
**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): January 30, 2014

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 fourth quarter of 2013 and full year ended December 31, 2013 as well as the availability of the Investor Supplement on the Company’s website. The press release was issued on January 30, 2014. 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 January 30, 2014, reporting American Financial Group Inc. fourth quarter and full year results for the period ended December 31, 2013.
99.2	Investor Supplement – Fourth 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.

AMERICAN FINANCIAL GROUP, INC.

Date: January 31, 2014

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

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces 2013 Fourth Quarter and Full Year Results

- **Record full year net earnings per share of \$5.16**
- **Record fourth quarter core net operating earnings per share of \$1.28; up 91% from prior year period**
- **Core net operating earnings per share of \$4.22 for the full year; up 29% from 2012**
- **Full year 2014 core net operating earnings guidance between \$4.50—\$4.90 per share**
- **Adjusted book value per share \$45.90**

Cincinnati, Ohio – January 30, 2014 – American Financial Group, Inc. (NYSE/NASDAQ: AFG) today reported net earnings attributable to shareholders of \$158 million (\$1.73 per share) for the 2013 fourth quarter, compared to \$50 million (\$0.54 per share) for the 2012 fourth quarter. Results for the fourth quarter of 2013 include \$41 million (\$0.45 per share) in after-tax realized gains. Fourth quarter 2012 results include net charges of \$11 million (\$0.13 per share) in after-tax non-core items, which are outlined in the table below. Book value per share, excluding appropriated retained earnings and unrealized gains on fixed maturities, increased by \$3.38 (8%), to \$45.90 per share during the year. Total value creation, measured as growth in book value plus dividends, was \$5.19 per share, or 12%, during 2013.

Net earnings attributable to shareholders for the year were a record \$5.16 per share, compared to \$5.09 per share in 2012. Return on equity was 11.9% and 12.7% for 2013 and 2012, respectively.

Core net operating earnings were \$117 million (\$1.28 per share) for the 2013 fourth quarter, compared to \$61 million (\$0.67 per share) in the 2012 fourth quarter. Record earnings from our Annuity segment and significantly higher underwriting profitability in our Specialty Property and Casualty (“P&C”) insurance operations were the primary drivers of the improved quarterly results. Full year 2013 core net operating earnings increased by 23% over the prior year. Core net operating earnings for the fourth quarters of 2013 and 2012 generated annualized returns on equity of 11.5% and 6.4%, 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	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Components of net earnings attributable to shareholders:				
Core net operating earnings^(a)	\$ 117	\$ 61	\$ 385	\$ 314
Non-Core Items:				
Gain on sale of Med supp & critical illness businesses	—	13	—	114
Other realized gains	41	36	138	128
Long-term care reserve charge	—	(99)	—	(99)
Special A&E charges ^(b)	—	—	(49)	(21)
AFG tax case and settlement of open tax years	—	39	—	67
Other	—	—	(3)	(15)
Net earnings attributable to shareholders	\$ 158	\$ 50	\$ 471	\$ 488

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

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Components of earnings per share:				
Core net operating earnings(a)	\$ 1.28	\$ 0.67	\$ 4.22	\$ 3.27
Non-Core Items:				
Gain on sale of Med supp & critical illness businesses	—	0.15	—	1.19
Other realized gains	0.45	0.37	1.52	1.34
Long-term care reserve charge	—	(1.08)	—	(1.03)
Special A&E charges(b)	—	—	(0.54)	(0.22)
AFG tax case and settlement of open tax years	—	0.43	—	0.70
Other	—	—	(0.04)	(0.16)
Diluted earnings per share	\$ 1.73	\$ 0.54	\$ 5.16	\$ 5.09

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

Carl H. Lindner III and S. Craig Lindner, AFG's Co-Chief Executive Officers, commented: "Our specialty insurance operations produced strong core operating earnings in the fourth quarter of 2013 and reflect significantly higher profitability in our Specialty P&C group and record earnings in our Annuity segment. Our entrepreneurial business model has allowed us to grow our specialty insurance businesses when we see opportunities and the potential to earn targeted returns. That, coupled with the ability to create value through superior investment execution, has helped us to achieve compounded growth in AFG's book value of 12% over the past five years. We thank God and our management team and employees for helping to achieve these results.

"AFG had approximately \$1 billion of excess capital (including parent company cash of approximately \$525 million) at December 31, 2013. During 2013, we increased our quarterly dividend by 13% and in the fourth quarter of 2013 we paid a special dividend of \$1.00 per share. Our strong financial position provides the flexibility to act on strategic business opportunities with the potential to produce desired long-term returns. We will invest excess capital when we see potential for healthy, organic growth and/or expansions of our specialty niche business through start-ups and acquisitions, such as our recently announced plans to acquire Summit Holdings Southeast, Inc. from Liberty Mutual Insurance Company. We will also continue to return value to our shareholders through opportunistic share repurchases and dividends.

"Based on current information, we expect core net operating earnings in 2014 to be between \$4.50 and \$4.90 per share. 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 underwriting profit of \$75 million for the 2013 fourth quarter compared to \$15 million in the fourth quarter of 2012, with each of our Specialty P&C sub-segments achieving higher underwriting profitability. The fourth quarter 2013 combined ratio of 91.3% improved nearly seven points from the 2012 fourth quarter and reflects overall improved accident year underwriting profitability. Results in 2012 were impacted by the Midwest drought, which lowered crop profitability, and higher catastrophe losses, primarily from Superstorm Sandy. Fourth quarter results in 2013 include less than \$1 million (0.1 points on the combined ratio) in catastrophe losses compared to \$33 million (3.2 points) in the comparable 2012 period. Results for the 2013 fourth quarter include \$5 million (0.5 points) in favorable reserve development. By comparison, favorable reserve development in the fourth quarter of 2012 was \$12 million (1.5 points).

Gross and net written premiums were up 11% and 17%, respectively, in the 2013 fourth quarter compared to the same quarter a year earlier due primarily to higher premiums in our Specialty Casualty group. Full year 2013 net written premiums were up 13%. 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 \$17 million in the fourth quarter of 2013, compared to an underwriting loss of \$14 million in the comparable prior year period. Higher profitability in our crop insurance and property and inland marine operations contributed to these results. Although the 22% decline in corn pricing at harvest time as compared to 2013 spring discovery prices adversely impacted 2013 results, profitability in our crop insurance operations improved over the comparable 2012 quarter, which was adversely impacted by the effects of the Midwest drought. In addition, underwriting results in our property and inland marine operations in the 2012 fourth quarter include losses from Superstorm Sandy. Catastrophe losses for this group were negligible in the 2013 fourth quarter compared to \$28 million in the comparable 2012 period. Fourth quarter 2013 operating results in this group included \$3 million in unfavorable development, which was driven by 3.1 points of unfavorable reserve development in our transportation businesses.

Fourth quarter 2013 gross and net written premiums in this group were 4% and 11% higher, respectively, than the comparable prior year period, and reflect growth in nearly every business unit, which was partially offset by lower premiums in our crop operations. Delayed planting of winter wheat resulted in late acreage reporting, the effect of which is expected to shift a portion of AFG's crop premiums from the fourth quarter of 2013 to the first quarter of 2014. Excluding crop premiums, fourth quarter gross and net written premiums grew by 10% and 13%, respectively. Net written premiums for the full year of 2013 were up approximately 5%. Overall renewal rates in this group increased 5% in the fourth quarter of 2013. The average rate increase for this group during 2013 was approximately 5%.

