

**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 3, 2020

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	AFG	New York Stock Exchange
6% Subordinated Debentures due November 15, 2055	AFGH	New York Stock Exchange
5.875% Subordinated Debentures due March 30, 2059	AFGB	New York Stock Exchange
5.125% Subordinated Debentures due December 15, 2059	AFGC	New York Stock Exchange

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 2019 and the year ended December 31, 2019 and the availability of the Investor Supplement on the Company’s website. The press release was issued on February 3, 2020. 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 3, 2020, reporting American Financial Group Inc. fourth quarter and full year results for the period ended December 31, 2019.
99.2	Investor Supplement – Fourth Quarter 2019
104	The cover page from this Current Report on Form 8-K, formatted as Inline XBRL.

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: February 3, 2020

By: /s/ Karl J. Grafe

Karl J. Grafe
Vice President

Press Release

For Immediate Release



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

- *Net earnings of \$9.85 per share for the full year; fourth quarter net earnings of \$2.31 per share*
- *Fourth quarter earnings include (\$0.64) per share related to Neon exit charges and \$0.73 per share in other after-tax non-core items*
- *Core net operating earnings per share of \$8.62 for the full year; fourth quarter core net operating earnings per share of \$2.22*
- *Full year 2019 ROE of 17.1%; 2019 core operating ROE of 14.9%*
- *Full year 2020 core net operating earnings guidance between \$8.75 - \$9.25 per share*

CINCINNATI – February 3, 2020 – American Financial Group, Inc. (NYSE: AFG) today reported 2019 fourth quarter net earnings attributable to shareholders of \$211 million (\$2.31 per share) compared to a net loss of \$29 million (\$0.33 per share) for the 2018 fourth quarter. Net earnings for the 2019 fourth quarter include after-tax non-core items aggregating \$8 million (\$0.09 per share), comprised of \$58 million (\$0.64 per share) related to costs associated with plans to exit the Lloyd’s of London insurance market in 2020 (as announced previously), \$51 million (\$0.56 per share) in non-core net realized gains on securities, after-tax annuity non-core earnings of \$19 million (\$0.21 per share), and a loss on the early retirement of debt of \$4 million (\$0.04 per share). Comparatively, net earnings in the 2018 fourth quarter were adversely impacted by \$188 million (\$2.08 per share) in non-core after-tax net realized losses on securities. Net earnings attributable to shareholders for the year were \$9.85 per share, compared to \$5.85 per share in 2018. Other details may be found in the table below. Book value per share was \$69.43 per share at December 31, 2019. AFG paid cash dividends of \$2.25 per share during the quarter, which included a \$1.80 per share special dividend. Return on equity was 17.1% and 10.9% for 2019 and 2018, respectively.

Core net operating earnings were \$203 million (\$2.22 per share) for the 2019 fourth quarter, compared to \$159 million (\$1.75 per share) in the 2018 fourth quarter. Higher core operating earnings in our Annuity Segment were partially offset by lower core operating earnings in our Property and Casualty (“P&C”) insurance operations. In connection with AFG’s new definition of annuity core operating earnings, AFG’s core net operating earnings for the fourth quarter of 2019 exclude the impact of items that are not necessarily indicative of operating trends, and include an expense for the amortization of FIA option costs, which AFG believes better reflects the cost of funds for FIAs and AFG’s evaluation of the financial performance of its Annuity business. Book value per share, excluding unrealized gains related to fixed maturities, was \$59.70 per share at December 31, 2019. For the twelve months ended December 31, 2019, AFG’s growth in adjusted book value per share plus dividends was 17.8%. Core operating return on equity was 14.9% and 15.6% for 2019 and 2018, respectively.

Beginning with the second quarter of 2019, AFG changed the way it defines annuity core operating earnings to exclude the impact of items that are not necessarily indicative of operating trends. Core net operating earnings for periods prior to the change have not been adjusted, however results for the three and twelve month periods ended December 31, 2019 are reconciled to historically reported Annuity Segment core operating earnings on page 5 of this release. As a result, reported core net operating earnings for periods beginning with the second quarter of 2019 are not directly comparable to prior year periods.

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 table below identifies such items and reconciles net earnings attributable to shareholders to core net operating earnings, a non-GAAP financial measure. AFG believes that its core net operating earnings provides management, financial analysts, ratings agencies and investors with an understanding of the results from the ongoing operations of the Company by excluding the impact of net realized gains and losses, annuity non-core earnings and losses, and special items that are not necessarily indicative of operating trends. AFG's management uses core net operating earnings to evaluate financial performance against historical results because it believes this provides a more comparable measure of its continuing business. Core net operating earnings is also used by AFG's management as a basis for strategic planning and forecasting.

In millions, except per share amounts	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Components of net earnings (loss) attributable to shareholders:				
Core operating earnings before income taxes	\$ 251	\$ 199	\$ 967	\$ 932
Pretax non-core items:				
Realized gains (losses) on securities	65	(238)	287	(266)
Annuity non-core earnings (losses)	24	—	(36)	—
Special A&E charges	—	—	(29)	(27)
Neon exited lines charge	(76)	—	(76)	—
Loss on early retirement of debt	(5)	—	(5)	—
Earnings (loss) before income taxes	259	(39)	1,108	639
Provision (credit) for income taxes:				
Core operating earnings	50	46	193	184
Non-core items	18	(50)	46	(62)
Total provision (credit) for income taxes	68	(4)	239	122
Net earnings (loss), including noncontrolling interests	191	(35)	869	517
Less net earnings (losses) attributable to noncontrolling interests:				
Core operating earnings (losses)	(2)	(6)	(10)	(13)
Non-core items	(18)	—	(18)	—
Total net earnings (losses) attributable to noncontrolling interests	(20)	(6)	(28)	(13)
Net earnings (loss) attributable to shareholders	\$ 211	\$ (29)	\$ 897	\$ 530
Net earnings (loss):				
Core net operating earnings(a)	\$ 203	\$ 159	\$ 784	\$ 761
Realized gains (losses) on securities	51	(188)	227	(210)
Annuity non-core earnings (losses)	19	—	(29)	—
Special A&E charges	—	—	(23)	(21)
Neon exited lines charge	(58)	—	(58)	—
Loss on early retirement of debt	(4)	—	(4)	—
Net earnings (loss) attributable to shareholders	\$ 211	\$ (29)	\$ 897	\$ 530
Components of Earnings (Loss) Per Share:				
Core net operating earnings(a, b)	\$ 2.22	\$ 1.75	\$ 8.62	\$ 8.40
Non-core Items:				
Realized gains (losses) on securities	0.56	(2.08)	2.47	(2.31)
Annuity non-core earnings (losses)	0.21	—	(0.31)	—
Special A&E charges	—	—	(0.25)	(0.24)
Neon exited lines charge	(0.64)	—	(0.64)	—
Loss on early retirement of debt	(0.04)	—	(0.04)	—
Diluted Earnings (Loss) Per Share	\$ 2.31	\$ (0.33)	\$ 9.85	\$ 5.85

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: "We are very pleased with AFG's continued strong core operating earnings, which generated an impressive core operating return on equity of 15% in 2019. We believe these results demonstrate the strength of our portfolio of diversified specialty insurance businesses, and the value of our in-house investment management team, American Money Management.

“AFG had approximately \$1.1 billion of excess capital (including parent company cash of approximately \$165 million) at December 31, 2019. 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. In addition, returning capital to shareholders in the form of regular and special cash dividends and opportunistic share repurchases is also an important and effective component of our capital management strategy. Over the past year, we increased our quarterly dividend by 12.5% and paid special dividends of \$3.30 per share.

“We expect AFG’s core net operating earnings in 2020 to be between \$8.75 and \$9.25 per share. Our core earnings per share guidance excludes non-core items such as realized gains and losses, annuity non-core earnings and losses, and other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations.”

Specialty Property and Casualty Insurance Operations

Pretax core operating earnings in AFG’s P&C Insurance Segment were \$199 million in the fourth quarter of 2019, compared to \$214 million in the prior year period, a decrease of \$15 million, or 7%. Lower underwriting profits were partially offset by higher year-over-year P&C net investment income.

The Specialty P&C insurance operations generated an underwriting profit of \$89 million for the 2019 fourth quarter compared to \$102 million in the fourth quarter of 2018. Lower underwriting profitability in our Property and Transportation Group, primarily due to lower year-over-year earnings in our crop operations, was partially offset by higher year-over-year underwriting profits in our Specialty Casualty and Specialty Financial Groups.

The fourth quarter 2019 combined ratio of 93.5% increased 1.5 points year-over-year and includes 3.8 points of favorable prior year reserve development, compared to 4.7 points of favorable prior year reserve development in the 2018 fourth quarter. Catastrophe losses added 1.0 point to the combined ratio in the 2019 fourth quarter, compared to 3.0 points in the comparable prior year period. Pretax catastrophe losses, net of reinsurance and inclusive of reinstatement premiums, were \$15 million and \$38 million in the fourth quarters of 2019 and 2018, respectively.

Gross and net written premiums were up 8% and 9%, respectively, in the 2019 fourth quarter compared to the same period in 2018. Growth in our Specialty Casualty and Specialty Financial Groups was partially offset by lower premiums in our Property and Transportation Group. Average renewal pricing across our entire P&C Group was up approximately 5% for the quarter. Excluding our workers’ compensation business, renewal pricing was up approximately 7%. Pricing in our Specialty P&C group overall is the highest we have achieved in over five years, meeting or exceeding our expectations in each of our Specialty P&C sub-segments.

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

The **Property and Transportation Group** reported an underwriting loss of \$2 million in the fourth quarter of 2019, compared to an underwriting profit of \$64 million in the comparable prior year period. Record levels of prevented planting claims in our crop operations were the driver of the lower underwriting results in this group during the quarter. Catastrophe losses for this group were \$7 million in the fourth quarter of 2019. By comparison, catastrophe losses had a favorable impact of \$2 million in the 2018 fourth quarter.

Fourth quarter 2019 gross written premiums in this group were down by 4% and net written premiums were flat year-over-year. Higher premiums in our property and inland marine and ocean marine businesses were

more than offset by lower premiums in our transportation businesses (primarily due to the timing of the renewal of a large commercial auto account) and lower year-over-year premiums related to our winter wheat and rainfall index products in our crop operations. For the full year, gross and net written premiums in this group grew by 4% and 7%, respectively. Overall renewal rates in this group increased nearly 5% on average in the 2019 fourth quarter and 4% overall for the full year.

The **Specialty Casualty Group** reported an underwriting profit of \$69 million in the 2019 fourth quarter compared to \$22 million in the comparable 2018 period, largely due to a reduction in the core underwriting loss at Neon, resulting primarily from lower year-over-year catastrophe losses. See “Neon Exited Lines Charge” below for information about AFG’s plans to exit the Lloyd’s of London insurance market in 2020. Underwriting profitability in our workers’ compensation business continues to be very strong; these businesses reported higher year-over-year underwriting profit, primarily as a result of higher favorable prior year reserve development. The businesses in this group achieved a very strong 89.7% calendar year combined ratio overall in the fourth quarter. Catastrophe losses for this group were \$6 million and \$28 million in the fourth quarters of 2019 and 2018, respectively. Catastrophe losses in both periods were primarily attributable to Neon.

