
**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): February 2, 2016

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

1-13653
(Commission
File Number)

31-1544320
(IRS Employer
Identification No.)

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

45202
(Zip Code)

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

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

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

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the fourth quarter of 2015 and full year ended December 31, 2015 as well as the availability of the Investor Supplement on the Company's website. The press release was issued on February 2, 2016. A copy of the press release is attached to this Form 8-K as Exhibit 99.1 and a copy of the Investor Supplement is attached as Exhibit 99.2 and are incorporated herein by reference.

The information contained herein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 as amended (the "Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

- (a) Financial statements of business acquired. Not applicable.
- (b) Pro forma financial information. Not applicable.
- (c) Shell company transactions. Not applicable
- (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated February 2, 2016, reporting American Financial Group Inc. fourth quarter and full year results for the period ended December 31, 2015.
99.2	Investor Supplement – Fourth 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: February 3, 2016

AMERICAN FINANCIAL GROUP, INC.

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

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces Record 2015 Fourth Quarter and Full Year Core Net Operating Earnings Per Share

- **Record fourth quarter core net operating earnings of \$1.52 per share; up 13% from 2014**
- **Record core net operating earnings per share of \$5.44 for the full year; up 13% from 2014**
- **Net earnings of \$1.45 per share in the fourth quarter; \$3.94 per share for the full year**
- **Fourth quarter annualized core operating ROE of 12.7%**
- **Full year 2016 core net operating earnings guidance between \$5.35 - \$5.75 per share**

CINCINNATI – February 2, 2016 – American Financial Group, Inc. (NYSE: AFG) today reported 2015 fourth quarter net earnings attributable to shareholders of \$129 million (\$1.45 per share) compared to \$127 million (\$1.41 per share) for the 2014 fourth quarter. Results for the fourth quarter of 2015 include an after-tax gain of \$10 million (\$0.11 per share) from the sale of an apartment property, which was more than offset by an additional after-tax loss of \$3 million (\$0.03 per share) recorded upon closing of the sale of the long-term care business and \$14 million (\$0.15 per share) in after-tax realized losses. Results in the comparable prior year period included \$5 million (\$0.06 per share) in after-tax realized gains. Net earnings attributable to shareholders for the year were \$3.94 per share, compared to \$4.97 per share in 2014. Return on equity was 8.3% and 11.0% for 2015 and 2014, respectively.

Core net operating earnings were \$136 million (\$1.52 per share) for the 2015 fourth quarter, compared to \$122 million (\$1.35 per share) in the 2014 fourth quarter. The increase was due to higher underwriting profit in our Specialty Property and Casualty (“P&C”) insurance operations and higher core net operating earnings in our Annuity and Run-off Long-term Care and Life segments. Core net operating earnings for the fourth quarters of 2015 and 2014 generated annualized returns on equity of 12.7% and 11.7%, respectively. Full year 2015 core net operating earnings per share increased by 13% over the prior year. Core operating return on equity was 11.5% and 10.7% for 2015 and 2014, respectively.

During the fourth quarter of 2015, AFG repurchased approximately 188,000 shares of common stock for \$13 million (average price per share of \$70.20). Recent volatility in the equity markets created additional opportunities to repurchase AFG common stock. Year to date through February 1, 2016, AFG repurchased 956,000 shares for \$65 million at an average price per share of \$67.72.

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 December 31,		Twelve months ended December 31,	
	2015	2014	2015	2014
Components of net earnings attributable to shareholders:				
Core net operating earnings^(a)	\$ 136	\$ 122	\$ 486	\$ 439
Non-Core Items:				
Loss on sale of long-term care business	(3)	—	(108)	—
Gain on sale of hotel and apartment property	10	—	36	—
Other realized gains (losses)	(14)	5	(8)	32
Special A&E charges ^(b)	—	—	(52)	(19)
Loss on early retirement of debt	—	—	(2)	—
Net earnings attributable to shareholders	\$ 129	\$ 127	\$ 352	\$ 452
Components of Earnings per Share:				
Core net operating earnings^(a)	\$ 1.52	\$ 1.35	\$ 5.44	\$ 4.82
Non-Core Items:				
Loss on sale of long-term care business	(0.03)	—	(1.21)	—
Gain on sale of hotel and apartment property	0.11	—	0.40	—
Other realized gains (losses)	(0.15)	0.06	(0.08)	0.36
Special A&E charges ^(b)	—	—	(0.58)	(0.21)
Loss on early retirement of debt	—	—	(0.03)	—
Diluted Earnings Per Share	\$ 1.45	\$ 1.41	\$ 3.94	\$ 4.97

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

Carl H. Lindner III and S. Craig Lindner, AFG's Co-Chief Executive Officers, commented: "Excellent Specialty P&C underwriting profitability and record annuity core operating earnings established a new record for AFG's core net operating earnings per share for the year. Profitable growth in our insurance operations, coupled with superior investment execution and intelligent deployment of capital have helped us to achieve five year compounded growth in adjusted book value plus dividends of 9.5%.

"AFG had approximately \$950 million of excess capital (including parent company cash of approximately \$190 million) at December 31, 2015. In addition, the sale of our run-off long-term care insurance business will result in approximately \$100 million of additional excess capital in the first half of 2016. Over the past year, we increased our quarterly dividend by 12% and in the fourth quarter of 2015 we paid a special dividend of \$1.00 per share. Our excess capital will also 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. Share repurchases, particularly when executed at attractive valuations, are an important and effective component of our capital management strategy, as indicated by our significant buyback activity in January. We will continue to make opportunistic share repurchases when it makes sense to do so and return capital to shareholders through dividends.

"Based on current information, we expect core net operating earnings in 2016 to be between \$5.35 and \$5.75 per share. Our core earnings per share guidance excludes non-core items such as realized gains and losses, as well as other significant items that may not be indicative of ongoing operations."

Specialty Property and Casualty Insurance Operations

The Specialty P&C insurance operations generated underwriting profit of \$100 million for the 2015 fourth quarter compared to \$79 million in the fourth quarter of 2014. The fourth quarter 2015 combined ratio of 91.0% includes 0.4 points of favorable prior year reserve development, compared to 1.0 point of adverse prior year reserve development in the comparable prior year period. Fourth quarter results in 2015 include \$9 million (0.8 points on the combined ratio) in catastrophe losses, compared to \$3 million (0.2 points on the combined ratio) in the comparable 2014 period.

Gross and net written premiums were up 4% and 3%, respectively, in the 2015 fourth quarter compared to the prior year period. 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 \$34 million in the fourth quarter of 2015, compared to \$22 million in the comparable prior year period. Higher accident year profitability in our transportation and agricultural operations was partially offset by adverse prior year reserve development in our National Interstate subsidiary, as well as lower profitability in our property and inland marine and ocean marine operations. Catastrophe losses for this group were \$3 million in the fourth quarter of 2015 and \$2 million in the comparable 2014 period.

Fourth quarter 2015 gross and net written premiums in this group were 7% and 1% higher, respectively, than the comparable prior year period. Growth in gross and net written premiums in our transportation operations and new premium from our Singapore branch, which opened for business in June 2015, were partially offset by lower premiums in our inland marine and ocean marine businesses. Although gross written premiums were higher year-over-year in our agricultural operations, additional cessions of crop premiums in the fourth quarter reduced net written premiums for these operations. Overall renewal rates in this group increased 2% in the fourth quarter of 2015, including a 4% increase in National Interstate's renewal rates. The average renewal rate increase for this group during 2015 was approximately 4%.

The **Specialty Casualty Group** reported an underwriting profit of \$50 million in the 2015 fourth quarter compared to \$36 million in the comparable 2014 period. This increase reflects higher profitability in our workers' compensation, targeted markets, executive liability and excess and surplus businesses. These improved results were partially offset by underwriting losses within our Marketform operations. The majority of businesses in this group produced strong underwriting profit margins during 2015.

Gross and net written premiums grew modestly in the fourth quarter of 2015 compared to the same period in 2014. The majority of businesses in this group reported modest 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 fourth quarter, including a decrease of approximately 6% in our workers' compensation businesses. Excluding workers' compensation, renewal pricing in this group increased approximately 1% on average for the quarter.

The **Specialty Financial Group** reported an underwriting profit of \$15 million in the fourth quarter of 2015, compared to \$18 million in the fourth quarter of 2014. Catastrophe losses for this group were \$5 million in the fourth quarter of 2015 and negligible in the comparable prior year period. Nearly all businesses in this group continued to achieve excellent underwriting margins during 2015, with an overall combined operating ratio of 88.7% for the fourth quarter of 2015 and 83.1% for the full year of 2015.

Gross and net written premiums were up 12% and 16%, respectively, in the 2015 fourth quarter, when compared to the 2014 fourth quarter, reflecting growth in our financial institutions business. Renewal pricing in this group increased approximately 1% on average for the fourth quarter and was flat for the full year of 2015.

