
**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): April 27, 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 first quarter of 2015 and the availability of the Investor Supplement on the Company's website. The press release was issued on April 27, 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 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 April 27, 2015, reporting American Financial Group Inc. results for the quarterly period ended March 31, 2015.
99.2	Investor Supplement – First 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.

AMERICAN FINANCIAL GROUP, INC.

Date: April 28, 2015

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

FOR IMMEDIATE RELEASE



Press Release

American Financial Group, Inc. Announces First Quarter Results

- **Net earnings per share of \$0.21 include \$1.18 per share loss on sale of long-term care insurance business**
- **Core net operating earnings \$1.25 per share, up 25% from the comparable 2014 period**

Cincinnati, Ohio – April 27, 2015 – American Financial Group, Inc. (NYSE: AFG) today reported 2015 first quarter net earnings attributable to shareholders of \$19 million (\$0.21 per share) compared to \$103 million (\$1.13 per share) for the 2014 first quarter. As previously announced, AFG’s 2015 first quarter results include an after-tax loss of \$105 million (\$1.18 per share) related to the pending sale of its run-off long-term care insurance business. Net earnings for the quarter also include \$12 million (\$0.14 per share) in after-tax net realized gains, compared to \$12 million (\$0.13 per share) in the prior year period. Book value per share, excluding appropriated retained earnings and unrealized gains on fixed maturities, decreased by \$0.21 to \$48.55 per share during the quarter.

Core net operating earnings were \$112 million (\$1.25 per share) for the 2015 first quarter, compared to \$91 million (\$1.00 per share) in the 2014 first quarter. Higher underwriting profit and net investment income in our Specialty Property and Casualty (“P&C”) insurance operations and higher operating earnings in our Annuity and Run-off Long-Term Care and Life segments contributed to these results. Core net operating earnings for the first quarters of 2015 and 2014 generated annualized returns on equity of 10.8% and 9.1%, respectively.

During the first quarter of 2015, AFG repurchased 516,276 shares of common stock at an average price per share of \$59.32.

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 March 31,	
	2015	2014
Components of net earnings attributable to shareholders:		
Core net operating earnings(a)	\$ 112	\$ 91
Non-Core Items:		
Realized gains on securities	12	12
Loss on sale of subsidiaries	(105)	—
Net earnings attributable to shareholders	\$ 19	\$ 103
Components of Earnings Per Share:		
Core net operating earnings(a)	\$ 1.25	\$ 1.00
Non-Core Items:		
Realized gains on securities	0.14	0.13
Loss on sale of subsidiaries	(1.18)	—
Diluted Earnings Per Share	\$ 0.21	\$ 1.13

Footnote (a) is 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: "Continued focused execution within our specialty insurance businesses, excellent investment management and intelligent deployment of capital enabled us to achieve year-over-year growth of 25% in AFG's core net operating earnings per share during the first quarter of 2015. Our insurance professionals continue to be disciplined with pricing and opportunistic in growing our portfolio of niche businesses.

"As of March 31, 2015, AFG had approximately \$790 million of excess capital (including parent company cash of approximately \$270 million). On April 14, 2015, we announced that AFG had reached a definitive agreement to sell its Run-off Long-Term Care Insurance business to HC2 Holdings, Inc. The sale of this business is expected to produce a cash tax benefit between \$95 and \$105 million, and is expected to provide approximately \$105 to \$115 million in proceeds, including the cash tax benefit, generating approximately \$80 to \$90 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 three months of the year, we continue to expect core net operating earnings in 2015 to be between \$5.10 and \$5.50 per share. Our core earnings per share guidance excludes non-core items such as the loss on the sale of AFG's run-off long-term care insurance business, other 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 \$60 million in the 2015 first quarter, compared to \$59 million in the first quarter of 2014. Higher underwriting profit in our Specialty Financial and Property and Transportation Groups was partially offset by lower profitability in our Specialty Casualty Group.

The first quarter 2015 combined operating ratio of 93.6% includes 0.8 points of favorable prior year reserve development, compared to 4.2 points of favorable development in the comparable prior year period. First quarter results in 2015 include 0.6 points in catastrophe losses, compared to 1.6 points in the first quarter of 2014.

Gross and net written premiums were up 17% and 23%, respectively, in the 2015 first quarter compared to the same quarter a year earlier. The 2015 results include premiums from Summit, AFG's specialty workers' compensation subsidiary, which was acquired on April 1, 2014. Excluding Summit premiums, gross and net written premiums for the 2015 first quarter grew by 4% and 6%, respectively, year-over-year. Further details about AFG's specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting profit of \$7 million in the first quarter of 2015 compared to \$6 million in the first quarter of 2014. Higher underwriting profitability in our agricultural and inland marine operations was partially offset by higher adverse prior year reserve development in our ocean marine and transportation businesses. Catastrophe losses in this group were \$4 million in the first quarter of 2015, primarily as a result of winter storms in the month of February, compared to \$9 million in the 2014 first quarter.

Gross and net written premiums were flat and up 1%, respectively, during the first quarter of 2015. A heightened focus on disciplined pricing and underwriting resulted in lower gross and net written premiums in our National Interstate subsidiary, which were offset by modest growth in many of the other businesses in this group.

The **Specialty Casualty Group** reported an underwriting profit of \$28 million in the first quarter of 2015, compared to \$38 million in the first quarter of 2014, reflecting higher underwriting profit in our workers' compensation and social services businesses, which was offset by lower profitability in our general liability and international business and lower favorable prior year reserve development in our excess and surplus and executive liability businesses.

Gross and net written premiums for the first quarter of 2015 were up 35% and 51%, respectively, compared to the same period in 2014. The 2015 results include premiums from Summit; excluding these premiums, gross and net written premiums grew by 9% and 12%, respectively, year over year. While most of the businesses in this group reported growth, our workers' compensation, excess and surplus lines and targeted markets businesses were primary drivers of the higher premiums. Broadening opportunities to write business and additional premium flow from start-up businesses were contributing factors. Pricing was flat in this group for the quarter.

The **Specialty Financial Group** reported an underwriting profit of \$22 million in the first quarter of 2015, compared to \$10 million in the comparable 2014 period. The increase was driven by higher underwriting profitability in our fidelity / crime and financial institutions businesses and higher favorable prior year reserve development in our trade credit business. Nearly all businesses in this group continued to achieve excellent underwriting margins during 2015, with an overall combined operating ratio of 81.7% for the first quarter of 2015.

First quarter 2015 gross written premiums were down 3% and net written premiums were down 1% when compared to the prior year period, primarily as a result of lower premiums in our financial institutions business. Pricing in this group was up approximately 1% on average for the quarter.

Carl Lindner III noted, "Our Specialty P&C businesses produced strong underwriting profitability during the first quarter, and total P&C operating income was up about 20% year-over-year. I'm especially pleased with continued excellent underwriting results of the businesses within our Specialty Financial Group and the healthy underwriting profitability in our Specialty Casualty businesses. I'm also encouraged by the year over year improvement in underwriting results in our Property and Transportation Group. We achieved an average overall renewal rate increase of approximately 2% for the quarter, roughly in line with our fourth quarter results.

"Based on results during the first three months of the year, we continue to expect an overall 2015 calendar year combined ratio in the 92% to 94% range and estimate net written premium growth to be between 4% and 8%."