Gross and net written premiums increased 19% and 15%, respectively, for the fourth quarter of 2019 when compared to the same prior year period. Growth in our surplus lines and excess liability businesses, primarily the result of new business opportunities, rate increases and higher retentions on renewal business, were primary drivers of the higher premiums. In addition, higher premiums reported by Neon, premium growth in our executive liability business and the addition of ABA Insurance Services contributed to the higher year-over-year premiums. Renewal pricing for this group was up 6% in the fourth quarter, and was up approximately 3% overall for the year. Excluding our workers’ compensation businesses, renewal rates in this group were up approximately 11% in the fourth quarter and 8% for the year. Renewal rates in our Specialty Casualty Group overall and when adjusted to exclude the impact of workers’ compensation are the highest we have seen in more than five years.

The **Specialty Financial Group** reported an underwriting profit of \$32 million in the fourth quarter of 2019, compared to \$20 million in the fourth quarter of 2018. Higher year-over-year underwriting profits in our financial institutions, surety and trade credit businesses contributed to these results. Nearly all businesses in this group continued to achieve excellent underwriting margins. Catastrophe losses for this group were \$2 million in the fourth quarter of 2019, compared to \$10 million in the 2018 fourth quarter.

Gross and net written premiums increased by 4% and 10%, respectively, in the 2019 fourth quarter when compared to the same 2018 period due to modest growth across all businesses in the group. Fourth quarter 2019 net written premiums were favorably impacted by the cancellation of business that was largely ceded. Renewal pricing in this group was up 2% during the fourth quarter and 1% for the full year of 2019.

Carl Lindner III stated: “I am extremely pleased with the strong underwriting margins produced by our Specialty P&C group during the quarter, particularly in the wake of a challenging crop year. We continue to see momentum in our renewal pricing, with nearly one third of our non-workers’ compensation businesses achieving double digit rate increases during the quarter. Looking forward to 2020, we are forecasting an overall calendar year combined ratio in the range of 92% to 94%, and we expect net written premiums to be down 1% to 5% when compared to the \$5.3 billion reported in 2019, primarily due to the run-off of Neon. Excluding the impact of Neon, we expect growth in net written premiums in the range of 3% to 7% in 2020.”

Further details about AFG’s Specialty P&C operations may be found in the accompanying schedules and in our Quarterly Investor Supplement, which is posted on our website.

Annuity Segment

Annuity Operating Earnings – For all periods presented, the table below reflects core operating earnings under AFG’s new definition. For periods prior to the second quarter of 2019, “new” core operating earnings are reconciled to previously reported operating results.

In millions	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Pretax Annuity Core Operating Earnings:				
Pretax earnings before certain items below	\$ 157	\$ 139	\$ 598	\$ 557
Investments marked to market through core operating earnings, net of DAC	20	16	100	104
Amortization of option costs, net of DAC	(73)	(69)	(289)	(252)
Pretax Annuity core operating earnings – new method	104	86	409	409
Other amounts previously reported as operating, net*	n/a	(66)	(11)	(48)
Pretax Annuity core operating earnings, as reported	\$ 104	\$ 20	\$ 398	\$ 361
Year over year growth in quarterly average invested assets	9%	12%	11%	10%
Annualized yield on investments marked to market through core operating earnings	7.7%	7.1%	9.7%	12.4%

* “Other” primarily reflects (i) the impact of fair value accounting, (ii) the impact of changes in the stock market on the liability for guaranteed benefits and deferred acquisition costs (DAC), and (iii) unlocking.

Pretax earnings before certain items increased primarily as a result of the growth in AFG’s annuity business. In addition, the fourth quarter of 2019 included an unusually high amount of investment income that is not expected to recur.

Earnings from investments marked to market through core operating earnings vary from quarter to quarter based on the reported results of the underlying investments. Higher amortization of option costs reflects growth in AFG’s annuity business, as well as higher costs of options.

Annuity Premiums – AFG’s Annuity Segment reported statutory premiums of \$1.14 billion in the fourth quarter of 2019, compared to \$1.48 billion in the fourth quarter of 2018, a decrease of 23%. Higher sales of traditional fixed annuities in the financial institutions channel and higher pension risk transfer premiums were more than offset by lower sales of fixed-indexed annuities (FIAs) in all channels.

In response to the continued drop in market interest rates in 2019, AFG implemented numerous crediting rate decreases in order to maintain appropriate returns on its annuity sales, which impacted premium volume.

Craig Lindner stated, “The Annuity Segment continued to perform well in the fourth quarter of 2019, earning a core operating return on equity in excess of 12%. While 2019 premiums fell short of the record level reported in 2018, business written in 2019 contributed to growth in average annuity investments and reserves of approximately 11%. We are well positioned to continue to profitably grow our business and capitalize on our consumer-centric model.”

2020 Annuity Core Operating Earnings Guidance – For 2020, AFG expects:

- Statutory Annuity premiums to be between \$4.5 billion and \$5.2 billion, compared to \$5.0 billion reported in 2019
- Year-over-year average annuity asset and reserve growth of 7% to 9%, and
- Pretax Annuity core operating earnings in the range of \$395 million to \$425 million, compared to \$398 million reported in 2019.

This guidance reflects: (i) an assumed annualized return of 10% on investments required to be marked to market through operating earnings, similar to the return earned in 2019 and (ii) the impact of lower interest rates including the impact of lower short term rates, which will have a negative impact on the Annuity Segment's approximately \$4 billion net investment in cash and floating rate securities.

Annuity Non-Core Earnings – In the fourth quarter of 2019, AFG reported after-tax Annuity non-core earnings of \$19 million or (\$0.21 per share); this amount reflects the favorable impact of the fourth quarter increase in the S&P 500 on fair value accounting for FIAs.

More information about premiums and the results of operations for our Annuity Segment may be found in AFG's Quarterly Investor Supplement.

Investments

AFG recorded fourth quarter 2019 net realized gains on securities of \$51 million (\$0.56 per share) after tax and after deferred acquisition costs (DAC), which included \$43 million (\$0.48 per share) in after-tax, after-DAC net gains to adjust equity securities that the Company continued to own, to fair value. By comparison, AFG recorded net realized losses on securities of \$188 million (\$2.08 per share) in the comparable 2018 period.

Unrealized gains on fixed maturities were \$862 million after tax and after DAC at December 31, 2019, an increase of \$779 million since year-end 2018. Our portfolio continues to be high quality, with 91% of our fixed maturity portfolio rated investment grade and 98% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the twelve months ended December 31, 2019, P&C net investment income was approximately 8% higher than the comparable 2018 period.

More information about the components of our investment portfolio may be found in our Quarterly Investor Supplement, which is posted on our website.

Neon Exited Lines Charge

On January 6, 2020, AFG announced its plans to exit the Lloyd's of London insurance market and actions it had initiated to place its Lloyd's subsidiaries including its Lloyd's Managing Agency, Neon Underwriting Ltd., into run-off. The exit from this business will allow AFG to reallocate capital to its other insurance businesses and opportunities that have the potential to earn targeted returns on investment. Neon and its predecessor, Marketform, have failed to achieve AFG's profitability objectives since AFG's purchase of Marketform in 2008. As a result of this decision, AFG recognized a non-core after-tax charge of \$58 million (\$0.64 per share) in the fourth quarter of 2019 for Neon reserve strengthening and expenses related to exit costs associated with the run-off of this business. Beginning with the first quarter of 2020, the run-off expenses for Neon will be reported as a non-core item.

Loss on Early Retirement of Debt

In November 2019, AFG announced the offering of \$200 million aggregate principal amount of 5.125% Subordinated Debentures due December 2059. A portion of the proceeds was used to fund the early redemption of its \$150 million 6-1/4% Subordinated Debentures due September 2054. The redemption

resulted in after-tax non-core expenses in the fourth quarter of 2019 of approximately \$4 million (\$0.04 per share).

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets of \$70 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 traditional fixed, fixed-indexed and variable-indexed annuities in the retail, financial institutions, broker-dealer and registered investment advisor 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, including the cost of equity index options; 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; changes in insurance law or regulation, including changes in statutory accounting rules and changes in regulation of the Lloyd's market, including modifications to capital requirements; changes in costs associated with the exit from the Lloyd's market and the run-off of AFG's Lloyd's-based insurer, Neon; 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; disruption caused by cyber-attacks or other technology breaches or failures by AFG or its business partners and service providers, which could negatively impact AFG's business and/or expose AFG to litigation; 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 and mortality; competitive pressures; 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 AFG's operating subsidiaries; the impact of the conditions in the international financial markets and the global economy relating to AFG's international operations; and other factors identified in AFG's 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 2019 fourth quarter and full year results at 11:30 am (ET) tomorrow, Tuesday, February 4, 2020. 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 9996079. 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 11, 2020. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 9996079.

The conference call and accompanying webcast slides will also be broadcast live over the Internet. To access the event, click on the following link: <https://www.AFGinc.com/news-and-events/event-calendar>. Alternatively, you can choose **Events** from the Investor Relations page at www.AFGinc.com.

An archived webcast will be available immediately after the call via the same link on our website until February 11, 2020 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:
Diane P. Weidner, IRC
Asst. Vice President – Investor & Media 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.

AFG2020-05

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,	
	2019	2018	2019	2018
Revenues				
P&C insurance net earned premiums	\$ 1,370	\$ 1,270	\$ 5,185	\$ 4,865
Life, accident & health net earned premiums	5	6	22	24
Net investment income	593	542	2,303	2,094
Realized gains (losses) on securities	65	(238)	287	(266)
Income of managed investment entities:				
Investment income	63	68	269	255
Gain (loss) on change in fair value of assets/liabilities	(14)	(11)	(30)	(21)
Other income	48	53	201	199
Total revenues	<u>2,130</u>	<u>1,690</u>	<u>8,237</u>	<u>7,150</u>
Costs and expenses				
P&C insurance losses & expenses	1,362	1,175	4,996	4,586
Annuity, life, accident & health benefits & expenses	333	400	1,440	1,299
Interest charges on borrowed money	18	16	68	62
Expenses of managed investment entities	52	57	220	211
Other expenses	106	81	405	353
Total costs and expenses	<u>1,871</u>	<u>1,729</u>	<u>7,129</u>	<u>6,511</u>
Earnings (loss) before income taxes	259	(39)	1,108	639
Provision (credit) for income taxes	68	(4)	239	122
Net earnings (losses) including noncontrolling interests	191	(35)	869	517
Less: Net earnings (loss) attributable to noncontrolling interests	(20)	(6)	(28)	(13)
Net earnings (loss) attributable to shareholders	<u>\$ 211</u>	<u>\$ (29)</u>	<u>\$ 897</u>	<u>\$ 530</u>
Diluted earnings (loss) per Common Share	<u>\$ 2.31</u>	<u>\$ (0.33)</u>	<u>\$ 9.85</u>	<u>\$ 5.85</u>
Average number of diluted shares	91.3	89.3	91.0	90.6
Selected Balance Sheet Data:			December 31,	December 31,
			2019	2018
Total cash and investments			\$ 55,252	\$ 48,498
Long-term debt			\$ 1,473	\$ 1,302
Shareholders' equity(c)			\$ 6,269	\$ 4,970
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities)(c)			\$ 5,390	\$ 4,898
Book value per share			\$ 69.43	\$ 55.66
Book value per share (excluding unrealized gains/losses related to fixed maturities)(c)			\$ 59.70	\$ 54.86
Common Shares Outstanding			90.3	89.3

