ended		
	09/30/17	06/30/17	03/31/17	12/31/16	09/30/16	09/30/16	
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 65	\$ 65	\$ 63	\$ 64	\$ 63	\$ 193	\$ 193
Fixed maturities - Trading	—	2	1	(1)	2	3	4
Equity securities	12	12	14	13	13	38	38
Equity in investees	8	11	4	7	7	23	15
Other investments	11	8	6	6	10	25	21
Gross investment income	96	98	88	89	95	282	271
Investment expenses	(2)	(2)	(2)	(4)	(2)	(6)	(6)
Total net investment income	\$ 94	\$ 96	\$ 86	\$ 85	\$ 93	\$ 276	\$ 265
Average cash and investments (a)	\$ 9,851	\$ 9,947	\$ 9,855	\$ 9,779	\$ 9,647	\$ 9,853	\$ 9,507
Average yield (b)	3.82%	3.86%	3.49%	3.48%	3.86%	3.73%	3.72%
Fixed Annuity:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 332	\$ 322	\$ 318	\$ 315	\$ 307	\$ 972	\$ 908
Fixed maturities - Trading	—	—	—	—	—	—	—
Equity securities	5	5	5	7	6	15	17
Equity in investees	12	10	6	6	9	28	16
Other investments	26	22	19	20	27	67	67
Gross investment income	375	359	348	348	349	1,082	1,008
Investment expenses	(2)	(2)	(3)	(4)	(1)	(7)	(6)
Total net investment income	\$ 373	\$ 357	\$ 345	\$ 344	\$ 348	\$ 1,075	\$ 1,002
Average cash and investments (a)	\$31,713	\$30,988	\$30,055	\$29,192	\$28,548	\$30,919	\$27,899
Average yield (b)	4.70%	4.62%	4.59%	4.72%	4.88%	4.64%	4.79%
AFG consolidated net investment income:							
Property & Casualty	\$ 94	\$ 96	\$ 86	\$ 85	\$ 93	\$ 276	\$ 265
Annuity and Run-off:							
Fixed Annuity	373	357	345	344	348	1,075	1,002
Variable Annuity	2	3	2	2	3	7	8
Run-off	6	5	5	6	5	16	15
Other	1	4	3	—	1	8	6
Consolidate CLOs	(5)	(5)	(6)	(8)	(17)	(16)	(29)
Total net investment income	\$ 471	\$ 460	\$ 435	\$ 429	\$ 433	\$ 1,366	\$ 1,267

- (a) Average cash and investments is the average of the beginning and ending quarter balances, or the average of the five quarters balances.
(b) Average yield is calculated by dividing investment income for the quarter by the average cash and investment balance over the quarter.

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



<u>September 30, 2017</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
US Government and government agencies	\$ 309	\$ 309	\$ —	1%	1%
States, municipalities and political subdivisions	6,788	7,024	236	18%	15%
Foreign government	251	254	3	1%	1%
Residential mortgage-backed securities	3,065	3,399	334	9%	8%
Commercial mortgage-backed securities	967	1,010	43	3%	2%
Asset-backed securities	7,362	7,490	128	19%	17%
Corporate and other bonds	18,020	18,682	662	49%	41%
Total AFG consolidated	\$ 36,762	\$ 38,168	\$ 1,406	100%	85%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.45%
Net of investment expense (a)	4.41%

Approximate average life and duration:

Approximate average life	6.5 years
Approximate duration	5 years

<u>December 31, 2016</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
US Government and government agencies	\$ 348	\$ 348	\$ —	1%	1%
States, municipalities and political subdivisions	6,677	6,808	131	19%	16%
Foreign government	256	261	5	1%	1%
Residential mortgage-backed securities	3,371	3,639	268	11%	9%
Commercial mortgage-backed securities	1,446	1,493	47	4%	3%
Asset-backed securities	5,962	5,959	(3)	17%	14%
Corporate and other bonds	16,034	16,395	361	47%	40%
Total AFG consolidated	\$ 34,094	\$ 34,903	\$ 809	100%	84%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.56%
Net of investment expense (a)	4.48%

Approximate average life and duration:

Approximate average life	6.5 years
Approximate duration	5 years

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

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



	September 30, 2017				December 31, 2016			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Property and Casualty Insurance:								
US Government and government agencies	\$ 260	\$ 260	\$ —	4%	\$ 295	\$ 295	\$ —	4%
States, municipalities and political subdivisions	2,607	2,661	54	37%	2,588	2,605	17	39%
Foreign government	240	241	1	3%	245	249	4	4%
Residential mortgage-backed securities	894	964	70	13%	980	1,026	46	15%
Commercial mortgage-backed securities	97	100	3	1%	142	144	2	2%
Asset-backed securities	1,630	1,641	11	23%	1,445	1,440	(5)	21%
Corporate and other bonds	1,308	1,335	27	19%	976	993	17	15%
Property and Casualty Insurance	\$ 7,036	\$ 7,202	\$ 166	100%	\$ 6,671	\$ 6,752	\$ 81	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.77%	3.88%
Net of investment expense (a)	3.67%	3.67%
Tax equivalent, net of investment expense (b)	4.15%	4.20%

