



American Financial Group, Inc.
Investor Supplement - Third Quarter 2014

October 28, 2014

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American Financial Group, Inc.
Table of Contents - Investor Supplement - Third Quarter 2014



| Section | Page |
|--|------|
| Table of Contents - Investor Supplement - Third Quarter 2014..... | 2 |
| Financial Highlights..... | 3 |
| Summary of Earnings..... | 4 |
| Earnings Per Share Summary..... | 5 |
| Property and Casualty Insurance Segment | |
| Property and Casualty Insurance - Summary Underwriting Results (GAAP)..... | 6 |
| Specialty - Underwriting Results (GAAP)..... | 7 |
| Property and Transportation - Underwriting Results (GAAP)..... | 8 |
| Specialty Casualty - Underwriting Results (GAAP)..... | 9 |
| Specialty Financial - Underwriting Results (GAAP)..... | 10 |
| Other Specialty - Underwriting Results (GAAP)..... | 11 |
| Annuity Segment | |
| Annuity Earnings (GAAP)..... | 12 |
| Detail of Annuity Benefits Expense (GAAP)..... | 13 |
| Net Spread on Fixed Annuities (GAAP)..... | 14 |
| Annuity Premiums (Statutory)..... | 15 |
| Fixed Annuity Benefits Accumulated (GAAP)..... | 16 |
| Consolidated Balance Sheet / Book Value / Debt | |
| Consolidated Balance Sheet..... | 17 |
| Book Value Per Share and Price / Book Summary..... | 18 |
| Capitalization..... | 19 |
| Additional Supplemental Information..... | 20 |
| Consolidated Investment Supplement | |
| Total Cash and Investments and Quarterly Net Investment Income..... | 21 |
| Fixed Maturities - By Security Type - AFG Consolidated..... | 22 |
| Fixed Maturities - By Security Type Portfolio..... | 23 |
| Fixed Maturities - Credit Rating and NAIC Designation..... | 24 |
| Mortgage-Backed Securities - AFG Consolidated..... | 25 |
| Mortgage-Backed Securities Portfolio..... | 26 |
| Mortgage-Backed Securities - Credit Rating and NAIC Designation..... | 27 |

American Financial Group, Inc.
Financial Highlights

(in millions, except per share information)



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|----------|----------|----------|----------|-------------------|----------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |

Highlights

| | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| Core net operating earnings | \$ 127 | \$ 99 | \$ 91 | \$ 117 | \$ 97 | \$ 317 | \$ 268 |
| Net earnings | 116 | 106 | 103 | 158 | 83 | 325 | 313 |
| Total assets | 46,552 | 45,355 | 42,770 | 42,087 | 40,947 | 46,552 | 40,947 |
| Adjusted shareholders' equity (a) | 4,300 | 4,298 | 4,191 | 4,109 | 4,048 | 4,300 | 4,048 |
| Property and Casualty net written premiums | 1,242 | 998 | 755 | 821 | 1,067 | 2,995 | 2,520 |
| Annuity statutory premiums | 809 | 949 | 967 | 1,381 | 1,167 | 2,725 | 2,652 |

Per share data

| | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Core net operating earnings per share | \$ 1.40 | \$ 1.07 | \$ 1.00 | \$ 1.28 | \$ 1.06 | \$ 3.47 | \$ 2.94 |
| Diluted earnings per share | 1.28 | 1.15 | 1.13 | 1.73 | 0.92 | 3.56 | 3.44 |
| Adjusted book value per share (a) | 48.59 | 47.95 | 46.79 | 45.90 | 45.36 | 48.59 | 45.36 |
| Cash dividends per common share | 0.220 | 0.220 | 0.220 | 1.220 | 0.195 | 0.660 | 0.585 |