The **Specialty Casualty Group** reported an underwriting profit of \$32 million in the 2013 fourth quarter compared to \$8 million in the comparable 2012 period. This increase was due primarily to higher accident year profitability, particularly in our workers' compensation businesses, and a \$5 million improvement in prior year reserve development. The majority of businesses in this group produced strong underwriting profit margins during 2013.

Gross and net written premiums grew by 20% and 24%, respectively, in the fourth quarter of 2013 when compared to the same prior year period. Broad-based growth across this group was primarily the result of growth in our workers' compensation operations, excess and surplus lines and agency captive insurance businesses. New business opportunities, increased exposures on existing accounts and sustained pricing increases have driven the growth in our workers' 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. Net written premiums were up 23% for the full year. Renewal pricing in this group was up 3% for the quarter. The average rate increase for this group during 2013 was 5%.

The **Specialty Financial Group** reported an underwriting profit of \$17 million for the fourth quarter of 2013, compared to \$16 million for the same period a year ago. Higher underwriting profits in our financial institutions business were partially offset by lower underwriting profitability in our surety and fidelity businesses. Nearly all businesses in this group continued to achieve excellent underwriting margins during 2013, with an overall combined operating ratio of 85.2% for the fourth quarter of 2013.

Gross and net written premiums were up 9% and 22%, respectively, in the 2013 fourth quarter when compared to the 2012 fourth quarter, primarily as a result of higher premiums in our financial institutions and surety operations. Growth in gross written premiums was tempered by the October 2013 sale of a service contract business, which ceded all of its premiums under reinsurance contracts. Full year net written premiums grew by 18%. Pricing in this group was flat for the quarter and for the full year in 2013.

Carl Lindner III stated: "We have achieved measured growth in businesses where we see market opportunities and maintained strict pricing discipline, both of which have provided a foundation for higher Specialty P&C underwriting profitability. We added a new P&C business in early 2013 that is focused on professional liability insurance and recently announced our acquisition of Summit, a specialist workers'

compensation insurer, soon to be our 29th Specialty P&C business unit. I'm pleased with these additions and hope to add others that meet our return thresholds.

"We achieved healthy pricing increases and improved results in our property and transportation businesses and continued momentum in our casualty operations. Additionally, our specialty financial businesses continued to earn excellent overall underwriting margins during 2013. We achieved an average overall renewal rate increase of approximately 3% for the quarter, and an average of 4% for the year. About two-thirds of our Specialty P&C businesses reported pricing increases.

"Looking ahead to 2014, we are forecasting an overall calendar year combined ratio in the 91% to 95% range. We will keep our focus on maintaining adequate rates. Our objective is to achieve an increase of 3% to 4% in the Specialty Group's overall average renewal rates in 2014. Considering these pricing increases coupled with opportunities we are seeing in the market, we are targeting growth in our net written premium in the range of 17% to 21% for 2014. Excluding Summit, we estimate growth in net written premium between 5% and 9% for 2014."

Annuity Segment

AFG's Annuity segment contributed \$92 million in core pretax operating earnings in the fourth quarter of 2013 compared to \$68 million in the fourth quarter of 2012, a 35% increase. This increase reflects a growing asset base, partially offset by the runoff of higher yielding investments. The significant increase in interest rates and the stock market performance in the fourth quarter and full year of 2013 had a favorable impact on 2013 earnings. Conversely, the drop in interest rates for the full year of 2012 had a negative impact on 2012 earnings; in addition, 2012 annuity results include a \$14 million unlocking charge, compared to a \$2 million unlocking charge in 2013.

Throughout both 2013 and 2012, AFG's Annuity segment also benefitted from exceptionally strong investment results.

The Annuity segment reported record statutory premiums of \$1.4 billion in the fourth quarter of 2013, an increase of 147% 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 believes that AFG has benefitted from its strong ratings, and that the annuity industry has benefitted from the rise in interest rates in 2013.

Craig Lindner stated, "For the first time in its history, AFG has exceeded \$300 million of core pretax annuity operating earnings and \$4 billion of annuity sales in a year. I'm proud of our team, which was well positioned to act on opportunities to grow our business at favorable returns while remaining committed to consumer centric product design and disciplined pricing.

"In 2014, we expect core pretax annuity operating earnings to be flat compared to the \$328 million reported in 2013. While we expect average fixed annuity investments and average fixed annuity reserves to grow by 15%—18% in 2014, we expect our net spread earned to be 0.20%—0.25% lower than the 1.60% achieved in 2013, due to the large favorable items in 2013 mentioned above. Significant changes in market interest rates and/or the stock market could lead to significant positive or negative impacts on the Annuity segment's results.

"Although we achieved record annuity premiums in 2013, many factors will impact our ability to surpass the same level of sales in 2014. Based on information currently available, we expect that AFG's annuity premiums will be flat in 2014 compared to the \$4 billion achieved in 2013."

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 core pretax operating loss of \$3 million in the fourth quarter of 2013 compared to a core pretax operating loss of \$12 million in the comparable prior year period. Core pretax operating earnings in the fourth quarter of 2012 included charges to increase long-term care reserves related primarily to existing open claims and certain policyholder benefit features.

AFG's full year 2014 core net operating earnings guidance assumes no material earnings or losses from this segment.

Medicare Supplement and Critical Illness Segment

The operations within AFG's Medicare supplement and critical illness segment were sold in August 2012.

Further details of these operations may be found in the accompanying schedules.

Investments

AFG recorded fourth quarter 2013 net realized gains on securities of \$41 million after tax and after deferred acquisition costs (DAC), compared to \$36 million in the fourth quarter of 2012. Unrealized gains on fixed maturities were \$405 million after tax and after DAC at December 31, 2013, a decrease of \$44 million from September 30, 2013, and \$314 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 97% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the year ended December 31, 2013, P&C net investment income was approximately 4% lower than the prior year, 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 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 fourth quarter and full year results at 11:30 am (ET) tomorrow, Friday, January 31, 2014. Toll-free telephone access will be available by dialing 877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 31017049. 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 pm (ET) on February 6, 2014. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 31017049.

The conference 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 February 6, 2014 at 11:59 pm (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:
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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
(Dollars in Millions, Except Per Share Data)

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012(c)	2013	2012(c)
Revenues				
P&C insurance net earned premiums	\$ 859	\$ 756	\$ 3,204	\$ 2,847
Life, accident & health net earned premiums	27	28	114	318
Net investment income	350	329	1,346	1,301
Realized gains	63	71	217	371
Income (loss) of managed investment entities:				
Investment income	30	33	128	125
Gain (loss) on change in fair value of assets/liabilities	7	(31)	(14)	(94)
Other income	26	22	97	89
Total revenues	<u>1,362</u>	<u>1,208</u>	<u>5,092</u>	<u>4,957</u>
Costs and expenses				
P&C insurance losses & expenses	784	746	3,059	2,760
Annuity, life, accident & health benefits & expenses	216	386	858	1,179
Interest charges on borrowed money	17	18	71	75
Expenses of managed investment entities	21	22	89	80
Other expenses	78	66	326	326
Total costs and expenses	<u>1,116</u>	<u>1,238</u>	<u>4,403</u>	<u>4,420</u>
Earnings (loss) before income taxes	246	(30)	689	537
Provision (benefit) for income taxes(d)	81	(49)	236	135
Net earnings including noncontrolling interests	165	19	453	402
Less: Net earnings (loss) attributable to noncontrolling interests	7	(31)	(18)	(86)
Net earnings attributable to shareholders	<u>\$ 158</u>	<u>\$ 50</u>	<u>\$ 471</u>	<u>\$ 488</u>
Diluted Earnings per Common Share	<u>\$ 1.73</u>	<u>\$ 0.54</u>	<u>\$ 5.16</u>	<u>\$ 5.09</u>
Average number of diluted shares	91.4	91.4	91.2	95.9

