
**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): November 3, 2015

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

1-13653
(Commission
File Number)

31-1544320
(IRS Employer
Identification No.)

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

45202
(Zip Code)

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

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

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

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the third quarter of 2015 and the availability of the Investor Supplement on the Company's website. The press release was issued on November 3, 2015. 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 8 - Other Events

Item 8.01 Other Events.

In the press release issued on November 3, 2015, the Company also announced that it declared a special cash dividend of \$1.00 per share of American Financial Group Common Stock. The dividend is payable on December 24, 2015 to holders of record on December 15, 2015. The aggregate amount of the payment to be made in connection with this special dividend will be approximately \$88 million. This special dividend is in addition to the Company's regular quarterly cash dividend.

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 November 3, 2015, reporting American Financial Group Inc. results for the quarter ended September 30, 2015 and announcing the declaration of a special dividend. |
| 99.2 | Investor Supplement – Third Quarter 2015 |

SIGNATURES

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

Date: November 4, 2015

AMERICAN FINANCIAL GROUP, INC.

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

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces Third Quarter Results

- ***Third quarter core net operating earnings of \$1.38 per share; includes \$0.16 per share unfavorable impact of fair value accounting for fixed-indexed annuities***
- ***Third quarter annualized core operating ROE of 11.6%***
- ***Net earnings of \$0.71 per share; includes \$0.58 per share A&E reserve strengthening and other non-core items***
- ***Announced special cash dividend of \$1.00 per share, payable December 24, 2015***
- ***Full year 2015 core net operating earnings guidance increased to \$5.30 - \$5.60 per share***

Cincinnati, Ohio – November 3, 2015 – American Financial Group, Inc. (NYSE: AFG) today reported 2015 third quarter net earnings attributable to shareholders of \$63 million (\$0.71 per share) compared to \$116 million (\$1.28 per share) for the 2014 third quarter. AFG’s 2015 third quarter results include after-tax charges of \$52 million (\$0.58 per share) to strengthen the Company’s asbestos and environmental (“A&E”) reserves, \$6 million (\$0.06 per share) in after-tax realized losses and a \$2 million (\$0.03 per share) after-tax loss on the early retirement of the Company’s 7% Senior Notes. Book value per share, excluding unrealized gains on fixed maturities, decreased by \$0.62, to \$49.01 per share during the third quarter of 2015 due primarily to lower unrealized gains on equity securities. Annualized return on equity was 5.9% and 11.1% for the third quarters of 2015 and 2014, respectively.

Core net operating earnings were \$123 million (\$1.38 per share) for the 2015 third quarter, compared to \$127 million (\$1.40 per share) in the 2014 third quarter. Higher underwriting profit and net investment income in our Specialty Property and Casualty (“P&C”) insurance operations was more than offset by lower core operating earnings in our Annuity Segment, resulting from the impact of fair value accounting on fixed-indexed annuities. Core net operating earnings for the third quarters of 2015 and 2014 generated annualized core returns on equity of 11.6% and 12.3%, respectively.

During the third quarter of 2015, AFG repurchased approximately 512,000 shares of common stock for \$35 million (average price per share of \$68.56).

The Company also announced today that it declared a special cash dividend of \$1.00 per share of American Financial Group Common Stock. The dividend is payable on December 24, 2015 to holders of record on December 15, 2015. The aggregate amount of the payment to be made in connection with this special dividend will be approximately \$88 million. This special dividend is in addition to the Company’s regular quarterly cash dividend.

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 | | Nine months ended | |
|---|--------------------|----------------|-------------------|----------------|
| | September 30, | | September 30, | |
| | 2015 | 2014 | 2015 | 2014 |
| Components of net earnings attributable to shareholders: | | | | |
| Core net operating earnings^(a) | \$ 123 | \$ 127 | \$ 350 | \$ 317 |
| Non-Core Items: | | | | |
| Loss on sale of long-term care business | — | — | (105) | — |
| Gain on sale of hotel property | — | — | 26 | — |
| Other realized gains (losses) | (6) | 8 | 6 | 27 |
| Special A&E charges ^(b) | (52) | (19) | (52) | (19) |
| Loss on early retirement of debt | (2) | — | (2) | — |
| Net earnings attributable to shareholders | \$ 63 | \$ 116 | \$ 223 | \$ 325 |
| Components of Earnings per Share: | | | | |
| Core net operating earnings^(a) | \$ 1.38 | \$ 1.40 | \$ 3.92 | \$ 3.47 |
| Non-Core Items: | | | | |
| Loss on sale of long-term care business | — | — | (1.18) | — |
| Gain on sale of hotel property | — | — | 0.29 | — |
| Other realized gains (losses) | (0.06) | 0.09 | 0.07 | 0.30 |
| Special A&E charges ^(b) | (0.58) | (0.21) | (0.58) | (0.21) |
| Loss on early retirement of debt | (0.03) | — | (0.03) | — |
| Diluted Earnings Per Share | \$ 0.71 | \$ 1.28 | \$ 2.49 | \$ 3.56 |

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

S. Craig Lindner and Carl H. Lindner III, AFG's Co-Chief Executive Officers, issued this statement: "We are pleased to once again report strong core net operating earnings for the quarter, coupled with record third quarter premiums in our Annuity Segment and healthy growth in our P&C operations. We believe these results showcase the solid fundamentals within our diversified specialty insurance business model.

"Returning capital to shareholders in the form of a \$1.00 special dividend reflects AFG's strong financial position and our confidence in the Company's financial future. AFG had approximately \$700 million of excess capital (including parent company cash of approximately \$110 million) at September 30, 2015. In addition, the pending sale of our run-off long-term care insurance business is expected to generate approximately \$110 million in excess capital. Our excess capital will be deployed into AFG's core businesses as we identify potential for healthy, profitable organic growth, and opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds. We will also make opportunistic share repurchases when it makes sense to do so and return capital to shareholders through dividends.

"Based on results for the first nine months of 2015, we now estimate that AFG's core net operating earnings will be in the range of \$5.30 to \$5.60 per share, an increase from the range of \$5.25 to \$5.55 announced previously. Our core earnings per share guidance excludes non-core items such as special A&E charges, 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 Specialty P&C insurance operations generated an underwriting profit of \$84 million in the 2015 third quarter, compared to \$70 million in the third quarter of 2014. The third quarter 2015 combined ratio of 92.9% includes 1.2 points of favorable prior year reserve development. Losses from catastrophes were \$10 million (0.9 points) and \$3 million (0.3 points) in the 2015 and 2014 third quarters, respectively.

Gross and net written premiums were up 6%, respectively, for the third quarter of 2015, when compared to the same period in 2014. Each of our Specialty P&C groups reported growth during the quarter. Further details of AFG's Specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting profit of \$20 million in the third quarter of 2015, compared to \$11 million in the prior year period. Higher profits in our agricultural and transportation businesses were partially offset by lower underwriting profitability in our property and inland marine and ocean marine businesses. Catastrophe losses for this group were \$7 million in the third quarter of 2015 and \$1 million in the third quarter of 2014.

Gross and net written premiums for the third quarter of 2015 were 7% and 9% higher, respectively, than the comparable 2014 period. The increases in gross and net written premiums were due primarily to growth in our transportation businesses as a result of new accounts and organic growth in several product lines as well as higher premiums in our agricultural businesses. Pricing in this group was up approximately 4% on average for the quarter, and includes a 5% increase in National Interstate's renewal rates.

The **Specialty Casualty Group** reported third quarter underwriting profit of \$31 million, compared to \$32 million in the third quarter of 2014. Higher profitability in our workers' compensation businesses was offset by continued disappointing results in our international business.

Gross and net written premiums increased 4% and 2%, respectively, for the third quarter of 2015 when compared to the same prior year period. The majority of businesses in this group reported growth, particularly our excess and surplus businesses. This growth was partially offset by lower premiums in our general liability business, primarily the result of competitive market conditions, re-underwriting efforts within the Florida homebuilders market and the slowdown within the energy sector. Renewal pricing for this group decreased by 2% in the third quarter. Pricing in our workers' compensation businesses decreased approximately 6% on average for the quarter; excluding workers' compensation, pricing in this group was up approximately 1% on average for the quarter.

The **Specialty Financial Group** reported an underwriting profit of \$26 million in the third quarter of 2015, compared to \$21 million in the third quarter of 2014. The increase was due primarily to higher underwriting profits in our financial institutions business. Nearly all of the businesses in this group achieved excellent underwriting margins, reporting an overall combined ratio of 80.6% for the 2015 third quarter.

Gross and net written premiums increased 4% and 13%, respectively, in the 2015 third quarter when compared to the same 2014 period. Growth and higher retentions in our financial institutions business were the primary drivers of the increase. Renewal pricing for this group was flat for the third quarter.

Carl Lindner III stated, "P&C underwriting profit increased 20% year-over-year during the third quarter, reflecting strong performance by the vast majority of the 31 businesses that comprise our Specialty P&C Insurance Group. In addition to generating double-digit growth in net written premiums, our Specialty Financial Group continued to report excellent underwriting margins. I was also pleased to see an improvement in our Property and Transportation Group results and continued strong profitability in our Specialty Casualty Group. I am excited to welcome Martin Reith as the CEO-designate of Marketform, which operates Syndicate 2468 at Lloyd's of London. His long track record of success in building and leading insurance operations in the Lloyd's market is consistent with the core Great American Insurance Group tradition of specialty focus and consistent profitability."

Mr. Lindner continued, "Pricing across our entire P&C group was flat for the quarter, and was impacted by price softening in our workers' comp businesses. Based on results in our P&C book of business during the first nine months of 2015, we continue to expect an overall 2015 calendar year combined ratio in the 92% to 94% range. We now estimate net written premium growth for the full year of 2015 to be between 6% and 8%, an increase from the range of 4% to 8% estimated previously."

Annuity Segment

AFG's annuity operations contributed \$67 million in core pretax operating earnings in the third quarter of 2015 compared to \$86 million in the third quarter of 2014, a decrease of 22%. However, earnings before the impact of fair value accounting on fixed-indexed annuities (FIAs) were up slightly in the third quarter, as shown in the table that follows:

Components of Core Annuity Operating Earnings Before Income Taxes

| <i>In millions</i> | <i>Three months ended</i> | | <i>Pct.</i> <i>Change</i> | <i>Nine months ended</i> | | <i>Pct.</i> <i>Change</i> |
|---|-------------------------------------|-------------------------------------|------------------------------|-------------------------------------|-------------------------------------|------------------------------|
| | <i>September 30,</i> <u>2015</u> | <i>September 30,</i> <u>2014</u> | | <i>September 30,</i> <u>2015</u> | <i>September 30,</i> <u>2014</u> | |
| <i>Annuity earnings before fair value accounting for FIAs</i> | \$ 89 | \$ 87 | 2% | \$ 258 | \$ 269 | (4%) |
| <i>Impact of fair value accounting for FIAs</i> | (22) | (1) | nm | (28) | (26) | nm |
| <i>Core Pretax Annuity Operating Earnings</i> | <u>\$ 67</u> | <u>\$ 86</u> | (22%) | <u>\$ 230</u> | <u>\$ 243</u> | (5%) |

Annuity Earnings Before Fair Value Accounting for FIAs—AFG's 2015 earnings continued to benefit from growth in annuity assets, as well the ability to maintain net interest spreads year-over-year. AFG's quarterly average annuity investments and reserves grew approximately 13% year-over-year; the benefit of this growth was partially offset by the impact that the significant decrease in the stock market in the third quarter had on certain AFG annuity reserves.