Financial ratios

| | | | | | | | |
|---|----------------|----------------|----------------|--------------|--------------|----------------|--------------|
| Annualized core operating return on equity (b) | 12.3% | 9.6% | 9.1% | 11.8% | 10.0% | 10.3% | 9.4% |
| Annualized return on equity (b) | 11.1% | 10.3% | 10.3% | 16.0% | 8.6% | 10.6% | 11.0% |
| Property and Casualty combined ratio - Specialty: | | | | | | | |
| Loss & LAE ratio | 67.1% | 64.6% | 56.9% | 62.4% | 66.1% | 63.6% | 61.5% |
| Underwriting expense ratio | 26.7% | 32.3% | 35.3% | 28.9% | 27.4% | 30.8% | 32.9% |
| Combined ratio - Specialty | <u>93.8%</u> | <u>96.9%</u> | <u>92.2%</u> | <u>91.3%</u> | <u>93.5%</u> | <u>94.4%</u> | <u>94.4%</u> |
| Net spread on fixed annuities: | | | | | | | |
| Net interest spread | 2.77% | 2.92% | 2.81% | 2.86% | 2.89% | 2.83% | 2.97% |
| Net spread earned: | | | | | | | |
| Before impact of fair value accounting | 1.50% | 1.64% | 1.58% | 1.55% | 1.50% | 1.57% | 1.51% |
| Impact of fair value accounting (c) | <u>(0.02%)</u> | <u>(0.18%)</u> | <u>(0.28%)</u> | <u>0.12%</u> | <u>0.00%</u> | <u>(0.16%)</u> | <u>0.07%</u> |
| After impact of fair value accounting | <u>1.48%</u> | <u>1.46%</u> | <u>1.30%</u> | <u>1.67%</u> | <u>1.50%</u> | <u>1.41%</u> | <u>1.58%</u> |

(a) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.

(b) Excludes appropriated retained earnings and accumulated other comprehensive income.

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

American Financial Group, Inc.
Summary of Earnings

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|---------------|---------------|---------------|--------------|-------------------|---------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Property and Casualty Insurance | | | | | | | |
| Underwriting profit | \$ 70 | \$ 29 | \$ 58 | \$ 75 | \$ 62 | \$ 157 | \$ 124 |
| Net investment income | 76 | 76 | 67 | 67 | 65 | 219 | 196 |
| Other expense | (16) | (8) | (17) | (11) | (14) | (41) | (29) |
| Property and Casualty Insurance operating earnings | 130 | 97 | 108 | 131 | 113 | 335 | 291 |
| Annuity earnings | 86 | 84 | 73 | 92 | 78 | 243 | 236 |
| Run-off Long-Term Care and Life losses | 1 | (2) | (2) | (3) | (4) | (3) | (7) |
| Interest expense of parent holding companies | (17) | (16) | (17) | (17) | (17) | (50) | (51) |
| Other expense | (13) | (21) | (24) | (28) | (22) | (58) | (72) |
| Pre-tax core operating earnings | 187 | 142 | 138 | 175 | 148 | 467 | 397 |
| Income tax expense | 60 | 43 | 47 | 58 | 51 | 150 | 129 |
| Core net operating earnings | 127 | 99 | 91 | 117 | 97 | 317 | 268 |
| Non-core items, net of tax: | | | | | | | |
| Realized gains | 8 | 7 | 12 | 41 | 35 | 27 | 97 |
| Significant A&E charges: | | | | | | | |
| Property and Casualty Insurance run-off operations | (15) | - | - | - | (35) | (15) | (35) |
| Former Railroad and Manufacturing operations | (4) | - | - | - | (14) | (4) | (14) |
| ELNY guaranty fund assessments charge (a) | - | - | - | - | - | - | (3) |
| Net earnings | \$ 116 | \$ 106 | \$ 103 | \$ 158 | \$ 83 | \$ 325 | \$ 313 |

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

American Financial Group, Inc.
Earnings Per Share Summary

(in millions, except per share information)



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|----------------|----------------|----------------|----------------|-------------------|----------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Core net operating earnings | \$ 127 | \$ 99 | \$ 91 | \$ 117 | \$ 97 | \$ 317 | \$ 268 |
| Net earnings | \$ 116 | \$ 106 | \$ 103 | \$ 158 | \$ 83 | \$ 325 | \$ 313 |
| Average number of diluted shares | 90.873 | 91.593 | 91.621 | 91.438 | 91.014 | 91.360 | 91.176 |
| <u>Diluted earnings per share:</u> | | | | | | | |
| Core net operating earnings per share | \$ 1.40 | \$ 1.07 | \$ 1.00 | \$ 1.28 | \$ 1.06 | \$ 3.47 | \$ 2.94 |
| Realized gains | 0.09 | 0.08 | 0.13 | 0.45 | 0.40 | 0.30 | 1.08 |
| Significant A&E charges: | | | | | | | |
| Property and Casualty Insurance run-off operations | (0.17) | - | - | - | (0.39) | (0.17) | (0.39) |
| Former Railroad and Manufacturing operations | (0.04) | - | - | - | (0.15) | (0.04) | (0.15) |
| ELNY guaranty fund assessments charge (a) | - | - | - | - | - | - | (0.04) |
| Diluted earnings per share | \$ 1.28 | \$ 1.15 | \$ 1.13 | \$ 1.73 | \$ 0.92 | \$ 3.56 | \$ 3.44 |

