

**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): November 2, 2021

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	AFG	New York Stock Exchange
5.875% Subordinated Debentures due March 30, 2059	AFGB	New York Stock Exchange
5.125% Subordinated Debentures due December 15, 2059	AFGC	New York Stock Exchange
5.625% Subordinated Debentures due June 1, 2060	AFGD	New York Stock Exchange
4.5% Subordinated Debentures due September 15, 2060	AFGE	New York Stock Exchange

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.

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 third quarter of 2021 and the availability of the Investor Supplement on the Company’s website. The press release was issued on November 2, 2021. 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.

Item 8.01 Other Events.

In the press release referenced in Item 2.02 above, the Company also announced that it declared a special, one-time cash dividend of \$4.00 per share of American Financial Group Common Stock. The dividend is payable on November 22, 2021 to holders of record on November 15, 2021. A copy of the press release is furnished as Exhibit 99.1 and incorporated by reference in this Item 8.01.

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 November 2, 2021, reporting American Financial Group Inc. results for the quarter ended September 30, 2021.
99.2	Investor Supplement – Third Quarter 2021
104	Cover page Interactive Data File (embedded within Inline XBRL document)

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: November 3, 2021

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

Press Release

For Immediate Release



American Financial Group, Inc. Announces Third Quarter Results and Declares Special Dividend

- Net earnings per share of \$2.56; includes (\$0.15) per share in after-tax non-core items
- Core net operating earnings of \$2.71 per share, a 96% increase from the prior year period
- Third quarter annualized ROE of 16.6%; annualized core operating ROE of 17.6%
- Parent company cash and investments of approximately \$2.7 billion; excess capital of \$3.0 billion at September 30, 2021
- Announces special cash dividend of \$4.00 per share, payable November 22, 2021
- Full year 2021 core net operating earnings guidance \$10.10 - \$10.70 per share, an increase from previous guidance of \$8.40 - \$9.20 per share

CINCINNATI – November 2, 2021 – American Financial Group, Inc. (NYSE: AFG) today reported 2021 third quarter net earnings attributable to shareholders of \$219 million (\$2.56 per share) compared to \$164 million (\$1.86 per share) for the 2020 third quarter. Net earnings for the 2021 third quarter included after-tax non-core realized losses on securities of \$12 million (\$0.15 per share loss). Comparatively, net earnings in the 2020 third quarter included net favorable after-tax non-core items of \$43 million (\$0.48 per share). Beginning with the first quarter of 2021 and through the date of sale in May 2021, the results of AFG’s Annuity operations are reported as discontinued operations in accordance with generally accepted accounting principles (GAAP), which included adjusting prior period results to reflect these operations as discontinued. Other details may be found in the table below.

AFG’s book value per share was \$61.80 at September 30, 2021. During the third quarter of 2021, AFG declared cash dividends of \$6.50 per share, which included a \$2.00 per share special dividend paid in August and a \$4.00 special dividend paid in October. AFG repurchased \$12 million of its common stock at an average price per share of \$125.17 (adjusted for the special dividends). Annualized return on equity was 16.6% and 12.9% for the third quarters of 2021 and 2020, respectively.

Core net operating earnings were \$231 million (\$2.71 per share) for the 2021 third quarter, compared to \$121 million (\$1.38 per share) in the 2020 third quarter. Core net operating earnings for the third quarters of 2021 and 2020 generated annualized returns on equity of 17.6% and 9.6%, respectively. The year-over-year increase was primarily the result of substantially higher underwriting profit in the Specialty Property and Casualty (“P&C”) insurance operations and significantly higher P&C net investment income, due to the continued strong performance of AFG’s \$1.7 billion alternative investment portfolio. Additional details for the 2021 and 2020 third quarters may be found in the table below.

Components of Pretax Core Operating Earnings	Three Months Ended September 30,					
	2021		2020(a)		2020(a)	
	2021	2020(a)	2021	2020(a)	2021	2020(a)
	Before Impact of Alternative Investments		Alternative Investments, net of DAC		Core Net Operating Earnings, as reported	
In millions, except per share amounts						
P&C Pretax Core Operating Earnings	\$ 245	\$ 177	\$ 84	\$ 28	\$ 329	\$ 205
Real estate entities and other acquired from Annuity operations	—	—	—	3	—	3
Other expenses	(21)	(29)	—	—	(21)	(29)
Holding company interest expense	(24)	(24)	—	—	(24)	(24)
Pretax Core Operating Earnings	200	124	84	31	284	155
Related provision for income taxes	35	28	18	6	53	34
Core Net Operating Earnings	\$ 165	\$ 96	\$ 66	\$ 25	\$ 231	\$ 121
Core Net Operating Earnings Per Share	\$ 1.94	\$ 1.10	\$ 0.77	0.28	\$ 2.71	\$ 1.38
Weighted Avg Diluted Shares Outstanding	85.2	88.5	85.2	88.5	85.2	88.5

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

Book value per share, excluding unrealized gains related to fixed maturities, was \$59.70 per share at September 30, 2021, compared to \$63.61 at the end of 2020, reflecting the \$20.00 per share in special dividends declared during the first nine months of 2021.

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 discontinued operations, net realized gains and losses, and special items that are not necessarily indicative of operating trends. AFG's management uses core net operating earnings to evaluate financial performance against historical results because it believes this provides a more comparable measure of its continuing business. Core net operating earnings is also used by AFG's management as a basis for strategic planning and forecasting.

In millions, except per share amounts	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020(a)	2021	2020(a)
Components of net earnings attributable to shareholders:				
Core operating earnings before income taxes	\$ 284	\$ 155	\$ 794	\$ 382
Pretax non-core items:				
Realized gains (losses) on securities	(17)	23	103	(197)
Neon exited lines(b)	—	(70)	4	(122)
Special A&E charges	—	(68)	—	(68)
Other	—	—	(11)	—
Earnings (loss) before income taxes	267	40	890	(5)
Provision (credit) for income taxes:				
Core operating earnings	53	34	152	76
Non-core items	(5)	(82)	12	(128)
Total provision (credit) for income taxes	48	(48)	164	(52)
Net earnings from continuing operations including noncontrolling interests	219	88	726	47
Discontinued annuity operations	—	76	914	(20)
Less: net earnings (loss) attributable to noncontrolling interests:				
Non-core items	—	—	—	(13)
Net earnings attributable to shareholders	\$ 219	\$ 164	\$1,640	\$ 40
Net earnings:				
Core net operating earnings(c)	\$ 231	\$ 121	\$ 642	\$ 306
Non-core items:				
Realized gains (losses) on securities	(12)	18	83	(156)
Neon exited lines(b)	—	3	3	(36)
Special A&E charges	—	(54)	—	(54)
Other	—	—	(2)	—
Net earnings from continuing operations	219	88	726	60
Discontinued annuity operations	—	76	914	(20)
Net earnings attributable to shareholders	\$ 219	\$ 164	\$1,640	\$ 40
Components of earnings per share:				
Core net operating earnings(c)	\$ 2.71	\$ 1.38	\$ 7.48	\$ 3.40
Non-core Items:				
Realized gains (losses) on securities	(0.15)	0.20	0.95	(1.72)
Neon exited lines(b)	—	0.03	0.04	(0.41)
Special A&E charges	—	(0.61)	—	(0.61)
Other	—	—	(0.02)	—
Diluted net earnings per share from continuing operations	\$ 2.56	\$ 1.00	\$ 8.45	\$ 0.66
Discontinued annuity operations	—	0.86	10.66	(0.21)
Diluted net earnings per share	\$ 2.56	\$ 1.86	\$19.11	\$ 0.45

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

The Company also announced today that its Board of Directors has declared a special cash dividend of \$4.00 per share of American Financial Group common stock. The dividend is payable on November 22, 2021 to shareholders of record on November 15, 2021. The aggregate amount of this special dividend will be approximately \$340 million. This special dividend is in addition to the Company's regular quarterly cash dividend of \$0.56 per share most recently paid on October 25, 2021. With this special dividend, the Company has declared \$24.00 per share in special dividends in 2021.

S. Craig Lindner and Carl H. Lindner III, AFG's Co-Chief Executive Officers, issued this statement: "We are extremely pleased with AFG's performance during the third quarter. Our Specialty P&C businesses reported outstanding underwriting margins, and results in our portfolio of alternative investments continued to exceed our expectations. Annualized core return on equity was nearly 18%. We believe that our disciplined – yet opportunistic – operating philosophy, a lower net catastrophe exposure than our peers, a continued economic recovery and a strong P&C rate environment all contributed to these outstanding results.

"AFG had approximately \$3.0 billion of excess capital (including parent company cash and investments of approximately \$2.7 billion) at September 30, 2021. Returning capital to shareholders in the form of regular and special cash dividends and through opportunistic share repurchases is an important and effective component of our capital management strategy. In addition, 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.

"Based on the strong results reported in the first nine months of the year, we now expect AFG's core net operating earnings in 2021 to be in the range of \$10.10 to \$10.70, an increase from our previous range of \$8.40 to \$9.20 per share. Our core earnings per share guidance excludes non-core items such as results of discontinued operations, realized gains and losses and other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations. Furthermore, the above guidance reflects the expectation of an above-average crop year and an annualized return of approximately 10% on alternative investments in the fourth quarter of 2021."

Property and Casualty Insurance Operations

Pretax core operating earnings in AFG's P&C Insurance Segment were a record \$329 million in the third quarter of 2021, \$124 million higher and a 60% increase from the comparable prior year period. The year-over-year improvement was the result of significantly higher P&C underwriting profit and substantially higher P&C net investment income, primarily due to higher earnings from alternative investments.

The Specialty P&C insurance operations generated an underwriting profit of \$169 million in the 2021 third quarter, compared to \$104 million in the third quarter of 2020, driven primarily by higher year-over-year underwriting profit in our Specialty Casualty Group and to a lesser extent, our Specialty Financial Group. Pretax catastrophe losses, net of reinsurance and inclusive of reinstatement premiums, were \$31 million, primarily as a result of losses related to Hurricane Ida. By comparison, catastrophe losses in the comparable prior year period were \$57 million. The third quarter 2021 combined ratio was a very strong 89.0%, improving 3.1 points from the 92.1% reported in the comparable prior year period, and includes 2.0 points in catastrophe losses. By comparison, catastrophe losses in the third quarter of 2020 added 2.7 points to the combined ratio. Third quarter 2021 results included 5.4 points of favorable prior year reserve development, compared to 3.7 points in the third quarter of 2020.

