
**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): July 28, 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 second quarter of 2014 and the availability of the Investor Supplement on the Company's website. The press release was issued on July 28, 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 July 28, 2014, reporting American Financial Group Inc. results for the quarter ended June 30, 2014.
99.2	Investor Supplement – Second Quarter 2014

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: July 29, 2014

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

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces Second Quarter Results

- **Core net operating earnings \$1.07 per share, up 11% from the comparable 2013 period**
- **Adjusted book value \$47.95 per share at June 30, 2014; up 4% since year end**
- **Full year 2014 core net operating earnings guidance unchanged at \$4.50 - \$4.90 per share**

Cincinnati, Ohio – July 28, 2014 – American Financial Group, Inc. (NYSE/NASDAQ: AFG) today reported 2014 second quarter net earnings attributable to shareholders of \$106 million (\$1.15 per share) compared to \$110 million (\$1.20 per share) for the 2013 second quarter. After-tax net realized gains were \$7 million (\$0.08 per share) in the second quarter of 2014 compared to \$26 million (\$0.28 per share) in the comparable prior year period. Book value per share, excluding appropriated retained earnings and unrealized gains on fixed maturities, increased by \$1.16 to \$47.95 per share during the second quarter of 2014. Annualized return on equity was 10.3% and 11.5% for the second quarters of 2014 and 2013, respectively.

Core net operating earnings were \$99 million (\$1.07 per share) for the 2014 second quarter, compared to \$87 million (\$0.96 per share) in the 2013 second quarter. Higher operating income in our Specialty Property and Casualty (“P&C”) insurance operations as well as slightly higher earnings in our Annuity segment contributed to these results. Core net operating earnings for the second quarters of 2014 and 2013 generated annualized core returns on equity of 9.6% and 9.2%, respectively.

During the second quarter of 2014, AFG repurchased approximately 345,000 shares of common stock for \$20 million (average price per share of \$57.95).

AFG’s net earnings attributable to shareholders, determined in accordance with U.S. generally accepted accounting principles (“GAAP”), include certain items that may not be indicative of its ongoing core operations. The 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		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Components of net earnings attributable to shareholders:				
Core net operating earnings^(a)	\$ 99	\$ 87	\$ 190	\$ 171
Realized gains	7	26	19	62
ELNY guaranty fund assessments	—	(3)	—	(3)
Net earnings attributable to shareholders	\$ 106	\$ 110	\$ 209	\$ 230
Components of Earnings Per Share:				
Core net operating earnings	\$ 1.07	\$ 0.96	\$ 2.07	\$ 1.88
Realized gains	0.08	0.28	0.21	0.68
ELNY guaranty fund assessments	—	(0.04)	—	(0.04)
Diluted Earnings Per Share	\$ 1.15	\$ 1.20	\$ 2.28	\$ 2.52

Footnote (a) is 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, issued this statement: "We were pleased to see AFG's second quarter core operating earnings per share increase by 11% year over year as a result of solid results in our specialty P&C group and continued strong earnings in our annuity segment.

"At June 30, 2014, AFG had approximately \$740 million of excess capital (including parent company cash of approximately \$240 million). We will make opportunistic share repurchases and return capital to shareholders through dividends. We will also continue to invest excess capital when we see potential for healthy, profitable organic growth and through acquisitions and start-ups that meet our target return thresholds.

"Based on results for the first six months of 2014, we continue to 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 an underwriting profit of \$29 million in the 2014 second quarter, compared to \$21 million in the second quarter of 2013. The combined ratio was 96.9%, a slight improvement from the comparable prior year period. Improved year-over-year underwriting results in our property and transportation group and lower catastrophe losses were partially offset by lower underwriting profit in our specialty casualty group. Catastrophe losses were \$10 million (1.1 points on the combined ratio), compared to \$19 million (2.6 points) in the 2013 second quarter.

Gross and net written premiums were up 24% and 33%, respectively, for the second quarter of 2014, when compared to the second quarter of 2013. The 2014 results include premiums from Summit, AFG's specialty workers' compensation subsidiary, from the date of acquisition on April 1, 2014. Excluding Summit premiums, growth in gross and net written premiums was 11% and 15%, respectively, due primarily to strong premium growth in other businesses within our specialty casualty group.

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

The **Property and Transportation Group** reported an underwriting loss of \$18 million in the second quarter of 2014, compared to an underwriting loss of \$31 million in the second quarter of 2013. The 2014 second quarter underwriting loss was primarily due to adverse prior year reserve development in our National Interstate subsidiary. Improved accident year results and lower catastrophe losses in the second quarter of 2014 more than offset higher adverse prior year reserve development. Catastrophe losses were \$8 million for this group during the second quarter of 2014. By comparison, catastrophe losses for the second quarter of 2013 were \$18 million.

Gross and net written premiums for the second quarter of 2014 were 10% and 8% higher, respectively, than the comparable 2013 period. Crop premiums reported in the second quarter of 2014 are consistent with average historical results, whereas crop premiums reported in the second quarter of 2013 were lower than historical trends due to delayed acreage reporting from insureds as a result of excess moisture and late planting of corn and soybean crops. Excluding our crop insurance business, gross written premiums increased by 5% and net written premiums increased by 4%. Pricing in this group was up approximately 6% on average for the quarter, and includes a 9% increase in National Interstate's renewal rates.

The **Specialty Casualty Group** reported an underwriting profit of \$30 million in the second quarter of 2014, compared to \$32 million in the second quarter of 2013. Higher underwriting profitability in our workers' compensation businesses was offset by lower underwriting profits in our international and

general liability lines of business. Additionally, lower favorable reserve development year-over-year in our excess and surplus lines and executive liability businesses impacted these results.

Gross and net written premiums for the second quarter of 2014 were up 49% and 76%, respectively, when compared to the second quarter of 2013, and include Summit's results since April 1, 2014. Excluding premiums from Summit, gross and net premiums grew by 18% and 29%, respectively. As discussed in the first quarter of 2014, net written premiums were impacted by a 2013 timing difference in reinsurance ceded in our international businesses. Excluding the premiums from Summit and the impact of the timing change, net written premiums in this group grew 19%. While all businesses in this group reported growth, our workers' compensation, excess and surplus lines, and targeted markets businesses were primary drivers of the higher premiums. New business opportunities, increased exposures on existing accounts and sustained pricing increases have driven the growth in our workers' compensation businesses. Organic growth, coupled with the benefit from rate increases over multiple quarters have contributed to higher premiums in our excess and surplus businesses. Pricing in this group was up approximately 3% on average for the quarter.

The **Specialty Financial Group** reported underwriting profit of \$15 million in both the second quarters of 2014 and 2013. Most of the businesses in this group achieved excellent underwriting margins during the second quarter of 2014.

Gross written premiums were down 5%, while net written premiums were up 3% during the 2014 second quarter when compared to the same 2013 period. 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. Net written premiums increased primarily as a result of growth in our fidelity/crime and surety businesses, partially offset by lower premiums in lender-placed mortgage property insurance offered by our financial institutions business. Renewal pricing in this group was down approximately 1% for the second quarter.

