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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 OR 15(d)  
of The Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): August 2, 2016**

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**AMERICAN FINANCIAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

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**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**

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

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

### Item 2.02 Results Of Operations And Financial Condition.

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

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

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated August 2, 2016, reporting American Financial Group Inc. results for the quarter ended June 30, 2016.
99.2	Investor Supplement – Second Quarter 2016

**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: August 3, 2016

By: /s/ Karl J. Grafe

Karl J. Grafe  
Vice President

FOR IMMEDIATE RELEASE



Press Release

## American Financial Group, Inc. Announces Second Quarter Results

- *Net earnings per share of \$0.62; includes \$0.73 per share charge related to Neon exited lines*
- *Core net operating earnings \$1.28 per share*
- *Full year 2016 core net operating earnings guidance maintained at \$5.35—\$5.75 per share*

CINCINNATI – August 2, 2016 – American Financial Group, Inc. (NYSE: AFG) today reported 2016 second quarter net earnings attributable to shareholders of \$54 million (\$0.62 per share) compared to \$141 million (\$1.57 per share) for the 2015 second quarter. Net earnings for the quarter include a charge of \$65 million (\$0.73 per share) related to the exit of certain lines of business within our Lloyd’s-based insurer, Neon, as well as \$10 million (\$0.11 per share) in after-tax realized losses on securities, a \$1 million (\$0.01 per share) after-tax gain on sale of subsidiaries, and as previously announced, an after-tax gain of \$15 million (\$0.17 per share) related to the sale of an apartment property. Comparatively, net earnings in the 2015 second quarter included an after-tax net realized gain on the sale of a hotel property of \$26 million (\$0.29 per share). Details may be found in the table below. Book value per share increased by \$2.90 to \$57.57 per share during the second quarter of 2016. Annualized return on equity was 5.1% and 13.4% for the second quarters of 2016 and 2015, respectively.

Core net operating earnings were \$113 million (\$1.28 per share) for the 2016 second quarter, compared to \$115 million (\$1.28 per share) in the 2015 second quarter. Higher underwriting profit and net investment income in our Specialty Property and Casualty (“P&C”) insurance operations were offset by lower operating earnings in our Annuity and Run-off Long-Term Care and Life Segments. Book value per share excluding unrealized gains on fixed maturities increased by \$0.45 to \$50.22 per share during the second quarter of 2016. Core net operating earnings for the second quarters of 2016 and 2015 generated annualized core returns on equity of 10.5% and 10.9%, respectively.

During the second quarter of 2016, AFG repurchased approximately 310,000 shares of common stock at an average price per share of \$68.31.

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, rating agencies and investors with an understanding of the results from the ongoing operations of the Company by excluding the impact of net realized investment 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		Six months ended	
	2016	2015	2016	2015
<b>Components of net earnings attributable to shareholders:</b>				
Core operating earnings before income taxes	\$ 183	\$ 176	\$ 357	\$ 349
<b>Pretax non-core items:</b>				
Realized gains (losses) on securities	(16)	(1)	(34)	18
Realized gain (loss) on sale of subsidiaries	2	—	2	(162)
Gain on sale of apartment property and hotel	32	51	32	51
Neon exited lines charge	(65)	—	(65)	—
Earnings before income taxes	136	226	292	256
<b>Provision (credit) for income taxes:</b>				
Core operating earnings	64	59	123	114
Non-core items	9	18	2	(32)
Total provision (credit) for income taxes	73	77	125	82
Net earnings, including noncontrolling interests	63	149	167	174
<b>Less net earnings attributable to noncontrolling interests:</b>				
Core operating earnings	6	2	10	8
Non-core items	3	6	2	6
Total net earnings attributable to noncontrolling interests	9	8	12	14
<b>Net earnings attributable to shareholders</b>	<b>\$ 54</b>	<b>\$ 141</b>	<b>\$ 155</b>	<b>\$ 160</b>
<b>Net earnings:</b>				
Core net operating earnings <sup>(a)</sup>	113	115	224	227
Non-core items	(59)	26	(69)	(67)
<b>Net earnings attributable to shareholders</b>	<b>\$ 54</b>	<b>\$ 141</b>	<b>\$ 155</b>	<b>\$ 160</b>
<b>Components of Earnings Per Share:</b>				
<b>Core net operating earnings<sup>(a)</sup></b>	<b>\$ 1.28</b>	<b>\$ 1.28</b>	<b>\$ 2.53</b>	<b>\$ 2.54</b>
<b>Non-core Items:</b>				
Realized gains (losses) on securities	(0.11)	—	(0.22)	0.14
Gain (loss) on sale of subsidiaries	0.01	—	0.01	(1.18)
Gain on sale of apartment property and hotel	0.17	0.29	0.17	0.29
Neon exited lines charge	(0.73)	—	(0.73)	—
<b>Diluted Earnings Per Share</b>	<b>\$ 0.62</b>	<b>\$ 1.57</b>	<b>\$ 1.76</b>	<b>\$ 1.79</b>

Footnote (a) is 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, issued this statement: "We are pleased to report strong operating profitability in both our Specialty P&C and Annuity businesses during the 2016 second quarter. These results are in line with core results reported in the 2015 second quarter and illustrate the value in our mix of specialty insurance businesses. Our opportunistic approach to managing our real estate portfolio partially offset charges stemming from Neon's exited lines of business, which dampened reported earnings.

"At June 30, 2016, AFG had approximately \$950 million of excess capital (including parent company cash of approximately \$200 million). 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, such as our recently announced agreement to purchase the outstanding minority shares of National Interstate. This transaction will use approximately \$320 million of AFG's excess capital. In addition, share repurchases, particularly when executed at attractive valuations, are an important and effective component of our capital management strategy. We will continue to make opportunistic share repurchases when it makes sense to do so and return capital to shareholders through dividends."

Based on results for the first six months of 2016, AFG continues to expect core net operating earnings in 2016 to be between \$5.35 and \$5.75 per share. 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**

The Specialty P&C insurance operations generated an underwriting profit of \$63 million in the 2016 second quarter, compared to \$51 million in the second quarter of 2015. Higher underwriting profitability in our Property and Transportation Group was partially offset by lower underwriting profitability in our Specialty Casualty and Specialty Financial Groups. The second quarter 2016 combined ratio of 93.9% improved by 1.0 point over the prior year period. Results in the second quarter of 2016 include 2.9 points of favorable prior year reserve development, compared to 1.1 point in the comparable prior year period. Second quarter 2016 results include 2.0 points in catastrophe losses, compared to 1.0 point in the 2015 second quarter.

Gross and net written premiums were up 6% and 3%, respectively, for the second quarter of 2016, when compared to the second quarter of 2015. Pricing across our entire P&C Group was flat for the quarter.

The ***Property and Transportation Group*** reported an underwriting profit of \$15 million in the second quarter of 2016, compared to an underwriting loss of \$13 million in the second quarter of 2015. Higher underwriting profits in our property and inland marine and transportation businesses, primarily due to favorable prior year reserve development, were the drivers of the improved results. Catastrophe losses were \$12 million for this group during the second quarter of 2016, primarily the result of April storms in Texas. Catastrophe losses were \$7 million in the comparable prior year period.

Gross and net written premiums for the second quarter of 2016 were 8% and 6% higher, respectively, than the comparable 2015 period. New premium from our Singapore branch, which opened for business in June 2015 and higher year-over-year premiums in our agricultural businesses, primarily the result of timing differences in the recording of crop premiums, were the primary drivers of the increase. Excluding crop, gross and net written premiums both increased 3% over the comparable prior year period. Overall renewal rates in this group increased 3% on average for the second quarter of 2016, including a 4% increase in National Interstate's renewal rates.

The ***Specialty Casualty Group*** reported an underwriting profit of \$23 million in the second quarter of 2016, compared to \$37 million in the second quarter of 2015. Higher underwriting profitability in our workers' compensation and executive liability businesses, primarily the result of higher favorable prior year reserve development, was more than offset by higher adverse prior year reserve development in our excess and surplus businesses and current accident year losses in Neon's political risk and trade credit business.

Gross written premiums for the second quarter of 2016 increased 4% and net written premiums were flat, respectively, when compared to the second quarter of 2015. Higher premiums in our workers' compensation and targeted markets businesses were partially offset by lower premiums in our excess and surplus and general liability businesses. Net written premiums were impacted by the cession of Neon's UK medical malpractice business to Beazley. Renewal pricing for this group decreased by 2% in the second quarter, including a decrease of approximately 4% in our workers' compensation businesses. Excluding workers' compensation, renewal pricing in this group was flat on average for the quarter.

The ***Specialty Financial Group*** reported underwriting profit of \$22 million in the second quarter of 2016, compared to \$24 million in the second quarter of 2015. Nearly all of the businesses in this group continued to achieve excellent underwriting margins.

Gross and net written premiums for the second quarter of 2016 were up 10% and 6%, respectively, when compared to the same 2015 period, primarily as a result of higher premiums in our financial institutions business. Pricing in this group was flat for the quarter.

Carl Lindner III stated: "I'm pleased with the strong overall underwriting profitability within our Specialty P&C Group during the quarter, especially the year-over-year improvement within our Property and Transportation Group. Results this quarter indicate how the depth and breadth across our specialty P&C portfolio has enabled us to deliver consistent operating earnings. Based on results during the first six months of the year, we continue to expect an overall 2016 calendar year combined ratio in the range of 92% to 94% and estimate net written premium growth to be between 1% and 5%."

## **Neon Exited Lines Charge**

During the second quarter of 2016, AFG's specialist Lloyd's market insurer completed a strategic review of its business under a new leadership team and re-launched as Neon Underwriting Ltd. on June 13, 2016. As part of its strategic review, Neon sold and/or exited certain historical lines of business including its UK and International Medical Malpractice and General Liability classes. As a result of Neon's claims review of its exited lines of business, AFG recorded a non-core charge of \$65 million to increase loss reserves primarily related to its medical malpractice and general liability lines, as well as to record charges in connection with the restructuring of the business. Consistent with the treatment of other items that are not indicative of AFG's ongoing operations (both favorable and unfavorable), this charge is being treated as non-core because it resulted from a special strategic review of lines of business that AFG no longer writes.