AFG recorded \$3 million in losses related to COVID-19 related to accident year 2021 in the third quarter of 2021 and recorded favorable reserve development of approximately \$3 million related to accident year 2020 COVID-19 reserves based on loss experience. Given the uncertainties surrounding the ultimate number and scope of claims relating to the pandemic, approximately 63% of the \$96 million in AFG's cumulative COVID-19 related losses are held as incurred but not reported (IBNR) reserves at September 30, 2021.

Third quarter 2021 gross and net written premiums were up 19% and 16%, respectively, when compared to the third quarter of 2020. Strong year-over-year growth was reported within each of the Specialty P&C groups as a result of an improving economy, new business opportunities and a strong renewal rate environment.

Average renewal pricing across our entire P&C Group was up approximately 11% for the quarter. Excluding our workers' compensation business, renewal pricing was up approximately 13%. Both measures are an improvement over the rate increases reported in the second quarter of 2021. With the exception of workers' compensation, we are continuing to achieve strong renewal rate increases in the vast majority of our businesses.

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

The **Property and Transportation Group** reported 2021 third quarter underwriting profit of \$45 million, compared to \$47 million in the third quarter of 2020. Higher underwriting profits in our crop business and Singapore Branch were more than offset by lower underwriting profit in our transportation, property & inland marine and non-crop agricultural businesses. Catastrophe losses in this group, net of reinsurance and inclusive of reinstatement premiums, were \$14 million in the third quarter of 2021, compared to \$18 million in the comparable 2020 period.

Gross and net written premiums for the third quarter of 2021 were 26% and 22% higher, respectively, than the comparable 2020 period, with growth reported in all businesses in this group. The growth came primarily from our crop insurance business – primarily the result of higher commodity futures pricing and rate increases – and our transportation businesses, primarily the result of new accounts, combined with strong renewals. Excluding the impact of crop insurance, third quarter 2021 gross and net written premiums increased 14% and 13%, respectively when compared to the 2020 third quarter. Overall renewal rates in this group increased 5% on average for the third quarter of 2021.

The **Specialty Casualty Group** reported a 2021 third quarter underwriting profit of \$110 million, compared to \$53 million in the third quarter of 2020, primarily the result of higher profitability in our workers' compensation, excess and surplus lines, excess liability, and general liability businesses. Underwriting profitability in our workers' compensation businesses overall continues to be excellent. The businesses in the Specialty Casualty Group achieved a very strong 82.0% calendar year combined ratio overall in the third quarter, an improvement of 8.7 points from the comparable period in 2020. Catastrophe losses for this group were \$3 million and \$8 million in the third quarters of 2021 and 2020, respectively.

Third quarter 2021 gross and net written premiums increased 15% and 14%, respectively, when compared to the same prior year period. Excluding workers' compensation, gross and net written premiums grew by 18% and 20%, respectively year-over-year. Nearly all the businesses in this group achieved strong renewal pricing and reported premium growth during the third quarter. Significant renewal rate increases and new business opportunities contributed to higher premiums in our excess & surplus lines business. Renewal rate increases, strong account retention and new business opportunities contributed to higher premiums in our targeted markets businesses. Our mergers and acquisitions liability and executive liability businesses also contributed meaningfully to the year-over-year growth. Renewal pricing for this group was up 13% in the third quarter. Excluding our workers' compensation businesses, renewal rates in this group were up approximately 18%. Both measures are improvements from the rate increases achieved in the second quarter of 2021.

The **Specialty Financial Group** reported an underwriting profit of \$26 million in the third quarter of 2021, compared to \$13 million in the third quarter of 2020, primarily as a result of higher year-over-year underwriting profit in our surety and financial institutions businesses. Catastrophe losses for this group, net of reinsurance and inclusive of reinstatement premiums, were \$14 million in the third quarter of 2021, compared to \$13 million in the prior year quarter. This group continued to achieve excellent underwriting margins and reported an 84.2% combined ratio for the third quarter of 2021.

Third quarter 2021 gross and net written premiums in this group were up 9% and 8%, respectively, when compared to the prior year period. Nearly all businesses in this group reported growth, including our surety, fidelity & crime and lender services businesses. Renewal pricing in this group was up approximately 8% for the quarter, consistent with results in the second quarter of 2021.

Carl Lindner III stated, “For the third quarter in a row, AFG achieved record P&C operating earnings. Underwriting margins across our portfolio of businesses were excellent, with an overall Specialty P&C combined ratio of 89%. Catastrophe losses were manageable, we are continuing to achieve strong renewal pricing, each of our Specialty P&C groups reported healthy growth and we are projecting an above average crop year.

Mr. Lindner added, “Based on results through the first nine months and higher than expected crop earnings, we now expect an overall 2021 calendar year combined ratio in the range of 86% to 88%, an improvement from the range of 88% to 90% estimated previously, and we now expect net written premiums to be 11% to 14% higher than the \$5.0 billion reported in 2020, which is an increase from the range of +10% to +13% estimated previously. We expect the market to remain firm throughout the remainder of the year, allowing us to act on business opportunities and achieve solid renewal rate increases.”

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.

A&E Reserves

During the third quarter of 2021, AFG conducted an in-depth comprehensive review of its asbestos and environmental (A&E) exposures relating to the run-off operations of its P&C Group and its exposures related to former railroad and manufacturing operations and sites. During the review, no new trends were identified and recent claims activity was generally consistent with our expectations resulting from our 2020 external study. As a result, the review resulted in no net change to the P&C Group’s A&E reserves, and a minor increase in AFG’s liabilities for the environmental exposures of its former railroad and manufacturing operations. This minor adjustment is included in AFG’s core operating earnings for the three months ended September 30, 2021.

At September 30, 2021, the P&C Group’s insurance reserves include A&E reserves of \$414 million, net of reinsurance recoverables. At September 30, 2021, the property and casualty insurance segment’s three-year survival ratios were 25.7 times paid losses for asbestos reserves, 24.4 times paid losses for environmental reserves and 25.1 times paid losses for total A&E reserves. These ratios compare favorably with industry data compiled by A.M. Best as of December 31, 2020, which indicate that industry survival ratios were 7.9 for asbestos, 8.5 for environmental, and 8.1 for total A&E reserves.

Investments

P&C Net Investment Income – For the nine months ended September 30, 2021, P&C net investment income was approximately 66% higher than the comparable 2020 period and included significantly higher earnings from alternative investments. Earnings from alternative investments may vary from quarter to quarter based on the reported results of the underlying investments, and generally are reported on a quarter lag. The annualized return on alternative investments in the third quarter of 2021 was 20.3%. The cumulative return on these investments over the past five calendar years was approximately 10%. Excluding the impact of alternative investments, P&C net investment income for the nine months ended September 30, 2021 decreased 8% year-over-year, reflecting lower market interest rates. Assuming an annualized return of approximately 10% on our \$1.7 billion of alternative investments in the fourth quarter would result in an annual return on this portfolio of approximately 20% in 2021.

Non-Core Net Realized Gains (Losses) – AFG recorded third quarter 2021 net realized losses on securities of \$12 million (\$0.15 loss per share) after tax, which included \$12 million (\$0.15 per share) in after-tax net losses to adjust equity securities that the Company continued to own at September 30, 2021, to fair value. By comparison, AFG recorded third quarter 2020 net realized gains on securities of \$18 million (\$0.20 per share) after tax. Prior period results have been adjusted to reflect the reclassification of AFG’s annuity operations to discontinued operations. See the table below under “Discontinued Annuity Operations” for additional information.

After-tax unrealized gains on fixed maturities were \$178 million at September 30, 2021. Our portfolio continues to be high quality, with 88% of our fixed maturity portfolio rated investment grade and 97% of our P&C fixed maturity portfolio with a National Association of Insurance Commissioners' designation of NAIC 1 or 2, its highest two categories.

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

Discontinued Annuity Operations

On May 28, 2021, AFG completed the sale of its Annuity business to Mass Mutual. Initial cash proceeds from the sale (based on the preliminary closing balance sheet) were \$3.5 billion. AFG recognized an after-tax non-core gain on the sale of \$656 million (\$7.62 per AFG share) in the first half of 2021. Both the proceeds and the gain are subject to post-closing adjustments, which are not expected to be material. Beginning with the first quarter of 2021 and through the sale date, AFG reported the results of its Annuity operations as discontinued operations, in accordance with generally accepted accounting principles (GAAP), which included adjusting prior period results to reflect these operations as discontinued. A reconciliation of amounts as previously presented to amounts reported as Discontinued Annuity Operations for the nine-month period ended September 30, 2021 (through the May 2021 sale date) and the three- and nine-month periods ended September 30, 2020 appears 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. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses. 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; 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, including modifications to capital requirements; the effects of the COVID-19 outbreak, including the effects on the international and national economy and credit markets,

legislative or regulatory developments affecting the insurance industry, quarantines or other travel or health-related restrictions; 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 pandemics, civil unrest and other major losses; disruption caused by cyber-attacks or other technology breaches or failures by AFG or its business partners and service providers, which could negatively impact AFG's business and/or expose AFG to litigation; development of insurance loss reserves and establishment of other reserves, particularly with respect to amounts associated with asbestos and environmental claims; availability of reinsurance and ability of reinsurers to pay their obligations; 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 2021 third quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, November 3, 2021. 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 1653603. 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 November 10, 2021. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 1653603.

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 November 10, 2021.