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

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

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|--------------|----------------|---------------|--------------|-------------------|----------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Property and Transportation | \$ 11 | \$ (18) | \$ 6 | \$ 17 | \$ 16 | \$ (1) | \$ (5) |
| Specialty Casualty | 32 | 30 | 38 | 32 | 19 | 100 | 70 |
| Specialty Financial | 21 | 15 | 10 | 17 | 22 | 46 | 50 |
| Other Specialty | 6 | 2 | 5 | 9 | 5 | 13 | 16 |
| Underwriting profit - Specialty | 70 | 29 | 59 | 75 | 62 | 158 | 131 |
| Other charges, included in loss and LAE | - | - | 1 | - | - | 1 | 7 |
| Underwriting profit - Core | 70 | 29 | 58 | 75 | 62 | 157 | 124 |
| Special A&E charges, included in loss and LAE | (24) | - | - | - | (54) | (24) | (54) |
| Underwriting profit - Property and Casualty Insurance | \$ 46 | \$ 29 | \$ 58 | \$ 75 | \$ 8 | \$ 133 | \$ 70 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ - | \$ - | \$ - | \$ - | \$ (1) | \$ - | \$ - |
| Catastrophe loss | 3 | 10 | 12 | 1 | 2 | 25 | 30 |
| Total current accident year catastrophe losses | <u>\$ 3</u> | <u>\$ 10</u> | <u>\$ 12</u> | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 25</u> | <u>\$ 30</u> |
| Prior year loss reserve development (favorable) / adverse | <u>\$ 13</u> | <u>\$ 14</u> | <u>\$ (31)</u> | <u>\$ (5)</u> | <u>\$ 40</u> | <u>\$ (4)</u> | <u>\$ (10)</u> |
| Combined ratio: | | | | | | | |
| Property and Transportation | 97.8% | 105.5% | 98.1% | 95.8% | 97.1% | 100.1% | 100.4% |
| Specialty Casualty | 93.3% | 93.6% | 87.8% | 89.7% | 93.4% | 92.1% | 91.5% |
| Specialty Financial | 81.6% | 87.6% | 91.0% | 85.2% | 82.3% | 86.7% | 85.8% |
| Other Specialty | 78.0% | 89.0% | 79.9% | 60.4% | 70.7% | 82.1% | 71.9% |
| Combined ratio - Specialty | 93.8% | 96.9% | 92.2% | 91.3% | 93.5% | 94.4% | 94.4% |
| Other core charges | 0.1% | 0.0% | 0.0% | 0.1% | (0.1%) | 0.0% | 0.3% |
| Special A&E charges | 2.1% | 0.0% | 0.0% | 0.0% | 5.7% | 0.8% | 2.3% |
| Combined ratio | 96.0% | 96.9% | 92.2% | 91.4% | 99.1% | 95.2% | 97.0% |
| Combined ratio excl. catastrophe and prior year development | <u>94.5%</u> | <u>94.4%</u> | <u>94.8%</u> | <u>91.7%</u> | <u>94.8%</u> | <u>94.5%</u> | <u>96.2%</u> |
| Loss and LAE components - property and casualty insurance | | | | | | | |
| Current accident year, excluding catastrophe loss | 67.8% | 62.1% | 59.4% | 62.8% | 67.4% | 63.7% | 63.3% |
| Prior accident year loss reserve development | 1.2% | 1.4% | (4.1%) | (0.4%) | 4.2% | (0.2%) | (0.5%) |
| Current accident year catastrophe loss | 0.3% | 1.1% | 1.6% | 0.1% | 0.1% | 0.9% | 1.3% |
| Loss and LAE ratio | 69.3% | 64.6% | 56.9% | 62.5% | 71.7% | 64.4% | 64.1% |

