
**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, 2013

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))
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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 2013 and the availability of the Investor Supplement on the Company’s website. The press release was issued on October 29, 2013. 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, 2013, reporting American Financial Group Inc. third quarter results for the period ended September 30, 2013.
99.2	Investor Supplement – Third Quarter 2013

SIGNATURES

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

Date: October 30, 2013

AMERICAN FINANCIAL GROUP, INC.

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

**American Financial Group, Inc. Announces
Third Quarter Results**

- **Adjusted book value per share of \$45.36; up 7% year-to-date**
- **Third quarter core net operating earnings of \$1.06 per share; up 29% from the prior year period**
- **Net earnings of \$0.92 per share include a \$0.54 A&E charge and \$0.40 in realized gains**
- **2013 core operating earnings per share guidance increased to \$4.00—\$4.20, from \$3.70—\$4.10**

Cincinnati, Ohio – October 29, 2013 – American Financial Group, Inc. (NYSE/NASDAQ: AFG) today reported 2013 third quarter net earnings attributable to shareholders of \$83 million (\$0.92 per share) compared to \$226 million (\$2.39 per share) for the 2012 third quarter. The 2013 third quarter results include an after-tax charge of \$49 million (\$0.54 per share) to strengthen the Company’s asbestos and environmental (“A&E”) reserves and \$35 million (\$0.40 per share) in after-tax realized gains. Results for the third quarter of 2012 include \$148 million (\$1.57 per share) in after-tax non-core earnings, primarily the result of a \$101 million after-tax gain on the sale of AFG’s Medicare supplement and critical illness businesses, realized gains on securities and the results of AFG’s tax case resolution, which were offset somewhat by A&E reserve strengthening. Book value per share, excluding appropriated retained earnings and unrealized gains on fixed maturities, increased by \$2.84, or 7%, to \$45.36 per share during the first nine months of 2013. Including AFG’s quarterly dividend, total value creation measured as growth in book value plus dividends was \$3.43 per share, or 8%, for the first nine months of the year.

Core net operating earnings were \$97 million (\$1.06 per share) for the 2013 third quarter, compared to \$78 million (\$0.82 per share) in the 2012 third quarter. Significantly higher profits in our Specialty Property and Casualty Insurance (“P&C”) operations and increased earnings from our Annuity segment were the primary drivers for the improved quarterly results. Core net operating earnings for the third quarters of 2013 and 2012 generated annualized returns on equity of 9.7% and 8.0%, respectively.

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

In millions, except per share amounts	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Components of net earnings attributable to shareholders:				
Core net operating earnings^(a)	\$ 97	\$ 78	\$ 268	\$ 253
Non-Core Items:				
Gain on sale of Med supp & critical illness businesses	—	101	—	101
Other realized gains	35	55	97	92
Special A&E charges ^(b)	(49)	(21)	(49)	(21)
ELNY guaranty fund assessments	—	—	(3)	—
AFG tax case resolution	—	28	—	28
Other	—	(15)	—	(15)
Net earnings attributable to shareholders	\$ 83	\$ 226	\$ 313	\$ 438
Components of diluted earnings per share:				
Core net operating earnings^(a)	\$ 1.06	\$ 0.82	\$ 2.94	\$ 2.59
Non-Core Items:				
Gain on sale of Med supp & critical illness businesses	—	1.07	—	1.04
Other realized gains	0.40	0.59	1.08	0.95
Special A&E charges ^(b)	(0.54)	(0.23)	(0.54)	(0.22)
ELNY guaranty fund assessments	—	—	(0.04)	—
AFG tax case resolution	—	0.30	—	0.29
Other	—	(0.16)	—	(0.15)
Diluted earnings per share	\$ 0.92	\$ 2.39	\$ 3.44	\$ 4.50

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 operations performed well during the third quarter, producing strong core operating earnings as we continued to grow businesses where we are achieving targeted returns. We are encouraged by the significant improvement in underwriting profitability in our P&C business and the continued positive momentum in our annuity operations, which achieved record premiums in the third quarter of 2013.

"AFG had approximately \$900 million of excess capital (including parent company cash of approximately \$200 million) at September 30, 2013. Our strong financial position provides the flexibility to act on strategic business opportunities with the potential to produce desired long-term returns. We will continue to evaluate opportunities to grow our business and will return value to our shareholders through opportunistic share repurchases and dividends.

"Based on results through the first nine months of 2013, we have increased our core net operating earnings guidance for 2013 to be in the range of \$4.00—\$4.20 per share, up from the \$3.70—\$4.10 estimated previously. Our core earnings per share guidance excludes non-core items such as realized gains and losses, as well as other significant items that may not be indicative of ongoing operations."

Specialty Property and Casualty Insurance Operations

The P&C specialty insurance operations generated an underwriting profit of \$62 million in the 2013 third quarter, compared to \$16 million in the third quarter of 2012, with each of our Specialty P&C sub-segments achieving higher underwriting profitability. Losses from catastrophes were negligible during the 2013 third quarter, compared to \$4 million (0.6 points on the combined ratio) in the third quarter of 2012. Results for the 2013 third quarter include \$13 million (1.4 points) in favorable reserve development. By comparison, favorable reserve development in the third quarter of 2012 was \$9 million (1.1 points).

Gross and net written premiums were up 17% and 18%, respectively, for the third quarter of 2013, as compared to the same period in 2012. The timing of premium recognition in our agricultural operations drove increases in gross premiums while double digit growth in our Specialty Casualty and Specialty Financial Groups were key factors impacting higher net written premiums for the quarter. Further details of AFG's Specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting profit of \$16 million in the third quarter of 2013, compared to a slight underwriting profit in the prior year period. This increase is primarily attributable to improved results in our agricultural operations and lower catastrophe losses, partially offset by lower profitability in our transportation businesses. Catastrophe losses were minimal for this group during the third quarter of 2013 as compared to \$2 million (0.6 points) in the third quarter of 2012.

Gross and net written premiums in this group were 17% and 10% higher, respectively, than the comparable 2012 period. Higher crop premiums were the primary driver of the growth in the third quarter, as delayed planting and acreage reporting in the second quarter of 2013 also delayed recognition of these premiums to the third quarter of 2013. Excluding the impact of crop premiums, gross and net written premiums for this group grew by 5% and 4%, respectively, during the third quarter. Renewal pricing was up approximately 5% for the quarter following increases of 6% in the second quarter and 5% in the first quarter of 2013.

The **Specialty Casualty Group** reported third quarter underwriting profit of \$19 million compared to an underwriting profit of \$8 million in the third quarter of 2012. This increase was due primarily to higher profitability in our workers' compensation and excess and surplus lines businesses, coupled with less adverse development in our run-off program business. Most businesses in this group produced strong underwriting profit margins through the first nine months of 2013.

Gross and net written premiums were up 23% and 34%, respectively, for the third quarter of 2013 when compared to the same prior year period. While nearly all businesses in this group reported increased premium production in the third quarter, our workers' compensation operations and excess and surplus lines were the primary sources of growth in this group. New business opportunities, increased exposures and sustained pricing increases have driven the growth in our worker's compensation businesses. Strong premium growth in our excess and surplus operations is the result of broadening opportunities to write business coupled with the benefit from rate increases over multiple quarters. Pricing in this group was up 5% for the quarter, following 5% and 6% increases, respectively, in the second and first quarters of 2013.

The **Specialty Financial Group** reported an underwriting profit of \$22 million in the third quarter of 2013, compared to an underwriting profit of \$1 million in the third quarter of 2012. The increased profitability was due primarily to higher underwriting profits in our lender-placed mortgage property insurance business, as well as improved results in our surety and trade credit operations. Results for the third quarter of 2012 include losses from a run-off book of automotive-related business. Almost all of the businesses in this group continue to achieve excellent underwriting margins.