Carl Lindner III stated: "Each of our Specialty P&C Groups delivered strong underwriting profitability during the fourth quarter, contributing to a 24% increase in underwriting profit for the full year of 2015. We've acted on opportunities to profitably grow our business, particularly within our Specialty

Financial Group, where we've achieved double-digit growth in net written premiums, as well as superior underwriting profitability. I'm pleased with consistently strong profitability within our Specialty Casualty Group, and disciplined growth, coupled with improved results, in our Property and Transportation Group."

Mr. Lindner continued, "Renewal pricing across our entire P&C group was up less than 1% for the quarter, and was impacted by price softening in our workers' comp businesses. Looking ahead to 2016, we are forecasting an overall calendar year combined ratio in the 92% to 94% range. Although we have experienced pricing deceleration in many of our business units, we will keep our focus on maintaining adequate rates. We are targeting growth in net written premium in the range of 2% to 6% for 2016."

Annuity Segment

Record Results - AFG's Annuity Segment reported record full year operating earnings and premiums in 2015. In addressing these achievements, Craig Lindner stated, "I am pleased with the results in our Annuity Segment, as we achieved record core pretax operating earnings of \$331 million and record annuity premiums of \$4.1 billion. The fundamentals of our annuity business remain strong and we are committed to our consumer-friendly business model, disciplined product pricing and expense management. I'm proud of our employees, who have consistently and successfully executed our business strategies."

The Annuity Segment reported a record \$101 million in core pretax operating earnings in the fourth quarter of 2015, an increase of 19% from the \$85 million reported in the fourth quarter of 2014. In addition, as shown in the table below, earnings before the impact of fair value accounting on fixed-indexed annuities (FIAs) were up 3% in the fourth quarter, to a record \$96 million:

Components of Core Annuity Operating Earnings Before Income Taxes

In millions	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2015	2014		2015	2014	
Annuity earnings before fair value accounting for FIAs	\$ 96	\$ 93	3%	\$ 354	\$ 362	(2%)
Impact of fair value accounting for FIAs	5	(8)	nm	(23)	(34)	nm
Core Pretax Annuity Operating Earnings	\$ 101	\$ 85	19%	\$ 331	\$ 328	1%

Annuity Earnings Before Fair Value Accounting for FIAs – AFG's fourth quarter 2015 earnings continued to benefit from growth in annuity assets as well as the ability to maintain strong net interest spreads. AFG's quarterly average annuity investments and reserves both grew approximately 13% year-over-year; the benefit of this growth was partially offset by the impact of lower investment yields.

In the fourth quarters of 2015 and 2014, AFG conducted detailed reviews ("unlocking") of the major actuarial assumptions underlying its annuity operations. The review resulted in a positive unlocking of \$10 million in the fourth quarter of 2015, reflecting higher than previously projected net interest spreads as well as the impact of higher assets under management, and expense discipline; in the fourth quarter of 2014, the positive unlocking amount was \$1 million. Unlocking amounts are included in "Annuity earnings before fair value accounting for FIAs" in the table above.

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 fourth quarter of 2015, increases in the stock market resulted in a favorable impact on annuity earnings. Conversely, in the fourth quarter of 2014, the favorable impact of the increase in the stock market was more than offset by a decrease in longer-term interest rates, resulting in an unfavorable impact on earnings.

Annuity Premiums - AFG's Annuity Segment reported statutory premiums of \$1.1 billion in the fourth quarter of 2015, a 14% increase from the fourth quarter of 2014. This increase reflects growth in sales of FIAs in both the Retail and Financial Institutions channels.

Annuity Guidance - Craig Lindner continued, "Looking ahead to 2016, we anticipate modest growth in annuity premiums as we continue to maintain pricing discipline in these volatile markets. In addition, we expect the Annuity Segment's assets and reserves to grow by 10% to 12%; the favorable earnings impact of this growth will be partially offset by the runoff of higher yielding investments.

"In addition, the decreases in interest rates and the stock market that have occurred so far in 2016 are likely to put downward pressure on annuity earnings in the first quarter due to fair value accounting for FIAs. As a result, for the full year, we expect annuity earnings in 2016 to grow modestly when compared to 2015. 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. These impacts relate primarily to the timing of reported results.

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

Run-off Long-Term Care and Life Segment

AFG's Run-off Long-term Care and Life segment reported core pretax operating earnings of less than \$1 million in the fourth quarter of 2015, compared to a loss of \$7 million in the fourth quarter of 2014.

As previously announced, AFG completed the sale of the legal entities containing substantially all of its run-off long-term care insurance business and certain life and annuity blocks to HC2 Holdings on December 24, 2015.

Investments

AFG recorded fourth quarter 2015 net realized losses of \$14 million after tax and after deferred acquisition costs (DAC), compared to net realized gains of \$5 million in the comparable prior year period. Unrealized gains on fixed maturities were \$278 million after tax and after DAC at December 31, 2015, a decrease of \$326 million from year-end 2014. Our portfolio continues to be high quality, with 89% of our fixed maturity portfolio rated investment grade and 97% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the year ended December 31, 2015, P&C net investment income was approximately 9% higher than the prior year, 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, investment activities and the amount and timing of share repurchases; recoverability of asset values; expected losses and the adequacy of reserves for asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets; AFG's ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; regulatory actions (including changes in statutory accounting rules); changes in the legal environment affecting AFG or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; 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 fourth quarter and full year results at 11:30 am (ET) tomorrow, Wednesday, February 3, 2016. Toll-free telephone access will be available by dialing 877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 21470917. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available approximately two hours following the completion of the call and will remain available until 11:59 pm (ET) on February 10, 2016. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 21470917.

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

The archived webcast will be available immediately after the call via the same link on the **Investor Relations** page until February 10, 2016 at 11:59 pm (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
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Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

(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.

AFG16-04

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

	Three months ended December 31,		Twelve months ended December 31,	
	2015	2014	2015	2014
Revenues				
P&C insurance net earned premiums	\$1,120	\$1,061	\$ 4,224	\$ 3,878
Life, accident & health net earned premiums	24	26	104	108
Net investment income	416	384	1,633	1,501
Realized gains (losses) on:				
Securities	(21)	8	(19)	52
Subsidiaries	(4)	—	(161)	—
Income (loss) of managed investment entities:				
Investment income	43	32	155	116
Loss on change in fair value of assets/liabilities	(18)	(9)	(34)	(44)
Other income	58	39	243	122
Total revenues	<u>1,618</u>	<u>1,541</u>	<u>6,145</u>	<u>5,733</u>
Costs and expenses				
P&C insurance losses & expenses	1,026	982	4,015	3,666
Annuity, life, accident & health benefits & expenses	247	265	1,042	1,005
Interest charges on borrowed money	17	20	74	73
Expenses of managed investment entities	32	22	112	82
Other expenses	86	62	337	281
Total costs and expenses	<u>1,408</u>	<u>1,351</u>	<u>5,580</u>	<u>5,107</u>
Earnings before income taxes	210	190	565	626
Provision for income taxes ^(c)	80	65	195	220
Net earnings including noncontrolling interests	130	125	370	406
Less: Net earnings (loss) attributable to noncontrolling interests	1	(2)	18	(46)
Net earnings attributable to shareholders	<u>\$ 129</u>	<u>\$ 127</u>	<u>\$ 352</u>	<u>\$ 452</u>
Diluted Earnings per Common Share	<u>\$ 1.45</u>	<u>\$ 1.41</u>	<u>\$ 3.94</u>	<u>\$ 4.97</u>
Average number of diluted shares	89.2	89.8	89.4	91.0
 Selected Balance Sheet Data:				
Total cash and investments	December 31, 2015	December 31, 2014		
	\$ 37,736	\$ 36,210		
Long-term debt	\$ 1,020	\$ 1,061		
Shareholders' equity ^(d)	\$ 4,592	\$ 4,879		
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities) ^(d)	\$ 4,314	\$ 4,277		
Book Value Per Share:				
Excluding appropriated retained earnings	\$ 52.50	\$ 55.65		
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities	\$ 49.33	\$ 48.76		
Common Shares Outstanding	87.5	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 December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change	
	2015	2014		2015	2014		
Gross written premiums	<u>\$1,356</u>	<u>\$1,303</u>	4%	<u>\$5,832</u>	<u>\$5,477</u>	6%	
Net written premiums	<u>\$1,056</u>	<u>\$1,025</u>	3%	<u>\$4,327</u>	<u>\$4,020</u>	8%	
Ratios (GAAP):							
Loss & LAE ratio	61.8%	64.0%		62.2%	63.7%		
Underwriting expense ratio	29.2%	28.6%		30.9%	30.2%		
Specialty Combined Ratio	<u>91.0%</u>	<u>92.6%</u>		<u>93.1%</u>	<u>93.9%</u>		
Combined Ratio (Including A&E)	<u>91.0%</u>	<u>92.6%</u>		<u>94.7%</u>	<u>94.5%</u>		
Supplemental Information:(e)							
Gross Written Premiums:							
Property & Transportation	\$ 515	\$ 482	7%	\$2,455	\$2,342	5%	
Specialty Casualty	661	660	—	2,739	2,529	8%	
Specialty Financial	179	160	12%	637	605	5%	
Other	<u>1</u>	<u>1</u>	—	<u>1</u>	<u>1</u>	—	
	<u>\$1,356</u>	<u>\$1,303</u>	4%	<u>\$5,832</u>	<u>\$5,477</u>	6%	
Net Written Premiums:							
Property & Transportation	\$ 378	\$ 373	1%	\$1,636	\$1,566	4%	
Specialty Casualty	503	498	1%	2,052	1,864	10%	
Specialty Financial	152	131	16%	540	488	11%	
Other	<u>23</u>	<u>23</u>	—	<u>99</u>	<u>102</u>	(3%)	
	<u>\$1,056</u>	<u>\$1,025</u>	3%	<u>\$4,327</u>	<u>\$4,020</u>	8%	
Combined Ratio (GAAP):							
Property & Transportation	92.4%	94.6%		96.9%	98.7%		
Specialty Casualty	90.2%	92.9%		92.7%	92.3%		
Specialty Financial	88.7%	85.6%		83.1%	86.5%		
Aggregate Specialty Group	91.0%	92.6%		93.1%	93.9%		
				Three months ended December 31,		Twelve months ended December 31,	
				2015	2014	2015	2014
Reserve Development (Favorable)/Adverse:							
Property & Transportation				\$ 8	\$ 3	\$ 15	\$ 16
Specialty Casualty				(7)	14	(11)	(7)
Specialty Financial				(5)	(4)	(30)	(17)
Other				(1)	(3)	(11)	(11)
Aggregate Specialty Group Excluding A&E				(5)	10	(37)	(19)
Special A&E Reserve Charge – P&C Run-off				—	—	67	24
Other				—	—	3	1
Total Reserve Development Including A&E				<u>\$ (5)</u>	<u>\$ 10</u>	<u>\$ 33</u>	<u>\$ 6</u>
Points on Combined Ratio:							
Property & Transportation				1.8	0.6	0.9	1.0
Specialty Casualty				(1.4)	2.9	(0.5)	(0.4)
Specialty Financial				(3.6)	(3.3)	(5.7)	(3.7)
Aggregate Specialty Group				(0.4)	1.0	(0.8)	(0.5)

