

**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 29, 2019

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

1-13653
(Commission
File Number)

31-1544320
(IRS Employer
Identification No.)

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

45202
(Zip Code)

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

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

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	AFG	New York Stock Exchange
6-1/4% Subordinated Debentures due September 30, 2054	AFGE	New York Stock Exchange
6% Subordinated Debentures due November 15, 2055	AFGH	New York Stock Exchange
5.875% Subordinated Debentures due March 30, 2059	AFGB	New York Stock Exchange

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

Emerging growth company

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

Section 2 - Financial Information

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the third quarter of 2019 and the availability of the Investor Supplement on the Company's website. The press release was issued on October 29, 2019. 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 29, 2019, reporting American Financial Group Inc. results for the quarter ended September 30, 2019.
99.2	Investor Supplement – Third Quarter 2019
101	Cover Page Interactive Data File - The cover page XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Current Report on Form 8-K, formatted as Inline XBRL.

SIGNATURES

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

AMERICAN FINANCIAL GROUP, INC.

Date: October 30, 2019

By: /s/ Karl J. Grafe

Karl J. Grafe
Vice President

Press Release

For Immediate Release



American Financial Group, Inc. Announces Third Quarter Results

- *Net earnings per share of \$1.62 includes (\$0.25) per share of after-tax A&E reserve strengthening, (\$0.23) per share related to Annuity non-core items and (\$0.15) per share in after-tax realized losses on securities.*
- *Third quarter core net operating earnings of \$2.25 per share*
- *Third quarter annualized ROE of 11.0%; annualized core operating ROE of 15.3%*
- *Full year 2019 core net operating earnings guidance revised to a narrowed range of \$8.50 to \$8.70 per share*

CINCINNATI – October 29, 2019 – American Financial Group, Inc. (NYSE: AFG) today reported 2019 third quarter net earnings attributable to shareholders of \$147 million (\$1.62 per share) compared to \$204 million (\$2.26 per share) for the 2018 third quarter. Net earnings for the quarter include after-tax charges of \$23 million (\$0.25 per share) to strengthen the Company’s asbestos and environmental (“A&E”) reserves and \$14 million (\$0.15 per share) in after-tax realized losses on securities, including \$20 million (\$0.22 per share) in holding losses to adjust equity securities to fair value. Net earnings for the third quarter of 2019 also included a negative impact of \$21 million (\$0.23 per share) for annuity non-core items, including the impact of fair value accounting for fixed-indexed annuities (FIAs), the unlocking of actuarial assumptions and other items related to changes in the stock market and interest rates. Comparatively, net earnings in the 2018 third quarter included net after-tax non-core earnings of \$6 million (\$0.07 per share). Other details may be found in the table below. Book value per share was \$70.14 per share at September 30, 2019. Annualized return on equity was 11.0% and 16.3% for the third quarters of 2019 and 2018, respectively.

Core net operating earnings were \$205 million (\$2.25 per share) for the 2019 third quarter, compared to \$198 million (\$2.19 per share) in the 2018 third quarter. Higher underwriting profit in our Specialty Property and Casualty (“P&C”) insurance operations and higher P&C net investment income were partially offset by lower core operating earnings in our Annuity Segment. In connection with AFG’s new definition of annuity core operating earnings, AFG’s core net operating earnings for the third quarter of 2019 exclude the impact of items that are not necessarily indicative of operating trends, and include an expense for the amortization of FIA option costs, which AFG believes better reflects the cost of funds for FIAs and AFG’s evaluation of the financial performance of its Annuity business. Book value per share, excluding unrealized gains related to fixed maturities, was \$59.65 per share at September 30, 2019. Core net operating earnings for the third quarters of 2019 and 2018 generated annualized returns on equity of 15.3% and 15.8%, respectively.

As previously announced, beginning with the second quarter of 2019, AFG changed the way it defines annuity core operating earnings to exclude the impact of items that are not necessarily indicative of operating trends. Core net operating earnings for periods prior to the change have not been adjusted, however results for the three and nine month periods ended September 30, 2018 are reconciled to historically reported Annuity Segment core operating earnings on page 5 of this release. As a result, reported core net operating earnings for periods beginning with the second quarter of 2019 are not directly comparable to prior year periods.

AFG’s net earnings attributable to shareholders, determined in accordance with U.S. generally accepted accounting principles (GAAP), include certain items that may not be indicative of its ongoing core

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

Dollars in millions, except per share amounts	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Components of net earnings attributable to shareholders:				
Core operating earnings before income taxes	\$ 251	\$ 237	\$ 716	\$ 733
<u>Pretax non-core items:</u>				
Realized gains (losses) on securities	(18)	34	222	(28)
Annuity non-core earnings (losses)	(27)	—	(60)	—
Special A&E charges (b)	(29)	(27)	(29)	(27)
Earnings before income taxes	177	244	849	678
Provision (benefit) for income taxes:				
Core operating earnings	50	40	143	138
Non-core items	(16)	1	28	(12)
Total provision (benefit) for income taxes	34	41	171	126
Net earnings, including noncontrolling interests	143	203	678	552
Less net earnings (losses) attributable to noncontrolling interests:				
Core operating earnings (losses)	(4)	(1)	(8)	(7)
Non-core items	—	—	—	—
Total net earnings (losses) attributable to noncontrolling interests	(4)	(1)	(8)	(7)
Net earnings attributable to shareholders	\$ 147	\$ 204	\$ 686	\$ 559
Net earnings:				
Core net operating earnings ^(a)	\$ 205	\$ 198	\$ 581	\$ 602
Realized gains (losses) on securities	(14)	27	176	(22)
Annuity non-core earnings (losses)	(21)	—	(48)	—
Special A&E charges ^(b)	(23)	(21)	(23)	(21)
Net earnings attributable to shareholders	\$ 147	\$ 204	\$ 686	\$ 559
Components of Earnings Per Share:				
Core net operating earnings^(a)	\$ 2.25	\$ 2.19	\$ 6.39	\$ 6.65
<u>Non-core Items:</u>				
Realized gains (losses) on securities	(0.15)	0.31	1.93	(0.24)
Annuity non-core earnings (losses)	(0.23)	—	(0.52)	—
Special A&E charges ^(b)	(0.25)	(0.24)	(0.25)	(0.24)
Diluted Earnings Per Share	\$ 1.62	\$ 2.26	\$ 7.55	\$ 6.17

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: "Our Specialty P&C and Annuity Segments both produced strong operating profitability and investment results during the quarter, which helped us to achieve an annualized core operating return on equity in excess of 15%.

"For the nine months ended September 30, 2019, AFG's annualized growth in adjusted book value per share plus dividends was 18.2%. AFG had approximately \$865 million of excess capital (including parent company cash of approximately \$270 million) at September 30, 2019. Where appropriate, our excess capital will be deployed into AFG's core businesses as we identify potential for healthy, profitable organic growth, and opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds. In addition, returning capital to shareholders in the form of regular and special cash dividends and opportunistic share repurchases is also an important and effective component of our capital management strategy. We will evaluate our excess capital position again before the end of

the year, and note that the special cash dividend paid in May does not preclude our consideration of additional special dividends and opportunistic share repurchases.

“We now expect AFG’s core net operating earnings in 2019 to be in the range of \$8.50 to \$8.70 per share, narrowed from the range of \$8.40 to \$8.80 announced previously. This revised range gives effect to our results of operations through the first nine months of 2019, as well as our expectations that we will not recognize any profits from the 2019 crop year in the fourth quarter of 2019. Our core earnings per share guidance excludes non-core items such as realized gains and losses, annuity non-core earnings and 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

Pretax core operating earnings in AFG’s P&C Insurance Segment were \$194 million in the third quarter of 2019, compared to \$158 million in the prior year period, an increase of \$36 million, or 23%. Higher P&C underwriting profit and higher P&C net investment income, primarily the result of higher earnings on limited partnerships and similar investments, both contributed to the year-over-year improvement. The strong performance of these investments should not necessarily be expected to repeat in future periods.

The Specialty P&C insurance operations generated an underwriting profit of \$88 million in the 2019 third quarter, compared to \$55 million in the third quarter of 2018. Higher year-over-year underwriting profits in our Property and Transportation and Specialty Financial Groups were partially offset by lower underwriting profit in our Specialty Casualty Group. The third quarter 2019 combined ratio of 94.0% was 1.7 points lower than the 95.7% reported in the comparable prior year period, and includes 1.6 points in catastrophe losses. By comparison, catastrophe losses in the third quarter of 2018 added 2.6 points. Third quarter 2019 results include 3.1 points of favorable prior year reserve development, compared to 3.7 points in the comparable prior year period.

Gross written and net written premiums were up 12% and 11%, respectively, for the third quarter of 2019, when compared to the same period in 2018. As previously reported, delayed planting of spring crops resulted in late acreage reporting in our crop operations, which increased overall third quarter premiums. Excluding the impact of the timing of the crop premiums, gross and net written premiums each increased 9%. Average renewal pricing across the entire P&C Group was up in excess of 3% for the quarter. Excluding our workers’ compensation business, renewal pricing was up approximately 6% in the third quarter, reflecting a continued improvement from renewal rate increases achieved during the first half of 2019. Pricing in our Specialty P&C group overall is the highest we have achieved in over five years, meeting or exceeding our expectations in each of our Specialty P&C sub-segments.

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

The **Property and Transportation Group** reported 2019 third quarter underwriting profit of \$38 million, compared to break-even underwriting results in the third quarter of 2018. Although nearly all businesses in this group reported higher year-over-year underwriting profits, the increase was driven by higher underwriting profit in our transportation and property & inland marine businesses. These increases were partially offset by lower underwriting profitability in our crop business. Overall results include 2.8 points of favorable prior year reserve development in the third quarter of 2019, compared to 0.8 points in the year-ago period. Catastrophe losses for this group were \$8 million in the third quarter of 2019, compared to \$13 million in the comparable prior year period.

Gross and net written premiums for the third quarter of 2019 were 17% and 18% higher, respectively, than the comparable 2018 period. The increase was largely the result of higher year-over-year premiums in our transportation businesses and the timing of recording of crop premiums as a result of delayed acreage reporting from insureds due to excess moisture and late planting of corn and soybean crops. Gross and net written premiums excluding crop grew by 13% and 14%, respectively, year-over-year. Overall renewal rates in this group increased 4% on average for the third quarter of 2019, with continued strong renewal rate momentum.

The **Specialty Casualty Group** reported a 2019 third quarter underwriting profit of \$23 million, compared to \$49 million in the third quarter of 2018. Higher profitability in our workers' compensation and social services businesses was more than offset by higher underwriting losses in Neon and adverse prior year reserve development in our excess and surplus businesses. Underwriting profitability in our workers' compensation business continues to be very strong. Catastrophe losses for this group were \$10 million and \$12 million in the third quarters of 2019 and 2018.