Gross and net written premiums were up 5% and 15%, respectively, in the 2013 third quarter when compared to the 2012 third quarter, primarily the result of growth in our financial institutions business. Renewal pricing in this group was down 1% for the third quarter and is flat on average for the first nine months of 2013.

Carl Lindner III stated: "Our continued focus on price adequacy and underwriting discipline has allowed us to achieve improved margins and profitably grow our specialty P&C businesses. I'm particularly pleased to see continued healthy pricing increases in our property and transportation and casualty businesses, allowing us to achieve an average overall renewal rate increase of approximately 4% for the quarter. Based on these results through the first nine months of the year, we have increased our 2013 net written premium guidance to be 11%-13% higher than 2012 levels and improved and narrowed our 2013 combined ratio guidance for our overall Specialty P&C Group to 91%-94%."

Annuity Segment

AFG's annuity operations contributed \$78 million in pretax core earnings in the third quarter of 2013 compared to \$69 million in the third quarter of 2012, a 13% increase. Higher pretax core earnings were primarily a result of maintaining interest spreads on a growing asset base, with AFG's quarterly average balance of fixed annuity investments (at amortized cost) growing by 15% year-over-year. In addition, earnings in the third quarter of 2012 reflect the negative impact that sharply lower interest rates had on AFG's fixed-indexed annuity business.

Net interest spread earned during the third quarter of 2013 decreased by 36 basis points from the prior year period due primarily to the run-off of higher yielding investments. However, the net spread earned during the third quarter of 2013 decreased only 7 basis points from the prior year period, reflecting the negative impact of sharply lower interest rates on the Company's indexed annuity business in the 2012 third quarter.

The annuity operations reported record quarterly statutory premiums of \$1.2 billion in the third quarter of 2013, an increase of 61% over the same period in 2012. This growth in premiums is a result of continued successful expansion of our distribution channels and product offerings. Management also believes that AFG has benefitted from its strong ratings, and that the entire annuity industry has benefitted from the rise in interest rates in 2013. Statutory premiums of \$2.7 billion for the first nine months were up 9% from the comparable 2012 period and were bolstered by strong third quarter sales.

Craig Lindner stated, "The increase in interest rates this year has provided us the opportunity to write increased premiums at favorable returns. For the first time in its history, AFG has exceeded \$1 billion of annuity sales in a quarter. In addition, nine month operating earnings were record results for the annuity segment. This demonstrates the effectiveness of our long term strategy of operating our annuity business to be able to capitalize on market opportunities. The increase in earnings continues to be driven in large part by our strong premium growth over the last several years.

"Because of our performance in the third quarter of 2013, and assuming no major fluctuations in interest rates or the stock market, we are increasing our guidance for the annuity and run-off segments. We now expect that the full year 2013 pretax core operating earnings from our annuity and run-off operations will be 17% to 21% higher than the \$252 million reported for the full year of 2012, up from the range of 13% to 18% previously estimated. In addition, based on the record sales during the third quarter, we now believe that statutory annuity premiums for the full year of 2013 will be 28% to 32% higher than 2012".

More information about premiums and the results of operations for our annuity segment may be found in our Quarterly Investor Supplement which is posted on our website.

Run-off Long-Term Care and Life Segment

AFG's run-off long-term care and life segment incurred a pretax core operating loss of \$4 million in the third quarter of 2013 compared to pretax core operating earnings of \$2 million in the comparable prior year period. This reduction in earnings is primarily the result of unexpectedly higher claims in both the life and long-term care operations.

Medicare Supplement and Critical Illness Segment

AFG's Medicare supplement and critical illness segment contributed pretax core operating earnings of \$10 million in the third quarter of 2012. These operations were sold in August 2012.

A&E Reserves

During the third quarter of 2013, AFG completed a comprehensive external study of its asbestos and environmental exposures relating to the run-off operations of its P&C group and exposures related to former railroad and manufacturing operations and sites. Such external studies have been periodically undertaken, generally every two years, with the aid of specialty actuarial and engineering firms, a specialty consultant and outside counsel. This year's comprehensive external study resulted in a non-core after-tax special charge of \$49 million (\$76 million pretax) to increase AFG's A&E reserves.

The P&C group's asbestos reserves were increased by \$16 million (net of reinsurance) and its environmental reserves were increased by \$38 million (net of reinsurance). At September 30, 2013, the P&C group's insurance reserves include A&E reserves of \$341 million, net of reinsurance recoverables. At September 30, 2013, AFG's three year survival ratios, excluding amounts associated with the settlements of two large asbestos claims, were 15.2x paid losses for asbestos reserves, 6.2x paid losses for environmental reserves and 10.4x paid losses for the total A&E reserves. These ratios compare favorably with data published by A.M. Best in October 2013, which indicate that industry A&E survival ratios were 10.0x paid losses for asbestos reserves, 5.8x paid losses for environmental reserves, and 8.8x paid losses for total A&E reserves at December 31, 2012.

As the overall industry exposure to asbestos has matured, the focus of litigation has shifted to smaller companies and companies with ancillary exposures. AFG's insureds with these exposures have been the driver of our P&C asbestos reserve increases. The increase in P&C environmental reserves was attributed primarily to AFG's increased defense costs and a number of claims where the estimated costs of remediation have increased. There were no newly identified or emerging broad industry trends that were identified in this study.

In addition, the study encompassed reserves for asbestos and environmental exposures of our former railroad and manufacturing operations. As a result of the study, AFG increased its liabilities for these asbestos and environmental exposures by \$22 million due primarily to slightly higher estimated operation and maintenance costs at sites where remediation is underway, coupled with higher estimated cleanup costs at a limited number of sites.

Investments

AFG recorded third quarter 2013 net realized gains on securities of \$35 million after tax and after deferred acquisition costs (DAC), compared to \$55 million in the prior year period. Unrealized gains on fixed maturities were \$449 million, after tax, after DAC at September 30, 2013, a decrease of \$13 million from June 30, 2013, and \$270 million from year-end 2012, reflecting the impact of rising interest rates. Our portfolio continues to be high quality, with 86% of our fixed maturity portfolio rated investment grade and 96% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

During the first nine months of 2013, P&C investment income was approximately 5% lower than the comparable 2012 period, in line with our expectations.

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 of approximately \$40 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

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

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

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

Conference Call

The Company will hold a conference call to discuss 2013 third quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, October 30, 2013. 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 76241182. 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, 2013. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 76241182. The conference call and accompanying webcast slides will also be broadcast live over the Internet. To listen to the call via the Internet, go to the Investor Relations page on AFG's website, www.AFGinc.com, and follow the instructions at the Webcasts and Presentations link. The archived webcast will be available immediately after the call via the same link on the Investor Relations page until November 6, 2013 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact: Diane P. Weidner
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(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.