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 December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2015	2014		2015	2014	
Annuity Premiums:						
Retail Single Premium	\$ 512	\$ 424	21%	\$ 1,934	\$ 1,634	18%
Financial Institutions Single Premium	534	487	10%	1,970	1,821	8%
Education Market	51	49	4%	194	194	— %
Variable Annuities	10	11	(9%)	42	47	(11%)
Total Annuity Premiums	<u>\$ 1,107</u>	<u>\$ 971</u>	14%	<u>\$ 4,140</u>	<u>\$ 3,696</u>	12%

Components of Core Operating Earnings Before Income Taxes

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2015	2014		2015	2014	
Revenues:						
Net investment income	\$ 309	\$ 285	8%	\$ 1,224	\$ 1,136	8%
Other income	23	33	(30%)	98	97	1%
Total revenues	<u>332</u>	<u>318</u>	4%	<u>1,322</u>	<u>1,233</u>	7%
Costs and Expenses:						
Annuity benefits	189	157	20%	732	648	13%
Acquisition expenses	20	59	(66%)	163	175	(7%)
Other expenses	22	17	29%	96	82	17%
Total costs and expenses	<u>231</u>	<u>233</u>	(1%)	<u>991</u>	<u>905</u>	10%
Core operating earnings before income taxes	<u>\$ 101</u>	<u>\$ 85</u>	19%	<u>\$ 331</u>	<u>\$ 328</u>	1%

Supplemental Fixed Annuity Information

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2015	2014		2015	2014	
Core operating earnings before impact of fair value accounting on FIAs	\$ 96	\$ 93	3%	\$ 354	\$ 362	(2%)
Impact of fair value accounting	5	(8)	nm	(23)	(34)	nm
Core operating earnings before income taxes	<u>\$ 101</u>	<u>\$ 85</u>	19%	<u>\$ 331</u>	<u>\$ 328</u>	1%
Average Fixed Annuity Reserves*	\$26,048	\$23,104	13%	\$24,898	\$22,119	13%
Net Interest Spread	2.53%	2.64%		2.69%	2.78%	
Net Spread Earned Before Impact of Fair Value Accounting*	1.31%	1.54%		1.35%	1.56%	
Net Spread Earned After Impact of Fair Value Accounting	1.39%	1.40%		1.26%	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 December 31,		Twelve months ended December 31,	
	2015	2014	2015	2014
Core Operating Earnings before Income Taxes:				
P&C insurance segment	\$ 163	\$ 141	\$ 566	\$ 476
Annuity segment, before impact of fair value accounting	96	93	354	362
Impact of fair value accounting	5	(8)	(23)	(34)
Run-off long-term care and life segment	—	(7)	14	(10)
Interest & other corporate expense	(45)	(35)	(162)	(143)
Core operating earnings before income taxes	219	184	749	651
Related income taxes	83	62	263	212
Core net operating earnings	\$ 136	\$ 122	\$ 486	\$ 439

b) Reflects the following effects of special A&E charges during the twelve months ended December 31, 2015 and 2014 (dollars in millions, except per share amounts):

A&E Charge:	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		
	\$ 67	\$ 24	\$ 44	\$ 15	\$ 0.49	\$ 0.17
Former railroad & manufacturing operations						
Asbestos	\$ 1	\$—	\$—	\$—		
Environmental	11	6	8	4		
	\$ 12	\$ 6	\$ 8	\$ 4	\$ 0.09	\$ 0.04
Total A&E	\$ 79	\$ 30	\$ 52	\$ 19	\$ 0.58	\$ 0.21

c) Earnings before income taxes include \$4 million and \$51 million in non-deductible losses attributable to noncontrolling interests related to managed investment entities in the fourth quarter and full year of 2014.

d) Shareholders' Equity at December 31, 2015 includes \$278 million (\$3.17 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 - Fourth Quarter 2015

February 2, 2016

American Financial Group, Inc.
Corporate Headquarters
Great American Insurance Group Tower
301 E Fourth Street
Cincinnati, OH 45202
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	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Highlights							
Core net operating earnings	\$ 136	\$ 123	\$ 115	\$ 112	\$ 122	\$ 486	\$ 439
Net earnings	129	63	141	19	127	352	452
Total assets	49,859	50,557	49,424	48,307	47,535	49,859	47,535
Adjusted shareholders' equity (a)	4,314	4,279	4,345	4,267	4,277	4,314	4,277
Property and Casualty net written premiums	1,056	1,319	1,026	926	1,025	4,327	4,020
Annuity statutory premiums	1,107	1,321	899	813	971	4,140	3,696
Per share data							
Core net operating earnings per share	\$ 1.52	\$ 1.38	\$ 1.28	\$ 1.25	\$ 1.35	\$ 5.44	\$ 4.82
Diluted earnings per share	1.45	0.71	1.57	0.21	1.41	3.94	4.97
Adjusted book value per share (a)	49.33	49.01	49.63	48.55	48.76	49.33	48.76
Cash dividends per common share	1.280	0.250	0.250	0.250	1.250	2.030	1.910
Financial ratios							
Annualized core operating return on equity (b)	12.7%	11.6%	10.9%	10.8%	11.7%	11.5%	10.7%
Annualized return on equity (b)	12.1%	5.9%	13.4%	1.8%	12.1%	8.3%	11.0%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	61.8%	64.5%	61.0%	60.8%	64.0%	62.2%	63.7%
Underwriting expense ratio	29.2%	28.4%	33.9%	32.8%	28.6%	30.9%	30.2%
Combined ratio - Specialty	<u>91.0%</u>	<u>92.9%</u>	<u>94.9%</u>	<u>93.6%</u>	<u>92.6%</u>	<u>93.1%</u>	<u>93.9%</u>
Net spread on fixed annuities:							
Net interest spread	2.53%	2.80%	2.77%	2.67%	2.64%	2.69%	2.78%
Net spread earned:							
Before impact of fair value accounting	1.31%	1.37%	1.21%	1.49%	1.54%	1.35%	1.56%
Impact of fair value accounting (c)	0.08%	(0.35%)	0.18%	(0.28%)	(0.14%)	(0.09%)	(0.15%)
After impact of fair value accounting	<u>1.39%</u>	<u>1.02%</u>	<u>1.39%</u>	<u>1.21%</u>	<u>1.40%</u>	<u>1.26%</u>	<u>1.41%</u>