Gross and net written premiums increased 8% and 7%, respectively, for the third quarter of 2019 when compared to the same prior year period. The addition of premiums from ABA Insurance services, which was acquired in the fourth quarter of 2018, along with growth in our excess and surplus lines and excess liability businesses, primarily the result of new business opportunities, rate increases and higher retentions on renewal business, were the primary drivers of the higher premiums. Lower premiums in Neon, primarily due to foreign currency translation, and in our workers' compensation businesses, due to rate decreases, partially offset this growth. Excluding workers' compensation, year-over-year growth in third quarter gross and net written premiums was 12% and 13%, respectively. Renewal pricing for this group was up 4% in the third quarter. Excluding rate decreases in our workers' compensation businesses, renewal rates in this group were up approximately 9%. With the exception of workers' compensation, renewal rates in this group are the highest we have seen in more than five years.

The **Specialty Financial Group** reported an underwriting profit of \$26 million in the third quarter of 2019, compared to \$9 million in the third quarter of 2018. Higher underwriting profit in our financial institutions business was the primary driver of the increase. Catastrophe losses for this group were \$3 million and \$13 million in the third quarters of 2019 and 2018, respectively. All of the businesses in this group continued to achieve excellent underwriting margins.

Gross and net written premiums increased by 6% and 9%, respectively, in the 2019 third quarter when compared to the same 2018 period, primarily as a result of higher premiums in our fidelity and crime and equipment leasing businesses. Renewal pricing in this group was flat for the quarter.

Carl Lindner III stated, "I'm excited to see continued momentum in our renewal pricing, with double digit rate increases in several of our Specialty Casualty businesses during the quarter. We now expect growth in net written premiums to be in the range of 4% to 7%, up from our previous guidance of 2% to 5%, when compared to the \$5.0 billion reported in 2018. Our Specialty P&C businesses produced excellent underwriting margins and strong growth during the quarter; based on results through the first nine months of the year and our expectations of no crop earnings in the fourth quarter, we have narrowed our 2019 calendar year combined ratio guidance to a range of 93% to 94% from our previous range of 92% to 94%.

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

Annuity Segment

Annuity Operating Earnings – For all periods presented, the table below reflects core operating earnings under AFG’s new definition. For periods prior to the second quarter of 2019, “new” core operating earnings are reconciled to previously reported operating results.

In millions	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Pretax Annuity Core Operating Earnings:				
Pretax earnings before certain items below	\$ 150	\$ 139	\$ 441	\$ 418
Investments marked to market through core operating earnings, net of DAC	25	26	80	88
Amortization of option costs, net of DAC	(75)	(65)	(216)	(183)
Pretax Annuity core operating earnings – new method	100	100	305	323
Other amounts previously reported as operating, net *	n/a	17	(11)	18
Pretax Annuity core operating earnings, as reported	\$ 100	\$ 117	\$ 294	\$ 341
Year over year growth in quarterly average invested assets	11%	10%	11%	10%
Yield on investments marked to market through core operating earnings	9.5%	11.7%	10.5%	14.3%

* “Other” primarily reflects (i) the impact of fair value accounting, (ii) the impact of changes in the stock market on the liability for guaranteed benefits and deferred acquisition costs (DAC), and (iii) unlocking.

Pretax earnings before certain items increased primarily as a result of the growth in AFG’s annuity business. Earnings from investments marked to market through core operating earnings vary from quarter to quarter based on the reported results of the underlying investments. Higher amortization of option costs reflects growth in AFG’s annuity business, as well as higher costs of options.

2019 Annuity Core Operating Earnings Guidance – Taking into account the new definition of Annuity core operating earnings beginning in the second quarter of 2019, and based on the \$294 million of operating earnings reported by the Annuity Segment in the first nine months of 2019, AFG now expects its full year 2019 pretax Annuity core operating earnings to be in the range of \$380 million to \$400 million. This compares to the most recent guidance of \$375 million to \$405 million.

This updated guidance reflects: (i) an assumed annualized return of 8% in the fourth quarter on investments required to be marked to market through operating earnings, in contrast to the 10.5% earned on an annualized basis in the first nine months of 2019 and (ii) the impact of lower interest rates – in particular, the impact of lower short term rates, which will have a negative impact on the Annuity Segment’s approximately \$3 billion net investment in floating rate securities.

Annuity Premiums – AFG’s Annuity Segment reported statutory premiums of \$1.08 billion in the third quarter of 2019, compared to \$1.38 billion in the third quarter of 2018, a decrease of 22%. Higher traditional fixed annuity premiums were more than offset by lower fixed-indexed annuity (FIA) premiums.

In response to the continued drop in market interest rates in 2019, AFG has implemented numerous crediting rate decreases in order to maintain appropriate returns on its annuity sales. Based on the results to date, AFG believes that its 2019 Annuity premiums will be down 9% to 10% from its record \$5.4 billion of premiums in 2018.

Craig Lindner stated, “I am pleased with our results in this difficult interest rate environment. Our third quarter Annuity Segment results reflect a core operating return on equity in excess of 12%. We continue to believe that our consumer-centric model provides both value to policyholders and protection to AFG.”

Annuity Non-Core Earnings (Loss) – In the third quarter of 2019, AFG reported an after-tax Annuity non-core loss of \$21 million or (\$0.23) per share; this amount reflects primarily the negative impact that the decrease in market interest rates in the third quarter of 2019 had on fair value accounting for FIAs.

Due to the significant decrease in both long-term and short-term interest rates throughout 2019, AFG performed a detailed review (unlocking) of the actuarial assumptions underlying its annuity operations in the third quarter of 2019; this review resulted in a net after-tax unlocking charge of \$1 million (\$0.01 per share), which is also included in the Annuity Non-Core Earnings (Loss) amount discussed above. Lower interest rates resulted in (i) a negative impact related to lower expected future investment income, (ii) a negative impact related to higher assumed persistency on certain blocks of business, and (iii) a positive impact related to lower expected costs for FIA renewal options, including anticipated renewal rate actions.

AFG monitors the major actuarial assumptions underlying its annuity operations throughout the year. Historically, the Company conducted detailed reviews (“unlocking”) of its assumptions in the fourth quarter of each year. Beginning with the third quarter of 2019, AFG will conduct this review in the third quarter of each year.

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

A&E Reserves

During the third quarter of 2019, AFG completed an in-depth comprehensive review 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. This year’s review resulted in non-core after-tax special charges of \$23 million (\$29 million pretax) to increase AFG’s A&E reserves.

The P&C Group’s asbestos reserves were increased by \$3 million (net of reinsurance) and its environmental reserves were increased by \$15 million (net of reinsurance). At September 30, 2019, the P&C Group’s insurance reserves include A&E reserves of \$389 million, net of reinsurance recoverables. At September 30, 2019, the property and casualty insurance segment’s three-year survival ratios were 19.9 times paid losses for asbestos reserves, 12.1 times paid losses for environmental reserves and 15.6 times paid losses for total A&E reserves. These ratios compare favorably with industry data compiled by A.M. Best as of December 31, 2018, which indicate that industry survival ratios were 7.0 for asbestos, 8.3 for environmental, and 7.3 for total A&E reserves.

In addition, the 2019 review encompassed reserves for asbestos and environmental exposures of our former railroad and manufacturing operations. As a result of the review, AFG increased its reserve for environmental exposures by \$8 million, due primarily to relatively small movements across several sites that primarily reflect changes in the scope and costs of investigation; AFG also increased its reserve for asbestos and toxic substance exposures arising out of these operations by \$3 million.

Investments

AFG recorded third quarter 2019 net realized losses on securities of \$14 million (\$0.15 per share) after tax and after deferred acquisition costs (DAC), which included \$20 million (\$0.22 per share) in after-tax, after-DAC net losses to adjust equity securities that the Company continued to own, to fair value. By comparison, AFG recorded net realized gains on securities of \$27 million (\$0.31 per share) in the comparable 2018 period.

Unrealized gains on fixed maturities were \$920 million after tax and after DAC at September 30, 2019, an increase of \$837 million since year end. Our portfolio continues to be high quality, with 91% 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, 2019, P&C net investment income was approximately 9% higher than the comparable 2018 period.

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

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets over \$65 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 traditional fixed, fixed-indexed and variable-indexed annuities in the retail, financial institutions, broker-dealer and registered investment advisor markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

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

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including, but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets, including the cost of equity index options; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; changes in insurance law or regulation, including changes in statutory accounting rules and changes in regulation of the Lloyd's market, including modifications to the establishment of capital requirements for and approval of business plans for syndicate participation; changes in the legal environment affecting AFG or its customers; tax law and accounting changes, including the impact of recent changes in U.S. corporate tax law; 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; disruption caused by cyber-attacks or other technology breaches or failures by AFG or its business partners and service providers, which could negatively impact AFG's business and/or expose AFG to litigation; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; trends in

persistence and mortality; competitive pressures; the ability to obtain adequate rates and policy terms; changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to AFG's operating subsidiaries; the impact of the conditions in the international financial markets and the global economy relating to AFG's international operations; and other factors identified in AFG's filings with the Securities and Exchange Commission.

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

Conference Call

The Company will hold a conference call to discuss 2019 third quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, October 30, 2019. 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 1894955. 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 6, 2019. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 1894955.