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

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

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change	
	2019	2018		2019	2018		
Gross written premiums	<u>\$ 1,749</u>	<u>\$ 1,613</u>	8%	<u>\$ 7,299</u>	<u>\$ 6,840</u>	7%	
Net written premiums	<u>\$ 1,313</u>	<u>\$ 1,208</u>	9%	<u>\$ 5,342</u>	<u>\$ 5,023</u>	6%	
Ratios (GAAP):							
Loss & LAE ratio	63.2%	62.7%		61.5%	61.3%		
Underwriting expense ratio	30.3%	29.3%		32.2%	32.1%		
Specialty Combined Ratio	93.5%	92.0%		93.7%	93.4%		
Combined Ratio – P&C Segment	<u>99.1%</u>	<u>92.0%</u>		<u>95.8%</u>	<u>93.8%</u>		
Supplemental Information:(d)							
Gross Written Premiums:							
Property & Transportation	\$ 628	\$ 651	(4%)	\$ 2,759	\$ 2,645	4%	
Specialty Casualty	929	778	19%	3,768	3,445	9%	
Specialty Financial	192	184	4%	772	750	3%	
	<u>\$ 1,749</u>	<u>\$ 1,613</u>	8%	<u>\$ 7,299</u>	<u>\$ 6,840</u>	7%	
Net Written Premiums:							
Property & Transportation	\$ 449	\$ 448	-%	\$ 1,876	\$ 1,754	7%	
Specialty Casualty	669	581	15%	2,701	2,509	8%	
Specialty Financial	156	142	10%	617	602	2%	
Other	39	37	5%	148	158	(6%)	
	<u>\$ 1,313</u>	<u>\$ 1,208</u>	9%	<u>\$ 5,342</u>	<u>\$ 5,023</u>	6%	
Combined Ratio (GAAP):							
Property & Transportation	100.4%	86.5%		95.7%	93.1%		
Specialty Casualty	89.7%	96.5%		93.3%	94.2%		
Specialty Financial	79.6%	85.5%		85.0%	88.9%		
Aggregate Specialty Group	93.5%	92.0%		93.7%	93.4%		
Reserve Development (Favorable)/Adverse:							
Property & Transportation				\$ (18)	\$ (7)	\$ (67)	\$ (50)
Specialty Casualty				(25)	(52)	(88)	(139)
Specialty Financial				(14)	(7)	(38)	(26)
Other Specialty				4	5	6	3
Specialty Group Excluding A&E and Neon Charge				(53)	(61)	(187)	(212)
Special A&E Reserve Charge – P&C Run-off				—	—	18	18
Neon Exited Lines Charge and Other				8	—	26	2
Total Reserve Development				<u>\$ (45)</u>	<u>\$ (61)</u>	<u>\$ (143)</u>	<u>\$ (192)</u>
Points on Combined Ratio:							
Property & Transportation				(3.5)	(1.5)	(3.6)	(2.8)
Specialty Casualty				(3.8)	(8.5)	(3.4)	(5.8)
Specialty Financial				(9.2)	(5.2)	(6.3)	(4.4)
Aggregate Specialty Group				(3.8)	(4.7)	(3.7)	(4.4)
Total P&C Segment				(0.4)	(4.7)	(2.2)	(4.0)

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 December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2019	2018		2019	2018	
<u>Annuity Premiums:</u>						
Financial Institutions	\$ 629	\$ 597	5%	\$ 2,766	\$ 2,268	22%
Retail	195	419	(53%)	1,063	1,505	(29%)
Broker-Dealer	116	339	(66%)	689	1,285	(46%)
Pension Risk Transfer	158	75	111%	257	132	95%
Education Market	36	46	(22%)	164	192	(15%)
Variable Annuities	5	6	(17%)	21	25	(16%)
Total Annuity Premiums	<u>\$ 1,139</u>	<u>\$ 1,482</u>	(23%)	<u>\$ 4,960</u>	<u>\$ 5,407</u>	(8%)

Components of Annuity Earnings Before Income Taxes

	Three months ended December 31,		Pct. Change	Twelve months ended December 31,		Pct. Change
	2019	2018		2019	2018	
<u>Revenues:</u>						
Net investment income	\$ 458	\$ 419	9%	\$ 1,792	\$ 1,638	9%
Other income	26	27	(4%)	108	107	1%
Total revenues	484	446	9%	1,900	1,745	9%
<u>Costs and Expenses:</u>						
Annuity benefits	251	334	(25%)	1,151	998	15%
Acquisition expenses	71	56	27%	248	255	(3%)
Other expenses	34	36	(6%)	139	131	6%
Total costs and expenses	356	426	(16%)	1,538	1,384	11%
Annuity earnings before income taxes	<u>\$ 128</u>	<u>\$ 20</u>	540%	<u>\$ 362</u>	<u>\$ 361</u>	— %

Supplemental Annuity Information

	Three months ended December 31,		Twelve months ended December 31,	
	2019	2018	2019	2018
Core net interest spread on fixed annuities – new method	1.98%	1.94%	2.01%	2.14%
Core net spread earned on fixed annuities – new method	1.07%	0.98%	1.08%	1.20%

* Excludes fixed annuity portion of variable annuity business.

Further details may be found in our Quarterly Investor Supplement, which is posted on our website.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Core Operating Earnings before Income Taxes:				
P&C insurance segment	\$ 199	\$ 214	\$ 753	\$ 740
Annuity segment, new method	104	86	409	409
Annuity results previously reported as operating earnings	—	(66)	(11)	(48)
Interest and other corporate expenses*	(50)	(29)	(174)	(156)
Core operating earnings before income taxes	253	205	977	945
Related income taxes	50	46	193	184
Core net operating earnings	<u>\$ 203</u>	<u>\$ 159</u>	<u>\$ 784</u>	<u>\$ 761</u>

* *Other Corporate Expenses includes income and expenses associated with AFG's run-off businesses.*

b) Because AFG had a net loss for the fourth quarter of 2018, the impact of potential dilutive options (weighted average of 1.4 million shares) was excluded from AFG's fully diluted earnings per share calculation. However, for the non-GAAP measure of core net operating earnings, the Company believes it is most appropriate to use the fully diluted share data that would have been used if AFG had net earnings for the fourth quarter.

c) Shareholders' Equity at December 31, 2019 includes \$862 million (\$9.54 per share) in unrealized after-tax gains on fixed maturities and \$17 million (\$0.19 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges. Shareholders' Equity at December 31, 2018 includes \$83 million (\$0.93 per share) in unrealized after-tax gains on fixed maturities and \$11 million (\$0.13 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges.

d) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses and trucks, inland and ocean marine, agricultural-related products and other commercial 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 lending and leasing institutions (including equipment leasing and 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 2019

February 3, 2020

American Financial Group, Inc.

Corporate Headquarters

Great American Insurance Group Tower

301 E Fourth Street

Cincinnati, OH 45202

513 579 6739





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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Highlights							
Net earnings (loss)	\$ 211	\$ 147	\$ 210	\$ 329	\$ (29)	\$ 897	\$ 530
Core net operating earnings	203	205	192	184	159	784	761
Total assets	70,130	69,067	67,697	66,132	63,456	70,130	63,456
Adjusted shareholders' equity (a)	5,390	5,376	5,260	5,201	4,898	5,390	4,898
Property and Casualty net written premiums	1,313	1,618	1,264	1,147	1,208	5,342	5,023
Annuity statutory premiums	1,139	1,077	1,349	1,395	1,482	4,960	5,407
Per share data							
Diluted earnings per share	\$ 2.31	\$ 1.62	\$ 2.31	\$ 3.63	\$ (0.33)	\$ 9.85	\$ 5.85
Core net operating earnings per share	2.22	2.25	2.12	2.02	1.75	8.62	8.40
Adjusted book value per share (a)	59.70	59.65	58.49	58.02	54.86	59.70	54.86
Cash dividends per common share	2.2500	0.4000	1.9000	0.4000	1.9000	4.9500	4.4500
Financial ratios							
Annualized return on equity (b)	15.6%	11.0%	16.0%	25.9%	(2.3%)	17.1%	10.9%
Annualized core operating return on equity (b)	15.0%	15.3%	14.7%	14.5%	12.6%	14.9%	15.6%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	63.2%	63.1%	60.2%	58.9%	62.7%	61.5%	61.3%
Underwriting expense ratio	30.3%	30.9%	34.8%	33.6%	29.3%	32.2%	32.1%
Combined ratio - Specialty	93.5%	94.0%	95.0%	92.5%	92.0%	93.7%	93.4%
Net spread on fixed annuities:							
Net interest spread on fixed annuities - new method	1.98%	1.97%	2.08%	2.01%	1.94%	2.01%	2.14%
Net spread earned on fixed annuities:							
Core operating - new method	1.07%	1.06%	1.11%	1.08%	0.98%	1.08%	1.20%
Non-core - new method:							
Previously reported in core operating	n/a	n/a	n/a	(0.12%)	(0.73%)	(0.03%)	(0.13%)
Currently reported in non-core	0.24%	(0.28%)	(0.35%)	n/a	n/a	(0.09%)	n/a

(a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 21.

(b) Excludes accumulated other comprehensive income.