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012(c)	2013	2012(c)
Revenues				
P&C insurance net earned premiums	\$ 949	\$ 848	\$2,345	\$2,091
Life, accident & health net earned premiums	29	80	87	290
Net investment income	338	326	996	972
Realized gains	56	241	154	300
Income (loss) of managed investment entities:				
Investment income	32	31	98	92
Gain (loss) on change in fair value of assets/liabilities	15	(13)	(21)	(63)
Other income	24	25	71	67
Total revenues	<u>1,443</u>	<u>1,538</u>	<u>3,730</u>	<u>3,749</u>
Costs and expenses				
P&C insurance losses & expenses	941	864	2,275	2,014
Annuity, life, accident & health benefits & expenses	222	252	642	793
Interest charges on borrowed money	18	19	54	57
Expenses of managed investment entities	22	19	68	58
Other expenses	98	99	248	260
Total costs and expenses	<u>1,301</u>	<u>1,253</u>	<u>3,287</u>	<u>3,182</u>
Earnings before income taxes	142	285	443	567
Provision for income taxes(d)	44	74	155	184
Net earnings including noncontrolling interests	98	211	288	383
Less: Net earnings (loss) attributable to noncontrolling interests	15	(15)	(25)	(55)
Net earnings attributable to shareholders	<u>\$ 83</u>	<u>\$ 226</u>	<u>\$ 313</u>	<u>\$ 438</u>
Diluted Earnings per Common Share	<u>\$ 0.92</u>	<u>\$ 2.39</u>	<u>\$ 3.44</u>	<u>\$ 4.50</u>
Average number of diluted shares	91.0	94.6	91.2	97.4
Selected Balance Sheet Data:				
Total cash and investments	September 30, 2013		December 31, 2012	
	\$ 29,921		\$ 28,449	
Long-term debt	September 30, 2013		December 31, 2012	
	\$ 913		\$ 953	
Shareholders' equity(e)	September 30, 2013		December 31, 2012	
	\$ 4,542		\$ 4,578	
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities)(e)	September 30, 2013		December 31, 2012	
	\$ 4,048		\$ 3,784	
Book Value Per Share:	September 30, 2013		December 31, 2012	
Excluding appropriated retained earnings	September 30, 2013		December 31, 2012	
	\$ 50.40		\$ 50.61	
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities	September 30, 2013		December 31, 2012	
	\$ 45.36		\$ 42.52	
Common Shares Outstanding	September 30, 2013		December 31, 2012	
	89.2		89.0	

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

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

	Three months ended Sept 30,		Pct. Change	Nine months ended Sept 30,		Pct. Change
	2013	2012		2013	2012	
Gross written premiums	<u>\$1,768</u>	<u>\$1,509</u>	17%	<u>\$3,734</u>	<u>\$3,356</u>	11%
Net written premiums	<u>\$1,067</u>	<u>\$ 908</u>	18%	<u>\$2,520</u>	<u>\$2,247</u>	12%
Ratios (GAAP):						
Loss & LAE ratio	66.1%	68.2%		61.5%	61.1%	
Underwriting expense ratio	<u>27.4%</u>	<u>30.0%</u>		<u>32.9%</u>	<u>33.3%</u>	
Combined Ratio (Excluding A&E)	<u>93.5%</u>	<u>98.2%</u>		<u>94.4%</u>	<u>94.4%</u>	
Combined Ratio	<u>99.1%</u>	<u>101.9%</u>		<u>97.0%</u>	<u>96.3%</u>	
Supplemental Information:^(f)						
Gross Written Premiums:						
Property & Transportation	\$1,147	\$ 981	17%	\$1,945	\$1,840	6%
Specialty Casualty	461	376	23%	1,331	1,100	21%
Specialty Financial	160	152	5%	458	415	10%
Other	—	—	—	—	1	—
	<u>\$1,768</u>	<u>\$1,509</u>	17%	<u>\$3,734</u>	<u>\$3,356</u>	11%
Net Written Premiums:						
Property & Transportation	\$ 594	\$ 539	10%	\$1,198	\$1,158	3%
Specialty Casualty	325	243	34%	903	734	23%
Specialty Financial	124	108	15%	354	303	17%
Other	24	18	33%	65	52	25%
	<u>\$1,067</u>	<u>\$ 908</u>	18%	<u>\$2,520</u>	<u>\$2,247</u>	12%
Combined Ratio (GAAP):						
Property & Transportation	97.1%	99.8%		100.4%	96.8%	
Specialty Casualty	93.4%	96.7%		91.5%	93.5%	
Specialty Financial	82.3%	98.8%		85.8%	90.6%	
Aggregate Specialty Group	93.5%	98.2%		94.4%	94.4%	
Reserve Development (Favorable)/Unfavorable:						
Property & Transportation				\$ (1)	\$ (2)	\$ (4)
Specialty Casualty				(4)	3	(42)
Specialty Financial				(4)	(5)	(10)
Other				(4)	(5)	(7)
Aggregate Specialty Group Excluding A&E				(13)	(9)	(70)
Special A&E Reserve Charge—P&C Run-off				54	31	54
Other				(1)	—	6
Total Reserve Development Including A&E				<u>\$ 40</u>	<u>\$ 22</u>	<u>\$ (10)</u>
Points on Combined Ratio:						
Property & Transportation				(0.2)	(0.5)	(0.4)
Specialty Casualty				(1.2)	1.2	(5.0)
Specialty Financial				(3.2)	(5.5)	(2.9)
Aggregate Specialty Group				(1.4)	(1.1)	(3.1)

Footnote (f) 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 Sept 30,		Pct. Change	Nine months ended Sept 30,		Pct. Change
	2013	2012		2013	2012	
Annuity Premiums:						
Retail Single Premium	\$ 557	\$ 459	21%	\$1,426	\$1,475	(3%)
Financial Institutions Single Premium	550	199	176%	1,031	733	41%
Education Market—403(b)	49	51	(4%)	156	177	(12%)
Variable Annuities	11	14	(21%)	39	46	(15%)
Total Annuity Premiums	<u>\$ 1,167</u>	<u>\$ 723</u>	61%	<u>\$2,652</u>	<u>\$2,431</u>	9%

Components of Core Operating Earnings Before Income Taxes

	Three months ended Sept 30,		Pct. Change	Nine months ended Sept 30,		Pct. Change
	2013	2012		2013	2012	
Revenues:						
Net investment income	\$ 259	\$ 249	4%	\$ 764	\$ 722	6%
Other income	17	14	21%	46	39	18%
Total revenues	276	263	5%	810	761	6%
Costs and Expenses:						
Annuity benefits	140	140	—	394	417	(6%)
Acquisition expenses	35	32	9%	114	92	24%
Other expenses	23	22	5%	66	64	3%
Total costs and expenses	198	194	2%	574	573	—
Core operating earnings before income taxes	<u>\$ 78</u>	<u>\$ 69</u>	13%	<u>\$ 236</u>	<u>\$ 188</u>	26%

Supplemental Fixed Annuity Information*

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2013	2012	2013	2012
Average Fixed Annuity Reserves	\$19,035	\$16,759	\$18,231	\$16,147
Net Interest Spread	2.89%	3.25%	2.97%	3.10%
Net Spread Earned	1.50%	1.57%	1.58%	1.45%

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes To Financial Schedules

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

	Three months ended		Nine months ended	
	Sept 30,		Sept 30,	
	2013	2012	2013	2012
Core Operating Earnings before Income Taxes:				
P&C insurance segment	\$ 113	\$ 71	\$ 291	\$ 274
Annuity segment	78	69	236	188
Run-off long-term care and life segment	(4)	2	(7)	8
Medicare supp and critical illness segment*	—	10	—	28
Interest & other corporate expense	(39)	(37)	(123)	(119)
Core operating earnings before income taxes	148	115	397	379
Related income taxes	51	37	129	126
Core net operating earnings	<u>\$ 97</u>	<u>\$ 78</u>	<u>\$ 268</u>	<u>\$ 253</u>

* Medicare supplement and critical illness businesses were sold in August 2012.

b) Reflects the following effects of special A&E charges during the first nine months of 2013 and 2012 (dollars in millions, except per share amounts):

	Pretax		After-tax		EPS	
	2013	2012	2013	2012	2013	2012
A&E Charge:						
P&C insurance run-off operations						
Asbestos	\$ 16	\$ 19	\$ 10	\$ 12		
Environmental	38	12	25	8		
	\$ 54	\$ 31	\$ 35	\$ 20	\$ 0.39	\$ 0.20
Former railroad & manufacturing operations						
Asbestos	\$ 2	\$ 2	\$ 1	\$ 1		
Environmental	20	—	13	—		
	\$ 22	\$ 2	\$ 14	\$ 1	\$ 0.15	\$ 0.02

c) Certain reclassifications have been made to conform to the current year's presentation.

d) Earnings before income taxes include \$12 million of non-taxable income and \$30 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in the third quarter and first nine months of 2013, respectively, and \$18 million and \$64 million in non-deductible losses in the third quarter and first nine months of 2012, respectively.