Impact of Fair Value Accounting for FIAs—Variances from expectations of certain items (such as projected interest rates, option costs and surrenders), as well as changes in the stock market, have an impact on the accounting for FIAs; these accounting adjustments are recognized through AFG's reported core earnings. Many of these adjustments are not economic in nature, but rather impact the timing of reported results.

In the third quarter of 2015, the significant stock market decrease resulted in a large unfavorable impact on annuity earnings. In addition, interest rates decreased during the quarter, compared to the expectation that they would rise; this also had a negative impact on annuity earnings. In the third quarter of 2014, changes in the stock market and interest rates were much more moderate, resulting in a minor impact on annuity earnings.

The Annuity Segment reported record third quarter annuity premiums of \$1.32 billion in 2015, a 63% increase from the comparable prior year period. During the second quarter of 2015, interest rates rose significantly from first quarter 2015 lows, allowing AFG to raise the crediting rates on its annuities and to become much more competitive in its markets. This is in contrast to 2014, when interest rates generally decreased throughout the year, resulting in AFG lowering its crediting rates in order to maintain appropriate returns on new sales.

Craig Lindner stated, "The fundamentals of our annuity business remain very strong despite the lower than expected reported earnings after fair value accounting. Attractive spreads, year-over-year growth in annuity premiums and increased earnings before fair value accounting reflect our strong investment results and disciplined product pricing strategy. While we expect fourth quarter annuity sales to be lower than the record levels achieved in the third quarter of 2015, we do expect that 2015 full year annuity premiums will be in the range of \$3.8 billion to \$3.95 billion, compared to \$3.7 billion of sales achieved in 2014."

Mr. Lindner continued, "As we saw in the third quarter, significant changes in the stock market and/or interest rates, as compared to our expectations, can lead to significant positive or negative impacts on the Annuity Segment's results, due to the impact of fair value accounting. As a result, based on where interest rates and the stock market are today, we now expect that full year 2015 core pretax annuity operating earnings will be \$325 million to \$335 million.

"However, our continued investment outperformance has resulted in higher earned spreads than we had anticipated. As a result, we expect full year 2015 core pretax annuity operating earnings before fair value accounting will be higher than previously announced; accordingly, we are raising that guidance (earnings before fair value accounting) by \$5 million, to a range of \$345 million to \$355 million.

“These earnings expectations do not reflect any potential earnings impact from our annual fourth quarter review (“unlocking”) of the major actuarial assumptions in our fixed annuity business. Since our net interest spreads are higher than previously projected, we currently believe that unlocking will likely have a positive impact on earnings.”

Run-off Long-Term Care and Life Segment

AFG’s Run-off Long-term Care and Life Segment reported positive core pretax operating earnings in the third quarters of 2015 and 2014.

As previously announced, AFG reached a definitive agreement to sell the legal entities containing its run-off long-term care insurance business and certain life and annuity blocks to HC2 Holdings, Inc. for an initial payment of \$7 million in cash and HC2 securities, subject to adjustment based on certain items, including operating results through the closing date. In addition, AFG may also receive up to \$13 million of additional proceeds from HC2 in the future based on the release of certain statutory liabilities of the legal entities sold by AFG. In accordance with GAAP, AFG recorded its estimated non-core, after-tax loss on the sale of \$105 million in its results for the first quarter of 2015.

The transaction will result in the disposition of substantially all of AFG’s Long-term Care business and is expected to close prior to year-end, subject to customary conditions, including receipt of required regulatory approvals.

A&E Reserves

During the third quarter of 2015, AFG completed a comprehensive external study of its asbestos and environmental exposures relating to the run-off operations of its P&C group and its exposures related to former railroad and manufacturing operations and sites. This year’s comprehensive external study resulted in non-core after-tax special charges of \$52 million (\$79 million pretax) to increase AFG’s A&E reserves.

The P&C group’s asbestos reserves were increased by \$25 million (net of reinsurance) and its environmental reserves were increased by \$42 million (net of reinsurance). At September 30, 2015, the P&C group’s insurance reserves include A&E reserves of \$336 million, net of reinsurance recoverables.

As the overall industry exposure to asbestos has matured, the focus of litigation has shifted to smaller companies and companies with ancillary exposures. AFG’s insureds with these exposures have been the driver of our P&C asbestos reserve increases in recent years; AFG has seen increased estimates for indemnity and defense compared to prior studies. The increase in P&C environmental reserves was attributed primarily to AFG’s increased defense costs and a number of claims where the estimated costs of remediation have increased. As in past years, there were no new or emerging broad industry trends that were identified in this study.

In addition, the study encompassed reserves for asbestos and environmental exposures of our former railroad and manufacturing operations. As a result of the study, AFG increased its reserve for these asbestos and environmental exposures by \$12 million due primarily to slightly higher estimated costs at sites where remediation is underway, coupled with higher estimated cleanup costs at a limited number of sites.

Investments

AFG recorded third quarter 2015 net realized losses of \$6 million after tax and after deferred acquisition costs (DAC), compared to net realized gains of \$8 million in the comparable prior year period. Unrealized gains on fixed maturities were \$445 million, after tax, after DAC at September 30, 2015, a decrease of \$159 million since year-end. Our portfolio continues to be high quality, with 88% of our fixed maturity portfolio rated investment grade and 98% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the nine months ended September 30, 2015, P&C net investment income was approximately 12% higher than the comparable 2014 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 \$50 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; the possibility that the pending sale of AFG's run-off long-term care business is not consummated; 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 2015 third quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, November 4, 2015. 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 53577995. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on November 11, 2015. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 53577995.

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

The archived webcast will be available immediately after the call via the same link on the **Investor Relations** page until November 11, 2015 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

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

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

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

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | |
| P&C insurance net earned premiums | \$1,173 | \$1,132 | \$3,104 | \$2,817 |
| Life, accident & health net earned premiums | 28 | 27 | 80 | 82 |
| Net investment income | 425 | 377 | 1,217 | 1,117 |
| Realized gains (losses) on: | | | | |
| Securities | (16) | 13 | 2 | 44 |
| Subsidiaries | 5 | — | (157) | — |
| Income (loss) of managed investment entities: | | | | |
| Investment income | 40 | 29 | 112 | 84 |
| Loss on change in fair value of assets/liabilities | (11) | (25) | (16) | (35) |
| Other income | 40 | 28 | 177 | 75 |
| Total revenues | <u>1,684</u> | <u>1,581</u> | <u>4,519</u> | <u>4,184</u> |
| Costs and expenses | | | | |
| P&C insurance losses & expenses | 1,161 | 1,086 | 2,989 | 2,684 |
| Annuity, life, accident & health benefits & expenses | 285 | 240 | 787 | 732 |
| Interest charges on borrowed money | 18 | 18 | 57 | 53 |
| Expenses of managed investment entities | 28 | 19 | 80 | 60 |
| Other expenses | 93 | 73 | 251 | 219 |
| Total costs and expenses | <u>1,585</u> | <u>1,436</u> | <u>4,164</u> | <u>3,748</u> |
| Earnings before income taxes | 99 | 145 | 355 | 436 |
| Provision for income taxes(c) | 33 | 54 | 115 | 155 |
| Net earnings including noncontrolling interests | 66 | 91 | 240 | 281 |
| Less: Net earnings (loss) attributable to noncontrolling interests | 3 | (25) | 17 | (44) |
| Net earnings attributable to shareholders | <u>\$ 63</u> | <u>\$ 116</u> | <u>\$ 223</u> | <u>\$ 325</u> |
| Diluted Earnings per Common Share | <u>\$ 0.71</u> | <u>\$ 1.28</u> | <u>\$ 2.49</u> | <u>\$ 3.56</u> |
| Average number of diluted shares | 89.3 | 90.9 | 89.4 | 91.4 |

| <u>Selected Balance Sheet Data:</u> | September 30, 2015 | December 31, 2014 |
|--|-----------------------|----------------------|
| Total cash and investments | \$ 38,132 | \$ 36,210 |
| Long-term debt | \$ 880 | \$ 1,061 |
| Shareholders' equity(d) | \$ 4,724 | \$ 4,879 |
| Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities)(d) | \$ 4,279 | \$ 4,277 |
| Book Value Per Share: | | |
| Excluding appropriated retained earnings | \$ 54.10 | \$ 55.65 |
| Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities | \$ 49.01 | \$ 48.76 |
| Common Shares Outstanding | 87.3 | 87.7 |