(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				Twelve Months Ended		
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/14	
Property and Casualty Insurance							
Underwriting profit	\$ 100	\$ 82	\$ 50	\$ 60	\$ 79	\$ 292	\$ 236
Net investment income	74	83	83	79	75	319	294
Other expense	(11)	(12)	(12)	(10)	(13)	(45)	(54)
Property and Casualty Insurance operating earnings	163	153	121	129	141	566	476
Annuity earnings	101	67	88	75	85	331	328
Run-off Long-Term Care and Life (losses)/earnings	—	6	4	4	(7)	14	(10)
Interest expense of parent holding companies	(16)	(18)	(19)	(19)	(19)	(72)	(69)
Other expense	(29)	(19)	(20)	(22)	(16)	(90)	(74)
Pre-tax core operating earnings	219	189	174	167	184	749	651
Income tax expense	83	66	59	55	62	263	212
Core net operating earnings	136	123	115	112	122	486	439
Non-core items, net of tax:							
Loss on sale of long-term care business	(3)	—	—	(105)	—	(108)	—
Gain on sale of hotel and apartment property	10	—	26	—	—	36	—
Other realized gains (losses)	(14)	(6)	—	12	5	(8)	32
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	(44)	—	—	—	(44)	(15)
Former Railroad and Manufacturing operations	—	(8)	—	—	—	(8)	(4)
Other	—	(2)	—	—	—	(2)	—
Net earnings	\$ 129	\$ 63	\$ 141	\$ 19	\$ 127	\$ 352	\$ 452

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



	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Core net operating earnings	<u>\$ 136</u>	<u>\$ 123</u>	<u>\$ 115</u>	<u>\$ 112</u>	<u>\$ 122</u>	<u>\$ 486</u>	<u>\$ 439</u>
Net earnings	<u>\$ 129</u>	<u>\$ 63</u>	<u>\$ 141</u>	<u>\$ 19</u>	<u>\$ 127</u>	<u>\$ 352</u>	<u>\$ 452</u>
Average number of diluted shares	89.228	89.343	89.503	89.377	89.772	89.362	90.960
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	<u>\$ 1.52</u>	<u>\$ 1.38</u>	<u>\$ 1.28</u>	<u>\$ 1.25</u>	<u>\$ 1.35</u>	<u>\$ 5.44</u>	<u>\$ 4.82</u>
Loss on sale of long-term care business	(0.03)	—	—	(1.18)	—	(1.21)	—
Gain on sale of hotel and apartment property	0.11	—	0.29	—	—	0.40	—
Other realized gains (losses)	(0.15)	(0.06)	—	0.14	0.06	(0.08)	0.36
<u>Significant A&E charges:</u>							
Property and Casualty Insurance run-off operations	—	(0.49)	—	—	—	(0.49)	(0.17)
Former Railroad and Manufacturing operations	—	(0.09)	—	—	—	(0.09)	(0.04)
Other	—	(0.03)	—	—	—	(0.03)	—
Diluted earnings per share	<u>\$ 1.45</u>	<u>\$ 0.71</u>	<u>\$ 1.57</u>	<u>\$ 0.21</u>	<u>\$ 1.41</u>	<u>\$ 3.94</u>	<u>\$ 4.97</u>

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



	Three Months Ended				Twelve Months Ended		
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/14	
Property and Transportation	\$ 34	\$ 20	\$ (13)	\$ 7	\$ 22	\$ 48	\$ 21
Specialty Casualty	50	31	37	28	36	146	136
Specialty Financial	15	26	24	22	18	87	64
Other Specialty	1	7	3	3	3	14	16
Underwriting profit - Specialty	100	84	51	60	79	295	237
Other core charges, included in loss and LAE	—	2	1	—	—	3	1
Underwriting profit - Core	100	82	50	60	79	292	236
Special A&E charges, included in loss and LAE	—	(67)	—	—	—	(67)	(24)
Underwriting profit - Property and Casualty Insurance	\$ 100	\$ 15	\$ 50	\$ 60	\$ 79	\$ 225	\$ 212
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	9	10	10	6	3	35	28
Total current accident year catastrophe losses	\$ 9	\$ 10	\$ 10	\$ 6	\$ 3	\$ 35	\$ 28
Prior year loss reserve development (favorable) / adverse	\$ (5)	\$ 55	\$ (10)	\$ (7)	\$ 10	\$ 33	\$ 6
Combined ratio:							
Property and Transportation	92.4%	96.2%	104.0%	97.7%	94.6%	96.9%	98.7%
Specialty Casualty	90.2%	93.8%	92.7%	94.2%	92.9%	92.7%	92.3%
Specialty Financial	88.7%	80.6%	81.0%	81.7%	85.6%	83.1%	86.5%
Other Specialty	97.1%	67.3%	88.0%	89.3%	86.9%	85.5%	83.4%
Combined ratio - Specialty	91.0%	92.9%	94.9%	93.6%	92.6%	93.1%	93.9%
Other core charges	0.0%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%
Special A&E charges	0.0%	5.7%	0.0%	0.0%	0.0%	1.6%	0.6%
Combined ratio	91.0%	98.7%	94.9%	93.7%	92.6%	94.7%	94.5%
Combined ratio excl. catastrophe and prior year development	90.6%	93.2%	95.0%	93.8%	91.4%	93.1%	93.7%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	61.4%	64.8%	61.1%	61.0%	62.8%	62.2%	63.5%
Prior accident year loss reserve development	(0.4%)	4.6%	(1.1%)	(0.7%)	1.0%	0.8%	0.1%
Current accident year catastrophe loss	0.8%	0.9%	1.0%	0.6%	0.2%	0.8%	0.7%
Loss and LAE ratio	61.8%	70.3%	61.0%	60.9%	64.0%	63.8%	64.3%

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



	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Gross written premiums	\$ 1,356	\$ 1,962	\$ 1,318	\$ 1,196	\$ 1,303	\$ 5,832	\$ 5,477
Ceded reinsurance premiums	(300)	(643)	(292)	(270)	(278)	(1,505)	(1,457)
Net written premiums	1,056	1,319	1,026	926	1,025	4,327	4,020
Change in unearned premiums	64	(146)	(41)	20	36	(103)	(142)
Net earned premiums	1,120	1,173	985	946	1,061	4,224	3,878
Loss and LAE	693	756	600	576	679	2,625	2,469
Underwriting expense	327	333	334	310	303	1,304	1,172
Underwriting profit	\$ 100	\$ 84	\$ 51	\$ 60	\$ 79	\$ 295	\$ 237
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	9	10	10	6	3	35	28
Total current accident year catastrophe losses	\$ 9	\$ 10	\$ 10	\$ 6	\$ 3	\$ 35	\$ 28
Prior year loss reserve development (favorable) / adverse	\$ (5)	\$ (14)	\$ (11)	\$ (7)	\$ 10	\$ (37)	\$ (19)
Combined ratio:							
Loss and LAE ratio	61.8%	64.5%	61.0%	60.8%	64.0%	62.2%	63.7%
Underwriting expense ratio	29.2%	28.4%	33.9%	32.8%	28.6%	30.9%	30.2%
Combined ratio	91.0%	92.9%	94.9%	93.6%	92.6%	93.1%	93.9%
Combined ratio excl. catastrophe and prior year development	90.6%	93.2%	95.0%	93.8%	91.4%	93.1%	93.7%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.4%	64.8%	61.1%	61.0%	62.8%	62.2%	63.5%
Prior accident year loss reserve development	(0.4%)	(1.2%)	(1.1%)	(0.8%)	1.0%	(0.8%)	(0.5%)
Current accident year catastrophe loss	0.8%	0.9%	1.0%	0.6%	0.2%	0.8%	0.7%
Loss and LAE ratio	61.8%	64.5%	61.0%	60.8%	64.0%	62.2%	63.7%

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



	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Gross written premiums	\$ 515	\$ 1,064	\$ 500	\$ 376	\$ 482	\$ 2,455	\$ 2,342
Ceded reinsurance premiums	(137)	(456)	(138)	(88)	(109)	(819)	(776)
Net written premiums	378	608	362	288	373	1,636	1,566
Change in unearned premiums	64	(91)	(35)	25	42	(37)	(22)
Net earned premiums	442	517	327	313	415	1,599	1,544
Loss and LAE	317	391	240	211	299	1,159	1,155
Underwriting expense	91	106	100	95	94	392	368
Underwriting profit (loss)	\$ 34	\$ 20	\$ (13)	\$ 7	\$ 22	\$ 48	\$ 21
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	3	7	7	4	2	21	20
Total current accident year catastrophe losses	\$ 3	\$ 7	\$ 7	\$ 4	\$ 2	\$ 21	\$ 20
Prior year loss reserve development (favorable) / adverse	\$ 8	\$ (2)	\$ 6	\$ 3	\$ 3	\$ 15	\$ 16
Combined ratio:							
Loss and LAE ratio	71.7%	75.7%	73.2%	67.5%	72.2%	72.4%	74.9%
Underwriting expense ratio	20.7%	20.5%	30.8%	30.2%	22.4%	24.5%	23.8%
Combined ratio	92.4%	96.2%	104.0%	97.7%	94.6%	96.9%	98.7%
Combined ratio excl. catastrophe and prior year development	89.9%	95.1%	100.2%	95.4%	93.7%	94.7%	96.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	69.2%	74.6%	69.4%	65.2%	71.3%	70.2%	72.6%
Prior accident year loss reserve development	1.8%	(0.4%)	1.7%	1.1%	0.6%	0.9%	1.0%
Current accident year catastrophe loss	0.7%	1.5%	2.1%	1.2%	0.3%	1.3%	1.3%
Loss and LAE ratio	71.7%	75.7%	73.2%	67.5%	72.2%	72.4%	74.9%