Annuity Segment

AFG's Annuity Segment contributed \$75 million in core pretax operating earnings in the first quarter of 2015 compared to \$73 million in the first quarter of 2014, an increase of \$2 million or 3%. Earnings before the impact of fair value accounting on fixed-indexed annuities (FIAs) were up 5%, as detailed in the table below:

<u>Components of Core Annuity Operating Earnings Before Income Taxes</u> In millions	Three months ended		Pct. Change
	March 31,		
	2015	2014	
Annuity earnings before fair value accounting for FIAs	\$ 92	\$ 88	5%
Impact of Fair Value Accounting for FIAs	(17)	(15)	nm
Core Pretax Annuity Operating Earnings	\$ 75	\$ 73	3%

Annuity Earnings Before Fair Value Accounting for FIAs

AFG's 2015 earnings continued to benefit from growth in annuity assets. AFG's quarterly average annuity investments and reserves grew approximately 12% and 13%, respectively, year-over-year; however, the impact of this growth was partially offset by the runoff of higher yielding investments. In addition, both periods benefited from stronger than usual investment results.

Impact of Fair Value Accounting for FIAs

Variances from expectations of certain items (such as projected interest rates, stock market growth, option costs and surrenders) have an impact on the accounting for FIAs; these accounting adjustments are recognized through AFG's reported core earnings. In the first quarters of 2015 and 2014, lower than expected interest rates resulted in an unfavorable impact on earnings of \$13 million and \$12 million, respectively; these impacts are included within the "Impact of Fair Value Accounting" amounts shown in the table above.

See the accompanying schedules for information about spreads for AFG's fixed annuity operations.

The Annuity segment reported statutory premiums of \$813 million in the first quarter of 2015, compared to \$967 million in the first quarter of 2014, a decrease of 16%. This year-over-year decrease, as well as the 16% sequential decline in premiums from the fourth quarter of 2014, was due primarily to lower sales of traditional fixed annuities in the financial institutions market and lower sales of FIAs in the retail channel. AFG attributes these decreases to new and sometimes aggressive competition in these markets, as well as the lower overall interest rate environment. The Company's commitment to maintain pricing discipline remains steadfast in the current interest rate environment.

Craig Lindner stated, "I'm very pleased with our strong annuity earnings during the first quarter of 2015. These results demonstrate careful execution of our strategy, which is focused on a balance of disciplined pricing, consumer friendly product design, superior investment results and growing our business when we can achieve desired long-term returns. Based on the results through the first three months of 2015, assuming no significant change in interest rates or the stock market, we continue to expect full year 2015 core pretax annuity operating earnings will be flat compared to the \$328 million reported for the full year of 2014. Significant changes in market interest rates and/or the stock market could lead to significant positive or negative impacts on the Annuity segment's results. Based on information currently available, we now expect that premiums for the full year of 2015 will be approximately 5% to 10% lower than the \$3.7 billion achieved for the full year in 2014."

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 \$4 million in the first quarter of 2015 compared to a core pretax operating loss of \$2 million in the comparable prior year period, reflecting primarily better claims experience.

As previously announced, AFG reached a definitive agreement to sell the legal entities containing all of its run-off long-term care insurance business 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 legal entities involved in the transaction, United Teacher Associates Insurance Company and Continental General Insurance Company, contain all of AFG's long-term care insurance reserves. The transaction is expected to close in the third quarter of 2015, subject to customary conditions, including receipt of required regulatory approvals.

Investments

AFG recorded first quarter 2015 net realized gains on securities of \$12 million after tax and after deferred acquisition costs (DAC), unchanged from realized gains reported in the comparable 2014 period. Unrealized gains on fixed maturities were \$656 million after tax and after DAC at March 31, 2015, an increase of \$52 million since year end. Our portfolio continues to be high quality, with 87% 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 three months ended March 31, 2015, P&C net investment income was approximately 18% 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 over \$45 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

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

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets; AFG's ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market; new legislation or declines in credit quality or

credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; regulatory actions (including changes in statutory accounting rules or obtaining approvals incident to transactions); 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 first quarter results at 11:00 a.m. (ET) tomorrow, Tuesday, April 28, 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 22310772. 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 May 5, 2015. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 22310772.

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 May 5, 2015 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

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

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

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

AFG15-07

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

	Three months ended	
	March 31,	
	2015	2014
Revenues		
P&C insurance net earned premiums	\$ 946	\$ 754
Life, accident & health net earned premiums	25	28
Net investment income	388	361
Realized gains (losses) on:		
Securities	19	19
Subsidiaries	(162)	—
Income (loss) of managed investment entities:		
Investment income	34	28
Gain (loss) on change in fair value of assets/liabilities	(3)	—
Other income	47	21
Total revenues	<u>1,294</u>	<u>1,211</u>
Costs and expenses		
P&C insurance losses & expenses	889	696
Annuity, life, accident & health benefits & expenses	254	246
Interest charges on borrowed money	20	18
Expenses of managed investment entities	24	20
Other expenses	77	70
Total costs and expenses	<u>1,264</u>	<u>1,050</u>
Earnings before income taxes	30	161
Provision for income taxes ^(b)	5	54
Net earnings including noncontrolling interests	25	107
Less: Net earnings attributable to noncontrolling interests	6	4
Net earnings attributable to shareholders	<u>\$ 19</u>	<u>\$ 103</u>
Diluted Earnings per Common Share	<u>\$ 0.21</u>	<u>\$ 1.13</u>
Average number of diluted shares	89.4	91.6
Selected Balance Sheet Data:		
	March 31,	December 31,
	2015	2014
Total cash and investments	\$37,384	\$ 36,210
Long-term debt	\$ 1,061	\$ 1,061
Shareholders' equity ^(c)	\$ 4,923	\$ 4,879
Shareholders' equity (excluding appropriated retained earnings and unrealized gains/losses on fixed maturities) ^(c)	\$ 4,267	\$ 4,277
Book Value Per Share:		
Excluding appropriated retained earnings	\$ 56.01	\$ 55.65
Excluding appropriated retained earnings and unrealized gains/losses on fixed maturities	\$ 48.55	\$ 48.76
Common Shares Outstanding	87.9	87.7

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

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

	Three months ended March 31,		Pct. Change
	2015	2014	
Gross written premiums	<u>\$1,196</u>	<u>\$1,024</u>	17%
Net written premiums	<u>\$ 926</u>	<u>\$ 755</u>	23%
Ratios (GAAP):			
Loss & LAE ratio	60.8%	56.9%	
Underwriting expense ratio	<u>32.8%</u>	<u>35.3%</u>	
Specialty Combined Ratio	<u>93.6%</u>	<u>92.2%</u>	
Supplemental Information:(d)			
Gross Written Premiums:			
Property & Transportation	\$ 376	\$ 376	— %
Specialty Casualty	683	507	35%
Specialty Financial	<u>137</u>	<u>141</u>	(3%)
	<u>\$1,196</u>	<u>\$1,024</u>	17%
Net Written Premiums:			
Property & Transportation	\$ 288	\$ 284	1%
Specialty Casualty	501	331	51%
Specialty Financial	115	116	(1%)
Other	<u>22</u>	<u>24</u>	(8%)
	<u>\$ 926</u>	<u>\$ 755</u>	23%
Combined Ratio (GAAP):			
Property & Transportation	97.7%	98.1%	
Specialty Casualty	94.2%	87.8%	
Specialty Financial	81.7%	91.0%	
Aggregate Specialty Group	93.6%	92.2%	