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

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Gross written premiums | \$ 1,859 | \$ 1,291 | \$ 1,024 | \$ 1,071 | \$ 1,768 | \$ 4,174 | \$ 3,734 |
| Ceded reinsurance premiums | (617) | (293) | (269) | (250) | (701) | (1,179) | (1,214) |
| Net written premiums | 1,242 | 998 | 755 | 821 | 1,067 | 2,995 | 2,520 |
| Change in unearned premiums | (110) | (67) | (1) | 38 | (118) | (178) | (175) |
| Net earned premiums | 1,132 | 931 | 754 | 859 | 949 | 2,817 | 2,345 |
| Loss and LAE | 760 | 602 | 428 | 537 | 626 | 1,790 | 1,442 |
| Underwriting expense | 302 | 300 | 267 | 247 | 261 | 869 | 772 |
| Underwriting profit | \$ 70 | \$ 29 | \$ 59 | \$ 75 | \$ 62 | \$ 158 | \$ 131 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ - | \$ - | \$ - | \$ - | \$ (1) | \$ - | \$ - |
| Catastrophe loss | 3 | 10 | 12 | 1 | 2 | 25 | 30 |
| Total current accident year catastrophe losses | <u>\$ 3</u> | <u>\$ 10</u> | <u>\$ 12</u> | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 25</u> | <u>\$ 30</u> |
| Prior year loss reserve development (favorable) / adverse | <u>\$ (11)</u> | <u>\$ 14</u> | <u>\$ (32)</u> | <u>\$ (5)</u> | <u>\$ (13)</u> | <u>\$ (29)</u> | <u>\$ (70)</u> |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 67.1% | 64.6% | 56.9% | 62.4% | 66.1% | 63.6% | 61.5% |
| Underwriting expense ratio | 26.7% | 32.3% | 35.3% | 28.9% | 27.4% | 30.8% | 32.9% |
| Combined ratio | <u>93.8%</u> | <u>96.9%</u> | <u>92.2%</u> | <u>91.3%</u> | <u>93.5%</u> | <u>94.4%</u> | <u>94.4%</u> |
| Combined ratio excl. catastrophe and prior year development | <u>94.5%</u> | <u>94.4%</u> | <u>94.8%</u> | <u>91.7%</u> | <u>94.8%</u> | <u>94.5%</u> | <u>96.2%</u> |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 67.8% | 62.1% | 59.5% | 62.8% | 67.4% | 63.7% | 63.3% |
| Prior accident year loss reserve development | (1.0%) | 1.4% | (4.2%) | (0.5%) | (1.4%) | (1.0%) | (3.1%) |
| Current accident year catastrophe loss | 0.3% | 1.1% | 1.6% | 0.1% | 0.1% | 0.9% | 1.3% |
| Loss and LAE ratio | <u>67.1%</u> | <u>64.6%</u> | <u>56.9%</u> | <u>62.4%</u> | <u>66.1%</u> | <u>63.6%</u> | <u>61.5%</u> |

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

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Gross written premiums | \$ 995 | \$ 489 | \$ 376 | \$ 447 | \$ 1,147 | \$ 1,860 | \$ 1,945 |
| Ceded reinsurance premiums | (439) | (136) | (92) | (98) | (553) | (667) | (747) |
| Net written premiums | 556 | 353 | 284 | 349 | 594 | 1,193 | 1,198 |
| Change in unearned premiums | (52) | (29) | 17 | 61 | (77) | (64) | (87) |
| Net earned premiums | 504 | 324 | 301 | 410 | 517 | 1,129 | 1,111 |
| Loss and LAE | 407 | 248 | 201 | 307 | 407 | 856 | 835 |
| Underwriting expense | 86 | 94 | 94 | 86 | 94 | 274 | 281 |
| Underwriting profit (loss) | \$ 11 | \$ (18) | \$ 6 | \$ 17 | \$ 16 | \$ (1) | \$ (5) |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ - | \$ - | \$ - | \$ - | \$ (1) | \$ - | \$ - |
| Catastrophe loss | 1 | 8 | 9 | - | - | 18 | 27 |
| Total current accident year catastrophe losses | <u>\$ 1</u> | <u>\$ 8</u> | <u>\$ 9</u> | <u>\$ -</u> | <u>\$ (1)</u> | <u>\$ 18</u> | <u>\$ 27</u> |
| Prior year loss reserve development (favorable) / adverse | <u>\$ (5)</u> | <u>\$ 22</u> | <u>\$ (4)</u> | <u>\$ 3</u> | <u>\$ (1)</u> | <u>\$ 13</u> | <u>\$ (4)</u> |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 80.7% | 76.4% | 67.0% | 74.9% | 78.8% | 75.8% | 75.1% |
| Underwriting expense ratio | 17.1% | 29.1% | 31.1% | 20.9% | 18.3% | 24.3% | 25.3% |
| Combined ratio | <u>97.8%</u> | <u>105.5%</u> | <u>98.1%</u> | <u>95.8%</u> | <u>97.1%</u> | <u>100.1%</u> | <u>100.4%</u> |
| Combined ratio excl. catastrophe and prior year development | <u>98.5%</u> | <u>96.2%</u> | <u>96.4%</u> | <u>95.0%</u> | <u>97.4%</u> | <u>97.3%</u> | <u>98.4%</u> |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 81.4% | 67.1% | 65.3% | 74.1% | 79.1% | 73.0% | 73.1% |
| Prior accident year loss reserve development | (0.9%) | 6.6% | (1.1%) | 0.8% | (0.2%) | 1.2% | (0.4%) |
| Current accident year catastrophe loss | 0.2% | 2.7% | 2.8% | 0.0% | (0.1%) | 1.6% | 2.4% |
| Loss and LAE ratio | <u>80.7%</u> | <u>76.4%</u> | <u>67.0%</u> | <u>74.9%</u> | <u>78.8%</u> | <u>75.8%</u> | <u>75.1%</u> |

