
**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): May 1, 2019

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
6-1/4% Subordinated Debentures due September 30, 2054	AFGE	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

Section 2 - Financial Information

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the first quarter of 2019 and the availability of the Investor Supplement on the Company's website. The press release was issued on May 1, 2019. A copy of the press release is attached to this Form 8-K as Exhibit 99.1 and a copy of the Investor Supplement is attached as Exhibit 99.2 and are incorporated herein by reference.

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

Section 8 - Other Events

Item 8.01 Other Events.

On April 30, 2019, the Board of Directors of the Company declared a special, one-time cash dividend of \$1.50 per share of Company common stock payable on May 28, 2019 to shareholders of record on May 15, 2019.

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 May 1, 2019, reporting American Financial Group Inc. results for the quarter ended March 31, 2019.
99.2	Investor Supplement – First Quarter 2019

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: May 2, 2019

By: /s/ Karl J. Grafe

Karl J. Grafe
Vice President

Press Release

For Immediate Release



American Financial Group, Inc. Announces First Quarter Results

- *Net earnings per share of \$3.63; includes \$1.61 per share in realized gains on securities*
- *Core net operating earnings of \$2.02 per share*
- *First quarter annualized ROE of 25.9%; core operating ROE of 14.5%*
- *Announced special cash dividend of \$1.50 per share, payable May 28, 2019*
- *Full year 2019 core net operating earnings guidance maintained at \$8.35 - \$8.85 per share*

CINCINNATI – May 1, 2019 – American Financial Group, Inc. (NYSE: AFG) today reported 2019 first quarter net earnings attributable to shareholders of \$329 million (\$3.63 per share) compared to \$145 million (\$1.60 per share) for the 2018 first quarter. Net earnings for the quarter include \$145 million (\$1.61 per share) in after-tax net realized gains on securities, including \$127 million (\$1.40 per share) in holding gains to adjust equity securities to fair value. By comparison, the 2018 first quarter included \$74 million (\$0.82 per share) in after-tax net realized losses on securities. Other details may be found in the table below. Book value per share was \$63.20 as of March 31, 2019. Annualized return on equity was 25.9% and 12.3% for the first quarters of 2019 and 2018, respectively.

Core net operating earnings were \$184 million (\$2.02 per share) for the 2019 first quarter, compared to \$219 million (\$2.42 per share) in the 2018 first quarter. Lower operating profitability was primarily the result of lower year-over-year earnings in our Annuity Segment, due to the impact of fair value accounting on fixed indexed annuities (FIAs). Book value per share, excluding unrealized gains related to fixed maturities, was \$58.02 per share at March 31, 2019, up 6% from year end. Core net operating earnings for the first quarters of 2019 and 2018 generated annualized returns on equity of 14.5% and 18.6%, respectively.

The Company also announced today that its Board of Directors has declared a special cash dividend of \$1.50 per share of American Financial Group common stock payable on May 28, 2019 to shareholders of record on May 15, 2019. This special dividend is in addition to the Company's regular quarterly cash dividend of \$0.40 per share most recently paid on April 25, 2019.

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 and other 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	
	March 31,	
	2019	2018
Components of net earnings attributable to shareholders:		
Core operating earnings before income taxes	\$ 229	\$ 267
Pretax non-core item:		
Realized gains (losses) on securities	184	(93)
Earnings before income taxes	413	174
Provision (credit) for income taxes:		
Core operating earnings	48	52
Non-core item:		
Realized gains (losses) on securities	39	(19)
Total provision for income taxes	87	33
Net earnings, including noncontrolling interests	326	141
Less net earnings (losses) attributable to noncontrolling interests:		
Core operating earnings	(3)	(4)
Non-core item	—	—
Total net earnings (losses) attributable to noncontrolling interests	(3)	(4)
Net earnings attributable to shareholders	\$ 329	\$ 145
Net earnings:		
Core net operating earnings(a)	\$ 184	\$ 219
Realized gains (losses) on securities	145	(74)
Net earnings attributable to shareholders	\$ 329	\$ 145
Components of Earnings Per Share:		
Core net operating earnings(a)	\$ 2.02	\$ 2.42
Realized gains (losses) on securities	1.61	(0.82)
Diluted Earnings Per Share	\$ 3.63	\$ 1.60

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

S. Craig Lindner and Carl H. Lindner III, AFG's Co-Chief Executive Officers, commented: "The year is off to a good start, as our core insurance businesses continue to perform very well. We reported strong operating earnings in our Specialty P&C operations and pretax earnings before fair value accounting in our Annuity Segment that established a new all-time quarterly high. Our diversified portfolio of Specialty P&C and annuity businesses generated an annualized core operating return on equity of 14.5% in the quarter.

"AFG had approximately \$1.1 billion of excess capital (including parent company cash of approximately \$215 million) at March 31, 2019. Where appropriate, 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 are also an important and effective component of our capital management strategy. The \$1.50 per share special cash dividend announced today (approximately \$135 million) reflects AFG's strong financial position and our confidence in the Company's financial future.

"We continue to expect core net operating earnings in 2019 to be between \$8.35 and \$8.85 per share. Our core earnings per share guidance excludes non-core items such as realized gains and losses, as well as other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations."

Specialty Property and Casualty Insurance Operations

Core operating earnings in AFG's P&C insurance operations were \$185 million in the first quarter of 2019, compared to \$188 million in the prior year period.

The Specialty P&C insurance operations generated an underwriting profit of \$88 million in the 2019 first quarter, compared to \$92 million in the first quarter of 2018, a decrease of 4%. Higher underwriting profitability in our Property and Transportation Group was more than offset by lower underwriting profit in our Specialty Casualty and Specialty Financial Groups.

The first quarter 2019 combined ratio of 92.5% increased 0.8% from the prior year period. First quarter 2019 results include 4.0 points of favorable prior year reserve development, compared to 5.1 points of favorable development in the comparable prior year period. Catastrophe losses were 1.1 points of the combined ratio in the first quarter of 2019; by comparison, catastrophe losses added 1.2 points in the prior year period.

Gross and net written premiums were up 5% and 4%, respectively, in the 2019 first quarter compared to the same quarter a year earlier primarily the result of growth within our Property and Transportation and Specialty Casualty Groups. Average renewal pricing across our entire P&C Group was up approximately 1% for the quarter. Excluding our workers' compensation business, renewal pricing was up slightly more than 4%, an improvement from renewal rate increases achieved in 2018. Further details about AFG's Specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting profit of \$39 million in the first quarter of 2019 compared to \$33 million in the first quarter of 2018. Higher underwriting profit in our transportation businesses was partially offset by lower underwriting profit in our agricultural, property & inland marine and ocean marine businesses, as well as our Singapore Branch. Catastrophe losses in this group were \$9 million in the first quarter of 2019 and \$5 million in the comparable 2018 period.

First quarter 2019 gross and net written premiums in this group were 3% and 6% higher, respectively, than the comparable prior year period. The growth in gross written premiums is primarily attributable to new business opportunities in our transportation businesses. Overall renewal rates in this group increased 4% in the first quarter of 2019, an improvement from renewal rate increases achieved in 2018.

The **Specialty Casualty Group** reported an underwriting profit of \$36 million in the first quarter of 2019 compared to \$41 million in the comparable 2018 period. Higher profitability in our targeted markets businesses was more than offset by lower underwriting profit in our excess & surplus lines and workers' compensation businesses. Despite lower year-over-year profit in our workers' compensation operations, these businesses achieved excellent underwriting margins. Catastrophe losses for this group were \$1 million in the first quarter of 2019 and \$5 million in the comparable 2018 period.

Gross and net written premiums for the first quarter of 2019 were up 7% and 5%, respectively, compared to the same period in 2018. Higher year-over-year gross written premiums within Neon, resulting from the growth of its portfolio in targeted classes of business, the addition of premiums from ABA Insurance Services, as well as improved pricing and higher retentions in our excess and surplus lines businesses, were the primary drivers of the higher premiums. Lower premiums in our workers' compensation businesses partially offset this growth. A change in Neon's reinsurance program resulted in proportionally higher cessions of Neon's premiums during the 2019 first quarter compared to the first quarter of 2018. Renewal pricing for this group was down 1% during the first quarter. Excluding rate decreases in our workers' compensation businesses, renewal rates in this group were up 5%, an improvement from renewal rate increases achieved in 2018.

The **Specialty Financial Group** reported an underwriting profit of \$13 million in the first quarter of 2019, compared to \$15 million in the comparable 2018 period. The decrease was driven primarily by lower underwriting profitability in our financial institutions business. Catastrophe losses for this group were \$2 million in the first quarter of 2019, compared to a \$3 million in the prior year quarter.

First quarter 2019 gross written premiums were up 3% and net written premiums were down 2%, when compared to the prior year period, primarily as a result of higher premiums in our fidelity and crime business, which were offset by lower premiums in our surety and lending and leasing businesses. Renewal pricing in this group was up approximately 3% for the quarter.

Carl Lindner III stated, “Our Specialty P&C Group performed very well during the first quarter, with strong underwriting margins, healthy year-over-year growth in net written premiums and renewal pricing that is exceeding our objectives. Based on results during the first quarter, we continue to expect an overall 2019 calendar year combined ratio in the range of 92% to 94% and net written premiums to be flat to up 3% when compared to the \$5 billion reported in 2018.”