Carl Lindner III stated: "Our specialty P&C businesses produced solid results overall during the second quarter, with continued strong growth in our specialty casualty group. We are excited to see growth in several of our new niches and the opportunistic expansion of existing businesses. I am disappointed, however, with the poor results reported during the quarter in our property and transportation group, particularly within our 51%-owned National Interstate subsidiary. We remain committed to our culture of underwriting discipline and achieving the necessary rate increases to strengthen the underwriting profitability of this group overall.

"Based on premium growth across our P&C book of business during the first six months of 2014, we continue to expect net written premium growth for the full year of 2014 to be between 17% and 21%. We have adjusted our premium guidance up in our specialty casualty group, and lowered expectations slightly in our property and transportation and specialty financial groups. This guidance reflects the inclusion of nine months of Summit premiums. Overall renewal pricing was up about 3% during the quarter. Our objective remains to achieve an increase of 3% to 4% in the specialty group's overall average renewal rates in 2014."

Annuity Segment

AFG's annuity operations contributed \$84 million in pretax core earnings in the second quarter of 2014 compared to \$82 million in the second quarter of 2013, an increase of \$2 million or 2%. AFG's 2014 earnings continue to benefit from growth in annuity assets. While AFG's average annuity investments grew nearly 20% over the last year, the impact of this growth was offset by (i) the runoff of higher yielding investments and (ii) the impact that fluctuations in interest rates in the second quarters of 2014 and 2013 had on the accounting for fixed-indexed annuities.

In the second quarter of 2014, the interest rate index used by AFG to discount certain fixed-indexed annuity reserves generally decreased 15 to 25 basis points versus AFG's assumption that interest rates would rise; this difference had a negative impact on AFG's earnings due to the fair value accounting prescribed for fixed-indexed annuities. Conversely, in the second quarter of 2013, the interest rate index used by AFG generally increased 70 to 80 basis points, which was much higher than previously assumed by AFG; this difference between actual and previously assumed interest rates resulted in a favorable impact on AFG's earnings.

As a result of the above, AFG's net spread earned was 1.46% in the second quarter of 2014, a decrease of 19 basis points from the comparable previous year period. See the accompanying schedules for additional information about spreads for AFG's fixed annuity operations.

The Annuity segment reported statutory premiums of \$949 million in the second quarter of 2014, an increase of 10% from the comparable prior year period, but slightly lower than the first quarter of 2014. The year-over-year increase was largely the result of growth in sales of fixed-indexed annuities in the financial institutions market.

Craig Lindner stated, "I continue to be pleased with our strong annuity earnings. Based on the results through the first six months of 2014, assuming no significant change in interest rates or the stock market, we continue to expect that the full year 2014 core pretax annuity operating earnings will be flat compared to the \$328 million reported for the full year of 2013. Significant changes in interest rates and/or the stock market could lead to significant positive or negative impacts on the Annuity segment's results."

In addressing premiums, Mr. Lindner said, "The second half of last year was a very strong period of fixed and fixed-indexed annuity sales for both AFG and the industry, which we attribute primarily to the rising interest rate environment in 2013. That sales pace has declined in the first six months of 2014, which we attribute primarily to the decreasing interest rate environment this year. As a result, based on information currently available, we now expect that premiums for the full year of 2014 will be 5% to 10% lower than the \$4 billion achieved for the full year 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 pretax core operating loss of \$2 million in the second quarter of 2014, the same amount as reported in the comparable prior year period. While AFG's run-off long-term care business essentially broke even in the first half of 2014, AFG's run-off life segment experienced worse than expected mortality, after reinsurance.

Investments

AFG recorded second quarter 2014 net realized gains on securities of \$7 million after tax and after deferred acquisition costs (DAC), compared to \$26 million in the comparable prior year period. Unrealized gains on fixed maturities were \$656 million, after tax, after DAC at June 30, 2014, an increase of \$215 million since year-end. 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.

Second quarter 2014 P&C net investment income was approximately 17% higher than the comparable 2013 period, reflecting the investment of cash received in connection with the Summit acquisition.

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 \$45 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 2014 second quarter results at 11:30 a.m. (ET) tomorrow, Tuesday, July 29, 2014. 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 67319962. 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 August 5, 2014. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 67319962.

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 August 5, 2014 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

Diane P. Weidner
Asst. Vice President – Investor Relations
(513) 369-5713

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

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

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

	Three months ended		Six months ended	
	June 30,	2013	June 30,	2013
	2014		2014	
Revenues				
P&C insurance net earned premiums	\$ 931	\$ 709	\$1,685	\$1,396
Life, accident & health net earned premiums	27	28	55	58
Net investment income	379	332	740	658
Realized gains	12	41	31	98
Income (loss) of managed investment entities:				
Investment income	27	32	55	66
Loss on change in fair value of assets/liabilities	(10)	(28)	(10)	(36)
Other income	26	25	47	47
Total revenues	<u>1,392</u>	<u>1,139</u>	<u>2,603</u>	<u>2,287</u>
Costs and expenses				
P&C insurance losses & expenses	902	690	1,598	1,334
Annuity, life, accident & health benefits & expenses	246	210	492	420
Interest charges on borrowed money	17	18	35	36
Expenses of managed investment entities	21	24	41	46
Other expenses	76	71	146	150
Total costs and expenses	<u>1,262</u>	<u>1,013</u>	<u>2,312</u>	<u>1,986</u>
Earnings before income taxes	130	126	291	301
Provision for income taxes(b)	47	49	101	111
Net earnings including noncontrolling interests	83	77	190	190
Less: Net earnings (loss) attributable to noncontrolling interests	<u>(23)</u>	<u>(33)</u>	<u>(19)</u>	<u>(40)</u>
Net earnings attributable to shareholders	<u>\$ 106</u>	<u>\$ 110</u>	<u>\$ 209</u>	<u>\$ 230</u>
Diluted Earnings per Common Share	<u>\$ 1.15</u>	<u>\$ 1.20</u>	<u>\$ 2.28</u>	<u>\$ 2.52</u>
Average number of diluted shares	91.6	91.5	91.6	91.3
Selected Balance Sheet Data:				
Total cash and investments		June 30,	December 31,	
		2014	2013	
Total cash and investments		\$34,843	\$ 31,313	
Long-term debt		\$ 912	\$ 913	
Shareholders' equity(c)		\$ 4,954	\$ 4,550	
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities)(c)		\$ 4,298	\$ 4,109	
Book Value Per Share:				
Excluding appropriated retained earnings		\$ 55.27	\$ 50.83	
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities		\$ 47.95	\$ 45.90	
Common Shares Outstanding		89.6	89.5	