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

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

| | Three months ended September 30, | | Pct. Change | Nine months ended September 30, | | Pct. Change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------------------------------------|----------------|------------------------------------|------------------------------------|----------------|----------------|--|-------------------------------------|--|------------------------------------|--|--|------|------|------|------|---|--|--|--|--|---------------------------|--------|--------|------|-------|--------------------|---|---|-----|------|---------------------|-----|------|------|------|-------|-----|-----|------|-----|---|------|------|------|------|--|----|----|----|----|-------|---|---|---|---|--|--------------|--------------|--------------|---------------|----------------------------------|--|--|--|--|--|--|---------------------------|-------|-------|--|-----|-----|--|--------------------|-----|-----|--|-------|-------|--|---------------------|-------|-------|--|-------|-------|--|---------------------------|-------|-------|--|-------|-------|--|
| | 2015 | 2014 | | 2015 | 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross written premiums | <u>\$1,962</u> | <u>\$1,859</u> | 6% | <u>\$4,476</u> | <u>\$4,174</u> | 7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net written premiums | <u>\$1,319</u> | <u>\$1,242</u> | 6% | <u>\$3,271</u> | <u>\$2,995</u> | 9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ratios (GAAP): | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss & LAE ratio | 64.5% | 67.1% | | 62.2% | 63.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Underwriting expense ratio | 28.4% | 26.7% | | 31.5% | 30.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Combined Ratio | <u>92.9%</u> | <u>93.8%</u> | | <u>93.7%</u> | <u>94.4%</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Combined Ratio (Including A&E) | <u>98.7%</u> | <u>96.0%</u> | | <u>96.0%</u> | <u>95.2%</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supplemental Information:(e) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Written Premiums: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property & Transportation | \$1,064 | \$ 995 | 7% | \$1,940 | \$1,860 | 4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Casualty | 734 | 707 | 4% | 2,078 | 1,869 | 11% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Financial | 164 | 157 | 4% | 458 | 445 | 3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>\$1,962</u> | <u>\$1,859</u> | 6% | <u>\$4,476</u> | <u>\$4,174</u> | 7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Written Premiums: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property & Transportation | \$ 608 | \$ 556 | 9% | \$1,258 | \$1,193 | 5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Casualty | 545 | 536 | 2% | 1,549 | 1,366 | 13% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Financial | 137 | 121 | 13% | 388 | 357 | 9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 29 | 29 | — | 76 | 79 | (4%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>\$1,319</u> | <u>\$1,242</u> | 6% | <u>\$3,271</u> | <u>\$2,995</u> | 9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Combined Ratio (GAAP): | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property & Transportation | 96.2% | 97.8% | | 98.7% | 100.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Casualty | 93.8% | 93.3% | | 93.6% | 92.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Financial | 80.6% | 81.6% | | 81.0% | 86.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aggregate Specialty Group | 92.9% | 93.8% | | 93.7% | 94.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Three months ended September 30,</th> <th colspan="2" style="text-align: center;">Nine months ended September 30,</th> </tr> <tr> <th></th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2014</th> </tr> </thead> <tbody> <tr> <td>Reserve Development (Favorable)/Adverse:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> Property & Transportation</td> <td style="text-align: right;">\$ (2)</td> <td style="text-align: right;">\$ (5)</td> <td style="text-align: right;">\$ 7</td> <td style="text-align: right;">\$ 13</td> </tr> <tr> <td> Specialty Casualty</td> <td style="text-align: right;">3</td> <td style="text-align: right;">7</td> <td style="text-align: right;">(4)</td> <td style="text-align: right;">(21)</td> </tr> <tr> <td> Specialty Financial</td> <td style="text-align: right;">(8)</td> <td style="text-align: right;">(10)</td> <td style="text-align: right;">(25)</td> <td style="text-align: right;">(13)</td> </tr> <tr> <td> Other</td> <td style="text-align: right;">(7)</td> <td style="text-align: right;">(3)</td> <td style="text-align: right;">(10)</td> <td style="text-align: right;">(8)</td> </tr> <tr> <td> Aggregate Specialty Group Excluding A&E</td> <td style="text-align: right;">(14)</td> <td style="text-align: right;">(11)</td> <td style="text-align: right;">(32)</td> <td style="text-align: right;">(29)</td> </tr> <tr> <td> Special A&E Reserve Charge—P&C Run-off</td> <td style="text-align: right;">67</td> <td style="text-align: right;">24</td> <td style="text-align: right;">67</td> <td style="text-align: right;">24</td> </tr> <tr> <td> Other</td> <td style="text-align: right;">2</td> <td style="text-align: right;">—</td> <td style="text-align: right;">3</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Total Reserve Development Including A&E</td> <td style="text-align: right;"><u>\$ 55</u></td> <td style="text-align: right;"><u>\$ 13</u></td> <td style="text-align: right;"><u>\$ 38</u></td> <td style="text-align: right;"><u>\$ (4)</u></td> </tr> <tr> <td colspan="7">Points on Combined Ratio:</td> </tr> <tr> <td> Property & Transportation</td> <td style="text-align: center;">(0.4)</td> <td style="text-align: center;">(0.9)</td> <td></td> <td style="text-align: center;">0.5</td> <td style="text-align: center;">1.2</td> <td></td> </tr> <tr> <td> Specialty Casualty</td> <td style="text-align: center;">0.6</td> <td style="text-align: center;">1.3</td> <td></td> <td style="text-align: center;">(0.2)</td> <td style="text-align: center;">(1.7)</td> <td></td> </tr> <tr> <td> Specialty Financial</td> <td style="text-align: center;">(5.8)</td> <td style="text-align: center;">(9.0)</td> <td></td> <td style="text-align: center;">(6.5)</td> <td style="text-align: center;">(3.9)</td> <td></td> </tr> <tr> <td> Aggregate Specialty Group</td> <td style="text-align: center;">(1.2)</td> <td style="text-align: center;">(1.0)</td> <td></td> <td style="text-align: center;">(1.0)</td> <td style="text-align: center;">(1.0)</td> <td></td> </tr> </tbody> </table> | | | | | | | | Three months ended September 30, | | Nine months ended September 30, | | | 2015 | 2014 | 2015 | 2014 | Reserve Development (Favorable)/Adverse: | | | | | Property & Transportation | \$ (2) | \$ (5) | \$ 7 | \$ 13 | Specialty Casualty | 3 | 7 | (4) | (21) | Specialty Financial | (8) | (10) | (25) | (13) | Other | (7) | (3) | (10) | (8) | Aggregate Specialty Group Excluding A&E | (14) | (11) | (32) | (29) | Special A&E Reserve Charge—P&C Run-off | 67 | 24 | 67 | 24 | Other | 2 | — | 3 | 1 | Total Reserve Development Including A&E | <u>\$ 55</u> | <u>\$ 13</u> | <u>\$ 38</u> | <u>\$ (4)</u> | Points on Combined Ratio: | | | | | | | Property & Transportation | (0.4) | (0.9) | | 0.5 | 1.2 | | Specialty Casualty | 0.6 | 1.3 | | (0.2) | (1.7) | | Specialty Financial | (5.8) | (9.0) | | (6.5) | (3.9) | | Aggregate Specialty Group | (1.2) | (1.0) | | (1.0) | (1.0) | |
| | Three months ended September 30, | | Nine months ended September 30, | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2015 | 2014 | 2015 | 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reserve Development (Favorable)/Adverse: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property & Transportation | \$ (2) | \$ (5) | \$ 7 | \$ 13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Casualty | 3 | 7 | (4) | (21) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Financial | (8) | (10) | (25) | (13) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | (7) | (3) | (10) | (8) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aggregate Specialty Group Excluding A&E | (14) | (11) | (32) | (29) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Special A&E Reserve Charge—P&C Run-off | 67 | 24 | 67 | 24 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 2 | — | 3 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Reserve Development Including A&E | <u>\$ 55</u> | <u>\$ 13</u> | <u>\$ 38</u> | <u>\$ (4)</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Points on Combined Ratio: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property & Transportation | (0.4) | (0.9) | | 0.5 | 1.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Casualty | 0.6 | 1.3 | | (0.2) | (1.7) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Specialty Financial | (5.8) | (9.0) | | (6.5) | (3.9) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aggregate Specialty Group | (1.2) | (1.0) | | (1.0) | (1.0) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

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

Components of Statutory Premiums

| | Three months ended September 30, | | Pct. Change | Nine months ended September 30, | | Pct. Change |
|---------------------------|-------------------------------------|---------------|----------------|------------------------------------|----------------|----------------|
| | 2015 | 2014 | | 2015 | 2014 | |
| Annuity Premiums: | | | | | | |
| Financial Institutions | | | | | | |
| Single Premium | \$ 625 | \$ 395 | 58% | \$1,436 | \$1,334 | 8% |
| Retail Single Premium | 639 | 357 | 79% | 1,422 | 1,210 | 18% |
| Education Market - 403(b) | 47 | 46 | 2% | 143 | 145 | (1%) |
| Variable Annuities | 10 | 11 | (9%) | 32 | 36 | (11%) |
| Total Annuity Premiums | <u>\$ 1,321</u> | <u>\$ 809</u> | 63% | <u>\$3,033</u> | <u>\$2,725</u> | 11% |

Components of Core Operating Earnings Before Income Taxes

| | Three months ended September 30, | | Pct. Change | Nine months ended September 30, | | Pct. Change |
|---|-------------------------------------|--------------|----------------|------------------------------------|---------------|----------------|
| | 2015 | 2014 | | 2015 | 2014 | |
| Revenues: | | | | | | |
| Net investment income | \$ 317 | \$ 287 | 10% | \$ 915 | \$ 851 | 8% |
| Other income | 22 | 20 | 10% | 68 | 57 | 19% |
| Total revenues | 339 | 307 | 10% | 983 | 908 | 8% |
| Costs and Expenses: | | | | | | |
| Annuity benefits | 208 | 157 | 32% | 543 | 491 | 11% |
| Acquisition expenses | 42 | 41 | 2% | 136 | 109 | 25% |
| Other expenses | 22 | 23 | (4%) | 74 | 65 | 14% |
| Total costs and expenses | 272 | 221 | 23% | 753 | 665 | 13% |
| Core operating earnings before income taxes | <u>\$ 67</u> | <u>\$ 86</u> | (22%) | <u>\$ 230</u> | <u>\$ 243</u> | (5%) |

Supplemental Fixed Annuity Information

| | Three months ended September 30, | | Pct. Change | Nine months ended September 30, | | Pct. Change |
|--|-------------------------------------|--------------|----------------|------------------------------------|---------------|----------------|
| | 2015 | 2014 | | 2015 | 2014 | |
| Core operating earnings before impact of fair value accounting on FIAs | \$ 89 | \$ 87 | 2% | \$ 258 | \$ 269 | (4%) |
| Impact of fair value accounting | (22) | (1) | nm | (28) | (26) | nm |
| Core operating earnings before income taxes | <u>\$ 67</u> | <u>\$ 86</u> | (22%) | <u>\$ 230</u> | <u>\$ 243</u> | (5%) |
| Average Fixed Annuity Reserves* | \$25,316 | \$22,475 | 13% | \$24,514 | \$21,790 | 13% |
| Net Interest Spread* | 2.80% | 2.77% | | 2.75% | 2.83% | |
| Net Spread Earned Before Impact of Fair Value Accounting* | 1.37% | 1.50% | | 1.36% | 1.57% | |
| Net Spread Earned After Impact of Fair Value Accounting* | 1.02% | 1.48% | | 1.21% | 1.41% | |

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

| | Three months ended | | Nine months ended | |
|---|-----------------------|---------------|-----------------------|---------------|
| | September 30, 2015 | 2014 | September 30, 2015 | 2014 |
| Core Operating Earnings before Income Taxes: | | | | |
| P&C insurance segment | \$ 153 | \$ 130 | \$ 403 | \$ 335 |
| Annuity segment, before impact of fair value accounting | 89 | 87 | 258 | 269 |
| Impact of fair value accounting | (22) | (1) | (28) | (26) |
| Run-off long-term care and life segment | 6 | 1 | 14 | (3) |
| Interest & other corporate expense | (37) | (30) | (117) | (108) |
| Core operating earnings before income taxes | 189 | 187 | 530 | 467 |
| Related income taxes | 66 | 60 | 180 | 150 |
| Core net operating earnings | <u>\$ 123</u> | <u>\$ 127</u> | <u>\$ 350</u> | <u>\$ 317</u> |

b) Reflects the following effects of special A&E charges during the third quarter and first nine months of 2015 and 2014 (dollars in millions, except per share amounts):

| A&E Charges: | Pretax | | After-tax | | EPS | |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| P&C insurance run-off operations | | | | | | |
| Asbestos | \$ 25 | \$ 4 | \$ 17 | \$ 3 | | |
| Environmental | 42 | 20 | 27 | 12 | | |
| | <u>\$ 67</u> | <u>\$ 24</u> | <u>\$ 44</u> | <u>\$ 15</u> | <u>\$ 0.49</u> | <u>\$ 0.17</u> |
| Former railroad & manufacturing operations | | | | | | |
| Asbestos | \$ 1 | \$— | \$— | \$— | | |
| Environmental | 11 | 6 | 8 | 4 | | |
| | <u>\$ 12</u> | <u>\$ 6</u> | <u>\$ 8</u> | <u>\$ 4</u> | <u>\$ 0.09</u> | <u>\$ 0.04</u> |
| Total A&E | <u>\$ 79</u> | <u>\$ 30</u> | <u>\$ 52</u> | <u>\$ 19</u> | <u>\$ 0.58</u> | <u>\$ 0.21</u> |

c) Earnings before income taxes include \$29 million and \$47 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in the third quarter and first nine months of 2014, respectively.