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

An archived webcast will be available immediately after the call via the same link on our website until November 6, 2019 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

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

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

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

AFG19-23

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Revenues				
P&C insurance net earned premiums	\$ 1,442	\$ 1,327	\$ 3,815	\$ 3,595
Life, accident & health net earned premiums	6	6	17	18
Net investment income	588	527	1,710	1,552
Realized gains (losses) on securities	(18)	34	222	(28)
Income (loss) of managed investment entities:				
Investment income	67	65	206	187
Gain (loss) on change in fair value of assets/liabilities	(14)	(5)	(16)	(10)
Other income	52	54	153	146
Total revenues	<u>2,123</u>	<u>2,008</u>	<u>6,107</u>	<u>5,460</u>
Costs and expenses				
P&C insurance losses & expenses	1,394	1,296	3,634	3,411
Annuity, life, accident & health benefits & expenses	379	303	1,107	899
Interest charges on borrowed money	17	15	50	46
Expenses of managed investment entities	54	52	168	154
Other expenses	102	98	299	272
Total costs and expenses	<u>1,946</u>	<u>1,764</u>	<u>5,258</u>	<u>4,782</u>
Earnings before income taxes	177	244	849	678
Provision for income taxes	34	41	171	126
Net earnings including noncontrolling interests	143	203	678	552
Less: Net earnings (losses) attributable to noncontrolling interests	(4)	(1)	(8)	(7)
Net earnings attributable to shareholders	<u>\$ 147</u>	<u>\$ 204</u>	<u>\$ 686</u>	<u>\$ 559</u>
Diluted Earnings per Common Share	<u>\$ 1.62</u>	<u>\$ 2.26</u>	<u>\$ 7.55</u>	<u>\$ 6.17</u>
Average number of diluted shares	91.1	90.7	90.9	90.6
Selected Balance Sheet Data:				
Total cash and investments			September 30, 2019	December 31, 2018
			\$ 54,207	\$ 48,498
Long-term debt			\$ 1,423	\$ 1,302
Shareholders' equity(c)			\$ 6,321	\$ 4,970
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities)(c)			\$ 5,376	\$ 4,898
Book value per share			\$ 70.14	\$ 55.66
Book value per share (excluding unrealized gains/losses related to fixed maturities)			\$ 59.65	\$ 54.86
Common Shares Outstanding			90.1	89.3

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

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

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change																																																																																				
	2019	2018		2019	2018																																																																																					
Gross written premiums	<u>\$ 2,351</u>	<u>\$ 2,104</u>	12%	<u>\$ 5,550</u>	<u>\$ 5,227</u>	6%																																																																																				
Net written premiums	<u>\$ 1,618</u>	<u>\$ 1,456</u>	11%	<u>\$ 4,029</u>	<u>\$ 3,815</u>	6%																																																																																				
Ratios (GAAP):																																																																																										
Loss & LAE ratio	63.1%	64.3%		60.9%	60.8%																																																																																					
Underwriting expense ratio	30.9%	31.4%		32.9%	33.0%																																																																																					
Specialty Combined Ratio	94.0%	95.7%		93.8%	93.8%																																																																																					
Combined Ratio – P&C Segment	<u>96.3%</u>	<u>97.2%</u>		<u>94.7%</u>	<u>94.4%</u>																																																																																					
Supplemental Information:(d)																																																																																										
Gross Written Premiums:																																																																																										
Property & Transportation	\$ 1,113	\$ 953	17%	\$ 2,131	\$ 1,994	7%																																																																																				
Specialty Casualty	1,031	956	8%	2,839	2,667	6%																																																																																				
Specialty Financial	207	195	6%	580	566	2%																																																																																				
	<u>\$ 2,351</u>	<u>\$ 2,104</u>	12%	<u>\$ 5,550</u>	<u>\$ 5,227</u>	6%																																																																																				
Net Written Premiums:																																																																																										
Property & Transportation	\$ 661	\$ 560	18%	\$ 1,427	\$ 1,306	9%																																																																																				
Specialty Casualty	744	695	7%	2,032	1,928	5%																																																																																				
Specialty Financial	167	153	9%	461	460	—																																																																																				
Other	46	48	(4%)	109	121	(10%)																																																																																				
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Footnote (d) is contained in the accompanying Notes to Financial Schedules at the end of this release.

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

Components of Statutory Premiums

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change
	2019	2018		2019	2018	
<u>Annuity Premiums:</u>						
Financial Institutions	\$ 627	\$ 574	9%	\$ 2,137	\$ 1,671	28%
Retail	228	371	(39%)	868	1,086	(20%)
Broker-Dealer	143	325	(56%)	573	946	(39%)
Pension Risk Transfer	39	56	nm	99	57	nm
Education Market	35	46	nm	128	146	nm
Variable Annuities	5	6	nm	16	19	nm
Total Annuity Premiums	<u>\$1,077</u>	<u>\$ 1,378</u>	(22%)	<u>\$ 3,821</u>	<u>\$ 3,925</u>	(3%)

Components of Annuity Earnings Before Income Taxes

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change
	2019	2018		2019	2018	
Revenues:						
Net investment income	\$ 448	\$ 413	8%	\$ 1,334	\$ 1,219	9%
Other income	28	27	4%	82	80	3%
Total revenues	<u>476</u>	<u>440</u>	8%	<u>1,416</u>	<u>1,299</u>	9%
Costs and Expenses:						
Annuity benefits	250	222	13%	900	664	36%
Acquisition expenses	118	69	71%	177	199	(11%)
Other expenses	35	32	9%	105	95	11%
Total costs and expenses	<u>403</u>	<u>323</u>	25%	<u>1,182</u>	<u>958</u>	23%
Annuity earnings before income taxes	<u>\$ 73</u>	<u>\$ 117</u>	(38%)	<u>234</u>	<u>\$ 341</u>	(31%)

Supplemental Annuity Information

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Core net interest spread on fixed annuities – new method	1.97%	2.08%	2.02%	2.22%
Core net spread earned on fixed annuities – new method	1.06%	1.16%	1.08%	1.28%

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

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Core Operating Earnings before Income Taxes:				
P&C insurance segment	\$ 194	\$ 158	\$ 554	\$ 526
Annuity segment, new method	100	100	305	323
Annuity results previously reported as operating earnings	—	17	(11)	18
Interest and other corporate expenses*	(39)	(37)	(124)	(127)
Core operating earnings before income taxes	255	238	724	740
Related income taxes	50	40	143	138
Core net operating earnings	<u>\$ 205</u>	<u>\$ 198</u>	<u>\$ 581</u>	<u>\$ 602</u>

* Other Corporate Expenses includes income and expenses associated with AFG's run-off businesses.

b) Reflects the following effects of special A&E charges during the third quarter and first nine months of 2019 and 2018 (dollars in millions, except per share amounts):

	Pretax		After-tax		EPS	
	2019	2018	2019	2018	2019	2018
A&E Charges:						
P&C insurance run-off operations						
Asbestos	\$ 3	\$ 6	\$ 2	\$ 5		
Environmental	15	12	12	9		
	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 0.15</u>	<u>\$ 0.16</u>
Former railroad & manufacturing operations						
Asbestos	\$ 3	\$ —	\$ 2	\$ —		
Environmental	8	9	7	7		
	<u>\$ 11</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 0.10</u>	<u>\$ 0.08</u>
Total A&E	<u>\$ 29</u>	<u>\$ 27</u>	<u>\$ 23</u>	<u>\$ 21</u>	<u>\$ 0.25</u>	<u>\$ 0.24</u>

c) Shareholders' Equity at September 30, 2019 includes \$920 million (\$10.21 per share) in unrealized after-tax gains on fixed maturities and \$25 million (\$0.28 per share) in unrealized after-tax gains on fixed maturity-related cash flow hedges. Shareholders' Equity at December 31, 2018 includes \$83 million (\$0.93 per share) in unrealized after-tax gains on fixed maturities and \$11 million (\$0.13 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges.

d) Supplemental Notes:

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

American Financial Group, Inc.

Investor Supplement - Third Quarter 2019

October 29, 2019

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	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Highlights							
Net earnings (loss)	\$ 147	\$ 210	\$ 329	\$ (29)	\$ 204	\$ 686	\$ 559
Core net operating earnings	205	192	184	159	198	581	602
Total assets	69,067	67,697	66,132	63,456	64,190	69,067	64,190
Adjusted shareholders' equity (a)	5,376	5,260	5,201	4,898	5,103	5,376	5,103
Property and Casualty net written premiums	1,618	1,264	1,147	1,208	1,456	4,029	3,815
Annuity statutory premiums	1,077	1,349	1,395	1,482	1,378	3,821	3,925
Per share data							
Diluted earnings per share	\$ 1.62	\$ 2.31	\$ 3.63	\$ (0.33)	\$ 2.26	\$ 7.55	\$ 6.17
Core net operating earnings per share	2.25	2.12	2.02	1.75	2.19	6.39	6.65
Adjusted book value per share (a)	59.65	58.49	58.02	54.86	57.22	59.65	57.22
Cash dividends per common share	0.4000	1.9000	0.4000	1.9000	0.3500	2.7000	2.5500
Financial ratios							
Annualized return on equity (b)	11.0%	16.0%	25.9%	(2.3%)	16.3%	17.6%	15.3%
Annualized core operating return on equity (b)	15.3%	14.7%	14.5%	12.6%	15.8%	14.9%	16.5%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	63.1%	60.2%	58.9%	62.7%	64.3%	60.9%	60.8%
Underwriting expense ratio	30.9%	34.8%	33.6%	29.3%	31.4%	32.9%	33.0%
Combined ratio - Specialty	94.0%	95.0%	92.5%	92.0%	95.7%	93.8%	93.8%
Net spread on fixed annuities:							
Net interest spread on fixed annuities - new method	1.97%	2.08%	2.01%	1.94%	2.08%	2.02%	2.22%
Net spread earned on fixed annuities:							
Core operating - new method	1.06%	1.11%	1.08%	0.98%	1.16%	1.08%	1.28%
Non-core - new method:							
Previously reported in core operating	n/a	n/a	(0.12%)	(0.73%)	0.19%	(0.04%)	0.07%
Currently reported in non-core	(0.28%)	(0.35%)	n/a	n/a	n/a	(0.21%)	n/a

(a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 21.

(b) Excludes accumulated other comprehensive income.

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	09/30/18	09/30/19	09/30/18
Property and Casualty Insurance							
Underwriting profit	\$ 72	\$ 59	\$ 87	\$ 101	\$ 56	\$ 218	\$ 219
Net investment income	124	124	104	115	108	352	323
Other income (expense)	(2)	(8)	(6)	(2)	(6)	(16)	(16)
Property and Casualty Insurance operating earnings	194	175	185	214	158	554	526
Annuity earnings	100	104	90	20	117	294	341
Interest expense of parent holding companies	(17)	(17)	(16)	(16)	(15)	(50)	(46)
Other expense	(22)	(25)	(27)	(13)	(22)	(74)	(81)
Pre-tax core operating earnings	255	237	232	205	238	724	740
Income tax expense	50	45	48	46	40	143	138
Core net operating earnings	205	192	184	159	198	581	602
Non-core items, net of tax:							
Realized gains (losses) on securities	(14)	45	145	(188)	27	176	(22)
Annuity non-core earnings (losses), net of taxes	(21)	(27)	—	—	—	(48)	—
Special A&E charges:							
Property and Casualty Insurance run-off operations	(14)	—	—	—	(14)	(14)	(14)
Former Railroad and Manufacturing operations	(9)	—	—	—	(7)	(9)	(7)
Net earnings	\$ 147	\$ 210	\$ 329	\$ (29)	\$ 204	\$ 686	\$ 559