Contact:

Diane P. Weidner, IRC
Vice President – Investor & Media Relations
(513) 369-5713

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

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

AFG2021-25

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Revenues				
P&C insurance net earned premiums	\$1,529	\$1,381	\$3,952	\$3,774
Net investment income	169	122	521	314
Realized gains (losses) on:				
Securities	(17)	23	103	(197)
Subsidiaries	—	(30)	4	(30)
Income of managed investment entities:				
Investment income	45	46	135	154
Gain (loss) on change in fair value of assets/liabilities	1	(5)	9	(21)
Other income	27	19	70	62
Total revenues	<u>1,754</u>	<u>1,556</u>	<u>4,794</u>	<u>4,056</u>
Costs and expenses				
P&C insurance losses & expenses	1,371	1,369	3,522	3,676
Interest charges on borrowed money	24	24	71	64
Expenses of managed investment entities	37	34	115	129
Other expenses	55	89	196	192
Total costs and expenses	<u>1,487</u>	<u>1,516</u>	<u>3,904</u>	<u>4,061</u>
Earnings (loss) from continuing operations before income taxes	267	40	890	(5)
Provision (credit) for income taxes	48	(48)	164	(52)
Net earnings from continuing operations, including noncontrolling interests	219	88	726	47
Net earnings (loss) from discontinued operations	—	76	914	(20)
Net earnings, including controlling interests	219	164	1,640	27
Less: Net earnings (loss) from continuing operations attributable to noncontrolling interests	—	—	—	(13)
Net earnings attributable to shareholders	<u>\$ 219</u>	<u>\$ 164</u>	<u>\$1,640</u>	<u>\$ 40</u>
Earnings (loss) attributable to shareholders per diluted common share:				
Continuing operations	\$ 2.56	\$ 1.00	\$ 8.45	\$ 0.66
Discontinued operations	—	0.86	10.66	(0.21)
Diluted earnings attributable to shareholders	<u>\$ 2.56</u>	<u>\$ 1.86</u>	<u>\$19.11</u>	<u>\$ 0.45</u>
Average number of diluted shares	85.2	88.5	85.8	89.9

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

Selected Balance Sheet Data:	September 30, 2021	December 31, 2020
Total cash and investments	\$ 16,387	\$ 13,494
Long-term debt	\$ 1,964	\$ 1,963
Shareholders' equity(c)	\$ 5,240	\$ 6,789
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities)(c)	\$ 5,062	\$ 5,493
Book value per share	\$ 61.80	\$ 78.62
Book value per share (excluding unrealized gains/losses related to fixed maturities)	\$ 59.70	\$ 63.61
Common Shares Outstanding	84.8	86.3

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

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

	Three months ended September 30,		Pct. Change	Nine months ended September 30,		Pct. Change	
	2021	2020		2021	2020		
Gross written premiums	<u>\$ 2,656</u>	<u>\$ 2,223</u>	19%	<u>\$ 6,209</u>	<u>\$ 5,288</u>	17%	
Net written premiums	<u>\$ 1,729</u>	<u>\$ 1,488</u>	16%	<u>\$ 4,303</u>	<u>\$ 3,776</u>	14%	
Ratios (GAAP):							
Loss & LAE ratio	62.4%	63.8%		59.0%	61.8%		
Underwriting expense ratio	26.6%	28.3%		29.4%	31.4%		
Specialty Combined Ratio	89.0%	92.1%		88.4%	93.2%		
Combined Ratio – P&C Segment	89.0%	98.8%		88.4%	97.0%		
Supplemental Information:(d)							
Gross Written Premiums:							
Property & Transportation	\$ 1,334	\$ 1,061	26%	\$ 2,705	\$ 2,166	25%	
Specialty Casualty	1,121	978	15%	2,922	2,579	13%	
Specialty Financial	201	184	9%	582	543	7%	
	<u>\$ 2,656</u>	<u>\$ 2,223</u>	19%	<u>\$ 6,209</u>	<u>\$ 5,288</u>	17%	
Net Written Premiums:							
Property & Transportation	\$ 773	\$ 635	22%	\$ 1,740	\$ 1,447	20%	
Specialty Casualty	732	642	14%	1,912	1,739	10%	
Specialty Financial	165	153	8%	485	441	10%	
Other	59	58	2%	166	149	11%	
	<u>\$ 1,729</u>	<u>\$ 1,488</u>	16%	<u>\$ 4,303</u>	<u>\$ 3,776</u>	14%	
Combined Ratio (GAAP):							
Property & Transportation	93.5%	91.9%		89.6%	92.1%		
Specialty Casualty	82.0%	90.7%		86.6%	92.1%		
Specialty Financial	84.2%	91.6%		84.9%	93.5%		
Aggregate Specialty Group	89.0%	92.1%		88.4%	93.2%		
Reserve Development (Favorable)/Adverse:							
Property & Transportation				\$ (18)	\$ (26)	\$ (101)	\$ (78)
Specialty Casualty				(56)	(16)	(85)	(91)
Specialty Financial				(18)	(9)	(38)	(22)
Other Specialty				9	3	14	10
Specialty Group				(83)	(48)	(210)	(181)
Special A&E Reserve Charge – P&C Run-off				—	47	—	47
Other				1	1	2	15
Total Reserve Development				<u>\$ (82)</u>	<u>\$ —</u>	<u>\$ (208)</u>	<u>\$ (119)</u>
Points on Combined Ratio:							
Property & Transportation				(2.5)	(4.5)	(6.5)	(5.8)
Specialty Casualty				(9.1)	(2.9)	(4.8)	(5.5)
Specialty Financial				(11.2)	(5.7)	(7.9)	(4.8)
Aggregate Specialty Group				(5.4)	(3.7)	(5.3)	(5.0)
Total P&C Segment				(5.4)	—	(5.2)	(3.1)

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

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

- a) On May 28, 2021, AFG completed the sale of its Annuity business to MassMutual. The results of AFG's Annuity operations are reported as discontinued operations beginning with the first quarter of 2021 and through the date of sale, in accordance with generally accepted accounting principles (GAAP), which included adjusting prior period results to reflect these operations as discontinued.
- b) In January 2020, AFG announced its plans to exit the Lloyd's of London insurance market and actions it had initiated to place its Lloyd's subsidiaries including its Lloyd's Managing Agency, Neon Underwriting Ltd., into run-off. AFG recorded a net favorable \$3 million (\$0.03 per share) non-core, after-tax impact from Neon Exited Lines in the third quarter of 2020. AFG sold the legal entities that owned its Lloyd's of London insurer, Neon, to RiverStone Holdings Limited in a transaction that closed in the fourth quarter of 2020. In the second quarter of 2021, AFG recognized an after-tax non-core gain of \$3 million (\$0.03 per share) related to contingent consideration received on the sale of Neon.
- c) Components of core net operating earnings (dollars in millions):

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<u>Core Operating Earnings before Income Taxes:</u>				
P&C insurance segment	\$ 329	\$ 205	\$ 905	\$ 502
Real estate entities and other acquired from Annuity operations	—	3	50	10
Interest and other corporate expenses	(45)	(53)	(161)	(130)
Core operating earnings before income taxes	284	155	794	382
Related income taxes	53	34	152	76
Core net operating earnings	<u>\$ 231</u>	<u>\$ 121</u>	<u>\$ 642</u>	<u>\$ 306</u>

- d) Shareholders' Equity at September 30, 2021 includes \$178 million (\$2.10 per share) in unrealized after-tax gains on fixed maturities. Shareholders' Equity at December 31, 2020 includes \$1.3 billion (\$14.54 per share) in unrealized after-tax gains on fixed maturities and \$41 million (\$0.47 per share) in unrealized after-tax gains on fixed maturity-related cash flow hedges.

e) Supplemental Notes:

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



American Financial Group, Inc.
Investor Supplement—Third Quarter 2021

November 2, 2021

American Financial Group, Inc.
Corporate Headquarters
Great American Insurance Group Tower
301 E Fourth Street
Cincinnati, OH 45202
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Financial Highlights

(in millions, except per share information)



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Highlights							
Net earnings	\$ 219	\$ 1,002	\$ 419	\$ 692	\$ 164	\$ 1,640	\$ 40
Net earnings from continuing operations	219	240	267	265	88	726	60
Core net operating earnings	231	205	206	175	121	642	306
Total assets	29,942	28,780	74,197	73,710	73,234	29,942	73,234
Adjusted shareholders' equity (a)	5,062	5,396	5,695	5,493	5,087	5,062	5,087
Property and Casualty net written premiums	1,729	1,369	1,205	1,216	1,488	4,303	3,776
Per share data							
Diluted earnings per share	\$ 2.56	\$ 11.70	\$ 4.84	\$ 7.93	\$ 1.86	\$ 19.11	\$ 0.45
Diluted earnings per share from continuing operations	2.56	2.81	3.08	3.03	1.00	8.45	0.66
Core net operating earnings per share	2.71	2.39	2.38	2.01	1.38	7.48	3.40
Adjusted book value per share (a)	59.70	63.70	66.89	63.61	58.29	59.70	58.29
Dividends per common share	6.5000	14.5000	0.5000	2.5000	0.4500	21.5000	1.3500
Financial ratios							
Annualized return on equity (b)	16.6%	72.0%	29.9%	52.1%	12.9%	40.3%	1.0%
Annualized core operating return on equity (b)	17.6%	14.7%	14.7%	13.2%	9.6%	15.8%	7.9%
Property and Casualty combined ratio—Specialty:							
Loss & LAE ratio	62.4%	57.2%	56.8%	58.6%	63.8%	59.0%	61.8%
Underwriting expense ratio	26.6%	30.7%	31.7%	27.6%	28.3%	29.4%	31.4%
Combined ratio—Specialty	89.0%	87.9%	88.5%	86.2%	92.1%	88.4%	93.2%

(a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 14.

(b) Excludes accumulated other comprehensive income.

Summary of Earnings

(\$ in millions)



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Property and Casualty Insurance							
Underwriting profit	\$ 168	\$ 152	\$ 134	\$ 163	\$ 103	\$ 454	\$ 243
Net investment income	165	143	159	122	111	467	282
Other expense	(4)	(7)	(5)	(11)	(9)	(16)	(23)
Property and Casualty Insurance operating earnings	329	288	288	274	205	905	502
Real estate entities and other acquired from Annuity	—	22	28	9	3	50	10
Interest expense of parent holding companies	(24)	(23)	(24)	(24)	(24)	(71)	(64)
Other expense	(21)	(35)	(34)	(32)	(29)	(90)	(66)
Pretax core operating earnings	284	252	258	227	155	794	382
Income tax expense	53	47	52	52	34	152	76
Core net operating earnings	231	205	206	175	121	642	306
Non-core items, net of tax:							
Realized gains (losses) on securities	(12)	34	61	97	18	83	(156)
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	—	(37)	—	(37)
Former Railroad and Manufacturing operations	—	—	—	—	(17)	—	(17)
Neon exited lines	—	3	—	(3)	3	3	(36)
Other non-core items	—	(2)	—	(4)	—	(2)	—
Net earnings from continuing operations	\$ 219	\$ 240	\$ 267	\$ 265	\$ 88	\$ 726	\$ 60
Discontinued Annuity operations	—	762	152	427	76	914	(20)
Net earnings	\$ 219	\$1,002	\$ 419	\$ 692	\$ 164	\$ 1,640	\$ 40

American Financial Group, Inc.
Earnings Per Share Summary

(in millions, except per share information)