	December 31, 2013	December 31, 2012
Selected Balance Sheet Data:		
Total cash and investments	\$ 31,313	\$ 28,449
Long-term debt	\$ 913	\$ 953
Shareholders' equity(e)	\$ 4,563	\$ 4,578
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities)(e)	\$ 4,109	\$ 3,784
Book Value Per Share:		
Excluding appropriated retained earnings	\$ 50.43	\$ 50.61
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities	\$ 45.90	\$ 42.52
Common Shares Outstanding	89.5	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 December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2013	2012		2013	2012	
Gross written premiums	<u>\$1,071</u>	<u>\$ 965</u>	11%	<u>\$4,805</u>	<u>\$4,321</u>	11%
Net written premiums	<u>\$ 821</u>	<u>\$ 702</u>	17%	<u>\$3,341</u>	<u>\$2,949</u>	13%
Ratios (GAAP):						
Loss & LAE ratio	62.4%	72.9%		61.7%	64.3%	
Expense ratio	<u>28.9%</u>	<u>25.1%</u>		<u>31.8%</u>	<u>31.1%</u>	
Combined Ratio (Excluding A&E)	<u>91.3%</u>	<u>98.0%</u>		<u>93.5%</u>	<u>95.4%</u>	
Combined Ratio	<u>91.4%</u>	<u>98.7%</u>		<u>95.5%</u>	<u>96.9%</u>	
Supplemental Information:^(f)						
Gross Written Premiums:						
Property & Transportation	\$ 447	\$ 431	4%	\$2,392	\$2,271	5%
Specialty Casualty	459	384	20%	1,790	1,484	21%
Specialty Financial	164	151	9%	622	566	10%
Other	<u>1</u>	<u>(1)</u>	—	<u>1</u>	<u>—</u>	—
	<u>\$1,071</u>	<u>\$ 965</u>	11%	<u>\$4,805</u>	<u>\$4,321</u>	11%
Net Written Premiums:						
Property & Transportation	\$ 349	\$ 315	11%	\$1,547	\$1,473	5%
Specialty Casualty	321	258	24%	1,224	992	23%
Specialty Financial	132	108	22%	486	411	18%
Other	<u>19</u>	<u>21</u>	(10%)	<u>84</u>	<u>73</u>	15%
	<u>\$ 821</u>	<u>\$ 702</u>	17%	<u>\$3,341</u>	<u>\$2,949</u>	13%
Combined Ratio (GAAP):						
Property & Transportation	95.8%	103.7%		99.2%	98.7%	
Specialty Casualty	89.7%	96.8%		90.9%	94.5%	
Specialty Financial	85.2%	84.9%		85.6%	89.2%	
Aggregate Specialty Group	91.3%	98.0%		93.5%	95.4%	

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

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

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Reserve Development (Favorable)/Unfavorable:				
Property & Transportation	\$ 3	\$ (2)	\$ (1)	\$ (16)
Specialty Casualty	2	7	(40)	(18)
Specialty Financial	(4)	(13)	(14)	(29)
Other	(6)	(4)	(20)	(11)
Aggregate Specialty Group Excluding A&E	(5)	(12)	(75)	(74)
Special A&E Reserve Charge	—	—	54	31
Other	—	5	6	13
Total Reserve Development Including A&E	\$ (5)	\$ (7)	\$ (15)	\$ (30)
Points on Combined Ratio:				
Property & Transportation	0.8	(0.5)	(0.1)	(1.0)
Specialty Casualty	0.5	3.0	(3.6)	(1.8)
Specialty Financial	(3.2)	(12.1)	(3.0)	(7.1)
Aggregate Specialty Group	(0.5)	(1.5)	(2.4)	(2.5)

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

Components of Statutory Premiums

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2013	2012		2013	2012	
<u>Annuity Premiums:</u>						
Retail Single Premium	\$ 618	\$ 340	82%	\$ 2,044	\$ 1,815	13%
Financial Institutions						
Single Premium	699	145	382%	1,730	878	97%
Education Market—403(b)	51	60	(15%)	207	237	(13%)
Variable Annuities	13	15	(13%)	52	61	(15%)
Total Annuity Premiums	<u>\$ 1,381</u>	<u>\$ 560</u>	147%	<u>\$ 4,033</u>	<u>\$ 2,991</u>	35%

Components of Core Operating Earnings Before Income Taxes

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2013	2012		2013	2012	
Revenues:						
Net investment income	\$ 270	\$ 254	6%	\$ 1,034	\$ 976	6%
Other income	21	13	62%	67	52	29%
Total revenues	291	267	9%	1,101	1,028	7%
Costs and Expenses:						
Annuity benefits	137	124	10%	531	541	(2%)
Acquisition expenses	35	58	(40%)	149	150	(1%)
Other expenses	27	17	59%	93	81	15%
Total costs and expenses	199	199	—	773	772	—
Core operating earnings before income taxes	<u>\$ 92</u>	<u>\$ 68</u>	35%	<u>\$ 328</u>	<u>\$ 256</u>	28%

Supplemental Fixed Annuity Information*

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Average Fixed Annuity Reserves	\$20,092	\$17,137	\$18,696	\$16,394
Net Interest Spread	2.86%	3.18%	2.94%	3.12%
Net Spread Earned	1.67%	1.49%	1.60%	1.48%

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended December 31,		Twelve months ended December 31,	
	2013	2012	2013	2012
Core Operating Earnings before Income Taxes:				
P&C insurance segment	\$ 131	\$ 69	\$ 422	\$ 343
Annuity segment	92	68	328	256
Run-off long-term care and life segment	(3)	(12)	(10)	(4)
Medicare supp and critical illness segment*	—	—	—	28
Interest & other corporate expense	(45)	(41)	(168)	(160)
Core operating earnings before income taxes	175	84	572	463
Related income taxes	58	23	187	149
Core net operating earnings	<u>\$ 117</u>	<u>\$ 61</u>	<u>\$ 385</u>	<u>\$ 314</u>

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

b) Reflects the following effects of special A&E charges during the twelve months ended December 31, 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		
	<u>\$ 54</u>	<u>\$ 31</u>	<u>\$ 35</u>	<u>\$ 20</u>	<u>\$ 0.39</u>	<u>\$ 0.20</u>
Former railroad & manufacturing operations						
Asbestos	\$ 2	\$ 2	\$ 1	\$ 1		
Environmental	20	—	13	—		
	<u>\$ 22</u>	<u>\$ 2</u>	<u>\$ 14</u>	<u>\$ 1</u>	<u>\$ 0.15</u>	<u>\$ 0.02</u>

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

d) Earnings before income taxes include \$4 million of non-taxable income and \$26 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in the fourth quarter and full year of 2013, respectively, and \$34 million and \$98 million in non-deductible losses in the fourth quarter and full year of 2012, respectively.

e) Shareholders' Equity at December 31, 2013 includes \$405 million (\$4.53 per share) in unrealized after-tax gains on fixed maturities and \$49 million (\$0.55 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—Fourth Quarter 2013