Approximate average life and duration:

Approximate average life	5 years	4.5 years
Approximate duration	4 years	3.5 years

	September 30, 2017				December 31, 2016			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Annuity and Run-off:								
US Government and government agencies	\$ 48	\$ 48	\$ —	0%	\$ 52	\$ 52	\$ —	0%
States, municipalities and political subdivisions	4,181	4,363	182	14%	4,089	4,203	114	15%
Foreign government	11	13	2	0%	11	12	1	0%
Residential mortgage-backed securities	2,170	2,423	253	8%	2,390	2,601	211	9%
Commercial mortgage-backed securities	870	910	40	3%	1,304	1,349	45	5%
Asset-backed securities	5,732	5,849	117	19%	4,517	4,519	2	16%
Corporate and other bonds	16,712	17,347	635	56%	15,058	15,402	344	55%
Total Annuity and Run-off	\$ 29,724	\$ 30,953	\$ 1,229	100%	\$ 27,421	\$ 28,138	\$ 717	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.60%	4.72%
Net of investment expense (a)	4.57%	4.67%

Approximate average life and duration:

Approximate average life	7 years	6.5 years
Approximate duration	5 years	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.

American Financial Group, Inc.
Fixed Maturities - Credit Rating
(\$ in millions)



By Credit Rating (a)	September 30, 2017			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,106	\$ 6,221	\$ 115	16%
AA	8,108	8,375	267	22%
A	8,873	9,195	322	24%
BBB	10,063	10,447	384	28%
Subtotal - Investment grade	33,150	34,238	1,088	90%
BB	708	725	17	2%
B	335	340	5	1%
Other (b)	2,569	2,865	296	7%
Subtotal - Non-Investment grade	3,612	3,930	318	10%
Total	\$ 36,762	\$ 38,168	\$ 1,406	100%

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

By Credit Rating (a)	December 31, 2016			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,117	\$ 6,189	\$ 72	18%
AA	7,123	7,257	134	21%
A	8,323	8,487	164	24%
BBB	8,999	9,193	194	26%
Subtotal - Investment grade	30,562	31,126	564	89%
BB	687	695	8	2%
B	446	445	(1)	1%
Other (b)	2,399	2,637	238	8%
Subtotal - Non-Investment grade	3,532	3,777	245	11%
Total	\$ 34,094	\$ 34,903	\$ 809	100%

97% 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 page 29 for more information.

American Financial Group, Inc.
Mortgage-Backed Securities - AFG Consolidated
(\$ in millions)



<u>September 30, 2017</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 218	\$ 218	\$ —	5%	1%
Prime (Non-Agency)	1,283	1,452	169	33%	3%
Alt-A	1,049	1,167	118	26%	3%
Subprime	515	562	47	13%	1%
Commercial	967	1,010	43	23%	2%
Total AFG consolidated	\$ 4,032	\$ 4,409	\$ 377	100%	10%

- 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 82%; Alt-A 79%; Subprime 85%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 733; Alt-A 703; Subprime 632.
- 95% of our Commercial MBS portfolio is investment-grade rated (82% AAA) and the average subordination for this group of assets is 31%.
- The approximate average life by collateral type is - Residential 4.5 years; Commercial 5.5 years.

<u>December 31, 2016</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 243	\$ 243	\$ —	5%	0%
Prime (Non-Agency)	1,406	1,557	151	30%	4%
Alt-A	1,093	1,170	77	23%	3%
Subprime	629	669	40	13%	2%
Commercial	1,446	1,493	47	29%	3%
Total AFG consolidated	\$ 4,817	\$ 5,132	\$ 315	100%	12%

American Financial Group, Inc.
Mortgage-Backed Securities Portfolio
(\$ in millions)



Property and Casualty Insurance:

By Asset Type	September 30, 2017				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 175	\$ 174	\$ (1)	17%	2%
Prime (Non-Agency)	183	203	20	19%	2%
Alt-A	317	351	34	33%	4%
Subprime	219	236	17	22%	2%
Commercial	97	100	3	9%	1%
Total	\$ 991	\$ 1,064	\$ 73	100%	11%