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 contributed \$76 million in pretax operating earnings in the second quarter of 2016 compared to \$88 million in the second quarter of 2015; earnings before the impact of fair value accounting on fixed-indexed annuities (FIAs) were \$102 million in the second quarter of 2016 compared to \$77 million in the second quarter of 2015.

### **Components of Annuity Operating Earnings Before Income Taxes**

In millions	Three months ended		Pct. Change	Six months ended		Pct. Change
	June 30, 2016	June 30, 2015		June 30, 2016	June 30, 2015	
Annuity earnings before fair value accounting for FIAs	\$ 102	\$ 77	32%	\$ 186	\$ 169	10%
Impact of Fair Value Accounting for FIAs	(26)	11	nm	(57)	(6)	nm
Pretax Annuity Operating Earnings	<u>\$ 76</u>	<u>\$ 88</u>	(14%)	<u>\$ 129</u>	<u>\$ 163</u>	(21%)

**Annuity Earnings Before Fair Value Accounting for FIAs** – AFG's second quarter 2016 earnings benefited from favorable investment results, including the positive impact of certain investments required to be marked to market through earnings, as well as growth in annuity assets. AFG's quarterly average annuity investments and reserves grew approximately 13% and 14% year-over-year, respectively; the benefit of this growth was partially offset by the runoff of higher yielding investments. Due to the strong results in the first six months of 2016, AFG is increasing its expectations for earnings before fair value accounting for FIAs to a range of \$370 to \$385 million; up from AFG's original expectation of \$350 to \$370 million.

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

In the second quarter of 2016, medium to long-term interest rates decreased approximately 30 to 40 basis points, compared to our expectation that they would increase slightly. Since a portion of FIA reserves is discounted at current market yields, this decrease in rates contributed to a \$26 million unfavorable impact on pretax earnings. Conversely, in the second quarter of 2015, interest rates rose significantly, resulting in a favorable impact on pretax earnings; this favorable result was partially offset by the impact of a stock market decrease during the quarter. These impacts are included within the “Impact of fair value accounting for FIAs” amounts shown in the table above.

**Annuity Premiums** – AFG’s Annuity Segment reported statutory premiums of \$1.1 billion in the second quarter of 2016, compared to \$899 million in the second quarter of 2015, an increase of 22%, due primarily to growth in FIA and traditional fixed annuity sales in the Financial Institutions channel. Management believes AFG’s growth in FIA and traditional fixed annuity sales is consistent with overall growth in the annuity industry, as sales of these annuities have increased while sales of variable annuities have decreased. In addition, AFG’s increase reflects new products, additional staffing, and increased market share within existing financial institutions. Furthermore, AFG has reduced the crediting rates on its new annuity sales several times in 2016 due to the decline in interest rates; these reductions, once announced, often lead to a short-term spike in sales in advance of the effective date of the rate decreases. Annuity receipts are treated as deposits under GAAP accounting rules.

In connection with AFG’s Annuity Segment results for the quarter, Craig Lindner stated, “Although reported annuity earnings are lower year-over-year, it is important to note that we believe the majority of the decrease from last year’s reported earnings is accounting-driven and non-economic in nature. Our business fundamentals remain very strong – we continue to achieve appropriate returns on new business and the interest spread on our inforce business continues to exceed our plan by several basis points. Furthermore, if interest rates continue to remain low for an extended period of time, AFG has the ability to reduce the average crediting rate on approximately \$21 billion of traditional fixed and FIA annuities without riders by approximately 75 basis points (on a weighted average basis).

“We continue to be committed to disciplined pricing of our products, consumer-friendly product design, careful expense management and growing our business when we can achieve desired long-term returns. Due to the higher than expected negative impact of fair value accounting, offset in large part by our strong “pre fair value” results through the first six months of 2016, we now believe that full year 2016 pretax annuity operating earnings will be in the range of \$305 to \$340 million, a slight decrease from previous guidance. Significant changes in market interest rates and/or the stock market, as compared to our expectations, could lead to significant positive or negative impacts on the Annuity Segment’s results.

“Finally, based on premiums recorded through the first half of the year and our recent levels of sales, we now expect that premiums for the full year of 2016 will be in the range of \$4.0 billion to \$4.2 billion, in line with the \$4.1 billion sold in 2015.”

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

**Department of Labor Rule** – On April 6, 2016 the Department of Labor (DOL) issued the final version of its fiduciary rule that will impose additional requirements on the sale of certain annuities (including indexed annuities) to retirement accounts, including IRAs. It is expected that all carriers will experience some impact when the rule takes effect in 2017, including temporary sales disruption during a transition period. Based on our analysis of the rule and discussions with our distribution partners, we are planning for certain changes to our business model, including new products and compensation arrangements. We believe these changes should allow most of our current distribution partners to continue to sell our traditional fixed and FIA annuities. Based on our analysis, we do not believe the implementation of the final DOL rule will have a material impact on the Company’s results of operations.



## **Investments**

AFG recorded second quarter 2016 net realized losses on securities of \$10 million after tax and after deferred acquisition costs (DAC), compared to net realized losses on securities of less than \$1 million reported in the comparable 2015 period. Unrealized gains on fixed maturities were \$639 million after tax and after DAC at June 30, 2016, an increase of \$361 million since year-end. Our portfolio continues to be high quality, with 89% of our fixed maturity portfolio rated investment grade and 97% with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

For the six months ended June 30, 2016, P&C net investment income was approximately 6% higher than the comparable 2015 period.

Second quarter 2016 results include a non-core pretax gain of \$32 million (\$15 million after taxes and noncontrolling interests) on the sale of an apartment property owned and managed by a subsidiary of Great American Insurance Company. Results in the comparable year period also include a non-core pretax gain of \$51 million (\$26 million after taxes and noncontrolling interests) on the sale of Le Pavillon Hotel.

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 over \$50 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

## **Forward Looking Statements**

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

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets; AFG's ability to estimate accurately the likelihood, magnitude and timing of any losses in connection with investments in the non-agency residential mortgage market; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; the possibility that the proposal to acquire all shares of National Interstate Corporation that are not currently owned by AFG's wholly-owned subsidiary, Great American Insurance Company is not consummated; regulatory actions (including changes in statutory accounting rules);

changes in the legal environment affecting AFG or its customers; tax law and accounting changes; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; trends in persistency, mortality and morbidity; 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 our operating subsidiaries; the impact of the conditions in the international financial markets and the global economy (including those associated with the United Kingdom's expected withdrawal from the European Union, or "Brexit") relating to our international operations; and other factors identified in our filings with the Securities and Exchange Commission.

The forward-looking statements herein are made only as of the date of this press release. The Company assumes no obligation to publicly update any forward-looking statements.

### **Conference Call**

The Company will hold a conference call to discuss 2016 second quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, August 3, 2016. 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 47224666. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on August 10, 2016. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 47224666.

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

The archived webcast will be available immediately after the call via the same link on the **Investor Relations** page until August 10, 2016 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

### **Contact:**

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

### **Websites:**

[www.AFGinc.com](http://www.AFGinc.com)  
[www.GreatAmericanInsuranceGroup.com](http://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](http://www.AFGinc.com).

AFG16-15

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

	Three months ended		Six months ended	
	June 30,	2015	June 30,	2015
	2016		2016	
<b>Revenues</b>				
P&C insurance net earned premiums	\$1,027	\$ 985	\$2,025	\$1,931
Life, accident & health net earned premiums	6	27	12	52
Net investment income	423	404	834	792
Realized gains (losses) on:				
Securities	(16)	(1)	(34)	18
Subsidiaries	2	—	2	(162)
Income (loss) of managed investment entities:				
Investment income	48	38	93	72
Gain (loss) on change in fair value of assets/liabilities	11	(2)	(2)	(5)
Other income	80	92	126	142
<b>Total revenues</b>	<u>1,581</u>	<u>1,543</u>	<u>3,056</u>	<u>2,840</u>
<b>Costs and expenses</b>				
P&C insurance losses & expenses	1,035	939	1,950	1,828
Annuity, life, accident & health benefits & expenses	274	250	546	507
Interest charges on borrowed money	19	20	37	40
Expenses of managed investment entities	36	28	71	52
Other expenses	81	80	160	157
<b>Total costs and expenses</b>	<u>1,445</u>	<u>1,317</u>	<u>2,764</u>	<u>2,584</u>
Earnings before income taxes	136	226	292	256
Provision for income taxes <b>(b)</b>	73	77	125	82
Net earnings including noncontrolling interests	63	149	167	174
Less: Net earnings attributable to noncontrolling interests	9	8	12	14
Net earnings attributable to shareholders	<u>\$ 54</u>	<u>\$ 141</u>	<u>\$ 155</u>	<u>\$ 160</u>
Diluted Earnings per Common Share	<u>\$ 0.62</u>	<u>\$ 1.57</u>	<u>\$ 1.76</u>	<u>\$ 1.79</u>
Average number of diluted shares	88.4	89.5	88.4	89.4

<u>Selected Balance Sheet Data:</u>	June 30,	December 31,
	2016	2015
Total cash and investments	\$40,639	\$ 37,736
Long-term debt <b>(c)</b>	\$ 998	\$ 998
Shareholders' equity <b>(d)</b>	\$ 5,000	\$ 4,592
Shareholders' equity (excluding unrealized gains/losses on fixed maturities) <b>(d)</b>	\$ 4,361	\$ 4,314
Book Value Per Share	\$ 57.57	\$ 52.50
Book Value Per Share (excluding unrealized gains/losses on fixed maturities)	\$ 50.22	\$ 49.33
Common Shares Outstanding	86.9	87.5