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



	Three Months Ended				Twelve Months Ended		
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/14	
Gross written premiums	\$ 661	\$ 734	\$ 661	\$ 683	\$ 660	\$ 2,739	\$ 2,529
Ceded reinsurance premiums	(158)	(189)	(158)	(182)	(162)	(687)	(665)
Net written premiums	503	545	503	501	498	2,052	1,864
Change in unearned premiums	12	(42)	—	(11)	1	(41)	(99)
Net earned premiums	515	503	503	490	499	2,011	1,765
Loss and LAE	315	323	311	316	325	1,265	1,107
Underwriting expense	150	149	155	146	138	600	522
Underwriting profit	\$ 50	\$ 31	\$ 37	\$ 28	\$ 36	\$ 146	\$ 136
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	1	1	1	1	4	4
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ 4
Prior year loss reserve development (favorable) / adverse	\$ (7)	\$ 3	\$ (7)	\$ —	\$ 14	\$ (11)	\$ (7)
Combined ratio:							
Loss and LAE ratio	61.1%	64.2%	61.9%	64.4%	65.1%	62.9%	62.7%
Underwriting expense ratio	29.1%	29.6%	30.8%	29.8%	27.8%	29.8%	29.6%
Combined ratio	90.2%	93.8%	92.7%	94.2%	92.9%	92.7%	92.3%
Combined ratio excl. catastrophe and prior year development	91.4%	92.9%	94.0%	93.9%	89.9%	93.0%	92.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.3%	63.3%	63.2%	64.1%	62.1%	63.2%	62.9%
Prior accident year loss reserve development	(1.4%)	0.6%	(1.4%)	0.0%	2.9%	(0.5%)	(0.4%)
Current accident year catastrophe loss	0.2%	0.3%	0.1%	0.3%	0.1%	0.2%	0.2%
Loss and LAE ratio	61.1%	64.2%	61.9%	64.4%	65.1%	62.9%	62.7%

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



	Three Months Ended				Twelve Months Ended		
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/14	
Gross written premiums	\$ 179	\$ 164	\$ 157	\$ 137	\$ 160	\$ 637	\$ 605
Ceded reinsurance premiums	(27)	(27)	(21)	(22)	(29)	(97)	(117)
Net written premiums	152	137	136	115	131	540	488
Change in unearned premiums	(15)	(6)	(7)	5	(10)	(23)	(19)
Net earned premiums	137	131	129	120	121	517	469
Loss and LAE	46	36	36	36	42	154	159
Underwriting expense	76	69	69	62	61	276	246
Underwriting profit	\$ 15	\$ 26	\$ 24	\$ 22	\$ 18	\$ 87	\$ 64
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	5	1	2	1	—	9	3
Total current accident year catastrophe losses	\$ 5	\$ 1	\$ 2	\$ 1	\$ —	\$ 9	\$ 3
Prior year loss reserve development (favorable) / adverse	\$ (5)	\$ (8)	\$ (8)	\$ (9)	\$ (4)	\$ (30)	\$ (17)
Combined ratio:							
Loss and LAE ratio	32.8%	27.7%	27.7%	30.4%	34.5%	29.7%	33.9%
Underwriting expense ratio	55.9%	52.9%	53.3%	51.3%	51.1%	53.4%	52.6%
Combined ratio	88.7%	80.6%	81.0%	81.7%	85.6%	83.1%	86.5%
Combined ratio excl. catastrophe and prior year development	88.8%	85.8%	85.2%	88.5%	88.8%	87.1%	89.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	32.9%	32.9%	31.9%	37.2%	37.7%	33.7%	36.9%
Prior accident year loss reserve development	(3.6%)	(5.8%)	(6.2%)	(7.3%)	(3.3%)	(5.7%)	(3.7%)
Current accident year catastrophe loss	3.5%	0.6%	2.0%	0.5%	0.1%	1.7%	0.7%
Loss and LAE ratio	32.8%	27.7%	27.7%	30.4%	34.5%	29.7%	33.9%

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



	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Gross written premiums	\$ 1	\$ —	\$ —	\$ —	\$ 1	\$ 1	\$ 1
Ceded reinsurance premiums	22	29	25	22	22	98	101
Net written premiums	23	29	25	22	23	99	102
Change in unearned premiums	3	(7)	1	1	3	(2)	(2)
Net earned premiums	26	22	26	23	26	97	100
Loss and LAE	15	6	13	13	13	47	48
Underwriting expense	10	9	10	7	10	36	36
Underwriting profit	\$ 1	\$ 7	\$ 3	\$ 3	\$ 3	\$ 14	\$ 16
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	1	—	—	—	1	1
Total current accident year catastrophe losses	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 1</u>
Prior year loss reserve development (favorable) / adverse	<u>\$ (1)</u>	<u>\$ (7)</u>	<u>\$ (2)</u>	<u>\$ (1)</u>	<u>\$ (3)</u>	<u>\$ (11)</u>	<u>\$ (11)</u>
Combined ratio:							
Loss and LAE ratio	61.0%	29.4%	52.4%	54.4%	49.6%	49.4%	47.9%
Underwriting expense ratio	36.1%	37.9%	35.6%	34.9%	37.3%	36.1%	35.5%
Combined ratio	<u>97.1%</u>	<u>67.3%</u>	<u>88.0%</u>	<u>89.3%</u>	<u>86.9%</u>	<u>85.5%</u>	<u>83.4%</u>
Combined ratio excl. catastrophe and prior year development	<u>98.1%</u>	<u>97.6%</u>	<u>93.2%</u>	<u>96.6%</u>	<u>97.4%</u>	<u>96.4%</u>	<u>92.8%</u>

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



	Three Months Ended				Twelve Months Ended		
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/14	
Net investment income	\$ 309	\$ 317	\$ 306	\$ 292	\$ 285	\$ 1,224	\$ 1,136
Guaranteed withdrawal benefit fees	12	11	10	10	9	43	34
Policy charges and other miscellaneous income	11	13	14	17	24	55	63
Total revenues	332	341	330	319	318	1,322	1,233
Annuity benefits expense	189	208	151	184	157	732	648
Acquisition expenses	20	44	62	37	59	163	175
Other expenses	22	22	29	23	17	96	82
Total costs and expenses	231	274	242	244	233	991	905
Core Annuity earnings before income taxes	\$ 101	\$ 67	\$ 88	\$ 75	\$ 85	\$ 331	\$ 328
Detail of core Annuity earnings before income taxes							
Core earnings before income taxes and impact of fair value accounting	\$ 96	\$ 89	\$ 77	\$ 92	\$ 93	\$ 354	\$ 362
Impact of fair value accounting (a)	5	(22)	11	(17)	(8)	(23)	(34)
Core Annuity earnings before income taxes	\$ 101	\$ 67	\$ 88	\$ 75	\$ 85	\$ 331	\$ 328

- (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				Twelve Months Ended		
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/14	
Detail of annuity benefits expense:							
Interest credited - fixed	\$ 138	\$ 135	\$ 131	\$ 128	\$ 127	\$ 532	\$ 497
Interest credited - fixed component of variable annuities	1	2	2	1	1	6	6
Change in expected death and annuitization reserve	5	5	5	4	4	19	18
Amortization of sales inducements	6	6	7	7	6	26	26
Guaranteed withdrawal benefit reserve (a)	15	20	16	12	11	63	41
Change in other benefit reserves	5	3	12	2	1	22	12
Unlockings (b)	19	—	—	—	(11)	19	(11)
Subtotal before impact of fair value accounting	189	171	173	154	139	687	589
Embedded derivative mark-to-market (c)	88	(130)	(19)	50	87	(11)	240
Equity option mark-to-market	(88)	167	(3)	(20)	(69)	56	(181)
Subtotal impact of fair value accounting	—	37	(22)	30	18	45	59
Total annuity benefits expense	\$ 189	\$ 208	\$ 151	\$ 184	\$ 157	\$ 732	\$ 648

- (a) 3rd quarter of 2015 increase relates to a significant change in the stock market.
- (b) Includes unlockings for fixed indexed annuity embedded derivative reserves, sales inducement asset and other reserves. Does not include unlocking income of \$29 million in 2015 and charge of \$10 million in 2014 for deferred policy acquisition costs and unearned revenue reserves. These unlockings are included in acquisition expenses and other income, respectively. In total, AFG recorded an unlocking expense reduction of \$10 million in 2015 and \$1 million in 2014.
- (c) Excludes unlocking impact of \$28 million in 2015 and (\$58) million in 2014.