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

As shown in the following table, AFG’s Annuity Segment reported \$90 million in pretax earnings in the first quarter of 2019, compared to \$125 million in the first quarter of 2018. Earnings before the impact of fair value accounting for fixed-indexed annuities (FIAs) were \$134 million in the first quarter of 2019, a 20% increase over the prior year period and a new all-time quarterly high for the Annuity Segment.

Components of Annuity Earnings Before Income Taxes

Dollars In millions	Three months ended March 31,		Pct. Change
	2019	2018	
<u>Components of earnings before fair value (“FV”) accounting for FIAs:</u>			
Pretax earnings before items below	\$ 89	\$ 84	6% (1)
Investments marked to market through core operating earnings	26	29	(10%)
Impact of stock market on liability for guaranteed benefits (2)	14	(1)	nm
Impact of stock market on DAC and sales inducements (3)	5	—	nm
Pretax Annuity earnings before FV accounting	134	112	20%
<u>Components of Impact of FV accounting:</u>			
Interest accreted on embedded derivative	(10)	(7)	43% (4)
Increase (decrease) in stock market	15	(2)	nm
Higher (lower) than expected changes in interest rates	(45)	27	nm
Other	(4)	(5)	nm
Impact of fair value accounting for FIAs	(44)	13	nm
Total pretax annuity earnings	\$ 90	\$ 125	(28%)
Yield on investments marked to market through core operating earnings	10.9%	14.9%	
Increase (decrease) in S&P 500 (2)	13%	(1%)	
Change in average of 5 year and 15 year Corporate A2 rates	(0.49%)	0.44%	
Year over year growth in quarterly average invested assets	12%	10%	

- 1 Reflects primarily growth in AFG’s annuity business, partially offset by the unfavorable impact of higher crediting rates and option costs.
- 2 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 on this liability; decreases in the stock market will generally have an unfavorable impact.
- 3 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.
- 4 Reflects growth in AFG’s fixed-indexed annuity business and higher short term interest rates.

Annuity Earnings Before Fair Value Accounting for FIAs – Annuity Earnings Before Fair Value Accounting for FIAs were a quarterly record of \$134 million in the first quarter of 2019, driven by growth in the business and the favorable impact of a very strong stock market, partially offset by the unfavorable impact of higher crediting rates and option costs.

Impact of Fair Value Accounting for FIAs – Under GAAP, a portion of the reserves for FIAs (\$3.2 billion and \$2.5 billion at March 31, 2019 and 2018, respectively) is considered an embedded derivative and is recorded at fair value based on the estimated present value of certain expected future cash flows. Assumptions used in calculating this fair value amount include projected interest rates, option costs, surrenders, withdrawals and mortality. Variances from these assumptions, as well as changes in the stock market, will generally result in a change in fair value. Items such as changes in interest rates and the performance of the stock market are not economic in nature for the current reporting period, but rather impact the timing of reported results.

The impact of fair value accounting for FIAs includes an ongoing expense for annuity interest accreted on the FIA embedded derivative reserve. The amount of interest accreted in any period is generally based on the size of the embedded derivative and current interest rates. We expect both the size of the embedded derivative and interest rates to rise, resulting in continued increases in interest on the embedded derivative liability.

In the first quarter of 2019, Corporate A2 rates decreased by approximately 49 basis points, compared to the year-end market expectation (as indicated by the forward curve) that they would increase. This difference contributed to a significant unfavorable fair value accounting impact of \$45 million (\$0.39 per share). By comparison, a 13% increase in the S&P 500 Index contributed to a favorable fair value accounting impact of \$15 million (\$0.13 per share) for the first quarter of 2019, as shown in the table above. The majority of the impact of these two items is non-economic and is expected to reverse over time. By comparison, in the first quarter of 2018, the benefit of significantly higher than expected interest rates was minimally offset by the impact of a decrease in the stock market.

For additional analysis of fair value accounting, see our Quarterly Investor Supplement, which is posted on AFG's website.

Annuity Premiums – AFG's Annuity Segment reported statutory premiums of \$1.40 billion in the first quarter of 2019, compared to \$1.15 billion in the first quarter of 2018, an increase of 22%; this increase was driven by higher sales of traditional fixed annuities in the financial institutions channel. However, as a result of decreases in market interest rates over the last several months, AFG has implemented several rate decreases to its annuity products, which are expected to slow sales.

Craig Lindner stated, "I am pleased to report record annuity earnings before the impact of fair value accounting for FIAs in the first quarter of 2019, providing a strong start for the Annuity Segment. Although we are pleased that premiums have grown by 22% year-over-year, interest rates have declined recently, which we expect will temper new sales as we remain committed to achieving appropriate returns on new business."

2019 Annuity Outlook – Due to the strong stock market performance to date in 2019, AFG is raising its guidance for full year Pretax Annuity Earnings Before Fair Value Accounting by \$10 million, to a range of \$445 million to \$475 million in 2019. However, due to the impact of decreases in market interest rates to date in 2019, AFG expects that its Pretax Annuity Earnings (including the impact of fair value accounting) will remain as previously forecasted, in the range of \$365 million to \$425 million in 2019.

This guidance assumes (i) interest rates and the stock market rise moderately for the remainder of 2019, (ii) more normalized income from certain investments required to be marked to market through earnings, and (iii) a lower impact in 2019 from unusual investment income items such as prepayment of fixed income securities. Fluctuations in these items could lead to significant positive or negative impacts on the Annuity Segment's results.

AFG is modifying its previously announced 2019 Annuity premium guidance based on annuity sales through the first four months of the year; however, recently implemented rate decreases on its annuity products and a focus on pricing discipline are expected to temper new sales. As a result, AFG now expects its 2019 annuity sales to be flat to down slightly from its record \$5.4 billion of premiums in 2018.

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

Investments and Recently Adopted Accounting Standards

AFG recorded first quarter 2019 net realized gains on securities of \$145 million (\$1.61 per share) after tax and after deferred acquisition costs (DAC), which included \$127 million (\$1.40 per share) in after-tax, after-DAC holding gains to adjust equity securities to fair value. By comparison, AFG recorded net realized losses of \$74 million (\$0.82 per share) in the comparable 2018 period.

Unrealized gains on fixed maturities were \$464 million after tax and after DAC at March 31, 2019, an increase of \$381 million since year end. 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 three months ended March 31, 2019, P&C net investment income was approximately 4% 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.

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets of approximately \$65 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 the establishment of capital requirements for and approval of business plans for syndicate participation; changes in the legal environment affecting AFG or its customers; tax law and accounting changes, including the impact of recent changes in U.S. corporate tax law; 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 businesses 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 first quarter results at 11:30 a.m. (ET) tomorrow, Thursday, May 2, 2019. Toll-free telephone access will be available by dialing 1-877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 2099628. 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 p.m. (ET) on May 9, 2019. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 2099628.

The conference call and accompanying webcast slides will also be broadcast live over the internet. To access the event, click 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 May 9, 2019 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 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.

AFG19-09

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

	Three months ended	
	March 31,	
	2019	2018
Revenues		
P&C insurance net earned premiums	\$1,173	\$1,107
Life, accident & health net earned premiums	6	6
Net investment income	542	495
Realized gains (losses) on securities	184	(93)
Income (loss) of managed investment entities:		
Investment income	69	58
Loss on change in fair value of assets/liabilities	—	(3)
Other income	50	49
Total revenues	<u>2,024</u>	<u>1,619</u>
Costs and expenses		
P&C insurance losses & expenses	1,091	1,022
Annuity, life, accident & health benefits & expenses	348	275
Interest charges on borrowed money	16	15
Expenses of managed investment entities	55	48
Other expenses	101	85
Total costs and expenses	<u>1,611</u>	<u>1,445</u>
Earnings before income taxes	413	174
Provision for income taxes	87	33
Net earnings including noncontrolling interests	326	141
Less: Net earnings (losses) attributable to noncontrolling interests	(3)	(4)
Net earnings attributable to shareholders	<u>\$ 329</u>	<u>\$ 145</u>
Diluted earnings per Common Share	<u>\$ 3.63</u>	<u>\$ 1.60</u>
Average number of diluted shares	90.7	90.4
Selected Balance Sheet Data:	March 31,	December 31,
	2019	2018
Total cash and investments	\$51,040	\$ 48,498
Long-term debt	\$ 1,423	\$ 1,302
Shareholders' equity ^(b)	\$ 5,665	\$ 4,970
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities) ^(b)	\$ 5,201	\$ 4,898
Book value per share	\$ 63.20	\$ 55.66
Book value per share (excluding unrealized gains/losses related to fixed maturities)	\$ 58.02	\$ 54.86
Common Shares Outstanding	89.6	89.3