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Core net operating earnings	\$ 231	\$ 205	\$ 206	\$ 175	\$ 121	\$ 642	\$ 306
Net earnings from continuing operations	\$ 219	\$ 240	\$ 267	\$ 265	\$ 88	\$ 726	\$ 60
Net earnings	\$ 219	\$ 1,002	\$ 419	\$ 692	\$ 164	\$ 1,640	\$ 40
Average number of diluted shares—core	85.171	85.618	86.577	87.156	88.546	85.785	89.889
Average number of diluted shares—net	85.171	85.618	86.577	87.156	88.546	85.785	89.889
Diluted earnings per share:							
Core net operating earnings per share	\$ 2.71	\$ 2.39	\$ 2.38	\$ 2.01	\$ 1.38	\$ 7.48	\$ 3.40
Realized gains (losses) on securities	(0.15)	0.40	0.70	1.10	0.20	0.95	(1.72)
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	—	(0.42)	—	(0.42)
Former Railroad and Manufacturing operations	—	—	—	—	(0.19)	—	(0.19)
Neon exited lines	—	0.04	—	(0.04)	0.03	0.04	(0.41)
Other non-core items	—	(0.02)	—	(0.04)	—	(0.02)	—
Diluted earnings per share, continuing operations	\$ 2.56	\$ 2.81	\$ 3.08	\$ 3.03	\$ 1.00	\$ 8.45	\$ 0.66
Discontinued Annuity operations	—	8.89	1.76	4.90	0.86	10.66	(0.21)
Diluted earnings per share	\$ 2.56	\$ 11.70	\$ 4.84	\$ 7.93	\$ 1.86	\$ 19.11	\$ 0.45

(\$ in millions)

	Three Months Ended				Nine Months Ended		
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/20	
Property and Transportation	\$ 45	\$ 62	\$ 56	\$ 74	\$ 47	\$ 163	\$ 107
Specialty Casualty	110	71	56	91	53	237	132
Specialty Financial	26	21	25	20	13	72	30
Other Specialty	(12)	(1)	(3)	(6)	(9)	(16)	(22)
Underwriting profit—Specialty	169	153	134	179	104	456	247
Other core charges, included in loss and LAE	(1)	(1)	—	(16)	(1)	(2)	(4)
Underwriting profit—Core	168	152	134	163	103	454	243
Special A&E charges, included in loss and LAE	—	—	—	—	(47)	—	(47)
Neon exited lines (a)	—	—	—	(53)	(38)	—	(82)
Underwriting profit (loss)—Property and Casualty Insurance	\$ 168	\$ 152	\$ 134	\$ 110	\$ 18	\$ 454	\$ 114
Included in results above:							
Current accident year COVID-19 related losses	\$ 3	\$ 2	\$ 9	\$ —	\$ —	\$ 14	\$ 115
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ 1	\$ 11	\$ (3)	\$ 5	\$ 12	\$ 5
Catastrophe loss	31	10	20	41	52	61	87
Total current accident year catastrophe losses	\$ 31	\$ 11	\$ 31	\$ 38	\$ 57	\$ 73	\$ 92
Prior year loss reserve development (favorable) / adverse	\$ (82)	\$ (67)	\$ (59)	\$ (8)	\$ —	\$ (208)	\$ (119)
Combined ratio:							
Property and Transportation	93.5%	86.6%	85.6%	85.8%	91.9%	89.6%	92.1%
Specialty Casualty	82.0%	87.9%	90.2%	84.0%	90.7%	86.6%	92.1%
Specialty Financial	84.2%	86.4%	84.1%	86.8%	91.6%	84.9%	93.5%
Other Specialty	122.5%	103.2%	104.6%	116.9%	115.6%	110.2%	115.7%
Combined ratio—Specialty	89.0%	87.9%	88.5%	86.2%	92.1%	88.4%	93.2%
Other core charges	0.0%	0.0%	0.1%	1.2%	0.1%	0.0%	0.1%
Neon exited lines charge	0.0%	0.0%	0.0%	4.2%	3.1%	0.0%	2.4%
Special A&E charges	0.0%	0.0%	0.0%	0.0%	3.5%	0.0%	1.3%
Combined ratio	89.0%	87.9%	88.6%	91.6%	98.8%	88.4%	97.0%
P&C combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development							
	92.3%	92.2%	91.2%	89.1%	95.0%	91.8%	94.8%
Loss and LAE components—property and casualty insurance							
Current accident year, excluding COVID-19 related and catastrophe losses	65.7%	61.5%	59.5%	60.1%	66.0%	62.4%	62.5%
COVID-19 related losses	0.1%	0.2%	0.8%	0.0%	0.0%	0.3%	3.0%
Current accident year catastrophe losses	2.0%	0.9%	1.7%	3.1%	3.8%	1.5%	2.3%
Prior accident year loss reserve development	(5.4%)	(5.4%)	(5.1%)	(0.6%)	0.0%	(5.2%)	(3.1%)
Loss and LAE ratio	62.4%	57.2%	56.9%	62.6%	69.8%	59.0%	64.7%

(a) In the fourth quarter of 2020, AFG recorded \$55 million in non-core losses from Neon's operations and a \$1 million reduction in the estimated tax benefit related to the sale of Neon, partially offset by a \$53 million favorable adjustment to the estimated loss on sale recorded in Q3.

American Financial Group, Inc.
Specialty—Underwriting Results (GAAP)

(\$ in millions)



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Gross written premiums	\$2,656	\$1,937	\$1,616	\$1,707	\$2,223	\$ 6,209	\$ 5,288
Ceded reinsurance premiums	(927)	(568)	(411)	(491)	(735)	(1,906)	(1,512)
Net written premiums	1,729	1,369	1,205	1,216	1,488	4,303	3,776
Change in unearned premiums	(200)	(119)	(32)	83	(149)	(351)	(176)
Net earned premiums	1,529	1,250	1,173	1,299	1,339	3,952	3,600
Loss and LAE	953	713	667	762	855	2,333	2,224
Underwriting expense	407	384	372	358	380	1,163	1,129
Underwriting profit	\$ 169	\$ 153	\$ 134	\$ 179	\$ 104	\$ 456	\$ 247
Included in results above:							
Current accident year COVID-19 related losses	\$ 3	\$ 2	\$ 9	\$ —	\$ —	\$ 14	\$ 95
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ 1	\$ 11	\$ (3)	\$ 5	\$ 12	\$ 5
Catastrophe loss	31	10	20	20	36	61	71
Total current accident year catastrophe losses	\$ 31	\$ 11	\$ 31	\$ 17	\$ 41	\$ 73	\$ 76
Prior year loss reserve development (favorable) / adverse	\$ (83)	\$ (68)	\$ (59)	\$ (32)	\$ (48)	\$ (210)	\$ (181)
Combined ratio:							
Loss and LAE ratio	62.4%	57.2%	56.8%	58.6%	63.8%	59.0%	61.8%
Underwriting expense ratio	26.6%	30.7%	31.7%	27.6%	28.3%	29.4%	31.4%
Combined ratio	89.0%	87.9%	88.5%	86.2%	92.1%	88.4%	93.2%
Specialty combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	92.3%	92.2%	91.2%	87.1%	93.1%	91.9%	93.6%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	65.7%	61.5%	59.5%	59.5%	64.8%	62.5%	62.2%
COVID-19 related losses	0.1%	0.2%	0.8%	0.0%	0.0%	0.3%	2.6%
Current accident year catastrophe losses	2.0%	0.9%	1.7%	1.5%	2.7%	1.5%	2.0%
Prior accident year loss reserve development	(5.4%)	(5.4%)	(5.2%)	(2.4%)	(3.7%)	(5.3%)	(5.0%)
Loss and LAE ratio	62.4%	57.2%	56.8%	58.6%	63.8%	59.0%	61.8%

American Financial Group, Inc.
Property and Transportation—Underwriting Results (GAAP)



(\$ in millions)

	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Gross written premiums	\$1,334	\$ 851	\$ 520	\$ 647	\$1,061	\$2,705	\$2,166
Ceded reinsurance premiums	(561)	(287)	(117)	(207)	(426)	(965)	(719)
Net written premiums	773	564	403	440	635	1,740	1,447
Change in unearned premiums	(73)	(111)	(9)	81	(61)	(193)	(97)
Net earned premiums	700	453	394	521	574	1,547	1,350
Loss and LAE	516	263	221	329	403	1,000	879
Underwriting expense	139	128	117	118	124	384	364
Underwriting profit	\$ 45	\$ 62	\$ 56	\$ 74	\$ 47	\$ 163	\$ 107
Included in results above:							
Current accident year COVID-19 related losses	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 7
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ 1	\$ 8	\$ —	\$ —	\$ 9	\$ —
Catastrophe loss	14	6	14	6	18	34	41
Total current accident year catastrophe losses	\$ 14	\$ 7	\$ 22	\$ 6	\$ 18	\$ 43	\$ 41
Prior year loss reserve development (favorable) / adverse	\$ (18)	\$ (40)	\$ (43)	\$ (29)	\$ (26)	\$ (101)	\$ (78)
Combined ratio:							
Loss and LAE ratio	73.7%	58.2%	56.0%	63.3%	70.1%	64.7%	65.1%
Underwriting expense ratio	19.8%	28.4%	29.6%	22.5%	21.8%	24.9%	27.0%
Combined ratio	93.5%	86.6%	85.6%	85.8%	91.9%	89.6%	92.1%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development							
	94.0%	94.0%	93.0%	90.0%	93.2%	93.9%	94.4%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	74.2%	65.6%	63.4%	67.5%	71.4%	69.0%	67.4%
COVID-19 related losses	0.0%	0.0%	0.1%	0.2%	0.1%	0.0%	0.5%
Current accident year catastrophe losses	2.0%	1.4%	3.6%	1.2%	3.1%	2.2%	3.0%
Prior accident year loss reserve development	(2.5%)	(8.8%)	(11.1%)	(5.6%)	(4.5%)	(6.5%)	(5.8%)
Loss and LAE ratio	73.7%	58.2%	56.0%	63.3%	70.1%	64.7%	65.1%