d) Shareholders' Equity at September 30, 2015 includes \$445 million (\$5.09 per share) in unrealized after-tax gains on fixed maturities. Shareholders' Equity at December 31, 2014 includes \$604 million (\$6.89 per share) in unrealized after-tax gains on fixed maturities and (\$2) million (\$0.03 per share) of retained earnings appropriated to managed investment entities.

e) Supplemental Notes:

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



American Financial Group, Inc.
Investor Supplement - Third Quarter 2015

November 3, 2015

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

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



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|----------|----------|----------|----------|-------------------|----------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Highlights | | | | | | | |
| Core net operating earnings | \$ 123 | \$ 115 | \$ 112 | \$ 122 | \$ 127 | \$ 350 | \$ 317 |
| Net earnings | 63 | 141 | 19 | 127 | 116 | 223 | 325 |
| Total assets | 50,557 | 49,424 | 48,307 | 47,535 | 46,552 | 50,557 | 46,552 |
| Adjusted shareholders' equity (a) | 4,279 | 4,345 | 4,267 | 4,277 | 4,300 | 4,279 | 4,300 |
| Property and Casualty net written premiums | 1,319 | 1,026 | 926 | 1,025 | 1,242 | 3,271 | 2,995 |
| Annuity statutory premiums | 1,321 | 899 | 813 | 971 | 809 | 3,033 | 2,725 |
| Per share data | | | | | | | |
| Core net operating earnings per share | \$ 1.38 | \$ 1.28 | \$ 1.25 | \$ 1.35 | \$ 1.40 | \$ 3.92 | \$ 3.47 |
| Diluted earnings per share | 0.71 | 1.57 | 0.21 | 1.41 | 1.28 | 2.49 | 3.56 |
| Adjusted book value per share (a) | 49.01 | 49.63 | 48.55 | 48.76 | 48.59 | 49.01 | 48.59 |
| Cash dividends per common share | 0.250 | 0.250 | 0.250 | 1.250 | 0.220 | 0.750 | 0.660 |
| Financial ratios | | | | | | | |
| Annualized core operating return on equity (b) | 11.6% | 10.9% | 10.8% | 11.7% | 12.3% | 11.1% | 10.3% |
| Annualized return on equity (b) | 5.9% | 13.4% | 1.8% | 12.1% | 11.1% | 7.1% | 10.6% |
| Property and Casualty combined ratio - Specialty: | | | | | | | |
| Loss & LAE ratio | 64.5% | 61.0% | 60.8% | 64.0% | 67.1% | 62.2% | 63.6% |
| Underwriting expense ratio | 28.4% | 33.9% | 32.8% | 28.6% | 26.7% | 31.5% | 30.8% |
| Combined ratio - Specialty | 92.9% | 94.9% | 93.6% | 92.6% | 93.8% | 93.7% | 94.4% |
| Net spread on fixed annuities: | | | | | | | |
| Net interest spread | 2.80% | 2.77% | 2.67% | 2.64% | 2.77% | 2.75% | 2.83% |
| Net spread earned: | | | | | | | |
| Before impact of fair value accounting | 1.37% | 1.21% | 1.49% | 1.54% | 1.50% | 1.36% | 1.57% |
| Impact of fair value accounting (c) | (0.35%) | 0.18% | (0.28%) | (0.14%) | (0.02%) | (0.15%) | (0.16%) |
| After impact of fair value accounting | 1.02% | 1.39% | 1.21% | 1.40% | 1.48% | 1.21% | 1.41% |

- (a) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.
(b) Excludes appropriated retained earnings and accumulated other comprehensive income.
(c) Change in fair value of derivatives offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

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



| | Three Months Ended | | | | Nine Months Ended | | |
|--|--------------------|---------------|--------------|---------------|-------------------|---------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 | |
| Property and Casualty Insurance | | | | | | | |
| Underwriting profit | \$ 82 | \$ 50 | \$ 60 | \$ 79 | \$ 70 | \$ 192 | \$ 157 |
| Net investment income | 83 | 83 | 79 | 75 | 76 | 245 | 219 |
| Other expense | (12) | (12) | (10) | (13) | (16) | (34) | (41) |
| Property and Casualty Insurance operating earnings | 153 | 121 | 129 | 141 | 130 | 403 | 335 |
| Annuity earnings | 67 | 88 | 75 | 85 | 86 | 230 | 243 |
| Run-off Long-Term Care and Life (losses)/earnings | 6 | 4 | 4 | (7) | 1 | 14 | (3) |
| Interest expense of parent holding companies | (18) | (19) | (19) | (19) | (17) | (56) | (50) |
| Other expense | (19) | (20) | (22) | (16) | (13) | (61) | (58) |
| Pre-tax core operating earnings | 189 | 174 | 167 | 184 | 187 | 530 | 467 |
| Income tax expense | 66 | 59 | 55 | 62 | 60 | 180 | 150 |
| Core net operating earnings | 123 | 115 | 112 | 122 | 127 | 350 | 317 |
| Non-core items, net of tax: | | | | | | | |
| Loss on sale of long-term care business | — | — | (105) | — | — | (105) | — |
| Gain on sale of hotel property | — | 26 | — | — | — | 26 | — |
| Other realized gains (losses) | (6) | — | 12 | 5 | 8 | 6 | 27 |
| Significant A&E charges: | | | | | | | |
| Property and Casualty Insurance run-off operations | (44) | — | — | — | (15) | (44) | (15) |
| Former Railroad and Manufacturing operations | (8) | — | — | — | (4) | (8) | (4) |
| Other | (2) | — | — | — | — | (2) | — |
| Net earnings | \$ 63 | \$ 141 | \$ 19 | \$ 127 | \$ 116 | \$ 223 | \$ 325 |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|----------------|----------------|----------------|----------------|-------------------|----------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Core net operating earnings | <u>\$ 123</u> | <u>\$ 115</u> | <u>\$ 112</u> | <u>\$ 122</u> | <u>\$ 127</u> | <u>\$ 350</u> | <u>\$ 317</u> |
| Net earnings | <u>\$ 63</u> | <u>\$ 141</u> | <u>\$ 19</u> | <u>\$ 127</u> | <u>\$ 116</u> | <u>\$ 223</u> | <u>\$ 325</u> |
| Average number of diluted shares | 89.343 | 89.503 | 89.377 | 89.772 | 90.873 | 89.407 | 91.360 |
| Diluted earnings per share: | | | | | | | |
| Core net operating earnings per share | <u>\$ 1.38</u> | <u>\$ 1.28</u> | <u>\$ 1.25</u> | <u>\$ 1.35</u> | <u>\$ 1.40</u> | <u>\$ 3.92</u> | <u>\$ 3.47</u> |
| Loss on sale of long-term care business | — | — | (1.18) | — | — | (1.18) | — |
| Gain on sale of hotel property | — | 0.29 | — | — | — | 0.29 | — |
| Other realized gains (losses) | (0.06) | — | 0.14 | 0.06 | 0.09 | 0.07 | 0.30 |
| Significant A&E charges: | | | | | | | |
| Property and Casualty Insurance run-off operations | (0.49) | — | — | — | (0.17) | (0.49) | (0.17) |
| Former Railroad and Manufacturing operations | (0.09) | — | — | — | (0.04) | (0.09) | (0.04) |
| Other | (0.03) | — | — | — | — | (0.03) | — |
| Diluted earnings per share | <u>\$ 0.71</u> | <u>\$ 1.57</u> | <u>\$ 0.21</u> | <u>\$ 1.41</u> | <u>\$ 1.28</u> | <u>\$ 2.49</u> | <u>\$ 3.56</u> |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Property and Transportation | \$ 20 | \$ (13) | \$ 7 | \$ 22 | \$ 11 | \$ 14 | \$ (1) |
| Specialty Casualty | 31 | 37 | 28 | 36 | 32 | 96 | 100 |
| Specialty Financial | 26 | 24 | 22 | 18 | 21 | 72 | 46 |
| Other Specialty | 7 | 3 | 3 | 3 | 6 | 13 | 13 |
| Underwriting profit - Specialty | 84 | 51 | 60 | 79 | 70 | 195 | 158 |
| Other core charges, included in loss and LAE | 2 | 1 | — | — | — | 3 | 1 |
| Underwriting profit - Core | 82 | 50 | 60 | 79 | 70 | 192 | 157 |
| Special A&E charges, included in loss and LAE | (67) | — | — | — | (24) | (67) | (24) |
| Underwriting profit - Property and Casualty Insurance | \$ 15 | \$ 50 | \$ 60 | \$ 79 | \$ 46 | \$ 125 | \$ 133 |

Included in results above:

| | | | | | | | |
|---|-------|---------|--------|-------|-------|-------|--------|
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Catastrophe loss | 10 | 10 | 6 | 3 | 3 | 26 | 25 |
| Total current accident year catastrophe losses | \$ 10 | \$ 10 | \$ 6 | \$ 3 | \$ 3 | \$ 26 | \$ 25 |
| Prior year loss reserve development (favorable) / adverse | \$ 55 | \$ (10) | \$ (7) | \$ 10 | \$ 13 | \$ 38 | \$ (4) |

Combined ratio:

| | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Property and Transportation | 96.2% | 104.0% | 97.7% | 94.6% | 97.8% | 98.7% | 100.1% |
| Specialty Casualty | 93.8% | 92.7% | 94.2% | 92.9% | 93.3% | 93.6% | 92.1% |
| Specialty Financial | 80.6% | 81.0% | 81.7% | 85.6% | 81.6% | 81.0% | 86.7% |
| Other Specialty | 67.3% | 88.0% | 89.3% | 86.9% | 78.0% | 81.4% | 82.1% |
| Combined ratio - Specialty | 92.9% | 94.9% | 93.6% | 92.6% | 93.8% | 93.7% | 94.4% |
| Other core charges | 0.1% | 0.0% | 0.1% | 0.0% | 0.1% | 0.1% | 0.0% |
| Special A&E charges | 5.7% | 0.0% | 0.0% | 0.0% | 2.1% | 2.2% | 0.8% |
| Combined ratio | 98.7% | 94.9% | 93.7% | 92.6% | 96.0% | 96.0% | 95.2% |