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

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

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change	
	2016	2015		2016	2015		
<b>Gross written premiums</b>	<u>\$1,398</u>	<u>\$1,318</u>	6%	<u>\$2,641</u>	<u>\$2,514</u>	5%	
<b>Net written premiums</b>	<u>\$1,056</u>	<u>\$1,026</u>	3%	<u>\$2,035</u>	<u>\$1,952</u>	4%	
<b>Ratios (GAAP):</b>							
<b>Loss &amp; LAE ratio</b>	61.2%	61.0%		59.8%	60.9%		
<b>Underwriting expense ratio</b>	<u>32.7%</u>	<u>33.9%</u>		<u>32.9%</u>	<u>33.3%</u>		
<b>Specialty Combined Ratio</b>	<u>93.9%</u>	<u>94.9%</u>		<u>92.7%</u>	<u>94.2%</u>		
<b>Combined Ratio – P&amp;C Segment</b>	<u>100.3%</u>	<u>94.9%</u>		<u>95.9%</u>	<u>94.2%</u>		
<b>Supplemental Information:(e)</b>							
<b>Gross Written Premiums:</b>							
Property & Transportation	\$ 538	\$ 500	8%	\$ 936	\$ 876	7%	
Specialty Casualty	688	661	4%	1,386	1,344	3%	
Specialty Financial	172	157	10%	319	294	9%	
	<u>\$1,398</u>	<u>\$1,318</u>	6%	<u>\$2,641</u>	<u>\$2,514</u>	5%	
<b>Net Written Premiums:</b>							
Property & Transportation	\$ 382	\$ 362	6%	\$ 693	\$ 650	7%	
Specialty Casualty	503	503	—	1,022	1,004	2%	
Specialty Financial	144	136	6%	269	251	7%	
Other	27	25	8%	51	47	9%	
	<u>\$1,056</u>	<u>\$1,026</u>	3%	<u>\$2,035</u>	<u>\$1,952</u>	4%	
<b>Combined Ratio (GAAP):</b>							
Property & Transportation	95.9%	104.0%		93.4%	101.0%		
Specialty Casualty	95.3%	92.7%		94.8%	93.4%		
Specialty Financial	84.4%	81.0%		83.5%	81.4%		
Aggregate Specialty Group	93.9%	94.9%		92.7%	94.2%		
<b>Reserve Development (Favorable)/Adverse:</b>							
				Three months ended June 30,		Six months ended June 30,	
				2016	2015	2016	2015
Property & Transportation				\$ (12)	\$ 6	\$ (29)	\$ 9
Specialty Casualty				(10)	(7)	(14)	(7)
Specialty Financial				(7)	(8)	(11)	(17)
Other Specialty				(1)	(2)	(3)	(3)
<b>Specialty Group Excluding Neon Charge</b>				(30)	(11)	(57)	(18)
Neon Exited Lines Charge and Other				58	1	57	1
<b>Total Reserve Development</b>				<u>\$ 28</u>	<u>\$ (10)</u>	<u>\$ —</u>	<u>\$ (17)</u>
<b>Points on Combined Ratio:</b>							
Property & Transportation				(3.2)	1.7	(4.1)	1.4
Specialty Casualty				(2.0)	(1.4)	(1.4)	(0.8)
Specialty Financial				(4.6)	(6.2)	(4.0)	(6.7)
Aggregate Specialty Group				(2.9)	(1.1)	(2.8)	(1.0)
Total P&C Segment				2.7	(1.1)	0.1	(1.0)

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

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

**Components of Statutory Premiums**

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2016	2015		2016	2015	
<b><u>Annuity Premiums:</u></b>						
Financial Institutions Single Premium	\$ 607	\$ 417	46%	\$ 1,260	\$ 811	55%
Retail Single Premium	435	422	3%	1,001	783	28%
Education Market	45	49	(8%)	102	96	6%
Variable Annuities	11	11	—	20	22	(9%)
Total Annuity Premiums	<u>\$ 1,098</u>	<u>\$ 899</u>	22%	<u>\$ 2,383</u>	<u>\$ 1,712</u>	39%

**Components of Operating Earnings Before Income Taxes**

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2016	2015		2016	2015	
<b>Revenues:</b>						
Net investment income	\$ 344	\$ 306	12%	\$ 659	\$ 598	10%
Other income	24	24	—	50	51	(2%)
Total revenues	368	330	12%	709	649	9%
<b>Costs and Expenses:</b>						
Annuity benefits	223	151	48%	451	335	35%
Acquisition expenses	40	62	(35%)	74	99	(25%)
Other expenses	29	29	—	55	52	6%
Total costs and expenses	292	242	21%	580	486	19%
Operating earnings before income taxes	<u>\$ 76</u>	<u>\$ 88</u>	(14%)	<u>\$ 129</u>	<u>\$ 163</u>	(21%)

**Supplemental Fixed Annuity Information**

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2016	2015		2016	2015	
Operating earnings before impact of fair value accounting on FIAs	\$ 102	\$ 77	32%	\$ 186	\$ 169	10%
Impact of fair value accounting	(26)	11	nm	(57)	(6)	nm
Operating earnings before income taxes	<u>\$ 76</u>	<u>\$ 88</u>	(14%)	<u>\$ 129</u>	<u>\$ 163</u>	(21%)
Average Fixed Annuity Reserves*	\$27,861	\$24,474	14%	\$27,398	\$24,113	14%
Net Interest Spread*	2.84%	2.77%		2.69%	2.72%	
Net Spread Earned Before Impact of Fair Value Accounting*	1.45%	1.21%		1.33%	1.35%	
Net Spread Earned After Impact of Fair Value Accounting*	1.08%	1.39%		0.91%	1.30%	

\* Excludes fixed annuity portion of variable annuity business.

**AMERICAN FINANCIAL GROUP, INC.**  
**Notes to Financial Schedules**

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

	Three months ended		Six months ended	
	June 30,	2015	June 30,	2015
	2016		2016	
<u>Core Operating Earnings before Income Taxes:</u>				
P&C insurance segment	\$ 139	\$ 121	\$ 297	\$ 250
Annuity segment, before impact of fair value accounting	102	77	186	169
Impact of fair value accounting	(26)	11	(57)	(6)
Run-off long-term care and life segment	—	4	(1)	8
Interest and other corporate expenses	(38)	(39)	(78)	(80)
Core operating earnings before income taxes	177	174	347	341
Related income taxes	64	59	123	114
Core net operating earnings	<u>\$ 113</u>	<u>\$ 115</u>	<u>\$ 224</u>	<u>\$ 227</u>

b) Excluding the impact of the Neon Exited Lines Charge that was reported in the second quarter of 2016, AFG's effective tax rate for the quarter and six months ended June 30, 2016 was 36% and 35%, respectively. AFG maintains a full valuation allowance against the deferred tax benefits associated with losses related to AFG's specialist Lloyd's insurance business, Neon (formerly known as Marketform).

c) December 2015 and prior periods have been adjusted for adoption of FASB Accounting Standard Update 2015-03, which impacted the presentation of debt issue costs and long-term debt. The impact of this adjustment was to reduce the carrying value of long-term debt on AFG's balance sheet by \$22 million at December 31, 2015, from amounts originally reported. Adjustments to the income statement increased interest charges on borrowed money by \$1 million for the three and six months ended June 30, 2015.

d) Shareholders' Equity at June 30, 2016 includes \$639 million (\$7.35 per share) in unrealized after-tax gains on fixed maturities. Shareholder's Equity at December 31, 2015 includes \$278 million (\$3.17 per share) in unrealized after-tax gains on fixed maturities.

e) Supplemental Notes:

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



**American Financial Group, Inc.**  
**Investor Supplement - Second Quarter 2016**

**August 2, 2016**

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					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
<b>Highlights</b>							
Net earnings	\$ 54	\$ 101	\$ 129	\$ 63	\$ 141	\$ 155	\$ 160
Core net operating earnings	113	111	136	123	115	224	227
Total assets	52,733	51,038	49,837	50,540	49,403	52,733	49,403
Adjusted shareholders' equity (a)	4,361	4,329	4,314	4,279	4,345	4,361	4,345
Property and Casualty net written premiums	1,056	979	1,056	1,319	1,026	2,035	1,952
Annuity statutory premiums	1,098	1,285	1,107	1,321	899	2,383	1,712
<b>Per share data</b>							
Diluted earnings per share	\$ 0.62	\$ 1.14	\$ 1.45	\$ 0.71	\$ 1.57	\$ 1.76	\$ 1.79
Core net operating earnings per share	1.28	1.25	1.52	1.38	1.28	2.53	2.54
Adjusted book value per share (a)	50.22	49.77	49.33	49.01	49.63	50.22	49.63
Cash dividends per common share	0.280	0.280	1.280	0.250	0.250	0.560	0.500
<b>Financial ratios</b>							
Annualized return on equity (b)	5.1%	9.4%	12.1%	5.9%	13.4%	7.2%	7.6%
Annualized core operating return on equity (b)	10.5%	10.3%	12.7%	11.6%	10.9%	10.4%	10.9%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	61.2%	58.3%	61.8%	64.5%	61.0%	59.8%	60.9%
Underwriting expense ratio	32.7%	33.0%	29.2%	28.4%	33.9%	32.9%	33.3%
Combined ratio - Specialty	<u>93.9%</u>	<u>91.3%</u>	<u>91.0%</u>	<u>92.9%</u>	<u>94.9%</u>	<u>92.7%</u>	<u>94.2%</u>
Net spread on fixed annuities:							
Net interest spread	2.84%	2.54%	2.53%	2.80%	2.77%	2.69%	2.72%
Net spread earned:							
Before impact of fair value accounting	1.45%	1.20%	1.31%	1.37%	1.21%	1.33%	1.35%
Impact of fair value accounting (c)	(0.37%)	(0.46%)	0.08%	(0.35%)	0.18%	(0.42%)	(0.05%)
After impact of fair value accounting	<u>1.08%</u>	<u>0.74%</u>	<u>1.39%</u>	<u>1.02%</u>	<u>1.39%</u>	<u>0.91%</u>	<u>1.30%</u>