Footnote (b) 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 March 31,		Pct. Change
	2019	2018	
Gross written premiums	<u>\$ 1,535</u>	<u>\$ 1,458</u>	5%
Net written premiums	<u>\$ 1,147</u>	<u>\$ 1,102</u>	4%
Ratios (GAAP):			
Loss & LAE ratio	58.9%	57.8%	
Underwriting expense ratio	33.6%	33.9%	
Specialty Combined Ratio	<u>92.5%</u>	<u>91.7%</u>	
Combined Ratio – P&C Segment	<u>92.6%</u>	<u>91.8%</u>	
Supplemental Information:(c)			
Gross Written Premiums:			
Property & Transportation	\$ 439	\$ 426	3%
Specialty Casualty	912	853	7%
Specialty Financial	184	179	3%
	<u>\$ 1,535</u>	<u>\$ 1,458</u>	5%
Net Written Premiums:			
Property & Transportation	\$ 344	\$ 324	6%
Specialty Casualty	626	594	5%
Specialty Financial	145	148	(2%)
Other	32	36	(11%)
	<u>\$ 1,147</u>	<u>\$ 1,102</u>	4%
Combined Ratio (GAAP):			
Property & Transportation	89.0%	90.4%	
Specialty Casualty	94.2%	92.9%	
Specialty Financial	91.4%	90.2%	
Aggregate Specialty Group	92.5%	91.7%	
Three months ended March 31,			
2019 2018			
Reserve Development (Favorable) / Adverse:			
Property & Transportation		\$ (26)	\$ (18)
Specialty Casualty		(13)	(35)
Specialty Financial		(6)	(3)
Other Specialty		(1)	(1)
		<u>\$ (46)</u>	<u>\$ (57)</u>
Points on Combined Ratio:			
Property & Transportation		(7.2)	(5.1)
Specialty Casualty		(2.2)	(6.0)
Specialty Financial		(4.3)	(1.8)
Aggregate Specialty Group		(4.0)	(5.1)
Total P&C Segment		(3.9)	(5.0)

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

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

Components of Statutory Premiums

	Three months ended March 31,		Pct. Change
	2019	2018	
<u>Annuity Premiums:</u>			
Financial Institutions	\$ 768	\$ 518	48%
Retail	330	315	5%
Broker-Dealer	233	262	(11%)
Pension Risk Transfer	10	—	nm
Education Market	49	46	7%
Variable Annuities	5	7	(29%)
Total Annuity Premiums	<u>\$1,395</u>	<u>\$ 1,148</u>	22%

Components of Annuity Earnings Before Income Taxes

	Three months ended March 31,		Pct. Change
	2019	2018	
Revenues:			
Net investment income	\$ 435	\$ 394	10%
Other income	27	26	4%
Total revenues	462	420	10%
Costs and Expenses:			
Annuity benefits	311	182	71%
Acquisition expenses	26	81	(68%)
Other expenses	35	32	9%
Total costs and expenses	372	295	26%
Annuity earnings before income taxes	<u>\$ 90</u>	<u>\$ 125</u>	(28%)

Supplemental Annuity Information

	Three months ended March 31,	
	2019	2018
Net interest spread*	2.59%	2.75%
Net spread earned before fair value accounting for FIAs*	1.43%	1.38%
Impact of fair value accounting for FIAs	(0.47%)	0.16%
Net spread earned after impact of fair value accounting for FIAs*	0.96%	1.54%

* Excludes fixed annuity portion of variable annuity business.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended	
	March 31,	
	2019	2018
<u>Core Operating Earnings before Income Taxes:</u>		
P&C insurance segment	\$ 185	\$ 188
Annuity segment, before fair value accounting for FIAs	134	112
Impact of fair value accounting for FIAs	(44)	13
Interest & other corporate expense *	(43)	(42)
Core operating earnings before income taxes	232	271
Related income taxes	48	52
Core net operating earnings	<u>\$ 184</u>	<u>\$ 219</u>

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

b) Shareholders' Equity at March 31, 2019 includes \$464 million (\$5.18 per share) in unrealized after-tax gains on fixed maturities. Shareholder's 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.

c) Supplemental Notes:

- **Property & Transportation** includes primarily physical damage and liability coverage for buses, trucks and recreational vehicles, inland and ocean marine, agricultural-related products and other 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 - First Quarter 2019

May 1, 2019

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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	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Highlights							
Net earnings (loss)	\$ 329	\$ (29)	\$ 204	\$ 210	\$ 145	\$ 530	\$ 475
Core net operating earnings	184	159	198	185	219	761	588
Total assets	66,132	63,456	64,190	61,834	60,656	63,456	60,658
Adjusted shareholders' equity (a)	5,201	4,898	5,103	4,920	4,865	4,898	4,724
Property and Casualty net written premiums	1,147	1,208	1,456	1,257	1,102	5,023	4,751
Annuity statutory premiums	1,395	1,482	1,378	1,399	1,148	5,407	4,341
Per share data							
Diluted earnings per share	\$ 3.63	\$ (0.33)	\$ 2.26	\$ 2.31	\$ 1.60	\$ 5.85	\$ 5.28
Core net operating earnings per share	2.02	1.75	2.19	2.04	2.42	8.40	6.55
Adjusted book value per share (a)	58.02	54.86	57.22	55.24	54.74	54.86	53.51
Cash dividends per common share	0.4000	1.9000	0.3500	1.8500	0.3500	4.4500	4.7875
Financial ratios							
Annualized return on equity (b)	25.9%	(2.3%)	16.3%	17.1%	12.3%	10.9%	10.3%
Annualized core operating return on equity (b)	14.5%	12.6%	15.8%	15.1%	18.6%	15.6%	12.7%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	58.9%	62.7%	64.3%	59.7%	57.8%	61.3%	62.9%
Underwriting expense ratio	33.6%	29.3%	31.4%	34.0%	33.9%	32.1%	30.2%
Combined ratio - Specialty	<u>92.5%</u>	<u>92.0%</u>	<u>95.7%</u>	<u>93.7%</u>	<u>91.7%</u>	<u>93.4%</u>	<u>93.1%</u>
Net spread on fixed annuities:							
Net interest spread	2.59%	2.58%	2.67%	2.81%	2.75%	2.70%	2.62%
Net spread earned:							
Before impact of fair value accounting and unlockings	1.43%	0.81%	1.37%	1.46%	1.38%	1.26%	1.34%
Impact of fair value accounting (c)	(0.47%)	(0.52%)	(0.02%)	0.04%	0.16%	(0.10%)	(0.10%)
Unlockings	<u>0.00%</u>	<u>(0.04%)</u>	<u>0.00%</u>	<u>(0.32%)</u>	<u>0.00%</u>	<u>(0.09%)</u>	<u>(0.01%)</u>
After impact of fair value accounting and unlockings	<u>0.96%</u>	<u>0.25%</u>	<u>1.35%</u>	<u>1.18%</u>	<u>1.54%</u>	<u>1.07%</u>	<u>1.23%</u>

- (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.
(c) Change in fair value of derivatives and the estimated net offsets to deferred sales inducements, deferred policy acquisition costs and related reserves.

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	09/30/18	06/30/18	3/31/18	12/31/18	12/31/17
Property and Casualty Insurance							
Underwriting profit	\$ 87	\$ 101	\$ 56	\$ 72	\$ 91	\$ 320	\$ 313
Net investment income	104	115	108	115	100	438	362
Other income (expense)	(6)	(2)	(6)	(7)	(3)	(18)	(15)
Property and Casualty Insurance operating earnings	185	214	158	180	188	740	660
Annuity earnings	90	20	117	99	125	361	380
Interest expense of parent holding companies	(16)	(16)	(15)	(16)	(15)	(62)	(85)
Other expense	(27)	(13)	(22)	(32)	(27)	(94)	(92)
Pre-tax core operating earnings	232	205	238	231	271	945	863
Income tax expense	48	46	40	46	52	184	275
Core net operating earnings	184	159	198	185	219	761	588
Non-core items, net of tax:							
Realized gains (losses) on securities	145	(188)	27	25	(74)	(210)	3
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	—	(14)	—	—	(14)	(58)
Former Railroad and Manufacturing operations	—	—	(7)	—	—	(7)	(16)
Neon exited lines charge	—	—	—	—	—	—	18
Tax benefit related to Neon restructuring	—	—	—	—	—	—	56
Tax expense related to change in U.S. corporate tax rate	—	—	—	—	—	—	(83)
Loss on retirement of debt	—	—	—	—	—	—	(33)
Net earnings	\$ 329	\$ (29)	\$ 204	\$ 210	\$ 145	\$ 530	\$ 475

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Core net operating earnings	\$ 184	\$ 159	\$ 198	\$ 185	\$ 219	\$ 761	\$ 588
Net earnings	\$ 329	\$ (29)	\$ 204	\$ 210	\$ 145	\$ 530	\$ 475
Average number of diluted shares - core	90.695	90.668	90.731	90.663	90.431#	90.626	89.812
Average number of diluted shares - net	90.695	89.278	90.731	90.663	90.431	90.626	89.812
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 2.02	\$ 1.75	\$ 2.19	\$ 2.04	\$ 2.42#	\$ 8.40	\$ 6.55
Realized gains (losses) on securities	1.61	(2.08)	0.31	0.27	(0.82)	(2.31)	0.03
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	—	(0.16)	—	—	(0.16)	(0.64)
Former Railroad and Manufacturing operations	—	—	(0.08)	—	—	(0.08)	(0.18)
Neon exited lines charge	—	—	—	—	—	—	0.19
Tax benefit related to Neon restructuring	—	—	—	—	—	—	0.62
Tax expense related to change in U.S. corporate tax rate	—	—	—	—	—	—	(0.92)
Loss on retirement of debt	—	—	—	—	—	—	(0.37)
Diluted earnings per share	\$ 3.63	\$ (0.33)	\$ 2.26	\$ 2.31	\$ 1.60	\$ 5.85	\$ 5.28