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



	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Average fixed annuity investments (at amortized cost)	\$26,401	\$25,642	\$24,711	\$23,943	\$23,334	\$25,174	\$22,391
Average annuity benefits accumulated	26,048	25,316	24,474	23,752	23,104	24,898	22,119
Investments in excess of annuity benefits accumulated	<u>\$ 353</u>	<u>\$ 326</u>	<u>\$ 237</u>	<u>\$ 191</u>	<u>\$ 230</u>	<u>\$ 276</u>	<u>\$ 272</u>
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.65%	4.92%	4.91%	4.83%	4.85%	4.83%	5.03%
Interest credited	(2.12%)	(2.12%)	(2.14%)	(2.16%)	(2.21%)	(2.14%)	(2.25%)
Net interest spread on fixed annuities	2.53%	2.80%	2.77%	2.67%	2.64%	2.69%	2.78%
Policy charges and other miscellaneous income	0.15%	0.16%	0.17%	0.24%	0.18%	0.18%	0.18%
Other annuity benefit expenses, net	(0.31%)	(0.36%)	(0.49%)	(0.25%)	(0.20%)	(0.35%)	(0.28%)
Acquisition expenses	(0.75%)	(0.65%)	(0.98%)	(0.59%)	(0.65%)	(0.74%)	(0.67%)
Other expenses	(0.32%)	(0.34%)	(0.43%)	(0.36%)	(0.28%)	(0.36%)	(0.34%)
Change in fair value of derivatives	0.02%	(0.59%)	0.35%	(0.50%)	(0.31%)	(0.18%)	(0.27%)
Unlockings	0.07%	0.00%	0.00%	0.00%	0.02%	0.02%	0.01%
Net spread earned on fixed annuities - core	1.39%	1.02%	1.39%	1.21%	1.40%	1.26%	1.41%
Average annuity benefits accumulated	\$26,048	\$25,316	\$24,474	\$23,752	\$23,104	\$24,898	\$22,119
Net spread earned on fixed annuities	1.39%	1.02%	1.39%	1.21%	1.40%	1.26%	1.41%
Earnings on fixed annuity benefits accumulated	\$ 91	\$ 65	\$ 85	\$ 72	\$ 81	\$ 313	\$ 312
Investments in excess of annuity benefits accumulated	\$ 353	\$ 326	\$ 237	\$ 191	\$ 230	\$ 276	\$ 272
Net investment income (as % of investments)	4.65%	4.92%	4.91%	4.83%	4.85%	4.83%	5.03%
Earnings on investments in excess of annuity benefits accumulated	\$ 4	\$ 4	\$ 3	\$ 2	\$ 3	\$ 13	14
Variable annuity earnings	6	(2)	—	1	1	5	2
Earnings before income taxes - core	\$ 101	\$ 67	\$ 88	\$ 75	\$ 85	\$ 331	\$ 328
Detail of net spread earned on fixed annuities - core							
Net spread earned core - before impact of fair value accounting	1.31%	1.37%	1.21%	1.49%	1.54%	1.35%	1.56%
Impact of fair value accounting (a)	0.08%	(0.35%)	0.18%	(0.28%)	(0.14%)	(0.09%)	(0.15%)
Net spread earned core - after impact of fair value accounting	<u>1.39%</u>	<u>1.02%</u>	<u>1.39%</u>	<u>1.21%</u>	<u>1.40%</u>	<u>1.26%</u>	<u>1.41%</u>

(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					Twelve Months Ended	
	<u>12/31/15</u>	<u>09/30/15</u>	<u>06/30/15</u>	<u>03/31/15</u>	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/14</u>
Retail single premium annuities - indexed	\$ 494	\$ 617	\$ 404	\$ 349	\$ 405	\$ 1,864	\$ 1,533
Retail single premium annuities - fixed	18	22	18	12	19	70	101
Financial institutions single premium annuities - indexed	462	554	369	356	426	1,741	1,489
Financial institutions single premium annuities - fixed	72	71	48	38	61	229	332
Education market - fixed and indexed annuities	51	47	49	47	49	194	194
Subtotal fixed annuity premiums	1,097	1,311	888	802	960	4,098	3,649
Variable annuities	10	10	11	11	11	42	47
Total annuity premiums	\$1,107	\$1,321	\$ 899	\$ 813	\$ 971	\$ 4,140	\$ 3,696

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



	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Beginning fixed annuity reserves	\$25,725	\$24,906	\$24,042	\$23,462	\$22,745	\$23,462	\$20,679
Premiums	1,097	1,311	888	802	960	4,098	3,649
Federal Home Loan Bank advances	45	—	300	—	—	345	—
Surrenders, benefits and other withdrawals	(515)	(526)	(471)	(420)	(464)	(1,932)	(1,673)
Sale of subsidiaries	(261)	—	—	—	—	(261)	—
Interest and other annuity benefit expenses:							
Interest credited	138	135	131	128	127	532	497
Embedded derivative mark-to-market	88	(130)	(19)	50	87	(11)	240
Change in other benefit reserves	35	29	35	20	18	119	81
Unlockings	19	—	—	—	(11)	19	(11)
Ending fixed annuity reserves	\$26,371	\$25,725	\$24,906	\$24,042	\$23,462	\$26,371	\$23,462
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$26,371	\$25,725	\$24,906	\$24,042	\$23,462	\$26,371	\$23,462
Impact of unrealized investment gains on reserves	64	113	107	179	111	64	111
Fixed component of variable annuities	187	188	190	190	191	187	191
Annuity benefits accumulated per balance sheet	\$26,622	\$26,026	\$25,203	\$24,411	\$23,764	\$26,622	\$23,764
Annualized surrenders and other withdrawals as a % of beginning reserves	8.0%	8.4%	7.8%	7.2%	8.2%	8.2%	8.1%

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



	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	09/30/14
Assets:						
Total cash and investments	\$37,736	\$38,132	\$37,644	\$37,384	\$36,210	\$35,151
Recoverables from reinsurers	2,636	3,151	3,075	3,046	3,238	3,134
Prepaid reinsurance premiums	480	604	499	475	469	587
Agents' balances and premiums receivable	937	976	959	864	889	901
Deferred policy acquisition costs	1,184	993	965	756	821	858
Assets of managed investment entities	4,047	3,613	3,629	3,279	3,108	2,946
Other receivables	820	1,241	660	641	910	1,140
Variable annuity assets (separate accounts)	608	595	655	667	662	649
Other assets	1,212	1,051	1,137	994	1,027	985
Goodwill	199	201	201	201	201	201
Total assets	\$49,859	\$50,557	\$49,424	\$48,307	\$47,535	\$46,552
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 8,127	\$ 8,061	\$ 7,744	\$ 7,636	\$ 7,872	\$ 7,645
Unearned premiums	2,060	2,238	2,004	1,936	1,956	2,114
Annuity benefits accumulated	26,622	26,026	25,203	24,411	23,764	23,044
Life, accident and health reserves	705	2,159	2,156	2,195	2,175	2,098
Payable to reinsurers	591	724	511	494	645	673
Liabilities of managed investment entities	3,781	3,287	3,309	2,952	2,819	2,625
Long-term debt	1,020	880	1,024	1,061	1,061	1,062
Variable annuity liabilities (separate accounts)	608	595	655	667	662	649
Other liabilities	1,575	1,681	1,834	1,855	1,527	1,564
Total liabilities	\$45,089	\$45,651	\$44,440	\$43,207	\$42,481	\$41,474
Shareholders' equity:						
Common stock	\$ 87	\$ 87	\$ 88	\$ 88	\$ 88	\$ 88
Capital surplus	1,214	1,195	1,183	1,173	1,152	1,150
Appropriated retained earnings	—	—	—	—	(2)	2
Unappropriated retained earnings	2,987	2,981	2,968	2,886	2,914	2,946
Unrealized gains - fixed maturities	278	445	457	656	604	602
Unrealized gains - equities	54	44	130	143	139	124
Other comprehensive income, net of tax	(28)	(28)	(24)	(23)	(16)	(8)
Total shareholders' equity	4,592	4,724	4,802	4,923	4,879	4,904
Noncontrolling interests	178	182	182	177	175	174
Total liabilities and equity	\$49,859	\$50,557	\$49,424	\$48,307	\$47,535	\$46,552

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



	<u>12/31/15</u>	<u>09/30/15</u>	<u>06/30/15</u>	<u>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>
Shareholders' equity	\$ 4,592	\$ 4,724	\$ 4,802	\$ 4,923	\$ 4,879	\$ 4,904
Appropriated retained earnings	—	—	—	—	2	(2)
Shareholders' equity, excluding appropriated retained earnings	4,592	4,724	4,802	4,923	4,881	4,902
Unrealized (gains) on fixed maturities	(278)	(445)	(457)	(656)	(604)	(602)
Adjusted shareholders' equity	4,314	4,279	4,345	4,267	4,277	4,300
Goodwill	(199)	(201)	(201)	(201)	(201)	(201)
Intangibles	(49)	(51)	(53)	(55)	(57)	(63)
Tangible adjusted shareholders' equity	\$ 4,066	\$ 4,027	\$ 4,091	\$ 4,011	\$ 4,019	\$ 4,036
Common shares outstanding	87.474	87.327	87.540	87.886	87.709	88.491
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 52.50	\$ 54.10	\$ 54.86	\$ 56.01	\$ 55.65	\$ 55.39
Adjusted (b)	49.33	49.01	49.63	48.55	48.76	48.59
Tangible, adjusted (c)	46.49	46.12	46.73	45.63	45.82	45.61
Market capitalization						
AFG's closing common share price	\$ 72.08	\$ 68.91	\$ 65.04	\$ 64.15	\$ 60.72	\$ 57.89
Market capitalization	\$ 6,305	\$ 6,018	\$ 5,694	\$ 5,638	\$ 5,326	\$ 5,123
Price / Adjusted book value ratio	1.46	1.41	1.31	1.32	1.25	1.19

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

American Financial Group, Inc.