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



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Gross written premiums	\$1,121	\$ 897	\$ 904	\$ 865	\$ 978	\$ 2,922	\$2,579
Ceded reinsurance premiums	(389)	(305)	(316)	(300)	(336)	(1,010)	(840)
Net written premiums	732	592	588	565	642	1,912	1,739
Change in unearned premiums	(119)	(4)	(17)	7	(82)	(140)	(76)
Net earned premiums	613	588	571	572	560	1,772	1,663
Loss and LAE	335	363	361	337	352	1,059	1,059
Underwriting expense	168	154	154	144	155	476	472
Underwriting profit	\$ 110	\$ 71	\$ 56	\$ 91	\$ 53	\$ 237	\$ 132
Included in results above:							
Current accident year COVID-19 related losses	1	—	7	2	(1)	\$ 8	\$ 58
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ 1	\$ (3)	\$ 5	\$ 1	\$ 5
Catastrophe loss	3	2	1	5	3	6	9
Total current accident year catastrophe losses	\$ 3	\$ 2	\$ 2	\$ 2	\$ 8	\$ 7	\$ 14
Prior year loss reserve development (favorable) / adverse	\$ (56)	\$ (20)	\$ (9)	\$ (6)	\$ (16)	\$ (85)	\$ (91)
Combined ratio:							
Loss and LAE ratio	54.6%	61.9%	63.1%	59.0%	62.9%	59.7%	63.7%
Underwriting expense ratio	27.4%	26.0%	27.1%	25.0%	27.8%	26.9%	28.4%
Combined ratio	82.0%	87.9%	90.2%	84.0%	90.7%	86.6%	92.1%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	90.6%	90.9%	90.4%	84.0%	92.9%	90.7%	93.5%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	63.2%	64.9%	63.3%	59.0%	65.1%	63.8%	65.1%
COVID-19 related losses	0.1%	0.1%	1.2%	0.3%	(0.1%)	0.4%	3.5%
Current accident year catastrophe losses	0.4%	0.3%	0.3%	0.8%	0.8%	0.3%	0.6%
Prior accident year loss reserve development	(9.1%)	(3.4%)	(1.7%)	(1.1%)	(2.9%)	(4.8%)	(5.5%)
Loss and LAE ratio	54.6%	61.9%	63.1%	59.0%	62.9%	59.7%	63.7%

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



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Gross written premiums	\$ 201	\$ 189	\$ 192	\$ 195	\$ 184	\$ 582	\$ 543
Ceded reinsurance premiums	(36)	(30)	(31)	(32)	(31)	(97)	(102)
Net written premiums	165	159	161	163	153	485	441
Change in unearned premiums	(2)	(2)	(4)	(5)	2	(8)	14
Net earned premiums	163	157	157	158	155	477	455
Loss and LAE	56	52	53	56	62	161	186
Underwriting expense	81	84	79	82	80	244	239
Underwriting profit	\$ 26	\$ 21	\$ 25	\$ 20	\$ 13	\$ 72	\$ 30
Included in results above:							
Current accident year COVID-19 related losses	\$ 2	\$ 2	\$ 2	\$ (3)	\$ (1)	\$ 6	\$ 29
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 2	\$ —
Catastrophe loss	14	2	4	7	13	20	19
Total current accident year catastrophe losses	\$ 14	\$ 2	\$ 6	\$ 7	\$ 13	\$ 22	\$ 19
Prior year loss reserve development (favorable) / adverse	\$ (18)	\$ (12)	\$ (8)	\$ (6)	\$ (9)	\$ (38)	\$ (22)
Combined ratio:							
Loss and LAE ratio	34.2%	33.0%	33.8%	35.6%	39.9%	33.7%	40.8%
Underwriting expense ratio	50.0%	53.4%	50.3%	51.2%	51.7%	51.2%	52.7%
Combined ratio	84.2%	86.4%	84.1%	86.8%	91.6%	84.9%	93.5%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development							
	86.3%	90.6%	85.9%	87.7%	89.5%	87.5%	87.6%
Loss and LAE components:							
Current accident year, excluding COVID-19 related and catastrophe losses	36.3%	37.2%	35.6%	36.5%	37.8%	36.3%	34.9%
COVID-19 related losses	0.9%	1.3%	1.5%	(1.8%)	(0.8%)	1.2%	6.4%
Current accident year catastrophe losses	8.2%	1.8%	2.1%	4.5%	8.6%	4.1%	4.3%
Prior accident year loss reserve development	(11.2%)	(7.3%)	(5.4%)	(3.6%)	(5.7%)	(7.9%)	(4.8%)
Loss and LAE ratio	34.2%	33.0%	33.8%	35.6%	39.9%	33.7%	40.8%

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



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	59	54	53	48	58	166	149
Net written premiums	59	54	53	48	58	166	149
Change in unearned premiums	(6)	(2)	(2)	—	(8)	(10)	(17)
Net earned premiums	53	52	51	48	50	156	132
Loss and LAE	46	35	32	40	38	113	100
Underwriting expense	19	18	22	14	21	59	54
Underwriting profit (loss)	\$ (12)	\$ (1)	\$ (3)	\$ (6)	\$ (9)	\$ (16)	\$ (22)
Included in results above:							
Current accident year COVID-19 related losses	\$ —	\$ —	\$ —	\$ 1	\$ 1	\$ —	\$ 1
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	1	2	2	1	2
Total current accident year catastrophe losses	\$ —	\$ —	\$ 1	\$ 2	\$ 2	\$ 1	\$ 2
Prior year loss reserve development (favorable) / adverse	\$ 9	\$ 4	\$ 1	\$ 9	\$ 3	\$ 14	\$ 10
Combined ratio:							
Loss and LAE ratio	87.8%	67.5%	62.3%	80.2%	78.6%	72.7%	76.6%
Underwriting expense ratio	34.7%	35.7%	42.3%	36.7%	37.0%	37.5%	39.1%
Combined ratio	122.5%	103.2%	104.6%	116.9%	115.6%	110.2%	115.7%
Combined ratio excl. COVID-19 related losses, catastrophe losses, and prior year loss reserve development	105.4%	96.7%	100.2%	92.5%	107.8%	100.9%	107.0%

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



	Three Months Ended (a)					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Pretax Annuity historically reported as core operating (a)	\$ —	\$ 129	\$ 166	\$ 129	\$ 121	\$ 295	\$ 230
Impact of fair value, reinsurance accounting & unlocking	—	(55)	22	(48)	(43)	(33)	(140)
Realized gains (losses) of Annuity subs to be sold	—	31	81	470	22	112	(105)
Run-off life and long-term care	—	—	—	(2)	(3)	—	(6)
Pretax earnings of businesses to be sold to Mass Mutual	\$ —	\$ 105	\$ 269	\$ 549	\$ 97	\$ 374	\$ (21)
Less amounts included in continuing operations	—	(22)	(28)	(9)	(3)	(50)	(10)
Pretax results from discontinued operations, excluding the gain on sale of discontinued operations	\$ —	\$ 83	\$ 241	\$ 540	\$ 94	\$ 324	\$ (31)
Taxes	—	(18)	(48)	(113)	(18)	(66)	11
Net earnings from discontinued operations, excluding the gain on sale of discontinued operations	\$ —	\$ 65	\$ 193	\$ 427	\$ 76	\$ 258	\$ (20)
Gain on sale of annuity business	—	697	(41)	—	—	656	—
Net earnings (loss) from discontinued operations	\$ —	\$ 762	\$ 152	\$ 427	\$ 76	\$ 914	\$ (20)

(a) AFG completed the sale of its Annuity businesses on May 28, 2021. The amounts for three months ended 6/30/21 and nine months ended 9/30/21 only include earnings through the sale date.

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



	<u>9/30/21</u>	<u>6/30/21</u>	<u>3/31/21</u>	<u>12/31/20</u>	<u>9/30/20</u>	<u>6/30/20</u>
Assets:						
Total cash and investments	\$ 16,387	\$ 16,125	\$ 13,900	\$ 13,494	\$ 13,685	\$ 13,216
Recoverables from reinsurers	3,523	3,330	3,231	3,288	3,324	3,132
Prepaid reinsurance premiums	1,028	865	755	768	862	733
Agents' balances and premiums receivable	1,492	1,423	1,209	1,229	1,382	1,363
Deferred policy acquisition costs	262	258	244	244	269	296
Assets of managed investment entities	5,130	5,086	5,102	4,971	4,717	4,393
Other receivables	1,097	682	576	678	854	539
Assets of discontinued annuity operations	—	—	48,139	47,885	46,947	46,183
Other assets	847	835	865	977	1,018	954
Goodwill	176	176	176	176	176	176
Total assets	\$ 29,942	\$ 28,780	\$ 74,197	\$ 73,710	\$ 73,234	\$ 70,985
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 10,991	\$ 10,498	\$ 10,384	\$ 10,392	\$ 10,754	\$ 10,321
Unearned premiums	3,415	3,054	2,821	2,803	3,015	2,778
Payable to reinsurers	1,146	829	753	807	977	746
Liabilities of managed investment entities	5,034	5,029	5,045	4,914	4,666	4,355
Long-term debt	1,964	1,963	1,963	1,963	2,108	1,912
Other liabilities	2,152	1,806	1,653	1,584	1,650	1,597
Liabilities of discontinued annuity operations	—	—	44,893	44,458	43,724	43,150
Total liabilities	\$ 24,702	\$ 23,179	\$ 67,512	\$ 66,921	\$ 66,894	\$ 64,859
Shareholders' equity:						
Common stock	\$ 85	\$ 85	\$ 85	\$ 86	\$ 87	\$ 89
Capital surplus	1,315	1,303	1,279	1,281	1,283	1,299
Retained earnings	3,680	4,023	4,354	4,149	3,737	3,685
Unrealized gains—fixed maturities	178	205	963	1,255	1,212	1,030
Unrealized gains (losses)—fixed maturity-related cash flow hedges	—	—	27	41	41	47
Other comprehensive income, net of tax	(18)	(15)	(23)	(23)	(20)	(24)
Total shareholders' equity	5,240	5,601	6,685	6,789	6,340	6,126
Total liabilities and equity	\$ 29,942	\$ 28,780	\$ 74,197	\$ 73,710	\$ 73,234	\$ 70,985