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



	Three Months Ended				Twelve Months Ended		
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Property and Transportation	\$ 39	\$ 64	\$ —	\$ 23	\$ 33	\$ 120	\$ 154
Specialty Casualty	36	22	49	29	41	141	104
Specialty Financial	13	20	9	22	15	66	61
Other Specialty	—	(4)	(3)	(1)	3	(5)	(2)
Underwriting profit - Specialty	88	102	55	73	92	322	317
Other core charges, included in loss and LAE	1	1	(1)	1	1	2	4
Underwriting profit - Core	87	101	56	72	91	320	313
Special A&E charges, included in loss and LAE	—	—	(18)	—	—	(18)	(89)
Neon exited lines charge, included in loss and LAE	—	—	—	—	—	—	18
Underwriting profit (loss) - Property and Casualty Insurance	\$ 87	\$ 101	\$ 38	\$ 72	\$ 91	\$ 302	\$ 242
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ (1)	\$ 3	\$ —	\$ —	\$ 2	\$ 10
Catastrophe loss	12	39	35	16	13	103	140
Total current accident year catastrophe losses	\$ 12	\$ 38	\$ 38	\$ 16	\$ 13	\$ 105	\$ 150
Prior year loss reserve development (favorable) / adverse	\$ (45)	\$ (61)	\$ (31)	\$ (44)	\$ (56)	\$ (192)	\$ (64)
Combined ratio:							
Property and Transportation	89.0%	86.5%	100.0%	93.9%	90.4%	93.1%	91.0%
Specialty Casualty	94.2%	96.5%	92.1%	95.1%	92.9%	94.2%	95.2%
Specialty Financial	91.4%	85.5%	94.4%	85.6%	90.2%	88.9%	89.4%
Other Specialty	98.9%	112.3%	103.0%	105.5%	90.7%	103.7%	102.7%
Combined ratio - Specialty	92.5%	92.0%	95.7%	93.7%	91.7%	93.4%	93.1%
Other core charges	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Neon exited lines charge, loss and LAE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.4%)
Special A&E charges	0.0%	0.0%	1.5%	0.0%	0.0%	0.4%	1.9%
Combined ratio	92.6%	92.0%	97.2%	93.7%	91.8%	93.8%	94.7%
Combined ratio excl. catastrophe and prior year development	95.4%	93.7%	96.8%	96.2%	95.6%	95.7%	93.1%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	61.8%	64.4%	65.4%	62.2%	61.7%	63.6%	62.9%
Prior accident year loss reserve development	(3.9%)	(4.7%)	(2.2%)	(3.9%)	(5.0%)	(4.0%)	(1.4%)
Current accident year catastrophe loss	1.1%	3.0%	2.6%	1.4%	1.2%	2.1%	3.0%
Loss and LAE ratio	59.0%	62.7%	65.8%	59.7%	57.9%	61.7%	64.5%

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Gross written premiums	\$ 1,535	\$ 1,613	\$ 2,104	\$ 1,665	\$ 1,458	\$ 6,840	\$ 6,502
Ceded reinsurance premiums	(388)	(405)	(648)	(408)	(356)	(1,817)	(1,751)
Net written premiums	1,147	1,208	1,456	1,257	1,102	5,023	4,751
Change in unearned premiums	26	62	(129)	(96)	5	(158)	(172)
Net earned premiums	1,173	1,270	1,327	1,161	1,107	4,865	4,579
Loss and LAE	691	796	855	692	640	2,983	2,880
Underwriting expense	394	372	417	396	375	1,560	1,382
Underwriting profit	\$ 88	\$ 102	\$ 55	\$ 73	\$ 92	\$ 322	\$ 317
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ (1)	\$ 3	\$ —	\$ —	\$ 2	\$ 10
Catastrophe loss	12	39	35	16	13	103	140
Total current accident year catastrophe losses	\$ 12	\$ 38	\$ 38	\$ 16	\$ 13	\$ 105	\$ 150
Prior year loss reserve development (favorable) / adverse	\$ (46)	\$ (61)	\$ (49)	\$ (45)	\$ (57)	\$ (212)	\$ (139)
Combined ratio:							
Loss and LAE ratio	58.9%	62.7%	64.3%	59.7%	57.8%	61.3%	62.9%
Underwriting expense ratio	33.6%	29.3%	31.4%	34.0%	33.9%	32.1%	30.2%
Combined ratio	92.5%	92.0%	95.7%	93.7%	91.7%	93.4%	93.1%
Combined ratio excl. catastrophe and prior year development	95.4%	93.7%	96.8%	96.2%	95.6%	95.7%	93.1%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	61.8%	64.4%	65.4%	62.2%	61.7%	63.6%	62.9%
Prior accident year loss reserve development	(4.0%)	(4.7%)	(3.7%)	(3.9%)	(5.1%)	(4.4%)	(3.0%)
Current accident year catastrophe loss	1.1%	3.0%	2.6%	1.4%	1.2%	2.1%	3.0%
Loss and LAE ratio	58.9%	62.7%	64.3%	59.7%	57.8%	61.3%	62.9%

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Gross written premiums	\$ 439	\$ 651	\$ 953	\$ 615	\$ 426	\$ 2,645	\$ 2,688
Ceded reinsurance premiums	(95)	(203)	(393)	(193)	(102)	(891)	(923)
Net written premiums	344	448	560	422	324	1,754	1,765
Change in unearned premiums	17	31	(34)	(48)	26	(25)	(54)
Net earned premiums	361	479	526	374	350	1,729	1,711
Loss and LAE	225	327	406	239	220	1,192	1,172
Underwriting expense	97	88	120	112	97	417	385
Underwriting profit	\$ 39	\$ 64	\$ —	\$ 23	\$ 33	\$ 120	\$ 154
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ (1)	\$ 1	\$ —	\$ —	\$ —	\$ 2
Catastrophe loss	9	(1)	12	10	5	26	36
Total current accident year catastrophe losses	\$ 9	\$ (2)	\$ 13	\$ 10	\$ 5	\$ 26	\$ 38
Prior year loss reserve development (favorable) / adverse	\$ (26)	\$ (7)	\$ (4)	\$ (21)	\$ (18)	\$ (50)	\$ (40)
Combined ratio:							
Loss and LAE ratio	62.2%	68.2%	77.1%	63.8%	63.0%	69.0%	68.5%
Underwriting expense ratio	26.8%	18.3%	22.9%	30.1%	27.4%	24.1%	22.5%
Combined ratio	89.0%	86.5%	100.0%	93.9%	90.4%	93.1%	91.0%
Combined ratio excl. catastrophe and prior year development	93.6%	88.2%	98.5%	96.8%	94.1%	94.4%	91.2%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	66.8%	69.9%	75.6%	66.7%	66.7%	70.3%	68.7%
Prior accident year loss reserve development	(7.2%)	(1.5%)	(0.8%)	(5.6%)	(5.1%)	(2.8%)	(2.3%)
Current accident year catastrophe loss	2.6%	(0.2%)	2.3%	2.7%	1.4%	1.5%	2.1%
Loss and LAE ratio	62.2%	68.2%	77.1%	63.8%	63.0%	69.0%	68.5%

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Gross written premiums	\$ 912	\$ 778	\$ 956	\$ 858	853	\$ 3,445	\$ 3,087
Ceded reinsurance premiums	(286)	(197)	(261)	(219)	(259)	(936)	(807)
Net written premiums	626	581	695	639	594	2,509	2,280
Change in unearned premiums	3	32	(79)	(44)	(15)	(106)	(94)
Net earned premiums	629	613	616	595	579	2,403	2,186
Loss and LAE	388	389	364	378	345	1,476	1,410
Underwriting expense	205	202	203	188	193	786	672
Underwriting profit	\$ 36	\$ 22	\$ 49	\$ 29	\$ 41	\$ 141	\$ 104
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 6
Catastrophe loss	1	28	11	1	5	45	71
Total current accident year catastrophe losses	\$ 1	\$ 28	\$ 12	\$ 1	\$ 5	\$ 46	\$ 77
Prior year loss reserve development (favorable) / adverse	\$ (13)	\$ (52)	\$ (37)	\$ (15)	\$ (35)	\$ (139)	\$ (86)
Combined ratio:							
Loss and LAE ratio	61.6%	63.5%	59.2%	63.4%	59.5%	61.5%	64.5%
Underwriting expense ratio	32.6%	33.0%	32.9%	31.7%	33.4%	32.7%	30.7%
Combined ratio	94.2%	96.5%	92.1%	95.1%	92.9%	94.2%	95.2%
Combined ratio excl. catastrophe and prior year development	96.3%	100.3%	96.4%	97.5%	97.9%	98.1%	95.9%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	63.7%	67.3%	63.5%	65.8%	64.5%	65.4%	65.2%
Prior accident year loss reserve development	(2.2%)	(8.5%)	(6.0%)	(2.5%)	(6.0%)	(5.8%)	(4.0%)
Current accident year catastrophe loss	0.1%	4.7%	1.7%	0.1%	1.0%	1.9%	3.3%
Loss and LAE ratio	61.6%	63.5%	59.2%	63.4%	59.5%	61.5%	64.5%