Combined ratio excl. catastrophe and prior year development

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Combined ratio excl. catastrophe and prior year development | 93.2% | 95.0% | 93.8% | 91.4% | 94.5% | 93.9% | 94.5% |
| Loss and LAE components - property and casualty insurance | | | | | | | |
| Current accident year, excluding catastrophe loss | 64.8% | 61.1% | 61.0% | 62.8% | 67.8% | 62.4% | 63.7% |
| Prior accident year loss reserve development | 4.6% | (1.1%) | (0.7%) | 1.0% | 1.2% | 1.3% | (0.2%) |
| Current accident year catastrophe loss | 0.9% | 1.0% | 0.6% | 0.2% | 0.3% | 0.8% | 0.9% |
| Loss and LAE ratio | 70.3% | 61.0% | 60.9% | 64.0% | 69.3% | 64.5% | 64.4% |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Gross written premiums | \$ 1,962 | \$ 1,318 | \$ 1,196 | \$ 1,303 | \$ 1,859 | \$ 4,476 | \$ 4,174 |
| Ceded reinsurance premiums | (643) | (292) | (270) | (278) | (617) | (1,205) | (1,179) |
| Net written premiums | 1,319 | 1,026 | 926 | 1,025 | 1,242 | 3,271 | 2,995 |
| Change in unearned premiums | (146) | (41) | 20 | 36 | (110) | (167) | (178) |
| Net earned premiums | 1,173 | 985 | 946 | 1,061 | 1,132 | 3,104 | 2,817 |
| Loss and LAE | 756 | 600 | 576 | 679 | 760 | 1,932 | 1,790 |
| Underwriting expense | 333 | 334 | 310 | 303 | 302 | 977 | 869 |
| Underwriting profit | \$ 84 | \$ 51 | \$ 60 | \$ 79 | \$ 70 | \$ 195 | \$ 158 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Catastrophe loss | 10 | 10 | 6 | 3 | 3 | 26 | 25 |
| Total current accident year catastrophe losses | \$ 10 | \$ 10 | \$ 6 | \$ 3 | \$ 3 | \$ 26 | \$ 25 |
| Prior year loss reserve development (favorable) / adverse | \$ (14) | \$ (11) | \$ (7) | \$ 10 | \$ (11) | \$ (32) | \$ (29) |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 64.5% | 61.0% | 60.8% | 64.0% | 67.1% | 62.2% | 63.6% |
| Underwriting expense ratio | 28.4% | 33.9% | 32.8% | 28.6% | 26.7% | 31.5% | 30.8% |
| Combined ratio | 92.9% | 94.9% | 93.6% | 92.6% | 93.8% | 93.7% | 94.4% |
| Combined ratio excl. catastrophe and prior year development | 93.2% | 95.0% | 93.8% | 91.4% | 94.5% | 93.9% | 94.5% |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 64.8% | 61.1% | 61.0% | 62.8% | 67.8% | 62.4% | 63.7% |
| Prior accident year loss reserve development | (1.2%) | (1.1%) | (0.8%) | 1.0% | (1.0%) | (1.0%) | (1.0%) |
| Current accident year catastrophe loss | 0.9% | 1.0% | 0.6% | 0.2% | 0.3% | 0.8% | 0.9% |
| Loss and LAE ratio | 64.5% | 61.0% | 60.8% | 64.0% | 67.1% | 62.2% | 63.6% |

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



| | Three Months Ended | | | | Nine Months Ended | | |
|---|--------------------|----------------|--------------|--------------|-------------------|--------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 | |
| Gross written premiums | \$ 1,064 | \$ 500 | \$ 376 | \$ 482 | \$ 995 | \$ 1,940 | \$ 1,860 |
| Ceded reinsurance premiums | (456) | (138) | (88) | (109) | (439) | (682) | (667) |
| Net written premiums | 608 | 362 | 288 | 373 | 556 | 1,258 | 1,193 |
| Change in unearned premiums | (91) | (35) | 25 | 42 | (52) | (101) | (64) |
| Net earned premiums | 517 | 327 | 313 | 415 | 504 | 1,157 | 1,129 |
| Loss and LAE | 391 | 240 | 211 | 299 | 407 | 842 | 856 |
| Underwriting expense | 106 | 100 | 95 | 94 | 86 | 301 | 274 |
| Underwriting profit (loss) | \$ 20 | \$ (13) | \$ 7 | \$ 22 | \$ 11 | \$ 14 | \$ (1) |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Catastrophe loss | 7 | 7 | 4 | 2 | 1 | 18 | 18 |
| Total current accident year catastrophe losses | \$ 7 | \$ 7 | \$ 4 | \$ 2 | \$ 1 | \$ 18 | \$ 18 |
| Prior year loss reserve development (favorable) / adverse | \$ (2) | \$ 6 | \$ 3 | \$ 3 | \$ (5) | \$ 7 | \$ 13 |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 75.7% | 73.2% | 67.5% | 72.2% | 80.7% | 72.7% | 75.8% |
| Underwriting expense ratio | 20.5% | 30.8% | 30.2% | 22.4% | 17.1% | 26.0% | 24.3% |
| Combined ratio | 96.2% | 104.0% | 97.7% | 94.6% | 97.8% | 98.7% | 100.1% |
| Combined ratio excl. catastrophe and prior year development | 95.1% | 100.2% | 95.4% | 93.7% | 98.5% | 96.6% | 97.3% |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 74.6% | 69.4% | 65.2% | 71.3% | 81.4% | 70.6% | 73.0% |
| Prior accident year loss reserve development | (0.4%) | 1.7% | 1.1% | 0.6% | (0.9%) | 0.5% | 1.2% |
| Current accident year catastrophe loss | 1.5% | 2.1% | 1.2% | 0.3% | 0.2% | 1.6% | 1.6% |
| Loss and LAE ratio | 75.7% | 73.2% | 67.5% | 72.2% | 80.7% | 72.7% | 75.8% |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Gross written premiums | \$ 734 | \$ 661 | \$ 683 | \$ 660 | \$ 707 | \$2,078 | \$1,869 |
| Ceded reinsurance premiums | (189) | (158) | (182) | (162) | (171) | (529) | (503) |
| Net written premiums | 545 | 503 | 501 | 498 | 536 | 1,549 | 1,366 |
| Change in unearned premiums | (42) | — | (11) | 1 | (50) | (53) | (100) |
| Net earned premiums | 503 | 503 | 490 | 499 | 486 | 1,496 | 1,266 |
| Loss and LAE | 323 | 311 | 316 | 325 | 310 | 950 | 782 |
| Underwriting expense | 149 | 155 | 146 | 138 | 144 | 450 | 384 |
| Underwriting profit | \$ 31 | \$ 37 | \$ 28 | \$ 36 | \$ 32 | \$ 96 | \$ 100 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Catastrophe loss | 1 | 1 | 1 | 1 | 1 | 3 | 3 |
| Total current accident year catastrophe losses | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 1 | \$ 3 | \$ 3 |
| Prior year loss reserve development (favorable) / adverse | \$ 3 | \$ (7) | \$ — | \$ 14 | \$ 7 | \$ (4) | \$ (21) |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 64.2% | 61.9% | 64.4% | 65.1% | 63.7% | 63.5% | 61.8% |
| Underwriting expense ratio | 29.6% | 30.8% | 29.8% | 27.8% | 29.6% | 30.1% | 30.3% |
| Combined ratio | 93.8% | 92.7% | 94.2% | 92.9% | 93.3% | 93.6% | 92.1% |
| Combined ratio excl. catastrophe and prior year development | 92.9% | 94.0% | 93.9% | 89.9% | 91.6% | 93.6% | 93.5% |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 63.3% | 63.2% | 64.1% | 62.1% | 62.0% | 63.5% | 63.2% |
| Prior accident year loss reserve development | 0.6% | (1.4%) | 0.0% | 2.9% | 1.3% | (0.2%) | (1.7%) |
| Current accident year catastrophe loss | 0.3% | 0.1% | 0.3% | 0.1% | 0.4% | 0.2% | 0.3% |
| Loss and LAE ratio | 64.2% | 61.9% | 64.4% | 65.1% | 63.7% | 63.5% | 61.8% |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Gross written premiums | \$ 164 | \$ 157 | \$ 137 | \$ 160 | \$ 157 | \$ 458 | \$ 445 |
| Ceded reinsurance premiums | (27) | (21) | (22) | (29) | (36) | (70) | (88) |
| Net written premiums | 137 | 136 | 115 | 131 | 121 | 388 | 357 |
| Change in unearned premiums | (6) | (7) | 5 | (10) | (6) | (8) | (9) |
| Net earned premiums | 131 | 129 | 120 | 121 | 115 | 380 | 348 |
| Loss and LAE | 36 | 36 | 36 | 42 | 32 | 108 | 117 |
| Underwriting expense | 69 | 69 | 62 | 61 | 62 | 200 | 185 |
| Underwriting profit | \$ 26 | \$ 24 | \$ 22 | \$ 18 | \$ 21 | \$ 72 | \$ 46 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Catastrophe loss | 1 | 2 | 1 | — | — | 4 | 3 |
| Total current accident year catastrophe losses | \$ 1 | \$ 2 | \$ 1 | \$ — | \$ — | \$ 4 | \$ 3 |
| Prior year loss reserve development (favorable) / adverse | (8) | (8) | (9) | (4) | (10) | (25) | (13) |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 27.7% | 27.7% | 30.4% | 34.5% | 27.7% | 28.5% | 33.6% |
| Underwriting expense ratio | 52.9% | 53.3% | 51.3% | 51.1% | 53.9% | 52.5% | 53.1% |
| Combined ratio | 80.6% | 81.0% | 81.7% | 85.6% | 81.6% | 81.0% | 86.7% |
| Combined ratio excl. catastrophe and prior year development | 85.8% | 85.2% | 88.5% | 88.8% | 90.3% | 86.4% | 89.7% |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 32.9% | 31.9% | 37.2% | 37.7% | 36.4% | 33.9% | 36.6% |
| Prior accident year loss reserve development | (5.8%) | (6.2%) | (7.3%) | (3.3%) | (9.0%) | (6.5%) | (3.9%) |
| Current accident year catastrophe loss | 0.6% | 2.0% | 0.5% | 0.1% | 0.3% | 1.1% | 0.9% |
| Loss and LAE ratio | 27.7% | 27.7% | 30.4% | 34.5% | 27.7% | 28.5% | 33.6% |