e) Shareholders' Equity at September 30, 2013 includes \$449 million (\$5.04 per share) in unrealized after-tax gains on fixed maturities and \$45 million (\$0.50 per share) of retained earnings appropriated to managed investment entities. Shareholders' Equity at December 31, 2012 includes \$719 million (\$8.09 per share) in unrealized after-tax gains on fixed maturities and \$75 million (\$0.84 per share) of retained earnings appropriated to managed investment entities. The appropriated retained earnings will ultimately inure to the benefit of the debt holders of the investment entities managed by AFG.

f) Supplemental Notes:

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



American Financial Group, Inc.
Investor Supplement—Third Quarter 2013

October 29, 2013

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

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	Three Months Ended					Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/13	09/30/12
Highlights							
Core net operating earnings	\$ 97	\$ 87	\$ 84	\$ 61	\$ 78	\$ 268	\$ 253
Net earnings	83	110	120	50	226	313	438
Total assets	40,947	39,414	39,139	39,171	39,633	40,947	39,633
Adjusted shareholders' equity (a)	4,048	3,978	3,950	3,784	3,881	4,048	3,881
Property and Casualty net written premiums	1,067	749	704	702	908	2,520	2,247
Annuity statutory premiums	1,167	861	624	560	723	2,652	2,431
Per share data							
Core net operating earnings per share	\$ 1.06	\$ 0.96	\$ 0.92	\$ 0.67	\$ 0.82	\$ 2.94	\$ 2.59
Diluted earnings per share	0.92	1.20	1.32	0.54	2.39	3.44	4.50
Adjusted book value per share (a)	45.36	44.78	43.94	42.52	42.72	45.36	42.72
Cash dividends per common share	0.1950	0.1950	0.1950	0.4450	0.1750	0.5850	0.5250
Financial ratios							
Annualized core operating return on equity (a)	9.7%	8.9%	8.6%	6.4%	8.0%	9.1%	8.7%
Annualized return on equity (a)	8.3%	11.1%	12.4%	5.2%	23.4%	10.6%	15.3%
Property and Casualty combined ratio—Specialty:							
Loss & LAE ratio	66.1%	60.3%	56.5%	72.9%	68.2%	61.5%	61.1%
Underwriting expense ratio	27.4%	36.7%	36.6%	25.1%	30.0%	32.9%	33.3%
Combined ratio—Specialty	<u>93.5%</u>	<u>97.0%</u>	<u>93.1%</u>	<u>98.0%</u>	<u>98.2%</u>	<u>94.4%</u>	<u>94.4%</u>
Net spread on fixed annuities:							
Net interest spread	2.89%	3.02%	2.99%	3.18%	3.25%	2.97%	3.10%
Net spread earned	1.50%	1.65%	1.58%	1.49%	1.57%	1.58%	1.45%

(a) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.

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



	Three Months Ended				Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12
Property and Casualty Insurance						
Underwriting profit	\$ 62	\$ 19	\$ 43	\$ 10	\$ 15	\$ 108
Net investment income	65	65	66	69	67	196
Other expense	(14)	(2)	(13)	(10)	(11)	(40)
Property and Casualty Insurance operating earnings	113	82	96	69	71	291
Annuity earnings	78	82	76	68	69	236
Run-off Long-Term Care and Life earnings / (loss)	(4)	(2)	(1)	(12)	2	(7)
Medicare Supplement and Critical Illness earnings (a)	—	—	—	—	10	—
Interest expense of parent holding companies	(17)	(17)	(17)	(17)	(19)	(51)
Other expense	(22)	(22)	(28)	(25)	(18)	(72)
Pre-tax core operating earnings	148	123	126	83	115	397
Income tax expense	51	36	42	22	37	129
Core net operating earnings	97	87	84	61	78	268
Non-core items, net of tax:						
Gain on sale of Medicare Supplement and Critical Illness	—	—	—	13	101	—
Other realized gains	35	26	36	36	55	97
Long-Term Care reserve charge	—	—	—	(99)	—	—
Significant A&E charges:						
Property and Casualty Insurance run-off operations	(35)	—	—	—	(20)	(35)
Former Railroad and Manufacturing operations	(14)	—	—	—	(1)	(1)
AFG tax case and settlement of open years	—	—	—	39	28	—
ELNY guaranty fund assessments (b)	—	(3)	—	—	—	(3)
Other	—	—	—	—	(15)	(15)
Net earnings	\$ 83	\$ 110	\$ 120	\$ 50	\$ 226	\$ 313

(a) Medicare Supplement and Critical Illness operations were sold August 2012.

(b) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

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



	Three Months Ended				Nine Months Ended		
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12	
Core net operating earnings	\$ 97	\$ 87	\$ 84	\$ 61	\$ 78	\$ 268	\$ 253
Net earnings	\$ 83	\$ 110	\$ 120	\$ 50	\$ 226	\$ 313	\$ 438
Average number of diluted shares	91.014	91.472	91.048	91.413	94.625	91.176	97.418
Diluted earnings per share:							
Core net operating earnings per share	\$ 1.06	\$ 0.96	\$ 0.92	\$ 0.67	\$ 0.82	\$ 2.94	\$ 2.59
Gain on sale of Medicare Supplement and Critical Illness	—	—	—	0.15	1.07	—	1.04
Other realized gains	0.40	0.28	0.40	0.37	0.59	1.08	0.95
Long-Term Care reserve charge	—	—	—	(1.08)	—	—	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	(0.39)	—	—	—	(0.22)	(0.39)	(0.20)
Former Railroad and Manufacturing operations	(0.15)	—	—	—	(0.01)	(0.15)	(0.02)
AFG tax case and settlement of open years	—	—	—	0.43	0.30	—	0.29
ELNY guaranty fund assessment (a)	—	(0.04)	—	—	—	(0.04)	—
Other	—	—	—	—	(0.16)	—	(0.15)
Diluted earnings per share	\$ 0.92	\$ 1.20	\$ 1.32	\$ 0.54	\$ 2.39	\$ 3.44	\$ 4.50

(a) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company

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



	Three Months Ended					Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/13	09/30/12
Property and Transportation	\$ 16	\$ (31)	\$ 10	\$ (14)	\$ —	\$ (5)	\$ 33
Specialty Casualty	19	32	19	8	8	70	45
Specialty Financial	22	15	13	16	1	50	28
Other Specialty	5	5	6	5	7	16	10
Underwriting profit—Specialty	62	21	48	15	16	131	116
Other charges, included in loss and LAE	—	2	5	5	1	7	8
Underwriting profit—Core	62	19	43	10	15	124	108
Special A&E charges, included in loss and LAE	(54)	—	—	—	(31)	(54)	(31)
Underwriting profit (loss)—Property and Casualty Insurance	\$ 8	\$ 19	\$ 43	\$ 10	\$ (16)	\$ 70	\$ 77
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ (1)	\$ 1	\$ —	\$ 9	\$ —	\$ —	\$ —
Catastrophe loss	2	18	10	24	4	30	13
Total current accident year catastrophe losses	\$ 1	\$ 19	\$ 10	\$ 33	\$ 4	\$ 30	\$ 13
Loss reserve development (favorable) / adverse	\$ 40	\$ (22)	\$ (28)	\$ (7)	\$ 23	\$ (10)	\$ (23)
Combined ratio:							
Property and Transportation	97.1%	110.3%	96.5%	103.7%	99.8%	100.4%	96.8%
Specialty Casualty	93.4%	88.4%	92.7%	96.8%	96.7%	91.5%	93.5%
Specialty Financial	82.3%	86.6%	88.5%	84.9%	98.8%	85.8%	90.6%
Other Specialty	70.7%	74.0%	71.1%	70.0%	68.4%	71.9%	82.0%
Combined ratio—Specialty	93.5%	97.0%	93.1%	98.0%	98.2%	94.4%	94.4%
Other core charges	(0.1%)	0.2%	0.7%	0.7%	0.0%	0.3%	0.4%
Special A&E charges	5.7%	0.0%	0.0%	0.0%	3.7%	2.3%	1.5%
Combined ratio	99.1%	97.2%	93.8%	98.7%	101.9%	97.0%	96.3%
Loss and LAE components—property and casualty insurance							
Current accident year, excluding catastrophe loss	67.4%	61.1%	59.8%	71.2%	68.7%	63.3%	63.5%
Prior accident year development	4.2%	(3.2%)	(4.1%)	(0.8%)	2.6%	(0.5%)	(1.1%)
Current accident year catastrophe loss	0.1%	2.6%	1.5%	3.2%	0.6%	1.3%	0.6%
Loss and LAE ratio	71.7%	60.5%	57.2%	73.6%	71.9%	64.1%	63.0%