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Gross written premiums	\$ 184	\$ 184	\$ 195	\$ 192	179	\$ 750	\$ 727
Ceded reinsurance premiums	(39)	(42)	(42)	(33)	(31)	(148)	(131)
Net written premiums	145	142	153	159	148	602	596
Change in unearned premiums	1	(1)	(4)	—	1	(4)	(20)
Net earned premiums	146	141	149	159	149	598	576
Loss and LAE	56	51	60	54	60	225	227
Underwriting expense	77	70	80	83	74	307	288
Underwriting profit	\$ 13	\$ 20	\$ 9	\$ 22	\$ 15	\$ 66	\$ 61
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 2
Catastrophe loss	2	10	12	3	3	28	30
Total current accident year catastrophe losses	\$ 2	\$ 10	\$ 13	\$ 3	\$ 3	\$ 29	\$ 32
Prior year loss reserve development (favorable) / adverse	\$ (6)	\$ (7)	\$ (8)	\$ (8)	\$ (3)	\$ (26)	\$ (21)
Combined ratio:							
Loss and LAE ratio	38.2%	36.4%	40.1%	33.9%	40.2%	37.6%	39.4%
Underwriting expense ratio	53.2%	49.1%	54.3%	51.7%	50.0%	51.3%	50.0%
Combined ratio	91.4%	85.5%	94.4%	85.6%	90.2%	88.9%	89.4%
Combined ratio excl. catastrophe and prior year development	94.3%	83.6%	91.5%	89.0%	90.2%	88.6%	87.8%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	41.1%	34.5%	37.2%	37.3%	40.2%	37.3%	37.8%
Prior accident year loss reserve development	(4.3%)	(5.2%)	(5.1%)	(5.4%)	(1.8%)	(4.4%)	(3.6%)
Current accident year catastrophe loss	1.4%	7.1%	8.0%	2.0%	1.8%	4.7%	5.2%
Loss and LAE ratio	38.2%	36.4%	40.1%	33.9%	40.2%	37.6%	39.4%

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	32	37	48	37	36	158	110
Net written premiums	32	37	48	37	36	158	110
Change in unearned premiums	5	—	(12)	(4)	(7)	(23)	(4)
Net earned premiums	37	37	36	33	29	135	106
Loss and LAE	22	29	25	21	15	90	71
Underwriting expense	15	12	14	13	11	50	37
Underwriting profit (loss)	\$ —	\$ (4)	\$ (3)	\$ (1)	\$ 3	\$ (5)	\$ (2)
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	2	—	2	—	4	3
Total current accident year catastrophe losses	\$ —	\$ 2	\$ —	\$ 2	\$ —	\$ 4	\$ 3
Prior year loss reserve development (favorable) / adverse	\$ (1)	\$ 5	\$ —	\$ (1)	\$ (1)	\$ 3	\$ 8
Combined ratio:							
Loss and LAE ratio	59.7%	76.5%	65.5%	68.7%	51.3%	66.4%	66.9%
Underwriting expense ratio	39.2%	35.8%	37.5%	36.8%	39.4%	37.3%	35.8%
Combined ratio	98.9%	112.3%	103.0%	105.5%	90.7%	103.7%	102.7%
Combined ratio excl. catastrophe and prior year development	100.8%	95.6%	103.7%	99.6%	96.6%	99.0%	93.0%

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Net investment income	\$ 435	\$ 419	\$ 413	\$ 412	\$ 394	\$ 1,638	\$ 1,458
Guaranteed withdrawal benefit fees	16	17	16	16	16	65	60
Policy charges and other miscellaneous income	11	10	11	11	10	42	43
Total revenues	462	446	440	439	420	1,745	1,561
Annuity benefits	311	334	222	260	182	998	892
Acquisition expenses	26	56	69	49	81	255	168
Other expenses	35	36	32	31	32	131	121
Total costs and expenses	372	426	323	340	295	1,384	1,181
Annuity earnings before income taxes	\$ 90	\$ 20	\$ 117	\$ 99	\$ 125	\$ 361	\$ 380
Detail of Annuity earnings before income taxes (see additional detail on page 13)							
Earnings before income taxes, impact of fair value accounting and unlockings	\$ 134	\$ 71	\$ 119	\$ 123	\$ 112	\$ 425	\$ 416
Impact of fair value accounting	(44)	(47)	(2)	3	13	(33)	(33)
Total pretax annuity earnings before unlockings	90	24	117	126	125	392	383
Unlockings	—	(4)	—	(27)	—	(31)	(3)
Annuity earnings before income taxes	\$ 90	\$ 20	\$ 117	\$ 99	\$ 125	\$ 361	\$ 380

	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Components of earnings before fair value ("FV") accounting for FIAs:							
Pretax earnings before items below	\$ 89	\$ 85	\$ 83	\$ 87	\$ 84	\$ 339	\$ 346
Investments marked to market through core operating earnings	26	16	26	33	29	104	49
Impact of stock market on liability for guaranteed benefits (a)	14	(22)	7	2	(1)	(14)	14
Impact of stock market on DAC and sales inducements (b)	5	(8)	3	1	—	(4)	7
Pretax Annuity earnings before FV accounting (c)	\$ 134	\$ 71	\$ 119	\$ 123	\$ 112	\$ 425	\$ 416
Components of Impact of FV accounting:							
Interest accreted on Embedded Derivative liability			\$			\$	
	\$ (10)	\$ (11)	(10)	\$ (8)	\$ (7)	(36)	\$ (16)
Increase (decrease) in stock market	15	(27)	12	6	(2)	(11)	29
Higher (lower) than expected changes in interest rates	(45)	(4)	(2)	12	27	33	(50)
Other	(4)	(5)	(2)	(7)	(5)	(19)	4
Impact of FV accounting, as reported (c)	\$ (44)	\$ (47)	\$ (2)	\$ 3	\$ 13	\$ (33)	\$ (33)
Total pretax annuity earnings before unlockings (c)	\$ 90	\$ 24	\$ 117	\$ 126	\$ 125	\$ 392	\$ 383
Yield on investments marked to market through core operating earnings	10.9%	7.1%	11.7%	16.4%	14.9%	12.4%	8.2%
Increase (decrease) in S&P 500 (a)	13%	(14%)	7%	3%	(1%)	(6%)	19%
Change in average 5 year and 15 year Corporate A2 rates	(0.49%)	(0.07%)	0.09%	0.25%	0.44%	0.71%	(0.13%)
Year over year growth in average invested assets	12%	12%	10%	10%	10%	10%	11%

- (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.
- (c) See page 19 for general rules of thumb related to earnings sensitivity from changes in the S&P 500, changes in market interest rates, and incremental yields on investments marked to market through core operating earnings.

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Detail of annuity benefits expense:							
Interest credited - fixed	\$ 194	\$ 186	\$ 179	\$ 173	\$ 166	\$ 704	\$ 633
Interest credited - fixed component of variable annuities	1	1	1	2	1	5	5
Change in expected death and annuitization reserve	4	4	5	4	4	17	18
Amortization of sales inducements	3	4	5	5	5	19	19
Guaranteed withdrawal benefit reserve:							
Impact of change in stock market	(14)	22	(7)	(2)	1	14	(14)
Accretion of benefits and other	21	24	25	21	22	92	81
Change in other benefit reserves	7	8	10	11	8	37	45
Unlockings (a)	—	5	—	54	—	59	35
Subtotal before impact of fair value accounting	216	254	218	268	207	947	822
Embedded derivative mark-to-market (b)	462	(490)	223	82	(63)	(248)	564
Equity option mark-to-market	(367)	570	(219)	(90)	38	299	(494)
Subtotal impact in fair value accounting	95	80	4	(8)	(25)	51	70
Total annuity benefits expense	\$ 311	\$ 334	\$ 222	\$ 260	\$ 182	\$ 998	\$ 892

- (a) Includes unlockings for fixed indexed annuity embedded derivative reserves, sales inducement asset and other reserves. Does not include unlocking income of \$28 million in 2018 and \$32 million in 2017 for deferred policy acquisition costs and unearned revenue reserves. These unlockings are included in acquisition expenses and other income. In total, AFG recorded an unlocking expense of \$31 million in 2018 and \$3 million in 2017.
- (b) Excludes unlocking impact of \$44 million in 2018 and \$25 million in 2017.