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Core net operating earnings	\$ 205	\$ 192	\$ 184	\$ 159	\$ 198	\$ 581	\$ 602
Net earnings	\$ 147	\$ 210	\$ 329	\$ (29)	\$ 204	\$ 686	\$ 559
Average number of diluted shares - core	91.137	90.981	90.695	90.668	90.731	90.940	90.610
Average number of diluted shares - net	91.137	90.981	90.695	89.278	90.731	90.940	90.610
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 2.25	\$ 2.12	\$ 2.02	\$ 1.75	\$ 2.19	\$ 6.39	\$ 6.65
Realized gains (losses) on securities	(0.15)	0.48	1.61	(2.08)	0.31	1.93	(0.24)
Annuity non-core earnings (losses), net of taxes	(0.23)	(0.29)	—	—	—	(0.52)	—
<u>Special A&E charges:</u>							
Property and Casualty Insurance run-off operations	(0.15)	—	—	—	(0.16)	(0.15)	(0.16)
Former Railroad and Manufacturing operations	(0.10)	—	—	—	(0.08)	(0.10)	(0.08)
Diluted earnings per share	\$ 1.62	\$ 2.31	\$ 3.63	\$ (0.33)	\$ 2.26	\$ 7.55	\$ 6.17

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Property and Transportation	\$ 38	\$ 4	\$ 39	\$ 64	\$ —	\$ 81	\$ 56
Specialty Casualty	23	47	36	22	49	106	119
Specialty Financial	26	21	13	20	9	60	46
Other Specialty	1	(12)	—	(4)	(3)	(11)	(1)
Underwriting profit - Specialty	88	60	88	102	55	236	220
Other core charges, included in loss and LAE	(16)	(1)	(1)	(1)	1	(18)	(1)
Underwriting profit - Core	72	59	87	101	56	218	219
Special A&E charges, included in loss and LAE	(18)	—	—	—	(18)	(18)	(18)
Underwriting profit (loss) - Property and Casualty Insurance	\$ 54	\$ 59	\$ 87	\$ 101	\$ 38	\$ 200	\$ 201
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ (1)	\$ 3	\$ —	\$ 3
Catastrophe loss	22	12	12	39	35	46	64
Total current accident year catastrophe losses	\$ 22	\$ 12	\$ 12	\$ 38	\$ 38	\$ 46	\$ 67
Prior year loss reserve development (favorable) / adverse	\$ (12)	\$ (41)	\$ (45)	\$ (61)	\$ (31)	\$ (98)	\$ (131)
Combined ratio:							
Property and Transportation	93.5%	99.1%	89.0%	86.5%	100.0%	93.8%	95.5%
Specialty Casualty	96.5%	92.5%	94.2%	96.5%	92.1%	94.5%	93.3%
Specialty Financial	83.7%	85.6%	91.4%	85.5%	94.4%	86.8%	90.0%
Other Specialty	98.5%	135.1%	98.9%	112.3%	103.0%	110.2%	100.3%
Combined ratio - Specialty	94.0%	95.0%	92.5%	92.0%	95.7%	93.8%	93.8%
Other core charges	1.1%	0.1%	0.1%	0.0%	0.0%	0.5%	0.0%
Special A&E charges	1.2%	0.0%	0.0%	0.0%	1.5%	0.4%	0.6%
Combined ratio	96.3%	95.1%	92.6%	92.0%	97.2%	94.7%	94.4%
Combined ratio excl. catastrophe and prior year development	95.5%	97.5%	95.4%	93.7%	96.8%	96.1%	96.3%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	64.6%	62.7%	61.8%	64.4%	65.4%	63.2%	63.3%
Prior accident year loss reserve development	(0.8%)	(3.3%)	(3.9%)	(4.7%)	(2.2%)	(2.6%)	(3.7%)
Current accident year catastrophe loss	1.6%	0.9%	1.1%	3.0%	2.6%	1.2%	1.8%
Loss and LAE ratio	65.4%	60.3%	59.0%	62.7%	65.8%	61.8%	61.4%

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Gross written premiums	\$2,351	\$1,664	\$1,535	\$1,613	\$2,104	\$ 5,550	\$ 5,227
Ceded reinsurance premiums	(733)	(400)	(388)	(405)	(648)	(1,521)	(1,412)
Net written premiums	1,618	1,264	1,147	1,208	1,456	4,029	3,815
Change in unearned premiums	(176)	(64)	26	62	(129)	(214)	(220)
Net earned premiums	1,442	1,200	1,173	1,270	1,327	3,815	3,595
Loss and LAE	910	722	691	796	855	2,323	2,187
Underwriting expense	444	418	394	372	417	1,256	1,188
Underwriting profit	\$ 88	\$ 60	\$ 88	\$ 102	\$ 55	\$ 236	\$ 220
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ (1)	\$ 3	\$ —	\$ 3
Catastrophe loss	22	12	12	39	35	46	64
Total current accident year catastrophe losses	\$ 22	\$ 12	\$ 12	\$ 38	\$ 38	\$ 46	\$ 67
Prior year loss reserve development (favorable) / adverse	\$ (46)	\$ (42)	\$ (46)	\$ (61)	\$ (49)	\$ (134)	\$ (151)
Combined ratio:							
Loss and LAE ratio	63.1%	60.2%	58.9%	62.7%	64.3%	60.9%	60.8%
Underwriting expense ratio	30.9%	34.8%	33.6%	29.3%	31.4%	32.9%	33.0%
Combined ratio	94.0%	95.0%	92.5%	92.0%	95.7%	93.8%	93.8%
Combined ratio excl. catastrophe and prior year development	95.5%	97.5%	95.4%	93.7%	96.8%	96.1%	96.3%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	64.6%	62.7%	61.8%	64.4%	65.4%	63.2%	63.3%
Prior accident year loss reserve development	(3.1%)	(3.4%)	(4.0%)	(4.7%)	(3.7%)	(3.5%)	(4.3%)
Current accident year catastrophe loss	1.6%	0.9%	1.1%	3.0%	2.6%	1.2%	1.8%
Loss and LAE ratio	63.1%	60.2%	58.9%	62.7%	64.3%	60.9%	60.8%

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Gross written premiums	\$1,113	\$ 579	\$ 439	\$ 651	\$ 953	\$2,131	\$ 1,994
Ceded reinsurance premiums	(452)	(157)	(95)	(203)	(393)	(704)	(688)
Net written premiums	661	422	344	448	560	1,427	1,306
Change in unearned premiums	(78)	(43)	17	31	(34)	(104)	(56)
Net earned premiums	583	379	361	479	526	1,323	1,250
Loss and LAE	421	259	225	327	406	905	865
Underwriting expense	124	116	97	88	120	337	329
Underwriting profit	\$ 38	\$ 4	\$ 39	\$ 64	\$ —	\$ 81	\$ 56
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ 1
Catastrophe loss	8	8	9	(1)	12	25	27
Total current accident year catastrophe losses	\$ 8	\$ 8	\$ 9	\$ (2)	\$ 13	\$ 25	\$ 28
Prior year loss reserve development (favorable) / adverse	\$ (17)	\$ (6)	\$ (26)	\$ (7)	\$ (4)	\$ (49)	\$ (43)
Combined ratio:							
Loss and LAE ratio	72.1%	68.4%	62.2%	68.2%	77.1%	68.3%	69.2%
Underwriting expense ratio	21.4%	30.7%	26.8%	18.3%	22.9%	25.5%	26.3%
Combined ratio	93.5%	99.1%	89.0%	86.5%	100.0%	93.8%	95.5%
Combined ratio excl. catastrophe and prior year development	94.9%	98.7%	93.6%	88.2%	98.5%	95.6%	96.8%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	73.5%	68.0%	66.8%	69.9%	75.6%	70.1%	70.5%
Prior accident year loss reserve development	(2.8%)	(1.6%)	(7.2%)	(1.5%)	(0.8%)	(3.7%)	(3.5%)
Current accident year catastrophe loss	1.4%	2.0%	2.6%	(0.2%)	2.3%	1.9%	2.2%
Loss and LAE ratio	72.1%	68.4%	62.2%	68.2%	77.1%	68.3%	69.2%

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Gross written premiums	\$1,031	\$ 896	\$ 912	\$ 778	\$ 956	\$2,839	\$ 2,667
Ceded reinsurance premiums	(287)	(234)	(286)	(197)	(261)	(807)	(739)
Net written premiums	744	662	626	581	695	2,032	1,928
Change in unearned premiums	(86)	(28)	3	32	(79)	(111)	(138)
Net earned premiums	658	634	629	613	616	1,921	1,790
Loss and LAE	416	380	388	389	364	1,184	1,087
Underwriting expense	219	207	205	202	203	631	584
Underwriting profit	\$ 23	\$ 47	\$ 36	\$ 22	\$ 49	\$ 106	\$ 119
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1
Catastrophe loss	10	1	1	28	11	12	17
Total current accident year catastrophe losses	\$ 10	\$ 1	\$ 1	\$ 28	\$ 12	\$ 12	\$ 18
Prior year loss reserve development (favorable) / adverse	\$ (19)	\$ (31)	\$ (13)	\$ (52)	\$ (37)	\$ (63)	\$ (87)
Combined ratio:							
Loss and LAE ratio	63.1%	60.0%	61.6%	63.5%	59.2%	61.6%	60.7%
Underwriting expense ratio	33.4%	32.5%	32.6%	33.0%	32.9%	32.9%	32.6%
Combined ratio	96.5%	92.5%	94.2%	96.5%	92.1%	94.5%	93.3%
Combined ratio excl. catastrophe and prior year development	97.8%	97.1%	96.3%	100.3%	96.4%	97.1%	97.2%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	64.4%	64.6%	63.7%	67.3%	63.5%	64.2%	64.6%
Prior accident year loss reserve development	(2.9%)	(4.7%)	(2.2%)	(8.5%)	(6.0%)	(3.2%)	(4.8%)
Current accident year catastrophe loss	1.6%	0.1%	0.1%	4.7%	1.7%	0.6%	0.9%
Loss and LAE ratio	63.1%	60.0%	61.6%	63.5%	59.2%	61.6%	60.7%

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Gross written premiums	\$ 207	\$ 189	\$ 184	\$ 184	\$ 195	\$ 580	\$ 566
Ceded reinsurance premiums	(40)	(40)	(39)	(42)	(42)	(119)	(106)
Net written premiums	167	149	145	142	153	461	460
Change in unearned premiums	(6)	2	1	(1)	(4)	(3)	(3)
Net earned premiums	161	151	146	141	149	458	457
Loss and LAE	47	49	56	51	60	152	174
Underwriting expense	88	81	77	70	80	246	237
Underwriting profit	\$ 26	\$ 21	\$ 13	\$ 20	\$ 9	\$ 60	\$ 46
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1
Catastrophe loss	3	3	2	10	12	8	18
Total current accident year catastrophe losses	\$ 3	\$ 3	\$ 2	\$ 10	\$ 13	\$ 8	\$ 19
Prior year loss reserve development (favorable) / adverse	\$ (9)	\$ (9)	\$ (6)	\$ (7)	\$ (8)	\$ (24)	\$ (19)
Combined ratio:							
Loss and LAE ratio	29.7%	32.3%	38.2%	36.4%	40.1%	33.3%	38.0%
Underwriting expense ratio	54.0%	53.3%	53.2%	49.1%	54.3%	53.5%	52.0%
Combined ratio	83.7%	85.6%	91.4%	85.5%	94.4%	86.8%	90.0%
Combined ratio excl. catastrophe and prior year development	87.2%	89.7%	94.3%	83.6%	91.5%	90.3%	90.2%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	33.2%	36.4%	41.1%	34.5%	37.2%	36.8%	38.2%
Prior accident year loss reserve development	(5.5%)	(5.9%)	(4.3%)	(5.2%)	(5.1%)	(5.3%)	(4.1%)
Current accident year catastrophe loss	2.0%	1.8%	1.4%	7.1%	8.0%	1.8%	3.9%
Loss and LAE ratio	29.7%	32.3%	38.2%	36.4%	40.1%	33.3%	38.0%