Footnotes (b) and (c) 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 June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2014	2013		2014	2013	
Gross written premiums	<u>\$1,291</u>	<u>\$1,041</u>	24%	<u>\$2,315</u>	<u>\$1,966</u>	18%
Net written premiums	<u>\$ 998</u>	<u>\$ 749</u>	33%	<u>\$1,753</u>	<u>\$1,453</u>	21%
Ratios (GAAP):						
Loss & LAE ratio	64.6%	60.3%		61.1%	58.4%	
Underwriting expense ratio	32.3%	36.7%		33.6%	36.6%	
Combined Ratio	<u>96.9%</u>	<u>97.0%</u>		<u>94.7%</u>	<u>95.0%</u>	
Supplemental Information:(d)						
Gross Written Premiums:						
Property & Transportation	\$ 489	\$ 446	10%	\$ 865	\$ 798	8%
Specialty Casualty	655	440	49%	1,162	870	34%
Specialty Financial	147	155	(5%)	288	298	(3%)
	<u>\$1,291</u>	<u>\$1,041</u>	24%	<u>\$2,315</u>	<u>\$1,966</u>	18%
Net Written Premiums:						
Property & Transportation	\$ 353	\$ 328	8%	\$ 637	\$ 604	5%
Specialty Casualty	499	283	76%	830	578	44%
Specialty Financial	120	117	3%	236	230	3%
Other	26	21	24%	50	41	22%
	<u>\$ 998</u>	<u>\$ 749</u>	33%	<u>\$1,753</u>	<u>\$1,453</u>	21%
Combined Ratio (GAAP):						
Property & Transportation	105.5%	110.3%		102.0%	103.5%	
Specialty Casualty	93.6%	88.4%		91.2%	90.5%	
Specialty Financial	87.6%	86.6%		89.3%	87.6%	
Aggregate Specialty Group	96.9%	97.0%		94.7%	95.0%	
Reserve Development (Favorable)/Adverse:						
	Three months ended June 30,			Six months ended June 30,		
	2014	2013		2014	2013	
Property & Transportation	\$ 22	\$ 3		\$ 18	\$ (3)	
Specialty Casualty	(4)	(22)		(28)	(38)	
Specialty Financial	(2)	—		(3)	(6)	
Other	(2)	(5)		(5)	(10)	
	<u>\$ 14</u>	<u>\$ (24)</u>		<u>\$ (18)</u>	<u>\$ (57)</u>	
Points on Combined Ratio:						
Property & Transportation	6.6	1.2		2.9	(0.4)	
Specialty Casualty	(0.8)	(8.0)		(3.6)	(7.1)	
Specialty Financial	(1.8)	(0.7)		(1.2)	(2.8)	
Aggregate Specialty Group	1.4	(3.4)		(1.1)	(4.1)	

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

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

Components of Statutory Premiums

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2014	2013		2014	2013	
<u>Annuity Premiums:</u>						
Financial Institutions						
Single Premium	\$ 459	\$ 287	60%	\$ 939	\$ 481	95%
Retail Single Premium	428	509	(16%)	853	869	(2%)
Education Market - 403(b)	49	52	(6%)	99	107	(7%)
Variable Annuities	13	13	—	25	28	(11%)
Total Annuity Premiums	<u>\$ 949</u>	<u>\$ 861</u>	10%	<u>\$1,916</u>	<u>\$1,485</u>	29%

Annuity Premiums by Product Type:

Fixed-Indexed Annuities	\$ 787	\$ 661	19%	\$1,559	\$1,097	42%
Traditional Fixed Annuities	149	187	(20%)	332	360	(8%)
Variable Annuities	13	13	—	25	28	(11%)
Total Annuity Premiums	<u>\$ 949</u>	<u>\$ 861</u>	10%	<u>\$1,916</u>	<u>\$1,485</u>	29%

Components of Core Operating Earnings Before Income Taxes

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2014	2013		2014	2013	
Revenues:						
Net investment income	\$ 289	\$ 257	12%	\$564	\$505	12%
Other income	19	15	27%	37	29	28%
Total revenues	<u>308</u>	<u>272</u>	13%	<u>601</u>	<u>534</u>	13%
Costs and Expenses:						
Annuity benefits	166	120	38%	334	254	31%
Acquisition expenses	37	48	(23%)	68	79	(14%)
Other expenses	21	22	(5%)	42	43	(2%)
Total costs and expenses	<u>224</u>	<u>190</u>	18%	<u>444</u>	<u>376</u>	18%
Core operating earnings before income taxes	<u>\$ 84</u>	<u>\$ 82</u>	2%	<u>\$157</u>	<u>\$158</u>	(1%)

Supplemental Fixed Annuity Information (excludes fixed annuity portion of variable annuity business)

	Three months ended June 30,		Change*	Six months ended June 30,		Change*
	2014	2013		2014	2013	
Average Fixed Annuity Reserves	\$21,829	\$18,151	20%	\$21,448	\$17,829	20%
Net Interest Spread	2.92%	3.02%	(0.10%)	2.87%	3.00%	(0.13%)
Net Spread Earned	1.46%	1.65%	(0.19%)	1.38%	1.61%	(0.23%)

* Calculated as a percentage change for dollars and an arithmetic difference for percentages.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
<u>Core Operating Earnings before Income Taxes:</u>				
P&C insurance segment	\$ 97	\$ 82	\$ 205	\$ 178
Annuity segment	84	82	157	158
Run-off long-term care and life segment	(2)	(2)	(4)	(3)
Interest & other corporate expense	<u>(37)</u>	<u>(39)</u>	<u>(78)</u>	<u>(84)</u>
Core operating earnings before income taxes	142	123	280	249
Related income taxes	<u>43</u>	<u>36</u>	<u>90</u>	<u>78</u>
Core net operating earnings	<u>\$ 99</u>	<u>\$ 87</u>	<u>\$ 190</u>	<u>\$ 171</u>

b) Earnings before income taxes includes \$18 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in both the second quarter and first six months of 2014 and \$31 million and \$42 million in the second quarter and first six months of 2013, respectively.

c) Shareholders' Equity at June 30, 2014 includes \$656 million (\$7.32 per share) in unrealized after-tax gains on fixed maturities and \$31 million (\$0.35 per share) of retained earnings appropriated to managed investment entities. Shareholder's Equity at December 31, 2013 includes \$441 million (\$4.93 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. The appropriated retained earnings will ultimately inure to the benefit of the debt holders of the investment entities managed by AFG.

d) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses, trucks and recreational vehicles, inland and ocean marine, agricultural-related products and other property coverages.
- **Specialty Casualty** includes primarily excess and surplus, general liability, executive liability, professional liability, umbrella and excess liability, specialty coverages in targeted markets, customized programs for small to mid-sized businesses and workers' compensation insurance.
- **Specialty Financial** includes risk management insurance programs for 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 - Second Quarter 2014

July 28, 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					Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/14	06/30/13
Highlights							
Core net operating earnings	\$ 99	\$ 91	\$ 117	\$ 97	\$ 87	\$ 190	\$ 171
Net earnings	106	103	158	83	110	209	230
Total assets	45,355	42,770	42,087	40,947	39,414	45,355	39,414
Adjusted shareholders' equity (a)	4,298	4,191	4,109	4,048	3,978	4,298	3,978
Property and Casualty net written premiums	998	755	821	1,067	749	1,753	1,453
Annuity statutory premiums	949	967	1,381	1,167	861	1,916	1,485
Per share data							
Core net operating earnings per share	\$ 1.07	\$ 1.00	\$ 1.28	\$ 1.06	\$ 0.96	\$ 2.07	\$ 1.88
Diluted earnings per share	1.15	1.13	1.73	0.92	1.20	2.28	2.52
Adjusted book value per share (a)	47.95	46.79	45.90	45.36	44.78	47.95	44.78
Cash dividends per common share	0.220	0.220	1.220	0.195	0.195	0.440	0.390
Financial ratios							
Annualized core operating return on equity (b)	9.6%	9.1%	11.8%	10.0%	9.2%	9.3%	9.1%
Annualized return on equity (b)	10.3%	10.3%	16.0%	8.6%	11.5%	10.3%	12.2%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	64.6%	56.9%	62.4%	66.1%	60.3%	61.1%	58.4%
Underwriting expense ratio	32.3%	35.3%	28.9%	27.4%	36.7%	33.6%	36.6%
Combined ratio - Specialty	<u>96.9%</u>	<u>92.2%</u>	<u>91.3%</u>	<u>93.5%</u>	<u>97.0%</u>	<u>94.7%</u>	<u>95.0%</u>
Net spread on fixed annuities:							
Net interest spread	2.92%	2.81%	2.86%	2.89%	3.02%	2.87%	3.00%
Net spread earned	1.46%	1.30%	1.67%	1.50%	1.65%	1.38%	1.61%

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

(b) Excludes appropriated retained earnings and accumulated other comprehensive income.