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

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Gross written premiums | \$ 707 | \$ 655 | \$ 507 | \$ 459 | \$ 461 | \$ 1,869 | \$ 1,331 |
| Ceded reinsurance premiums | (171) | (156) | (176) | (138) | (136) | (503) | (428) |
| Net written premiums | 536 | 499 | 331 | 321 | 325 | 1,366 | 903 |
| Change in unearned premiums | (50) | (32) | (18) | (11) | (36) | (100) | (78) |
| Net earned premiums | 486 | 467 | 313 | 310 | 289 | 1,266 | 825 |
| Loss and LAE | 310 | 300 | 172 | 183 | 174 | 782 | 470 |
| Underwriting expense | 144 | 137 | 103 | 95 | 96 | 384 | 285 |
| Underwriting profit | \$ 32 | \$ 30 | \$ 38 | \$ 32 | \$ 19 | \$ 100 | \$ 70 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Catastrophe loss | 1 | 1 | 1 | - | 1 | 3 | 1 |
| Total current accident year catastrophe losses | \$ 1 | \$ 1 | \$ 1 | \$ - | \$ 1 | \$ 3 | \$ 1 |
| Prior year loss reserve development (favorable) / adverse | \$ 7 | \$ (4) | \$ (24) | \$ 2 | \$ (4) | \$ (21) | \$ (42) |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 63.7% | 64.3% | 55.0% | 59.0% | 60.3% | 61.8% | 57.1% |
| Underwriting expense ratio | 29.6% | 29.3% | 32.8% | 30.7% | 33.1% | 30.3% | 34.4% |
| Combined ratio | 93.3% | 93.6% | 87.8% | 89.7% | 93.4% | 92.1% | 91.5% |
| Combined ratio excl. catastrophe and prior year development | 91.6% | 94.3% | 95.1% | 89.2% | 94.5% | 93.5% | 96.4% |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 62.0% | 65.0% | 62.3% | 58.5% | 61.4% | 63.2% | 62.0% |
| Prior accident year loss reserve development | 1.3% | (0.8%) | (7.7%) | 0.5% | (1.2%) | (1.7%) | (5.0%) |
| Current accident year catastrophe loss | 0.4% | 0.1% | 0.4% | 0.0% | 0.1% | 0.3% | 0.1% |
| Loss and LAE ratio | 63.7% | 64.3% | 55.0% | 59.0% | 60.3% | 61.8% | 57.1% |