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	46	31	32	37	48	109	121
Net written premiums	46	31	32	37	48	109	121
Change in unearned premiums	(6)	5	5	—	(12)	4	(23)
Net earned premiums	40	36	37	37	36	113	98
Loss and LAE	26	34	22	29	25	82	61
Underwriting expense	13	14	15	12	14	42	38
Underwriting profit (loss)	\$ 1	\$ (12)	\$ —	\$ (4)	\$ (3)	\$ (11)	\$ (1)
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	—	—	2	—	1	2
Total current accident year catastrophe losses	\$ 1	\$ —	\$ —	\$ 2	\$ —	\$ 1	\$ 2
Prior year loss reserve development (favorable) / adverse	\$ (1)	\$ 4	\$ (1)	\$ 5	\$ —	\$ 2	\$ (2)
Combined ratio:							
Loss and LAE ratio	64.0%	96.0%	59.7%	76.5%	65.5%	72.7%	62.5%
Underwriting expense ratio	34.5%	39.1%	39.2%	35.8%	37.5%	37.5%	37.8%
Combined ratio	98.5%	135.1%	98.9%	112.3%	103.0%	110.2%	100.3%
Combined ratio excl. catastrophe and prior year development	99.0%	123.4%	100.8%	95.6%	103.7%	107.3%	100.2%

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Net investment income	\$ 421	\$ 420	\$ 406	\$ 401	\$ 385	\$ 1,247	\$ 1,123
Investments marked to market through core operating earnings	27	31	29	18	28	87	96
Guaranteed withdrawal benefit fees	17	17	16	17	16	50	48
Policy charges and other miscellaneous income	10	10	11	10	11	31	32
Total revenues	475	478	462	446	440	1,415	1,299
Annuity benefits	276	272	266	260	248	814	703
Acquisition expenses	64	67	60	64	60	191	178
Other expenses	35	35	35	36	32	105	95
Total costs and expenses	375	374	361	360	340	1,110	976
Pretax Annuity core operating earnings - new method	\$ 100	\$ 104	\$ 101	\$ 86	\$ 100	\$ 305	\$ 323
Other amounts previously reported as core operating, net (a)	n/a	n/a	(11)	(66)	17	(11)	18
Pretax Annuity core operating earnings - as reported	\$ 100	\$ 104	\$ 90	\$ 20	\$ 117	\$ 294	\$ 341

(a) "Other" primarily reflects (1) the impact of fair value accounting, (2) the impact of changes in the stock market on the liability for guaranteed benefits and DAC, and (3) unlocking.

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Detail of annuity benefits expense:							
Cost of funds:							
Amortization of options (a)	\$ 149	\$ 146	\$ 141	\$ 141	\$ 132	\$ 436	\$ 365
Traditional fixed annuities	62	61	59	58	59	182	176
Fixed component of fixed-indexed annuities	24	23	22	21	20	69	57
Immediate annuities	6	6	6	6	6	18	18
Pension risk transfer (PRT)	2	1	1	1	—	4	—
Federal Home Loan Bank	7	7	7	6	5	21	14
Total cost of funds - new method	250	244	236	233	222	730	630
Guaranteed withdrawal benefit reserve	21	20	19	19	22	60	55
Amortization of sales inducements	3	4	4	5	4	11	14
Change in expected death and annuitization reserve and other	2	4	7	3	—	13	4
Total other annuity benefits	26	28	30	27	26	84	73
Total annuity benefits expense—new method	\$ 276	\$ 272	\$ 266	\$ 260	\$ 248	\$ 814	\$ 703
(a) Amortization of options, net of DAC and reserve offsets:							
Amortization of options	\$ 149	\$ 146	\$ 141	\$ 141	\$ 132	\$ 436	\$ 365
DAC and reserve offsets	(74)	(74)	(72)	(72)	(67)	(220)	(182)
Amortization of options, net of DAC and reserve offsets	<u>\$ 75</u>	<u>\$ 72</u>	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 65</u>	<u>\$ 216</u>	<u>\$ 183</u>

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



	Three Months Ended				Nine Months Ended		
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Average fixed annuity investments (at amortized cost) (a)	\$38,650	\$37,907	\$36,991	\$35,993	\$34,955	\$37,849	\$33,964
Average annuity benefits accumulated	38,946	38,202	37,078	36,103	35,226	38,075	34,240
Annuity benefits accumulated in excess of investments (a)	\$ (296)	\$ (295)	\$ (87)	\$ (110)	\$ (271)	\$ (226)	\$ (276)
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.34%	4.40%	4.37%	4.44%	4.38%	4.37%	4.38%
Investments marked to market through core operating earnings (as % of investments)	0.28%	0.33%	0.31%	0.20%	0.32%	0.31%	0.38%
Cost of funds	(2.57%)	(2.55%)	(2.54%)	(2.58%)	(2.52%)	(2.56%)	(2.45%)
Other annuity benefits, net of guaranteed withdrawal benefit fees	(0.08%)	(0.10%)	(0.13%)	(0.12%)	(0.10%)	(0.10%)	(0.09%)
Core net interest spread on fixed annuities - new method	1.97%	2.08%	2.01%	1.94%	2.08%	2.02%	2.22%
Policy charges and other miscellaneous income	0.08%	0.08%	0.08%	0.08%	0.09%	0.08%	0.10%
Acquisition expenses	(0.65%)	(0.68%)	(0.65%)	(0.66%)	(0.65%)	(0.66%)	(0.67%)
Other expenses	(0.34%)	(0.37%)	(0.36%)	(0.38%)	(0.36%)	(0.36%)	(0.37%)
Core net spread earned on fixed annuities - new method	1.06%	1.11%	1.08%	0.98%	1.16%	1.08%	1.28%
Net spread earned on items previously reported as core operating	n/a	n/a	(0.12%)	(0.73%)	0.19%	(0.04%)	0.07%
Core net spread earned on fixed annuities - as reported	1.06%	1.11%	0.96%	0.25%	1.35%	1.04%	1.35%
Average annuity benefits accumulated	\$38,946	\$38,202	\$37,078	\$36,103	\$35,226	\$38,075	\$34,240
Net spread earned on fixed annuities - core	1.06%	1.11%	1.08%	0.98%	1.16%	1.08%	1.28%
Earnings on fixed annuity benefits accumulated - core	\$ 103	\$ 106	\$ 100	\$ 88	\$ 102	\$ 309	\$ 330
Annuity benefits accumulated in excess of investments	\$ (296)	\$ (295)	\$ (87)	\$ (110)	\$ (271)	\$ (226)	\$ (276)
Net investment income (as % of investments)	4.62%	4.73%	4.68%	4.64%	4.70%	4.68%	4.76%
Earnings/(loss) on annuity benefits accumulated in excess of investments	\$ (3)	\$ (3)	\$ (1)	\$ (1)	\$ (3)	\$ (7)	\$ (10)
Variable annuity earnings	—	1	2	(1)	1	3	3
Pretax Annuity core operating earnings - new method	100	104	101	86	100	305	323
Other amounts previously reported as core operating, net	n/a	n/a	(11)	(66)	17	(11)	18
Pretax Annuity core operating earnings - as reported	\$ 100	\$ 104	\$ 90	\$ 20	\$ 117	\$ 294	\$ 341

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

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Financial institutions single premium annuities - indexed	\$ 325	\$ 429	\$ 424	\$ 455	\$ 460	\$ 1,178	\$ 1,321
Financial institutions single premium annuities - fixed	302	313	344	142	114	959	350
Retail single premium annuities - indexed	198	274	301	392	354	773	1,026
Retail single premium annuities - fixed	30	36	29	27	17	95	60
Broker dealer single premium annuities - indexed	134	189	227	335	322	550	936
Broker dealer single premium annuities - fixed	9	8	6	4	3	23	10
Pension risk transfer (PRT)	39	50	10	75	56	99	57
Education market - fixed and indexed annuities	35	44	49	46	46	128	146
Subtotal fixed annuity premiums	1,072	1,343	1,390	1,476	1,372	3,805	3,906
Variable annuities	5	6	5	6	6	16	19
Total annuity premiums	\$1,077	\$1,349	\$1,395	\$1,482	\$1,378	\$3,821	\$3,925
Summary by Distribution Channel:							
Financial institutions	\$ 627	\$ 742	\$ 768	\$ 597	\$ 574	\$ 2,137	\$ 1,671
Retail	228	310	330	419	371	868	1,086
Broker dealer	143	197	233	339	325	573	946
Other	79	100	64	127	108	243	222
Total annuity premiums	\$1,077	\$1,349	\$1,395	\$1,482	\$1,378	\$3,821	\$3,925
Summary by Product Type:							
Total indexed	\$ 675	\$ 917	\$ 980	\$ 1,211	\$ 1,164	\$ 2,572	\$ 3,369
Total fixed	397	426	410	265	208	1,233	537
Variable	5	6	5	6	6	16	19
Total annuity premiums	\$1,077	\$1,349	\$1,395	\$1,482	\$1,378	\$3,821	\$3,925