	Three Months Ended				Nine Months Ended		
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12	
Gross written premiums	\$ 1,768	\$ 1,041	\$ 925	\$ 965	\$ 1,509	\$ 3,734	\$ 3,356
Ceded reinsurance premiums	(701)	(292)	(221)	(263)	(601)	(1,214)	(1,109)
Net written premiums	1,067	749	704	702	908	2,520	2,247
Change in unearned premiums	(118)	(40)	(17)	54	(60)	(175)	(156)
Net earned premiums	949	709	687	756	848	2,345	2,091
Loss and LAE	626	428	388	551	578	1,442	1,278
Underwriting expense	261	260	251	190	254	772	697
Underwriting profit	\$ 62	\$ 21	\$ 48	\$ 15	\$ 16	\$ 131	\$ 116
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ (1)	\$ 1	\$ —	\$ 9	\$ —	\$ —	\$ —
Catastrophe loss	2	18	10	24	4	30	13
Total current accident year catastrophe losses	\$ 1	\$ 19	\$ 10	\$ 33	\$ 4	\$ 30	\$ 13
Loss reserve development (favorable) / adverse	\$ (13)	\$ (24)	\$ (33)	\$ (12)	\$ (9)	\$ (70)	\$ (62)
Combined ratio:							
Loss and LAE ratio	66.1%	60.3%	56.5%	72.9%	68.2%	61.5%	61.1%
Underwriting expense ratio	27.4%	36.7%	36.6%	25.1%	30.0%	32.9%	33.3%
Combined ratio	93.5%	97.0%	93.1%	98.0%	98.2%	94.4%	94.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	67.4%	61.1%	59.8%	71.2%	68.7%	63.3%	63.5%
Prior accident year development	(1.4%)	(3.4%)	(4.8%)	(1.5%)	(1.1%)	(3.1%)	(3.0%)
Current accident year catastrophe loss	0.1%	2.6%	1.5%	3.2%	0.6%	1.3%	0.6%
Loss and LAE ratio	66.1%	60.3%	56.5%	72.9%	68.2%	61.5%	61.1%

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



	Three Months Ended					Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/13	09/30/12
Gross written premiums	\$ 1,147	\$ 446	\$ 352	\$ 431	\$ 981	\$ 1,945	\$ 1,840
Ceded reinsurance premiums	(553)	(118)	(76)	(116)	(442)	(747)	(682)
Net written premiums	594	328	276	315	539	1,198	1,158
Change in unearned premiums	(77)	(27)	17	68	(52)	(87)	(118)
Net earned premiums	517	301	293	383	487	1,111	1,040
Loss and LAE	407	236	192	340	371	835	722
Underwriting expense	94	96	91	57	116	281	285
Underwriting profit (loss)	\$ 16	\$ (31)	\$ 10	\$ (14)	\$ —	\$ (5)	\$ 33
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ (1)	\$ 1	\$ —	\$ 8	\$ —	\$ —	\$ —
Catastrophe loss	—	17	10	20	2	27	7
Total current accident year catastrophe losses	\$ (1)	\$ 18	\$ 10	\$ 28	\$ 2	\$ 27	\$ 7
Loss reserve development (favorable) / adverse	\$ (1)	\$ 3	\$ (6)	\$ (2)	\$ (2)	\$ (4)	\$ (14)
Combined ratio:							
Loss and LAE ratio	78.8%	78.5%	65.4%	88.9%	76.1%	75.1%	69.4%
Underwriting expense ratio	18.3%	31.8%	31.1%	14.8%	23.7%	25.3%	27.4%
Combined ratio	97.1%	110.3%	96.5%	103.7%	99.8%	100.4%	96.8%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	79.1%	71.6%	64.0%	84.3%	76.0%	73.1%	70.0%
Prior accident year development	(0.2%)	1.2%	(2.0%)	(0.5%)	(0.5%)	(0.4%)	(1.3%)
Current accident year catastrophe loss	(0.1%)	5.7%	3.4%	5.1%	0.6%	2.4%	0.7%
Loss and LAE ratio	78.8%	78.5%	65.4%	88.9%	76.1%	75.1%	69.4%

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



	Three Months Ended				Nine Months Ended		
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12	
Gross written premiums	\$ 461	\$ 440	\$ 430	\$ 384	\$ 376	\$ 1,331	\$ 1,100
Ceded reinsurance premiums	(136)	(157)	(135)	(126)	(133)	(428)	(366)
Net written premiums	325	283	295	258	243	903	734
Change in unearned premiums	(36)	(6)	(36)	(9)	—	(78)	(35)
Net earned premiums	289	277	259	249	243	825	699
Loss and LAE	174	148	148	165	155	470	416
Underwriting expense	96	97	92	76	80	285	238
Underwriting profit	\$ 19	\$ 32	\$ 19	\$ 8	\$ 8	\$ 70	\$ 45
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	—	—	1	1	1	2
Total current accident year catastrophe losses	\$ 1	\$ —	\$ —	\$ 1	\$ 1	\$ 1	\$ 2
Loss reserve development (favorable) / adverse	\$ (4)	\$ (22)	\$ (16)	\$ 7	\$ 3	\$ (42)	\$ (25)
Combined ratio:							
Loss and LAE ratio	60.3%	53.4%	57.3%	65.9%	63.8%	57.1%	59.5%
Underwriting expense ratio	33.1%	35.0%	35.4%	30.9%	32.9%	34.4%	34.0%
Combined ratio	93.4%	88.4%	92.7%	96.8%	96.7%	91.5%	93.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.4%	61.2%	63.5%	62.5%	62.3%	62.0%	63.0%
Prior accident year development	(1.2%)	(8.0%)	(6.2%)	3.0%	1.2%	(5.0%)	(3.7%)
Current accident year catastrophe loss	0.1%	0.2%	0.0%	0.4%	0.3%	0.1%	0.2%
Loss and LAE ratio	60.3%	53.4%	57.3%	65.9%	63.8%	57.1%	59.5%

	Three Months Ended					Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/13	09/30/12
Gross written premiums	\$ 160	\$ 155	\$ 143	\$ 151	\$ 152	\$ 458	\$ 415
Ceded reinsurance premiums	(36)	(38)	(30)	(43)	(44)	(104)	(112)
Net written premiums	124	117	113	108	108	354	303
Change in unearned premiums	(3)	(4)	3	(4)	(8)	(4)	(2)
Net earned premiums	121	113	116	104	100	350	301
Loss and LAE	37	37	42	40	46	116	117
Underwriting expense	62	61	61	48	53	184	156
Underwriting profit	\$ 22	\$ 15	\$ 13	\$ 16	\$ 1	\$ 50	\$ 28
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Catastrophe loss	1	1	—	2	1	2	3
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ —	\$ 3	\$ 1	\$ 2	\$ 3
Loss reserve development (favorable) / adverse	\$ (4)	\$ —	\$ (6)	\$ (13)	\$ (5)	\$ (10)	\$ (16)
Combined ratio:							
Loss and LAE ratio	31.2%	32.9%	35.8%	38.2%	46.7%	33.3%	38.9%
Underwriting expense ratio	51.1%	53.7%	52.7%	46.7%	52.1%	52.5%	51.7%
Combined ratio	82.3%	86.6%	88.5%	84.9%	98.8%	85.8%	90.6%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	33.7%	32.9%	40.3%	48.2%	51.5%	35.6%	43.3%
Prior accident year development	(3.2%)	(0.7%)	(4.8%)	(12.1%)	(5.5%)	(2.9%)	(5.5%)
Current accident year catastrophe loss	0.7%	0.7%	0.3%	2.1%	0.7%	0.6%	1.1%
Loss and LAE ratio	31.2%	32.9%	35.8%	38.2%	46.7%	33.3%	38.9%