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Property and Casualty Insurance							
Underwriting profit	\$ 88	\$ 72	\$ 59	\$ 87	\$ 101	\$ 306	\$ 320
Net investment income	120	124	124	104	115	472	438
Other income (expense)	(9)	(2)	(8)	(6)	(2)	(25)	(18)
Property and Casualty Insurance operating earnings	199	194	175	185	214	753	740
Annuity earnings	104	100	104	90	20	398	361
Interest expense of parent holding companies	(18)	(17)	(17)	(16)	(16)	(68)	(62)
Other expense	(32)	(22)	(25)	(27)	(13)	(106)	(94)
Pre-tax core operating earnings	253	255	237	232	205	977	945
Income tax expense	50	50	45	48	46	193	184
Core net operating earnings	203	205	192	184	159	784	761
Non-core items, net of tax:							
Realized gains (losses) on securities	51	(14)	45	145	(188)	227	(210)
Annuity non-core earnings (losses), net of taxes	19	(21)	(27)	—	—	(29)	—
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	(14)	—	—	—	(14)	(14)
Former Railroad and Manufacturing operations	—	(9)	—	—	—	(9)	(7)
Neon exited lines charge	(58)	—	—	—	—	(58)	—
Other non-core items, net of taxes	(4)	—	—	—	—	(4)	—
Net earnings	\$ 211	\$ 147	\$ 210	\$ 329	\$ (29)	\$ 897	\$ 530

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Core net operating earnings	\$ 203	\$ 205	\$ 192	\$ 184	\$ 159	\$ 784	\$ 761
Net earnings	\$ 211	\$ 147	\$ 210	\$ 329	\$ (29)	\$ 897	\$ 530
Average number of diluted shares - core	91.274	91.137	90.981	90.695	90.668	91.024	90.626
Average number of diluted shares - net	91.274	91.137	90.981	90.695	89.278	91.024	90.626
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 2.22	\$ 2.25	\$ 2.12	\$ 2.02	\$ 1.75	\$ 8.62	\$ 8.40
Realized gains (losses) on securities	0.56	(0.15)	0.48	1.61	(2.08)	2.47	(2.31)
Annuity non-core earnings (losses), net of taxes	0.21	(0.23)	(0.29)	—	—	(0.31)	—
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	(0.15)	—	—	—	(0.15)	(0.16)
Former Railroad and Manufacturing operations	—	(0.10)	—	—	—	(0.10)	(0.08)
Neon exited lines charge	(0.64)	—	—	—	—	(0.64)	—
Other non-core items, net of taxes	(0.04)	—	—	—	—	(0.04)	—
Diluted earnings per share	\$ 2.31	\$ 1.62	\$ 2.31	\$ 3.63	\$ (0.33)	\$ 9.85	\$ 5.85

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



	Three Months Ended				Twelve Months Ended		
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/18	
Property and Transportation	\$ (2)	\$ 38	\$ 4	\$ 39	\$ 64	\$ 79	\$ 120
Specialty Casualty	69	23	47	36	22	175	141
Specialty Financial	32	26	21	13	20	92	66
Other Specialty	(10)	1	(12)	—	(4)	(21)	(5)
Underwriting profit - Specialty	89	88	60	88	102	325	322
Other core charges, included in loss and LAE	(1)	(16)	(1)	(1)	(1)	(19)	(2)
Underwriting profit - Core	88	72	59	87	101	306	320
Special A&E charges, included in loss and LAE	—	(18)	—	—	—	(18)	(18)
Neon exited lines charge	(76)	—	—	—	—	(76)	—
Underwriting profit (loss) - Property and Casualty Insurance	\$ 12	\$ 54	\$ 59	\$ 87	\$ 101	\$ 212	\$ 302
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 1	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ 2
Catastrophe loss	14	22	12	12	39	60	103
Total current accident year catastrophe losses	\$ 15	\$ 22	\$ 12	\$ 12	\$ 38	\$ 61	\$ 105
Prior year loss reserve development (favorable) / adverse	\$ (45)	\$ (12)	\$ (41)	\$ (45)	\$ (61)	\$ (143)	\$ (192)
Combined ratio:							
Property and Transportation	100.4%	93.5%	99.1%	89.0%	86.5%	95.7%	93.1%
Specialty Casualty	89.7%	96.5%	92.5%	94.2%	96.5%	93.3%	94.2%
Specialty Financial	79.6%	83.7%	85.6%	91.4%	85.5%	85.0%	88.9%
Other Specialty	122.5%	98.5%	135.1%	98.9%	112.3%	113.3%	103.7%
Combined ratio - Specialty	93.5%	94.0%	95.0%	92.5%	92.0%	93.7%	93.4%
Other core charges	0.1%	1.1%	0.1%	0.1%	0.0%	0.4%	0.0%
Neon exited lines charge, loss and LAE	5.5%	0.0%	0.0%	0.0%	0.0%	1.4%	0.0%
Special A&E charges	0.0%	1.2%	0.0%	0.0%	0.0%	0.3%	0.4%
Combined ratio	99.1%	96.3%	95.1%	92.6%	92.0%	95.8%	93.8%
Combined ratio excl. catastrophe and prior year development	96.3%	95.5%	97.5%	95.4%	93.7%	96.2%	95.7%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	66.0%	64.6%	62.7%	61.8%	64.4%	64.0%	63.6%
Prior accident year loss reserve development	(0.4%)	(0.8%)	(3.3%)	(3.9%)	(4.7%)	(2.2%)	(4.0%)
Current accident year catastrophe loss	1.0%	1.6%	0.9%	1.1%	3.0%	1.2%	2.1%
Loss and LAE ratio	66.6%	65.4%	60.3%	59.0%	62.7%	63.0%	61.7%

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Gross written premiums	\$ 1,749	\$ 2,351	\$ 1,664	\$ 1,535	\$ 1,613	\$ 7,299	\$ 6,840
Ceded reinsurance premiums	(436)	(733)	(400)	(388)	(405)	(1,957)	(1,817)
Net written premiums	1,313	1,618	1,264	1,147	1,208	5,342	5,023
Change in unearned premiums	57	(176)	(64)	26	62	(157)	(158)
Net earned premiums	1,370	1,442	1,200	1,173	1,270	5,185	4,865
Loss and LAE	865	910	722	691	796	3,188	2,983
Underwriting expense	416	444	418	394	372	1,672	1,560
Underwriting profit	\$ 89	\$ 88	\$ 60	\$ 88	\$ 102	\$ 325	\$ 322
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 1	\$ —	\$ —	\$ —	\$ (1)	\$ 1	\$ 2
Catastrophe loss	14	22	12	12	39	60	103
Total current accident year catastrophe losses	\$ 15	\$ 22	\$ 12	\$ 12	\$ 38	\$ 61	\$ 105
Prior year loss reserve development (favorable) / adverse	\$ (53)	\$ (46)	\$ (42)	\$ (46)	\$ (61)	\$ (187)	\$ (212)
Combined ratio:							
Loss and LAE ratio	63.2%	63.1%	60.2%	58.9%	62.7%	61.5%	61.3%
Underwriting expense ratio	30.3%	30.9%	34.8%	33.6%	29.3%	32.2%	32.1%
Combined ratio	93.5%	94.0%	95.0%	92.5%	92.0%	93.7%	93.4%
Combined ratio excl. catastrophe and prior year development	96.3%	95.5%	97.5%	95.4%	93.7%	96.2%	95.7%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	66.0%	64.6%	62.7%	61.8%	64.4%	64.0%	63.6%
Prior accident year loss reserve development	(3.8%)	(3.1%)	(3.4%)	(4.0%)	(4.7%)	(3.7%)	(4.4%)
Current accident year catastrophe loss	1.0%	1.6%	0.9%	1.1%	3.0%	1.2%	2.1%
Loss and LAE ratio	63.2%	63.1%	60.2%	58.9%	62.7%	61.5%	61.3%

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Gross written premiums	\$ 628	\$1,113	\$ 579	\$ 439	\$ 651	\$ 2,759	\$ 2,645
Ceded reinsurance premiums	(179)	(452)	(157)	(95)	(203)	(883)	(891)
Net written premiums	449	661	422	344	448	1,876	1,754
Change in unearned premiums	56	(78)	(43)	17	31	(48)	(25)
Net earned premiums	505	583	379	361	479	1,828	1,729
Loss and LAE	392	421	259	225	327	1,297	1,192
Underwriting expense	115	124	116	97	88	452	417
Underwriting profit	\$ (2)	\$ 38	\$ 4	\$ 39	\$ 64	\$ 79	\$ 120
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ —
Catastrophe loss	7	8	8	9	(1)	32	26
Total current accident year catastrophe losses	\$ 7	\$ 8	\$ 8	\$ 9	\$ (2)	\$ 32	\$ 26
Prior year loss reserve development (favorable) / adverse	\$ (18)	\$ (17)	\$ (6)	\$ (26)	\$ (7)	\$ (67)	\$ (50)
Combined ratio:							
Loss and LAE ratio	77.8%	72.1%	68.4%	62.2%	68.2%	71.0%	69.0%
Underwriting expense ratio	22.6%	21.4%	30.7%	26.8%	18.3%	24.7%	24.1%
Combined ratio	100.4%	93.5%	99.1%	89.0%	86.5%	95.7%	93.1%
Combined ratio excl. catastrophe and prior year development	102.5%	94.9%	98.7%	93.6%	88.2%	97.5%	94.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	79.9%	73.5%	68.0%	66.8%	69.9%	72.8%	70.3%
Prior accident year loss reserve development	(3.5%)	(2.8%)	(1.6%)	(7.2%)	(1.5%)	(3.6%)	(2.8%)
Current accident year catastrophe loss	1.4%	1.4%	2.0%	2.6%	(0.2%)	1.8%	1.5%
Loss and LAE ratio	77.8%	72.1%	68.4%	62.2%	68.2%	71.0%	69.0%

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Gross written premiums	\$ 929	\$1,031	\$ 896	\$ 912	\$ 778	\$ 3,768	\$3,445
Ceded reinsurance premiums	(260)	(287)	(234)	(286)	(197)	(1,067)	(936)
Net written premiums	669	744	662	626	581	2,701	2,509
Change in unearned premiums	7	(86)	(28)	3	32	(104)	(106)
Net earned premiums	676	658	634	629	613	2,597	2,403
Loss and LAE	402	416	380	388	389	1,586	1,476
Underwriting expense	205	219	207	205	202	836	786
Underwriting profit	\$ 69	\$ 23	\$ 47	\$ 36	\$ 22	\$ 175	\$ 141
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 1
Catastrophe loss	5	10	1	1	28	17	45
Total current accident year catastrophe losses	\$ 6	\$ 10	\$ 1	\$ 1	\$ 28	\$ 18	\$ 46
Prior year loss reserve development (favorable) / adverse	\$ (25)	\$ (19)	\$ (31)	\$ (13)	\$ (52)	\$ (88)	\$ (139)
Combined ratio:							
Loss and LAE ratio	59.4%	63.1%	60.0%	61.6%	63.5%	61.1%	61.5%
Underwriting expense ratio	30.3%	33.4%	32.5%	32.6%	33.0%	32.2%	32.7%
Combined ratio	89.7%	96.5%	92.5%	94.2%	96.5%	93.3%	94.2%
Combined ratio excl. catastrophe and prior year development	92.7%	97.8%	97.1%	96.3%	100.3%	96.0%	98.1%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.4%	64.4%	64.6%	63.7%	67.3%	63.8%	65.4%
Prior accident year loss reserve development	(3.8%)	(2.9%)	(4.7%)	(2.2%)	(8.5%)	(3.4%)	(5.8%)
Current accident year catastrophe loss	0.8%	1.6%	0.1%	0.1%	4.7%	0.7%	1.9%
Loss and LAE ratio	59.4%	63.1%	60.0%	61.6%	63.5%	61.1%	61.5%