	Three months ended March 31,	
	2015	2014
Reserve Development (Favorable)/Adverse:		
Property & Transportation	\$ 3	\$ (4)
Specialty Casualty	—	(24)
Specialty Financial	(9)	(1)
Other	<u>(1)</u>	<u>(3)</u>
	<u>\$ (7)</u>	<u>\$ (32)</u>
Points on Combined Ratio:		
Property & Transportation	1.1	(1.1)
Specialty Casualty	—	(7.7)
Specialty Financial	(7.3)	(0.7)
Aggregate Specialty Group	(0.8)	(4.2)

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

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

Components of Statutory Premiums

	Three months ended March 31,		Pct. Change
	2015	2014	
<u>Annuity Premiums:</u>			
Financial Institutions Single Premium	\$ 394	\$ 480	(18%)
Retail Single Premium	361	425	(15%)
Education Market	47	50	(6%)
Variable Annuities	11	12	(8%)
Total Annuity Premiums	<u>\$ 813</u>	<u>\$ 967</u>	(16%)

Components of Core Operating Earnings Before Income Taxes

	Three months ended March 31,		Pct. Change
	2015	2014	
Revenues:			
Net investment income	\$ 292	\$ 275	6%
Other income	24	18	33%
Total revenues	<u>316</u>	<u>293</u>	8%
Costs and Expenses:			
Annuity benefits	184	168	10%
Acquisition expenses	34	31	10%
Other expenses	23	21	10%
Total costs and expenses	<u>241</u>	<u>220</u>	10%
Core operating earnings before income taxes	<u>\$ 75</u>	<u>\$ 73</u>	3%

Supplemental Fixed Annuity Information

	Three months ended March 31,		Pct. Change
	2015	2014	
Core Operating Earnings Before impact of fair value accounting on FIAs	\$ 92	\$ 88	5%
Impact of Fair Value Accounting	<u>(17)</u>	<u>(15)</u>	nm
Core operating earnings before income taxes	<u>\$ 75</u>	<u>\$ 73</u>	3%
Average Fixed Annuity Reserves*	\$23,752	\$21,066	13%
Net Interest Spread	2.67%	2.81%	
Net Spread Earned Before Impact of Fair Value Accounting*	1.49%	1.58%	
Net Spread Earned After Impact of Fair Value Accounting	1.21%	1.30%	

* 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 March 31,	
	2015	2014
<u>Core Operating Earnings before Income Taxes:</u>		
P&C insurance segment	\$ 129	\$ 108
Annuity segment	75	73
Run-off long-term care and life	4	(2)
Interest & other corporate expense	(41)	(41)
Core operating earnings before income taxes	167	138
Related income taxes	55	47
Core net operating earnings	<u>\$ 112</u>	<u>\$ 91</u>

b) Excluding the impact of the loss on the sale of the long term care business that was recorded in the first quarter of 2015, AFG's effective tax rate was 32%.

c) Shareholders' Equity at March 31, 2015 includes \$656 million (\$7.46 per share) in unrealized after-tax gains on fixed maturities. Shareholder's 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.

d) Supplemental Notes:

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



American Financial Group, Inc.

Investor Supplement - First Quarter 2015

April 27, 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					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Highlights							
Core net operating earnings	\$ 112	\$ 122	\$ 127	\$ 99	\$ 91	\$ 439	\$ 385
Net earnings	19	127	116	106	103	452	471
Total assets	48,307	47,535	46,552	45,355	42,770	47,535	42,087
Adjusted shareholders' equity (a)	4,267	4,277	4,300	4,298	4,191	4,277	4,109
Property and Casualty net written premiums	926	1,025	1,242	998	755	4,020	3,341
Annuity statutory premiums	813	971	809	949	967	3,696	4,033
Per share data							
Core net operating earnings per share	\$ 1.25	\$ 1.35	\$ 1.40	\$ 1.07	\$ 1.00	\$ 4.82	\$ 4.22
Diluted earnings per share	0.21	1.41	1.28	1.15	1.13	4.97	5.16
Adjusted book value per share (a)	48.55	48.76	48.59	47.95	46.79	48.76	45.90
Cash dividends per common share	0.250	1.250	0.220	0.220	0.220	1.910	1.805
Financial ratios							
Annualized core operating return on equity (b)	10.8%	11.7%	12.3%	9.6%	9.1%	10.7%	10.0%
Annualized return on equity (b)	1.8%	12.1%	11.1%	10.3%	10.3%	11.0%	12.3%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	60.8%	64.0%	67.1%	64.6%	56.9%	63.7%	61.7%
Underwriting expense ratio	32.8%	28.6%	26.7%	32.3%	35.3%	30.2%	31.8%
Combined ratio - Specialty	<u>93.6%</u>	<u>92.6%</u>	<u>93.8%</u>	<u>96.9%</u>	<u>92.2%</u>	<u>93.9%</u>	<u>93.5%</u>
Net spread on fixed annuities:							
Net interest spread	2.67%	2.64%	2.77%	2.92%	2.81%	2.78%	2.94%
Net spread earned:							
Before impact of fair value accounting	1.49%	1.54%	1.50%	1.64%	1.58%	1.56%	1.52%
Impact of fair value accounting (c)	(0.28%)	(0.14%)	(0.02%)	(0.18%)	(0.28%)	(0.15%)	0.08%
After impact of fair value accounting	<u>1.21%</u>	<u>1.40%</u>	<u>1.48%</u>	<u>1.46%</u>	<u>1.30%</u>	<u>1.41%</u>	<u>1.60%</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	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Property and Casualty Insurance							
Underwriting profit	\$ 60	\$ 79	\$ 70	\$ 29	\$ 58	\$ 236	\$ 199
Net investment income	79	75	76	76	67	294	263
Other expense	(10)	(13)	(16)	(8)	(17)	(54)	(40)
Property and Casualty Insurance operating earnings	129	141	130	97	108	476	422
Annuity earnings	75	85	86	84	73	328	328
Run-off Long-Term Care and Life (losses)/earnings	4	(7)	1	(2)	(2)	(10)	(10)
Interest expense of parent holding companies	(19)	(19)	(17)	(16)	(17)	(69)	(68)
Other expense	(22)	(16)	(13)	(21)	(24)	(74)	(100)
Pre-tax core operating earnings	167	184	187	142	138	651	572
Income tax expense	55	62	60	43	47	212	187
Core net operating earnings	112	122	127	99	91	439	385
Non-core items, net of tax:							
Realized gains on securities	12	5	8	7	12	32	138
Loss on sale of subsidiaries	(105)	—	—	—	—	—	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	(15)	—	—	(15)	(35)
Former Railroad and Manufacturing operations	—	—	(4)	—	—	(4)	(14)
ELNY guaranty fund assessments charge (a)	—	—	—	—	—	—	(3)
Net earnings	\$ 19	\$ 127	\$ 116	\$ 106	\$ 103	\$ 452	\$ 471