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



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Average fixed annuity investments (at amortized cost) (a)	\$36,991	\$35,993	\$34,955	\$33,935	\$33,002	\$34,471	\$31,250
Average annuity benefits accumulated	37,078	36,103	35,226	34,165	33,329	34,706	31,526
Annuity benefits accumulated in excess of investments (a)	\$ (87)	\$ (110)	\$ (271)	\$ (230)	\$ (327)	\$ (235)	\$ (276)
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.68%	4.64%	4.70%	4.83%	4.74%	4.73%	4.63%
Interest credited	(2.09%)	(2.06%)	(2.03%)	(2.02%)	(1.99%)	(2.03%)	(2.01%)
Net interest spread on fixed annuities	2.59%	2.58%	2.67%	2.81%	2.75%	2.70%	2.62%
Policy charges and other miscellaneous income	0.08%	0.08%	0.09%	0.10%	0.10%	0.10%	0.11%
Other annuity benefit expenses, net	(0.04%)	(0.51%)	(0.24%)	(0.27%)	(0.29%)	(0.33%)	(0.28%)
Acquisition expenses	(0.28%)	(0.59%)	(0.76%)	(0.89%)	(0.94%)	(0.79%)	(0.62%)
Other expenses	(0.36%)	(0.38%)	(0.36%)	(0.35%)	(0.38%)	(0.37%)	(0.37%)
Change in fair value of derivatives	(1.03%)	(0.89%)	(0.05%)	0.10%	0.30%	(0.15%)	(0.22%)
Unlockings	0.00%	(0.04%)	0.00%	(0.32%)	0.00%	(0.09%)	(0.01%)
Net spread earned on fixed annuities	0.96%	0.25%	1.35%	1.18%	1.54%	1.07%	1.23%
Average annuity benefits accumulated	\$37,078	\$36,103	\$35,226	\$34,165	\$33,329	\$34,706	\$31,526
Net spread earned on fixed annuities	0.96%	0.25%	1.35%	1.18%	1.54%	1.07%	1.23%
Earnings on fixed annuity benefits accumulated	\$ 89	\$ 22	\$ 119	\$ 101	\$ 128	\$ 370	\$ 387
Annuity benefits accumulated in excess of investments	\$ (87)	\$ (110)	\$ (271)	\$ (230)	\$ (327)	\$ (235)	\$ (276)
Net investment income (as % of investments)	4.68%	4.64%	4.70%	4.83%	4.74%	4.73%	4.63%
Earnings/(loss) on annuity benefits accumulated in excess of investments	\$ (1)	\$ (1)	\$ (3)	\$ (3)	\$ (4)	\$ (11)	\$ (13)
Variable annuity earnings (includes unlockings)	2	(1)	1	1	1	2	6
Earnings before income taxes	\$ 90	\$ 20	\$ 117	\$ 99	\$ 125	\$ 361	\$ 380
Detail of net spread earned on fixed annuities							
Net spread earned - before impact of fair value accounting and unlockings	1.43%	0.81%	1.37%	1.46%	1.38%	1.26%	1.34%
Change in fair value of derivatives	(1.03%)	(0.89%)	(0.05%)	0.10%	0.30%	(0.15%)	(0.22%)
Estimated net offsets to deferred sales inducements, deferred policy acquisition costs and related reserves	0.56%	0.37%	0.03%	(0.06%)	(0.14%)	0.05%	0.12%
Unlockings	0.00%	(0.04%)	0.00%	(0.32%)	0.00%	(0.09%)	(0.01%)
Net spread earned - after impact of fair value accounting and unlockings	0.96%	0.25%	1.35%	1.18%	1.54%	1.07%	1.23%

(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		
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Retail single premium annuities - indexed	\$ 301	\$ 392	\$ 354	\$ 378	\$ 294	\$ 1,418	\$ 990
Retail single premium annuities - fixed	29	27	17	22	21	87	70
Broker dealer single premium annuities - indexed	227	335	322	355	259	1,271	733
Broker dealer single premium annuities - fixed	6	4	3	4	3	14	7
Financial institutions single premium annuities - indexed	424	455	460	448	413	1,776	1,711
Financial institutions single premium annuities - fixed	344	142	114	131	105	492	622
Pension risk transfer (PRT)	10	75	56	1	—	132	6
Education market - fixed and indexed annuities	49	46	46	54	46	192	174
Subtotal fixed annuity premiums	1,390	1,476	1,372	1,393	1,141	5,382	4,313
Variable annuities	5	6	6	6	7	25	28
Total annuity premiums	\$1,395	\$1,482	\$1,378	\$1,399	\$1,148	\$ 5,407	\$ 4,341
Summary by Distribution Channel:							
Retail	\$ 330	\$ 419	\$ 371	\$ 400	\$ 315	\$ 1,505	\$ 1,060
Broker dealer	233	339	325	359	262	1,285	740
Financial institutions	768	597	574	579	518	2,268	2,333
Other	64	127	108	61	53	349	208
Total annuity premiums	\$1,395	\$1,482	\$1,378	\$1,399	\$1,148	\$ 5,407	\$ 4,341
Summary by Product Type:							
Total indexed	\$ 980	\$ 1,211	\$ 1,164	\$ 1,213	\$ 992	\$ 4,580	\$ 3,523
Total fixed	410	265	208	180	149	802	790
Variable	5	6	6	6	7	25	28
Total annuity premiums	\$1,395	\$1,482	\$1,378	\$1,399	\$1,148	\$ 5,407	\$ 4,341

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



	Three Months Ended				Twelve Months Ended		
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Beginning fixed annuity reserves	\$36,431	\$35,774	\$34,678	\$33,652	\$33,005	\$33,005	\$29,647
Premiums	1,390	1,476	1,372	1,393	1,141	5,382	4,313
Federal Home Loan Bank ("FHLB") advances (paydowns)	—	225	—	—	—	225	(64)
Surrenders, benefits and other withdrawals	(761)	(796)	(707)	(706)	(627)	(2,836)	(2,246)
Interest and other annuity benefit expenses:							
Interest credited	194	186	179	173	166	704	633
Embedded derivative mark-to-market	462	(490)	223	82	(63)	(248)	564
Change in other benefit reserves	8	52	29	29	30	140	117
Unlockings	—	4	—	55	—	59	41
Ending fixed annuity reserves	\$37,724	\$36,431	\$35,774	\$34,678	\$33,652	\$36,431	\$33,005
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$37,724	\$36,431	\$35,774	\$34,678	\$33,652	\$36,431	\$33,005
Impact of unrealized investment gains on reserves	108	10	8	32	71	10	133
Fixed component of variable annuities	174	175	176	176	178	175	178
Annuity benefits accumulated per balance sheet	\$38,006	\$36,616	\$35,958	\$34,886	\$33,901	\$36,616	\$33,316
Annualized surrenders and other withdrawals as a % of beginning reserves	8.4%	8.9%	8.2%	8.4%	7.6%	8.6%	7.6%
Rider reserves included in ending fixed annuity reserves above	\$ 478	\$ 472	\$ 428	\$ 411	\$ 381	\$ 472	\$ 358
Embedded Derivative liability included in ending fixed annuity reserves above	\$ 3,247	\$ 2,720	\$ 3,105	\$ 2,776	\$ 2,549	\$ 2,720	\$ 2,542

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



	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>	<u>12/31/17</u>
GMIR						
1 - 1.99%	79%	79%	78%	78%	77%	76%
2 - 2.99%	4%	4%	4%	4%	5%	5%
3 - 3.99%	8%	8%	9%	9%	9%	10%
4.00% and above	9%	9%	9%	9%	9%	9%
Annuity Benefits Accumulated	\$38,006	\$36,616	\$35,958	\$34,886	\$33,901	\$33,316
Traditional Fixed and FIA Surrender Value (a) (b)	\$29,163	\$27,842	\$27,434	\$26,502	\$25,582	\$25,138
Ability to Lower Average Crediting Rates by (a) (c)	1.20%	1.19%	1.16%	1.09%	1.00%	0.92%
Pretax earnings impact of crediting guaranteed minimums (a)	\$ 350	\$ 331	\$ 317	\$ 288	\$ 255	\$ 230

- (a) Excludes Annuities with Guaranteed Withdrawal Benefits, FHLB advances, immediate reserves and certain other reserves.
(b) FIA Surrender Value include Host + Embedded Derivatives + Fixed Account values.
(c) Weighted Average Crediting Rate less GMIR

	Earnings Sensitivities (Incremental Changes are Versus Amounts Assumed in Guidance)					
	Guidance as provided in conjunction with AFG's 1st Quarter Earnings Release		Midpoint of Guidance	Incremental +/- 1% S&P 500 (a) (b)	Incremental +/- 10bps change in Interest Rates (b) (c)	Incremental +/- 1% Yield on Partnerships, Private Equities, Mark-to-Market Investments (a)
Pretax Annuity Earnings (Before Impact of Fair Value Accounting for FIAs)	\$445	to \$ 475	\$ 460	~ +/- \$1mm to \$2mm		~ +/- \$8mm
Implied Fair Value Accounting Impact	(80)	to (50)	(65)	~ +/- \$1mm to \$2mm	~ +/- \$8mm to \$10mm	
Pretax Annuity Earnings, As Reported	\$365	to \$ 425	\$ 395	~ +/- \$2mm to \$4mm	~ +/- \$8mm to \$10mm	~ +/- \$8mm

(a) Current guidance assumptions related to Pretax Annuity Earnings (Before Impact of Fair Value Accounting for FIAs), as provided in conjunction with AFG's 1st Quarter Earnings Release:

- * Assumes 20% increase in stock market in 2019 (see additional information on page 13)
- * Assumes 8% to 9% yield on partnerships, private equities and investments marked to market in last 3 quarters of 2019 (see additional information on page 26)

(b) Current guidance assumptions related to Impact of Fair Value Accounting for FIAs, as provided in conjunction with AFG's 1st Quarter Earnings Release:

- * Assumes 20% increase in stock market in 2019
- * Assumes 10 to 20 bp increase in average of 5 year and 15 year Corporate A2 rate in last 3 quarters of 2019
- * See additional information on page 13