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



	Three Months Ended					Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/13	09/30/12
Gross written premiums	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ —	\$ 1
Ceded reinsurance premiums	24	21	20	22	18	65	51
Net written premiums	24	21	20	21	18	65	52
Change in unearned premiums	(2)	(3)	(1)	(1)	—	(6)	(1)
Net earned premiums	22	18	19	20	18	59	51
Loss and LAE	8	7	6	6	6	21	23
Underwriting expense	9	6	7	9	5	22	18
Underwriting profit	\$ 5	\$ 5	\$ 6	\$ 5	\$ 7	\$ 16	\$ 10
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	—	1	—	—	1
Total current accident year catastrophe losses	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1
Loss reserve development (favorable) / adverse	\$ (4)	\$ (5)	\$ (5)	\$ (4)	\$ (5)	\$ (14)	\$ (7)
Combined ratio:							
Loss and LAE ratio	35.0%	35.1%	33.7%	32.7%	31.6%	34.6%	44.8%
Underwriting expense ratio	35.7%	38.9%	37.4%	37.3%	36.8%	37.3%	37.2%
Combined ratio	70.7%	74.0%	71.1%	70.0%	68.4%	71.9%	82.0%

American Financial Group, Inc.
Annuity Results of Operations (GAAP)
(\$ in millions)



	Three Months Ended				Nine Months Ended		
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12	
Net investment income	\$ 259	\$ 257	\$ 248	\$ 254	\$ 249	\$ 764	\$ 722
Guaranteed withdrawal benefit fees	7	6	5	5	4	18	9
Policy charges and other miscellaneous income	10	9	9	8	10	28	30
Total revenues	276	272	262	267	263	810	761
Annuity benefits	140	120	134	124	140	394	417
Acquisition expenses	35	48	31	58	32	114	92
Other expenses	23	22	21	17	22	66	64
Total costs and expenses	198	190	186	199	194	574	573
Earnings before income taxes—core	78	82	76	68	69	236	188
ELNY guaranty fund assessments charge (a)	—	(5)	—	—	—	(5)	—
Earnings before income taxes	\$ 78	\$ 77	\$ 76	\$ 68	\$ 69	\$ 231	\$ 188
Detail of annuity benefits above:							
Interest credited—fixed	\$ 113	\$ 111	\$ 109	\$ 109	\$ 107	\$ 333	\$ 329
Interest credited—fixed component of variable annuities	2	1	2	2	2	5	5
Change in expected death and annuitization reserve	4	6	4	5	5	14	14
Amortization of sales inducements	8	8	7	9	8	23	23
Guaranteed withdrawal benefit reserve	10	10	8	5	4	28	9
Change in other benefit reserves	2	3	1	(2)	5	6	7
Embedded derivative mark-to-market	33	(3)	80	1	40	110	97
Equity option mark-to-market	(32)	(16)	(77)	1	(31)	(125)	(67)
Unlockings	—	—	—	(6)	—	—	—
Total annuity benefits	\$ 140	\$ 120	\$ 134	\$ 124	\$ 140	\$ 394	\$ 417

(a) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

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



	Three Months Ended				Nine Months Ended		
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12	
Average fixed annuity investments (at amortized cost)	\$19,519	\$18,615	\$17,945	\$17,485	\$16,994	\$18,693	\$16,371
Average annuity benefits accumulated	19,035	18,151	17,506	17,137	16,759	18,231	16,147
Investments in excess of annuity benefits accumulated	\$ 484	\$ 464	\$ 439	\$ 348	\$ 235	\$ 462	\$ 224
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	5.27%	5.45%	5.48%	5.74%	5.80%	5.40%	5.82%
Interest credited	(2.38%)	(2.43%)	(2.49%)	(2.56%)	(2.55%)	(2.43%)	(2.72%)
Net interest spread on fixed annuities	2.89%	3.02%	2.99%	3.18%	3.25%	2.97%	3.10%
Policy charges and other miscellaneous income	0.15%	0.13%	0.14%	0.14%	0.16%	0.14%	0.17%
Other annuity benefit expenses, net	(0.39%)	(0.46%)	(0.35%)	(0.40%)	(0.27%)	(0.39%)	(0.32%)
Acquisition expenses	(0.72%)	(1.00%)	(0.69%)	(0.85%)	(0.72%)	(0.80%)	(0.72%)
Other expenses	(0.44%)	(0.43%)	(0.45%)	(0.39%)	(0.48%)	(0.45%)	(0.49%)
Change in fair value of derivatives	0.01%	0.39%	(0.06%)	0.10%	(0.37%)	0.11%	(0.29%)
Unlockings	0.00%	0.00%	0.00%	(0.29%)	0.00%	0.00%	0.00%
Net spread earned on fixed annuities—core	1.50%	1.65%	1.58%	1.49%	1.57%	1.58%	1.45%
Average annuity benefits accumulated	\$19,035	\$18,151	\$17,506	\$17,137	\$16,759	\$18,231	\$16,147
Net spread earned on fixed annuities	1.50%	1.65%	1.58%	1.49%	1.57%	1.58%	1.45%
Earnings on fixed annuity benefits accumulated	\$ 72	\$ 75	\$ 69	\$ 64	\$ 66	216	179
Investments in excess of annuity benefits accumulated	\$ 484	\$ 464	\$ 439	\$ 348	\$ 235	\$ 462	\$ 224
Net investment income (as % of investments)	5.27%	5.45%	5.48%	5.74%	5.80%	5.40%	5.82%
Earnings on investments in excess of annuity benefits accumulated	\$ 6	\$ 6	\$ 6	\$ 5	\$ 3	18	9
Variable annuity earnings	—	1	1	(1)	—	2	—
Earnings before income taxes—core	78	82	76	68	69	236	188
ELNY guaranty fund assessments charge (a)	—	(5)	—	—	—	(5)	—
Earnings before income taxes	\$ 78	\$ 77	\$ 76	\$ 68	\$ 69	\$ 231	\$ 188

(a) The ELNY guaranty fund assessments represent guaranty fund assessments in connection with the insolvency and liquidation of Executive Life Insurance Company of New York, an unaffiliated life insurance company.