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



	Three Months Ended				Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13
Property and Casualty Insurance						
Underwriting profit	\$ 29	\$ 58	\$ 75	\$ 62	\$ 19	\$ 62
Net investment income	76	67	67	65	65	143
Other expense	(8)	(17)	(11)	(14)	(2)	(15)
Property and Casualty Insurance operating earnings	97	108	131	113	82	178
Annuity earnings	84	73	92	78	82	157
Run-off Long-Term Care and Life losses	(2)	(2)	(3)	(4)	(2)	(3)
Interest expense of parent holding companies	(16)	(17)	(17)	(17)	(17)	(33)
Other expense	(21)	(24)	(28)	(22)	(22)	(45)
Pre-tax core operating earnings	142	138	175	148	123	249
Income tax expense	43	47	58	51	36	78
Core net operating earnings	99	91	117	97	87	171
Non-core items, net of tax:						
Realized gains	7	12	41	35	26	62
Significant A&E charges:						
Property and Casualty Insurance run-off operations	—	—	—	(35)	—	—
Former Railroad and Manufacturing operations	—	—	—	(14)	—	—
ELNY guaranty fund assessments charge (a)	—	—	—	—	(3)	(3)
Net earnings	\$ 106	\$ 103	\$ 158	\$ 83	\$ 110	\$ 230

(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.
Earnings Per Share Summary
(in millions, except per share information)



	Three Months Ended				Six Months Ended		
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13	
Core net operating earnings	\$ 99	\$ 91	\$ 117	\$ 97	\$ 87	\$ 190	\$ 171
Net earnings	\$ 106	\$ 103	\$ 158	\$ 83	\$ 110	\$ 209	\$ 230
Average number of diluted shares	91.593	91.621	91.438	91.014	91.472	91.607	91.260
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 1.07	\$ 1.00	\$ 1.28	\$ 1.06	\$ 0.96	\$ 2.07	\$ 1.88
Realized gains	0.08	0.13	0.45	0.40	0.28	0.21	0.68
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(0.39)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(0.15)	—	—	—
ELNY guaranty fund assessments charge (a)	—	—	—	—	(0.04)	—	(0.04)
Diluted earnings per share	\$ 1.15	\$ 1.13	\$ 1.73	\$ 0.92	\$ 1.20	\$ 2.28	\$ 2.52

(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				Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13
Property and Transportation	\$ (18)	\$ 6	\$ 17	\$ 16	\$ (31)	\$ (21)
Specialty Casualty	30	38	32	19	32	68
Specialty Financial	15	10	17	22	15	25
Other Specialty	2	5	9	5	5	11
Underwriting profit - Specialty	29	59	75	62	21	69
Other charges, included in loss and LAE	—	1	—	—	2	7
Underwriting profit - Core	29	58	75	62	19	62
Special A&E charges, included in loss and LAE	—	—	—	(54)	—	—
Underwriting profit (loss) - Property and Casualty Insurance	\$ 29	\$ 58	\$ 75	\$ 8	\$ 19	\$ 62
Included in results above:						
Current accident year catastrophe losses:						
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ 1
Catastrophe loss	10	12	1	2	18	28
Total current accident year catastrophe losses	<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 19</u>	<u>\$ 29</u>
Loss reserve development (favorable) / adverse	<u>\$ 14</u>	<u>\$ (31)</u>	<u>\$ (5)</u>	<u>\$ 40</u>	<u>\$ (22)</u>	<u>\$ (50)</u>
Combined ratio:						
Property and Transportation	105.5%	98.1%	95.8%	97.1%	110.3%	102.0%
Specialty Casualty	93.6%	87.8%	89.7%	93.4%	88.4%	91.2%
Specialty Financial	87.6%	91.0%	85.2%	82.3%	86.6%	89.3%
Other Specialty	89.0%	79.9%	60.4%	70.7%	74.0%	84.6%
Combined ratio - Specialty	96.9%	92.2%	91.3%	93.5%	97.0%	94.7%
Other core charges	0.0%	0.0%	0.1%	(0.1%)	0.2%	0.5%
Special A&E charges	0.0%	0.0%	0.0%	5.7%	0.0%	0.1%
Combined ratio	<u>96.9%</u>	<u>92.2%</u>	<u>91.4%</u>	<u>99.1%</u>	<u>97.2%</u>	<u>94.8%</u>
Loss and LAE components - property and casualty insurance						
Current accident year, excluding catastrophe loss	62.1%	59.4%	62.8%	67.4%	61.1%	60.4%
Prior accident year development	1.4%	(4.1%)	(0.4%)	4.2%	(3.2%)	(3.6%)
Current accident year catastrophe loss	1.1%	1.6%	0.1%	0.1%	2.6%	2.1%
Loss and LAE ratio	<u>64.6%</u>	<u>56.9%</u>	<u>62.5%</u>	<u>71.7%</u>	<u>60.5%</u>	<u>58.9%</u>

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



	Three Months Ended				Six Months Ended		
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13	
Gross written premiums	\$1,291	\$1,024	\$1,071	\$1,768	\$1,041	\$2,315	\$1,966
Ceded reinsurance premiums	(293)	(269)	(250)	(701)	(292)	(562)	(513)
Net written premiums	998	755	821	1,067	749	1,753	1,453
Change in unearned premiums	(67)	(1)	38	(118)	(40)	(68)	(57)
Net earned premiums	931	754	859	949	709	1,685	1,396
Loss and LAE	602	428	537	626	428	1,030	816
Underwriting expense	300	267	247	261	260	567	511
Underwriting profit	\$ 29	\$ 59	\$ 75	\$ 62	\$ 21	\$ 88	\$ 69
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ 1
Catastrophe loss	10	12	1	2	18	22	28
Total current accident year catastrophe losses	\$ 10	\$ 12	\$ 1	\$ 1	\$ 19	\$ 22	\$ 29
Loss reserve development (favorable) / adverse	\$ 14	\$ (32)	\$ (5)	\$ (13)	\$ (24)	\$ (18)	\$ (57)
Combined ratio:							
Loss and LAE ratio	64.6%	56.9%	62.4%	66.1%	60.3%	61.1%	58.4%
Underwriting expense ratio	32.3%	35.3%	28.9%	27.4%	36.7%	33.6%	36.6%
Combined ratio	96.9%	92.2%	91.3%	93.5%	97.0%	94.7%	95.0%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.1%	59.5%	62.8%	67.4%	61.1%	60.9%	60.4%
Prior accident year development	1.4%	(4.2%)	(0.5%)	(1.4%)	(3.4%)	(1.1%)	(4.1%)
Current accident year catastrophe loss	1.1%	1.6%	0.1%	0.1%	2.6%	1.3%	2.1%
Loss and LAE ratio	64.6%	56.9%	62.4%	66.1%	60.3%	61.1%	58.4%