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Gross written premiums	\$ 192	\$ 207	\$ 189	\$ 184	\$ 184	\$ 772	\$ 750
Ceded reinsurance premiums	(36)	(40)	(40)	(39)	(42)	(155)	(148)
Net written premiums	156	167	149	145	142	617	602
Change in unearned premiums	(4)	(6)	2	1	(1)	(7)	(4)
Net earned premiums	152	161	151	146	141	610	598
Loss and LAE	40	47	49	56	51	192	225
Underwriting expense	80	88	81	77	70	326	307
Underwriting profit	\$ 32	\$ 26	\$ 21	\$ 13	\$ 20	\$ 92	\$ 66
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Catastrophe loss	2	3	3	2	10	10	28
Total current accident year catastrophe losses	\$ 2	\$ 3	\$ 3	\$ 2	\$ 10	\$ 10	\$ 29
Prior year loss reserve development (favorable) / adverse	\$ (14)	\$ (9)	\$ (9)	\$ (6)	\$ (7)	\$ (38)	\$ (26)
Combined ratio:							
Loss and LAE ratio	26.1%	29.7%	32.3%	38.2%	36.4%	31.5%	37.6%
Underwriting expense ratio	53.5%	54.0%	53.3%	53.2%	49.1%	53.5%	51.3%
Combined ratio	79.6%	83.7%	85.6%	91.4%	85.5%	85.0%	88.9%
Combined ratio excl. catastrophe and prior year development							
	87.7%	87.2%	89.7%	94.3%	83.6%	89.7%	88.6%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	34.2%	33.2%	36.4%	41.1%	34.5%	36.2%	37.3%
Prior accident year loss reserve development	(9.2%)	(5.5%)	(5.9%)	(4.3%)	(5.2%)	(6.3%)	(4.4%)
Current accident year catastrophe loss	1.1%	2.0%	1.8%	1.4%	7.1%	1.6%	4.7%
Loss and LAE ratio	26.1%	29.7%	32.3%	38.2%	36.4%	31.5%	37.6%

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	39	46	31	32	37	148	158
Net written premiums	39	46	31	32	37	148	158
Change in unearned premiums	(2)	(6)	5	5	—	2	(23)
Net earned premiums	37	40	36	37	37	150	135
Loss and LAE	31	26	34	22	29	113	90
Underwriting expense	16	13	14	15	12	58	50
Underwriting profit (loss)	\$ (10)	\$ 1	\$ (12)	\$ —	\$ (4)	\$ (21)	\$ (5)
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	1	—	—	2	1	4
Total current accident year catastrophe losses	\$ —	\$ 1	\$ —	\$ —	\$ 2	\$ 1	\$ 4
Prior year loss reserve development (favorable) / adverse	\$ 4	\$ (1)	\$ 4	\$ (1)	\$ 5	\$ 6	\$ 3
Combined ratio:							
Loss and LAE ratio	83.5%	64.0%	96.0%	59.7%	76.5%	75.4%	66.4%
Underwriting expense ratio	39.0%	34.5%	39.1%	39.2%	35.8%	37.9%	37.3%
Combined ratio	122.5%	98.5%	135.1%	98.9%	112.3%	113.3%	103.7%
Combined ratio excl. catastrophe and prior year development	113.4%	99.0%	123.4%	100.8%	95.6%	108.9%	99.0%

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Net investment income	\$ 435	\$ 421	\$ 420	\$ 406	\$ 401	\$ 1,682	\$ 1,524
Investments marked to market through core operating earnings	23	27	31	29	18	110	114
Guaranteed withdrawal benefit fees	17	17	17	16	17	67	65
Policy charges and other miscellaneous income	9	10	10	11	10	40	43
Total revenues	484	475	478	462	446	1,899	1,746
Annuity benefits	281	276	272	266	260	1,095	964
Acquisition expenses	65	64	67	60	64	256	242
Other expenses	34	35	35	35	36	139	131
Total costs and expenses	380	375	374	361	360	1,490	1,337
Pretax Annuity core operating earnings - new method	\$ 104	\$ 100	\$ 104	\$ 101	\$ 86	\$ 409	\$ 409
Other amounts previously reported as core operating, net (a)	n/a	n/a	n/a	(11)	(66)	(11)	(48)
Pretax Annuity core operating earnings - as reported	\$ 104	\$ 100	\$ 104	\$ 90	\$ 20	\$ 398	\$ 361

(a) "Other" primarily reflects (1) the impact of fair value accounting, (2) the impact of changes in the stock market on the liability for guaranteed benefits and DAC, and (3) unlocking.

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Detail of annuity benefits expense:							
Cost of funds:							
Amortization of options (a)	\$ 150	\$ 149	\$ 146	\$ 141	\$ 141	\$ 586	\$ 506
Traditional fixed annuities	62	62	61	59	58	244	234
Fixed component of fixed-indexed annuities	25	24	23	22	21	94	78
Immediate annuities	6	6	6	6	6	24	24
Pension risk transfer (PRT)	3	2	1	1	1	7	1
Federal Home Loan Bank	6	7	7	7	6	27	20
Total cost of funds - new method	252	250	244	236	233	982	863
Guaranteed withdrawal benefit reserve	24	21	20	19	19	84	74
Amortization of sales inducements	3	3	4	4	5	14	19
Change in expected death and annuitization reserve and other	2	2	4	7	3	15	8
Total other annuity benefits	29	26	28	30	27	113	101
Total annuity benefits expense - new method	\$ 281	\$ 276	\$ 272	\$ 266	\$ 260	\$ 1,095	\$ 964
(a) Amortization of options, net of DAC and reserve offsets:							
Amortization of options	\$ 150	\$ 149	\$ 146	\$ 141	\$ 141	\$ 586	\$ 506
DAC and reserve offsets	(77)	(74)	(74)	(72)	(72)	(297)	(254)
Amortization of options, net of DAC and reserve offsets	<u>\$ 73</u>	<u>\$ 75</u>	<u>\$ 72</u>	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ 289</u>	<u>\$ 252</u>

American Financial Group, Inc.
Core Net Spread on Fixed Annuities - New Method
(\$ in millions)



	Three Months Ended				Twelve Months Ended		
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/18	
Average fixed annuity investments (at amortized cost) (a)	\$39,316	\$38,650	\$37,907	\$36,991	\$35,993	\$38,216	\$34,471
Average annuity benefits accumulated	39,615	38,946	38,202	37,078	36,103	38,460	34,706
Annuity benefits accumulated in excess of investments (a)	\$ (299)	\$ (296)	\$ (295)	\$ (87)	\$ (110)	\$ (244)	\$ (235)
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.40%	4.34%	4.40%	4.37%	4.44%	4.38%	4.40%
Investments marked to market through core operating earnings (as % of investments)	0.23%	0.28%	0.33%	0.31%	0.20%	0.29%	0.33%
Cost of funds	(2.54%)	(2.57%)	(2.55%)	(2.54%)	(2.58%)	(2.55%)	(2.49%)
Other annuity benefits, net of guaranteed withdrawal benefit fees	(0.11%)	(0.08%)	(0.10%)	(0.13%)	(0.12%)	(0.11%)	(0.10%)
Core net interest spread on fixed annuities - new method	1.98%	1.97%	2.08%	2.01%	1.94%	2.01%	2.14%
Policy charges and other miscellaneous income	0.07%	0.08%	0.08%	0.08%	0.08%	0.08%	0.10%
Acquisition expenses	(0.65%)	(0.65%)	(0.68%)	(0.65%)	(0.66%)	(0.66%)	(0.67%)
Other expenses	(0.33%)	(0.34%)	(0.37%)	(0.36%)	(0.38%)	(0.35%)	(0.37%)
Core net spread earned on fixed annuities - new method	1.07%	1.06%	1.11%	1.08%	0.98%	1.08%	1.20%
Net spread earned on items previously reported as core operating	n/a	n/a	n/a	(0.12%)	(0.73%)	(0.03%)	(0.13%)
Core net spread earned on fixed annuities - as reported	1.07%	1.06%	1.11%	0.96%	0.25%	1.05%	1.07%
Average annuity benefits accumulated	\$39,615	\$38,946	\$38,202	\$37,078	\$36,103	\$38,460	\$34,706
Net spread earned on fixed annuities - core	1.07%	1.06%	1.11%	1.08%	0.98%	1.08%	1.20%
Earnings on fixed annuity benefits accumulated - core	\$ 105	\$ 103	\$ 106	\$ 100	\$ 88	\$ 414	\$ 418
Annuity benefits accumulated in excess of investments	\$ (299)	\$ (296)	\$ (295)	\$ (87)	\$ (110)	\$ (244)	\$ (235)
Net investment income (as % of investments)	4.63%	4.62%	4.73%	4.68%	4.64%	4.67%	4.73%
Earnings/(loss) on annuity benefits accumulated in excess of investments	\$ (3)	\$ (3)	\$ (3)	\$ (1)	\$ (1)	\$ (10)	\$ (11)
Variable annuity earnings	2	—	1	2	(1)	5	2
Pretax Annuity core operating earnings - new method	104	100	104	101	86	409	409
Other amounts previously reported as core operating, net	n/a	n/a	n/a	(11)	(66)	(11)	(48)
Pretax Annuity core operating earnings - as reported	\$ 104	\$ 100	\$ 104	\$ 90	\$ 20	\$ 398	\$ 361

(a) Excludes non-investment assets such as deferred acquisition costs, FIA options, accrued investment income and company owned life insurance.

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



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Financial institutions single premium annuities - indexed	\$ 359	\$ 325	\$ 429	\$ 424	\$ 455	\$ 1,537	\$ 1,776
Financial institutions single premium annuities - fixed	270	302	313	344	142	1,229	492
Retail single premium annuities - indexed	170	198	274	301	392	943	1,418
Retail single premium annuities - fixed	25	30	36	29	27	120	87
Broker dealer single premium annuities - indexed	107	134	189	227	335	657	1,271
Broker dealer single premium annuities - fixed	9	9	8	6	4	32	14
Pension risk transfer (PRT)	158	39	50	10	75	257	132
Education market - fixed and indexed annuities	36	35	44	49	46	164	192
Subtotal fixed annuity premiums	1,134	1,072	1,343	1,390	1,476	4,939	5,382
Variable annuities	5	5	6	5	6	21	25
Total annuity premiums	\$1,139	\$1,077	\$1,349	\$1,395	\$1,482	\$ 4,960	\$ 5,407
Summary by Distribution Channel:							
Financial institutions	\$ 629	\$ 627	\$ 742	\$ 768	\$ 597	\$ 2,766	\$ 2,268
Retail	195	228	310	330	419	1,063	1,505
Broker dealer	116	143	197	233	339	689	1,285
Other	199	79	100	64	127	442	349
Total annuity premiums	\$1,139	\$1,077	\$1,349	\$1,395	\$1,482	\$ 4,960	\$ 5,407
Summary by Product Type:							
Total indexed	\$ 655	\$ 675	\$ 917	\$ 980	\$ 1,211	\$ 3,227	\$ 4,580
Total fixed	479	397	426	410	265	1,712	802
Variable	5	5	6	5	6	21	25
Total annuity premiums	\$1,139	\$1,077	\$1,349	\$1,395	\$1,482	\$ 4,960	\$ 5,407