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



	Three Months Ended				Nine months ended		
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/12	
Retail single premium annuities—indexed	\$ 509	\$ 472	\$ 333	\$ 305	\$ 417	\$1,314	\$1,357
Retail single premium annuities—fixed	48	37	27	35	42	112	118
Financial institutions single premium annuities—indexed	352	169	83	59	72	604	232
Financial institutions single premium annuities—fixed	198	118	111	86	127	427	501
Education market—403(b) fixed and indexed annuities	49	52	55	60	51	156	177
Subtotal fixed annuity premiums	1,156	848	609	545	709	2,613	2,385
Variable annuities	11	13	15	15	14	39	46
Total annuity premiums	\$1,167	\$ 861	\$ 624	\$ 560	\$ 723	\$2,652	\$2,431

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



	Three Months Ended					Nine Months Ended	
	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	09/30/13	09/30/12
Beginning fixed annuity reserves	\$18,564	\$17,737	\$17,274	\$16,999	\$16,518	\$17,274	\$15,188
Premiums	1,156	848	609	545	709	2,613	2,385
Federal Home Loan Bank advances	—	200	—	—	—	200	—
Surrenders, benefits and other withdrawals	(381)	(352)	(352)	(355)	(390)	(1,085)	(1,042)
Interest and other annuity benefit expenses:							
Interest credited	113	111	109	109	107	333	329
Embedded derivative mark-to-market	33	(3)	80	1	40	110	97
Change in other benefit reserves	20	23	17	(15)	15	60	42
Unlockings	—	—	—	(10)	—	—	—
Ending fixed annuity reserves	\$19,505	\$18,564	\$17,737	\$17,274	\$16,999	\$19,505	\$16,999
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$19,505	\$18,564	\$17,737	\$17,274	\$16,999	\$19,505	\$16,999
Impact of unrealized investment gains on reserves	84	87	140	136	46	84	46
Fixed component of variable annuities	196	197	198	199	200	196	200
Annuity benefits accumulated per balance sheet	\$19,785	\$18,848	\$18,075	\$17,609	\$17,245	\$19,785	\$17,245
Annualized surrenders and other withdrawals as a % of beginning reserves	8.2%	7.9%	8.2%	8.4%	9.4%	8.4%	9.1%

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



	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12
Assets:						
Total cash and investments	\$29,921	\$29,262	\$29,084	\$28,449	\$28,037	\$27,301
Recoverables from reinsurers	3,138	3,044	3,083	3,750	3,865	2,740
Prepaid reinsurance premiums	662	520	466	471	587	488
Agents' balances and premiums receivable	801	754	649	636	750	702
Deferred policy acquisition costs	867	818	565	550	621	846
Assets of managed investment entities	2,779	2,973	3,285	3,225	3,102	2,825
Other receivables	1,078	422	384	539	1,168	673
Variable annuity assets (separate accounts)	629	608	614	580	577	574
Other assets	887	828	824	786	741	717
Goodwill	185	185	185	185	185	186
Total assets	\$40,947	\$39,414	\$39,139	\$39,171	\$39,633	\$37,052
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 6,441	\$ 6,098	\$ 6,238	\$ 6,845	\$ 7,277	\$ 6,153
Unearned premiums	2,047	1,789	1,697	1,651	1,821	1,661
Annuity benefits accumulated	19,785	18,848	18,075	17,609	17,245	16,758
Life, accident and health reserves	2,011	2,017	2,021	2,059	1,699	1,750
Payable to reinsurers	601	367	250	475	656	396
Liabilities of managed investment entities	2,429	2,603	2,880	2,892	2,753	2,502
Long-term debt	913	949	950	953	966	1,158
Variable annuity liabilities (separate accounts)	629	608	614	580	577	574
Other liabilities	1,381	1,497	1,506	1,359	1,675	1,325
Total liabilities	\$36,237	\$34,776	\$34,231	\$34,423	\$34,669	\$32,277
Shareholders' equity:						
Common stock	\$ 89	\$ 89	\$ 90	\$ 89	\$ 91	\$ 95
Capital surplus	1,109	1,088	1,090	1,063	1,071	1,112
Appropriated retained earnings	45	33	64	75	109	127
Unappropriated retained earnings	2,729	2,664	2,620	2,520	2,577	2,515
Unrealized gains—fixed maturities	449	462	719	719	789	626
Unrealized gains—equities	119	138	146	104	132	145
Other comprehensive income, net of tax	2	(1)	4	8	10	2
Total shareholders' equity	4,542	4,473	4,733	4,578	4,779	4,622
Noncontrolling interests	168	165	175	170	185	153
Total liabilities and equity	\$40,947	\$39,414	\$39,139	\$39,171	\$39,633	\$37,052

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



	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>
Shareholders' equity	\$ 4,542	\$ 4,473	\$ 4,733	\$ 4,578	\$ 4,779	\$ 4,622
Appropriated retained earnings	(45)	(33)	(64)	(75)	(109)	(127)
Shareholders' equity, excluding appropriated retained earnings	4,497	4,440	4,669	4,503	4,670	4,495
Unrealized (gains) on fixed maturities	(449)	(462)	(719)	(719)	(789)	(626)
Adjusted shareholders' equity	4,048	3,978	3,950	3,784	3,881	3,869
Goodwill	(185)	(185)	(185)	(185)	(185)	(186)
Intangibles	(26)	(29)	(33)	(36)	(39)	(43)
Tangible adjusted shareholders' equity	\$ 3,837	\$ 3,764	\$ 3,732	\$ 3,563	\$ 3,657	\$ 3,640
Common shares outstanding	89.224	88.821	89.883	88.979	90.847	94.959
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 50.40	\$ 49.98	\$ 51.94	\$ 50.61	\$ 51.40	\$ 47.34
Adjusted (b)	45.36	44.78	43.94	42.52	42.72	40.74
Tangible, adjusted (c)	43.00	42.38	41.52	40.04	40.26	38.34
Market capitalization						
AFG's closing common share price	\$ 54.06	\$ 48.91	\$ 47.38	\$ 39.52	\$ 37.90	\$ 39.23
Market capitalization	\$ 4,823	\$ 4,344	\$ 4,259	\$ 3,516	\$ 3,443	\$ 3,725
Price / Adjusted book value ratio	1.19	1.09	1.08	0.93	0.89	0.96

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

	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12	06/30/12
Direct obligations of AFG	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 830
Direct obligations of subsidiaries	73	89	90	93	106	308
Payable to subsidiary trusts	—	20	20	20	20	20
Long-term debt	\$ 913	\$ 949	\$ 950	\$ 953	\$ 966	\$1,158
Obligations secured by real estate	(61)	(62)	(62)	(62)	(63)	(64)
Debt excluding obligations secured by real estate	\$ 852	\$ 887	\$ 888	\$ 891	\$ 903	\$1,094
Total capital (a)	\$5,578	\$5,554	\$5,794	\$5,626	\$5,821	\$5,806
Total capital excluding obligations secured by real estate (a)	5,517	5,492	5,732	5,564	5,758	5,742
Total adjusted capital (b)	\$5,129	\$5,092	\$5,074	\$4,907	\$5,032	\$5,180
Total adjusted capital excluding obligations secured by real estate (b)	5,068	5,030	5,012	4,845	4,969	5,116
Ratio of debt to total capital (a):						
Including debt secured by real estate	16.4%	17.1%	16.4%	16.9%	16.6%	19.9%
Excluding debt secured by real estate	15.4%	16.2%	15.5%	16.0%	15.7%	19.1%
Ratio of debt to total adjusted capital (b):						
Including debt secured by real estate	17.8%	18.6%	18.7%	19.4%	19.2%	22.4%
Excluding debt secured by real estate	16.8%	17.6%	17.7%	18.4%	18.2%	21.4%

(a) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings.

(b) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings and unrealized gains related to fixed maturity investments.