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



	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	6/30/20
Shareholders' equity	\$ 5,240	\$ 5,601	\$ 6,685	\$ 6,789	\$ 6,340	\$ 6,126
Unrealized (gains) related to fixed maturities	(178)	(205)	(990)	(1,296)	(1,253)	(1,077)
Adjusted shareholders' equity	5,062	5,396	5,695	5,493	5,087	5,049
Goodwill from continuing and discontinued operations	(176)	(176)	(207)	(207)	(207)	(207)
Intangibles	(29)	(30)	(31)	(34)	(34)	(37)
Tangible adjusted shareholders' equity	\$ 4,857	\$ 5,190	\$ 5,457	\$ 5,252	\$ 4,846	\$ 4,805
Common shares outstanding	84.795	84.714	85.126	86.345	87.267	88.659
Book value per share:						
Book value per share	\$ 61.80	\$ 66.12	\$ 78.53	\$ 78.62	\$ 72.65	\$ 69.10
Adjusted (a)	59.70	63.70	66.89	63.61	58.29	56.95
Tangible, adjusted (b)	57.28	61.27	64.10	60.82	55.53	54.20
Market capitalization						
AFG's closing common share price	\$ 125.83	\$ 124.72	\$ 114.10	\$ 87.62	\$ 66.98	\$ 63.46
Market capitalization	\$ 10,670	\$ 10,566	\$ 9,713	\$ 7,566	\$ 5,845	\$ 5,626
Price / Adjusted book value ratio	2.11	1.96	1.71	1.38	1.15	1.11

(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>9/30/21</u>	<u>6/30/21</u>	<u>3/31/21</u>	<u>12/31/20</u>	<u>9/30/20</u>	<u>6/30/20</u>
AFG senior obligations	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318	\$ 1,318
Borrowings drawn under credit facility	—	—	—	—	—	—
Debt excluding subordinated debt	\$ 1,318					
AFG subordinated debentures	675	675	675	675	825	625
Total principal amount of long-term debt	\$ 1,993	\$ 1,993	\$ 1,993	\$ 1,993	\$ 2,143	\$ 1,943
Shareholders' equity	5,240	5,601	6,685	6,789	6,340	6,126
Noncontrolling interests (including redeemable NCI)	—	—	—	—	—	—
Less:						
Unrealized (gains) related to fixed maturity investments	(178)	(205)	(990)	(1,296)	(1,253)	(1,077)
Total adjusted capital	\$ 7,055	\$ 7,389	\$ 7,688	\$ 7,486	\$ 7,230	\$ 6,992
Ratio of debt to total adjusted capital:						
Including subordinated debt	28.2%	27.0%	25.9%	26.6%	29.6%	27.8%
Excluding subordinated debt	18.7%	17.8%	17.1%	17.6%	18.2%	18.9%



	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Property and Casualty Insurance							
Paid Losses (GAAP)	\$ 678	\$ 667	\$ 674	\$ 758	\$ 646	\$2,019	\$ 1,998
		9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	6/30/20
GAAP Equity (excluding AOCI)							
Property and Casualty Insurance	\$ 4,934	\$ 4,779	\$ 4,571	\$ 4,458	\$ 4,154	\$ 3,945	
Annuity	—	—	3,012	2,893	2,659	2,579	
Parent and other subsidiaries	146	632	(1,865)	(1,835)	(1,706)	(1,451)	
AFG GAAP Equity (excluding AOCI)	\$ 5,080	\$ 5,411	\$ 5,718	\$ 5,516	\$ 5,107	\$ 5,073	
Allowable dividends without regulatory approval							
Property and Casualty Insurance	\$ 416	\$ 416	\$ 416	\$ 416	\$ 565	\$ 565	
Annuity and Run-off	—	—	289	289	287	287	
Total	\$ 416	\$ 416	\$ 705	\$ 705	\$ 852	\$ 852	

	Carrying Value—September 30, 2021				
	Property and Casualty Insurance	Parent & Other	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:					
Cash and cash equivalents	\$ 1,469	\$ 1,364	\$ —	\$ 2,833	17%
Fixed maturities—Available for sale	9,147	1,280	—	10,427	64%
Fixed maturities—Trading	29	—	—	29	0%
Equity securities—common stocks	484	79	—	563	3%
Equity securities—perpetual preferred	430	—	—	430	3%
Investments accounted for using the equity method	1,407	—	—	1,407	9%
Mortgage loans	537	—	—	537	3%
Real estate and other investments	152	105	(96)	161	1%
Total cash and investments	\$ 13,655	\$ 2,828	\$ (96)	\$ 16,387	100%

	Carrying Value—December 31, 2020				
	Property and Casualty Insurance	Parent & Other	Consolidate CLOs	Total AFG Consolidated	% of Investment Portfolio
Total cash and investments:					
Cash and cash equivalents	\$ 1,408	\$ 257	\$ —	\$ 1,665	12%
Fixed maturities—Available for sale	9,076	8	—	9,084	67%
Fixed maturities—Trading	24	—	—	24	0%
Equity securities—common stocks	438	72	—	510	4%
Equity securities—perpetual preferred	379	—	—	379	3%
Investments accounted for using the equity method	806	429	—	1,235	9%
Mortgage loans	377	—	—	377	3%
Real estate and other investments	125	151	(56)	220	2%
Total cash and investments	\$ 12,633	\$ 917	\$ (56)	\$ 13,494	100%

	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities—Available for sale	\$ 70	\$ 70	\$ 72	\$ 71	\$ 72	\$ 212	\$ 228
Fixed maturities—Trading	1	—	—	—	—	1	1
Equity securities—dividends	6	6	8	7	8	20	26
Equity securities—MTM	6	5	23	8	(3)	34	2
Equity in investees	73	51	49	27	27	173	23
AFG managed CLOs	5	7	5	6	4	17	(7)
Other investments (a)	8	6	4	4	5	18	14
Gross investment income	169	145	161	123	113	475	287
Investment expenses	(4)	(2)	(2)	(1)	(2)	(8)	(5)
Total net investment income	\$ 165	\$ 143	\$ 159	\$ 122	\$ 111	\$ 467	\$ 282
Average cash and investments (b)	\$13,194	\$12,630	\$12,573	\$12,135	\$11,764	\$12,763	\$11,611
Average yield (c)	5.00%	4.53%	5.06%	4.02%	3.77%	4.88%	3.24%
AFG consolidated net investment income:							
Property & Casualty core	\$ 165	\$ 143	\$ 159	\$ 122	\$ 111	\$ 467	\$ 282
Neon exited lines non-core	—	—	—	—	1	—	(5)
Equity in Investees (d)	—	20	29	19	9	49	30
Other Investments (d)	—	2	—	1	1	2	(1)
Parent & other	9	6	5	11	4	20	1
Consolidate CLOs	(5)	(7)	(5)	(6)	(4)	(17)	7
Total net investment income	\$ 169	\$ 164	\$ 188	\$ 147	\$ 122	\$ 521	\$ 314

- (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.
(d) Investment income on real estate-related assets retained by AFG from the sale of the annuity business.

	Three Months Ended					Nine Months Ended	
	9/30/21	6/30/21	3/31/21	12/31/20	9/30/20	9/30/21	9/30/20
Property and Casualty Insurance:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 6	\$ 5	\$ 23	\$ 8	\$ (3)	\$ 34	\$ 2
Investments accounted for using the equity method (b)	73	51	49	27	27	173	23
AFG managed CLOs (eliminated in consolidation)	5	7	5	6	4	17	(7)
Total Property & Casualty	\$ 84	\$ 63	\$ 77	\$ 41	\$ 28	\$ 224	\$ 18
Investments							
Equity securities MTM through investment income (a)	\$ 195	\$ 172	\$ 159	\$ 129	\$ 109	\$ 195	\$ 109
Investments accounted for using the equity method (b)	1,407	1,378	861	806	778	1,407	778
AFG managed CLOs (eliminated in consolidation)	96	57	57	57	46	96	46
Total Property & Casualty	\$1,698	\$1,607	\$1,077	\$ 992	\$ 933	\$1,698	\$ 933
Annualized Return—Property & Casualty	20.3%	22.9%	29.8%	17.0%	12.3%	24.4%	2.7%
Continuing Operations:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 6	\$ 5	\$ 23	\$ 8	\$ (3)	\$ 34	\$ 2
Investments accounted for using the equity method (b)(c)	73	71	78	46	36	222	53
AFG managed CLOs (eliminated in consolidation)	5	7	5	6	4	17	(7)
Total Continuing operations	\$ 84	\$ 83	\$ 106	\$ 60	\$ 37	\$ 273	\$ 48
Investments							
Equity securities MTM through investment income (a)	\$ 195	\$ 172	\$ 159	\$ 129	\$ 109	\$ 195	\$ 109
Investments accounted for using the equity method (b)	1,407	1,378	1,324	1,235	1,194	1,407	1,194
AFG managed CLOs (eliminated in consolidation)	96	57	57	57	46	96	46
Total Continuing operations	\$1,698	\$1,607	\$1,540	\$1,421	\$1,349	\$1,698	\$1,349
Annualized Return—Continuing operations	20.3%	21.1%	28.6%	17.3%	11.2%	23.2%	5.1%

- (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.
- (c) Includes investment income on real estate-related partnerships retained by AFG from the sale of the annuity business.

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



September 30, 2021	Book Value (c)	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 216	\$ 218	\$ 2	2%	1%
States, municipalities and political subdivisions	1,849	1,926	77	19%	12%
Foreign government	241	242	1	2%	1%
Residential mortgage-backed securities	704	754	50	7%	5%
Commercial mortgage-backed securities	110	113	3	1%	1%
Collateralized loan obligations	1,826	1,829	3	18%	11%
Other asset-backed securities	2,625	2,645	20	25%	16%
Corporate and other bonds	2,660	2,729	69	26%	17%
Total AFG consolidated	\$ 10,231	\$ 10,456	\$ 225	100%	64%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	2.95%
Net of investment expense (a)	2.84%
Tax equivalent, net of investment expense (b)	2.98%

Approximate average life and duration:

Approximate average life	3.5 years
Approximate duration	2 years

December 31, 2020	Book Value (c)	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 192	\$ 198	\$ 6	2%	1%
States, municipalities and political subdivisions	2,196	2,312	116	25%	17%
Foreign government	193	197	4	2%	1%
Residential mortgage-backed securities	859	915	56	10%	7%
Commercial mortgage-backed securities	89	92	3	1%	1%
Collateralized loan obligations	1,062	1,062	—	12%	8%
Other asset-backed securities	2,033	2,047	14	23%	15%
Corporate and other bonds	2,200	2,285	85	25%	17%
Total AFG consolidated	\$ 8,824	\$ 9,108	\$ 284	100%	67%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	3.32%
Net of investment expense (a)	3.26%
Tax equivalent, net of investment expense (b)	3.40%

Approximate average life and duration:

Approximate average life	4 years
Approximate duration	3 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.
- (c) Book Value is amortized cost, net of allowance for expected credit losses.