- (a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 18.  
(b) Excludes accumulated other comprehensive income.  
(c) Change in fair value of derivatives offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Property and Casualty Insurance							
Underwriting profit	\$ 62	\$ 87	\$ 100	\$ 82	\$ 50	\$ 149	\$ 110
Net investment income	89	83	74	83	83	172	162
Other expense	(12)	(12)	(11)	(12)	(12)	(24)	(22)
Property and Casualty Insurance operating earnings	139	158	163	153	121	297	250
Annuity earnings	76	53	101	67	88	129	163
Run-off Long-Term Care and Life (losses)/earnings	—	(1)	—	6	4	(1)	8
Interest expense of parent holding companies (a)	(19)	(18)	(16)	(18)	(20)	(37)	(39)
Other expense (a)	(19)	(22)	(29)	(19)	(19)	(41)	(41)
Pre-tax core operating earnings	177	170	219	189	174	347	341
Income tax expense	64	59	83	66	59	123	114
<b>Core net operating earnings</b>	<b>113</b>	<b>111</b>	<b>136</b>	<b>123</b>	<b>115</b>	<b>224</b>	<b>227</b>
Non-core items, net of tax:							
Gain (loss) on sale of subsidiaries	1	—	(3)	—	—	1	(105)
Gain on sale of hotel and apartment properties	15	—	10	—	26	15	26
Other realized gains (losses)	(10)	(10)	(14)	(6)	—	(20)	12
Neon exited lines charge	(65)	—	—	—	—	(65)	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(44)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(8)	—	—	—
Other	—	—	—	(2)	—	—	—
<b>Net earnings</b>	<b>\$ 54</b>	<b>\$ 101</b>	<b>\$ 129</b>	<b>\$ 63</b>	<b>\$ 141</b>	<b>\$ 155</b>	<b>\$ 160</b>

(a) December 2015 and prior periods have been adjusted for adoption of FASB Accounting Standard Update 2015-03, which impacted the presentation of debt issue costs and long-term debt.

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
<b>Core net operating earnings</b>	<u>\$ 113</u>	<u>\$ 111</u>	<u>\$ 136</u>	<u>\$ 123</u>	<u>\$ 115</u>	<u>\$ 224</u>	<u>\$ 227</u>
<b>Net earnings</b>	<u>\$ 54</u>	<u>\$ 101</u>	<u>\$ 129</u>	<u>\$ 63</u>	<u>\$ 141</u>	<u>\$ 155</u>	<u>\$ 160</u>
Average number of diluted shares	88.390	88.495	89.228	89.343	89.503	88.443	89.440
<u>Diluted earnings per share:</u>							
<b>Core net operating earnings per share</b>	<u>\$ 1.28</u>	<u>\$ 1.25</u>	<u>\$ 1.52</u>	<u>\$ 1.38</u>	<u>\$ 1.28</u>	<u>\$ 2.53</u>	<u>\$ 2.54</u>
Gain (loss) on sale of subsidiaries	0.01	—	(0.03)	—	—	0.01	(1.18)
Gain on sale of hotel and apartment properties	0.17	—	0.11	—	0.29	0.17	0.29
Other realized gains (losses)	(0.11)	(0.11)	(0.15)	(0.06)	—	(0.22)	0.14
Neon exited lines charge	(0.73)	—	—	—	—	(0.73)	—
Significant A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(0.49)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(0.09)	—	—	—
Other	—	—	—	(0.03)	—	—	—
<b>Diluted earnings per share</b>	<u>\$ 0.62</u>	<u>\$ 1.14</u>	<u>\$ 1.45</u>	<u>\$ 0.71</u>	<u>\$ 1.57</u>	<u>\$ 1.76</u>	<u>\$ 1.79</u>

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Property and Transportation	\$ 15	\$ 32	\$ 34	\$ 20	\$ (13)	\$ 47	\$ (6)
Specialty Casualty	23	29	50	31	37	52	65
Specialty Financial	22	23	15	26	24	45	46
Other Specialty	3	2	1	7	3	5	6
<b>Underwriting profit - Specialty</b>	<b>63</b>	<b>86</b>	<b>100</b>	<b>84</b>	<b>51</b>	<b>149</b>	<b>111</b>
Other core charges, included in loss and LAE	1	(1)	—	2	1	—	1
<b>Underwriting profit - Core</b>	<b>62</b>	<b>87</b>	<b>100</b>	<b>82</b>	<b>50</b>	<b>149</b>	<b>110</b>
Special A&E charges, included in loss and LAE	—	—	—	(67)	—	—	—
Neon exited lines charge, included in loss and LAE	(57)	—	—	—	—	(57)	—
Neon exited lines charge, included in underwriting expenses	(8)	—	—	—	—	(8)	—
<b>Underwriting profit (loss) - Property and Casualty Insurance</b>	<b>\$ (3)</b>	<b>\$ 87</b>	<b>\$ 100</b>	<b>\$ 15</b>	<b>\$ 50</b>	<b>\$ 84</b>	<b>\$ 110</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	21	8	9	10	10	29	16
Total current accident year catastrophe losses	\$ 21	\$ 8	\$ 9	\$ 10	\$ 10	\$ 29	\$ 16
Prior year loss reserve development (favorable) / adverse	\$ 28	\$ (28)	\$ (5)	\$ 55	\$ (10)	\$ —	\$ (17)
Combined ratio:							
Property and Transportation	95.9%	90.6%	92.4%	96.2%	104.0%	93.4%	101.0%
Specialty Casualty	95.3%	94.3%	90.2%	93.8%	92.7%	94.8%	93.4%
Specialty Financial	84.4%	82.6%	88.7%	80.6%	81.0%	83.5%	81.4%
Other Specialty	89.2%	89.7%	97.1%	67.3%	88.0%	89.4%	88.6%
<b>Combined ratio - Specialty</b>	<b>93.9%</b>	<b>91.3%</b>	<b>91.0%</b>	<b>92.9%</b>	<b>94.9%</b>	<b>92.7%</b>	<b>94.2%</b>
Other core charges	0.1%	(0.1%)	0.0%	0.1%	0.0%	0.0%	0.0%
Neon exited lines charge, loss and LAE	5.5%	0.0%	0.0%	0.0%	0.0%	2.8%	0.0%
Neon exited lines charge, underwriting expenses	0.8%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%
Special A&E charges	0.0%	0.0%	0.0%	5.7%	0.0%	0.0%	0.0%
<b>Combined ratio</b>	<b>100.3%</b>	<b>91.2%</b>	<b>91.0%</b>	<b>98.7%</b>	<b>94.9%</b>	<b>95.9%</b>	<b>94.2%</b>
Combined ratio excl. catastrophe and prior year development	94.8%	93.2%	90.6%	93.2%	95.0%	94.1%	94.4%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	62.1%	60.2%	61.4%	64.8%	61.1%	61.2%	61.1%
Prior accident year loss reserve development	2.7%	(2.8%)	(0.4%)	4.6%	(1.1%)	0.1%	(1.0%)
Current accident year catastrophe loss	2.0%	0.8%	0.8%	0.9%	1.0%	1.4%	0.8%
<b>Loss and LAE ratio</b>	<b>66.8%</b>	<b>58.2%</b>	<b>61.8%</b>	<b>70.3%</b>	<b>61.0%</b>	<b>62.7%</b>	<b>60.9%</b>

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Gross written premiums	\$ 1,398	\$ 1,243	\$ 1,356	\$ 1,962	\$ 1,318	\$ 2,641	\$ 2,514
Ceded reinsurance premiums	(342)	(264)	(300)	(643)	(292)	(606)	(562)
Net written premiums	1,056	979	1,056	1,319	1,026	2,035	1,952
Change in unearned premiums	(29)	19	64	(146)	(41)	(10)	(21)
Net earned premiums	1,027	998	1,120	1,173	985	2,025	1,931
Loss and LAE	629	582	693	756	600	1,211	1,176
Underwriting expense	335	330	327	333	334	665	644
<b>Underwriting profit</b>	<b>\$ 63</b>	<b>\$ 86</b>	<b>\$ 100</b>	<b>\$ 84</b>	<b>\$ 51</b>	<b>\$ 149</b>	<b>\$ 111</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	21	8	9	10	10	29	16
Total current accident year catastrophe losses	\$ 21	\$ 8	\$ 9	\$ 10	\$ 10	\$ 29	\$ 16
Prior year loss reserve development (favorable) / adverse	\$ (30)	\$ (27)	\$ (5)	\$ (14)	\$ (11)	\$ (57)	\$ (18)
Combined ratio:							
Loss and LAE ratio	61.2%	58.3%	61.8%	64.5%	61.0%	59.8%	60.9%
Underwriting expense ratio	32.7%	33.0%	29.2%	28.4%	33.9%	32.9%	33.3%
<b>Combined ratio</b>	<b>93.9%</b>	<b>91.3%</b>	<b>91.0%</b>	<b>92.9%</b>	<b>94.9%</b>	<b>92.7%</b>	<b>94.2%</b>
Combined ratio excl. catastrophe and prior year development	94.8%	93.2%	90.6%	93.2%	95.0%	94.1%	94.4%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.1%	60.2%	61.4%	64.8%	61.1%	61.2%	61.1%
Prior accident year loss reserve development	(2.9%)	(2.7%)	(0.4%)	(1.2%)	(1.1%)	(2.8%)	(1.0%)
Current accident year catastrophe loss	2.0%	0.8%	0.8%	0.9%	1.0%	1.4%	0.8%
<b>Loss and LAE ratio</b>	<b>61.2%</b>	<b>58.3%</b>	<b>61.8%</b>	<b>64.5%</b>	<b>61.0%</b>	<b>59.8%</b>	<b>60.9%</b>