Capitalization

(\$ in millions)



	<u>12/31/15</u>	<u>09/30/15</u>	<u>06/30/15</u>	<u>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>
AFG senior obligations	\$ 708	\$ 708	\$ 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	\$ 720	\$ 852	\$ 852	\$ 852	\$ 852
AFG subordinated debentures	300	150	150	150	150	150
Obligations of subsidiaries - secured by real estate	—	10	22	59	59	60
Payable to subsidiary trusts - subordinated	—	—	—	—	—	—
Total Long-term debt	\$ 1,020	\$ 880	\$ 1,024	\$ 1,061	\$ 1,061	\$ 1,062
Shareholders' equity	4,592	4,724	4,802	4,923	4,879	4,904
Noncontrolling interests	178	182	182	177	175	174
Less:						
Appropriated retained earnings	—	—	—	—	2	(2)
Unrealized gains related to fixed maturity investments	(278)	(445)	(457)	(656)	(604)	(602)
Total adjusted capital	\$ 5,512	\$ 5,341	\$ 5,551	\$ 5,505	\$ 5,513	\$ 5,536
Less:						
Obligations of subsidiaries - secured by real estate	—	(10)	(22)	(59)	(59)	(60)
Total adjusted capital excluding obligations secured by real estate	\$ 5,512	\$ 5,331	\$ 5,529	\$ 5,446	\$ 5,454	\$ 5,476
Ratio of debt to total adjusted capital:						
Including subordinated debt & debt secured by real estate	18.5%	16.5%	18.4%	19.3%	19.2%	19.2%
Excluding subordinated debt & debt secured by real estate	13.1%	13.5%	15.4%	15.6%	15.6%	15.6%

	<u>Three Months Ended</u>					<u>Twelve Months Ended</u>	
	<u>12/31/15</u>	<u>09/30/15</u>	<u>06/30/15</u>	<u>03/31/15</u>	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/14</u>
<u>Property and Casualty Insurance</u>							
Paid Losses (GAAP)	\$ 675	\$ 585	\$ 526	\$ 617	\$ 562	\$ 2,403	\$ 2,130
<u>Statutory Surplus</u>							
Property and Casualty Insurance		\$2,488	\$2,356	\$2,399	\$2,340	\$2,286	\$2,206
AFG's principal annuity subsidiaries (total adjusted capital)		\$1,918	\$1,816	\$1,911	\$1,861	\$1,822	\$1,818
<u>Allowable dividends without regulatory approval</u>							
Property and Casualty Insurance		\$ 434	\$ 315	\$ 315	\$ 315	\$ 315	\$ 335
Annuity and Run-off		375	358	358	358	358	275
Total		<u>\$ 809</u>	<u>\$ 673</u>	<u>\$ 673</u>	<u>\$ 673</u>	<u>\$ 673</u>	<u>\$ 610</u>

	Carrying Value - December 31, 2015					
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:						
Cash and cash equivalents	\$ 708	\$ 282	\$ 230	\$ —	\$ 1,220	3%
Fixed maturities - Available for sale	6,784	25,486	14	—	32,284	85%
Fixed maturities - Trading	140	114	—	—	254	1%
Equity securities	1,182	488	49	—	1,719	5%
Policy loans	—	201	—	—	201	0%
Mortgage loans	191	876	—	—	1,067	3%
Real estate and other investments	457	781	18	(265)	991	3%
Total cash and investments	\$ 9,462	\$ 28,228	\$ 311	\$ (265)	\$ 37,736	100%
Unrealized gain/(loss) on equity securities	\$ 87	\$ (3)	\$ —	\$ —	\$ 84	

	Carrying Value - December 31, 2014					
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:						
Cash and cash equivalents	\$ 693	\$ 320	\$ 330	\$ —	\$ 1,343	4%
Fixed maturities - Available for sale	6,409	24,313	12	—	30,734	85%
Fixed maturities - Trading	138	128	—	—	266	1%
Equity securities	1,190	460	46	—	1,696	4%
Policy loans	—	228	—	—	228	1%
Mortgage loans	229	888	—	—	1,117	3%
Real estate and other investments	358	747	10	(289)	826	2%
Total cash and investments	\$ 9,017	\$ 27,084	\$ 398	\$ (289)	\$ 36,210	100%
Unrealized gain/(loss) on equity securities	\$ 169	\$ 49	\$ —	\$ —	\$ 218	

	Three Months Ended					Twelve Months Ended	
	12/31/15	09/30/15	06/30/15	03/31/15	12/31/14	12/31/15	12/31/14
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 63	\$ 62	\$ 62	\$ 61	\$ 58	\$ 248	\$ 223
Fixed maturities - Trading	—	—	—	4	2	4	8
Equity securities	14	12	12	10	11	48	40
Equity in investees	(1)	7	3	1	1	10	8
Other investments	—	4	8	5	5	17	22
Gross investment income	76	85	85	81	77	327	301
Investment expenses	(2)	(2)	(2)	(2)	(2)	(8)	(7)
Total net investment income	\$ 74	\$ 83	\$ 83	\$ 79	\$ 75	\$ 319	\$ 294
Average cash and investments (a)	\$ 9,113	\$ 8,984	\$ 8,956	\$ 8,775	\$ 8,485	\$ 8,956	\$ 7,849
Average yield (b)	3.25%	3.70%	3.71%	3.60%	3.54%	3.56%	3.75%
Fixed Annuity:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 294	\$ 288	\$ 277	\$ 267	\$ 264	\$ 1,126	\$ 1,037
Fixed maturities - Trading	—	—	—	—	—	—	—
Equity securities	6	5	5	5	4	21	16
Equity in investees	2	11	1	2	2	16	68
Other investments	7	14	23	18	14	62	9
Gross investment income	309	318	306	292	284	1,225	1,130
Investment expenses	(2)	(3)	(2)	(3)	(1)	(10)	(4)
Total net investment income	\$ 307	\$ 315	\$ 304	\$ 289	\$ 283	\$ 1,215	\$ 1,126
Average cash and investments (a)	\$26,401	\$25,642	\$24,711	\$23,943	\$23,334	\$25,174	\$22,391
Average yield (b)	4.65%	4.92%	4.91%	4.83%	4.85%	4.83%	5.03%
AFG consolidated net investment income:							
Property & Casualty	\$ 74	\$ 83	\$ 83	\$ 79	\$ 75	\$ 319	\$ 294
Annuity and Run-off:							
Fixed Annuity	307	315	304	289	283	1,215	1,126
Variable Annuity	2	2	2	3	2	9	10
Run-off	19	20	21	20	20	80	82
Other	3	2	(1)	—	3	4	6
Consolidate CLOs	11	3	(5)	(3)	1	6	(17)
Total net investment income	\$ 416	\$ 425	\$ 404	\$ 388	\$ 384	\$ 1,633	\$ 1,501

- (a) Average cash and investments is the average of the beginning and ending quarter balances, or the average of the five quarters balances.
(b) Average yield is calculated by dividing investment income for the quarter by the average cash and investment balance over the quarter.

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



December 31, 2015	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 319	\$ 321	\$ 2	1%	1%
States, municipalities and political subdivisions	6,671	6,885	214	21%	18%
Foreign government	225	232	7	1%	1%
Residential mortgage-backed securities	3,241	3,534	293	11%	9%
Commercial mortgage-backed securities	2,112	2,188	76	7%	6%
Asset-backed securities	4,961	4,934	(27)	15%	13%
Corporate and other bonds	14,290	14,444	154	44%	38%
Total AFG consolidated	\$ 31,819	\$ 32,538	\$ 719	100%	86%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.74%
Net of investment expense (a)	4.69%

Approximate average life and duration:

Approximate average life	6.5 years
Approximate duration	5 years

December 31, 2014	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 361	\$ 367	\$ 6	1%	1%
States, municipalities and political subdivisions	6,423	6,777	354	22%	19%
Foreign government	267	277	10	1%	1%
Residential mortgage-backed securities	4,053	4,449	396	14%	12%
Commercial mortgage-backed securities	2,300	2,457	157	8%	7%
Asset-backed securities	3,874	3,889	15	13%	11%
Corporate and other bonds	12,062	12,784	722	41%	35%
Total AFG consolidated	\$ 29,340	\$ 31,000	\$ 1,660	100%	86%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.75%
Net of investment expense (a)	4.71%

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.