Appendix A
American Financial Group, Inc.
Fixed Maturities by Credit Rating & NAIC Designation by Type
9/30/2021
(\$ in millions)



By Credit Rating (a)	Fair Value by Type								Total	% Total
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	ABS	Corp/Oth		
Investment grade										
AAA	\$ 218	\$ 765	\$ 228	\$ 423	\$ 82	\$1,584	\$1,290	\$ 51	\$ 4,641	44%
AA	—	1,076	—	11	8	177	392	189	1,853	18%
A	—	65	—	22	1	57	457	716	1,318	13%
BBB	—	9	4	8	14	10	277	1,058	1,380	13%
Subtotal—Investment grade	218	1,915	232	464	105	1,828	2,416	2,014	9,192	88%
BB	—	—	—	4	8	—	4	143	159	2%
B	—	—	—	18	—	—	11	11	40	0%
CCC, CC, C	—	—	—	149	—	—	—	9	158	2%
D	—	—	—	19	—	—	—	1	20	0%
Subtotal—Non-Investment grade	—	—	—	190	8	—	15	164	377	4%
Not Rated (b)	—	11	10	100	—	1	214	551	887	8%
Total	\$ 218	\$1,926	\$ 242	\$ 754	\$ 113	\$1,829	\$2,645	\$ 2,729	\$10,456	100%

NAIC designation	Fair Value by type								Total	% Total
	US Gov	Munis	Frgn gov	RMBS	CMBS	CLOs	ABS	Corp/Oth		
1	\$ 218	\$1,916	\$ 216	\$ 684	\$ 96	\$1,254	\$1,899	\$ 1,232	\$ 7,515	82%
2	—	9	—	2	2	9	276	1,093	1,391	15%
Subtotal	218	1,925	216	686	98	1,263	2,175	2,325	8,906	97%
3	—	—	—	3	8	—	4	149	164	2%
4	—	—	—	1	—	—	11	21	33	0%
5	—	—	—	7	—	1	2	26	36	1%
6	—	—	—	2	—	—	—	1	3	0%
Subtotal	—	—	—	13	8	1	17	197	236	3%
Total insurance companies	\$ 218	\$1,925	\$ 216	\$ 699	\$ 106	\$1,264	\$2,192	\$ 2,522	\$ 9,142	100%
Total non-insurance (c)	—	1	26	55	7	565	453	207	1,314	
Total	\$ 218	\$1,926	\$ 242	\$ 754	\$ 113	\$1,829	\$2,645	\$ 2,729	\$10,456	

- (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) For ABS, 85% are NAIC 1 and 14% are held by non-insurance companies.
For Corp/Oth, 53% are NAIC 1, 5% NAIC 2 and 37% are held by non-insurance companies.
For Total, 65% are NAIC 1, 3% NAIC 2 and 27% are held by non-insurance companies.
- (c) 80% are investment grade rated.

Appendix B
American Financial Group, Inc.
Fixed Maturities by Credit Rating & NAIC Designation by Type
12/31/2020
(\$ in millions)



By Credit Rating (a)	Fair Value by Type								Total	% Total
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	ABS	Corp/Oth		
Investment grade										
AAA	\$ 198	\$ 922	\$ 179	\$ 492	\$ 62	\$ 801	\$ 889	\$ 41	\$3,584	39%
AA	—	1,271	—	20	8	179	407	163	2,048	22%
A	—	97	—	31	1	72	330	620	1,151	13%
BBB	—	9	2	10	14	9	208	887	1,139	13%
Subtotal—Investment grade	198	2,299	181	553	85	1,061	1,834	1,711	7,922	87%
BB	—	—	—	10	6	—	2	95	113	1%
B	—	—	—	24	—	—	10	30	64	1%
CCC, CC, C	—	—	—	170	1	—	—	13	184	2%
D	—	—	—	38	—	—	—	—	38	0%
Subtotal—Non-Investment grade	—	—	—	242	7	—	12	138	399	4%
Not Rated (b)	—	13	16	120	—	1	201	436	787	9%
Total	\$ 198	\$2,312	\$ 197	\$ 915	\$ 92	\$1,062	\$2,047	\$ 2,285	\$9,108	100%

NAIC designation	Fair Value by type								Total	% Total
	US Gov	Munis	Frgn gov	RMBS	CMBS	CLOs	ABS	Corp/Oth		
1	\$ 198	\$2,302	\$ 176	\$ 883	\$ 83	\$1,051	\$1,823	\$ 1,203	\$7,719	85%
2	—	9	—	2	2	9	208	907	1,137	12%
Subtotal	198	2,311	176	885	85	1,060	2,031	2,110	8,856	97%
3	—	—	—	7	7	—	2	95	111	1%
4	—	—	—	2	—	—	10	49	61	1%
5	—	—	—	10	—	1	2	28	41	1%
6	—	—	—	2	—	—	—	1	3	0%
Subtotal	—	—	—	21	7	1	14	173	216	3%
No designation (c)	—	1	21	9	—	1	2	2	36	0%
Total	\$ 198	\$2,312	\$ 197	\$ 915	\$ 92	\$1,062	\$2,047	\$ 2,285	\$9,108	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.
- (b) For ABS, 98% are NAIC 1.
For Corp/Oth, 87% are NAIC 1, 4% NAIC 2, 2% NAIC 3, 4% NAIC 4, 3% NAIC 5.
For Total, 90% are NAIC 1, 2% NAIC 2, 2% NAIC 3, 2% NAIC 4, 3% NAIC 5.
- (c) Primarily relates to securities held by non-insurance companies.

Investments accounted for using equity method (Real Estate Funds/Investments). (a)

<u>Investment Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Occupancy (b)</u>	<u>Collection Rate (c)</u>
Multi-family	\$ 899	88%	96%	98%
Fund Investments	42	4%	—	—
Student Housing	25	2%	94%	98%
QOZ Fund—Development	19	2%	—	—
Land Development	16	2%	—	—
Office	15	1%	81%	100%
Hospitality	8	1%	—	—
Total	\$ 1,024	100%		

Real Estate

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Debt</u>
Resort & Marina	\$ 53	40%	\$—
Marina	38	29%	—
Hotel	21	16%	—
Office Building	16	12%	—
Land	5	3%	—
Total	\$ 133	100%	\$—

Mortgage Loans

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Loan To Value (d)</u>
Multifamily	312	58%	68%
Hospitality	146	27%	54%
Office	72	14%	72%
Retail	7	1%	56%
Total	\$537	100%	64%

Currently, no loans are receiving interest deferral through forbearance agreements.

- (a) Total investments accounted for using the equity method is \$1.4 billion, the amounts presented in this table only relate to real estate funds/investments.
- (b) Occupancy as of 9/30/21
- (c) Collections for July—September
- (d) Based on most recent property appraisals, the vast majority of which are prior to March 2020.

Appendix C
American Financial Group, Inc.
Corporate Securities by Credit Rating & NAIC Designation by Industry
9/30/2021
(\$ in millions)



Credit Rating (a)	Fair Value By Industry													Total	% T		
	Other Financials	Asset Managers	Banking	Technology	Insurance	Autos	Consumer	REITs	Healthcare	Energy	Capital Goods	Communications	Other				
Investment Grade																	
AAA	\$ —	\$ —	\$ —	\$ 16	\$ —	\$ —	\$ 10	\$ —	\$ 10	\$ —	\$ —	\$ 13	\$ 2	\$ 51			
AA	12	—	27	48	35	—	17	—	12	36	—	—	2	189			
A	95	47	116	27	117	56	44	48	22	23	61	25	35	716			
BBB	95	289	204	78	25	88	34	63	41	31	13	34	63	1,058			
Subtotal	202	336	347	169	177	144	105	111	85	90	74	72	102	2,014			
BB	4	5	—	34	7	12	36	—	10	9	4	—	22	143			
B	—	—	—	2	—	4	3	—	2	—	—	—	—	11			
CCC, CC, C	—	—	—	2	—	—	2	—	—	—	—	—	5	9			
D	—	—	—	—	—	—	—	—	—	—	—	—	1	1			
Subtotal	4	5	—	38	7	16	41	—	12	9	4	—	28	164			
Not Rated (b)	470	20	—	1	10	—	14	6	7	—	2	—	21	551			
Total	\$ 676	\$ 361	\$ 347	\$ 208	\$ 194	\$ 160	\$ 160	\$ 117	\$ 104	\$ 99	\$ 80	\$ 72	\$ 151	\$2,729			

NAIC designation	Fair Value By Industry													Total	% Tot
	Other Financials	Asset Managers	Banking	Technology	Insurance	Autos	Consumer	REITs	Healthcare	Energy	Capital Goods	Communications	Other		
1	\$ 372	\$ 34	\$ 143	\$ 90	\$ 162	\$ 56	\$ 74	\$ 48	\$ 45	\$ 59	\$ 61	\$ 38	\$ 50	\$1,232	4
2	96	321	204	79	26	89	36	56	41	31	15	34	65	1,093	4
Subtotal	468	355	347	169	188	145	110	104	86	90	76	72	115	2,325	9
3	4	6	—	33	6	11	38	6	9	9	4	—	23	149	
4	—	—	—	2	—	4	5	7	3	—	—	—	—	21	
5	—	—	—	4	—	—	7	—	6	—	—	—	9	26	
6	—	—	—	—	—	—	—	—	—	—	—	—	1	1	
Subtotal	4	6	—	39	6	15	50	13	18	9	4	—	33	197	
Total insurance companies	\$ 472	\$ 361	\$ 347	\$ 208	\$ 194	\$ 160	\$ 160	\$ 117	\$ 104	\$ 99	\$ 80	\$ 72	\$ 148	\$2,522	10
Total non-insurance	204	—	—	—	—	—	—	—	—	—	—	—	3	207	
Total	\$ 676	\$ 361	\$ 347	\$ 208	\$ 194	\$ 160	\$ 160	\$ 117	\$ 104	\$ 99	\$ 80	\$ 72	\$ 151	\$2,729	

- (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) For Other Financials, 56% are NAIC 1 and 43% are held by non-insurance companies.
For the Total, 53% are NAIC 1, 5% NAIC 2, and 37% are held by non-insurance companies.