January 30, 2014

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					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Highlights							
Core net operating earnings	\$ 117	\$ 97	\$ 87	\$ 84	\$ 61	\$ 385	\$ 314
Net earnings	158	83	110	120	50	471	488
Total assets	42,087	40,947	39,414	39,139	39,171	42,087	39,171
Adjusted shareholders' equity (a)	4,109	4,048	3,978	3,950	3,784	4,109	3,784
Property and Casualty net written premiums	821	1,067	749	704	702	3,341	2,949
Annuity statutory premiums	1,381	1,167	861	624	560	4,033	2,991
Per share data							
Core net operating earnings per share	\$ 1.28	\$ 1.06	\$ 0.96	\$ 0.92	\$ 0.67	\$ 4.22	\$ 3.27
Diluted earnings per share	1.73	0.92	1.20	1.32	0.54	5.16	5.09
Adjusted book value per share (a)	45.90	45.36	44.78	43.94	42.52	45.90	42.52
Cash dividends per common share	1.220	0.1950	0.1950	0.1950	0.4450	1.8050	0.9700
Financial ratios							
Annualized core operating return on equity (a)	11.5%	9.7%	8.9%	8.6%	6.4%	9.7%	8.2%
Annualized return on equity (a)	15.5%	8.3%	11.1%	12.4%	5.2%	11.9%	12.7%
Property and Casualty combined ratio—Specialty:							
Loss & LAE ratio	62.4%	66.1%	60.3%	56.5%	72.9%	61.7%	64.3%
Underwriting expense ratio	28.9%	27.4%	36.7%	36.6%	25.1%	31.8%	31.1%
Combined ratio—Specialty	91.3%	93.5%	97.0%	93.1%	98.0%	93.5%	95.4%
Net spread on fixed annuities:							
Net interest spread	2.86%	2.89%	3.02%	2.99%	3.18%	2.94%	3.12%
Net spread earned	1.67%	1.50%	1.65%	1.58%	1.49%	1.60%	1.48%

(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					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Property and Casualty Insurance							
Underwriting profit	\$ 75	\$ 62	\$ 19	\$ 43	\$ 10	\$ 199	\$ 118
Net investment income	67	65	65	66	69	263	275
Other expense	(11)	(14)	(2)	(13)	(10)	(40)	(50)
Property and Casualty Insurance operating earnings	131	113	82	96	69	422	343
Annuity earnings	92	78	82	76	68	328	256
Run-off Long-Term Care and Life losses	(3)	(4)	(2)	(1)	(12)	(10)	(4)
Medicare Supplement and Critical Illness earnings (a)	—	—	—	—	—	—	28
Interest expense of parent holding companies	(17)	(17)	(17)	(17)	(17)	(68)	(71)
Other expense	(28)	(22)	(22)	(28)	(24)	(100)	(89)
Pre-tax core operating earnings	175	148	123	126	84	572	463
Income tax expense	58	51	36	42	23	187	149
Core net operating earnings	117	97	87	84	61	385	314
Non-core items, net of tax:							
Gain on sale of Medicare Supplement and Critical Illness	—	—	—	—	13	—	114
Other realized gains	41	35	26	36	36	138	128
Long-Term Care reserve charge	—	—	—	—	(99)	—	(99)
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	(35)	—	—	—	(35)	(20)
Former Railroad and Manufacturing operations	—	(14)	—	—	—	(14)	(1)
AFG tax case and settlement of open tax years	—	—	—	—	39	—	67
ELNY guaranty fund assessments charge (b)	—	—	(3)	—	—	(3)	—
Other	—	—	—	—	—	—	(15)
Net earnings	\$ 158	\$ 83	\$ 110	\$ 120	\$ 50	\$ 471	\$ 488

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

(b) The ELNY guaranty fund assessments charge 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					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Core net operating earnings	\$ 117	\$ 97	\$ 87	\$ 84	\$ 61	\$ 385	\$ 314
Net earnings	\$ 158	\$ 83	\$ 110	\$ 120	\$ 50	\$ 471	\$ 488
Average number of diluted shares	91,438	91,014	91,472	91,048	91,413	91,242	95,945
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 1.28	\$ 1.06	\$ 0.96	\$ 0.92	\$ 0.67	\$ 4.22	\$ 3.27
Gain on sale of Medicare Supplement and Critical Illness	—	—	—	—	0.15	—	1.19
Other realized gains	0.45	0.40	0.28	0.40	0.37	1.52	1.34
Long-Term Care reserve charge	—	—	—	—	(1.08)	—	(1.03)
<u>Significant A&E charges:</u>							
Property and Casualty Insurance run-off operations	—	(0.39)	—	—	—	(0.39)	(0.20)
Former Railroad and Manufacturing operations	—	(0.15)	—	—	—	(0.15)	(0.02)
AFG tax case and settlement of open tax years	—	—	—	—	0.43	—	0.70
ELNY guaranty fund assessments charge (a)	—	—	(0.04)	—	—	(0.04)	—
Other	—	—	—	—	—	—	(0.16)
Diluted earnings per share	\$ 1.73	\$ 0.92	\$ 1.20	\$ 1.32	\$ 0.54	\$ 5.16	\$ 5.09

- (a) The ELNY guaranty fund assessments charge 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					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Property and Transportation	\$ 17	\$ 16	\$ (31)	\$ 10	\$ (14)	\$ 12	\$ 19
Specialty Casualty	32	19	32	19	8	102	53
Specialty Financial	17	22	15	13	16	67	44
Other Specialty	9	5	5	6	5	25	15
Underwriting profit—Specialty	75	62	21	48	15	206	131
Other charges, included in loss and LAE	—	—	2	5	5	7	13
Underwriting profit—Core	75	62	19	43	10	199	118
Special A&E charges, included in loss and LAE	—	(54)	—	—	—	(54)	(31)
Underwriting profit (loss)—Property and Casualty Insurance	\$ 75	\$ 8	\$ 19	\$ 43	\$ 10	\$ 145	\$ 87
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ (1)	\$ 1	\$ —	\$ 9	\$ —	\$ 9
Catastrophe loss	1	2	18	10	24	31	37
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 19	\$ 10	\$ 33	\$ 31	\$ 46
Loss reserve development (favorable) / adverse	\$ (5)	\$ 40	\$ (22)	\$ (28)	\$ (7)	\$ (15)	\$ (30)
Combined ratio:							
Property and Transportation	95.8%	97.1%	110.3%	96.5%	103.7%	99.2%	98.7%
Specialty Casualty	89.7%	93.4%	88.4%	92.7%	96.8%	90.9%	94.5%
Specialty Financial	85.2%	82.3%	86.6%	88.5%	84.9%	85.6%	89.2%
Other Specialty	60.4%	70.7%	74.0%	71.1%	70.0%	68.8%	78.5%
Combined ratio—Specialty	91.3%	93.5%	97.0%	93.1%	98.0%	93.5%	95.4%
Other core charges	0.1%	(0.1%)	0.2%	0.7%	0.7%	0.3%	0.4%
Special A&E charges	0.0%	5.7%	0.0%	0.0%	0.0%	1.7%	1.1%
Combined ratio	91.4%	99.1%	97.2%	93.8%	98.7%	95.5%	96.9%
Loss and LAE components—property and casualty insurance							
Current accident year, excluding catastrophe loss	62.8%	67.4%	61.1%	59.8%	71.2%	63.1%	65.5%
Prior accident year development	(0.4%)	4.2%	(3.2%)	(4.1%)	(0.8%)	(0.4%)	(1.0%)
Current accident year catastrophe loss	0.1%	0.1%	2.6%	1.5%	3.2%	1.0%	1.3%
Loss and LAE ratio	62.5%	71.7%	60.5%	57.2%	73.6%	63.7%	65.8%