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Gross written premiums	\$ 538	\$ 398	\$ 515	\$ 1,064	\$ 500	\$ 936	\$ 876
Ceded reinsurance premiums	(156)	(87)	(137)	(456)	(138)	(243)	(226)
Net written premiums	382	311	378	608	362	693	650
Change in unearned premiums	(17)	28	64	(91)	(35)	11	(10)
Net earned premiums	365	339	442	517	327	704	640
Loss and LAE	245	211	317	391	240	456	451
Underwriting expense	105	96	91	106	100	201	195
<b>Underwriting profit (loss)</b>	<b>\$ 15</b>	<b>\$ 32</b>	<b>\$ 34</b>	<b>\$ 20</b>	<b>\$ (13)</b>	<b>\$ 47</b>	<b>\$ (6)</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	12	6	3	7	7	18	11
Total current accident year catastrophe losses	\$ 12	\$ 6	\$ 3	\$ 7	\$ 7	\$ 18	\$ 11
Prior year loss reserve development (favorable) / adverse	\$ (12)	\$ (17)	\$ 8	\$ (2)	\$ 6	\$ (29)	\$ 9
Combined ratio:							
Loss and LAE ratio	67.0%	62.2%	71.7%	75.7%	73.2%	64.7%	70.5%
Underwriting expense ratio	28.9%	28.4%	20.7%	20.5%	30.8%	28.7%	30.5%
<b>Combined ratio</b>	<b>95.9%</b>	<b>90.6%</b>	<b>92.4%</b>	<b>96.2%</b>	<b>104.0%</b>	<b>93.4%</b>	<b>101.0%</b>
Combined ratio excl. catastrophe and prior year development	95.8%	94.1%	89.9%	95.1%	100.2%	95.0%	97.9%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	66.9%	65.7%	69.2%	74.6%	69.4%	66.3%	67.4%
Prior accident year loss reserve development	(3.2%)	(5.2%)	1.8%	(0.4%)	1.7%	(4.1%)	1.4%
Current accident year catastrophe loss	3.3%	1.7%	0.7%	1.5%	2.1%	2.5%	1.7%
<b>Loss and LAE ratio</b>	<b>67.0%</b>	<b>62.2%</b>	<b>71.7%</b>	<b>75.7%</b>	<b>73.2%</b>	<b>64.7%</b>	<b>70.5%</b>

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Gross written premiums	\$ 688	\$ 698	\$ 661	\$ 734	\$ 661	\$ 1,386	\$ 1,344
Ceded reinsurance premiums	(185)	(179)	(158)	(189)	(158)	(364)	(340)
Net written premiums	503	519	503	545	503	1,022	1,004
Change in unearned premiums	(6)	(17)	12	(42)	—	(23)	(11)
Net earned premiums	497	502	515	503	503	999	993
Loss and LAE	329	313	315	323	311	642	627
Underwriting expense	145	160	150	149	155	305	301
<b>Underwriting profit</b>	<b>\$ 23</b>	<b>\$ 29</b>	<b>\$ 50</b>	<b>\$ 31</b>	<b>\$ 37</b>	<b>\$ 52</b>	<b>\$ 65</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	3	1	1	1	1	4	2
Total current accident year catastrophe losses	\$ 3	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ 2
Prior year loss reserve development (favorable) / adverse	\$ (10)	\$ (4)	\$ (7)	\$ 3	\$ (7)	\$ (14)	\$ (7)
Combined ratio:							
Loss and LAE ratio	66.1%	62.4%	61.1%	64.2%	61.9%	64.2%	63.1%
Underwriting expense ratio	29.2%	31.9%	29.1%	29.6%	30.8%	30.6%	30.3%
<b>Combined ratio</b>	<b>95.3%</b>	<b>94.3%</b>	<b>90.2%</b>	<b>93.8%</b>	<b>92.7%</b>	<b>94.8%</b>	<b>93.4%</b>
Combined ratio excl. catastrophe and prior year development	96.6%	94.9%	91.4%	92.9%	94.0%	95.8%	94.0%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	67.4%	63.0%	62.3%	63.3%	63.2%	65.2%	63.7%
Prior accident year loss reserve development	(2.0%)	(0.7%)	(1.4%)	0.6%	(1.4%)	(1.4%)	(0.8%)
Current accident year catastrophe loss	0.7%	0.1%	0.2%	0.3%	0.1%	0.4%	0.2%
<b>Loss and LAE ratio</b>	<b>66.1%</b>	<b>62.4%</b>	<b>61.1%</b>	<b>64.2%</b>	<b>61.9%</b>	<b>64.2%</b>	<b>63.1%</b>



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Gross written premiums	\$ 172	\$ 147	\$ 179	\$ 164	\$ 157	\$ 319	\$ 294
Ceded reinsurance premiums	(28)	(22)	(27)	(27)	(21)	(50)	(43)
Net written premiums	144	125	152	137	136	269	251
Change in unearned premiums	(5)	7	(15)	(6)	(7)	2	(2)
Net earned premiums	139	132	137	131	129	271	249
Loss and LAE	42	45	46	36	36	87	72
Underwriting expense	75	64	76	69	69	139	131
<b>Underwriting profit</b>	<b>\$ 22</b>	<b>\$ 23</b>	<b>\$ 15</b>	<b>\$ 26</b>	<b>\$ 24</b>	<b>\$ 45</b>	<b>\$ 46</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	3	1	5	1	2	4	3
Total current accident year catastrophe losses	\$ 3	\$ 1	\$ 5	\$ 1	\$ 2	\$ 4	\$ 3
Prior year loss reserve development (favorable) / adverse	\$ (7)	\$ (4)	\$ (5)	\$ (8)	\$ (8)	\$ (11)	\$ (17)
Combined ratio:							
Loss and LAE ratio	30.1%	34.0%	32.8%	27.7%	27.7%	32.0%	29.0%
Underwriting expense ratio	54.3%	48.6%	55.9%	52.9%	53.3%	51.5%	52.4%
<b>Combined ratio</b>	<b>84.4%</b>	<b>82.6%</b>	<b>88.7%</b>	<b>80.6%</b>	<b>81.0%</b>	<b>83.5%</b>	<b>81.4%</b>
Combined ratio excl. catastrophe and prior year development	87.0%	84.8%	88.8%	85.8%	85.2%	85.9%	86.8%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	32.7%	36.2%	32.9%	32.9%	31.9%	34.4%	34.4%
Prior accident year loss reserve development	(4.6%)	(3.3%)	(3.6%)	(5.8%)	(6.2%)	(4.0%)	(6.7%)
Current accident year catastrophe loss	2.0%	1.1%	3.5%	0.6%	2.0%	1.6%	1.3%
<b>Loss and LAE ratio</b>	<b>30.1%</b>	<b>34.0%</b>	<b>32.8%</b>	<b>27.7%</b>	<b>27.7%</b>	<b>32.0%</b>	<b>29.0%</b>



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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Gross written premiums	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	27	24	22	29	25	51	47
Net written premiums	27	24	23	29	25	51	47
Change in unearned premiums	(1)	1	3	(7)	1	—	2
Net earned premiums	26	25	26	22	26	51	49
Loss and LAE	13	13	15	6	13	26	26
Underwriting expense	10	10	10	9	10	20	17
<b>Underwriting profit</b>	<b>\$ 3</b>	<b>\$ 2</b>	<b>\$ 1</b>	<b>\$ 7</b>	<b>\$ 3</b>	<b>\$ 5</b>	<b>\$ 6</b>
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	3	—	—	1	—	3	—
Total current accident year catastrophe losses	\$ 3	\$ —	\$ —	\$ 1	\$ —	\$ 3	\$ —
Prior year loss reserve development (favorable) / adverse	\$ (1)	\$ (2)	\$ (1)	\$ (7)	\$ (2)	\$ (3)	\$ (3)
Combined ratio:							
Loss and LAE ratio	52.5%	52.1%	61.0%	29.4%	52.4%	52.3%	53.4%
Underwriting expense ratio	36.7%	37.6%	36.1%	37.9%	35.6%	37.1%	35.2%
<b>Combined ratio</b>	<b>89.2%</b>	<b>89.7%</b>	<b>97.1%</b>	<b>67.3%</b>	<b>88.0%</b>	<b>89.4%</b>	<b>88.6%</b>
Combined ratio excl. catastrophe and prior year development	86.4%	96.0%	98.1%	97.6%	93.2%	91.1%	94.8%

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Net investment income	\$ 344	\$ 315	\$ 309	\$ 317	\$ 306	\$ 659	\$ 598
Guaranteed withdrawal benefit fees	13	12	12	11	10	25	20
Policy charges and other miscellaneous income	11	14	11	13	14	25	31
Total revenues	368	341	332	341	330	709	649
Annuity benefits expense	223	228	189	208	151	451	335
Acquisition expenses	40	34	20	44	62	74	99
Other expenses	29	26	22	22	29	55	52
Total costs and expenses	292	288	231	274	242	580	486
<b>Annuity earnings before income taxes</b>	<b>\$ 76</b>	<b>\$ 53</b>	<b>\$ 101</b>	<b>\$ 67</b>	<b>\$ 88</b>	<b>\$ 129</b>	<b>\$ 163</b>
<b>Detail of Annuity earnings before income taxes</b>							
Earnings before income taxes and impact of fair value accounting	\$ 102	\$ 84	\$ 96	\$ 89	\$ 77	\$ 186	\$ 169
Impact of fair value accounting (a)	(26)	(31)	5	(22)	11	(57)	(6)
<b>Annuity earnings before income taxes</b>	<b>\$ 76</b>	<b>\$ 53</b>	<b>\$ 101</b>	<b>\$ 67</b>	<b>\$ 88</b>	<b>\$ 129</b>	<b>\$ 163</b>

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

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
<b>Detail of annuity benefits expense:</b>							
Interest credited - fixed	\$ 142	\$ 139	\$ 138	\$ 135	\$ 131	\$ 281	\$ 259
Interest credited - fixed component of variable annuities	2	1	1	2	2	3	3
Change in expected death and annuitization reserve	4	5	5	5	5	9	9
Amortization of sales inducements	6	5	6	6	7	11	14
Guaranteed withdrawal benefit reserve (a)	15	16	15	20	16	31	28
Change in other benefit reserves	8	5	5	3	12	13	14
Unlockings (b)	—	—	19	—	—	—	—
Subtotal before impact of fair value accounting	177	171	189	171	173	348	327
Embedded derivative mark-to-market (c)	62	17	88	(130)	(19)	79	31
Equity option mark-to-market	(16)	40	(88)	167	(3)	24	(23)
Subtotal impact of fair value accounting	46	57	—	37	(22)	103	8
<b>Total annuity benefits expense</b>	<b>\$ 223</b>	<b>\$ 228</b>	<b>\$ 189</b>	<b>\$ 208</b>	<b>\$ 151</b>	<b>\$ 451</b>	<b>\$ 335</b>