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Beginning fixed annuity reserves	\$38,680	\$37,724	\$36,431	\$35,774	\$34,678	\$36,431	\$33,005
Premiums	1,072	1,343	1,390	1,476	1,372	3,805	3,906
Federal Home Loan Bank (“FHLB”) advances (paydowns)	—	—	—	225	—	—	—
Surrenders, benefits and other withdrawals	(808)	(862)	(761)	(796)	(707)	(2,431)	(2,040)
Interest and other annuity benefit expenses:							
Cost of funds	250	244	236	233	222	730	630
Embedded derivative mark-to-market	111	251	462	(490)	223	824	242
Unlockings	(75)	—	—	4	—	(75)	55
Other	(18)	(20)	(34)	5	(14)	(72)	(24)
Ending fixed annuity reserves	\$39,212	\$38,680	\$37,724	\$36,431	\$35,774	\$39,212	\$35,774
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$39,212	\$38,680	\$37,724	\$36,431	\$35,774	\$39,212	\$35,774
Impact of unrealized investment gains on reserves	269	192	108	10	8	269	8
Fixed component of variable annuities	170	172	174	175	176	170	176
Annuity benefits accumulated per balance sheet	\$39,651	\$39,044	\$38,006	\$36,616	\$35,958	\$39,651	\$35,958
Annualized surrenders and other withdrawals as a % of beginning reserves	8.4%	9.1%	8.4%	8.9%	8.2%	8.9%	8.2%
Rider reserves included in ending fixed annuity reserves above	\$ 611	\$ 491	\$ 478	\$ 472	\$ 428	\$ 611	\$ 428
Embedded Derivative liability included in ending fixed annuity reserves above	\$ 3,469	\$ 3,541	\$ 3,247	\$ 2,720	\$ 3,105	\$ 3,469	\$ 3,105

American Financial Group, Inc.
Guaranteed Minimum Interest Rate (“GMIR”) Analysis
(\$ in millions)



	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>
GMIR						
1 - 1.99%	81%	80%	79%	79%	78%	78%
2 - 2.99%	3%	4%	4%	4%	4%	4%
3 - 3.99%	7%	7%	8%	8%	9%	9%
4.00% and above	9%	9%	9%	9%	9%	9%
Annuity Benefits Accumulated	\$39,651	\$39,044	\$38,006	\$36,616	\$35,958	\$34,886
Traditional Fixed and FIA Surrender Value (a)	\$30,292	\$29,891	\$29,163	\$27,842	\$27,434	\$26,502
Ability to Lower Average Crediting Rates by (a) (b)	1.20%	1.20%	1.20%	1.19%	1.16%	1.09%
Pretax earnings impact of crediting guaranteed minimums (a) (assumes net DAC impact over time = \$0)	\$ 363	\$ 359	\$ 350	\$ 331	\$ 317	\$ 288

- (a) Excludes Annuities with Guaranteed Withdrawal Benefits, FHLB advances, immediate reserves and certain other reserves.
(b) Weighted Average Crediting Rate less GMIR

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



	Reported in Non-Core Earnings Three Months Ended		Reported in Core Earnings Prior to Second Quarter of 2019 Three Months Ended			Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	9/30/19	9/30/18
	Annuity Non-Core Earnings (Losses):						
Stock market impact on:							
Liability for guaranteed benefits (a)	\$ 2	\$ 6	\$ 14	\$ (22)	\$ 7	\$ 22	\$ 8
DAC and sales inducements (b)	1	1	5	(8)	3	7	4
Fair Value (FV) accounting	1	—	14	(27)	12	15	16
Subtotal impact of changes in stock market	4	7	33	(57)	22	44	28
Impact of changes in interest rates on FV accounting	(30)	(38)	(45)	(4)	(2)	(113)	37
Other FIA items	—	(2)	1	(1)	(3)	(1)	(20)
Unlocks	(1)	—	—	(4)	—	(1)	(27)
Annuity Non-Core Earnings (Losses)	\$ (27)	\$ (33)	\$ (11)	\$ (66)	\$ 17	\$ (71)	\$ 18

Reported as

	Non-core	Non-core	Core	Core	Core	Q1 Core = (\$11)	Q2/Q3 Non-core = (\$60)	Core
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Annuity Non-Core Net Spread Earned:								
Stock market impact on:								
Liability for guaranteed benefits (a)	0.02%	0.06%	0.15%	(0.24%)	0.08%	0.08%	0.03%	
DAC and sales inducements (b)	0.01%	0.01%	0.06%	(0.09%)	0.03%	0.02%	0.02%	
Fair Value (FV) accounting	0.01%	0.00%	0.15%	(0.30%)	0.14%	0.05%	0.06%	
Subtotal impact of changes in stock market	0.04%	0.07%	0.36%	(0.63%)	0.25%	0.15%	0.11%	
Impact of changes in interest rates on FV accounting	(0.31%)	(0.40%)	(0.49%)	(0.05%)	(0.03%)	(0.40%)	0.15%	
Other FIA items	0.00%	(0.02%)	0.01%	(0.01%)	(0.03%)	0.00%	(0.08%)	
Unlocks	(0.01%)	0.00%	0.00%	(0.04%)	0.00%	0.00%	(0.11%)	
Non-core net spread earned on fixed annuities	(0.28%)	(0.35%)	(0.12%)	(0.73%)	0.19%	(0.25%)	0.07%	

Reported as

	Non-core	Non-core	Core	Core	Core	Q1 Core = (.04%)	Q2/Q3 Non-core = (.21%)	Core
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- (a) Reflects the impact of changes in the stock market on AFG's liability for fixed-indexed annuities with guaranteed benefits. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.
- (b) Reflects the impact of changes in the stock market on the current and projected lifetime profitability of AFG's annuity business. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.

S&P 500	2,977	2,942	2,834	2,507	2,914	2,977	2,914
Average 5 and 15 year Corp A2 rates	2.71%	2.97%	3.41%	3.90%	3.97%	2.71%	3.97%
Non-core earnings sensitivities:							
Incremental +/- 1% change in S&P 500	~ +/- \$2mm to \$4mm						
Incremental +/- 10bps change in interest rates	~ +/- \$9mm to \$11mm						
(Assumes parallel shift in rates (primarily Corporate A2 rates))							

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



	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Annuity Earnings							
Core annuity operating earnings - as reported (see page 12)	\$ 100	\$ 104	\$ 90	\$ 20	\$ 117	\$ 294	\$ 341
Annuity non-core earnings (losses)	(27)	(33)	—	—	—	(60)	—
Earnings before income taxes - GAAP	<u>\$ 73</u>	<u>\$ 71</u>	<u>\$ 90</u>	<u>\$ 20</u>	<u>\$ 117</u>	<u>\$ 234</u>	<u>\$ 341</u>
Policy Charges and Other Miscellaneous Income							
Policy charges and other miscellaneous income - new method (see page 12)	\$ 10	\$ 10	\$ 11	\$ 10	\$ 11	\$ 31	\$ 32
Annuity non-core policy charges and other miscellaneous income	1	—	—	—	—	1	—
Policy Charges and Other Miscellaneous Income - GAAP	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 11</u>	<u>\$ 32</u>	<u>\$ 32</u>
Annuity Benefit Expense							
Annuity benefits expense - new method (see page 13)	\$ 276	\$ 272	\$ 266	\$ 260	\$ 248	\$ 814	\$ 703
Annuity non-core annuity benefits	(26)	67	45	74	(26)	86	(39)
Annuity Benefit Expense - GAAP	<u>\$ 250</u>	<u>\$ 339</u>	<u>\$ 311</u>	<u>\$ 334</u>	<u>\$ 222</u>	<u>\$ 900</u>	<u>\$ 664</u>
Acquisition Expenses							
Acquisition expenses - new method (see page 12)	\$ 64	\$ 67	\$ 60	\$ 64	\$ 60	\$ 191	\$ 178
Annuity non-core acquisition expenses	54	(34)	(34)	(8)	9	(14)	21
Acquisition Expenses - GAAP	<u>\$ 118</u>	<u>\$ 33</u>	<u>\$ 26</u>	<u>\$ 56</u>	<u>\$ 69</u>	<u>\$ 177</u>	<u>\$ 199</u>
Net Spread on Fixed Annuities							
Core net spread earned on fixed annuities - as reported (see page 14)	1.06%	1.11%	0.96%	0.25%	1.35%	1.04%	1.35%
Non-core net spread earned on fixed annuities	(0.28%)	(0.35%)	0.00%	0.00%	0.00%	(0.21%)	0.00%
Net Spread on Fixed Annuities	<u>0.78%</u>	<u>0.76%</u>	<u>0.96%</u>	<u>0.25%</u>	<u>1.35%</u>	<u>0.83%</u>	<u>1.35%</u>

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



	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
Assets:						
Total cash and investments	\$54,207	\$52,907	\$51,040	\$48,498	\$47,841	\$46,779
Recoverables from reinsurers	3,261	3,150	3,258	3,349	3,352	3,073
Prepaid reinsurance premiums	781	651	636	610	717	645
Agents' balances and premiums receivable	1,403	1,398	1,283	1,234	1,299	1,266
Deferred policy acquisition costs	964	1,203	1,447	1,682	1,669	1,582
Assets of managed investment entities	4,702	4,781	4,786	4,700	4,998	5,032
Other receivables	1,187	999	1,011	1,090	1,633	1,048
Variable annuity assets (separate accounts)	601	616	610	557	650	636
Other assets	1,754	1,785	1,854	1,529	1,832	1,574
Goodwill	207	207	207	207	199	199
Total assets	\$69,067	\$67,697	\$66,132	\$63,456	\$64,190	\$61,834
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 9,847	\$ 9,577	\$ 9,623	\$ 9,741	\$ 9,670	\$ 9,093
Unearned premiums	2,986	2,683	2,605	2,595	2,740	2,539
Annuity benefits accumulated	39,651	39,044	38,006	36,616	35,958	34,886
Life, accident and health reserves	613	619	632	635	643	647
Payable to reinsurers	867	755	730	752	932	721
Liabilities of managed investment entities	4,523	4,590	4,593	4,512	4,807	4,840
Long-term debt	1,423	1,423	1,423	1,302	1,302	1,301
Variable annuity liabilities (separate accounts)	601	616	610	557	650	636
Other liabilities	2,235	2,300	2,245	1,774	2,324	2,087
Total liabilities	\$62,746	\$61,607	\$60,467	\$58,484	\$59,026	\$56,750
Shareholders' equity:						
Common stock	\$ 90	\$ 90	\$ 90	\$ 89	\$ 89	\$ 89
Capital surplus	1,292	1,277	1,256	1,245	1,231	1,220
Retained earnings	4,022	3,914	3,875	3,588	3,800	3,628
Unrealized gains - fixed maturities	920	812	464	83	93	191
Unrealized gains (losses) - fixed maturity-related cash flow hedges	25	18	—	(11)	(32)	(27)
Other comprehensive income, net of tax	(28)	(21)	(20)	(24)	(17)	(17)
Total shareholders' equity	6,321	6,090	5,665	4,970	5,164	5,084
Noncontrolling interests	—	—	—	2	—	—
Total liabilities and equity	\$69,067	\$67,697	\$66,132	\$63,456	\$64,190	\$61,834