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



	Three Months Ended				Twelve Months Ended		
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/12	
Gross written premiums	\$ 1,071	\$ 1,768	\$ 1,041	\$ 925	\$ 965	\$ 4,805	\$ 4,321
Ceded reinsurance premiums	(250)	(701)	(292)	(221)	(263)	(1,464)	(1,372)
Net written premiums	821	1,067	749	704	702	3,341	2,949
Change in unearned premiums	38	(118)	(40)	(17)	54	(137)	(102)
Net earned premiums	859	949	709	687	756	3,204	2,847
Loss and LAE	537	626	428	388	551	1,979	1,829
Underwriting expense	247	261	260	251	190	1,019	887
Underwriting profit	\$ 75	\$ 62	\$ 21	\$ 48	\$ 15	\$ 206	\$ 131
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ (1)	\$ 1	\$ —	\$ 9	\$ —	\$ 9
Catastrophe loss	1	2	18	10	24	31	37
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 19	\$ 10	\$ 33	\$ 31	\$ 46
Loss reserve development (favorable) / adverse	\$ (5)	\$ (13)	\$ (24)	\$ (33)	\$ (12)	\$ (75)	\$ (74)
Combined ratio:							
Loss and LAE ratio	62.4%	66.1%	60.3%	56.5%	72.9%	61.7%	64.3%
Underwriting expense ratio	28.9%	27.4%	36.7%	36.6%	25.1%	31.8%	31.1%
Combined ratio	91.3%	93.5%	97.0%	93.1%	98.0%	93.5%	95.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.8%	67.4%	61.1%	59.8%	71.2%	63.1%	65.5%
Prior accident year development	(0.5%)	(1.4%)	(3.4%)	(4.8%)	(1.5%)	(2.4%)	(2.5%)
Current accident year catastrophe loss	0.1%	0.1%	2.6%	1.5%	3.2%	1.0%	1.3%
Loss and LAE ratio	62.4%	66.1%	60.3%	56.5%	72.9%	61.7%	64.3%

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



	Three Months Ended				Twelve Months Ended		
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/12	
Gross written premiums	\$ 447	\$ 1,147	\$ 446	\$ 352	\$ 431	\$ 2,392	\$ 2,271
Ceded reinsurance premiums	(98)	(553)	(118)	(76)	(116)	(845)	(798)
Net written premiums	349	594	328	276	315	1,547	1,473
Change in unearned premiums	61	(77)	(27)	17	68	(26)	(50)
Net earned premiums	410	517	301	293	383	1,521	1,423
Loss and LAE	307	407	236	192	340	1,142	1,062
Underwriting expense	86	94	96	91	57	367	342
Underwriting profit (loss)	\$ 17	\$ 16	\$ (31)	\$ 10	\$ (14)	\$ 12	\$ 19
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ (1)	\$ 1	\$ —	\$ 8	\$ —	\$ 8
Catastrophe loss	—	—	17	10	20	27	27
Total current accident year catastrophe losses	\$ —	\$ (1)	\$ 18	\$ 10	\$ 28	\$ 27	\$ 35
Loss reserve development (favorable) / adverse	\$ 3	\$ (1)	\$ 3	\$ (6)	\$ (2)	\$ (1)	\$ (16)
Combined ratio:							
Loss and LAE ratio	74.9%	78.8%	78.5%	65.4%	88.9%	75.1%	74.7%
Underwriting expense ratio	20.9%	18.3%	31.8%	31.1%	14.8%	24.1%	24.0%
Combined ratio	95.8%	97.1%	110.3%	96.5%	103.7%	99.2%	98.7%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	74.1%	79.1%	71.6%	64.0%	84.3%	73.4%	73.8%
Prior accident year development	0.8%	(0.2%)	1.2%	(2.0%)	(0.5%)	(0.1%)	(1.0%)
Current accident year catastrophe loss	0.0%	(0.1%)	5.7%	3.4%	5.1%	1.8%	1.9%
Loss and LAE ratio	74.9%	78.8%	78.5%	65.4%	88.9%	75.1%	74.7%

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



	Three Months Ended				Twelve Months Ended		
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/12	
Gross written premiums	\$ 459	\$ 461	\$ 440	\$ 430	\$ 384	\$ 1,790	\$ 1,484
Ceded reinsurance premiums	(138)	(136)	(157)	(135)	(126)	(566)	(492)
Net written premiums	321	325	283	295	258	1,224	992
Change in unearned premiums	(11)	(36)	(6)	(36)	(9)	(89)	(44)
Net earned premiums	310	289	277	259	249	1,135	948
Loss and LAE	183	174	148	148	165	653	581
Underwriting expense	95	96	97	92	76	380	314
Underwriting profit	\$ 32	\$ 19	\$ 32	\$ 19	\$ 8	\$ 102	\$ 53
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	1	—	—	1	1	3
Total current accident year catastrophe losses	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 1	\$ 3
Loss reserve development (favorable) / adverse	\$ 2	\$ (4)	\$ (22)	\$ (16)	\$ 7	\$ (40)	\$ (18)
Combined ratio:							
Loss and LAE ratio	59.0%	60.3%	53.4%	57.3%	65.9%	57.5%	61.3%
Underwriting expense ratio	30.7%	33.1%	35.0%	35.4%	30.9%	33.4%	33.2%
Combined ratio	89.7%	93.4%	88.4%	92.7%	96.8%	90.9%	94.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	58.5%	61.4%	61.2%	63.5%	62.5%	61.0%	62.8%
Prior accident year development	0.5%	(1.2%)	(8.0%)	(6.2%)	3.0%	(3.6%)	(1.8%)
Current accident year catastrophe loss	0.0%	0.1%	0.2%	0.0%	0.4%	0.1%	0.3%
Loss and LAE ratio	59.0%	60.3%	53.4%	57.3%	65.9%	57.5%	61.3%

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



	Three Months Ended				Twelve Months Ended		
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/12	
Gross written premiums	\$ 164	\$ 160	\$ 155	\$ 143	\$ 151	\$ 622	\$ 566
Ceded reinsurance premiums	(32)	(36)	(38)	(30)	(43)	(136)	(155)
Net written premiums	132	124	117	113	108	486	411
Change in unearned premiums	(13)	(3)	(4)	3	(4)	(17)	(6)
Net earned premiums	119	121	113	116	104	469	405
Loss and LAE	42	37	37	42	40	158	157
Underwriting expense	60	62	61	61	48	244	204
Underwriting profit	\$ 17	\$ 22	\$ 15	\$ 13	\$ 16	\$ 67	\$ 44
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 1
Catastrophe loss	1	1	1	—	2	3	5
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 1	\$ —	\$ 3	\$ 3	\$ 6
Loss reserve development (favorable) / adverse	\$ (4)	\$ (4)	\$ —	\$ (6)	\$ (13)	\$ (14)	\$ (29)
Combined ratio:							
Loss and LAE ratio	34.2%	31.2%	32.9%	35.8%	38.2%	33.5%	38.8%
Underwriting expense ratio	51.0%	51.1%	53.7%	52.7%	46.7%	52.1%	50.4%
Combined ratio	85.2%	82.3%	86.6%	88.5%	84.9%	85.6%	89.2%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	36.7%	33.7%	32.9%	40.3%	48.2%	35.9%	44.6%
Prior accident year development	(3.2%)	(3.2%)	(0.7%)	(4.8%)	(12.1%)	(3.0%)	(7.1%)
Current accident year catastrophe loss	0.7%	0.7%	0.7%	0.3%	2.1%	0.6%	1.3%
Loss and LAE ratio	34.2%	31.2%	32.9%	35.8%	38.2%	33.5%	38.8%