Appendix D
American Financial Group, Inc.
Corporate Securities by Credit Rating & NAIC Designation by Industry 12/31/2020
(\$ in millions)



Credit Rating (a)	Fair Value By Industry													Total	%		
	Other Financials	Banking	Asset Managers	Technology	Insurance	Autos	Consumer	Energy	Healthcare	REITs	Capital Goods	Communications	Other				
Investment Grade																	
AAA	\$ —	\$ —	\$ —	\$ 16	\$ —	\$ —	\$ —	\$ —	\$ 10	\$ —	\$ —	\$ —	\$ 13	\$ 2	\$ 41		
AA	12	28	8	23	35	—	5	37	12	—	—	—	—	3	163		
A	39	121	53	24	96	28	50	25	22	36	63	—	26	37	620		
BBB	65	190	147	81	21	119	36	33	45	23	13	—	37	77	887		
Subtotal	116	339	208	144	152	147	91	95	89	59	76	—	76	119	1,711		
BB	9	—	—	16	6	11	21	13	4	—	4	—	1	10	95		
B	—	—	—	2	—	—	3	3	3	15	—	—	—	4	30		
CCC, CC, C	—	—	—	2	—	—	2	—	1	—	—	—	—	8	13		
D	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Subtotal	9	—	—	20	6	11	26	16	8	15	4	—	1	22	138		
Not Rated (b)	385	—	—	3	8	—	7	—	—	13	2	—	—	18	436		
Total	\$ 510	\$ 339	\$ 208	\$ 167	\$ 166	\$158	\$ 124	\$ 111	\$ 97	\$ 87	\$ 82	\$ 77	\$ 159	\$2,285			

NAIC designation	Fair Value By Industry													Total	%		
	Other Financials	Banking	Asset Managers	Technology	Insurance	Autos	Consumer	Energy	Healthcare	REITs	Capital Goods	Communications	Other				
1	\$ 432	\$ 149	\$ 62	\$ 63	\$ 131	\$ 28	\$ 55	\$ 62	\$ 45	\$ 35	\$ 63	\$ 28	\$ 39	\$ 39	\$1,203		
2	69	190	146	81	22	119	36	33	45	24	14	—	37	91	907		
Subtotal	501	339	208	144	153	147	91	95	90	59	77	—	76	130	2,110		
3	9	—	—	14	4	11	20	13	3	5	4	—	1	11	95		
4	—	—	—	2	8	—	5	3	4	23	—	—	—	4	49		
5	—	—	—	6	1	—	8	—	—	—	1	—	—	12	28		
6	—	—	—	1	—	—	—	—	—	—	—	—	—	—	1		
Subtotal	9	—	—	23	13	11	33	16	7	28	5	—	1	27	173		
No designation (c)	—	—	—	—	—	—	—	—	—	—	—	—	—	2	2		
Total	\$ 510	\$ 339	\$ 208	\$ 167	\$ 166	\$158	\$ 124	\$ 111	\$ 97	\$ 87	\$ 82	\$ 77	\$ 159	\$2,285			

- (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) For Other Financials, 99% are NAIC 1.
For the Total, 87% are NAIC 1, 4% NAIC 2, 2% NAIC 3, 4% NAIC 4, 3% NAIC 5.
- (c) Primarily relates to securities held by non-insurance companies.



Credit Rating (a)	Fair Value By Collateral Type													Total	% Total	
	Commercial Real Estate	Secured Financing (c)	Auto	TruPS	Whole Business	Single Family Rental	Railcar	Consumer Loans	Triple Net Lease	Aircraft	Mortgage Servicer Receivables	Other				
Investment Grade																
AAA	\$ 628	\$ —	\$ 211	\$ —	\$ —	\$ 128	\$ —	\$ 40	\$ 92	\$ —	\$ 39	\$ 152	\$ 1,290	49%		
AA	8	40	21	179	41	32	—	44	10	—	—	17	392	15%		
A	—	84	13	20	4	—	135	42	12	51	—	96	457	17%		
BBB	—	2	—	—	154	—	—	—	—	44	63	14	277	10%		
Subtotal	636	126	245	199	199	160	135	126	114	95	102	279	2,416	91%		
BB	—	—	—	—	—	—	—	—	—	4	—	—	4	0%		
B	—	1	—	—	—	—	—	—	—	9	—	1	11	1%		
CCC, CC, C	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
D	—	—	—	—	—	—	—	—	—	—	—	—	—	0%		
Subtotal	—	1	—	—	—	—	—	—	—	13	—	1	15	1%		
Not Rated (b)	—	211	—	—	—	—	—	—	—	3	—	—	214	8%		
Total	\$ 636	\$ 338	\$ 245	\$ 199	\$ 199	\$ 160	\$ 135	\$ 126	\$ 114	\$ 111	\$ 102	\$ 280	\$ 2,645	100%		

NAIC designation	Fair Value By Collateral Type													Total	% Total
	Commercial Real Estate	Secured Financing (c)	Auto	TruPS	Whole Business	Single Family Rental	Railcar	Consumer Loans	Triple Net Lease	Aircraft	Mortgage Servicer Receivables	Other			
1	\$ 502	\$ 306	\$ 50	\$ 199	\$ 45	\$ 159	\$ 135	\$ 115	\$ 114	\$ 51	\$ 39	\$ 184	\$ 1,899	87%	
2	—	2	—	—	154	—	—	—	—	44	63	13	276	12%	
Subtotal	502	308	50	199	199	159	135	115	114	95	102	197	2,175	99%	
3	—	—	—	—	—	—	—	—	—	4	—	—	4	0%	
4	—	1	—	—	—	—	—	—	—	9	—	1	11	1%	
5	—	—	—	—	—	—	—	—	—	2	—	—	2	0%	
6	—	—	—	—	—	—	—	—	—	—	—	—	—	0%	
Subtotal	—	1	—	—	—	—	—	—	—	15	—	1	17	1%	
Total insurance companies	\$ 502	\$ 309	\$ 50	\$ 199	\$ 199	\$ 159	\$ 135	\$ 115	\$ 114	\$ 110	\$ 102	\$ 198	\$ 2,192	100%	
Total non-insurance	134	29	195	—	—	1	—	11	—	1	—	82	453		
Total	\$ 636	\$ 338	\$ 245	\$ 199	\$ 199	\$ 160	\$ 135	\$ 126	\$ 114	\$ 111	\$ 102	\$ 280	\$ 2,645		

- (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) 85% of not rated securities are NAIC 1 and 14% are held by non-insurance companies.
- (c) Secured Financings are privately placed funding agreements secured by assets including Single Family Rental properties, Bank Loans, Bank Trust Preferreds, Commercial and Residential Mortgages.



Fair Value By Collateral Type

Credit Rating (a)	Commercial Real Estate	Secured Financing (c)	TruPS	Single Family Rental	Whole Business	Railcar	Consumer Loans	Triple Net Lease	Aircraft	Mortgage Servicer Receivables	Auto	Other	Total	% Total
Investment Grade														
AAA	\$ 427	\$ —	\$ —	\$ 151	\$ —	\$ —	\$ 53	\$ 74	\$ —	\$ 39	\$ 29	\$ 116	\$ 889	4
AA	6	61	173	46	41	—	33	11	—	—	20	16	407	2
A	—	13	36	5	4	140	22	17	38	—	3	52	330	1
BBB	—	—	—	—	134	—	—	—	30	40	—	4	208	1
Subtotal	433	74	209	202	179	140	108	102	68	79	52	188	1,834	8
BB	—	—	—	—	—	—	—	—	2	—	—	—	2	—
B	—	2	—	—	—	—	—	—	7	—	—	1	10	—
CCC, CC, C	—	—	—	—	—	—	—	—	—	—	—	—	—	—
D	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	2	—	—	—	—	—	—	9	—	—	1	12	—
Not Rated (b)	—	167	—	—	—	—	—	—	3	—	—	31	201	1
Total	\$ 433	\$ 243	\$ 209	\$ 202	\$ 179	\$ 140	\$ 108	\$ 102	\$ 80	\$ 79	\$ 52	\$ 220	\$2,047	10

Fair Value By Collateral Type

NAIC designation	Commercial Real Estate	Secured Financing (c)	TruPS	Single Family Rental	Whole Business	Railcar	Consumer Loans	Triple Net Lease	Aircraft	Mortgage Servicer Receivables	Auto	Other	Total
1	\$ 433	\$ 241	\$ 209	\$ 201	\$ 46	\$ 140	\$ 108	\$ 102	\$ 37	\$ 40	\$ 52	\$ 214	\$ 1,823
2	—	1	—	—	133	—	—	—	31	39	—	4	208
Subtotal	433	242	209	201	179	140	108	102	68	79	52	218	2,031
3	—	—	—	—	—	—	—	—	2	—	—	—	2
4	—	1	—	—	—	—	—	—	7	—	—	2	10
5	—	—	—	—	—	—	—	—	2	—	—	—	2
6	—	—	—	—	—	—	—	—	—	—	—	—	—
Subtotal	—	1	—	—	—	—	—	—	11	—	—	2	14
No designation (d)	—	—	—	1	—	—	—	—	1	—	—	—	2
Total	\$ 433	\$ 243	\$ 209	\$ 202	\$ 179	\$ 140	\$ 108	\$ 102	\$ 80	\$ 79	\$ 52	\$ 220	\$ 2,047

- (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) 98% of not rated securities are NAIC 1.
- (c) Secured Financings are privately placed funding agreements secured by assets including Single Family Rental properties, Bank Loans, Bank Trust Preferreds, Commercial and Residential Mortgages.
- (d) Primarily relates to securities held by non-insurance companies.

Investments accounted for using equity method (Real Estate Funds/Investments). (a)

<u>Investment Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Occupancy (b)</u>	<u>Collection Rate (c)</u>
Multi-family	\$ 793	87%	96%	98%
Fund Investments	38	4%	—	—
Student Housing	28	3%	94%	98%
Land—Development	17	2%	—	—
QOZ Fund—Development	16	2%	—	—
Office	15	1%	90%	100%
Hospitality	8	1%	—	—
Total	\$ 915	100%		

Real Estate

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Debt</u>
Marina	\$ 63	39%	\$ —
Resort & Marina	56	34%	—
Hotel	23	14%	—
Office Building	17	10%	—
Land	4	3%	—
Total	\$ 163	100%	\$ —

Mortgage Loans

<u>Property Type</u>	<u>Book Value</u>	<u>% of Book Value</u>	<u>Loan To Value</u>
Hospitality	160	42%	56%
Multi-family	138	37%	68%
Office	73	19%	72%
Retail	6	2%	57%
Total	\$ 377	100%	64%

Currently, no loans are receiving interest deferral through forbearance agreements.

- (a) Total investments accounted for using the equity method is \$1.2 billion, the amounts presented in this table only relate to real estate funds/investments.
- (b) Occupancy as of 12/31/20
- (c) Collections for October—December
- (d) Based on most recent property appraisals, the vast majority of which are prior to March 2020.