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

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Gross written premiums | \$ 157 | \$ 147 | \$ 141 | \$ 164 | \$ 160 | \$ 445 | \$ 458 |
| Ceded reinsurance premiums | (36) | (27) | (25) | (32) | (36) | (88) | (104) |
| Net written premiums | 121 | 120 | 116 | 132 | 124 | 357 | 354 |
| Change in unearned premiums | (6) | (4) | 1 | (13) | (3) | (9) | (4) |
| Net earned premiums | 115 | 116 | 117 | 119 | 121 | 348 | 350 |
| Loss and LAE | 32 | 40 | 45 | 42 | 37 | 117 | 116 |
| Underwriting expense | 62 | 61 | 62 | 60 | 62 | 185 | 184 |
| Underwriting profit | \$ 21 | \$ 15 | \$ 10 | \$ 17 | \$ 22 | \$ 46 | \$ 50 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Catastrophe loss | - | 1 | 2 | 1 | 1 | 3 | 2 |
| Total current accident year catastrophe losses | \$ - | \$ 1 | \$ 2 | \$ 1 | \$ 1 | \$ 3 | \$ 2 |
| Prior year loss reserve development (favorable) / adverse | \$ (10) | \$ (2) | \$ (1) | \$ (4) | \$ (4) | \$ (13) | \$ (10) |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 27.7% | 35.3% | 37.9% | 34.2% | 31.2% | 33.6% | 33.3% |
| Underwriting expense ratio | 53.9% | 52.3% | 53.1% | 51.0% | 51.1% | 53.1% | 52.5% |
| Combined ratio | 81.6% | 87.6% | 91.0% | 85.2% | 82.3% | 86.7% | 85.8% |
| Combined ratio excl. catastrophe and prior year development | 90.3% | 88.6% | 90.2% | 87.7% | 84.8% | 89.7% | 88.1% |
| Loss and LAE components: | | | | | | | |
| Current accident year, excluding catastrophe loss | 36.4% | 36.3% | 37.1% | 36.7% | 33.7% | 36.6% | 35.6% |
| Prior accident year loss reserve development | (9.0%) | (1.8%) | (0.7%) | (3.2%) | (3.2%) | (3.9%) | (2.9%) |
| Current accident year catastrophe loss | 0.3% | 0.8% | 1.5% | 0.7% | 0.7% | 0.9% | 0.6% |
| Loss and LAE ratio | 27.7% | 35.3% | 37.9% | 34.2% | 31.2% | 33.6% | 33.3% |

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

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|--------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Gross written premiums | \$ - | \$ - | \$ - | \$ 1 | \$ - | \$ - | \$ - |
| Ceded reinsurance premiums | 29 | 26 | 24 | 18 | 24 | 79 | 65 |
| Net written premiums | 29 | 26 | 24 | 19 | 24 | 79 | 65 |
| Change in unearned premiums | (2) | (2) | (1) | 1 | (2) | (5) | (6) |
| Net earned premiums | 27 | 24 | 23 | 20 | 22 | 74 | 59 |
| Loss and LAE | 11 | 14 | 10 | 5 | 8 | 35 | 21 |
| Underwriting expense | 10 | 8 | 8 | 6 | 9 | 26 | 22 |
| Underwriting profit | \$ 6 | \$ 2 | \$ 5 | \$ 9 | \$ 5 | \$ 13 | \$ 16 |
| Included in results above: | | | | | | | |
| Current accident year catastrophe losses: | | | | | | | |
| Catastrophe reinstatement premium | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Catastrophe loss | 1 | - | - | - | - | 1 | - |
| Total current accident year catastrophe losses | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ - |
| Prior year loss reserve development (favorable) / adverse | \$ (3) | \$ (2) | \$ (3) | \$ (6) | \$ (4) | \$ (8) | \$ (14) |
| Combined ratio: | | | | | | | |
| Loss and LAE ratio | 43.4% | 53.2% | 45.8% | 28.3% | 35.0% | 47.3% | 34.6% |
| Underwriting expense ratio | 34.6% | 35.8% | 34.1% | 32.1% | 35.7% | 34.8% | 37.3% |
| Combined ratio | 78.0% | 89.0% | 79.9% | 60.4% | 70.7% | 82.1% | 71.9% |
| Combined ratio excl. catastrophe and prior year development | 85.6% | 97.1% | 91.4% | 87.5% | 90.1% | 91.1% | 95.8% |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Net investment income | \$ 287 | \$ 289 | \$ 275 | \$ 270 | \$ 259 | \$ 851 | \$ 764 |
| Guaranteed withdrawal benefit fees | 9 | 8 | 8 | 7 | 7 | 25 | 18 |
| Policy charges and other miscellaneous income | 11 | 11 | 10 | 14 | 10 | 32 | 28 |
| Total revenues | 307 | 308 | 293 | 291 | 276 | 908 | 810 |
| Annuity benefits expense | 157 | 166 | 168 | 137 | 140 | 491 | 394 |
| Acquisition expenses | 41 | 37 | 31 | 35 | 35 | 109 | 114 |
| Other expenses | 23 | 21 | 21 | 27 | 23 | 65 | 66 |
| Total costs and expenses | 221 | 224 | 220 | 199 | 198 | 665 | 574 |
| Core Annuity earnings before income taxes | 86 | 84 | 73 | 92 | 78 | 243 | 236 |
| ELNY guaranty fund assessments charge before income tax (a) | - | - | - | - | - | - | (5) |
| Annuity earnings before income taxes | \$ 86 | \$ 84 | \$ 73 | \$ 92 | \$ 78 | \$ 243 | \$ 231 |
| Detail of core Annuity earnings before income taxes | | | | | | | |
| Core earnings before income taxes and impact of fair value accounting | \$ 87 | \$ 94 | \$ 88 | \$ 86 | \$ 78 | \$ 269 | \$ 227 |
| Impact of fair value accounting (b) | (1) | (10) | (15) | 6 | - | (26) | 9 |
| Core Annuity earnings before income taxes | \$ 86 | \$ 84 | \$ 73 | \$ 92 | \$ 78 | \$ 243 | \$ 236 |