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

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



	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
Assets:						
Total cash and investments	\$ 51,040	\$ 48,498	\$ 47,841	\$ 46,779	\$ 45,949	\$ 46,048
Recoverables from reinsurers	3,258	3,349	3,352	3,073	3,173	3,369
Prepaid reinsurance premiums	636	610	717	645	614	600
Agents' balances and premiums receivable	1,283	1,234	1,299	1,266	1,113	1,146
Deferred policy acquisition costs	1,447	1,682	1,669	1,582	1,417	1,216
Assets of managed investment entities	4,786	4,700	4,998	5,032	5,090	4,902
Other receivables	1,011	1,090	1,633	1,048	918	1,030
Variable annuity assets (separate accounts)	610	557	650	636	632	644
Other assets	1,854	1,529	1,832	1,574	1,551	1,504
Goodwill	207	207	199	199	199	199
Total assets	\$ 66,132	\$ 63,456	\$ 64,190	\$ 61,834	\$ 60,656	\$ 60,658
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 9,623	\$ 9,741	\$ 9,670	\$ 9,093	\$ 9,193	\$ 9,678
Unearned premiums	2,605	2,595	2,740	2,539	2,413	2,410
Annuity benefits accumulated	38,006	36,616	35,958	34,886	33,901	33,316
Life, accident and health reserves	632	635	643	647	656	658
Payable to reinsurers	730	752	932	721	661	743
Liabilities of managed investment entities	4,593	4,512	4,807	4,840	4,869	4,687
Long-term debt	1,423	1,302	1,302	1,301	1,301	1,301
Variable annuity liabilities (separate accounts)	610	557	650	636	632	644
Other liabilities	2,245	1,774	2,324	2,087	1,847	1,887
Total liabilities	\$ 60,467	\$ 58,484	\$ 59,026	\$ 56,750	\$ 55,473	\$ 55,324
Redeemable noncontrolling interests	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3
Shareholders' equity:						
Common stock	\$ 90	\$ 89	\$ 89	\$ 89	\$ 89	\$ 88
Capital surplus	1,256	1,245	1,231	1,220	1,205	1,181
Retained earnings	3,875	3,588	3,800	3,628	3,584	3,248
Unrealized gains - equities	—	—	—	—	—	221
Unrealized gains - fixed maturities	464	83	93	191	342	619
Unrealized gains (losses) - fixed maturity-related cash flow hedges	—	(11)	(32)	(27)	(24)	(13)
Other comprehensive income, net of tax	(20)	(24)	(17)	(17)	(13)	(14)
Total shareholders' equity	5,665	4,970	5,164	5,084	5,183	5,330
Noncontrolling interests	—	2	—	—	—	1
Total liabilities and equity	\$ 66,132	\$ 63,456	\$ 64,190	\$ 61,834	\$ 60,656	\$ 60,658

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



	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>	<u>12/31/17</u>
Shareholders' equity	\$ 5,665	\$ 4,970	\$ 5,164	\$ 5,084	\$ 5,183	\$ 5,330
Unrealized (gains) related to fixed maturities	(464)	(72)	(61)	(164)	(318)	(606)
Adjusted shareholders' equity	5,201	4,898	5,103	4,920	4,865	4,724
Goodwill	(207)	(207)	(199)	(199)	(199)	(199)
Intangibles	(51)	(54)	(31)	(34)	(36)	(26)
Tangible adjusted shareholders' equity	\$ 4,943	\$ 4,637	\$ 4,873	\$ 4,687	\$ 4,630	\$ 4,499
Common shares outstanding	89,638	89,292	89,189	89,072	88,881	88,275
Book value per share:						
Book value per share	\$ 63.20	\$ 55.66	\$ 57.90	\$ 57.08	\$ 58.32	\$ 60.38
Adjusted (a)	58.02	54.86	57.22	55.24	54.74	53.51
Tangible, adjusted (b)	55.14	51.93	54.64	52.63	52.10	50.95
Market capitalization						
AFC's closing common share price	\$ 96.21	\$ 90.53	\$ 110.97	\$ 107.33	\$ 112.22	\$ 108.54
Market capitalization	\$ 8,624	\$ 8,084	\$ 9,897	\$ 9,560	\$ 9,974	\$ 9,581
Price / Adjusted book value ratio	1.66	1.65	1.94	1.94	2.05	2.03

(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>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>	<u>12/31/17</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	425	300	300	300	300	300
Total principal amount of long-term debt	\$ 1,443	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318
Shareholders' equity	5,665	4,970	5,164	5,084	5,183	5,330
Noncontrolling interests (including redeemable NCI)	—	2	—	—	—	4
Less:						
Unrealized (gains) related to fixed maturity investments	(464)	(72)	(61)	(164)	(318)	(606)
Total adjusted capital	\$ 6,644	\$ 6,218	\$ 6,421	\$ 6,238	\$ 6,183	\$ 6,046
Ratio of debt to total adjusted capital:						
Including subordinated debt	21.7%	21.2%	20.5%	21.1%	21.3%	21.8%
Excluding subordinated debt	15.3%	16.4%	15.9%	16.3%	16.5%	16.8%

	Three Months Ended				Twelve Months Ended	
	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>	<u>12/31/17</u>
<u>Property and Casualty Insurance</u>						
Paid Losses (GAAP)	\$ 704	\$ 719	\$ 614	\$ 629	\$ 640	\$ 2,602
	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>	<u>12/31/2017</u>
<u>Statutory Surplus</u>						
Property and Casualty Insurance	\$ 3,041	\$ 2,867	\$ 2,885	\$ 2,797	\$ 2,781	\$ 2,729
AFG's principal annuity subsidiaries (total adjusted capital)	\$ 3,035	\$ 3,015	\$ 2,703	\$ 2,511	\$ 2,442	\$ 2,442
<u>Allowable dividends without regulatory approval</u>						
Property and Casualty Insurance	\$ 529	\$ 529	\$ 563	\$ 563	\$ 563	\$ 563
Annuity and Run-off	768	768	263	263	263	263
Total	<u>\$ 1,297</u>	<u>\$ 1,297</u>	<u>\$ 826</u>	<u>\$ 826</u>	<u>\$ 826</u>	<u>\$ 826</u>

	Carrying Value - March 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	\$ 1,055	\$ 716	\$ 229	\$ —	\$ 2,000	4%
Fixed maturities - Available for sale	8,041	35,379	11	—	43,431	85%
Fixed maturities - Trading	54	53	—	—	107	0%
Equity securities	1,110	762	58	—	1,930	4%
Investments accounted for using the equity method	578	862	—	—	1,440	3%
Mortgage loans	292	786	—	—	1,078	2%
Policy loans	—	172	—	—	172	0%
Equity index call options	—	620	—	—	620	1%
Real estate and other investments	133	278	43	(192)	262	1%
Total cash and investments	\$ 11,263	\$ 39,628	\$ 341	\$ (192)	\$ 51,040	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		
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 77	\$ 74	\$ 72	\$ 72	\$ 66	\$ 284	\$ 258
Fixed maturities - Trading	1	1	—	2	—	3	3
Equity securities - dividends	13	11	13	11	13	48	51
Equity securities - MTM	2	9	(1)	5	—	13	—
Equity in investees	3	14	16	18	17	65	27
AFG managed CLOs	3	(1)	1	1	1	2	7
Other investments (a)	7	10	9	8	5	32	26
Gross investment income	106	118	110	117	102	447	372
Investment expenses	(2)	(3)	(2)	(2)	(2)	(9)	(10)
Total net investment income	\$ 104	\$ 115	\$ 108	\$ 115	\$ 100	\$ 438	\$ 362
Average cash and investments (b)	\$ 10,997	\$ 10,651	\$ 10,388	\$ 10,346	\$ 10,422	\$ 10,497	\$ 9,948
Average yield (c)	3.78%	4.32%	4.16%	4.45%	3.84%	4.17%	3.64%
Fixed Annuity							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 384	\$ 376	\$ 361	\$ 350	\$ 338	\$ 1,425	\$ 1,314
Equity securities - dividends	9	9	6	7	8	30	22
Equity securities - MTM	3	2	—	11	—	13	—
Equity in investees	18	19	25	23	29	96	37
AFG managed CLOs	8	(3)	3	3	2	5	16
Other investments (a)	15	18	19	19	17	73	70
Gross investment income	437	421	414	413	394	1,642	1,459
Investment expenses	(4)	(4)	(3)	(3)	(3)	(13)	(11)
Total net investment income	\$ 433	\$ 417	\$ 411	\$ 410	\$ 391	\$ 1,629	\$ 1,448
Average cash and investments (b)	\$ 36,991	\$ 35,993	\$ 34,955	\$ 33,935	\$ 33,002	\$ 34,471	\$ 31,250
Average yield (c)	4.68%	4.64%	4.70%	4.83%	4.74%	4.73%	4.63%
AFG consolidated net investment income:							
Property & Casualty	\$ 104	\$ 115	\$ 108	\$ 115	\$ 100	\$ 438	\$ 362
Annuity:							
Fixed Annuity	433	417	411	410	391	1,629	1,448
Variable Annuity	2	2	2	2	3	9	10
Parent & other	14	4	10	7	4	25	34
Consolidate CLOs	(11)	4	(4)	(4)	(3)	(7)	(23)
Total net investment income	\$ 542	\$ 542	\$ 527	\$ 530	\$ 495	\$ 2,094	\$ 1,831

(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.