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

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



	Three Months Ended				Six Months Ended		
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/15	
Average fixed annuity investments (at amortized cost)	\$27,964	\$27,186	\$26,401	\$25,642	\$24,711	\$27,575	\$24,327
Average annuity benefits accumulated	27,861	26,935	26,048	25,316	24,474	27,398	24,113
Investments in excess of annuity benefits accumulated	\$ 103	\$ 251	\$ 353	\$ 326	\$ 237	\$ 177	\$ 214
<b>As % of average annuity benefits accumulated (except as noted).</b>							
Net investment income (as % of investments)	4.88%	4.60%	4.65%	4.92%	4.91%	4.74%	4.87%
Interest credited	(2.04%)	(2.06%)	(2.12%)	(2.12%)	(2.14%)	(2.05%)	(2.15%)
<b>Net interest spread on fixed annuities</b>	<b>2.84%</b>	<b>2.54%</b>	<b>2.53%</b>	<b>2.80%</b>	<b>2.77%</b>	<b>2.69%</b>	<b>2.72%</b>
Policy charges and other miscellaneous income	0.13%	0.16%	0.15%	0.16%	0.17%	0.15%	0.20%
Other annuity benefit expenses, net	(0.30%)	(0.27%)	(0.31%)	(0.36%)	(0.49%)	(0.28%)	(0.37%)
Acquisition expenses	(0.55%)	(0.47%)	(0.75%)	(0.65%)	(0.98%)	(0.51%)	(0.79%)
Other expenses	(0.38%)	(0.38%)	(0.32%)	(0.34%)	(0.43%)	(0.38%)	(0.39%)
Change in fair value of derivatives	(0.66%)	(0.84%)	0.02%	(0.59%)	0.35%	(0.76%)	(0.07%)
Unlockings	0.00%	0.00%	0.07%	0.00%	0.00%	0.00%	0.00%
<b>Net spread earned on fixed annuities</b>	<b>1.08%</b>	<b>0.74%</b>	<b>1.39%</b>	<b>1.02%</b>	<b>1.39%</b>	<b>0.91%</b>	<b>1.30%</b>
Average annuity benefits accumulated	\$27,861	\$26,935	\$26,048	\$25,316	\$24,474	\$27,398	\$24,113
Net spread earned on fixed annuities	1.08%	0.74%	1.39%	1.02%	1.39%	0.91%	1.30%
<b>Earnings on fixed annuity benefits accumulated</b>	<b>\$ 75</b>	<b>\$ 50</b>	<b>\$ 91</b>	<b>\$ 65</b>	<b>\$ 85</b>	<b>\$ 125</b>	<b>\$ 157</b>
Investments in excess of annuity benefits accumulated	\$ 103	\$ 251	\$ 353	\$ 326	\$ 237	\$ 177	\$ 214
Net investment income (as % of investments)	4.88%	4.60%	4.65%	4.92%	4.91%	4.74%	4.87%
<b>Earnings on investments in excess of annuity benefits accumulated</b>	<b>\$ 1</b>	<b>\$ 3</b>	<b>\$ 4</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ 4</b>	<b>\$ 5</b>
<b>Variable annuity earnings</b>	<b>—</b>	<b>—</b>	<b>6</b>	<b>(2)</b>	<b>—</b>	<b>—</b>	<b>1</b>
<b>Earnings before income taxes</b>	<b>\$ 76</b>	<b>\$ 53</b>	<b>\$ 101</b>	<b>\$ 67</b>	<b>\$ 88</b>	<b>\$ 129</b>	<b>\$ 163</b>
<b>Detail of net spread earned on fixed annuities</b>							
Net spread earned - before impact of fair value accounting	1.45%	1.20%	1.31%	1.37%	1.21%	1.33%	1.35%
Impact of fair value accounting (a)	(0.37%)	(0.46%)	0.08%	(0.35%)	0.18%	(0.42%)	(0.05%)
Net spread earned - after impact of fair value accounting	<b>1.08%</b>	<b>0.74%</b>	<b>1.39%</b>	<b>1.02%</b>	<b>1.39%</b>	<b>0.91%</b>	<b>1.30%</b>

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

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



	Three Months Ended				Six Months Ended		
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/15	
Retail single premium annuities - indexed	\$ 413	\$ 546	\$ 494	\$ 617	\$ 404	\$ 959	\$ 753
Retail single premium annuities - fixed	22	20	18	22	18	42	30
Financial institutions single premium annuities - indexed	507	534	462	554	369	1,041	725
Financial institutions single premium annuities - fixed	100	119	72	71	48	219	86
Education market - fixed and indexed annuities	45	57	51	47	49	102	96
<b>Subtotal fixed annuity premiums</b>	<b>1,087</b>	<b>1,276</b>	<b>1,097</b>	<b>1,311</b>	<b>888</b>	<b>2,363</b>	<b>1,690</b>
Variable annuities	11	9	10	10	11	20	22
<b>Total annuity premiums</b>	<b>\$1,098</b>	<b>\$1,285</b>	<b>\$1,107</b>	<b>\$1,321</b>	<b>\$ 899</b>	<b>\$2,383</b>	<b>\$1,712</b>

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



	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
Beginning fixed annuity reserves	\$27,499	\$26,371	\$25,725	\$24,906	\$24,042	\$26,371	\$23,462
Premiums	1,087	1,276	1,097	1,311	888	2,363	1,690
Federal Home Loan Bank advances	—	150	45	—	300	150	300
Surrenders, benefits and other withdrawals	(596)	(483)	(515)	(526)	(471)	(1,079)	(891)
Sale of subsidiaries	—	—	(261)	—	—	—	—
Interest and other annuity benefit expenses:							
Interest credited	142	139	138	135	131	281	259
Embedded derivative mark-to-market	62	17	88	(130)	(19)	79	31
Change in other benefit reserves	28	29	31	29	35	57	55
Unlockings	—	—	23	—	—	—	—
<b>Ending fixed annuity reserves</b>	<b>\$28,222</b>	<b>\$27,499</b>	<b>\$26,371</b>	<b>\$25,725</b>	<b>\$24,906</b>	<b>\$28,222</b>	<b>\$24,906</b>
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$28,222	\$27,499	\$26,371	\$25,725	\$24,906	\$28,222	\$24,906
Impact of unrealized investment gains on reserves	188	127	64	113	107	188	107
Fixed component of variable annuities	186	186	187	188	190	186	190
<b>Annuity benefits accumulated per balance sheet</b>	<b>\$28,596</b>	<b>\$27,812</b>	<b>\$26,622</b>	<b>\$26,026</b>	<b>\$25,203</b>	<b>\$28,596</b>	<b>\$25,203</b>
Annualized surrenders and other withdrawals as a % of beginning reserves	8.7%	7.3%	8.0%	8.4%	7.8%	8.2%	7.6%

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



	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	03/31/15
<b>Assets:</b>						
Total cash and investments	\$40,639	\$39,437	\$37,736	\$38,132	\$37,644	\$37,384
Recoverables from reinsurers	2,576	2,561	2,636	3,151	3,075	3,046
Prepaid reinsurance premiums	521	475	480	604	499	475
Agents' balances and premiums receivable	992	936	937	976	959	864
Deferred policy acquisition costs	881	1,055	1,184	993	965	756
Assets of managed investment entities	4,410	3,906	4,047	3,613	3,629	3,279
Other receivables	788	693	820	1,241	660	641
Variable annuity assets (separate accounts)	595	595	608	595	655	667
Other assets (a)	1,132	1,181	1,190	1,034	1,116	972
Goodwill	199	199	199	201	201	201
<b>Total assets</b>	<b>\$52,733</b>	<b>\$51,038</b>	<b>\$49,837</b>	<b>\$50,540</b>	<b>\$49,403</b>	<b>\$48,285</b>
<b>Liabilities and Equity:</b>						
Unpaid losses and loss adjustment expenses	\$ 8,203	\$ 8,108	\$ 8,127	\$ 8,061	\$ 7,744	\$ 7,636
Unearned premiums	2,109	2,051	2,060	2,238	2,004	1,936
Annuity benefits accumulated	28,596	27,812	26,622	26,026	25,203	24,411
Life, accident and health reserves	702	708	705	2,159	2,156	2,195
Payable to reinsurers	588	501	591	724	511	494
Liabilities of managed investment entities	4,192	3,656	3,781	3,287	3,309	2,952
Long-term debt (a)	998	998	998	863	1,003	1,039
Variable annuity liabilities (separate accounts)	595	595	608	595	655	667
Other liabilities	1,557	1,672	1,575	1,681	1,834	1,855
<b>Total liabilities</b>	<b>\$47,540</b>	<b>\$46,101</b>	<b>\$45,067</b>	<b>\$45,634</b>	<b>\$44,419</b>	<b>\$43,185</b>
<b>Shareholders' equity:</b>						
Common stock	\$ 87	\$ 87	\$ 87	\$ 87	\$ 88	\$ 88
Capital surplus	1,228	1,218	1,214	1,195	1,183	1,173
Unappropriated retained earnings	3,016	3,002	2,987	2,981	2,968	2,886
Unrealized gains - fixed maturities	639	426	278	445	457	656
Unrealized gains - equities	45	40	54	44	130	143
Other comprehensive income, net of tax	(15)	(18)	(28)	(28)	(24)	(23)
<b>Total shareholders' equity</b>	<b>5,000</b>	<b>4,755</b>	<b>4,592</b>	<b>4,724</b>	<b>4,802</b>	<b>4,923</b>
<b>Noncontrolling interests</b>	<b>193</b>	<b>182</b>	<b>178</b>	<b>182</b>	<b>182</b>	<b>177</b>
<b>Total liabilities and equity</b>	<b>\$52,733</b>	<b>\$51,038</b>	<b>\$49,837</b>	<b>\$50,540</b>	<b>\$49,403</b>	<b>\$48,285</b>

(a) December 2015 and prior periods have been adjusted for adoption of FASB Accounting Standard Update 2015-03, which impacted the presentation of debt issue costs and long-term debt.