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

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

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



| | Three Months Ended | | | | | Nine Months Ended | |
|---|--------------------|---------------|---------------|---------------|---------------|-------------------|---------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Detail of annuity benefits expense: | | | | | | | |
| Interest credited - fixed | \$ 126 | \$ 123 | \$ 121 | \$ 118 | \$ 113 | \$ 370 | \$ 333 |
| Interest credited - fixed component of variable annuities | 2 | 2 | 1 | 1 | 2 | 5 | 5 |
| Change in expected death and annuitization reserve | 5 | 5 | 4 | 5 | 4 | 14 | 14 |
| Amortization of sales inducements | 7 | 6 | 7 | 7 | 8 | 20 | 23 |
| Guaranteed withdrawal benefit reserve | 12 | 10 | 8 | 10 | 10 | 30 | 28 |
| Change in other benefit reserves | 3 | 5 | 3 | 1 | 2 | 11 | 6 |
| Unlockings | - | - | - | 6 | - | - | - |
| Subtotal before impact of fair value accounting | 155 | 151 | 144 | 148 | 139 | 450 | 409 |
| Embedded derivative mark-to-market | 21 | 78 | 54 | 74 | 33 | 153 | 110 |
| Equity option mark-to-market | (19) | (63) | (30) | (85) | (32) | (112) | (125) |
| Subtotal impact of fair value accounting | 2 | 15 | 24 | (11) | 1 | 41 | (15) |
| Total annuity benefits expense | \$ 157 | \$ 166 | \$ 168 | \$ 137 | \$ 140 | \$ 491 | \$ 394 |

American Financial Group, Inc.
Net Spread on Fixed Annuities (GAAP)

(\$ in millions)



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|--------------|--------------|--------------|--------------|-------------------|---------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Average fixed annuity investments (at amortized cost) | \$ 22,730 | \$ 22,098 | \$ 21,402 | \$ 20,524 | \$ 19,519 | \$ 22,077 | \$ 18,693 |
| Average annuity benefits accumulated | 22,475 | 21,829 | 21,066 | 20,092 | 19,035 | 21,790 | 18,231 |
| Investments in excess of annuity benefits accumulated | \$ 255 | \$ 269 | \$ 336 | \$ 432 | \$ 484 | \$ 287 | \$ 462 |
| As % of average annuity benefits accumulated (except as noted) | | | | | | | |
| Net investment income (as % of investments) | 5.01% | 5.18% | 5.10% | 5.21% | 5.27% | 5.09% | 5.40% |
| Interest credited | (2.24%) | (2.26%) | (2.29%) | (2.35%) | (2.38%) | (2.26%) | (2.43%) |
| Net interest spread on fixed annuities | 2.77% | 2.92% | 2.81% | 2.86% | 2.89% | 2.83% | 2.97% |
| Policy charges and other miscellaneous income | 0.14% | 0.14% | 0.13% | 0.22% | 0.15% | 0.13% | 0.14% |
| Other annuity benefit expenses, net | (0.33%) | (0.33%) | (0.27%) | (0.31%) | (0.38%) | (0.30%) | (0.39%) |
| Acquisition expenses | (0.69%) | (0.64%) | (0.55%) | (0.75%) | (0.72%) | (0.63%) | (0.80%) |
| Other expenses | (0.37%) | (0.36%) | (0.37%) | (0.53%) | (0.44%) | (0.37%) | (0.45%) |
| Change in fair value of derivatives | (0.04%) | (0.27%) | (0.45%) | 0.22% | 0.00% | (0.25%) | 0.11% |
| Unlockings | 0.00% | 0.00% | 0.00% | (0.04%) | 0.00% | 0.00% | 0.00% |
| Net spread earned on fixed annuities - core | 1.48% | 1.46% | 1.30% | 1.67% | 1.50% | 1.41% | 1.58% |
| Average annuity benefits accumulated | \$ 22,475 | \$ 21,829 | \$ 21,066 | \$ 20,092 | \$ 19,035 | \$ 21,790 | \$ 18,231 |
| Net spread earned on fixed annuities | 1.48% | 1.46% | 1.30% | 1.67% | 1.50% | 1.41% | 1.58% |
| Earnings on fixed annuity benefits accumulated | \$ 83 | \$ 80 | \$ 68 | \$ 84 | \$ 72 | \$ 231 | \$ 216 |
| Investments in excess of annuity benefits accumulated | \$ 255 | \$ 269 | \$ 336 | \$ 432 | \$ 484 | \$ 287 | \$ 462 |
| Net investment income (as % of investments) | 5.01% | 5.18% | 5.10% | 5.21% | 5.27% | 5.09% | 5.40% |
| Earnings on investments in excess of annuity benefits accumulated | \$ 3 | \$ 3 | \$ 5 | \$ 6 | \$ 6 | \$ 11 | \$ 18 |
| Variable annuity earnings | - | 1 | - | 2 | - | 1 | 2 |
| Earnings before income taxes - core | \$ 86 | \$ 84 | \$ 73 | \$ 92 | \$ 78 | \$ 243 | \$ 236 |
| Detail of net spread earned on fixed annuities - core | | | | | | | |
| Net spread earned core - before impact of fair value accounting | 1.50% | 1.64% | 1.58% | 1.55% | 1.50% | 1.57% | 1.51% |
| Impact of fair value accounting (a) | (0.02%) | (0.18%) | (0.28%) | 0.12% | 0.00% | (0.16%) | 0.07% |
| Net spread earned core - after impact of fair value accounting | 1.48% | 1.46% | 1.30% | 1.67% | 1.50% | 1.41% | 1.58% |