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



| | Three Months Ended | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|-------------------|--------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 |
| Gross written premiums | \$ — | \$ — | \$ — | \$ 1 | \$ — | \$ — |
| Ceded reinsurance premiums | 29 | 25 | 22 | 22 | 29 | 79 |
| Net written premiums | 29 | 25 | 22 | 23 | 29 | 79 |
| Change in unearned premiums | (7) | 1 | 1 | 3 | (2) | (5) |
| Net earned premiums | 22 | 26 | 23 | 26 | 27 | 74 |
| Loss and LAE | 6 | 13 | 13 | 13 | 11 | 35 |
| Underwriting expense | 9 | 10 | 7 | 10 | 10 | 26 |
| Underwriting profit | \$ 7 | \$ 3 | \$ 3 | \$ 3 | \$ 6 | \$ 13 |
| Included in results above: | | | | | | |
| Current accident year catastrophe losses: | | | | | | |
| Catastrophe reinstatement premium | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Catastrophe loss | 1 | — | — | — | 1 | 1 |
| Total current accident year catastrophe losses | \$ 1 | \$ — | \$ — | \$ — | \$ 1 | \$ 1 |
| Prior year loss reserve development (favorable) / adverse | \$ (7) | \$ (2) | \$ (1) | \$ (3) | \$ (3) | \$ (8) |
| Combined ratio: | | | | | | |
| Loss and LAE ratio | 29.4% | 52.4% | 54.4% | 49.6% | 43.4% | 47.3% |
| Underwriting expense ratio | 37.9% | 35.6% | 34.9% | 37.3% | 34.6% | 34.8% |
| Combined ratio | 67.3% | 88.0% | 89.3% | 86.9% | 78.0% | 82.1% |
| Combined ratio excl. catastrophe and prior year development | 97.6% | 93.2% | 96.6% | 97.4% | 85.6% | 91.1% |

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



| | Three Months Ended | | | | Nine Months Ended | | |
|---|--------------------|--------------|--------------|--------------|-------------------|---------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 | |
| Net investment income | \$ 317 | \$ 306 | \$ 292 | \$ 285 | \$ 287 | \$ 915 | \$ 851 |
| Guaranteed withdrawal benefit fees | 11 | 10 | 10 | 9 | 9 | 31 | 25 |
| Policy charges and other miscellaneous income | 11 | 12 | 14 | 12 | 11 | 37 | 32 |
| Total revenues | 339 | 328 | 316 | 306 | 307 | 983 | 908 |
| Annuity benefits expense | 208 | 151 | 184 | 157 | 157 | 543 | 491 |
| Acquisition expenses | 42 | 60 | 34 | 47 | 41 | 136 | 109 |
| Other expenses | 22 | 29 | 23 | 17 | 23 | 74 | 65 |
| Total costs and expenses | 272 | 240 | 241 | 221 | 221 | 753 | 665 |
| Core Annuity earnings before income taxes | \$ 67 | \$ 88 | \$ 75 | \$ 85 | \$ 86 | \$ 230 | \$ 243 |
| Detail of core Annuity earnings before income taxes | | | | | | | |
| Core earnings before income taxes and impact of fair value accounting | \$ 89 | \$ 77 | \$ 92 | \$ 93 | \$ 87 | \$ 258 | \$ 269 |
| Impact of fair value accounting (a) | (22) | 11 | (17) | (8) | (1) | (28) | (26) |
| Core Annuity earnings before income taxes | \$ 67 | \$ 88 | \$ 75 | \$ 85 | \$ 86 | \$ 230 | \$ 243 |

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

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



| | Three Months Ended | | | | Nine Months Ended | | |
|---|--------------------|---------------|---------------|---------------|-------------------|---------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 | |
| Detail of annuity benefits expense: | | | | | | | |
| Interest credited - fixed | \$ 135 | \$ 131 | \$ 128 | \$ 127 | \$ 126 | \$ 394 | \$ 370 |
| Interest credited - fixed component of variable annuities | 2 | 2 | 1 | 1 | 2 | 5 | 5 |
| Change in expected death and annuitization reserve | 5 | 5 | 4 | 4 | 5 | 14 | 14 |
| Amortization of sales inducements | 6 | 7 | 7 | 6 | 7 | 20 | 20 |
| Guaranteed withdrawal benefit reserve | 20 | 16 | 12 | 11 | 12 | 48 | 30 |
| Change in other benefit reserves | 3 | 12 | 2 | 1 | 3 | 17 | 11 |
| Unlockings (a) | — | — | — | (11) | — | — | — |
| Subtotal before impact of fair value accounting | 171 | 173 | 154 | 139 | 155 | 498 | 450 |
| Embedded derivative mark-to-market (b) | (130) | (19) | 50 | 87 | 21 | (99) | 153 |
| Equity option mark-to-market | 167 | (3) | (20) | (69) | (19) | 144 | (112) |
| Subtotal impact of fair value accounting | 37 | (22) | 30 | 18 | 2 | 45 | 41 |
| Total annuity benefits expense | \$ 208 | \$ 151 | \$ 184 | \$ 157 | \$ 157 | \$ 543 | \$ 491 |

- (a) Includes unlockings for fixed indexed annuity embedded derivative reserves, sales inducement asset and other reserves. Does not include unlocking charge of \$10mm in the 4th quarter of 2014 for deferred policy acquisition costs and unearned revenue reserves. These unlockings are included in acquisition expenses. In total AFG recorded an unlocking expense reduction of \$1mm in the 4th quarter of 2014.
- (b) Excludes unlocking impact of (\$58mm) in the 4th quarter of 2014.

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



| | Three Months Ended | | | | Nine Months Ended | | |
|--|--------------------|--------------|--------------|--------------|-------------------|---------------|---------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 | |
| Average fixed annuity investments (at amortized cost) | \$25,642 | \$24,711 | \$23,943 | \$23,334 | \$22,730 | \$24,765 | \$22,077 |
| Average annuity benefits accumulated | 25,316 | 24,474 | 23,752 | 23,104 | 22,475 | 24,514 | 21,790 |
| Investments in excess of annuity benefits accumulated | \$ 326 | \$ 237 | \$ 191 | \$ 230 | \$ 255 | \$ 251 | \$ 287 |
| As % of average annuity benefits accumulated (except as noted) | | | | | | | |
| Net investment income (as % of investments) | 4.92% | 4.91% | 4.83% | 4.85% | 5.01% | 4.89% | 5.09% |
| Interest credited | (2.12%) | (2.14%) | (2.16%) | (2.21%) | (2.24%) | (2.14%) | (2.26%) |
| Net interest spread on fixed annuities | 2.80% | 2.77% | 2.67% | 2.64% | 2.77% | 2.75% | 2.83% |
| Policy charges and other miscellaneous income | 0.12% | 0.13% | 0.20% | 0.14% | 0.14% | 0.15% | 0.13% |
| Other annuity benefit expenses, net | (0.36%) | (0.49%) | (0.25%) | (0.20%) | (0.33%) | (0.36%) | (0.30%) |
| Acquisition expenses | (0.61%) | (0.94%) | (0.55%) | (0.61%) | (0.69%) | (0.70%) | (0.63%) |
| Other expenses | (0.34%) | (0.43%) | (0.36%) | (0.28%) | (0.37%) | (0.38%) | (0.37%) |
| Change in fair value of derivatives | (0.59%) | 0.35% | (0.50%) | (0.31%) | (0.04%) | (0.25%) | (0.25%) |
| Unlockings | 0.00% | 0.00% | 0.00% | 0.02% | 0.00% | 0.00% | 0.00% |
| Net spread earned on fixed annuities - core | 1.02% | 1.39% | 1.21% | 1.40% | 1.48% | 1.21% | 1.41% |
| Average annuity benefits accumulated | \$25,316 | \$24,474 | \$23,752 | \$23,104 | \$22,475 | \$24,514 | \$21,790 |
| Net spread earned on fixed annuities | 1.02% | 1.39% | 1.21% | 1.40% | 1.48% | 1.21% | 1.41% |
| Earnings on fixed annuity benefits accumulated | \$ 65 | \$ 85 | \$ 72 | \$ 81 | \$ 83 | \$ 222 | \$ 231 |
| Investments in excess of annuity benefits accumulated | \$ 326 | \$ 237 | \$ 191 | \$ 230 | \$ 255 | \$ 251 | \$ 287 |
| Net investment income (as % of investments) | 4.92% | 4.91% | 4.83% | 4.85% | 5.01% | 4.89% | 5.09% |
| Earnings on investments in excess of annuity benefits accumulated | \$ 4 | \$ 3 | \$ 2 | \$ 3 | \$ 3 | \$ 9 | \$ 11 |
| Variable annuity earnings | (2) | — | 1 | 1 | — | (1) | 1 |
| Earnings before income taxes - core | \$ 67 | \$ 88 | \$ 75 | \$ 85 | \$ 86 | \$ 230 | \$ 243 |
| Detail of net spread earned on fixed annuities - core | | | | | | | |
| Net spread earned core - before impact of fair value accounting | 1.37% | 1.21% | 1.49% | 1.54% | 1.50% | 1.36% | 1.57% |
| Impact of fair value accounting (a) | (0.35%) | 0.18% | (0.28%) | (0.14%) | (0.02%) | (0.15%) | (0.16%) |
| Net spread earned core - after impact of fair value accounting | 1.02% | 1.39% | 1.21% | 1.40% | 1.48% | 1.21% | 1.41% |

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

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



| | Three Months Ended | | | | | Nine months ended | |
|---|--------------------|---------------|---------------|---------------|---------------|-------------------|----------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Retail single premium annuities - indexed | \$ 617 | \$ 404 | \$ 349 | \$ 405 | \$ 339 | \$1,370 | \$1,128 |
| Retail single premium annuities - fixed | 22 | 18 | 12 | 19 | 18 | 52 | 82 |
| Financial institutions single premium annuities - indexed | 554 | 369 | 356 | 426 | 333 | 1,279 | 1,063 |
| Financial institutions single premium annuities - fixed | 71 | 48 | 38 | 61 | 62 | 157 | 271 |
| Education market - fixed and indexed annuities | 47 | 49 | 47 | 49 | 46 | 143 | 145 |
| Subtotal fixed annuity premiums | 1,311 | 888 | 802 | 960 | 798 | 3,001 | 2,689 |
| Variable annuities | 10 | 11 | 11 | 11 | 11 | 32 | 36 |
| Total annuity premiums | \$1,321 | \$ 899 | \$ 813 | \$ 971 | \$ 809 | \$3,033 | \$2,725 |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/15 | 09/30/14 |
| Beginning fixed annuity reserves | \$24,906 | \$24,042 | \$23,462 | \$22,745 | \$22,205 | \$23,462 | \$20,679 |
| Premiums | 1,311 | 888 | 802 | 960 | 798 | 3,001 | 2,689 |
| Federal Home Loan Bank advances | — | 300 | — | — | — | 300 | — |
| Surrenders, benefits and other withdrawals | (526) | (471) | (420) | (464) | (426) | (1,417) | (1,209) |
| Interest and other annuity benefit expenses: | | | | | | | |
| Interest credited | 135 | 131 | 128 | 127 | 126 | 394 | 370 |
| Embedded derivative mark-to-market | (130) | (19) | 50 | 87 | 21 | (99) | 153 |
| Change in other benefit reserves | 29 | 35 | 20 | 18 | 21 | 84 | 63 |
| Unlockings | — | — | — | (11) | — | — | — |
| Ending fixed annuity reserves | \$25,725 | \$24,906 | \$24,042 | \$23,462 | \$22,745 | \$25,725 | \$22,745 |
| Reconciliation to annuity benefits accumulated: | | | | | | | |
| Ending fixed annuity reserves | \$25,725 | \$24,906 | \$24,042 | \$23,462 | \$22,745 | \$25,725 | \$22,745 |
| Impact of unrealized investment gains on reserves | 113 | 107 | 179 | 111 | 107 | 113 | 107 |
| Fixed component of variable annuities | 188 | 190 | 190 | 191 | 192 | 188 | 192 |
| Annuity benefits accumulated per balance sheet | \$26,026 | \$25,203 | \$24,411 | \$23,764 | \$23,044 | \$26,026 | \$23,044 |
| Annualized surrenders and other withdrawals as a % of beginning reserves | 8.4% | 7.8% | 7.2% | 8.2% | 7.7% | 8.1% | 7.8% |