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

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Core net operating earnings	<u>\$ 112</u>	<u>\$ 122</u>	<u>\$ 127</u>	<u>\$ 99</u>	<u>\$ 91</u>	<u>\$ 439</u>	<u>\$ 385</u>
Net earnings	<u>\$ 19</u>	<u>\$ 127</u>	<u>\$ 116</u>	<u>\$ 106</u>	<u>\$ 103</u>	<u>\$ 452</u>	<u>\$ 471</u>
Average number of diluted shares	89.377	89.772	90.873	91.593	91.621	90.960	91.242
Diluted earnings per share:							
Core net operating earnings per share	<u>\$ 1.25</u>	<u>\$ 1.35</u>	<u>\$ 1.40</u>	<u>\$ 1.07</u>	<u>\$ 1.00</u>	<u>\$ 4.82</u>	<u>\$ 4.22</u>
Realized gains on securities	0.14	0.06	0.09	0.08	0.13	0.36	1.52
Loss on sale of subsidiaries	(1.18)	—	—	—	—	—	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	(0.17)	—	—	(0.17)	(0.39)
Former Railroad and Manufacturing operations	—	—	(0.04)	—	—	(0.04)	(0.15)
ELNY guaranty fund assessments charge (a)	—	—	—	—	—	—	(0.04)
Diluted earnings per share	<u>\$ 0.21</u>	<u>\$ 1.41</u>	<u>\$ 1.28</u>	<u>\$ 1.15</u>	<u>\$ 1.13</u>	<u>\$ 4.97</u>	<u>\$ 5.16</u>

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

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Property and Transportation	\$ 7	\$ 22	\$ 11	\$ (18)	\$ 6	\$ 21	\$ 12
Specialty Casualty	28	36	32	30	38	136	102
Specialty Financial	22	18	21	15	10	64	67
Other Specialty	3	3	6	2	5	16	25
Underwriting profit - Specialty	60	79	70	29	59	237	206
Other core charges, included in loss and LAE	—	—	—	—	1	1	7
Underwriting profit - Core	60	79	70	29	58	236	199
Special A&E charges, included in loss and LAE	—	—	(24)	—	—	(24)	(54)
Underwriting profit - Property and Casualty Insurance	\$ 60	\$ 79	\$ 46	\$ 29	\$ 58	\$ 212	\$ 145
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	6	3	3	10	12	28	31
Total current accident year catastrophe losses	\$ 6	\$ 3	\$ 3	\$ 10	\$ 12	\$ 28	\$ 31
Prior year loss reserve development (favorable) / adverse	\$ (7)	\$ 10	\$ 13	\$ 14	\$ (31)	\$ 6	\$ (15)
Combined ratio:							
Property and Transportation	97.7%	94.6%	97.8%	105.5%	98.1%	98.7%	99.2%
Specialty Casualty	94.2%	92.9%	93.3%	93.6%	87.8%	92.3%	90.9%
Specialty Financial	81.7%	85.6%	81.6%	87.6%	91.0%	86.5%	85.6%
Other Specialty	89.3%	86.9%	78.0%	89.0%	79.9%	83.4%	68.8%
Combined ratio - Specialty	93.6%	92.6%	93.8%	96.9%	92.2%	93.9%	93.5%
Other core charges	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.3%
Special A&E charges	0.0%	0.0%	2.1%	0.0%	0.0%	0.6%	1.7%
Combined ratio	93.7%	92.6%	96.0%	96.9%	92.2%	94.5%	95.5%
Combined ratio excl. catastrophe and prior year development	93.8%	91.4%	94.5%	94.4%	94.8%	93.7%	94.9%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	61.0%	62.8%	67.8%	62.1%	59.4%	63.5%	63.1%
Prior accident year loss reserve development	(0.7%)	1.0%	1.2%	1.4%	(4.1%)	0.1%	(0.4%)
Current accident year catastrophe loss	0.6%	0.2%	0.3%	1.1%	1.6%	0.7%	1.0%
Loss and LAE ratio	60.9%	64.0%	69.3%	64.6%	56.9%	64.3%	63.7%

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Gross written premiums	\$1,196	\$1,303	\$1,859	\$1,291	\$1,024	\$ 5,477	\$ 4,805
Ceded reinsurance premiums	(270)	(278)	(617)	(293)	(269)	(1,457)	(1,464)
Net written premiums	926	1,025	1,242	998	755	4,020	3,341
Change in unearned premiums	20	36	(110)	(67)	(1)	(142)	(137)
Net earned premiums	946	1,061	1,132	931	754	3,878	3,204
Loss and LAE	576	679	760	602	428	2,469	1,979
Underwriting expense	310	303	302	300	267	1,172	1,019
Underwriting profit	\$ 60	\$ 79	\$ 70	\$ 29	\$ 59	\$ 237	\$ 206
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	6	3	3	10	12	28	31
Total current accident year catastrophe losses	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ 28</u>	<u>\$ 31</u>
Prior year loss reserve development (favorable) / adverse	<u>\$ (7)</u>	<u>\$ 10</u>	<u>\$ (11)</u>	<u>\$ 14</u>	<u>\$ (32)</u>	<u>\$ (19)</u>	<u>\$ (75)</u>
Combined ratio:							
Loss and LAE ratio	60.8%	64.0%	67.1%	64.6%	56.9%	63.7%	61.7%
Underwriting expense ratio	32.8%	28.6%	26.7%	32.3%	35.3%	30.2%	31.8%
Combined ratio	<u>93.6%</u>	<u>92.6%</u>	<u>93.8%</u>	<u>96.9%</u>	<u>92.2%</u>	<u>93.9%</u>	<u>93.5%</u>
Combined ratio excl. catastrophe and prior year development	<u>93.8%</u>	<u>91.4%</u>	<u>94.5%</u>	<u>94.4%</u>	<u>94.8%</u>	<u>93.7%</u>	<u>94.9%</u>
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.0%	62.8%	67.8%	62.1%	59.5%	63.5%	63.1%
Prior accident year loss reserve development	(0.8%)	1.0%	(1.0%)	1.4%	(4.2%)	(0.5%)	(2.4%)
Current accident year catastrophe loss	0.6%	0.2%	0.3%	1.1%	1.6%	0.7%	1.0%
Loss and LAE ratio	<u>60.8%</u>	<u>64.0%</u>	<u>67.1%</u>	<u>64.6%</u>	<u>56.9%</u>	<u>63.7%</u>	<u>61.7%</u>

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Gross written premiums	\$ 376	\$ 482	\$ 995	\$ 489	\$ 376	\$ 2,342	\$ 2,392
Ceded reinsurance premiums	(88)	(109)	(439)	(136)	(92)	(776)	(845)
Net written premiums	288	373	556	353	284	1,566	1,547
Change in unearned premiums	25	42	(52)	(29)	17	(22)	(26)
Net earned premiums	313	415	504	324	301	1,544	1,521
Loss and LAE	211	299	407	248	201	1,155	1,142
Underwriting expense	95	94	86	94	94	368	367
Underwriting profit (loss)	\$ 7	\$ 22	\$ 11	\$ (18)	\$ 6	\$ 21	\$ 12
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	4	2	1	8	9	20	27
Total current accident year catastrophe losses	\$ 4	\$ 2	\$ 1	\$ 8	\$ 9	\$ 20	\$ 27
Prior year loss reserve development (favorable) / adverse	\$ 3	\$ 3	\$ (5)	\$ 22	\$ (4)	\$ 16	\$ (1)
Combined ratio:							
Loss and LAE ratio	67.5%	72.2%	80.7%	76.4%	67.0%	74.9%	75.1%
Underwriting expense ratio	30.2%	22.4%	17.1%	29.1%	31.1%	23.8%	24.1%
Combined ratio	97.7%	94.6%	97.8%	105.5%	98.1%	98.7%	99.2%
Combined ratio excl. catastrophe and prior year development	95.4%	93.7%	98.5%	96.2%	96.4%	96.4%	97.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	65.2%	71.3%	81.4%	67.1%	65.3%	72.6%	73.4%
Prior accident year loss reserve development	1.1%	0.6%	(0.9%)	6.6%	(1.1%)	1.0%	(0.1%)
Current accident year catastrophe loss	1.2%	0.3%	0.2%	2.7%	2.8%	1.3%	1.8%
Loss and LAE ratio	67.5%	72.2%	80.7%	76.4%	67.0%	74.9%	75.1%