American Financial Group, Inc.
Investments Marked-to-Market Through Investment Income and Investments Accounted For Using the Equity Method
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/18	12/31/17
Property and Casualty Insurance:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 2	\$ 9	\$ (1)	\$ 5	\$ —	\$ 13	\$ —
Investments accounted for using the equity method (b)	3	14	16	18	17	65	27
AFG managed CLOs (eliminated in consolidation)	3	(1)	1	1	1	2	7
Total Property & Casualty	\$ 8	\$ 22	\$ 16	\$ 24	\$ 18	\$ 80	\$ 34
Investments							
Equity securities MTM through investment income (a)	\$ 52	\$ 50	\$ 40	\$ 40	\$ 31	\$ 50	\$ 27
Investments accounted for using the equity method (b)	578	557	520	475	440	557	402
AFG managed CLOs (eliminated in consolidation)	57	56	57	57	66	56	64
Total Property & Casualty	\$ 687	\$ 663	\$ 617	\$ 572	\$ 537	\$ 663	\$ 493
Annualized Yield - Property & Casualty	4.7%	13.8%	10.8%	17.3%	14.0%	13.9%	7.9%
Fixed Annuity:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 3	\$ 2	\$ —	\$ 11	\$ —	\$ 13	\$ —
Investments accounted for using the equity method (b)	18	19	25	23	29	96	37
AFG managed CLOs (eliminated in consolidation)	8	(3)	3	3	2	5	16
Total Fixed Annuity	\$ 29	\$ 18	\$ 28	\$ 37	\$ 31	\$ 114	\$ 53
Investments							
Equity securities MTM through investment income (a)	\$ 88	\$ 84	\$ 79	\$ 79	\$ 57	\$ 84	\$ 49
Investments accounted for using the equity method (b)	862	817	769	719	657	817	590
AFG managed CLOs (eliminated in consolidation)	136	132	134	135	155	132	151
Total Fixed Annuity	\$ 1,086	\$ 1,033	\$ 982	\$ 933	\$ 869	\$ 1,033	\$ 790
Annualized Yield - Fixed Annuity	10.9%	7.1%	11.7%	16.4%	14.9%	12.4%	8.2%
Combined (includes Parent amounts not shown above):							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 11	\$ 6	\$ 1	\$ 16	\$ (1)	\$ 22	\$ 7
Investments accounted for using the equity method (b)	21	33	41	41	46	161	64
AFG managed CLOs (eliminated in consolidation)	11	(4)	4	4	3	7	23
Total Combined (including Parent)	\$ 43	\$ 35	\$ 46	\$ 61	\$ 48	\$ 190	\$ 94
Investments							
Equity securities MTM through investment income (a)	\$ 198	\$ 187	\$ 176	\$ 173	\$ 142	\$ 187	\$ 132
Investments accounted for using the equity method (b)	1,440	1,374	1,289	1,194	1,097	1,374	992
AFG managed CLOs (eliminated in consolidation)	193	188	191	192	221	188	215
Total Combined (including Parent)	\$ 1,831	\$ 1,749	\$ 1,656	\$ 1,559	\$ 1,460	\$ 1,749	\$ 1,339
Annualized Yield - Combined	9.6%	8.2%	11.4%	16.2%	13.7%	12.2%	8.3%

- (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)



March 31, 2019	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 243	\$ 243	\$ —	1%	0%
States, municipalities and political subdivisions	6,768	7,001	233	16%	14%
Foreign government	176	178	2	1%	0%
Residential mortgage-backed securities	2,479	2,758	279	6%	5%
Commercial mortgage-backed securities	900	924	24	2%	2%
Asset-backed securities	9,909	10,018	109	23%	20%
Corporate and other bonds	22,050	22,416	366	51%	44%
Total AFG consolidated	\$ 42,525	\$ 43,538	\$ 1,013	100%	85%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.44%
Net of investment expense (a)	4.39%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 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%
Asset-backed securities	9,781	9,811	30	23%	20%
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)



	March 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	\$ 203	\$ 204	1	2%	\$ 203	\$ 202	\$ (1)	3%
States, municipalities and political subdivisions	2,559	2,610	51	32%	2,630	2,642	12	33%
Foreign government	165	165	—	2%	155	156	1	2%
Residential mortgage-backed securities	720	784	64	10%	725	784	59	10%
Commercial mortgage-backed securities	88	90	2	1%	83	84	1	1%
Asset-backed securities	2,315	2,316	1	29%	2,275	2,259	(16)	29%
Corporate and other bonds	1,908	1,926	18	24%	1,792	1,776	(16)	22%
Property and Casualty Insurance	\$ 7,958	\$ 8,095	\$ 137	100%	\$ 7,863	\$ 7,903	\$ 40	100%
Annualized yield on available for sale fixed maturities:								
Excluding investment expense (a)	3.93%				3.91%			
Net of investment expense (a)	3.85%				3.81%			
Tax equivalent, net of investment expense (b)	4.04%				3.99%			
Approximate average life and duration:								
Approximate average life	4.5 years				4.5 years			
Approximate duration	3.5 years				3.5 years			

	March 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	\$ 40	\$ 39	\$ (1)	0%	\$ 42	\$ 41	\$ (1)	0%
States, municipalities and political subdivisions	4,209	4,391	182	12%	4,220	4,322	102	13%
Foreign government	11	13	2	0%	11	12	1	0%
Residential mortgage-backed securities	1,757	1,963	206	6%	1,750	1,950	200	6%
Commercial mortgage-backed securities	812	834	22	2%	822	836	14	2%
Asset-backed securities	7,594	7,702	108	22%	7,506	7,552	46	22%
Corporate and other bonds	20,142	20,490	348	58%	19,725	19,474	(251)	57%
Total Annuity and Run-off	\$ 34,565	\$ 35,432	\$ 867	100%	\$ 34,076	\$ 34,187	\$ 111	100%
Annualized yield on available for sale fixed maturities:								
Excluding investment expense (a)	4.55%				4.59%			
Net of investment expense (a)	4.51%				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)



March 31, 2019

By Credit Rating (a)	March 31, 2019			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 7,378	\$ 7,447	\$ 69	17%
AA	8,809	9,055	246	21%
A	10,268	10,504	236	24%
BBB	12,261	12,464	203	29%
Subtotal - Investment grade	38,716	39,470	754	91%
BB	709	705	(4)	2%
B	249	245	(4)	0%
Other (b)	2,851	3,118	267	7%
Subtotal - Non-Investment grade	3,809	4,068	259	9%
Total	\$ 42,525	\$43,538	\$ 1,013	100%

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

December 31, 2018

By Credit Rating (a)	December 31, 2018			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
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.

March 31, 2019	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
Residential					
Agency	\$ 163	\$ 163	\$ —	4%	0%
Prime (Non-Agency)	960	1,089	129	30%	2%
Alt-A	1,005	1,118	113	30%	2%
Subprime	351	388	37	11%	1%
Commercial	900	924	24	25%	2%
Total AFG consolidated	\$ 3,379	\$ 3,682	\$ 303	100%	7%

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is - Prime 82%; Alt-A 81%; Subprime 83%; CMBS 100%.
- The average FICO score of our residential MBS securities is - Prime 734; Alt-A 696; Subprime 630.
- 96% of our Commercial MBS portfolio is investment-grade rated (82% AAA) and the average subordination for this group of assets is 34%.
- The approximate average life by collateral type is - Residential 4.5 years; Commercial 4 years.

December 31, 2018	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
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	March 31, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 131	\$ 130	\$ (1)	15%	1%
Prime (Non-Agency)	138	154	16	18%	1%
Alt-A	296	330	34	38%	3%
Subprime	155	170	15	19%	2%
Commercial	88	90	2	10%	1%
Total	\$ 808	\$ 874	\$ 66	100%	8%

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	March 31, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 32	\$ 33	\$ 1	1%	0%
Prime (Non-Agency)	820	924	104	33%	2%
Alt-A	709	788	79	28%	2%
Subprime	196	218	22	8%	1%
Commercial	812	834	22	30%	2%
Total	\$ 2,569	\$ 2,797	\$ 228	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%

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



March 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	\$ 1,099	\$ 1,122	\$ 23	31%
AA	158	161	3	4%
A	324	338	14	9%
BBB	198	206	8	6%
Subtotal - investment grade	1,779	1,827	48	50%
BB	133	136	3	4%
B	136	136	—	4%
Other (b)	1,331	1,583	252	42%
Total	\$ 3,379	\$ 3,682	\$ 303	100%

96% 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 - March 31, 2019								
	US Gov	Munis	Frgn Gov	RMBS	CMBS	ABS	Corp/Oth	Total	% Total
Investment grade									
AAA	\$ 208	\$1,930	\$ 102	\$ 361	\$ 761	\$ 3,911	\$ 174	\$ 7,447	17%
AA	22	4,448	53	144	17	2,678	1,693	9,055	21%
A	—	456	1	310	28	2,141	7,568	10,504	24%
BBB	—	109	2	130	76	766	11,381	12,464	29%
Subtotal - Investment grade	230	6,943	158	945	882	9,496	20,816	39,470	91%
BB	—	—	—	101	35	34	535	705	2%
B	—	8	—	134	2	4	97	245	0%
CCC, CC, C	—	—	—	648	5	2	12	667	2%
D	5	—	—	220	—	—	—	225	0%
Subtotal - Non-Investment grade	5	8	—	1,103	42	40	644	1,842	4%
Not Rated	8	50	20	710	—	482	956	2,226	5%
Total	\$ 243	\$7,001	\$ 178	\$2,758	\$ 924	\$10,018	\$22,416	\$43,538	100%

By Credit Rating (a)	Fair Value - December 31, 2018								
	US Gov	Munis	Frgn Gov	RMBS	CMBS	ABS	Corp/Oth	Total	% Total
Investment grade									
AAA	\$ 213	\$1,889	\$ 98	\$ 367	\$ 752	\$ 3,870	\$ 170	\$ 7,359	17%
AA	22	4,456	53	129	18	2,570	1,583	8,831	21%
A	—	448	—	248	22	2,086	7,185	9,989	24%
BBB	—	110	—	169	74	769	10,931	12,053	29%
Subtotal - Investment grade	235	6,903	151	913	866	9,295	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	487	749	2,008	4%
Total	\$ 243	\$6,964	\$ 168	\$2,746	\$ 920	\$ 9,811	\$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.