By Asset Type	December 31, 2016				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 192	\$ 191	\$ (1)	17%	2%
Prime (Non-Agency)	187	202	15	17%	2%
Alt-A	342	361	19	31%	4%
Subprime	259	272	13	23%	3%
Commercial	142	144	2	12%	1%
Total	\$ 1,122	\$ 1,170	\$ 48	100%	12%

Annuity and Run-off:

By Asset Type	September 30, 2017				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 43	\$ 44	\$ 1	1%	0%
Prime (Non-Agency)	1,099	1,237	138	37%	4%
Alt-A	732	816	84	25%	2%
Subprime	296	326	30	10%	1%
Commercial	870	910	40	27%	3%
Total	\$ 3,040	\$ 3,333	\$ 293	100%	10%

By Asset Type	December 31, 2016				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 51	\$ 52	\$ 1	1%	0%
Prime (Non-Agency)	1,218	1,343	125	34%	4%
Alt-A	751	809	58	21%	3%
Subprime	370	397	27	10%	1%
Commercial	1,304	1,349	45	34%	5%
Total	\$ 3,694	\$ 3,950	\$ 256	100%	13%

American Financial Group, Inc.
Mortgage-Backed Securities - Credit Rating
(\$ in millions)



By Credit Rating (a)	September 30, 2017			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 1,259	\$ 1,306	\$ 47	30%
AA	94	98	4	2%
A	219	233	14	5%
BBB	229	243	14	6%
Subtotal - investment grade	1,801	1,880	79	43%
BB	189	192	3	4%
B	249	257	8	6%
Other (b)	1,793	2,080	287	47%
Total	\$ 4,032	\$ 4,409	\$ 377	100%

96% of the mortgage-backed security portfolio has an NAIC 1 designation.

By Credit Rating (a)	December 31, 2016			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 1,668	\$ 1,720	\$ 52	34%
AA	164	169	5	3%
A	256	268	12	5%
BBB	274	288	14	6%
Subtotal - investment grade	2,362	2,445	83	48%
BB	211	212	1	4%
B	330	333	3	6%
Other (b)	1,914	2,142	228	42%
Total	\$ 4,817	\$ 5,132	\$ 315	100%

97% of the mortgage-backed security portfolio has an NAIC 1 designation.

- (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 page 29 for more information.

Appendix A
American Financial Group, Inc.
Fixed Maturities - Credit Rating by Type
(\$ in millions)



By Credit Rating (a)	Fair Value - September 30, 2017							Total	% Total
	US Gov	Munis	Frgn gov	RMBS	CMBS	ABS	Corp/Oth		
Investment grade									
AAA	\$ 217	\$1,810	\$ 180	\$ 476	\$ 830	\$2,495	\$ 213	\$ 6,221	16%
AA	84	4,564	67	79	19	2,170	1,392	8,375	22%
A	—	504	3	206	27	1,703	6,752	9,195	24%
BBB	—	49	4	155	88	846	9,305	10,447	28%
Subtotal - Investment grade	301	6,927	254	916	964	7,214	17,662	34,238	90%
BB	—	4	—	173	19	5	524	725	2%
B	—	7	—	253	4	—	76	340	1%
CCC, CC, C	—	1	—	936	3	2	29	971	3%
D	—	7	—	534	—	—	—	541	1%
Subtotal - Non-Investment grade	—	19	—	1,896	26	7	629	2,577	7%
Not Rated	8	78	—	587	20	269	391	1,353	3%
Total	\$ 309	\$7,024	\$ 254	\$3,399	\$1,010	\$7,490	\$18,682	\$38,168	100%

By Credit Rating (a)	Fair Value - December 31, 2016							Total	% Total
	US Gov	Munis	Frgn gov	RMBS	CMBS	ABS	Corp/Oth		
Investment grade									
AAA	\$ 299	\$1,727	\$ 171	\$ 508	\$1,213	\$2,053	\$ 218	\$ 6,189	18%
AA	41	4,388	30	127	42	1,480	1,149	7,257	21%
A	—	501	55	170	98	1,593	6,070	8,487	24%
BBB	—	69	5	202	86	813	8,018	9,193	26%
Subtotal - Investment grade	340	6,685	261	1,007	1,439	5,939	15,455	31,126	89%
BB	—	4	—	184	29	16	462	695	2%
B	—	8	—	307	25	1	104	445	1%
CCC, CC, C	—	11	—	963	—	3	32	1,009	3%
D	—	—	—	679	—	—	—	679	2%
Subtotal - Non-Investment grade	—	23	—	2,133	54	20	598	2,828	8%
Not Rated	8	100	—	499	—	—	342	949	3%
Total	\$ 348	\$6,808	\$ 261	\$3,639	\$1,493	\$5,959	\$16,395	\$34,903	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.