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Gross written premiums	\$ 683	\$ 660	\$ 707	\$ 655	\$ 507	\$ 2,529	\$ 1,790
Ceded reinsurance premiums	(182)	(162)	(171)	(156)	(176)	(665)	(566)
Net written premiums	501	498	536	499	331	1,864	1,224
Change in unearned premiums	(11)	1	(50)	(32)	(18)	(99)	(89)
Net earned premiums	490	499	486	467	313	1,765	1,135
Loss and LAE	316	325	310	300	172	1,107	653
Underwriting expense	146	138	144	137	103	522	380
Underwriting profit	\$ 28	\$ 36	\$ 32	\$ 30	\$ 38	\$ 136	\$ 102
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	1	1	1	1	4	1
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ 1
Prior year loss reserve development (favorable) / adverse	\$ —	\$ 14	\$ 7	\$ (4)	\$ (24)	\$ (7)	\$ (40)
Combined ratio:							
Loss and LAE ratio	64.4%	65.1%	63.7%	64.3%	55.0%	62.7%	57.5%
Underwriting expense ratio	29.8%	27.8%	29.6%	29.3%	32.8%	29.6%	33.4%
Combined ratio	94.2%	92.9%	93.3%	93.6%	87.8%	92.3%	90.9%
Combined ratio excl. catastrophe and prior year development	93.9%	89.9%	91.6%	94.3%	95.1%	92.5%	94.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	64.1%	62.1%	62.0%	65.0%	62.3%	62.9%	61.0%
Prior accident year loss reserve development	0.0%	2.9%	1.3%	(0.8%)	(7.7%)	(0.4%)	(3.6%)
Current accident year catastrophe loss	0.3%	0.1%	0.4%	0.1%	0.4%	0.2%	0.1%
Loss and LAE ratio	64.4%	65.1%	63.7%	64.3%	55.0%	62.7%	57.5%

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Gross written premiums	\$ 137	\$ 160	\$ 157	\$ 147	\$ 141	\$ 605	\$ 622
Ceded reinsurance premiums	(22)	(29)	(36)	(27)	(25)	(117)	(136)
Net written premiums	115	131	121	120	116	488	486
Change in unearned premiums	5	(10)	(6)	(4)	1	(19)	(17)
Net earned premiums	120	121	115	116	117	469	469
Loss and LAE	36	42	32	40	45	159	158
Underwriting expense	62	61	62	61	62	246	244
Underwriting profit	\$ 22	\$ 18	\$ 21	\$ 15	\$ 10	\$ 64	\$ 67
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	1	—	—	1	2	3	3
Total current accident year catastrophe losses	\$ 1	\$ —	\$ —	\$ 1	\$ 2	\$ 3	\$ 3
Prior year loss reserve development (favorable) / adverse	\$ (9)	\$ (4)	\$ (10)	\$ (2)	\$ (1)	\$ (17)	\$ (14)
Combined ratio:							
Loss and LAE ratio	30.4%	34.5%	27.7%	35.3%	37.9%	33.9%	33.5%
Underwriting expense ratio	51.3%	51.1%	53.9%	52.3%	53.1%	52.6%	52.1%
Combined ratio	81.7%	85.6%	81.6%	87.6%	91.0%	86.5%	85.6%
Combined ratio excl. catastrophe and prior year development	88.5%	88.8%	90.3%	88.6%	90.2%	89.5%	88.0%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	37.2%	37.7%	36.4%	36.3%	37.1%	36.9%	35.9%
Prior accident year loss reserve development	(7.3%)	(3.3%)	(9.0%)	(1.8%)	(0.7%)	(3.7%)	(3.0%)
Current accident year catastrophe loss	0.5%	0.1%	0.3%	0.8%	1.5%	0.7%	0.6%
Loss and LAE ratio	30.4%	34.5%	27.7%	35.3%	37.9%	33.9%	33.5%

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Gross written premiums	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ 1	\$ 1
Ceded reinsurance premiums	22	22	29	26	24	101	83
Net written premiums	22	23	29	26	24	102	84
Change in unearned premiums	1	3	(2)	(2)	(1)	(2)	(5)
Net earned premiums	23	26	27	24	23	100	79
Loss and LAE	13	13	11	14	10	48	26
Underwriting expense	7	10	10	8	8	36	28
Underwriting profit	\$ 3	\$ 3	\$ 6	\$ 2	\$ 5	\$ 16	\$ 25
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	1	—	—	1	—
Total current accident year catastrophe losses	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ —
Prior year loss reserve development (favorable) / adverse	\$ (1)	\$ (3)	\$ (3)	\$ (2)	\$ (3)	\$ (11)	\$ (20)
Combined ratio:							
Loss and LAE ratio	54.4%	49.6%	43.4%	53.2%	45.8%	47.9%	32.9%
Underwriting expense ratio	34.9%	37.3%	34.6%	35.8%	34.1%	35.5%	35.9%
Combined ratio	89.3%	86.9%	78.0%	89.0%	79.9%	83.4%	68.8%
Combined ratio excl. catastrophe and prior year development	96.6%	97.4%	85.6%	97.1%	91.4%	92.8%	93.6%

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Net investment income	\$ 292	\$ 285	\$ 287	\$ 289	\$ 275	\$ 1,136	\$ 1,034
Guaranteed withdrawal benefit fees	10	9	9	8	8	34	25
Policy charges and other miscellaneous income	14	12	11	11	10	44	42
Total revenues	316	306	307	308	293	1,214	1,101
Annuity benefits expense	184	157	157	166	168	648	531
Acquisition expenses	34	47	41	37	31	156	149
Other expenses	23	17	23	21	21	82	93
Total costs and expenses	241	221	221	224	220	886	773
Core Annuity earnings before income taxes	75	85	86	84	73	328	328
ELNY guaranty fund assessments charge before income tax (a)	—	—	—	—	—	—	(5)
Annuity earnings before income taxes	\$ 75	\$ 85	\$ 86	\$ 84	\$ 73	\$ 328	\$ 323
Detail of core Annuity earnings before income taxes							
Core earnings before income taxes and impact of fair value accounting	\$ 92	\$ 93	\$ 87	\$ 94	\$ 88	\$ 362	\$ 313
Impact of fair value accounting (b)	(17)	(8)	(1)	(10)	(15)	(34)	15
Core Annuity earnings before income taxes	<u>\$ 75</u>	<u>\$ 85</u>	<u>\$ 86</u>	<u>\$ 84</u>	<u>\$ 73</u>	<u>\$ 328</u>	<u>\$ 328</u>