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



	Three Months Ended				Twelve Months Ended		
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/18	
Beginning fixed annuity reserves	\$39,212	\$38,680	\$37,724	\$36,431	\$35,774	\$36,431	\$33,005
Premiums	1,134	1,072	1,343	1,390	1,476	4,939	5,382
Federal Home Loan Bank ("FHLB") advances (paydowns)	—	—	—	—	225	—	225
Surrenders, benefits and other withdrawals	(829)	(808)	(862)	(761)	(796)	(3,260)	(2,836)
Interest and other annuity benefit expenses:							
Cost of funds	252	250	244	236	233	982	863
Embedded derivative mark-to-market	276	111	251	462	(490)	1,100	(248)
Unlockings	—	(75)	—	—	4	(75)	59
Other	(27)	(18)	(20)	(34)	5	(99)	(19)
Ending fixed annuity reserves	\$40,018	\$39,212	\$38,680	\$37,724	\$36,431	\$40,018	\$36,431
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$40,018	\$39,212	\$38,680	\$37,724	\$36,431	\$40,018	\$36,431
Impact of unrealized investment gains on reserves	225	269	192	108	10	225	10
Fixed component of variable annuities	163	170	172	174	175	163	175
Annuity benefits accumulated per balance sheet	\$40,406	\$39,651	\$39,044	\$38,006	\$36,616	\$40,406	\$36,616
Annualized surrenders and other withdrawals as a % of beginning reserves	8.5%	8.4%	9.1%	8.4%	8.9%	8.9%	8.6%
Rider reserves included in ending fixed annuity reserves above	\$ 625	\$ 611	\$ 491	\$ 478	\$ 472	\$ 625	\$ 472
Embedded Derivative liability included in ending fixed annuity reserves above	\$ 3,730	\$ 3,469	\$ 3,541	\$ 3,247	\$ 2,720	\$ 3,730	\$ 2,720

American Financial Group, Inc.
Guaranteed Minimum Interest Rate (“GMIR”) Analysis
(\$ in millions)



	<u>12/31/19</u>	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>
GMIR						
1 - 1.99%	81%	81%	80%	79%	79%	78%
2 - 2.99%	3%	3%	4%	4%	4%	4%
3 - 3.99%	7%	7%	7%	8%	8%	9%
4.00% and above	9%	9%	9%	9%	9%	9%
Annuity Benefits Accumulated	\$40,406	\$39,651	\$39,044	\$38,006	\$36,616	\$35,958
Traditional Fixed and FIA Surrender Value (a)	\$30,921	\$30,292	\$29,891	\$29,163	\$27,842	\$27,434
Ability to Lower Average Crediting Rates by (a) (b)	1.19%	1.20%	1.20%	1.20%	1.19%	1.16%
Pretax earnings impact of crediting guaranteed minimums (a)	\$ 368	\$ 363	\$ 359	\$ 350	\$ 331	\$ 317

- (a) Excludes Annuities with Guaranteed Withdrawal Benefits, FHLB advances, immediate reserves and certain other reserves.
(b) Weighted Average Crediting Rate less GMIR

American Financial Group, Inc.
Annuity Non-Core Earnings (Losses)
(\$ in millions)



	Reported in Non-Core Earnings Three Months Ended			Reported in Core Earnings Prior to Second Quarter of 2019 Three Months Ended		Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Annuity Non-Core Earnings							
(Losses):							
Stock market impact on:							
Liability for guaranteed benefits (a)	\$ 12	\$ 2	\$ 6	\$ 14	\$ (22)	\$ 34	\$ (14)
DAC and sales inducements (b)	4	1	1	5	(8)	11	(4)
Fair Value (FV) accounting	8	1	—	14	(27)	23	(11)
Subtotal impact of changes in stock market	24	4	7	33	(57)	68	(29)
Impact of changes in interest rates on FV accounting	(4)	(30)	(38)	(45)	(4)	(117)	33
Other FIA items	4	—	(2)	1	(1)	3	(21)
Unlockings	—	(1)	—	—	(4)	(1)	(31)
Annuity Non-Core Earnings (Losses)	\$ 24	\$ (27)	\$ (33)	\$ (11)	\$ (66)	\$ (47)	\$ (48)

<i>Reported as</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Core</i>	<i>Core</i>	<i>Q1 Core = (\$11)</i>	<i>Core</i>
						<i>Q2/Q3/Q4 Non-core = (\$36)</i>	

Annuity Non-Core Net Spread

Earned:

Stock market impact on:							
Liability for guaranteed benefits (a)	0.12%	0.02%	0.06%	0.15%	(0.24%)	0.09%	(0.04%)
DAC and sales inducements (b)	0.04%	0.01%	0.01%	0.06%	(0.09%)	0.03%	(0.01%)
Fair Value (FV) accounting	0.08%	0.01%	0.00%	0.15%	(0.30%)	0.06%	(0.03%)
Subtotal impact of changes in stock market	0.24%	0.04%	0.07%	0.36%	(0.63%)	0.18%	(0.08%)
Impact of changes in interest rates on FV accounting	(0.04%)	(0.31%)	(0.40%)	(0.49%)	(0.05%)	(0.31%)	0.10%
Other FIA items	0.04%	0.00%	(0.02%)	0.01%	(0.01%)	0.01%	(0.06%)
Unlockings	0.00%	(0.01%)	0.00%	0.00%	(0.04%)	0.00%	(0.09%)
Non-core net spread earned on fixed annuities	0.24%	(0.28%)	(0.35%)	(0.12%)	(0.73%)	(0.12%)	(0.13%)

<i>Reported as</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Non-core</i>	<i>Core</i>	<i>Core</i>	<i>Q1 Core = (.03%)</i>	<i>Core</i>
						<i>Q2/Q3/Q4 Non-core = (.09%)</i>	

(a) Reflects the impact of changes in the stock market on AFG's liability for fixed-indexed annuities with guaranteed benefits. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.

(b) Reflects the impact of changes in the stock market on the current and projected lifetime profitability of AFG's annuity business. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.

S&P 500	3,231	2,977	2,942	2,834	2,507	3,231	2,507
Average 5 and 15 year Corp A2 rates	2.74%	2.71%	2.97%	3.41%	3.90%	2.74%	3.90%

Non-core earnings sensitivities:

Incremental +/- 1% change in S&P 500 ~ +/- \$1mm to \$3mm

Incremental +/- 10bps change in interest rates ~ +/- \$9mm to \$11mm

(Assumes parallel shift in rates (primarily Corporate A2 rates))

American Financial Group, Inc.
Reconciliation from Core to GAAP Annuity Pretax Earnings
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Annuity Earnings							
Core annuity operating earnings - as reported (see page 12)	\$ 104	\$ 100	\$ 104	\$ 90	\$ 20	\$ 398	\$ 361
Annuity non-core earnings (losses)	24	(27)	(33)	—	—	(36)	—
Earnings before income taxes - GAAP	<u>\$ 128</u>	<u>\$ 73</u>	<u>\$ 71</u>	<u>\$ 90</u>	<u>\$ 20</u>	<u>\$ 362</u>	<u>\$ 361</u>
Policy Charges and Other Miscellaneous Income							
Policy charges and other miscellaneous income - new method (see page 12)	\$ 9	\$ 10	\$ 10	\$ 11	\$ 10	\$ 40	\$ 43
Annuity non-core policy charges and other miscellaneous income	—	1	—	—	—	1	(1)
Policy Charges and Other Miscellaneous Income - GAAP	<u>\$ 9</u>	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 11</u>	<u>\$ 10</u>	<u>\$ 41</u>	<u>\$ 42</u>
Annuity Benefit Expense							
Annuity benefits expense - new method (see page 13)	\$ 281	\$ 276	\$ 272	\$ 266	\$ 260	\$ 1,095	\$ 964
Annuity non-core annuity benefits	(30)	(26)	67	45	74	56	34
Annuity Benefit Expense - GAAP	<u>\$ 251</u>	<u>\$ 250</u>	<u>\$ 339</u>	<u>\$ 311</u>	<u>\$ 334</u>	<u>\$ 1,151</u>	<u>\$ 998</u>
Acquisition Expenses							
Acquisition expenses - new method (see page 12)	\$ 65	\$ 64	\$ 67	\$ 60	\$ 64	\$ 256	\$ 242
Annuity non-core acquisition expenses	6	54	(34)	(34)	(8)	(8)	13
Acquisition Expenses - GAAP	<u>\$ 71</u>	<u>\$ 118</u>	<u>\$ 33</u>	<u>\$ 26</u>	<u>\$ 56</u>	<u>\$ 248</u>	<u>\$ 255</u>
Net Spread on Fixed Annuities							
Core net spread earned on fixed annuities - as reported (see page 14)	1.07%	1.06%	1.11%	0.96%	0.25%	1.05%	1.07%
Non-core net spread earned on fixed annuities	0.24%	(0.28%)	(0.35%)	0.00%	0.00%	(0.09%)	0.00%
Net Spread on Fixed Annuities	<u>1.31%</u>	<u>0.78%</u>	<u>0.76%</u>	<u>0.96%</u>	<u>0.25%</u>	<u>0.96%</u>	<u>1.07%</u>

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



	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
Assets:						
Total cash and investments	\$55,252	\$54,207	\$52,907	\$51,040	\$48,498	\$47,841
Recoverables from reinsurers	3,415	3,261	3,150	3,258	3,349	3,352
Prepaid reinsurance premiums	678	781	651	636	610	717
Agents' balances and premiums receivable	1,335	1,403	1,398	1,283	1,234	1,299
Deferred policy acquisition costs	1,037	964	1,203	1,447	1,682	1,669
Assets of managed investment entities	4,736	4,702	4,781	4,786	4,700	4,998
Other receivables	975	1,187	999	1,011	1,090	1,633
Variable annuity assets (separate accounts)	628	601	616	610	557	650
Other assets	1,867	1,754	1,785	1,854	1,529	1,832
Goodwill	207	207	207	207	207	199
Total assets	\$70,130	\$69,067	\$67,697	\$66,132	\$63,456	\$64,190
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$10,232	\$ 9,847	\$ 9,577	\$ 9,623	\$ 9,741	\$ 9,670
Unearned premiums	2,830	2,986	2,683	2,605	2,595	2,740
Annuity benefits accumulated	40,406	39,651	39,044	38,006	36,616	35,958
Life, accident and health reserves	612	613	619	632	635	643
Payable to reinsurers	814	867	755	730	752	932
Liabilities of managed investment entities	4,571	4,523	4,590	4,593	4,512	4,807
Long-term debt	1,473	1,423	1,423	1,423	1,302	1,302
Variable annuity liabilities (separate accounts)	628	601	616	610	557	650
Other liabilities	2,295	2,235	2,300	2,245	1,774	2,324
Total liabilities	\$63,861	\$62,746	\$61,607	\$60,467	\$58,484	\$59,026
Shareholders' equity:						
Common stock	\$ 90	\$ 90	\$ 90	\$ 90	\$ 89	\$ 89
Capital surplus	1,307	1,292	1,277	1,256	1,245	1,231
Retained earnings	4,009	4,022	3,914	3,875	3,588	3,800
Unrealized gains - fixed maturities	862	920	812	464	83	93
Unrealized gains (losses) - fixed maturity-related cash flow hedges	17	25	18	—	(11)	(32)
Other comprehensive income, net of tax	(16)	(28)	(21)	(20)	(24)	(17)
Total shareholders' equity	6,269	6,321	6,090	5,665	4,970	5,164
Noncontrolling interests	—	—	—	—	2	—
Total liabilities and equity	\$70,130	\$69,067	\$67,697	\$66,132	\$63,456	\$64,190

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



	<u>12/31/19</u>	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>
Shareholders' equity	\$ 6,269	\$ 6,321	\$ 6,090	\$ 5,665	\$ 4,970	\$ 5,164
Unrealized (gains) related to fixed maturities	(879)	(945)	(830)	(464)	(72)	(61)
Adjusted shareholders' equity	5,390	5,376	5,260	5,201	4,898	5,103
Goodwill	(207)	(207)	(207)	(207)	(207)	(199)
Intangibles	(43)	(45)	(48)	(51)	(54)	(31)
Tangible adjusted shareholders' equity	\$ 5,140	\$ 5,124	\$ 5,005	\$ 4,943	\$ 4,637	\$ 4,873
Common shares outstanding	90.304	90.127	89.918	89.638	89.292	89.189
Book value per share:						
Book value per share	\$ 69.43	\$ 70.14	\$ 67.72	\$ 63.20	\$ 55.66	\$ 57.90
Adjusted (a)	59.70	59.65	58.49	58.02	54.86	57.22
Tangible, adjusted (b)	56.93	56.84	55.65	55.14	51.93	54.64
Market capitalization						
AFC's closing common share price	\$ 109.65	\$ 107.85	\$ 102.47	\$ 96.21	\$ 90.53	\$ 110.97
Market capitalization	\$ 9,902	\$ 9,720	\$ 9,214	\$ 8,624	\$ 8,084	\$ 9,897
Price / Adjusted book value ratio	1.84	1.81	1.75	1.66	1.65	1.94

(a) Excludes unrealized gains related to fixed maturity investments.