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



	Three Months Ended					Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/14	06/30/13
Gross written premiums	\$ 489	\$ 376	\$ 447	\$ 1,147	\$ 446	\$ 865	\$ 798
Ceded reinsurance premiums	(136)	(92)	(98)	(553)	(118)	(228)	(194)
Net written premiums	353	284	349	594	328	637	604
Change in unearned premiums	(29)	17	61	(77)	(27)	(12)	(10)
Net earned premiums	324	301	410	517	301	625	594
Loss and LAE	248	201	307	407	236	449	428
Underwriting expense	94	94	86	94	96	188	187
Underwriting profit (loss)	\$ (18)	\$ 6	\$ 17	\$ 16	\$ (31)	\$ (12)	\$ (21)
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ 1
Catastrophe loss	8	9	—	—	17	17	27
Total current accident year catastrophe losses	\$ 8	\$ 9	\$ —	\$ (1)	\$ 18	\$ 17	\$ 28
Loss reserve development (favorable) / adverse	\$ 22	\$ (4)	\$ 3	\$ (1)	\$ 3	\$ 18	\$ (3)
Combined ratio:							
Loss and LAE ratio	76.4%	67.0%	74.9%	78.8%	78.5%	71.9%	72.1%
Underwriting expense ratio	29.1%	31.1%	20.9%	18.3%	31.8%	30.1%	31.4%
Combined ratio	105.5%	98.1%	95.8%	97.1%	110.3%	102.0%	103.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	67.1%	65.3%	74.1%	79.1%	71.6%	66.3%	67.9%
Prior accident year development	6.6%	(1.1%)	0.8%	(0.2%)	1.2%	2.9%	(0.4%)
Current accident year catastrophe loss	2.7%	2.8%	0.0%	(0.1%)	5.7%	2.7%	4.6%
Loss and LAE ratio	76.4%	67.0%	74.9%	78.8%	78.5%	71.9%	72.1%

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



	Three Months Ended				Six Months Ended		
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13	
Gross written premiums	\$ 655	\$ 507	\$ 459	\$ 461	\$ 440	\$ 1,162	\$ 870
Ceded reinsurance premiums	(156)	(176)	(138)	(136)	(157)	(332)	(292)
Net written premiums	499	331	321	325	283	830	578
Change in unearned premiums	(32)	(18)	(11)	(36)	(6)	(50)	(42)
Net earned premiums	467	313	310	289	277	780	536
Loss and LAE	300	172	183	174	148	472	296
Underwriting expense	137	103	95	96	97	240	189
Underwriting profit	\$ 30	\$ 38	\$ 32	\$ 19	\$ 32	\$ 68	\$ 51
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	1	—	1	—	2	—
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ —	\$ 1	\$ —	\$ 2	\$ —
Loss reserve development (favorable) / adverse	\$ (4)	\$ (24)	\$ 2	\$ (4)	\$ (22)	\$ (28)	\$ (38)
Combined ratio:							
Loss and LAE ratio	64.3%	55.0%	59.0%	60.3%	53.4%	60.5%	55.3%
Underwriting expense ratio	29.3%	32.8%	30.7%	33.1%	35.0%	30.7%	35.2%
Combined ratio	93.6%	87.8%	89.7%	93.4%	88.4%	91.2%	90.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	65.0%	62.3%	58.5%	61.4%	61.2%	63.9%	62.3%
Prior accident year development	(0.8%)	(7.7%)	0.5%	(1.2%)	(8.0%)	(3.6%)	(7.1%)
Current accident year catastrophe loss	0.1%	0.4%	0.0%	0.1%	0.2%	0.2%	0.1%
Loss and LAE ratio	64.3%	55.0%	59.0%	60.3%	53.4%	60.5%	55.3%

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



	Three Months Ended				Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13
Gross written premiums	\$ 147	\$ 141	\$ 164	\$ 160	\$ 155	\$ 298
Ceded reinsurance premiums	(27)	(25)	(32)	(36)	(38)	(68)
Net written premiums	120	116	132	124	117	236
Change in unearned premiums	(4)	1	(13)	(3)	(4)	(1)
Net earned premiums	116	117	119	121	113	233
Loss and LAE	40	45	42	37	37	85
Underwriting expense	61	62	60	62	61	123
Underwriting profit	\$ 15	\$ 10	\$ 17	\$ 22	\$ 15	\$ 28
Included in results above:						
Current accident year catastrophe losses:						
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	2	1	1	1	3
Total current accident year catastrophe losses	\$ 1	\$ 2	\$ 1	\$ 1	\$ 1	\$ 3
Loss reserve development (favorable) / adverse	\$ (2)	\$ (1)	\$ (4)	\$ (4)	\$ —	\$ (3)
Combined ratio:						
Loss and LAE ratio	35.3%	37.9%	34.2%	31.2%	32.9%	36.6%
Underwriting expense ratio	52.3%	53.1%	51.0%	51.1%	53.7%	52.7%
Combined ratio	87.6%	91.0%	85.2%	82.3%	86.6%	89.3%
Loss and LAE components:						
Current accident year, excluding catastrophe loss	36.3%	37.1%	36.7%	33.7%	32.9%	36.7%
Prior accident year development	(1.8%)	(0.7%)	(3.2%)	(3.2%)	(0.7%)	(1.2%)
Current accident year catastrophe loss	0.8%	1.5%	0.7%	0.7%	0.7%	1.1%
Loss and LAE ratio	35.3%	37.9%	34.2%	31.2%	32.9%	36.6%

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



	Three Months Ended				Six Months Ended		
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13	
Gross written premiums	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	26	24	18	24	21	50	41
Net written premiums	26	24	19	24	21	50	41
Change in unearned premiums	(2)	(1)	1	(2)	(3)	(3)	(4)
Net earned premiums	24	23	20	22	18	47	37
Loss and LAE	14	10	5	8	7	24	13
Underwriting expense	8	8	6	9	6	16	13
Underwriting profit	\$ 2	\$ 5	\$ 9	\$ 5	\$ 5	\$ 7	\$ 11
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	—	—	—	—	—
Total current accident year catastrophe losses	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Loss reserve development (favorable) / adverse	\$ (2)	\$ (3)	\$ (6)	\$ (4)	\$ (5)	\$ (5)	\$ (10)
Combined ratio:							
Loss and LAE ratio	53.2%	45.8%	28.3%	35.0%	35.1%	49.6%	34.4%
Underwriting expense ratio	35.8%	34.1%	32.1%	35.7%	38.9%	35.0%	38.2%
Combined ratio	89.0%	79.9%	60.4%	70.7%	74.0%	84.6%	72.6%