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

(b) 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	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Detail of annuity benefits expense:							
Interest credited - fixed	\$ 128	\$ 127	\$ 126	\$ 123	\$ 121	\$ 497	\$ 451
Interest credited - fixed component of variable annuities	1	1	2	2	1	6	6
Change in expected death and annuitization reserve	4	4	5	5	4	18	19
Amortization of sales inducements	7	6	7	6	7	26	30
Guaranteed withdrawal benefit reserve	12	11	12	10	8	41	38
Change in other benefit reserves	2	1	3	5	3	12	7
Unlockings (a)	—	(11)	—	—	—	(11)	6
Subtotal before impact of fair value accounting	154	139	155	151	144	589	557
Embedded derivative mark-to-market (b)	50	87	21	78	54	240	184
Equity option mark-to-market	(20)	(69)	(19)	(63)	(30)	(181)	(210)
Subtotal impact of fair value accounting	30	18	2	15	24	59	(26)
Total annuity benefits expense	\$ 184	\$ 157	\$ 157	\$ 166	\$ 168	\$ 648	\$ 531

- (a) Includes unlockings for fixed indexed annuity embedded derivative reserves, sales inducement asset and other reserves. Does not include unlocking charge of \$10mm in 2014 and income of \$4mm in 2013 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 2014 and an unlocking charge of \$2mm in 2013.
- (b) Excludes unlocking impact of (\$58) million in 2014 and (\$2) million in 2013.

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Average fixed annuity investments (at amortized cost)	\$23,943	\$23,334	\$22,730	\$22,098	\$21,402	\$22,391	\$19,151
Average annuity benefits accumulated	23,752	23,104	22,475	21,829	21,066	22,119	18,696
Investments in excess of annuity benefits accumulated	<u>\$ 191</u>	<u>\$ 230</u>	<u>\$ 255</u>	<u>\$ 269</u>	<u>\$ 336</u>	<u>\$ 272</u>	<u>\$ 455</u>
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.83%	4.85%	5.01%	5.18%	5.10%	5.03%	5.35%
Interest credited	(2.16%)	(2.21%)	(2.24%)	(2.26%)	(2.29%)	(2.25%)	(2.41%)
Net interest spread on fixed annuities	2.67%	2.64%	2.77%	2.92%	2.81%	2.78%	2.94%
Policy charges and other miscellaneous income	0.20%	0.14%	0.14%	0.14%	0.13%	0.14%	0.16%
Other annuity benefit expenses, net	(0.25%)	(0.20%)	(0.33%)	(0.33%)	(0.27%)	(0.28%)	(0.37%)
Acquisition expenses	(0.55%)	(0.61%)	(0.69%)	(0.64%)	(0.55%)	(0.63%)	(0.79%)
Other expenses	(0.36%)	(0.28%)	(0.37%)	(0.36%)	(0.37%)	(0.34%)	(0.46%)
Change in fair value of derivatives	(0.50%)	(0.31%)	(0.04%)	(0.27%)	(0.45%)	(0.27%)	0.13%
Unlockings	0.00%	0.02%	0.00%	0.00%	0.00%	0.01%	(0.01%)
Net spread earned on fixed annuities - core	1.21%	1.40%	1.48%	1.46%	1.30%	1.41%	1.60%
Average annuity benefits accumulated	\$23,752	\$23,104	\$22,475	\$21,829	\$21,066	\$22,119	\$18,696
Net spread earned on fixed annuities	1.21%	1.40%	1.48%	1.46%	1.30%	1.41%	1.60%
Earnings on fixed annuity benefits accumulated	\$ 72	\$ 81	\$ 83	\$ 80	\$ 68	\$ 312	\$ 300
Investments in excess of annuity benefits accumulated	\$ 191	\$ 230	\$ 255	\$ 269	\$ 336	\$ 272	\$ 455
Net investment income (as % of investments)	4.83%	4.85%	5.01%	5.18%	5.10%	5.03%	5.35%
Earnings on investments in excess of annuity benefits accumulated	\$ 2	\$ 3	\$ 3	\$ 3	\$ 5	14	24
Variable annuity earnings	1	1	—	1	—	2	4
Earnings before income taxes - core	\$ 75	\$ 85	\$ 86	\$ 84	\$ 73	\$ 328	\$ 328
Detail of net spread earned on fixed annuities - core							
Net spread earned core - before impact of fair value accounting	1.49%	1.54%	1.50%	1.64%	1.58%	1.56%	1.52%
Impact of fair value accounting (a)	(0.28%)	(0.14%)	(0.02%)	(0.18%)	(0.28%)	(0.15%)	0.08%
Net spread earned core - after impact of fair value accounting	<u>1.21%</u>	<u>1.40%</u>	<u>1.48%</u>	<u>1.46%</u>	<u>1.30%</u>	<u>1.41%</u>	<u>1.60%</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	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Retail single premium annuities - indexed	\$ 349	\$ 405	\$ 339	\$ 403	\$ 386	\$ 1,533	\$ 1,879
Retail single premium annuities - fixed	12	19	18	25	39	101	165
Financial institutions single premium annuities - indexed	356	426	333	364	366	1,489	1,102
Financial institutions single premium annuities - fixed	38	61	62	95	114	332	628
Education market - fixed and indexed annuities	47	49	46	49	50	194	207
Subtotal fixed annuity premiums	802	960	798	936	955	3,649	3,981
Variable annuities	11	11	11	13	12	47	52
Total annuity premiums	\$ 813	\$ 971	\$ 809	\$ 949	\$ 967	\$ 3,696	\$ 4,033

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



	Three Months Ended					Twelve Months Ended	
	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/14	12/31/13
Beginning fixed annuity reserves	\$23,462	\$22,745	\$22,205	\$21,453	\$20,679	\$20,679	\$17,274
Premiums	802	960	798	936	955	3,649	3,981
Federal Home Loan Bank advances	—	—	—	—	—	—	200
Surrenders, benefits and other withdrawals	(420)	(464)	(426)	(408)	(375)	(1,673)	(1,493)
Interest and other annuity benefit expenses:							
Interest credited	128	127	126	123	121	497	451
Embedded derivative mark-to-market	50	87	21	78	54	240	184
Change in other benefit reserves	20	18	21	23	19	81	78
Unlockings	—	(11)	—	—	—	(11)	4
Ending fixed annuity reserves	<u>\$24,042</u>	<u>\$23,462</u>	<u>\$22,745</u>	<u>\$22,205</u>	<u>\$21,453</u>	<u>\$23,462</u>	<u>\$20,679</u>
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$24,042	\$23,462	\$22,745	\$22,205	\$21,453	\$23,462	\$20,679
Impact of unrealized investment gains on reserves	179	111	107	117	97	111	71
Fixed component of variable annuities	190	191	192	194	194	191	194
Annuity benefits accumulated per balance sheet	<u>\$24,411</u>	<u>\$23,764</u>	<u>\$23,044</u>	<u>\$22,516</u>	<u>\$21,744</u>	<u>\$23,764</u>	<u>\$20,944</u>
Annualized surrenders and other withdrawals as a % of beginning reserves	7.2%	8.2%	7.7%	7.6%	7.3%	8.1%	8.6%