	Three Months Ended				Nine months ended	
	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>09/30/12</u>
<u>Property and Casualty Insurance</u>						
Paid Losses (GAAP)	\$ 417	\$ 520	\$ 357	\$ 785	\$ 337	\$ 1,294
		<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>
<u>Statutory Surplus</u>						
Property and Casualty Insurance		\$2,133	\$2,096	\$2,090	\$2,015	\$2,044
AFG's principal annuity subsidiaries (total adjusted capital)		\$1,590	\$1,517	\$1,483	\$1,380	\$1,275
<u>Allowable dividends without regulatory approval</u>						
Property and Casualty Insurance		\$ 237	\$ 237	\$ 237	\$ 237	\$ 375
Annuity and Run-off		158	158	158	158	171
Total		<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ 395</u>	<u>\$ 546</u>

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
September 30, 2013
(\$ in millions)



	Carrying Value					% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated	
Total cash and investments:						
Cash and cash equivalents	\$ 651	\$ 441	\$ 239	\$ —	\$ 1,331	4%
Fixed maturities	5,236	20,717	11	—	25,964	87%
Equity securities	786	317	40	—	1,143	4%
Policy loans	—	240	—	—	240	1%
Mortgage loans	110	501	—	—	611	2%
Real estate and other investments	319	608	8	(303)	632	2%
Total cash and investments	\$ 7,102	\$ 22,824	\$ 298	\$ (303)	\$ 29,921	100%

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
Total quarterly net investment income:					
Fixed maturities	\$ 51	\$ 259	\$—	\$ —	\$ 310
Equity securities	8	5	2	—	15
Other investments	6	19	1	(9)	17
Gross investment income	65	283	3	(9)	342
Investment expenses	(2)	(2)	—	—	(4)
Total net investment income	\$ 63	\$ 281	\$ 3	\$ (9)	\$ 338

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$266	\$ 317	\$ 51
Property and Casualty Insurance	650	786	136
Other	40	40	—
Total AFG consolidated	\$956	\$ 1,143	\$ 187

American Financial Group, Inc.
Fixed Maturities—By Security Type—AFG Consolidated
September 30, 2013
(\$ in millions)



	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 328	\$ 337	\$ 9	1%	1%
States, municipalities and political subdivisions	5,023	5,104	81	20%	17%
Foreign government	346	357	11	1%	1%
Residential mortgage-backed securities	3,955	4,288	333	17%	14%
Commercial mortgage-backed securities	2,565	2,778	213	11%	9%
Asset-backed securities	2,275	2,293	18	9%	8%
Corporate bonds					
Manufacturing	2,163	2,277	114	9%	8%
Banks, lending and credit institutions	1,728	1,823	95	7%	6%
Gas and electric services	1,261	1,383	122	5%	5%
Insurance and insurance related	823	873	50	3%	3%
Other corporate	4,259	4,451	192	17%	15%
Total AFG consolidated	\$ 24,726	\$ 25,964	\$ 1,238	100%	87%
Annuity and Run-off	\$ 19,657	\$ 20,717	1,060	80%	70%
Property and Casualty Insurance	5,068	5,236	168	20%	17%
Other	1	11	10	0%	0%
Total AFG consolidated	\$ 24,726	\$ 25,964	\$ 1,238	100%	87%
Annualized yield on fixed maturities:					
Excluding investment expense (a)	5.09%				
Net of investment expense (a)	5.02%				
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.

Annuity and Run-off:	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
US Government and government agencies	\$ 92	\$ 95	\$ 3	1%
States, municipalities and political subdivisions	2,960	2,977	17	15%
Foreign government	17	19	2	0%
Residential mortgage-backed securities	3,299	3,581	282	17%
Commercial mortgage-backed securities	2,320	2,518	198	12%
Asset-backed securities	1,709	1,727	18	8%
Corporate debt	9,260	9,800	540	47%
Total Annuity and Run-off	\$ 19,657	\$ 20,717	\$ 1,060	100%

Annualized yield on fixed maturities:				
Excluding investment expense (a)	5.36%			
Net of investment expense (a)	5.32%			

Approximate average life and duration:				
Approximate average life	6 years			
Approximate duration	5 years			

Property and Casualty Insurance:	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
US Government and government agencies	\$ 236	\$ 242	\$ 6	5%
States, municipalities and political subdivisions	2,063	2,127	64	41%
Foreign government	329	338	9	6%
Residential mortgage-backed securities	655	696	41	13%
Commercial mortgage-backed securities	245	260	15	5%
Asset-backed securities	566	566	—	11%
Corporate debt	974	1,007	33	19%
Property and Casualty Insurance	\$ 5,068	\$ 5,236	\$ 168	100%

Annualized yield on fixed maturities:				
Excluding investment expense (a)	4.03%			
Net of investment expense (a)	3.88%			

Approximate average life and duration:				
Approximate average life	4 years			
Approximate duration	3 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.

By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 5,287	\$ 5,505	21%	\$ 218
AA	4,661	4,758	18%	97
A	6,513	6,850	27%	337
BBB	4,878	5,158	20%	280
Subtotal—Investment grade	21,339	22,271	86%	932
BB	709	730	3%	21
B	537	551	2%	14
Other	2,141	2,412	9%	271
Total	\$ 24,726	\$ 25,964	100%	\$ 1,238

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

By NAIC Designation	Statutory Data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$18,834	77%	\$ 18,838	\$ 19,805	\$ 967
NAIC 2	4,722	19%	4,722	4,978	256
	23,556	96%	23,560	24,783	1,223
NAIC 3	561	2%	562	578	16
NAIC 4	242	1%	243	251	8
NAIC 5	54	1%	54	65	11
NAIC 6	17	0%	19	45	26
Total	\$24,430	100%	\$ 24,438	\$ 25,722	\$ 1,284

By Asset Type	Amortized Cost	Fair Value	% of Fair Value	% of Investment Portfolio	Unrealized Gain (Loss)
Residential					
Agency	\$ 244	\$ 251	4%	1%	\$ 7
Prime (Non-Agency)	1,913	2,099	30%	7%	186
Alt-A	912	993	14%	3%	81
Subprime	886	945	13%	3%	59
Subtotal—Residential	3,955	4,288	61%	14%	333
Commercial	2,565	2,778	39%	9%	213
Total AFG consolidated	\$ 6,520	\$ 7,066	100%	23%	\$ 546
Annuity and Run-off	\$ 5,619	\$ 6,099	86%	20%	480
Property and Casualty Insurance	900	956	14%	3%	56
Other	1	11	0%	0%	10
Total AFG consolidated	\$ 6,520	\$ 7,066	100%	23%	\$ 546

- 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 77%; Subprime 84%; CMBS 99%.
- The average FICO score of our residential MBS securities is—Prime 736; Alt-A 712; Subprime 643.
- 99% of our Commercial MBS portfolio is investment-grade rated (83% AAA) and the average subordination for this group assets is 37%.
- The approximate average life by collateral type is—Residential 4 years; Commercial 4 years.

Annuity and Run-off:

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
Residential					
Agency	\$ 101	\$ 106	2%	0%	\$ 5
Prime (Non-Agency)	1,769	1,931	32%	8%	162
Alt-A	746	815	13%	4%	69
Subprime	683	729	12%	3%	46
Subtotal—Residential	3,299	3,581	59%	15%	282
Commercial	2,320	2,518	41%	12%	198
Total Annuity and Run-off	\$ 5,619	\$ 6,099	100%	27%	\$ 480

Property and Casualty Insurance:

<u>By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>	<u>Unrealized Gain (Loss)</u>
Residential					
Agency	\$ 143	\$ 145	15%	2%	\$ 2
Prime (Non-Agency)	143	157	16%	2%	14
Alt-A	166	178	19%	3%	12
Subprime	203	216	23%	3%	13
Subtotal—Residential	655	696	73%	10%	41
Commercial	245	260	27%	4%	15
Total Property and Casualty Insurance	\$ 900	\$ 956	100%	14%	\$ 56

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 2,675	\$ 2,877	41%	\$ 202
AA	393	418	6%	25
A	619	648	9%	29
BBB	309	330	5%	21
Subtotal—investment grade	3,996	4,273	61%	277
BB	349	353	5%	4
B	450	459	6%	9
Other	1,725	1,981	28%	256
Total	\$ 6,520	\$ 7,066	100%	\$ 546

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

By NAIC Designation	Statutory data				
	Carrying Value	% of Carrying Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)
NAIC 1	\$ 5,990	93%	\$ 5,995	\$ 6,563	\$ 568
NAIC 2	184	3%	184	185	1
	6,174	96%	6,179	6,748	569
NAIC 3	122	2%	122	123	1
NAIC 4	102	2%	102	105	3
NAIC 5	18	0%	18	29	11
NAIC 6	15	0%	16	36	20
Total	\$ 6,431	100%	\$ 6,437	\$ 7,041	\$ 604