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



	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	03/31/15
<b>Shareholders' equity</b>	<b>\$ 5,000</b>	<b>\$ 4,755</b>	<b>\$ 4,592</b>	<b>\$ 4,724</b>	<b>\$ 4,802</b>	<b>\$ 4,923</b>
Unrealized (gains) on fixed maturities	(639)	(426)	(278)	(445)	(457)	(656)
<b>Adjusted shareholders' equity</b>	<b>4,361</b>	<b>4,329</b>	<b>4,314</b>	<b>4,279</b>	<b>4,345</b>	<b>4,267</b>
Goodwill	(199)	(199)	(199)	(201)	(201)	(201)
Intangibles	(46)	(47)	(49)	(51)	(53)	(55)
<b>Tangible adjusted shareholders' equity</b>	<b>\$ 4,116</b>	<b>\$ 4,083</b>	<b>\$ 4,066</b>	<b>\$ 4,027</b>	<b>\$ 4,091</b>	<b>\$ 4,011</b>
Common shares outstanding	86.850	86.966	87.474	87.327	87.540	87.886
<b>Book value per share:</b>						
<b>Book value per share</b>	<b>\$ 57.57</b>	<b>\$ 54.67</b>	<b>\$ 52.50</b>	<b>\$ 54.10</b>	<b>\$ 54.86</b>	<b>\$ 56.01</b>
<b>Adjusted (a)</b>	<b>50.22</b>	<b>49.77</b>	<b>49.33</b>	<b>49.01</b>	<b>49.63</b>	<b>48.55</b>
<b>Tangible, adjusted (b)</b>	<b>47.41</b>	<b>46.94</b>	<b>46.49</b>	<b>46.12</b>	<b>46.73</b>	<b>45.63</b>
<b>Market capitalization</b>						
AFG's closing common share price	\$ 73.93	\$ 70.37	\$ 72.08	\$ 68.91	\$ 65.04	\$ 64.15
Market capitalization	\$ 6,421	\$ 6,120	\$ 6,305	\$ 6,018	\$ 5,694	\$ 5,638
Price / Adjusted book value ratio	1.47	1.41	1.46	1.41	1.31	1.32

(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)



	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	03/31/15
AFG senior obligations (a)	\$ 708	\$ 708	\$ 708	\$ 708	\$ 840	\$ 840
Borrowings drawn under credit facility	—	—	—	—	—	—
Obligations of subsidiaries - other	12	12	12	12	12	12
<b>Debt excluding subordinated debt &amp; debt secured by real estate</b>	<b>\$ 720</b>	<b>\$ 720</b>	<b>\$ 720</b>	<b>\$ 720</b>	<b>\$ 852</b>	<b>\$ 852</b>
AFG subordinated debentures	300	300	300	150	150	150
Obligations of subsidiaries - secured by real estate	—	—	—	10	22	59
<b>Total principal amount of long-term debt</b>	<b>\$1,020</b>	<b>\$1,020</b>	<b>\$1,020</b>	<b>\$ 880</b>	<b>\$1,024</b>	<b>\$1,061</b>
Shareholders' equity	5,000	4,755	4,592	4,724	4,802	4,923
Noncontrolling interests	193	182	178	182	182	177
Less:						
Unrealized gains related to fixed maturity investments	(639)	(426)	(278)	(445)	(457)	(656)
<b>Total adjusted capital</b>	<b>\$5,574</b>	<b>\$5,531</b>	<b>\$5,512</b>	<b>\$5,341</b>	<b>\$5,551</b>	<b>\$5,505</b>
Less:						
Obligations of subsidiaries - secured by real estate	—	—	—	(10)	(22)	(59)
<b>Total adjusted capital excluding obligations secured by real estate</b>	<b>\$5,574</b>	<b>\$5,531</b>	<b>\$5,512</b>	<b>\$5,331</b>	<b>\$5,529</b>	<b>\$5,446</b>
<b>Ratio of debt to total adjusted capital:</b>						
<b>Including subordinated debt &amp; debt secured by real estate</b>	<b>18.3%</b>	<b>18.4%</b>	<b>18.5%</b>	<b>16.5%</b>	<b>18.4%</b>	<b>19.3%</b>
<b>Excluding subordinated debt &amp; debt secured by real estate</b>	<b>12.9%</b>	<b>13.0%</b>	<b>13.1%</b>	<b>13.5%</b>	<b>15.4%</b>	<b>15.6%</b>

(a) December 2015 and prior periods have been adjusted for adoption of FASB Accounting Standard Update 2015-03, which impacted the presentation of debt issue costs and long-term debt.



	<b>Three Months Ended</b>					<b>Six Months Ended</b>	
	<u>06/30/16</u>	<u>03/31/16</u>	<u>12/31/15</u>	<u>09/30/15</u>	<u>06/30/15</u>	<u>06/30/16</u>	<u>06/30/15</u>
<b><u>Property and Casualty Insurance</u></b>							
Paid Losses (GAAP)	\$ 586	\$ 547	\$ 675	\$ 585	\$ 526	\$1,133	\$1,143
<b><u>Statutory Surplus</u></b>							
Property and Casualty Insurance	\$2,601	\$2,574	\$2,488	\$2,356	\$2,399	\$2,340	
AFG's principal annuity subsidiaries (total adjusted capital)	\$2,089	\$2,032	\$1,918	\$1,816	\$1,911	\$1,861	
<b><u>Allowable dividends without regulatory approval</u></b>							
Property and Casualty Insurance	\$ 434	\$ 434	\$ 434	\$ 315	\$ 315	\$ 315	
Annuity and Run-off	375	375	375	358	358	358	
<b>Total</b>	<b>\$ 809</b>	<b>\$ 809</b>	<b>\$ 809</b>	<b>\$ 673</b>	<b>\$ 673</b>	<b>\$ 673</b>	

	Carrying Value - June 30, 2016					
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non- Insurance	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
<b>Total cash and investments:</b>						
Cash and cash equivalents	\$ 866	\$ 440	\$ 242	\$ —	\$ 1,548	4%
Fixed maturities - Available for sale	6,891	27,733	14	—	34,638	85%
Fixed maturities - Trading	154	117	—	—	271	1%
Equity securities	1,058	452	48	—	1,558	4%
Policy loans	—	195	—	—	195	0%
Mortgage loans	258	901	—	—	1,159	3%
Real estate and other investments	503	969	15	(217)	1,270	3%
<b>Total cash and investments</b>	<b>\$ 9,730</b>	<b>\$ 30,807</b>	<b>\$ 319</b>	<b>\$ (217)</b>	<b>\$ 40,639</b>	<b>100%</b>
<b>Unrealized gain/(loss) on equity securities</b>	<b>\$ 68</b>	<b>\$ 4</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 72</b>	

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

	Three Months Ended					Six Months Ended	
	06/30/16	03/31/16	12/31/15	09/30/15	06/30/15	06/30/16	06/30/15
<b>Property and Casualty Insurance:</b>							
<b>Gross Investment Income</b>							
Fixed maturities - Available for sale	\$ 66	\$ 64	\$ 63	\$ 62	\$ 62	\$ 130	\$ 123
Fixed maturities - Trading	1	1	—	—	—	2	4
Equity securities	12	13	14	12	12	25	22
Equity in investees	2	6	(1)	7	3	8	4
Other investments	10	1	—	4	8	11	13
<b>Gross investment income</b>	<b>91</b>	<b>85</b>	<b>76</b>	<b>85</b>	<b>85</b>	<b>176</b>	<b>166</b>
Investment expenses	(2)	(2)	(2)	(2)	(2)	(4)	(4)
<b>Total net investment income</b>	<b>\$ 89</b>	<b>\$ 83</b>	<b>\$ 74</b>	<b>\$ 83</b>	<b>\$ 83</b>	<b>\$ 172</b>	<b>\$ 162</b>
<b>Average cash and investments (a)</b>	<b>\$ 9,465</b>	<b>\$ 9,366</b>	<b>\$ 9,113</b>	<b>\$ 8,984</b>	<b>\$ 8,956</b>	<b>\$ 9,397</b>	<b>\$ 8,851</b>
<b>Average yield (b)</b>	<b>3.76%</b>	<b>3.54%</b>	<b>3.25%</b>	<b>3.70%</b>	<b>3.71%</b>	<b>3.66%</b>	<b>3.66%</b>
<b>Fixed Annuity:</b>							
<b>Gross Investment Income</b>							
Fixed maturities - Available for sale	\$ 307	\$ 294	\$ 294	\$ 288	\$ 277	\$ 601	\$ 544
Fixed maturities - Trading	—	—	—	—	—	—	—
Equity securities	6	5	6	5	5	11	10
Equity in investees	2	5	2	11	1	7	3
Other investments	29	11	7	14	23	40	41
<b>Gross investment income</b>	<b>344</b>	<b>315</b>	<b>309</b>	<b>318</b>	<b>306</b>	<b>659</b>	<b>598</b>
Investment expenses	(2)	(3)	(2)	(3)	(2)	(5)	(5)
<b>Total net investment income</b>	<b>\$ 342</b>	<b>\$ 312</b>	<b>\$ 307</b>	<b>\$ 315</b>	<b>\$ 304</b>	<b>\$ 654</b>	<b>\$ 593</b>
<b>Average cash and investments (a)</b>	<b>\$27,964</b>	<b>\$27,186</b>	<b>\$26,401</b>	<b>\$25,642</b>	<b>\$24,711</b>	<b>\$27,575</b>	<b>\$24,327</b>
<b>Average yield (b)</b>	<b>4.88%</b>	<b>4.60%</b>	<b>4.65%</b>	<b>4.92%</b>	<b>4.91%</b>	<b>4.74%</b>	<b>4.87%</b>
<b>AFG consolidated net investment income:</b>							
Property & Casualty	\$ 89	\$ 83	\$ 74	\$ 83	\$ 83	\$ 172	\$ 162
Annuity and Run-off:							
Fixed Annuity	342	312	307	315	304	654	593
Variable Annuity	2	3	2	2	2	5	5
Run-off	5	5	19	20	21	10	41
Other	4	1	3	2	(1)	5	(1)
Consolidate CLOs	(19)	7	11	3	(5)	(12)	(8)
<b>Total net investment income</b>	<b>\$ 423</b>	<b>\$ 411</b>	<b>\$ 416</b>	<b>\$ 425</b>	<b>\$ 404</b>	<b>\$ 834</b>	<b>\$ 792</b>