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



| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 06/30/14 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assets: | | | | | | |
| Total cash and investments | \$38,132 | \$37,644 | \$37,384 | \$36,210 | \$35,151 | \$34,843 |
| Recoverables from reinsurers | 3,151 | 3,075 | 3,046 | 3,238 | 3,134 | 3,107 |
| Prepaid reinsurance premiums | 604 | 499 | 475 | 469 | 587 | 489 |
| Agents' balances and premiums receivable | 976 | 959 | 864 | 889 | 901 | 902 |
| Deferred policy acquisition costs | 993 | 965 | 756 | 821 | 858 | 806 |
| Assets of managed investment entities | 3,613 | 3,629 | 3,279 | 3,108 | 2,946 | 2,799 |
| Other receivables | 1,241 | 660 | 641 | 910 | 1,140 | 527 |
| Variable annuity assets (separate accounts) | 595 | 655 | 667 | 662 | 649 | 681 |
| Other assets | 1,051 | 1,137 | 994 | 1,027 | 985 | 1,001 |
| Goodwill | 201 | 201 | 201 | 201 | 201 | 200 |
| Total assets | \$50,557 | \$49,424 | \$48,307 | \$47,535 | \$46,552 | \$45,355 |
| Liabilities and Equity: | | | | | | |
| Unpaid losses and loss adjustment expenses | \$ 8,061 | \$ 7,744 | \$ 7,636 | \$ 7,872 | \$ 7,645 | \$ 7,370 |
| Unearned premiums | 2,238 | 2,004 | 1,936 | 1,956 | 2,114 | 1,911 |
| Annuity benefits accumulated | 26,026 | 25,203 | 24,411 | 23,764 | 23,044 | 22,516 |
| Life, accident and health reserves | 2,159 | 2,156 | 2,195 | 2,175 | 2,098 | 2,082 |
| Payable to reinsurers | 724 | 511 | 494 | 645 | 673 | 445 |
| Liabilities of managed investment entities | 3,287 | 3,309 | 2,952 | 2,819 | 2,625 | 2,499 |
| Long-term debt | 880 | 1,024 | 1,061 | 1,061 | 1,062 | 912 |
| Variable annuity liabilities (separate accounts) | 595 | 655 | 667 | 662 | 649 | 681 |
| Other liabilities | 1,681 | 1,834 | 1,855 | 1,527 | 1,564 | 1,781 |
| Total liabilities | \$45,651 | \$44,440 | \$43,207 | \$42,481 | \$41,474 | \$40,197 |
| Shareholders' equity: | | | | | | |
| Common stock | \$ 87 | \$ 88 | \$ 88 | \$ 88 | \$ 88 | \$ 90 |
| Capital surplus | 1,195 | 1,183 | 1,173 | 1,152 | 1,150 | 1,152 |
| Appropriated retained earnings | — | — | — | (2) | 2 | 31 |
| Unappropriated retained earnings | 2,981 | 2,968 | 2,886 | 2,914 | 2,946 | 2,913 |
| Unrealized gains - fixed maturities | 445 | 457 | 656 | 604 | 602 | 656 |
| Unrealized gains - equities | 44 | 130 | 143 | 139 | 124 | 149 |
| Other comprehensive income, net of tax | (28) | (24) | (23) | (16) | (8) | (6) |
| Total shareholders' equity | 4,724 | 4,802 | 4,923 | 4,879 | 4,904 | 4,985 |
| Noncontrolling interests | 182 | 182 | 177 | 175 | 174 | 173 |
| Total liabilities and equity | \$50,557 | \$49,424 | \$48,307 | \$47,535 | \$46,552 | \$45,355 |

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



| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 06/30/14 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Shareholders' equity | \$ 4,724 | \$ 4,802 | \$ 4,923 | \$ 4,879 | \$ 4,904 | \$ 4,985 |
| Appropriated retained earnings | — | — | — | 2 | (2) | (31) |
| Shareholders' equity, excluding appropriated retained earnings | 4,724 | 4,802 | 4,923 | 4,881 | 4,902 | 4,954 |
| Unrealized (gains) on fixed maturities | (445) | (457) | (656) | (604) | (602) | (656) |
| Adjusted shareholders' equity | 4,279 | 4,345 | 4,267 | 4,277 | 4,300 | 4,298 |
| Goodwill | (201) | (201) | (201) | (201) | (201) | (200) |
| Intangibles | (51) | (53) | (55) | (57) | (63) | (66) |
| Tangible adjusted shareholders' equity | \$ 4,027 | \$ 4,091 | \$ 4,011 | \$ 4,019 | \$ 4,036 | \$ 4,032 |
| Common shares outstanding | 87.327 | 87.540 | 87.886 | 87.709 | 88.491 | 89.618 |
| Book value per share: | | | | | | |
| Excluding appropriated retained earnings (a) | \$ 54.10 | \$ 54.86 | \$ 56.01 | \$ 55.65 | \$ 55.39 | \$ 55.27 |
| Adjusted (b) | 49.01 | 49.63 | 48.55 | 48.76 | 48.59 | 47.95 |
| Tangible, adjusted (c) | 46.12 | 46.73 | 45.63 | 45.82 | 45.61 | 44.99 |
| Market capitalization | | | | | | |
| AFG's closing common share price | \$ 68.91 | \$ 65.04 | \$ 64.15 | \$ 60.72 | \$ 57.89 | \$ 59.56 |
| Market capitalization | \$ 6,018 | \$ 5,694 | \$ 5,638 | \$ 5,326 | \$ 5,123 | \$ 5,338 |
| Price / Adjusted book value ratio | 1.41 | 1.31 | 1.32 | 1.25 | 1.19 | 1.24 |

- (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)



| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 06/30/14 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| AFG senior obligations | \$ 708 | \$ 840 | \$ 840 | \$ 840 | \$ 840 | \$ 840 |
| Borrowings drawn under credit facility | — | — | — | — | — | — |
| Obligations of subsidiaries - other | 12 | 12 | 12 | 12 | 12 | 12 |
| Debt excluding subordinated debt & debt secured by real estate | \$ 720 | \$ 852 | \$ 852 | \$ 852 | \$ 852 | \$ 852 |
| AFG subordinated debentures | 150 | 150 | 150 | 150 | 150 | — |
| Obligations of subsidiaries - secured by real estate | 10 | 22 | 59 | 59 | 60 | 60 |
| Payable to subsidiary trusts - subordinated | — | — | — | — | — | — |
| Total Long-term debt | \$ 880 | \$1,024 | \$1,061 | \$1,061 | \$1,062 | \$ 912 |
| Shareholders' equity | 4,724 | 4,802 | 4,923 | 4,879 | 4,904 | 4,985 |
| Noncontrolling interests | 182 | 182 | 177 | 175 | 174 | 173 |
| Less: | | | | | | |
| Appropriated retained earnings | — | — | — | 2 | (2) | (31) |
| Unrealized gains related to fixed maturity investments | (445) | (457) | (656) | (604) | (602) | (656) |
| Total adjusted capital | \$5,341 | \$5,551 | \$5,505 | \$5,513 | \$5,536 | \$5,383 |
| Less: | | | | | | |
| Obligations of subsidiaries - secured by real estate | (10) | (22) | (59) | (59) | (60) | (60) |
| Total adjusted capital excluding obligations secured by real estate | \$5,331 | \$5,529 | \$5,446 | \$5,454 | \$5,476 | \$5,323 |
| Ratio of debt to total adjusted capital: | | | | | | |
| Including subordinated debt & debt secured by real estate | 16.5% | 18.4% | 19.3% | 19.2% | 19.2% | 16.9% |
| Excluding subordinated debt & debt secured by real estate | 13.5% | 15.4% | 15.6% | 15.6% | 15.6% | 16.0% |

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



| | Three Months Ended | | | | Nine months ended | |
|---|---------------------------|-----------------|-----------------|-----------------|--------------------------|-----------------|
| | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 | 09/30/14 |
| <u>Property and Casualty Insurance</u> | | | | | | |
| Paid Losses (GAAP) | \$ 585 | \$ 526 | \$ 617 | \$ 562 | \$ 528 | \$ 1,728 |
| | | 09/30/15 | 06/30/15 | 03/31/15 | 12/31/14 | 09/30/14 |
| <u>Statutory Surplus</u> | | | | | | |
| Property and Casualty Insurance | | \$2,356 | \$2,399 | \$2,340 | \$2,286 | \$2,206 |
| AFG's principal annuity subsidiaries (total adjusted capital) | | \$1,816 | \$1,911 | \$1,861 | \$1,822 | \$1,818 |
| <u>Allowable dividends without regulatory approval</u> | | | | | | |
| Property and Casualty Insurance | | \$ 315 | \$ 315 | \$ 315 | \$ 315 | \$ 335 |
| Annuity and Run-off | | 358 | 358 | 358 | 358 | 275 |
| Total | | \$ 673 | \$ 673 | \$ 673 | \$ 673 | \$ 610 |

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
September 30, 2015
(\$ 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 | \$ 570 | \$ 177 | \$ 147 | \$ — | \$ 894 | 2% |
| Fixed maturities - Available for sale | 6,648 | 26,452 | 14 | — | 33,114 | 87% |
| Fixed maturities - Trading | 147 | 122 | — | — | 269 | 1% |
| Equity securities | 1,209 | 576 | 46 | — | 1,831 | 5% |
| Policy loans | — | 221 | — | — | 221 | 0% |
| Mortgage loans | 187 | 807 | — | — | 994 | 3% |
| Real estate and other investments | 442 | 673 | 18 | (324) | 809 | 2% |
| Total cash and investments | \$ 9,203 | \$ 29,028 | \$ 225 | \$ (324) | \$ 38,132 | 100% |

* Total cash and investments in Annuity and Run-off segment includes \$1.37 billion in cash and investments held by AFG's two long-term care insurance subsidiaries, which are being sold.