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



	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>
Shareholders' equity	\$ 6,321	\$ 6,090	\$ 5,665	\$ 4,970	\$ 5,164	\$ 5,084
Unrealized (gains) related to fixed maturities	(945)	(830)	(464)	(72)	(61)	(164)
Adjusted shareholders' equity	5,376	5,260	5,201	4,898	5,103	4,920
Goodwill	(207)	(207)	(207)	(207)	(199)	(199)
Intangibles	(45)	(48)	(51)	(54)	(31)	(34)
Tangible adjusted shareholders' equity	\$ 5,124	\$ 5,005	\$ 4,943	\$ 4,637	\$ 4,873	\$ 4,687
Common shares outstanding	90.127	89.918	89.638	89.292	89.189	89.072
Book value per share:						
Book value per share	\$ 70.14	\$ 67.72	\$ 63.20	\$ 55.66	\$ 57.90	\$ 57.08
Adjusted (a)	59.65	58.49	58.02	54.86	57.22	55.24
Tangible, adjusted (b)	56.84	55.65	55.14	51.93	54.64	52.63
Market capitalization						
AFC's closing common share price	\$107.85	\$102.47	\$ 96.21	\$ 90.53	\$110.97	\$107.33
Market capitalization	\$ 9,720	\$ 9,214	\$ 8,624	\$ 8,084	\$ 9,897	\$ 9,560
Price / Adjusted book value ratio	1.81	1.75	1.66	1.65	1.94	1.94

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

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

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



	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>
AFG senior obligations	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018
Borrowings drawn under credit facility	—	—	—	—	—	—
Debt excluding subordinated debt	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018
AFG subordinated debentures	425	425	425	300	300	300
Total principal amount of long-term debt	\$ 1,443	\$ 1,443	\$ 1,443	\$ 1,318	\$ 1,318	\$ 1,318
Shareholders' equity	6,321	6,090	5,665	4,970	5,164	5,084
Noncontrolling interests (including redeemable NCI)	—	—	—	2	—	—
Less:						
Unrealized (gains) related to fixed maturity investments	(945)	(830)	(464)	(72)	(61)	(164)
Total adjusted capital	\$ 6,819	\$ 6,703	\$ 6,644	\$ 6,218	\$ 6,421	\$ 6,238
Ratio of debt to total adjusted capital:						
Including subordinated debt	21.2%	21.5%	21.7%	21.2%	20.5%	21.1%
Excluding subordinated debt	14.9%	15.2%	15.3%	16.4%	15.9%	16.3%

	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Property and Casualty Insurance							
Paid Losses (GAAP)	\$ 769	\$ 666	\$ 704	\$ 719	\$ 614	\$ 2,139	\$ 1,883
GAAP Equity (excluding AOCI)							
Property and Casualty Insurance	\$ 4,094	\$ 3,959	\$ 3,868	\$ 3,638	\$ 3,638	\$ 3,664	\$ 3,535
Annuity	2,613	2,612	2,553	2,443	2,443	2,513	2,397
Parent and other subsidiaries	(1,303)	(1,290)	(1,200)	(1,159)	(1,159)	(1,057)	(995)
AFG GAAP Equity (excluding AOCI)	\$ 5,404	\$ 5,281	\$ 5,221	\$ 4,922	\$ 4,922	\$ 5,120	\$ 4,937
Allowable dividends without regulatory approval							
Property and Casualty Insurance	\$ 529	\$ 529	\$ 529	\$ 529	\$ 529	\$ 563	\$ 563
Annuity and Run-off	768	768	768	768	768	263	263
Total	\$ 1,297	\$ 1,297	\$ 1,297	\$ 1,297	\$ 1,297	\$ 826	\$ 826

	Carrying Value - September 30, 2019					
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:						
Cash and cash equivalents	\$ 1,622	\$ 779	\$ 292	\$ —	\$ 2,693	5%
Fixed maturities - Available for sale	7,893	37,599	11	—	45,503	84%
Fixed maturities - Trading	54	54	—	—	108	0%
Equity securities	1,138	801	65	—	2,004	4%
Investments accounted for using the equity method	625	910	—	—	1,535	3%
Mortgage loans	293	881	—	—	1,174	2%
Policy loans	—	166	—	—	166	0%
Equity index call options	—	750	—	—	750	1%
Real estate and other investments	129	274	49	(178)	274	1%
Total cash and investments	\$ 11,754	\$ 42,214	\$ 417	\$ (178)	\$ 54,207	100%

	Carrying Value - December 31, 2018					
	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	\$ 1,007	\$ 339	\$ 169	\$ —	\$ 1,515	3%
Fixed maturities - Available for sale	7,853	34,132	12	—	41,997	87%
Fixed maturities - Trading	50	55	—	—	105	0%
Equity securities	1,017	744	53	—	1,814	4%
Investments accounted for using the equity method	557	817	—	—	1,374	3%
Mortgage loans	289	779	—	—	1,068	2%
Policy loans	—	174	—	—	174	0%
Equity index call options	—	184	—	—	184	0%
Real estate and other investments	134	276	44	(187)	267	1%
Total cash and investments	\$ 10,907	\$ 37,500	\$ 278	\$ (187)	\$ 48,498	100%

	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 75	\$ 79	\$ 77	\$ 74	\$ 72	\$ 231	\$ 210
Fixed maturities - Trading	1	1	1	1	—	3	2
Equity securities - dividends	12	13	13	11	13	38	37
Equity securities - MTM	7	1	2	9	(1)	10	4
Equity in investees	20	20	3	14	16	43	51
AFG managed CLOs	(2)	2	3	(1)	1	3	3
Other investments (a)	12	10	7	10	9	29	22
Gross investment income	125	126	106	118	110	357	329
Investment expenses	(1)	(2)	(2)	(3)	(2)	(5)	(6)
Total net investment income	\$ 124	\$ 124	\$ 104	\$ 115	\$ 108	\$ 352	\$ 323
Average cash and investments (b)	\$11,387	\$11,193	\$10,997	\$10,651	\$10,388	\$11,192	\$10,405
Average yield (c)	4.36%	4.43%	3.78%	4.32%	4.16%	4.19%	4.14%
Fixed Annuity							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 393	\$ 391	\$ 384	\$ 376	\$ 361	\$ 1,168	\$ 1,049
Equity securities - dividends	9	8	9	9	6	26	21
Equity securities - MTM	7	3	3	2	—	13	11
Equity in investees	23	25	18	19	25	66	77
AFG managed CLOs	(3)	3	8	(3)	3	8	8
Other investments (a)	21	22	15	18	19	58	55
Gross investment income	450	452	437	421	414	1,339	1,221
Investment expenses	(4)	(4)	(4)	(4)	(3)	(12)	(9)
Total net investment income	\$ 446	\$ 448	\$ 433	\$ 417	\$ 411	\$ 1,327	\$ 1,212
Average cash and investments (b)	\$38,650	\$37,907	\$36,991	\$35,993	\$34,955	\$37,849	\$33,964
Average yield (c)	4.62%	4.73%	4.68%	4.64%	4.70%	4.68%	4.76%
AFG consolidated net investment income:							
Property & Casualty	\$ 124	\$ 124	\$ 104	\$ 115	\$ 108	\$ 352	\$ 323
Annuity:							
Fixed Annuity	446	448	433	417	411	1,327	1,212
Variable Annuity	2	3	2	2	2	7	7
Parent & other	11	10	14	4	10	35	21
Consolidate CLOs	5	(5)	(11)	4	(4)	(11)	(11)
Total net investment income	\$ 588	\$ 580	\$ 542	\$ 542	\$ 527	\$ 1,710	\$ 1,552

- (a) Includes income from mortgage loans, real estate, policy loans, short-term investments, and cash equivalents.
(b) Average cash and investments is the average of the beginning and ending quarter balances, or the average of the five quarters balances.
(c) Average yield is calculated by dividing investment income for the quarter by the average cash and investment balance over the quarter.

	Three Months Ended					Nine Months Ended	
	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	09/30/19	09/30/18
Property and Casualty Insurance:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 7	\$ 1	\$ 2	\$ 9	\$ (1)	\$ 10	\$ 4
Investments accounted for using the equity method (b)	20	20	3	14	16	43	51
AFG managed CLOs (eliminated in consolidation)	(2)	2	3	(1)	1	3	3
Total Property & Casualty	\$ 25	\$ 23	\$ 8	\$ 22	\$ 16	\$ 56	\$ 58
Investments							
Equity securities MTM through investment income (a)	\$ 77	\$ 57	\$ 52	\$ 50	\$ 40	\$ 77	\$ 40
Investments accounted for using the equity method (b)	625	614	578	557	520	625	520
AFG managed CLOs (eliminated in consolidation)	53	56	57	56	57	53	57
Total Property & Casualty	\$ 755	\$ 727	\$ 687	\$ 663	\$ 617	\$ 755	\$ 617
Annualized Yield - Property & Casualty	13.5%	13.0%	4.7%	13.8%	10.8%	10.5%	13.9%
Fixed Annuity:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 7	\$ 3	\$ 3	\$ 2	\$ —	\$ 13	\$ 11
Investments accounted for using the equity method (b)	23	25	18	19	25	66	77
AFG managed CLOs (eliminated in consolidation)	(3)	3	8	(3)	3	8	8
Total Fixed Annuity	\$ 27	\$ 31	\$ 29	\$ 18	\$ 28	\$ 87	\$ 96
Investments							
Equity securities MTM through investment income (a)	\$ 120	\$ 101	\$ 88	\$ 84	\$ 79	\$ 120	\$ 79
Investments accounted for using the equity method (b)	910	892	862	817	769	910	769
AFG managed CLOs (eliminated in consolidation)	125	135	136	132	134	125	134
Total Fixed Annuity	\$1,155	\$1,128	\$1,086	\$1,033	\$ 982	\$1,155	\$ 982
Annualized Yield - Fixed Annuity	9.5%	11.2%	10.9%	7.1%	11.7%	10.5%	14.3%
Combined (includes Parent amounts not shown above):							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 17	\$ 8	\$ 11	\$ 6	\$ 1	\$ 36	\$ 16
Investments accounted for using the equity method (b)	43	45	21	33	41	109	128
AFG managed CLOs (eliminated in consolidation)	(5)	5	11	(4)	4	11	11
Total Combined (including Parent)	\$ 55	\$ 58	\$ 43	\$ 35	\$ 46	\$ 156	\$ 155
Investments							
Equity securities MTM through investment income (a)	\$ 262	\$ 220	\$ 198	\$ 187	\$ 176	\$ 262	\$ 176
Investments accounted for using the equity method (b)	1,535	1,506	1,440	1,374	1,289	1,535	1,289
AFG managed CLOs (eliminated in consolidation)	178	191	193	188	191	178	191
Total Combined (including Parent)	\$1,975	\$1,917	\$1,831	\$1,749	\$1,656	\$1,975	\$1,656
Annualized Yield - Combined	11.3%	12.4%	9.6%	8.2%	11.4%	11.1%	13.7%

(a) AFG carries the small portion of its equity securities previously classified as “trading” and investments in limited partnerships and similar investments that aren’t accounted for using the equity method at fair value through net investment income.