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



	Three Months Ended				Six Months Ended		
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/13	
Net investment income	\$ 289	\$ 275	\$ 270	\$ 259	\$ 257	\$ 564	\$ 505
Guaranteed withdrawal benefit fees	8	8	7	7	6	16	11
Policy charges and other miscellaneous income	11	10	14	10	9	21	18
Total revenues	308	293	291	276	272	601	534
Annuity benefits	166	168	137	140	120	334	254
Acquisition expenses	37	31	35	35	48	68	79
Other expenses	21	21	27	23	22	42	43
Total costs and expenses	224	220	199	198	190	444	376
Earnings before income taxes - core	84	73	92	78	82	157	158
ELNY guaranty fund assessments charge (a)	—	—	—	—	(5)	—	(5)
Earnings before income taxes	\$ 84	\$ 73	\$ 92	\$ 78	\$ 77	\$ 157	\$ 153
Detail of annuity benefits above:							
Interest credited - fixed	\$ 123	\$ 121	\$ 118	\$ 113	\$ 111	\$ 244	\$ 220
Interest credited - fixed component of variable annuities	2	1	1	2	1	3	3
Change in expected death and annuitization reserve	5	4	5	4	6	9	10
Amortization of sales inducements	6	7	7	8	8	13	15
Guaranteed withdrawal benefit reserve	10	8	10	10	10	18	18
Change in other benefit reserves	5	3	1	2	3	8	4
Embedded derivative mark-to-market	78	54	74	33	(3)	132	77
Equity option mark-to-market	(63)	(30)	(85)	(32)	(16)	(93)	(93)
Unlockings	—	—	6	—	—	—	—
Total annuity benefits	\$ 166	\$ 168	\$ 137	\$ 140	\$ 120	\$ 334	\$ 254

(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					Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/14	06/30/13
Average fixed annuity investments (at amortized cost)	\$22,098	\$21,402	\$20,524	\$19,519	\$18,615	\$21,750	\$18,280
Average annuity benefits accumulated	21,829	21,066	20,092	19,035	18,151	21,448	17,829
Investments in excess of annuity benefits accumulated	<u>\$ 269</u>	<u>\$ 336</u>	<u>\$ 432</u>	<u>\$ 484</u>	<u>\$ 464</u>	<u>\$ 302</u>	<u>\$ 451</u>
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	5.18%	5.10%	5.21%	5.27%	5.45%	5.14%	5.46%
Interest credited	(2.26%)	(2.29%)	(2.35%)	(2.38%)	(2.43%)	(2.27%)	(2.46%)
Net interest spread on fixed annuities	2.92%	2.81%	2.86%	2.89%	3.02%	2.87%	3.00%
Policy charges and other miscellaneous income	0.14%	0.13%	0.22%	0.15%	0.13%	0.14%	0.14%
Other annuity benefit expenses, net	(0.33%)	(0.27%)	(0.31%)	(0.38%)	(0.46%)	(0.29%)	(0.41%)
Acquisition expenses	(0.64%)	(0.55%)	(0.75%)	(0.72%)	(1.00%)	(0.60%)	(0.85%)
Other expenses	(0.36%)	(0.37%)	(0.53%)	(0.44%)	(0.43%)	(0.37%)	(0.44%)
Change in fair value of derivatives	(0.27%)	(0.45%)	0.22%	0.00%	0.39%	(0.37%)	0.17%
Unlockings	0.00%	0.00%	(0.04%)	0.00%	0.00%	0.00%	0.00%
Net spread earned on fixed annuities - core	1.46%	1.30%	1.67%	1.50%	1.65%	1.38%	1.61%
Average annuity benefits accumulated	\$21,829	\$21,066	\$20,092	\$19,035	\$18,151	\$21,448	\$17,829
Net spread earned on fixed annuities	1.46%	1.30%	1.67%	1.50%	1.65%	1.38%	1.61%
Earnings on fixed annuity benefits accumulated	\$ 80	\$ 68	\$ 84	\$ 72	\$ 75	\$ 148	\$ 144
Investments in excess of annuity benefits accumulated	\$ 269	\$ 336	\$ 432	\$ 484	\$ 464	\$ 302	\$ 451
Net investment income (as % of investments)	5.18%	5.10%	5.21%	5.27%	5.45%	5.14%	5.46%
Earnings on investments in excess of annuity benefits accumulated	\$ 3	\$ 5	\$ 6	\$ 6	\$ 6	\$ 8	\$ 12
Variable annuity earnings	1	—	2	—	1	1	2
Earnings before income taxes - core	84	73	92	78	82	157	158
ELNY guaranty fund assessments charge (a)	—	—	—	—	(5)	—	(5)
Earnings before income taxes	\$ 84	\$ 73	\$ 92	\$ 78	\$ 77	\$ 157	\$ 153

(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					Six months ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/14	06/30/13
Retail single premium annuities - indexed	\$ 403	\$ 386	\$ 565	\$ 509	\$ 472	\$ 789	\$ 805
Retail single premium annuities - fixed	25	39	53	48	37	64	64
Financial institutions single premium annuities - indexed	364	366	498	352	169	730	252
Financial institutions single premium annuities - fixed	95	114	201	198	118	209	229
Education market - 403(b) fixed and indexed annuities	49	50	51	49	52	99	107
Subtotal fixed annuity premiums	936	955	1,368	1,156	848	1,891	1,457
Variable annuities	13	12	13	11	13	25	28
Total annuity premiums	\$ 949	\$ 967	\$ 1,381	\$ 1,167	\$ 861	\$ 1,916	\$ 1,485

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



	Three Months Ended					Six Months Ended	
	06/30/14	03/31/14	12/31/13	09/30/13	06/30/13	06/30/14	06/30/13
Beginning fixed annuity reserves	\$21,453	\$20,679	\$19,505	\$18,564	\$17,737	\$20,679	\$17,274
Premiums	936	955	1,368	1,156	848	1,891	1,457
Federal Home Loan Bank advances	—	—	—	—	200	—	200
Surrenders, benefits and other withdrawals	(408)	(375)	(408)	(381)	(352)	(783)	(704)
Interest and other annuity benefit expenses:							
Interest credited	123	121	118	113	111	244	220
Embedded derivative mark-to-market	78	54	74	33	(3)	132	77
Change in other benefit reserves	23	19	18	20	23	42	40
Unlockings	—	—	4	—	—	—	—
Ending fixed annuity reserves	<u>\$22,205</u>	<u>\$21,453</u>	<u>\$20,679</u>	<u>\$19,505</u>	<u>\$18,564</u>	<u>\$22,205</u>	<u>\$18,564</u>
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$22,205	\$21,453	\$20,679	\$19,505	\$18,564	\$22,205	\$18,564
Impact of unrealized investment gains on reserves	117	97	71	84	87	117	87
Fixed component of variable annuities	194	194	194	196	197	194	197
Annuity benefits accumulated per balance sheet	<u>\$22,516</u>	<u>\$21,744</u>	<u>\$20,944</u>	<u>\$19,785</u>	<u>\$18,848</u>	<u>\$22,516</u>	<u>\$18,848</u>
Annualized surrenders and other withdrawals as a % of beginning reserves	7.6%	7.3%	8.4%	8.2%	7.9%	7.6%	8.2%