| | Property and Casualty Insurance | Annuity and Run-off | Other | Consolidate CLOs | Total AFG Consolidated |
|---------------------------------------|---|---------------------|-------------|------------------|------------------------|
| | Total quarterly net investment income: | | | | |
| Fixed maturities - Available for sale | \$ 62 | \$ 307 | \$— | \$ — | \$ 369 |
| Fixed maturities - Trading | — | 1 | — | — | 1 |
| Equity securities | 12 | 6 | 2 | — | 20 |
| Equity in investees | 7 | 11 | — | — | 18 |
| Other investments | 4 | 15 | — | 3 | 22 |
| Gross investment income | 85 | 340 | 2 | 3 | 430 |
| Investment expenses | (2) | (3) | — | — | (5) |
| Total net investment income | \$ 83 | \$ 337 | \$ 2 | \$ 3 | \$ 425 |

| | Equity Securities | | |
|---------------------------------|-------------------|-----------------|------------------------|
| | Cost | Fair Value | Unrealized Gain (Loss) |
| Annuity and Run-off | \$ 585 | \$ 576 | \$ (9) |
| Property and Casualty Insurance | 1,132 | 1,209 | 77 |
| Other | 46 | 46 | — |
| Total AFG consolidated | \$1,763 | \$ 1,831 | \$ 68 |

American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
September 30, 2015
(\$ in millions)



| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> | <u>% of Fair Value</u> | <u>% of Investment Portfolio</u> |
|---|---------------------------|-------------------|-----------------------------------|----------------------------|--|
| US Government and government agencies | \$ 345 | \$ 351 | \$ 6 | 1% | 1% |
| States, municipalities and political subdivisions | 6,904 | 7,196 | 292 | 22% | 19% |
| Foreign government | 246 | 255 | 9 | 1% | 1% |
| Residential mortgage-backed securities | 3,546 | 3,885 | 339 | 12% | 10% |
| Commercial mortgage-backed securities | 2,185 | 2,297 | 112 | 7% | 6% |
| Asset-backed securities | 4,674 | 4,702 | 28 | 14% | 12% |
| Corporate bonds | | | | | |
| Manufacturing | 2,608 | 2,690 | 82 | 8% | 7% |
| Banks, lending and credit institutions | 3,348 | 3,449 | 101 | 10% | 9% |
| Gas and electric services | 1,386 | 1,468 | 82 | 4% | 4% |
| Insurance and insurance related | 1,023 | 1,077 | 54 | 3% | 3% |
| Other corporate | 5,872 | 6,013 | 141 | 18% | 16% |
| Total AFG consolidated | \$ 32,137 | \$ 33,383 | \$ 1,246 | 100% | 88% |
| Annuity and Run-off | \$ 25,500 | \$ 26,574 | 1,074 | 80% | 70% |
| Property and Casualty Insurance | 6,634 | 6,795 | 161 | 20% | 18% |
| Other | 3 | 14 | 11 | 0% | 0% |
| Total AFG consolidated | \$ 32,137 | \$ 33,383 | \$ 1,246 | 100% | 88% |
| Annualized yield on available for sale fixed maturities: | | | | | |
| Excluding investment expense (a) | 4.71% | | | | |
| Net of investment expense (a) | 4.65% | | | | |
| 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.

| | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value |
|---|-------------------|------------------|---------------------------|--------------------|
| Annuity and Run-off: | | | | |
| US Government and government agencies | \$ 82 | \$ 83 | \$ 1 | 0% |
| States, municipalities and political subdivisions | 4,161 | 4,370 | 209 | 16% |
| Foreign government | 17 | 20 | 3 | 0% |
| Residential mortgage-backed securities | 2,640 | 2,920 | 280 | 11% |
| Commercial mortgage-backed securities | 1,971 | 2,077 | 106 | 8% |
| Asset-backed securities | 3,326 | 3,351 | 25 | 13% |
| Corporate debt | 13,303 | 13,753 | 450 | 52% |
| Total Annuity and Run-off | \$ 25,500 | \$ 26,574 | \$ 1,074 | 100% |

Annualized yield on available for sale fixed maturities:

| | |
|----------------------------------|-------|
| Excluding investment expense (a) | 4.93% |
| Net of investment expense (a) | 4.88% |

Approximate average life and duration:

| | |
|--------------------------|---------|
| Approximate average life | 7 years |
| Approximate duration | 5 years |

| | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value |
|---|-------------------|-----------------|---------------------------|--------------------|
| Property and Casualty Insurance: | | | | |
| US Government and government agencies | \$ 261 | \$ 266 | \$ 5 | 4% |
| States, municipalities and political subdivisions | 2,743 | 2,826 | 83 | 42% |
| Foreign government | 229 | 235 | 6 | 3% |
| Residential mortgage-backed securities | 905 | 953 | 48 | 14% |
| Commercial mortgage-backed securities | 214 | 220 | 6 | 3% |
| Asset-backed securities | 1,348 | 1,351 | 3 | 20% |
| Corporate debt | 934 | 944 | 10 | 14% |
| Property and Casualty Insurance | \$ 6,634 | \$ 6,795 | \$ 161 | 100% |

Annualized yield on available for sale fixed maturities:

| | |
|---|-------|
| Excluding investment expense (a) | 3.87% |
| Net of investment expense (a) | 3.75% |
| Tax equivalent, net of investment expense (b) | 4.62% |

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.

| By Credit Rating | GAAP Data | | | |
|-----------------------------|------------------|------------------|------------------------|-----------------|
| | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value |
| Investment grade | | | | |
| AAA | \$ 6,650 | \$ 6,852 | \$ 202 | 21% |
| AA | 6,695 | 6,934 | 239 | 21% |
| A | 8,271 | 8,615 | 344 | 26% |
| BBB | 6,659 | 6,844 | 185 | 20% |
| Subtotal - Investment grade | 28,275 | 29,245 | 970 | 88% |
| BB | 803 | 791 | (12) | 2% |
| B | 378 | 383 | 5 | 1% |
| Other | 2,681 | 2,964 | 283 | 9% |
| Total | \$ 32,137 | \$ 33,383 | \$ 1,246 | 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 | \$24,134 | 76% | \$ 24,135 | \$ 25,203 | \$ 1,068 |
| NAIC 2 | 6,828 | 22% | 6,828 | 7,004 | 176 |
| | 30,962 | 98% | 30,963 | 32,207 | 1,244 |
| NAIC 3 | 686 | 2% | 691 | 677 | (14) |
| NAIC 4 | 145 | 0% | 147 | 147 | — |
| NAIC 5 | 50 | 0% | 50 | 61 | 11 |
| NAIC 6 | 41 | 0% | 44 | 58 | 14 |
| Total | \$31,884 | 100% | \$ 31,895 | \$ 33,150 | \$ 1,255 |

| <u>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 | \$ 294 | \$ 306 | \$ 12 | 5% | 1% |
| Prime (Non-Agency) | 1,624 | 1,807 | 183 | 29% | 5% |
| Alt-A | 848 | 940 | 92 | 15% | 2% |
| Subprime | 780 | 832 | 52 | 14% | 2% |
| Subtotal - Residential | 3,546 | 3,885 | 339 | 63% | 10% |
| Commercial | 2,185 | 2,297 | 112 | 37% | 6% |
| Total AFG consolidated | \$ 5,731 | \$ 6,182 | \$ 451 | 100% | 16% |
| Annuity and Run-off | \$ 4,611 | \$ 4,997 | \$ 386 | 81% | 13% |
| Property and Casualty Insurance | 1,119 | 1,173 | 54 | 19% | 3% |
| Other | 1 | 12 | 11 | 0% | 0% |
| Total AFG consolidated | \$ 5,731 | \$ 6,182 | \$ 451 | 100% | 16% |

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is - Prime 82%; Alt-A 77%; Subprime 86%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 741; Alt-A 712; Subprime 637.
- 99.7% of our Commercial MBS portfolio is investment-grade rated (84% AAA) and the average subordination for this group of assets is 39%.
- The approximate average life by collateral type is - Residential 5.0 years; Commercial 3.0 years.

American Financial Group, Inc.
Mortgage-Backed Securities Portfolio
September 30, 2015
(\$ in millions)



| Annuity and Run-off: By Asset Type | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value | % of Investment Portfolio |
|---|---------------------------|-------------------|-----------------------------------|----------------------------|--|
| Residential | | | | | |
| Agency | \$ 134 | \$ 143 | \$ 9 | 3% | 0% |
| Prime (Non-Agency) | 1,401 | 1,559 | 158 | 31% | 5% |
| Alt-A | 620 | 693 | 73 | 14% | 2% |
| Subprime | 485 | 525 | 40 | 10% | 2% |
| Subtotal - Residential | 2,640 | 2,920 | 280 | 58% | 9% |
| Commercial | 1,971 | 2,077 | 106 | 42% | 7% |
| Total Annuity and Run-off | \$ 4,611 | \$ 4,997 | \$ 386 | 100% | 16% |

| Property and Casualty Insurance: By Asset Type | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value | % of Investment Portfolio |
|---|---------------------------|-------------------|-----------------------------------|----------------------------|--|
| Residential | | | | | |
| Agency | \$ 160 | \$ 163 | \$ 3 | 14% | 2% |
| Prime (Non-Agency) | 222 | 236 | 14 | 20% | 3% |
| Alt-A | 228 | 247 | 19 | 21% | 3% |
| Subprime | 295 | 307 | 12 | 26% | 3% |
| Subtotal - Residential | 905 | 953 | 48 | 81% | 11% |
| Commercial | 214 | 220 | 6 | 19% | 2% |
| Total Property and Casualty Insurance | \$ 1,119 | \$ 1,173 | \$ 54 | 100% | 13% |

| By Credit Rating | GAAP data | | | |
|-----------------------------|-----------------|-----------------|------------------------|-----------------|
| | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value |
| Investment grade | | | | |
| AAA | \$ 2,537 | \$ 2,662 | \$ 125 | 43% |
| AA | 276 | 287 | 11 | 4% |
| A | 405 | 425 | 20 | 7% |
| BBB | 222 | 240 | 18 | 4% |
| Subtotal - investment grade | 3,440 | 3,614 | 174 | 58% |
| BB | 261 | 267 | 6 | 4% |
| B | 327 | 334 | 7 | 6% |
| Other | 1,703 | 1,967 | 264 | 32% |
| Total | \$ 5,731 | \$ 6,182 | \$ 451 | 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 | \$ 5,472 | 97% | \$ 5,473 | \$ 5,943 | \$ 470 |
| NAIC 2 | 58 | 1% | 58 | 59 | 1 |
| | 5,530 | 98% | 5,531 | 6,002 | 471 |
| NAIC 3 | 49 | 1% | 49 | 51 | 2 |
| NAIC 4 | 56 | 1% | 56 | 59 | 3 |
| NAIC 5 | 18 | 0% | 18 | 29 | 11 |
| NAIC 6 | 2 | 0% | 2 | 16 | 14 |
| Total | \$ 5,655 | 100% | \$ 5,656 | \$ 6,157 | \$ 501 |