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



	Three Months Ended					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Gross written premiums	\$ 1	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ —
Ceded reinsurance premiums	18	24	21	20	22	83	73
Net written premiums	19	24	21	20	21	84	73
Change in unearned premiums	1	(2)	(3)	(1)	(1)	(5)	(2)
Net earned premiums	20	22	18	19	20	79	71
Loss and LAE	5	8	7	6	6	26	29
Underwriting expense	6	9	6	7	9	28	27
Underwriting profit	\$ 9	\$ 5	\$ 5	\$ 6	\$ 5	\$ 25	\$ 15
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	—	—	1	—	2
Total current accident year catastrophe losses	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 2
Loss reserve development (favorable) / adverse	\$ (6)	\$ (4)	\$ (5)	\$ (5)	\$ (4)	\$ (20)	\$ (11)
Combined ratio:							
Loss and LAE ratio	28.3%	35.0%	35.1%	33.7%	32.7%	32.9%	41.3%
Underwriting expense ratio	32.1%	35.7%	38.9%	37.4%	37.3%	35.9%	37.2%
Combined ratio	60.4%	70.7%	74.0%	71.1%	70.0%	68.8%	78.5%

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



	Three Months Ended				Twelve Months Ended		
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/12	
Net investment income	\$ 270	\$ 259	\$ 257	\$ 248	\$ 254	\$ 1,034	\$ 976
Guaranteed withdrawal benefit fees	7	7	6	5	5	25	14
Policy charges and other miscellaneous income	14	10	9	9	8	42	38
Total revenues	291	276	272	262	267	1,101	1,028
Annuity benefits	137	140	120	134	124	531	541
Acquisition expenses	35	35	48	31	58	149	150
Other expenses	27	23	22	21	17	93	81
Total costs and expenses	199	198	190	186	199	773	772
Earnings before income taxes—core	92	78	82	76	68	328	256
ELNY guaranty fund assessments charge (a)	—	—	(5)	—	—	(5)	—
Earnings before income taxes	\$ 92	\$ 78	\$ 77	\$ 76	\$ 68	\$ 323	\$ 256
Detail of annuity benefits above:							
Interest credited—fixed	\$ 118	\$ 113	\$ 111	\$ 109	\$ 109	\$ 451	\$ 438
Interest credited—fixed component of variable annuities	1	2	1	2	2	6	7
Change in expected death and annuitization reserve	5	4	6	4	5	19	19
Amortization of sales inducements	7	8	8	7	9	30	32
Guaranteed withdrawal benefit reserve	10	10	10	8	5	38	14
Change in other benefit reserves	1	2	3	1	3	7	10
Embedded derivative mark-to-market	74	33	(3)	80	(4)	184	93
Equity option mark-to-market	(85)	(32)	(16)	(77)	1	(210)	(66)
Unlockings	6	—	—	—	(6)	6	(6)
Total annuity benefits	\$ 137	\$ 140	\$ 120	\$ 134	\$ 124	\$ 531	\$ 541

(a) The ELNY guaranty fund assessments charge 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				Twelve Months Ended		
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/12	
Average fixed annuity investments (at amortized cost)	\$20,524	\$19,519	\$18,615	\$17,945	\$17,485	\$19,151	\$16,650
Average annuity benefits accumulated	20,092	19,035	18,151	17,506	17,137	18,696	16,394
Investments in excess of annuity benefits accumulated	\$ 432	\$ 484	\$ 464	\$ 439	\$ 348	\$ 455	\$ 256
As % of average annuity benefits accumulated (except as noted).							
Net investment income (as % of investments)	5.21%	5.27%	5.45%	5.48%	5.74%	5.35%	5.80%
Interest credited	(2.35%)	(2.38%)	(2.43%)	(2.49%)	(2.56%)	(2.41%)	(2.68%)
Net interest spread on fixed annuities	2.86%	2.89%	3.02%	2.99%	3.18%	2.94%	3.12%
Policy charges and other miscellaneous income	0.22%	0.15%	0.13%	0.14%	0.14%	0.16%	0.16%
Other annuity benefit expenses, net	(0.31%)	(0.38%)	(0.46%)	(0.35%)	(0.39%)	(0.37%)	(0.36%)
Acquisition expenses	(0.75%)	(0.72%)	(1.00%)	(0.69%)	(0.85%)	(0.79%)	(0.75%)
Other expenses	(0.53%)	(0.44%)	(0.43%)	(0.45%)	(0.39%)	(0.46%)	(0.46%)
Change in fair value of derivatives	0.22%	0.00%	0.39%	(0.06%)	0.09%	0.13%	(0.16%)
Unlockings	(0.04%)	0.00%	0.00%	0.00%	(0.29%)	(0.01%)	(0.07%)
Net spread earned on fixed annuities—core	1.67%	1.50%	1.65%	1.58%	1.49%	1.60%	1.48%
Average annuity benefits accumulated	\$20,092	\$19,035	\$18,151	\$17,506	\$17,137	\$18,696	\$16,394
Net spread earned on fixed annuities	1.67%	1.50%	1.65%	1.58%	1.49%	1.60%	1.48%
Earnings on fixed annuity benefits accumulated	\$ 84	\$ 72	\$ 75	\$ 69	\$ 64	\$ 300	\$ 243
Investments in excess of annuity benefits accumulated	\$ 432	\$ 484	\$ 464	\$ 439	\$ 348	\$ 455	\$ 256
Net investment income (as % of investments)	5.21%	5.27%	5.45%	5.48%	5.74%	5.35%	5.80%
Earnings on investments in excess of annuity benefits accumulated	\$ 6	\$ 6	\$ 6	\$ 6	\$ 5	\$ 24	14
Variable annuity earnings	2	—	1	1	(1)	4	(1)
Earnings before income taxes—core	92	78	82	76	68	328	256
ELNY guaranty fund assessments charge (a)	—	—	(5)	—	—	(5)	—
Earnings before income taxes	\$ 92	\$ 78	\$ 77	\$ 76	\$ 68	\$ 323	\$ 256

(a) The ELNY guaranty fund assessments represent guaranty fund assessments charge 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					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Retail single premium annuities—indexed	\$ 565	\$ 509	\$ 472	\$ 333	\$ 305	\$ 1,879	\$ 1,662
Retail single premium annuities—fixed	53	48	37	27	35	165	153
Financial institutions single premium annuities—indexed	498	352	169	83	59	1,102	291
Financial institutions single premium annuities—fixed	201	198	118	111	86	628	587
Education market—403(b) fixed and indexed annuities	51	49	52	55	60	207	237
Subtotal fixed annuity premiums	1,368	1,156	848	609	545	3,981	2,930
Variable annuities	13	11	13	15	15	52	61
Total annuity premiums	\$1,381	\$1,167	\$ 861	\$ 624	\$ 560	\$ 4,033	\$ 2,991

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



	Three Months Ended					Twelve Months Ended	
	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	12/31/13	12/31/12
Beginning fixed annuity reserves	\$19,505	\$18,564	\$17,737	\$17,274	\$16,999	\$17,274	\$15,188
Premiums	1,368	1,156	848	609	545	3,981	2,930
Federal Home Loan Bank advances	—	—	200	—	—	200	—
Surrenders, benefits and other withdrawals	(408)	(381)	(352)	(352)	(355)	(1,493)	(1,397)
Interest and other annuity benefit expenses:							
Interest credited	118	113	111	109	109	451	438
Embedded derivative mark-to-market	74	33	(3)	80	(4)	184	93
Change in other benefit reserves	18	20	23	17	(10)	78	32
Unlockings	4	—	—	—	(10)	4	(10)
Ending fixed annuity reserves	\$20,679	\$19,505	\$18,564	\$17,737	\$17,274	\$20,679	\$17,274
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$20,679	\$19,505	\$18,564	\$17,737	\$17,274	\$20,679	\$17,274
Impact of unrealized investment gains on reserves	71	84	87	140	136	71	136
Fixed component of variable annuities	194	196	197	198	199	194	199
Annuity benefits accumulated per balance sheet	\$20,944	\$19,785	\$18,848	\$18,075	\$17,609	\$20,944	\$17,609
Annualized surrenders and other withdrawals as a % of beginning reserves	8.4%	8.2%	7.9%	8.2%	8.4%	8.6%	9.2%