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



	<u>06/30/14</u>	<u>03/31/14</u>	<u>12/31/13</u>	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>
Assets:						
Total cash and investments	\$34,843	\$32,727	\$31,313	\$29,921	\$29,262	\$29,084
Recoverables from reinsurers	3,107	2,969	3,157	3,138	3,044	3,083
Prepaid reinsurance premiums	489	438	408	662	520	466
Agents' balances and premiums receivable	902	735	739	801	754	649
Deferred policy acquisition costs	806	890	975	867	818	565
Assets of managed investment entities	2,799	2,723	2,888	2,779	2,973	3,285
Other receivables	527	524	854	1,078	422	384
Variable annuity assets (separate accounts)	681	666	665	629	608	614
Other assets	1,001	913	903	887	828	824
Goodwill	200	185	185	185	185	185
Total assets	<u>\$45,355</u>	<u>\$42,770</u>	<u>\$42,087</u>	<u>\$40,947</u>	<u>\$39,414</u>	<u>\$39,139</u>
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 7,370	\$ 6,134	\$ 6,410	\$ 6,441	\$ 6,098	\$ 6,238
Unearned premiums	1,911	1,788	1,757	2,047	1,789	1,697
Annuity benefits accumulated	22,516	21,744	20,944	19,785	18,848	18,075
Life, accident and health reserves	2,082	2,039	2,008	2,011	2,017	2,021
Payable to reinsurers	445	400	508	601	367	250
Liabilities of managed investment entities	2,499	2,413	2,567	2,429	2,603	2,880
Long-term debt	912	913	913	913	949	950
Variable annuity liabilities (separate accounts)	681	666	665	629	608	614
Other liabilities	1,781	1,700	1,546	1,381	1,497	1,506
Total liabilities	<u>\$40,197</u>	<u>\$37,797</u>	<u>\$37,318</u>	<u>\$36,237</u>	<u>\$34,776</u>	<u>\$34,231</u>
Shareholders' equity:						
Common stock	\$ 90	\$ 90	\$ 90	\$ 89	\$ 89	\$ 90
Capital surplus	1,152	1,138	1,123	1,109	1,088	1,090
Appropriated retained earnings	31	49	49	45	33	64
Unappropriated retained earnings	2,913	2,842	2,777	2,729	2,664	2,620
Unrealized gains - fixed maturities	656	556	441	449	462	719
Unrealized gains - equities	149	129	121	119	138	146
Other comprehensive income, net of tax	(6)	(8)	(2)	2	(1)	4
Total shareholders' equity	<u>4,985</u>	<u>4,796</u>	<u>4,599</u>	<u>4,542</u>	<u>4,473</u>	<u>4,733</u>
Noncontrolling interests	<u>173</u>	<u>177</u>	<u>170</u>	<u>168</u>	<u>165</u>	<u>175</u>
Total liabilities and equity	<u>\$45,355</u>	<u>\$42,770</u>	<u>\$42,087</u>	<u>\$40,947</u>	<u>\$39,414</u>	<u>\$39,139</u>

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



	<u>06/30/14</u>	<u>03/31/14</u>	<u>12/31/13</u>	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>
Shareholders' equity	\$ 4,985	\$ 4,796	\$ 4,599	\$ 4,542	\$ 4,473	\$ 4,733
Appropriated retained earnings	(31)	(49)	(49)	(45)	(33)	(64)
Shareholders' equity, excluding appropriated retained earnings	4,954	4,747	4,550	4,497	4,440	4,669
Unrealized (gains) on fixed maturities	(656)	(556)	(441)	(449)	(462)	(719)
Adjusted shareholders' equity	4,298	4,191	4,109	4,048	3,978	3,950
Goodwill	(200)	(185)	(185)	(185)	(185)	(185)
Intangibles	(66)	(27)	(22)	(26)	(29)	(33)
Tangible adjusted shareholders' equity	\$ 4,032	\$ 3,979	\$ 3,902	\$ 3,837	\$ 3,764	\$ 3,732
Common shares outstanding	89.618	89.589	89.513	89.224	88.821	89.883
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 55.27	\$ 52.99	\$ 50.83	\$ 50.40	\$ 49.98	\$ 51.94
Adjusted (b)	47.95	46.79	45.90	45.36	44.78	43.94
Tangible, adjusted (c)	44.99	44.42	43.59	43.00	42.38	41.52
Market capitalization						
AFG's closing common share price	\$ 59.56	\$ 57.71	\$ 57.72	\$ 54.06	\$ 48.91	\$ 47.38
Market capitalization	\$ 5,338	\$ 5,170	\$ 5,167	\$ 4,823	\$ 4,344	\$ 4,259
Price / Adjusted book value ratio	1.24	1.23	1.26	1.19	1.09	1.08

- (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)



	<u>06/30/14</u>	<u>03/31/14</u>	<u>12/31/13</u>	<u>09/30/13</u>	<u>06/30/13</u>	<u>03/31/13</u>
Direct obligations of AFG	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840	\$ 840
Direct obligations of subsidiaries	72	73	73	73	89	90
Payable to subsidiary trusts	—	—	—	—	20	20
Long-term debt	\$ 912	\$ 913	\$ 913	\$ 913	\$ 949	\$ 950
Obligations secured by real estate	(60)	(61)	(61)	(61)	(62)	(62)
Debt excluding obligations secured by real estate	\$ 852	\$ 852	\$ 852	\$ 852	\$ 887	\$ 888
Total capital (a)	\$6,039	\$5,837	\$5,633	\$5,578	\$5,554	\$5,794
Total capital excluding obligations secured by real estate (a)	5,979	5,776	5,572	5,517	5,492	5,732
Total adjusted capital (b)	\$5,383	\$5,281	\$5,192	\$5,129	\$5,092	\$5,074
Total adjusted capital excluding obligations secured by real estate (b)	5,323	5,220	5,131	5,068	5,030	5,012
Ratio of debt to total capital (a):						
Including debt secured by real estate	15.1%	15.6%	16.2%	16.4%	17.1%	16.4%
Excluding debt secured by real estate	14.2%	14.8%	15.3%	15.4%	16.2%	15.5%
Ratio of debt to total adjusted capital (b):						
Including debt secured by real estate	16.9%	17.3%	17.6%	17.8%	18.6%	18.7%
Excluding debt secured by real estate	16.0%	16.3%	16.6%	16.8%	17.6%	17.7%

(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					Six months ended	
	<u>06/30/14</u>	<u>03/31/14</u>	<u>12/31/13</u>	<u>09/30/13</u>	<u>06/30/13</u>	<u>06/30/14</u>	<u>06/30/13</u>
Property and Casualty Insurance							
Paid Losses (GAAP)	\$ 530	\$ 510	\$ 577	\$ 417	\$ 520	\$1,040	\$ 877
Statutory Surplus							
Property and Casualty Insurance		\$2,227	\$1,981	\$1,896	\$2,133	\$2,096	\$2,090
AFG's principal annuity subsidiaries (total adjusted capital)		\$1,751	\$1,688	\$1,661	\$1,590	\$1,517	\$1,483
Allowable dividends without regulatory approval							
Property and Casualty Insurance		\$ 335	\$ 335	\$ 335	\$ 237	\$ 237	\$ 237
Annuity and Run-off		275	275	275	158	158	158
Total		\$ 610	\$ 610	\$ 610	\$ 395	\$ 395	\$ 395

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
June 30, 2014
(\$ 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	\$ 1,189	\$ 653	\$ 274	\$ —	\$ 2,116	6%
Fixed maturities - Available for sale	5,895	23,081	12	—	28,988	83%
Fixed maturities - Trading	224	119	—	—	343	1%
Equity securities	1,007	423	43	—	1,473	4%
Policy loans	—	233	—	—	233	1%
Mortgage loans	152	768	—	—	920	3%
Real estate and other investments	323	706	9	(268)	770	2%
Total cash and investments	\$ 8,790	\$ 25,983	\$ 338	\$ (268)	\$ 34,843	100%