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



	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/13
Assets:						
Total cash and investments	\$37,384	\$36,210	\$35,151	\$34,843	\$32,727	\$31,313
Recoverables from reinsurers	3,046	3,238	3,134	3,107	2,969	3,157
Prepaid reinsurance premiums	475	469	587	489	438	408
Agents' balances and premiums receivable	864	889	901	902	735	739
Deferred policy acquisition costs	756	821	858	806	890	975
Assets of managed investment entities	3,279	3,108	2,946	2,799	2,723	2,888
Other receivables	641	910	1,140	527	524	854
Variable annuity assets (separate accounts)	667	662	649	681	666	665
Other assets	994	1,027	985	1,001	913	903
Goodwill	201	201	201	200	185	185
Total assets	\$48,307	\$47,535	\$46,552	\$45,355	\$42,770	\$42,087
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 7,636	\$ 7,872	\$ 7,645	\$ 7,370	\$ 6,134	\$ 6,410
Unearned premiums	1,936	1,956	2,114	1,911	1,788	1,757
Annuity benefits accumulated	24,411	23,764	23,044	22,516	21,744	20,944
Life, accident and health reserves	2,195	2,175	2,098	2,082	2,039	2,008
Payable to reinsurers	494	645	673	445	400	508
Liabilities of managed investment entities	2,952	2,819	2,625	2,499	2,413	2,567
Long-term debt	1,061	1,061	1,062	912	913	913
Variable annuity liabilities (separate accounts)	667	662	649	681	666	665
Other liabilities	1,855	1,527	1,564	1,781	1,700	1,546
Total liabilities	\$43,207	\$42,481	\$41,474	\$40,197	\$37,797	\$37,318
Shareholders' equity:						
Common stock	\$ 88	\$ 88	\$ 88	\$ 90	\$ 90	\$ 90
Capital surplus	1,173	1,152	1,150	1,152	1,138	1,123
Appropriated retained earnings	—	(2)	2	31	49	49
Unappropriated retained earnings	2,886	2,914	2,946	2,913	2,842	2,777
Unrealized gains - fixed maturities	656	604	602	656	556	441
Unrealized gains - equities	143	139	124	149	129	121
Other comprehensive income, net of tax	(23)	(16)	(8)	(6)	(8)	(2)
Total shareholders' equity	4,923	4,879	4,904	4,985	4,796	4,599
Noncontrolling interests	177	175	174	173	177	170
Total liabilities and equity	\$48,307	\$47,535	\$46,552	\$45,355	\$42,770	\$42,087

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



	<u>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>	<u>06/30/14</u>	<u>03/31/14</u>	<u>12/31/13</u>
Shareholders' equity	\$ 4,923	\$ 4,879	\$ 4,904	\$ 4,985	\$ 4,796	\$ 4,599
Appropriated retained earnings	—	2	(2)	(31)	(49)	(49)
Shareholders' equity, excluding appropriated retained earnings	4,923	4,881	4,902	4,954	4,747	4,550
Unrealized (gains) on fixed maturities	(656)	(604)	(602)	(656)	(556)	(441)
Adjusted shareholders' equity	4,267	4,277	4,300	4,298	4,191	4,109
Goodwill	(201)	(201)	(201)	(200)	(185)	(185)
Intangibles	(55)	(57)	(63)	(66)	(27)	(22)
Tangible adjusted shareholders' equity	\$ 4,011	\$ 4,019	\$ 4,036	\$ 4,032	\$ 3,979	\$ 3,902
Common shares outstanding	87.886	87.709	88.491	89.618	89.589	89.513
Book value per share:						
Excluding appropriated retained earnings (a)	\$ 56.01	\$ 55.65	\$ 55.39	\$ 55.27	\$ 52.99	\$ 50.83
Adjusted (b)	48.55	48.76	48.59	47.95	46.79	45.90
Tangible, adjusted (c)	45.63	45.82	45.61	44.99	44.42	43.59
Market capitalization						
AFG's closing common share price	\$ 64.15	\$ 60.72	\$ 57.89	\$ 59.56	\$ 57.71	\$ 57.72
Market capitalization	\$ 5,638	\$ 5,326	\$ 5,123	\$ 5,338	\$ 5,170	\$ 5,167
Price / Adjusted book value ratio	1.32	1.25	1.19	1.24	1.23	1.26

(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)



	03/31/15	12/31/14	09/30/14	06/30/14	03/31/14	12/31/13
AFG senior obligations	\$ 840	\$ 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	\$ 852	\$ 852	\$ 852	\$ 852	\$ 852	\$ 852
AFG subordinated debentures	150	150	150	—	—	—
Obligations of subsidiaries - secured by real estate	59	59	60	60	61	61
Payable to subsidiary trusts - subordinated	—	—	—	—	—	—
Total Long-term debt	\$ 1,061	\$ 1,061	\$ 1,062	\$ 912	\$ 913	\$ 913
Shareholders' equity	4,923	4,879	4,904	4,985	4,796	4,599
Noncontrolling interests	177	175	174	173	177	170
Less:						
Appropriated retained earnings	—	2	(2)	(31)	(49)	(49)
Unrealized gains related to fixed maturity investments	(656)	(604)	(602)	(656)	(556)	(441)
Total adjusted capital	\$ 5,505	\$ 5,513	\$ 5,536	\$ 5,383	\$ 5,281	\$ 5,192
Less:						
Obligations of subsidiaries - secured by real estate	(59)	(59)	(60)	(60)	(61)	(61)
Total adjusted capital excluding obligations secured by real estate	\$ 5,446	\$ 5,454	\$ 5,476	\$ 5,323	\$ 5,220	\$ 5,131
Ratio of debt to total adjusted capital:						
Including subordinated debt & debt secured by real estate	19.3%	19.2%	19.2%	16.9%	17.3%	17.6%
Excluding subordinated debt & debt secured by real estate	15.6%	15.6%	15.6%	16.0%	16.3%	16.6%

	<u>Three Months Ended</u>					<u>Twelve Months Ended</u>	
	<u>03/31/15</u>	<u>12/31/14</u>	<u>09/30/14</u>	<u>06/30/14</u>	<u>03/31/14</u>	<u>12/31/14</u>	<u>12/31/13</u>
<u>Property and Casualty Insurance</u>							
Paid Losses (GAAP)	\$ 617	\$ 562	\$ 528	\$ 530	\$ 510	\$ 2,130	\$ 1,871
<u>Statutory Surplus</u>							
Property and Casualty Insurance		\$2,340	\$2,286	\$2,206	\$2,227	\$1,981	\$ 1,896
AFG's principal annuity subsidiaries (total adjusted capital)		\$1,861	\$1,822	\$1,818	\$1,751	\$1,688	\$ 1,661
<u>Allowable dividends without regulatory approval</u>							
Property and Casualty Insurance	\$ 315	\$ 315	\$ 335	\$ 335	\$ 335	\$ 335	\$ 335
Annuity and Run-off	358	358	275	275	275	275	275
Total	\$ 673	\$ 673	\$ 610	\$ 610	\$ 610	\$ 610	\$ 610

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
March 31, 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	\$ 659	\$ 249	\$ 304	\$ —	\$ 1,212	3%
Fixed maturities - Available for sale	6,671	25,283	14	—	31,968	85%
Fixed maturities - Trading	147	126	—	—	273	1%
Equity securities	1,160	504	46	—	1,710	5%
Policy loans	—	226	—	—	226	1%
Mortgage loans	230	861	—	—	1,091	3%
Real estate and other investments	419	792	18	(325)	904	2%
Total cash and investments	\$ 9,286	\$ 28,041	\$ 382	\$ (325)	\$ 37,384	100%