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



	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12
Assets:						
Total cash and investments	\$31,313	\$29,921	\$29,262	\$29,084	\$28,449	\$28,037
Recoverables from reinsurers	3,157	3,138	3,044	3,083	3,750	3,865
Prepaid reinsurance premiums	408	662	520	466	471	587
Agents' balances and premiums receivable	739	801	754	649	636	750
Deferred policy acquisition costs	975	867	818	565	550	621
Assets of managed investment entities	2,888	2,779	2,973	3,285	3,225	3,102
Other receivables	854	1,078	422	384	539	1,168
Variable annuity assets (separate accounts)	665	629	608	614	580	577
Other assets	903	887	828	824	786	741
Goodwill	185	185	185	185	185	185
Total assets	\$42,087	\$40,947	\$39,414	\$39,139	\$39,171	\$39,633
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 6,410	\$ 6,441	\$ 6,098	\$ 6,238	\$ 6,845	\$ 7,277
Unearned premiums	1,757	2,047	1,789	1,697	1,651	1,821
Annuity benefits accumulated	20,944	19,785	18,848	18,075	17,609	17,245
Life, accident and health reserves	2,063	2,011	2,017	2,021	2,059	1,699
Payable to reinsurers	508	601	367	250	475	656
Liabilities of managed investment entities	2,567	2,429	2,603	2,880	2,892	2,753
Long-term debt	913	913	949	950	953	966
Variable annuity liabilities (separate accounts)	665	629	608	614	580	577
Other liabilities	1,527	1,381	1,497	1,506	1,359	1,675
Total liabilities	\$37,354	\$36,237	\$34,776	\$34,231	\$34,423	\$34,669
Shareholders' equity:						
Common stock	\$ 90	\$ 89	\$ 89	\$ 90	\$ 89	\$ 91
Capital surplus	1,123	1,109	1,088	1,090	1,063	1,071
Appropriated retained earnings	49	45	33	64	75	109
Unappropriated retained earnings	2,777	2,729	2,664	2,620	2,520	2,577
Unrealized gains—fixed maturities	405	449	462	719	719	789
Unrealized gains—equities	121	119	138	146	104	132
Other comprehensive income, net of tax	(2)	2	(1)	4	8	10
Total shareholders' equity	4,563	4,542	4,473	4,733	4,578	4,779
Noncontrolling interests	170	168	165	175	170	185
Total liabilities and equity	\$42,087	\$40,947	\$39,414	\$39,139	\$39,171	\$39,633

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



	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12
Shareholders' equity	\$ 4,563	\$ 4,542	\$ 4,473	\$ 4,733	\$ 4,578	\$ 4,779
Appropriated retained earnings	(49)	(45)	(33)	(64)	(75)	(109)
Shareholders' equity, excluding appropriated retained earnings	4,514	4,497	4,440	4,669	4,503	4,670
Unrealized (gains) on fixed maturities	(405)	(449)	(462)	(719)	(719)	(789)
Adjusted shareholders' equity	4,109	4,048	3,978	3,950	3,784	3,881
Goodwill	(185)	(185)	(185)	(185)	(185)	(185)
Intangibles	(22)	(26)	(29)	(33)	(36)	(39)
Tangible adjusted shareholders' equity	\$ 3,902	\$ 3,837	\$ 3,764	\$ 3,732	\$ 3,563	\$ 3,657
Common shares outstanding	89,513	89,224	88,821	89,883	88,979	90,847
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 50.43	\$ 50.40	\$ 49.98	\$ 51.94	\$ 50.61	\$ 51.40
Adjusted (b)	45.90	45.36	44.78	43.94	42.52	42.72
Tangible, adjusted (c)	43.59	43.00	42.38	41.52	40.04	40.26
Market capitalization						
AFG's closing common share price	\$ 57.72	\$ 54.06	\$ 48.91	\$ 47.38	\$ 39.52	\$ 37.90
Market capitalization	\$ 5,167	\$ 4,823	\$ 4,344	\$ 4,259	\$ 3,516	\$ 3,443
Price / Adjusted book value ratio	1.26	1.19	1.09	1.08	0.93	0.89

- (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.

American Financial Group, Inc.

Capitalization

(\$ in millions)



	12/31/13	09/30/13	06/30/13	03/31/13	12/31/12	09/30/12
Direct obligations of AFG	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840
Direct obligations of subsidiaries	73	73	89	90	93	106
Payable to subsidiary trusts	—	—	20	20	20	20
Long-term debt	\$ 913	\$ 913	\$ 949	\$ 950	\$ 953	\$ 966
Obligations secured by real estate	(61)	(61)	(62)	(62)	(62)	(63)
Debt excluding obligations secured by real estate	\$ 852	\$ 852	\$ 887	\$ 888	\$ 891	\$ 903
Total capital (a)	\$5,597	\$5,578	\$5,554	\$5,794	\$5,626	\$5,821
Total capital excluding obligations secured by real estate (a)	5,536	5,517	5,492	5,732	5,564	5,758
Total adjusted capital (b)	\$5,192	\$5,129	\$5,092	\$5,074	\$4,907	\$5,032
Total adjusted capital excluding obligations secured by real estate (b)	5,131	5,068	5,030	5,012	4,845	4,969
Ratio of debt to total capital (a):						
Including debt secured by real estate	16.3%	16.4%	17.1%	16.4%	16.9%	16.6%
Excluding debt secured by real estate	15.4%	15.4%	16.2%	15.5%	16.0%	15.7%
Ratio of debt to total adjusted capital (b):						
Including debt secured by real estate	17.6%	17.8%	18.6%	18.7%	19.4%	19.2%
Excluding debt secured by real estate	16.6%	16.8%	17.6%	17.7%	18.4%	18.2%

(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.

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



	<u>Three Months Ended</u>					<u>Twelve Months Ended</u>	
	<u>12/31/13</u>	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/12</u>
<u>Property and Casualty Insurance</u>							
Paid Losses (GAAP)	\$ 576	\$ 417	\$ 520	\$ 357	\$ 785	\$ 1,870	\$ 2,026
<u>Statutory Surplus</u>							
Property and Casualty Insurance		\$ 1,895	\$ 2,133	\$ 2,096	\$ 2,090	\$ 2,015	\$ 2,044
AFG's principal annuity subsidiaries (total adjusted capital)		\$ 1,660	\$ 1,590	\$ 1,517	\$ 1,483	\$ 1,380	\$ 1,275
<u>Allowable dividends without regulatory approval</u>							
Property and Casualty Insurance		\$ 335	\$ 237	\$ 237	\$ 237	\$ 237	\$ 375
Annuity and Run-off		274	158	158	158	158	171
Total		\$ 609	\$ 395	\$ 395	\$ 395	\$ 395	\$ 546

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
December 31, 2013
(\$ in millions)



	Carrying Value				Total AFG Consolidated	% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs		
Total cash and investments:						
Cash and cash equivalents	\$ 636	\$ 439	\$ 564	\$ —	\$ 1,639	5%
Fixed maturities	5,229	21,521	11	—	26,761	86%
Equity securities	816	321	42	—	1,179	4%
Policy loans	—	238	—	—	238	1%
Mortgage loans	118	663	—	—	781	2%
Real estate and other investments	320	658	8	(271)	715	2%
Total cash and investments	\$ 7,119	\$ 23,840	\$ 625	\$ (271)	\$ 31,313	100%