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

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



<b>June 30, 2016</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain (Loss)</b>	<b>% of Fair Value</b>	<b>% of Investment Portfolio</b>
US Government and government agencies	\$ 345	\$ 351	\$ 6	1%	1%
States, municipalities and political subdivisions	6,657	7,169	512	20%	18%
Foreign government	224	232	8	1%	1%
Residential mortgage-backed securities	3,482	3,751	269	11%	9%
Commercial mortgage-backed securities	1,949	2,042	93	6%	5%
Asset-backed securities	5,491	5,501	10	16%	13%
Corporate and other bonds	15,005	15,863	858	45%	39%
<b>Total AFG consolidated</b>	<b>\$ 33,153</b>	<b>\$ 34,909</b>	<b>\$ 1,756</b>	<b>100%</b>	<b>86%</b>

**Annualized yield on available for sale fixed maturities:**

Excluding investment expense (a)	4.62%
Net of investment expense (a)	4.57%

**Approximate average life and duration:**

Approximate average life	6.5 years
Approximate duration	5 years

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

**Annualized yield on available for sale fixed maturities:**

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

**Approximate average life and duration:**

Approximate average life	6.5 years
Approximate duration	5 years

(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.

	June 30, 2016				December 31, 2015			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
<b>Property and Casualty Insurance:</b>								
US Government and government agencies	\$ 291	\$ 295	\$ 4	4%	\$ 255	\$ 257	\$ 2	4%
States, municipalities and political subdivisions	2,693	2,819	126	40%	2,807	2,891	84	42%
Foreign government	213	219	6	3%	213	219	6	3%
Residential mortgage-backed securities	987	1,025	38	15%	893	932	39	13%
Commercial mortgage-backed securities	197	202	5	3%	209	213	4	3%
Asset-backed securities	1,503	1,502	(1)	21%	1,453	1,442	(11)	21%
Corporate and other bonds	958	983	25	14%	979	970	(9)	14%
<b>Property and Casualty Insurance</b>	<b>\$ 6,842</b>	<b>\$ 7,045</b>	<b>\$ 203</b>	<b>100%</b>	<b>\$ 6,809</b>	<b>\$ 6,924</b>	<b>\$ 115</b>	<b>100%</b>

**Annualized yield on available for sale fixed maturities:**

Excluding investment expense (a)	3.91%	3.82%
Net of investment expense (a)	3.80%	3.71%
Tax equivalent, net of investment expense (b)	4.33%	4.31%

**Approximate average life and duration:**

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

	June 30, 2016				December 31, 2015			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
<b>Annuity and Run-off:</b>								
US Government and government agencies	\$ 53	\$ 55	\$ 2	0%	\$ 62	\$ 62	\$ —	0%
States, municipalities and political subdivisions	3,964	4,350	386	16%	3,864	3,994	130	15%
Foreign government	11	13	2	0%	12	13	1	0%
Residential mortgage-backed securities	2,494	2,713	219	10%	2,347	2,590	243	10%
Commercial mortgage-backed securities	1,752	1,840	88	7%	1,903	1,975	72	8%
Asset-backed securities	3,988	3,999	11	14%	3,508	3,492	(16)	14%
Corporate and other bonds	14,047	14,880	833	53%	13,311	13,474	163	53%
<b>Total Annuity and Run-off</b>	<b>\$ 26,309</b>	<b>\$ 27,850</b>	<b>\$ 1,541</b>	<b>100%</b>	<b>\$ 25,007</b>	<b>\$ 25,600</b>	<b>\$ 593</b>	<b>100%</b>

**Annualized yield on available for sale fixed maturities:**

Excluding investment expense (a)	4.80%	4.98%
Net of investment expense (a)	4.77%	4.94%

**Approximate average life and duration:**

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

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

By Credit Rating (a)	June 30, 2016			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
<b>Investment grade</b>				
AAA	\$ 6,482	\$ 6,751	\$ 269	19%
AA	6,912	7,352	440	21%
A	8,136	8,572	436	25%
BBB	7,893	8,277	384	24%
Subtotal - Investment grade	29,423	30,952	1,529	89%
BB	801	801	—	2%
B	497	481	(16)	1%
Other (b)	2,432	2,675	243	8%
Subtotal - Non-Investment grade	3,730	3,957	227	11%
<b>Total</b>	<b>\$ 33,153</b>	<b>\$ 34,909</b>	<b>\$ 1,756</b>	<b>100%</b>

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

By Credit Rating (a)	December 31, 2015			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
<b>Investment grade</b>				
AAA	\$ 6,519	\$ 6,655	\$ 136	20%
AA	6,785	6,954	169	22%
A	7,780	7,969	189	25%
BBB	7,478	7,507	29	23%
Subtotal - Investment grade	28,562	29,085	523	90%
BB	790	765	(25)	2%
B	438	417	(21)	1%
Other (b)	2,029	2,271	242	7%
Subtotal - Non-Investment grade	3,257	3,453	196	10%
<b>Total</b>	<b>\$ 31,819</b>	<b>\$ 32,538</b>	<b>\$ 719</b>	<b>100%</b>

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

- (a) If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.
- (b) See page 28 and 29 for more information.



<b>June 30, 2016</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Unrealized Gain (Loss)</b>	<b>% of Fair Value</b>	<b>% of Investment Portfolio</b>
<b>Residential</b>					
Agency	\$ 194	\$ 200	\$ 6	3%	0%
Prime (Non-Agency)	1,490	1,649	159	29%	4%
Alt-A	1,080	1,149	69	20%	3%
Subprime	718	753	35	13%	2%
Commercial	1,949	2,042	93	35%	5%
<b>Total AFG consolidated</b>	<b>\$ 5,431</b>	<b>\$ 5,793</b>	<b>\$ 362</b>	<b>100%</b>	<b>14%</b>

- 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 78%; Subprime 85%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 740; Alt-A 712; Subprime 640.
- 97% of our Commercial MBS portfolio is investment-grade rated (83% AAA) and the average subordination for this group of assets is 40%.
- The approximate average life by collateral type is - Residential 5 years; Commercial 3 years.

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



**Property and Casualty Insurance:**

By Asset Type	June 30, 2016				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 136	\$ 140	\$ 4	11%	2%
Prime (Non-Agency)	205	218	13	18%	2%
Alt-A	356	369	13	30%	4%
Subprime	290	298	8	24%	3%
Commercial	197	202	5	18%	2%
<b>Total</b>	<b>\$ 1,184</b>	<b>\$ 1,227</b>	<b>\$ 43</b>	<b>100%</b>	<b>13%</b>

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

**Annuity and Run-off:**

By Asset Type	June 30, 2016				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 58	\$ 60	\$ 2	1%	0%
Prime (Non-Agency)	1,284	1,418	134	31%	5%
Alt-A	724	780	56	17%	3%
Subprime	428	455	27	10%	1%
Commercial	1,752	1,840	88	41%	6%
<b>Total</b>	<b>\$ 4,246</b>	<b>\$ 4,553</b>	<b>\$ 307</b>	<b>100%</b>	<b>15%</b>

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



By Credit Rating (a)	June 30, 2016			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Investment grade				
AAA	\$ 2,120	\$ 2,230	\$ 110	38%
AA	231	238	7	4%
A	311	326	15	6%
BBB	216	230	14	4%
Subtotal – investment grade	2,878	3,024	146	52%
BB	286	289	3	5%
B	343	343	—	6%
Other	1,924	2,137	213	37%
<b>Total</b>	<b>\$ 5,431</b>	<b>\$ 5,793</b>	<b>\$ 362</b>	<b>100%</b>

96% of the mortgage-backed security portfolio has an NAIC 1 designation.

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

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

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

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



By Credit Rating (a)	Fair Value - June 30, 2016								
	US Gov	Munis	Frgn gov	RMBS	CMBS	ABS	Corp/Oth	Total	% Total
<b>Investment grade</b>									
AAA	\$ 297	\$1,781	\$ 152	\$ 537	\$1,693	\$2,104	\$ 187	\$ 6,751	19%
AA	46	4,648	23	159	80	1,379	1,017	7,352	21%
A	—	508	57	177	148	1,469	6,213	8,572	25%
BBB	—	92	—	168	62	530	7,425	8,277	24%
Subtotal - Investment grade	343	7,029	232	1,041	1,983	5,482	14,842	30,952	89%
BB	—	4	—	245	44	13	495	801	2%
B	—	8	—	328	15	2	128	481	1%
CCC, CC, C	—	9	—	909	—	4	24	946	3%
D	—	—	—	780	—	—	7	787	2%
Subtotal - Non-Investment grade	—	21	—	2,262	59	19	654	3,015	8%
Not Rated	8	119	—	448	—	—	367	942	3%
<b>Total</b>	<b>\$ 351</b>	<b>\$7,169</b>	<b>\$ 232</b>	<b>\$3,751</b>	<b>\$2,042</b>	<b>\$5,501</b>	<b>\$15,863</b>	<b>\$34,909</b>	<b>100%</b>

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

(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.