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
	Total quarterly net investment income:				
Fixed maturities - Available for sale	\$ 55	\$ 279	\$ —	\$ —	\$ 334
Fixed maturities - Trading	3	1	—	—	4
Equity securities	10	4	2	—	16
Equity in investees	3	4	—	—	7
Other investments	6	20	—	(7)	19
Gross investment income	77	308	2	(7)	380
Investment expenses	(1)	—	—	—	(1)
Total net investment income	\$ 76	\$ 308	\$ 2	\$ (7)	\$ 379

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$ 369	\$ 423	\$ 54
Property and Casualty Insurance	826	1,007	181
Other	43	43	—
Total AFG consolidated	\$1,238	\$ 1,473	\$ 235

American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
June 30, 2014
(\$ in millions)



	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 377	\$ 383	\$ 6	1%	1%
States, municipalities and political subdivisions	6,010	6,259	249	21%	18%
Foreign government	253	263	10	1%	1%
Residential mortgage-backed securities	4,284	4,694	410	16%	14%
Commercial mortgage-backed securities	2,396	2,589	193	9%	7%
Asset-backed securities	3,189	3,223	34	11%	9%
Corporate bonds					
Manufacturing	2,221	2,370	149	8%	7%
Banks, lending and credit institutions	2,218	2,364	146	8%	7%
Gas and electric services	1,289	1,422	133	5%	4%
Insurance and insurance related	798	867	69	3%	2%
Other corporate	4,595	4,897	302	17%	14%
Total AFG consolidated	\$ 27,630	\$ 29,331	\$ 1,701	100%	84%
Annuity and Run-off	\$ 21,726	\$ 23,200	1,474	79%	66%
Property and Casualty Insurance	5,903	6,119	216	21%	18%
Other	1	12	11	0%	0%
Total AFG consolidated	\$ 27,630	\$ 29,331	\$ 1,701	100%	84%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	5.02%
Net of investment expense (a)	5.02%

Approximate average life and duration:

Approximate average life	6.5 years
Approximate duration	5 years

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

	<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	\$ 86	\$ 87	\$ 1	0%
States, municipalities and political subdivisions	3,546	3,703	157	16%
Foreign government	17	19	2	0%
Residential mortgage-backed securities	3,345	3,688	343	16%
Commercial mortgage-backed securities	2,170	2,350	180	10%
Asset-backed securities	2,365	2,396	31	11%
Corporate debt	10,197	10,957	760	47%
Total Annuity and Run-off	\$ 21,726	\$ 23,200	\$ 1,474	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	5.24%
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	\$ 291	\$ 296	\$ 5	5%
States, municipalities and political subdivisions	2,464	2,556	92	42%
Foreign government	236	244	8	4%
Residential mortgage-backed securities	938	994	56	16%
Commercial mortgage-backed securities	226	239	13	4%
Asset-backed securities	824	827	3	13%
Corporate debt	924	963	39	16%
Property and Casualty Insurance	\$ 5,903	\$ 6,119	\$ 216	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.17%
Net of investment expense (a)	4.08%
Tax equivalent, net of investment expense (b)	4.68%

Approximate average life and duration:

Approximate average life	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.
- (b) Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

American Financial Group, Inc.
Fixed Maturities - Credit Rating and NAIC Designation
June 30, 2014
(\$ in millions)



By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,152	\$ 6,404	\$ 252	22%
AA	5,781	6,005	224	20%
A	7,067	7,524	457	26%
BBB	4,922	5,303	381	18%
Subtotal - Investment grade	23,922	25,236	1,314	86%
BB	724	766	42	2%
B	475	499	24	2%
Other	2,509	2,830	321	10%
Total	\$ 27,630	\$ 29,331	\$ 1,701	100%

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	\$21,582	79%	\$ 21,583	\$ 22,917	\$ 1,334
NAIC 2	4,848	18%	4,848	5,212	364
	26,430	97%	26,431	28,129	1,698
NAIC 3	520	2%	520	548	28
NAIC 4	234	1%	235	247	12
NAIC 5	42	0%	42	49	7
NAIC 6	45	0%	49	70	21
Total	\$27,271	100%	\$ 27,277	\$ 29,043	\$ 1,766

By Asset Type	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 326	\$ 334	\$ 8	4%	1%
Prime (Non-Agency)	2,084	2,305	221	32%	7%
Alt-A	983	1,092	109	15%	3%
Subprime	891	963	72	13%	3%
Subtotal - Residential	4,284	4,694	410	64%	14%
Commercial	2,396	2,589	193	36%	7%
Total AFG consolidated	\$ 6,680	\$ 7,283	\$ 603	100%	21%
Annuity and Run-off	\$ 5,515	\$ 6,038	523	83%	17%
Property and Casualty Insurance	1,164	1,233	69	17%	4%
Other	1	12	11	0%	0%
Total AFG consolidated	\$ 6,680	\$ 7,283	\$ 603	100%	21%

- 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 84%; Alt-A 78%; Subprime 86%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 740; Alt-A 712; Subprime 641.
- 100% of our Commercial MBS portfolio is investment-grade rated (85% AAA) and the average subordination for this group assets is 39%.
- The approximate average life by collateral type is - Residential 5 years; Commercial 4 years.

American Financial Group, Inc.
Mortgage-Backed Securities Portfolio
June 30, 2014
(\$ in millions)



<u>Annuity and Run-off: By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 132	\$ 138	\$ 6	2%	1%
Prime (Non-Agency)	1,849	2,041	192	34%	8%
Alt-A	746	836	90	14%	3%
Subprime	618	673	55	11%	3%
Subtotal - Residential	3,345	3,688	343	61%	15%
Commercial	2,170	2,350	180	39%	9%
Total Annuity and Run-off	\$ 5,515	\$ 6,038	\$ 523	100%	24%
<u>Property and Casualty Insurance: By Asset Type</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 194	\$ 196	\$ 2	16%	2%
Prime (Non-Agency)	234	252	18	20%	3%
Alt-A	237	256	19	21%	3%
Subprime	273	290	17	24%	3%
Subtotal - Residential	938	994	56	81%	11%
Commercial	226	239	13	19%	3%
Total Property and Casualty Insurance	\$ 1,164	\$ 1,233	\$ 69	100%	14%

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 2,883	\$ 3,075	\$ 192	42%
AA	383	405	22	5%
A	541	574	33	8%
BBB	257	279	22	4%
Subtotal - investment grade	4,064	4,333	269	59%
BB	331	345	14	5%
B	407	424	17	6%
Other	1,878	2,181	303	30%
Total	\$ 6,680	\$ 7,283	\$ 603	100%

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	\$ 6,285	95%	\$ 6,286	\$ 6,928	\$ 642
NAIC 2	127	2%	127	128	1
	6,412	97%	6,413	7,056	643
NAIC 3	45	1%	45	46	1
NAIC 4	104	2%	104	111	7
NAIC 5	4	0%	4	12	8
NAIC 6	26	0%	27	43	16
Total	\$ 6,591	100%	\$ 6,593	\$ 7,268	\$ 675