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
	Total quarterly net investment income:				
Fixed maturities	\$ 53	\$ 268	\$—	\$ —	\$ 321
Equity securities	9	4	2	—	15
Other investments	8	20	—	(8)	20
Gross investment income	70	292	2	(8)	356
Investment expenses	(3)	(3)	—	—	(6)
Total net investment income	\$ 67	\$ 289	\$ 2	\$ (8)	\$ 350

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$279	\$ 321	\$ 42
Property and Casualty Insurance	666	816	150
Other	42	42	—
Total AFG consolidated	\$987	\$ 1,179	\$ 192

American Financial Group, Inc.
Fixed Maturities—By Security Type—AFG Consolidated



December 31, 2013

(\$ in millions)

	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 334	\$ 338	\$ 4	1%	1%
States, municipalities and political subdivisions	5,390	5,402	12	20%	17%
Foreign government	307	317	10	1%	1%
Residential mortgage-backed securities	3,958	4,321	363	16%	14%
Commercial mortgage-backed securities	2,543	2,732	189	10%	9%
Asset-backed securities	2,482	2,498	16	10%	8%
Corporate bonds					
Manufacturing	2,217	2,310	93	9%	7%
Banks, lending and credit institutions	1,859	1,946	87	8%	6%
Gas and electric services	1,301	1,406	105	5%	5%
Insurance and insurance related	825	869	44	3%	3%
Other corporate	4,455	4,622	167	17%	15%
Total AFG consolidated	\$ 25,671	\$ 26,761	\$ 1,090	100%	86%
Annuity and Run-off	\$ 20,599	\$ 21,521	922	80%	69%
Property and Casualty Insurance	5,071	5,229	158	20%	17%
Other	1	11	10	0%	0%
Total AFG consolidated	\$ 25,671	\$ 26,761	\$ 1,090	100%	86%
Annualized yield on fixed maturities:					
Excluding investment expense (a)	5.10%				
Net of investment expense (a)	5.01%				
Approximate average life and duration:					
Approximate average life	6.5 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
December 31, 2013
(\$ in millions)



	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Annuity and Run-off:				
US Government and government agencies	\$ 89	\$ 89	\$ —	0%
States, municipalities and political subdivisions	3,299	3,254	(45)	15%
Foreign government	17	18	1	0%
Residential mortgage-backed securities	3,277	3,586	309	17%
Commercial mortgage-backed securities	2,315	2,490	175	12%
Asset-backed securities	1,899	1,916	17	9%
Corporate debt	9,703	10,168	465	47%
Total Annuity and Run-off	\$ 20,599	\$ 21,521	\$ 922	100%

Annualized yield on fixed maturities:

Excluding investment expense (a)	5.32%
Net of investment expense (a)	5.26%

Approximate average life and duration:

Approximate average life	7 years
Approximate duration	5 years

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Property and Casualty Insurance:				
US Government and government agencies	\$ 245	\$ 249	\$ 4	5%
States, municipalities and political subdivisions	2,091	2,148	57	41%
Foreign government	290	299	9	6%
Residential mortgage-backed securities	680	724	44	14%
Commercial mortgage-backed securities	228	242	14	4%
Asset-backed securities	583	582	(1)	11%
Corporate debt	954	985	31	19%
Property and Casualty Insurance	\$ 5,071	\$ 5,229	\$ 158	100%

Annualized yield on fixed maturities:

Excluding investment expense (a)	4.22%
Net of investment expense (a)	4.04%

Approximate average life and duration:

Approximate average life	4.5 years
Approximate duration	3.5 years

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

American Financial Group, Inc.
 Fixed Maturities—Credit Rating and NAIC Designation

December 31, 2013

(\$ in millions)



By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 5,634	\$ 5,803	22%	\$ 169
AA	5,097	5,137	19%	40
A	6,570	6,855	26%	285
BBB	4,952	5,204	19%	252
Subtotal—Investment grade	22,253	22,999	86%	746
BB	689	720	3%	31
B	504	525	2%	21
Other	2,225	2,517	9%	292
Total	\$ 25,671	\$ 26,761	100%	\$ 1,090

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	\$19,789	78%	\$ 19,792	\$ 20,632	\$ 840
NAIC 2	4,766	19%	4,766	4,996	230
	24,555	97%	24,558	25,628	1,070
NAIC 3	508	2%	508	528	20
NAIC 4	228	1%	228	237	9
NAIC 5	48	0%	49	54	5
NAIC 6	36	0%	40	63	23
Total	\$25,375	100%	\$ 25,383	\$ 26,510	\$ 1,127

American Financial Group, Inc.
Mortgage-Backed Securities—AFG Consolidated
December 31, 2013
(\$ in millions)



By Asset Type	Amortized Cost	Fair Value	% of Fair Value	% of Investment Portfolio	Unrealized Gain (Loss)
Residential					
Agency	\$ 297	\$ 300	4%	1%	\$ 3
Prime (Non-Agency)	1,866	2,070	29%	7%	204
Alt-A	938	1,028	15%	3%	90
Subprime	857	923	13%	3%	66
Subtotal—Residential	3,958	4,321	61%	14%	363
Commercial	2,543	2,732	39%	9%	189
Total AFG consolidated	\$ 6,501	\$ 7,053	100%	23%	\$ 552
Annuity and Run-off	\$ 5,592	\$ 6,076	86%	20%	484
Property and Casualty Insurance	908	966	14%	3%	58
Other	1	11	0%	0%	10
Total AFG consolidated	\$ 6,501	\$ 7,053	100%	23%	\$ 552

- 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 78%; Subprime 84%; CMBS 99%.
- The average FICO score of our residential MBS securities is—Prime 736; Alt-A 712; Subprime 643.
- 100% of our Commercial MBS portfolio is investment-grade rated (84% AAA) and the average subordination for this group assets is 38%.
- The approximate average life by collateral type is—Residential 5 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	\$ 118	\$ 122	2%	1%	\$ 4
Prime (Non-Agency)	1,725	1,902	31%	8%	177
Alt-A	766	842	14%	4%	76
Subprime	668	720	12%	3%	52
Subtotal—Residential	3,277	3,586	59%	16%	309
Commercial	2,315	2,490	41%	11%	175
Total Annuity and Run-off	\$ 5,592	\$ 6,076	100%	27%	\$ 484

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	\$ 179	\$ 178	19%	3%	\$ (1)
Prime (Non-Agency)	140	157	16%	2%	17
Alt-A	172	186	19%	3%	14
Subprime	189	203	21%	3%	14
Subtotal—Residential	680	724	75%	11%	44
Commercial	228	242	25%	3%	14
Total Property and Casualty Insurance	\$ 908	\$ 966	100%	14%	\$ 58

American Financial Group, Inc.
Mortgage-Backed Securities—Credit Rating and NAIC Designation



December 31, 2013

(\$ in millions)

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 2,745	\$ 2,921	41%	\$ 176
AA	385	406	6%	21
A	603	633	9%	30
BBB	305	327	5%	22
Subtotal—investment grade	4,038	4,287	61%	249
BB	310	319	5%	9
B	426	441	6%	15
Other	1,727	2,006	28%	279
Total	\$ 6,501	\$ 7,053	100%	\$ 552

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	\$ 6,159	96%	\$ 6,162	\$ 6,742	\$ 580
NAIC 2	123	2%	123	123	—
	6,282	98%	6,285	6,865	580
NAIC 3	39	1%	39	37	(2)
NAIC 4	70	1%	71	75	4
NAIC 5	10	0%	10	17	7
NAIC 6	15	0%	16	33	17
Total	\$ 6,416	100%	\$ 6,421	\$ 7,027	\$ 606