(b) The majority of AFG’s investments accounted for using the equity method mark their underlying assets to market through net income.

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



September 30, 2019	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 230	\$ 234	\$ 4	1%	0%
States, municipalities and political subdivisions	6,543	6,988	445	15%	13%
Foreign government	194	198	4	0%	0%
Residential mortgage-backed securities	2,276	2,564	288	6%	5%
Commercial mortgage-backed securities	928	966	38	2%	2%
Collateralized loan obligations	4,319	4,314	(5)	9%	8%
Other asset-backed securities	5,540	5,731	191	13%	11%
Corporate and other bonds	23,412	24,616	1,204	54%	45%
Total AFG consolidated	\$ 43,442	\$ 45,611	\$ 2,169	100%	84%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.39%
Net of investment expense (a)	4.35%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 years

December 31, 2018	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 245	\$ 243	\$ (2)	1%	1%
States, municipalities and political subdivisions	6,850	6,964	114	17%	14%
Foreign government	166	168	2	0%	0%
Residential mortgage-backed securities	2,478	2,746	268	7%	6%
Commercial mortgage-backed securities	905	920	15	2%	2%
Collateralized loan obligations	4,350	4,278	(72)	10%	9%
Other asset-backed securities	5,431	5,533	102	13%	11%
Corporate and other bonds	21,517	21,250	(267)	50%	44%
Total AFG consolidated	\$ 41,942	\$ 42,102	\$ 160	100%	87%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.47%
Net of investment expense (a)	4.42%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 years

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

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



	September 30, 2019				December 31, 2018			
	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	\$ 192	\$ 195	3	2%	\$ 203	\$ 202	\$ (1)	3%
States, municipalities and political subdivisions	2,456	2,555	99	32%	2,630	2,642	12	33%
Foreign government	163	164	1	2%	155	156	1	2%
Residential mortgage-backed securities	660	726	66	9%	725	784	59	10%
Commercial mortgage-backed securities	93	96	3	1%	83	84	1	1%
Collateralized loan obligations	898	897	(1)	11%	910	895	(15)	12%
Other asset-backed securities	1,283	1,303	20	17%	1,365	1,364	(1)	17%
Corporate and other bonds	1,961	2,011	50	26%	1,792	1,776	(16)	22%
Property and Casualty Insurance	\$ 7,706	\$ 7,947	\$ 241	100%	\$ 7,863	\$ 7,903	\$ 40	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.86%	3.91%
Net of investment expense (a)	3.79%	3.81%
Tax equivalent, net of investment expense (b)	4.00%	3.99%

Approximate average life and duration:

Approximate average life	4.5 years	4.5 years
Approximate duration	3.5 years	3.5 years

	September 30, 2019				December 31, 2018			
	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	\$ 38	\$ 39	1	0%	\$ 42	\$ 41	\$ (1)	0%
States, municipalities and political subdivisions	4,087	4,433	346	12%	4,220	4,322	102	13%
Foreign government	31	34	3	0%	11	12	1	0%
Residential mortgage-backed securities	1,614	1,827	213	5%	1,750	1,950	200	6%
Commercial mortgage-backed securities	835	870	35	2%	822	836	14	2%
Collateralized loan obligations	3,421	3,417	(4)	9%	3,440	3,383	(57)	10%
Other asset-backed securities	4,257	4,428	171	12%	4,066	4,169	103	12%
Corporate and other bonds	21,451	22,605	1,154	60%	19,725	19,474	(251)	57%
Total Annuity and Run-off	\$ 35,734	\$ 37,653	\$ 1,919	100%	\$ 34,076	\$ 34,187	\$ 111	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.50%	4.59%
Net of investment expense (a)	4.47%	4.55%

Approximate average life and duration:

Approximate average life	6 years	6.5 years
Approximate duration	4.5 years	4.5 years

- (a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter. Average cost is the average of the beginning and ending quarter asset balances.
- (b) Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

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



September 30, 2019

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 7,669	\$ 7,872	\$ 203	17%
AA	8,493	8,931	438	20%
A	10,426	10,988	562	24%
BBB	12,956	13,654	698	30%
Subtotal - Investment grade	39,544	41,445	1,901	91%
BB	709	711	2	2%
B	198	196	(2)	0%
Other (b)	2,991	3,259	268	7%
Subtotal - Non-Investment grade	3,898	4,166	268	9%
Total	\$ 43,442	\$ 45,611	\$ 2,169	100%

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

December 31, 2018

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 7,367	\$ 7,359	\$ (8)	17%
AA	8,714	8,831	117	21%
A	10,006	9,989	(17)	24%
BBB	12,206	12,053	(153)	29%
Subtotal - Investment grade	38,293	38,232	(61)	91%
BB	703	685	(18)	2%
B	261	254	(7)	0%
Other (b)	2,685	2,931	246	7%
Subtotal - Non-Investment grade	3,649	3,870	221	9%
Total	\$ 41,942	\$ 42,102	\$ 160	100%

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

- (a) If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.
- (b) See page 33 for more information.

<u>September 30, 2019</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	\$ 148	\$ 150	\$ 2	4%	0%
Prime (Non-Agency)	881	1,006	125	29%	2%
Alt-A	933	1,058	125	30%	2%
Subprime	314	350	36	10%	1%
Commercial	928	966	38	27%	2%
Total AFG consolidated	\$ 3,204	\$ 3,530	\$ 326	100%	7%

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is - Prime 82%; Alt-A 81%; Subprime 82%; CMBS 100%.
- The average FICO score of our residential MBS securities is - Prime 733; Alt-A 695; Subprime 630.
- 96% of our Commercial MBS portfolio is investment-grade rated (83% AAA) and the average subordination for this group of assets is 36%.
- The approximate average life by collateral type is - Residential 4.5 years; Commercial 3.5 years.

<u>December 31, 2018</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 170	\$ 168	\$ (2)	5%	1%
Prime (Non-Agency)	967	1,098	131	30%	2%
Alt-A	972	1,074	102	29%	2%
Subprime	369	406	37	11%	1%
Commercial	905	920	15	25%	2%
Total AFG consolidated	\$ 3,383	\$ 3,666	\$ 283	100%	8%

Property and Casualty Insurance:

By Asset Type	September 30, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 117	\$ 119	\$ 2	14%	1%
Prime (Non-Agency)	128	143	15	18%	1%
Alt-A	276	312	36	38%	3%
Subprime	139	152	13	18%	1%
Commercial	93	96	3	12%	1%
Total	\$ 753	\$ 822	\$ 69	100%	7%

By Asset Type	December 31, 2018				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 137	\$ 134	\$ (3)	15%	1%
Prime (Non-Agency)	138	155	17	18%	1%
Alt-A	289	319	30	37%	3%
Subprime	161	176	15	20%	2%
Commercial	83	84	1	10%	1%
Total	\$ 808	\$ 868	\$ 60	100%	8%

Annuity and Run-off:

By Asset Type	September 30, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 31	\$ 31	\$ —	1%	0%
Prime (Non-Agency)	751	852	101	32%	2%
Alt-A	657	746	89	28%	2%
Subprime	175	198	23	7%	0%
Commercial	835	870	35	32%	2%
Total	\$ 2,449	\$ 2,697	\$ 248	100%	6%

By Asset Type	December 31, 2018				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 33	\$ 34	\$ 1	1%	0%
Prime (Non-Agency)	826	931	105	34%	2%
Alt-A	683	755	72	27%	2%
Subprime	208	230	22	8%	1%
Commercial	822	836	14	30%	2%
Total	\$ 2,572	\$ 2,786	\$ 214	100%	7%

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



September 30, 2019

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 1,147	\$ 1,192	\$ 45	34%
AA	151	159	8	5%
A	275	296	21	8%
BBB	198	212	14	6%
Subtotal - investment grade	1,771	1,859	88	53%
BB	105	106	1	3%
B	114	115	1	3%
Other (b)	1,214	1,450	236	41%
Total	\$ 3,204	\$ 3,530	\$ 326	100%

94% of the mortgage-backed security portfolio has an NAIC 1 designation.

December 31, 2018

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 1,107	\$ 1,119	\$ 12	31%
AA	143	147	4	4%
A	263	270	7	7%
BBB	232	243	11	7%
Subtotal - investment grade	1,745	1,779	34	49%
BB	128	131	3	3%
B	155	154	(1)	4%
Other (b)	1,355	1,602	247	44%
Total	\$ 3,383	\$ 3,666	\$ 283	100%

96% 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 33 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, 2019									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	Other ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 225	\$2,032	\$ 108	\$ 391	\$ 801	\$2,904	\$ 1,228	\$ 183	\$ 7,872	17%
AA	9	4,368	74	136	23	1,096	1,438	1,787	8,931	20%
A	—	422	—	274	22	243	2,001	8,026	10,988	24%
BBB	—	97	3	133	79	49	726	12,567	13,654	30%
Subtotal - Investment grade	234	6,919	185	934	925	4,292	5,393	22,563	41,445	91%
BB	—	9	—	75	31	—	28	568	711	2%
B	—	—	—	115	—	—	7	74	196	0%
CCC, CC, C	—	—	—	588	4	—	2	35	629	2%
D	—	—	—	201	6	—	—	—	207	0%
Subtotal - Non-Investment grade	—	9	—	979	41	—	37	677	1,743	4%
Not Rated	—	60	13	651	—	22	301	1,376	2,423	5%
Total	\$ 234	\$6,988	\$ 198	\$2,564	\$ 966	\$4,314	\$ 5,731	\$24,616	\$45,611	100%

By Credit Rating (a)	Fair Value - December 31, 2018									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	Other ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 213	\$1,889	\$ 98	\$ 367	\$ 752	\$2,679	\$ 1,191	\$ 170	\$ 7,359	17%
AA	22	4,456	53	129	18	1,244	1,326	1,583	8,831	21%
A	—	448	—	248	22	250	1,836	7,185	9,989	24%
BBB	—	110	—	169	74	84	685	10,931	12,053	29%
Subtotal - Investment grade	235	6,903	151	913	866	4,257	5,038	19,869	38,232	91%
BB	—	—	—	97	34	—	23	531	685	2%
B	—	8	—	151	3	—	4	88	254	0%
CCC, CC, C	—	—	—	670	5	—	2	12	689	2%
D	—	3	—	230	—	—	—	1	234	1%
Subtotal - Non-Investment grade	—	11	—	1,148	42	—	29	632	1,862	5%
Not Rated	8	50	17	685	12	21	466	749	2,008	4%
Total	\$ 243	\$6,964	\$ 168	\$2,746	\$ 920	\$4,278	\$ 5,533	\$21,250	\$42,102	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.