	December 31, 2015				December 31, 2014			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Property and Casualty Insurance:								
US Government and government agencies	\$ 255	\$ 257	\$ 2	4%	\$ 276	\$ 280	\$ 4	4%
States, municipalities and political subdivisions	2,807	2,891	84	42%	2,624	2,726	102	42%
Foreign government	213	219	6	3%	250	257	7	4%
Residential mortgage-backed securities	893	932	39	13%	973	1,032	59	16%
Commercial mortgage-backed securities	209	213	4	3%	243	252	9	4%
Asset-backed securities	1,453	1,442	(11)	21%	1,059	1,057	(2)	16%
Corporate and other bonds	979	970	(9)	14%	916	943	27	14%
Property and Casualty Insurance	\$ 6,809	\$ 6,924	\$ 115	100%	\$ 6,341	\$ 6,547	\$ 206	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.82%	3.81%
Net of investment expense (a)	3.71%	3.71%
Tax equivalent, net of investment expense (b)	4.31%	4.33%

Approximate average life and duration:

Approximate average life	5 years	4.5 years
Approximate duration	4 years	3.5 years

	December 31, 2015				December 31, 2014			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Annuity and Run-off:								
US Government and government agencies	\$ 62	\$ 62	\$ —	0%	\$ 85	\$ 87	\$ 2	0%
States, municipalities and political subdivisions	3,864	3,994	130	15%	3,799	4,051	252	17%
Foreign government	12	13	1	0%	17	20	3	0%
Residential mortgage-backed securities	2,347	2,590	243	10%	3,079	3,405	326	14%
Commercial mortgage-backed securities	1,903	1,975	72	8%	2,057	2,205	148	9%
Asset-backed securities	3,508	3,492	(16)	14%	2,815	2,832	17	12%
Corporate and other bonds	13,311	13,474	163	53%	11,146	11,841	695	48%
Total Annuity and Run-off	\$ 25,007	\$ 25,600	\$ 593	100%	\$ 22,998	\$ 24,441	\$ 1,443	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.98%	5.00%
Net of investment expense (a)	4.94%	4.98%

Approximate average life and duration:

Approximate average life	6.5 years	7 years
Approximate duration	5.5 years	5 years

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

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



By Credit Rating (a)	December 31, 2015			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,519	\$ 6,655	\$ 136	20%
AA	6,785	6,954	169	21%
A	7,780	7,969	189	25%
BBB	7,478	7,507	29	23%
Subtotal - Investment grade	28,562	29,085	523	89%
BB	790	765	(25)	3%
B	438	417	(21)	1%
Other (b)	2,029	2,271	242	7%
Total	\$ 31,819	\$ 32,538	\$ 719	100%

97% of the fixed maturity portfolio is NAIC designated 1 or 2.

By Credit Rating (a)	December 31, 2014			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,680	\$ 6,936	\$ 256	22%
AA	6,053	6,342	289	21%
A	7,526	7,966	440	26%
BBB	5,289	5,603	314	18%
Subtotal - Investment grade	25,548	26,847	1,299	87%
BB	807	834	27	3%
B	428	440	12	1%
Other (b)	2,557	2,879	322	9%
Total	\$ 29,340	\$ 31,000	\$ 1,660	100%

97% of the fixed maturity portfolio is NAIC designated 1 or 2.

- (a) If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.
- (b) See Appendix A (pg 29) for more information.

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



December 31, 2015	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 260	\$ 269	\$ 9	5%	1%
Prime (Non-Agency)	1,489	1,651	162	29%	4%
Alt-A	794	872	78	15%	2%
Subprime	698	742	44	13%	2%
Commercial	2,112	2,188	76	38%	6%
Total AFG consolidated	\$ 5,353	\$ 5,722	\$ 369	100%	15%

- 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 85%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 741; Alt-A 711; Subprime 637.
- 99.7% of our Commercial MBS portfolio is investment-grade rated (85% AAA) and the average subordination for this group of assets is 40%.
- The approximate average life by collateral type is - Residential 4.5 years; Commercial 3 years.

December 31, 2014	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 315	\$ 327	\$ 12	5%	1%
Prime (Non-Agency)	1,923	2,135	212	31%	6%
Alt-A	948	1,054	106	15%	3%
Subprime	867	933	66	13%	2%
Commercial	2,300	2,457	157	36%	7%
Total AFG consolidated	\$ 6,353	\$ 6,906	\$ 553	100%	19%

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



Property and Casualty Insurance:

By Asset Type	December 31, 2015				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 151	\$ 153	\$ 2	13%	2%
Prime (Non-Agency)	218	231	13	20%	2%
Alt-A	241	257	16	23%	3%
Subprime	283	291	8	25%	3%
Commercial	209	213	4	19%	2%
Total	\$ 1,102	\$ 1,145	\$ 43	100%	12%

By Asset Type	December 31, 2014				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 185	\$ 189	\$ 4	15%	2%
Prime (Non-Agency)	238	255	17	20%	3%
Alt-A	250	272	22	21%	3%
Subprime	300	316	16	24%	3%
Commercial	243	252	9	20%	3%
Total	\$ 1,216	\$ 1,284	\$ 68	100%	14%

Annuity and Run-off:

By Asset Type	December 31, 2015				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 109	\$ 116	\$ 7	3%	0%
Prime (Non-Agency)	1,270	1,408	138	31%	5%
Alt-A	553	615	62	13%	2%
Subprime	415	451	36	10%	2%
Commercial	1,903	1,975	72	43%	7%
Total	\$ 4,250	\$ 4,565	\$ 315	100%	16%

By Asset Type	December 31, 2014				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 130	\$ 138	\$ 8	3%	1%
Prime (Non-Agency)	1,684	1,868	184	33%	7%
Alt-A	698	782	84	14%	3%
Subprime	567	617	50	11%	2%
Commercial	2,057	2,205	148	39%	8%
Total	\$ 5,136	\$ 5,610	\$ 474	100%	21%

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



By Credit Rating (a)	December 31, 2015			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 2,409	\$ 2,494	\$ 85	43%
AA	255	263	8	5%
A	329	345	16	6%
BBB	272	292	20	5%
Subtotal - investment grade	3,265	3,394	129	59%
BB	253	258	5	5%
B	305	311	6	5%
Other	1,530	1,759	229	31%
Total	\$ 5,353	\$ 5,722	\$ 369	100%

97% of the mortgage-backed security portfolio has an NAIC 1 designation.

By Credit Rating (a)	December 31, 2014			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 2,764	\$ 2,932	\$ 168	43%
AA	346	362	16	5%
A	484	512	28	7%
BBB	216	235	19	3%
Subtotal - investment grade	3,810	4,041	231	58%
BB	334	347	13	5%
B	368	380	12	6%
Other	1,841	2,138	297	31%
Total	\$ 6,353	\$ 6,906	\$ 553	100%

97% of the mortgage-backed security portfolio has an NAIC 1 designation.

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

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



By Credit Rating (a)	Fair Value - December 31, 2015								
	US Gov	Munis	Frgn gov	RMBS	CMBS	ABS	Corp/Oth	Total	% Total
Investment grade									
AAA	\$ 262	\$1,607	\$ 138	\$ 640	\$1,854	\$1,986	\$ 168	\$ 6,655	20%
AA	44	4,488	32	151	112	1,239	888	6,954	21%
A	—	569	62	173	172	1,252	5,741	7,969	25%
BBB	—	92	—	248	44	429	6,694	7,507	23%
Subtotal - Investment grade	306	6,756	232	1,212	2,182	4,906	13,491	29,085	89%
BB	—	20	—	258	—	14	473	765	3%
B	—	—	—	306	6	2	103	417	1%
CCC, CC, C	—	9	—	894	—	4	11	918	3%
D	—	—	—	445	—	—	3	448	1%
Subtotal - Non-Investment grade	—	29	—	1,903	6	20	590	2,548	8%
Not Rated	15	100	—	419	—	8	363	905	3%
Total	\$ 321	\$6,885	\$ 232	\$3,534	\$2,188	\$4,934	\$14,444	\$32,538	100%

By Credit Rating (a)	Fair Value - December 31, 2014								
	US Gov	Munis	Frgn gov	RMBS	CMBS	ABS	Corp/Oth	Total	% Total
Investment grade									
AAA	\$ 308	\$1,510	\$ 167	\$ 838	\$2,094	\$1,852	\$ 167	\$ 6,936	22%
AA	59	4,250	39	238	123	834	799	6,342	21%
A	—	789	65	323	190	871	5,728	7,966	26%
BBB	—	101	6	192	43	220	5,041	5,603	18%
Subtotal - Investment grade	367	6,650	277	1,591	2,450	3,777	11,735	26,847	87%
BB	—	17	—	347	—	18	452	834	3%
B	—	—	—	373	7	1	59	440	1%
CCC, CC, C	—	—	—	1,167	—	7	9	1,183	4%
D	—	—	—	429	—	—	—	429	1%
Subtotal - Non-Investment grade	—	17	—	2,316	7	26	520	2,886	9%
Not Rated	—	110	—	542	—	86	529	1,267	4%
Total	\$ 367	\$6,777	\$ 277	\$4,449	\$2,457	\$3,889	\$12,784	\$31,000	100%

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