(b) Excludes unrealized gains related to fixed maturity investments, goodwill and intangibles.

American Financial Group, Inc.
Capitalization
(\$ in millions)



	<u>12/31/19</u>	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>
AFG senior obligations	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018
Borrowings drawn under credit facility	—	—	—	—	—	—
Debt excluding subordinated debt	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018	\$ 1,018
AFG subordinated debentures	475	425	425	425	300	300
Total principal amount of long-term debt	\$ 1,493	\$ 1,443	\$ 1,443	\$ 1,443	\$ 1,318	\$ 1,318
Shareholders' equity	6,269	6,321	6,090	5,665	4,970	5,164
Noncontrolling interests (including redeemable NCI)	—	—	—	—	2	—
Less:						
Unrealized (gains) related to fixed maturity investments	(879)	(945)	(830)	(464)	(72)	(61)
Total adjusted capital	\$ 6,883	\$ 6,819	\$ 6,703	\$ 6,644	\$ 6,218	\$ 6,421
Ratio of debt to total adjusted capital:						
Including subordinated debt	21.7%	21.2%	21.5%	21.7%	21.2%	20.5%
Excluding subordinated debt	14.8%	14.9%	15.2%	15.3%	16.4%	15.9%

	Three Months Ended					Twelve Months Ended	
	<u>12/31/19</u>	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/18</u>
Property and Casualty Insurance							
Paid Losses (GAAP)	\$ 727	\$ 769	\$ 666	\$ 704	\$ 719	\$ 2,866	\$ 2,602
		<u>12/31/19</u>	<u>9/30/19</u>	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>09/30/18</u>
GAAP Equity (excluding AOCI)							
Property and Casualty Insurance	\$ 4,043	\$ 4,094	\$ 3,959	\$ 3,868	\$ 3,868	\$ 3,638	\$ 3,664
Annuity	2,664	2,613	2,612	2,553	2,443	2,443	2,513
Parent and other subsidiaries	(1,301)	(1,303)	(1,290)	(1,200)	(1,159)	(1,159)	(1,057)
AFG GAAP Equity (excluding AOCI)	\$ 5,406	\$ 5,404	\$ 5,281	\$ 5,221	\$ 4,922	\$ 4,922	\$ 5,120
Allowable dividends without regulatory approval							
Property and Casualty Insurance	\$ 565	\$ 529	\$ 529	\$ 529	\$ 529	\$ 529	\$ 563
Annuity and Run-off	287	768	768	768	768	768	263
Total	\$ 852	\$ 1,297	\$ 1,297	\$ 1,297	\$ 1,297	\$ 1,297	\$ 826

	Carrying Value - December 31, 2019					
	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	\$ 1,387	\$ 746	\$ 181	\$ —	\$ 2,314	4%
Fixed maturities - Available for sale	8,596	37,899	10	—	46,505	84%
Fixed maturities - Trading	59	54	—	—	113	0%
Equity securities	1,061	810	66	—	1,937	4%
Investments accounted for using the equity method	703	985	—	—	1,688	3%
Mortgage loans	262	1,067	—	—	1,329	2%
Policy loans	—	164	—	—	164	0%
Equity index call options	—	924	—	—	924	2%
Real estate and other investments	122	265	55	(164)	278	1%
Total cash and investments	\$ 12,190	\$ 42,914	\$ 312	\$ (164)	\$ 55,252	100%

	Carrying Value - December 31, 2018					
	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	\$ 1,007	\$ 339	\$ 169	\$ —	\$ 1,515	3%
Fixed maturities - Available for sale	7,853	34,132	12	—	41,997	87%
Fixed maturities - Trading	50	55	—	—	105	0%
Equity securities	1,017	744	53	—	1,814	4%
Investments accounted for using the equity method	557	817	—	—	1,374	3%
Mortgage loans	289	779	—	—	1,068	2%
Policy loans	—	174	—	—	174	0%
Equity index call options	—	184	—	—	184	0%
Real estate and other investments	134	276	44	(187)	267	1%
Total cash and investments	\$ 10,907	\$ 37,500	\$ 278	\$ (187)	\$ 48,498	100%

	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 79	\$ 75	\$ 79	\$ 77	\$ 74	\$ 310	\$ 284
Fixed maturities - Trading	—	1	1	1	1	3	3
Equity securities - dividends	11	12	13	13	11	49	48
Equity securities - MTM	(1)	7	1	2	9	9	13
Equity in investees	21	20	20	3	14	64	65
AFG managed CLOs	(2)	(2)	2	3	(1)	1	2
Other investments (a)	13	12	10	7	10	42	32
Gross investment income	121	125	126	106	118	478	447
Investment expenses	(1)	(1)	(2)	(2)	(3)	(6)	(9)
Total net investment income	\$ 120	\$ 124	\$ 124	\$ 104	\$ 115	\$ 472	\$ 438
Average cash and investments (b)	\$ 11,744	\$ 11,387	\$ 11,193	\$ 10,997	\$ 10,651	\$ 11,348	\$ 10,497
Average yield (c)	4.09%	4.36%	4.43%	3.78%	4.32%	4.16%	4.17%
Fixed Annuity							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 406	\$ 393	\$ 391	\$ 384	\$ 376	\$ 1,574	\$ 1,425
Equity securities - dividends	8	9	8	9	9	34	30
Equity securities - MTM	4	7	3	3	2	17	13
Equity in investees	24	23	25	18	19	90	96
AFG managed CLOs	(5)	(3)	3	8	(3)	3	5
Other investments (a)	23	21	22	15	18	81	73
Gross investment income	460	450	452	437	421	1,799	1,642
Investment expenses	(4)	(4)	(4)	(4)	(4)	(16)	(13)
Total net investment income	\$ 456	\$ 446	\$ 448	\$ 433	\$ 417	\$ 1,783	\$ 1,629
Average cash and investments (b)	\$ 39,316	\$ 38,650	\$ 37,907	\$ 36,991	\$ 35,993	\$ 38,216	\$ 34,471
Average yield (c)	4.63%	4.62%	4.73%	4.68%	4.64%	4.67%	4.73%
AFG consolidated net investment income:							
Property & Casualty	\$ 120	\$ 124	\$ 124	\$ 104	\$ 115	\$ 472	\$ 438
Annuity:							
Fixed Annuity	456	446	448	433	417	1,783	1,629
Variable Annuity	2	2	3	2	2	9	9
Parent & other	8	11	10	14	4	43	25
Consolidate CLOs	7	5	(5)	(11)	4	(4)	(7)
Total net investment income	\$ 593	\$ 588	\$ 580	\$ 542	\$ 542	\$ 2,303	\$ 2,094

(a) Includes income from mortgage loans, real estate, policy loans, short-term investments, and cash equivalents.

(b) Average cash and investments is the average of the beginning and ending quarter balances, or the average of the five quarters balances.

(c) Average yield is calculated by dividing investment income for the quarter by the average cash and investment balance over the quarter.

	Three Months Ended					Twelve Months Ended	
	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	12/31/19	12/31/18
Property and Casualty Insurance:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ (1)	\$ 7	\$ 1	\$ 2	\$ 9	\$ 9	\$ 13
Investments accounted for using the equity method (b)	21	20	20	3	14	64	65
AFG managed CLOs (eliminated in consolidation)	(2)	(2)	2	3	(1)	1	2
Total Property & Casualty	\$ 18	\$ 25	\$ 23	\$ 8	\$ 22	\$ 74	\$ 80
Investments							
Equity securities MTM through investment income (a)	\$ 85	\$ 77	\$ 57	\$ 52	\$ 50	\$ 85	\$ 50
Investments accounted for using the equity method (b)	703	625	614	578	557	703	557
AFG managed CLOs (eliminated in consolidation)	48	53	56	57	56	48	56
Total Property & Casualty	\$ 836	\$ 755	\$ 727	\$ 687	\$ 663	\$ 836	\$ 663
Annualized Yield - Property & Casualty	9.1%	13.5%	13.0%	4.7%	13.8%	10.1%	13.9%
Fixed Annuity:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 4	\$ 7	\$ 3	\$ 3	\$ 2	\$ 17	\$ 13
Investments accounted for using the equity method (b)	24	23	25	18	19	90	96
AFG managed CLOs (eliminated in consolidation)	(5)	(3)	3	8	(3)	3	5
Total Fixed Annuity	\$ 23	\$ 27	\$ 31	\$ 29	\$ 18	\$ 110	\$ 114
Investments							
Equity securities MTM through investment income (a)	\$ 142	\$ 120	\$ 101	\$ 88	\$ 84	\$ 142	\$ 84
Investments accounted for using the equity method (b)	985	910	892	862	817	985	817
AFG managed CLOs (eliminated in consolidation)	116	125	135	136	132	116	132
Total Fixed Annuity	\$ 1,243	\$ 1,155	\$ 1,128	\$ 1,086	\$ 1,033	\$ 1,243	\$ 1,033
Annualized Yield - Fixed Annuity	7.7%	9.5%	11.2%	10.9%	7.1%	9.7%	12.4%
Combined (includes Parent amounts not shown above):							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 3	\$ 17	\$ 8	\$ 11	\$ 6	\$ 39	\$ 22
Investments accounted for using the equity method (b)	45	43	45	21	33	154	161
AFG managed CLOs (eliminated in consolidation)	(7)	(5)	5	11	(4)	4	7
Total Combined (including Parent)	\$ 41	\$ 55	\$ 58	\$ 43	\$ 35	\$ 197	\$ 190
Investments							
Equity securities MTM through investment income (a)	\$ 294	\$ 262	\$ 220	\$ 198	\$ 187	\$ 294	\$ 187
Investments accounted for using the equity method (b)	1,688	1,535	1,506	1,440	1,374	1,688	1,374
AFG managed CLOs (eliminated in consolidation)	164	178	191	193	188	164	188
Total Combined (including Parent)	\$ 2,146	\$ 1,975	\$ 1,917	\$ 1,831	\$ 1,749	\$ 2,146	\$ 1,749
Annualized Yield - Combined	8.0%	11.3%	12.4%	9.6%	8.2%	10.2%	12.2%

(a) AFG carries the small portion of its equity securities previously classified as “trading” and investments in limited partnerships and similar investments that aren’t accounted for using the equity method at fair value through net investment income.