* Total cash and investments in Annuity and Run-off segment includes \$1.40 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	\$ 61	\$ 285	\$—	\$ —	\$ 346
Fixed maturities - Trading	4	2	—	—	6
Equity securities	10	7	—	—	17
Equity in investees	1	2	—	—	3
Other investments	5	19	—	(3)	21
Gross investment income	81	315	—	(3)	393
Investment expenses	(2)	(3)	—	—	(5)
Total net investment income	\$ 79	\$ 312	\$—	\$ (3)	\$ 388

	Equity Securities		
	Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$ 442	\$ 504	\$ 62
Property and Casualty Insurance	998	1,160	162
Other	46	46	—
Total AFG consolidated	\$1,486	\$ 1,710	\$ 224

American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
March 31, 2015
(\$ in millions)



	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 338	\$ 345	\$ 7	1%	1%
States, municipalities and political subdivisions	6,744	7,137	393	22%	19%
Foreign government	256	268	12	1%	1%
Residential mortgage-backed securities	3,941	4,332	391	13%	12%
Commercial mortgage-backed securities	2,251	2,407	156	7%	6%
Asset-backed securities	4,176	4,225	49	13%	11%
Corporate bonds					
Manufacturing	2,286	2,447	161	8%	6%
Banks, lending and credit institutions	2,774	2,944	170	9%	8%
Gas and electric services	1,330	1,461	131	5%	4%
Insurance and insurance related	931	1,009	78	3%	3%
Other corporate	5,336	5,666	330	18%	15%
Total AFG consolidated	\$ 30,363	\$ 32,241	\$ 1,878	100%	86%
Annuity and Run-off	\$ 23,758	\$ 25,409	1,651	79%	68%
Property and Casualty Insurance	6,602	6,818	216	21%	18%
Other	3	14	11	0%	0%
Total AFG consolidated	\$ 30,363	\$ 32,241	\$ 1,878	100%	86%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.68%
Net of investment expense (a)	4.62%

Approximate average life and duration:

Approximate average life	6.5 years
Approximate duration	5 years

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

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Annuity and Run-off:				
US Government and government agencies	\$ 83	\$ 85	\$ 2	0%
States, municipalities and political subdivisions	4,030	4,326	296	17%
Foreign government	17	20	3	0%
Residential mortgage-backed securities	2,960	3,283	323	13%
Commercial mortgage-backed securities	2,011	2,157	146	9%
Asset-backed securities	2,946	2,987	41	12%
Corporate debt	11,711	12,551	840	49%
Total Annuity and Run-off	\$ 23,758	\$ 25,409	\$ 1,651	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.91%
Net of investment expense (a)	4.86%

Approximate average life and duration:

Approximate average life	7 years
Approximate duration	5 years

	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Property and Casualty Insurance:				
US Government and government agencies	\$ 253	\$ 258	\$ 5	4%
States, municipalities and political subdivisions	2,714	2,811	97	41%
Foreign government	239	248	9	4%
Residential mortgage-backed securities	980	1,037	57	15%
Commercial mortgage-backed securities	240	250	10	4%
Asset-backed securities	1,230	1,238	8	18%
Corporate debt	946	976	30	14%
Property and Casualty Insurance	\$ 6,602	\$ 6,818	\$ 216	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.84%
Net of investment expense (a)	3.72%
Tax equivalent, net of investment expense (b)	4.34%

Approximate average life and duration:

Approximate average life	4.5 years
Approximate duration	3.5 years

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

American Financial Group, Inc.
Fixed Maturities - Credit Rating and NAIC Designation
March 31, 2015
(\$ in millions)



By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 6,655	\$ 6,930	\$ 275	22%
AA	6,447	6,792	345	21%
A	7,614	8,132	518	25%
BBB	5,750	6,129	379	19%
Subtotal - Investment grade	26,466	27,983	1,517	87%
BB	835	868	33	3%
B	440	448	8	1%
Other	2,622	2,942	320	9%
Total	\$ 30,363	\$ 32,241	\$ 1,878	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	\$23,340	78%	\$ 23,341	\$ 24,813	\$ 1,472
NAIC 2	5,792	19%	5,792	6,167	375
	29,132	97%	29,133	30,980	1,847
NAIC 3	695	2%	695	720	25
NAIC 4	191	1%	194	195	1
NAIC 5	49	0%	51	61	10
NAIC 6	34	0%	37	54	17
Total	\$30,101	100%	\$ 30,110	\$ 32,010	\$ 1,900

American Financial Group, Inc.
Mortgage-Backed Securities - AFG Consolidated
March 31, 2015
(\$ in millions)



<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	\$ 311	\$ 326	\$ 15	5%	1%
Prime (Non-Agency)	1,835	2,043	208	30%	5%
Alt-A	920	1,022	102	15%	3%
Subprime	875	941	66	14%	3%
Subtotal - Residential	3,941	4,332	391	64%	12%
Commercial	2,251	2,407	156	36%	6%
Total AFG consolidated	\$ 6,192	\$ 6,739	\$ 547	100%	18%
Annuity and Run-off	\$ 4,971	\$ 5,440	\$ 469	81%	15%
Property and Casualty Insurance	1,220	1,287	67	19%	3%
Other	1	12	11	0%	0%
Total AFG consolidated	\$ 6,192	\$ 6,739	\$ 547	100%	18%

- 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 83%; Alt-A 78%; Subprime 86%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 741; Alt-A 712; Subprime 638.
- 99.7% of our Commercial MBS portfolio is investment-grade rated (85% AAA) and the average subordination for this group assets is 38%.
- The approximate average life by collateral type is - Residential 5.0 years; Commercial 3.5 years.

Annuity and Run-off:

By Asset Type	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 131	\$ 141	\$ 10	2%	1%
Prime (Non-Agency)	1,605	1,786	181	33%	6%
Alt-A	677	760	83	14%	3%
Subprime	547	596	49	11%	2%
Subtotal - Residential	2,960	3,283	323	60%	12%
Commercial	2,011	2,157	146	40%	8%
Total Annuity and Run-off	\$ 4,971	\$ 5,440	\$ 469	100%	20%

Property and Casualty Insurance:

By Asset Type	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 180	\$ 185	\$ 5	14%	2%
Prime (Non-Agency)	229	245	16	19%	3%
Alt-A	243	262	19	20%	3%
Subprime	328	345	17	27%	4%
Subtotal - Residential	980	1,037	57	80%	12%
Commercial	240	250	10	20%	3%
Total Property and Casualty Insurance	\$ 1,220	\$ 1,287	\$ 67	100%	15%

American Financial Group, Inc.
Mortgage-Backed Securities - Credit Rating and NAIC Designation
March 31, 2015
(\$ in millions)



By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 2,669	\$ 2,841	\$ 172	42%
AA	327	342	15	5%
A	464	490	26	7%
BBB	230	249	19	4%
Subtotal - investment grade	3,690	3,922	232	58%
BB	307	321	14	5%
B	356	366	10	5%
Other	1,839	2,130	291	32%
Total	\$ 6,192	\$ 6,739	\$ 547	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	\$ 5,908	97%	\$ 5,909	\$ 6,477	\$ 568
NAIC 2	61	1%	61	63	2
	5,969	98%	5,970	6,540	570
NAIC 3	48	1%	48	49	1
NAIC 4	68	1%	68	72	4
NAIC 5	22	0%	22	35	13
NAIC 6	2	0%	2	17	15
Total	\$ 6,109	100%	\$ 6,110	\$ 6,713	\$ 603