(b) The majority of AFG’s investments accounted for using the equity method mark their underlying assets to market through net income.

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



December 31, 2019	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 203	\$ 213	\$ 10	1%	0%
States, municipalities and political subdivisions	6,628	6,987	359	15%	12%
Foreign government	209	211	2	0%	0%
Residential mortgage-backed securities	2,901	3,161	260	7%	6%
Commercial mortgage-backed securities	896	927	31	2%	2%
Collateralized loan obligations	4,307	4,280	(27)	9%	8%
Other asset-backed securities	6,992	7,128	136	15%	13%
Corporate and other bonds	22,501	23,711	1,210	51%	43%
Total AFG consolidated	\$ 44,637	\$ 46,618	\$ 1,981	100%	84%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.48%
Net of investment expense (a)	4.44%

Approximate average life and duration:

Approximate average life	5.5 years
Approximate duration	4 years

December 31, 2018	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 245	\$ 243	\$ (2)	1%	1%
States, municipalities and political subdivisions	6,850	6,964	114	17%	14%
Foreign government	166	168	2	0%	0%
Residential mortgage-backed securities	2,478	2,746	268	7%	6%
Commercial mortgage-backed securities	905	920	15	2%	2%
Collateralized loan obligations	4,350	4,278	(72)	10%	9%
Other asset-backed securities	5,431	5,533	102	13%	11%
Corporate and other bonds	21,517	21,250	(267)	50%	44%
Total AFG consolidated	\$ 41,942	\$ 42,102	\$ 160	100%	87%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.47%
Net of investment expense (a)	4.42%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 years

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

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



	December 31, 2019				December 31, 2018			
	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	\$ 165	\$ 167	2	2%	\$ 203	\$ 202	\$ (1)	3%
States, municipalities and political subdivisions	2,524	2,614	90	30%	2,630	2,642	12	33%
Foreign government	178	177	(1)	2%	155	156	1	2%
Residential mortgage-backed securities	990	1,051	61	12%	725	784	59	10%
Commercial mortgage-backed securities	89	92	3	1%	83	84	1	1%
Collateralized loan obligations	906	901	(5)	11%	910	895	(15)	12%
Other asset-backed securities	1,727	1,741	14	20%	1,365	1,364	(1)	17%
Corporate and other bonds	1,861	1,912	51	22%	1,792	1,776	(16)	22%
Property and Casualty Insurance	\$ 8,440	\$ 8,655	\$ 215	100%	\$ 7,863	\$ 7,903	\$ 40	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.94%	3.91%
Net of investment expense (a)	3.90%	3.81%
Tax equivalent, net of investment expense (b)	4.05%	3.99%

Approximate average life and duration:

Approximate average life	4.5 years	4.5 years
Approximate duration	3.0 years	3.5 years

	December 31, 2019				December 31, 2018			
	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	\$ 38	\$ 46	\$ 8	0%	\$ 42	\$ 41	\$ (1)	0%
States, municipalities and political subdivisions	4,104	4,373	269	12%	4,220	4,322	102	13%
Foreign government	31	34	3	0%	11	12	1	0%
Residential mortgage-backed securities	1,909	2,100	191	6%	1,750	1,950	200	6%
Commercial mortgage-backed securities	807	835	28	2%	822	836	14	2%
Collateralized loan obligations	3,401	3,379	(22)	9%	3,440	3,383	(57)	10%
Other asset-backed securities	5,265	5,387	122	14%	4,066	4,169	103	12%
Corporate and other bonds	20,640	21,799	1,159	57%	19,725	19,474	(251)	57%
Total Annuity and Run-off	\$ 36,195	\$ 37,953	\$ 1,758	100%	\$ 34,076	\$ 34,187	\$ 111	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.59%	4.59%
Net of investment expense (a)	4.55%	4.55%

Approximate average life and duration:

Approximate average life	6 years	6.5 years
Approximate duration	4.5 years	4.5 years

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

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



December 31, 2019

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 8,854	\$ 9,010	\$ 156	19%
AA	8,615	8,957	342	19%
A	10,456	10,983	527	24%
BBB	12,759	13,465	706	29%
Subtotal - Investment grade	40,684	42,415	1,731	91%
BB	714	724	10	2%
B	186	183	(3)	0%
Other (b)	3,053	3,296	243	7%
Subtotal - Non-Investment grade	3,953	4,203	250	9%
Total	\$ 44,637	\$ 46,618	\$ 1,981	100%

98% of the fixed maturity portfolio is NAIC designated 1 or 2.

December 31, 2018

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 7,367	\$ 7,359	\$ (8)	17%
AA	8,714	8,831	117	21%
A	10,006	9,989	(17)	24%
BBB	12,206	12,053	(153)	29%
Subtotal - Investment grade	38,293	38,232	(61)	91%
BB	703	685	(18)	2%
B	261	254	(7)	0%
Other (b)	2,685	2,931	246	7%
Subtotal - Non-Investment grade	3,649	3,870	221	9%
Total	\$ 41,942	\$ 42,102	\$ 160	100%

98% 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 page 33 for more information.

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



<u>December 31, 2019</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	\$ 549	\$ 552	\$ 3	13%	1%
Prime (Non-Agency)	1,157	1,264	107	31%	2%
Alt-A	897	1,015	118	25%	2%
Subprime	298	330	32	8%	1%
Commercial	896	927	31	23%	2%
Total AFG consolidated	\$ 3,797	\$ 4,088	\$ 291	100%	8%

- 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 87%; Alt-A 81%; Subprime 82%; CMBS 100%.
- The average FICO score of our residential MBS securities is - Prime 742; Alt-A 685; Subprime 630.
- 96% of our Commercial MBS portfolio is investment-grade rated (83% AAA) and the average subordination for this group of assets is 36%.
- The approximate average life by collateral type is - Residential 4.5 years; Commercial 3 years.

<u>December 31, 2018</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	\$ 170	\$ 168	\$ (2)	5%	1%
Prime (Non-Agency)	967	1,098	131	30%	2%
Alt-A	972	1,074	102	29%	2%
Subprime	369	406	37	11%	1%
Commercial	905	920	15	25%	2%
Total AFG consolidated	\$ 3,383	\$ 3,666	\$ 283	100%	8%

Property and Casualty Insurance:

By Asset Type	December 31, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 315	\$ 317	\$ 2	28%	3%
Prime (Non-Agency)	279	292	13	26%	2%
Alt-A	265	299	34	26%	2%
Subprime	131	143	12	12%	1%
Commercial	89	92	3	8%	1%
Total	\$ 1,079	\$ 1,143	\$ 64	100%	9%

By Asset Type	December 31, 2018				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 137	\$ 134	\$ (3)	15%	1%
Prime (Non-Agency)	138	155	17	18%	1%
Alt-A	289	319	30	37%	3%
Subprime	161	176	15	20%	2%
Commercial	83	84	1	10%	1%
Total	\$ 808	\$ 868	\$ 60	100%	8%

Annuity and Run-off:

By Asset Type	December 31, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 234	\$ 235	\$ 1	8%	1%
Prime (Non-Agency)	876	962	86	33%	2%
Alt-A	632	716	84	25%	2%
Subprime	167	187	20	6%	0%
Commercial	807	835	28	28%	2%
Total	\$ 2,716	\$ 2,935	\$ 219	100%	7%

By Asset Type	December 31, 2018				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 33	\$ 34	\$ 1	1%	0%
Prime (Non-Agency)	826	931	105	34%	2%
Alt-A	683	755	72	27%	2%
Subprime	208	230	22	8%	1%
Commercial	822	836	14	30%	2%
Total	\$ 2,572	\$ 2,786	\$ 214	100%	7%

December 31, 2019

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 1,921	\$ 1,957	\$ 36	48%
AA	144	151	7	4%
A	248	266	18	6%
BBB	181	193	12	5%
Subtotal - investment grade	2,494	2,567	73	63%
BB	105	106	1	3%
B	102	102	—	2%
Other (b)	1,096	1,313	217	32%
Total	\$ 3,797	\$ 4,088	\$ 291	100%

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

December 31, 2018

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 1,107	\$ 1,119	\$ 12	31%
AA	143	147	4	4%
A	263	270	7	7%
BBB	232	243	11	7%
Subtotal - investment grade	1,745	1,779	34	49%
BB	128	131	3	3%
B	155	154	(1)	4%
Other (b)	1,355	1,602	247	44%
Total	\$ 3,383	\$ 3,666	\$ 283	100%

96% 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.
- (b) See page 33 for more information.

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



By Credit Rating (a)	Fair Value - December 31, 2019									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	Other ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 204	\$2,086	\$ 134	\$1,184	\$ 773	\$2,921	\$ 1,529	\$ 179	\$ 9,010	19%
AA	9	4,325	52	131	20	1,074	1,779	1,567	8,957	19%
A	—	418	8	250	16	241	1,983	8,067	10,983	24%
BBB	—	95	3	115	78	27	742	12,405	13,465	29%
Subtotal - Investment grade	213	6,924	197	1,680	887	4,263	6,033	22,218	42,415	91%
BB	—	9	—	74	32	—	13	596	724	2%
B	—	—	1	97	5	—	4	76	183	0%
CCC, CC, C	—	—	—	544	3	—	4	42	593	1%
D	—	—	—	185	—	—	—	1	186	0%
Subtotal - Non-Investment grade	—	9	1	900	40	—	21	715	1,686	3%
Not Rated	—	54	13	581	—	17	1,074	778	2,517	6%
Total	\$ 213	\$6,987	\$ 211	\$3,161	\$ 927	\$4,280	\$ 7,128	\$23,711	\$46,618	100%

By Credit Rating (a)	Fair Value - December 31, 2018									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	Other ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 213	\$1,889	\$ 98	\$ 367	\$ 752	\$2,679	\$ 1,191	\$ 170	\$ 7,359	17%
AA	22	4,456	53	129	18	1,244	1,326	1,583	8,831	21%
A	—	448	—	248	22	250	1,836	7,185	9,989	24%
BBB	—	110	—	169	74	84	685	10,931	12,053	29%
Subtotal - Investment grade	235	6,903	151	913	866	4,257	5,038	19,869	38,232	91%
BB	—	—	—	97	34	—	23	531	685	2%
B	—	8	—	151	3	—	4	88	254	0%
CCC, CC, C	—	—	—	670	5	—	2	12	689	2%
D	—	3	—	230	—	—	—	1	234	1%
Subtotal - Non-Investment grade	—	11	—	1,148	42	—	29	632	1,862	5%
Not Rated	8	50	17	685	12	21	466	749	2,008	4%
Total	\$ 243	\$6,964	\$ 168	\$2,746	\$ 920	\$4,278	\$ 5,533	\$21,250	\$42,102	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.