(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 | | | | | Nine months ended | |
|---|--------------------|---------------|---------------|-----------------|-----------------|-------------------|-----------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Retail single premium annuities - indexed | \$ 339 | \$ 403 | \$ 386 | \$ 565 | \$ 509 | \$ 1,128 | \$ 1,314 |
| Retail single premium annuities - fixed | 18 | 25 | 39 | 53 | 48 | 82 | 112 |
| Financial institutions single premium annuities - indexed | 333 | 364 | 366 | 498 | 352 | 1,063 | 604 |
| Financial institutions single premium annuities - fixed | 62 | 95 | 114 | 201 | 198 | 271 | 427 |
| Education market - 403(b) fixed and indexed annuities | 46 | 49 | 50 | 51 | 49 | 145 | 156 |
| Subtotal fixed annuity premiums | 798 | 936 | 955 | 1,368 | 1,156 | 2,689 | 2,613 |
| Variable annuities | 11 | 13 | 12 | 13 | 11 | 36 | 39 |
| Total annuity premiums | \$ 809 | \$ 949 | \$ 967 | \$ 1,381 | \$ 1,167 | \$ 2,725 | \$ 2,652 |

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



| | Three Months Ended | | | | | Nine Months Ended | |
|--|--------------------|------------------|------------------|------------------|------------------|-------------------|------------------|
| | 09/30/14 | 06/30/14 | 03/31/14 | 12/31/13 | 09/30/13 | 09/30/14 | 09/30/13 |
| Beginning fixed annuity reserves | \$ 22,205 | \$ 21,453 | \$ 20,679 | \$ 19,505 | \$ 18,564 | \$ 20,679 | \$ 17,274 |
| Premiums | 798 | 936 | 955 | 1,368 | 1,156 | 2,689 | 2,613 |
| Federal Home Loan Bank advances | - | - | - | - | - | - | 200 |
| Surrenders, benefits and other withdrawals | (426) | (408) | (375) | (408) | (381) | (1,209) | (1,085) |
| Interest and other annuity benefit expenses: | | | | | | | |
| Interest credited | 126 | 123 | 121 | 118 | 113 | 370 | 333 |
| Embedded derivative mark-to-market | 21 | 78 | 54 | 74 | 33 | 153 | 110 |
| Change in other benefit reserves | 21 | 23 | 19 | 18 | 20 | 63 | 60 |
| Unlockings | - | - | - | 4 | - | - | - |
| Ending fixed annuity reserves | \$ 22,745 | \$ 22,205 | \$ 21,453 | \$ 20,679 | \$ 19,505 | \$ 22,745 | \$ 19,505 |
| Reconciliation to annuity benefits accumulated: | | | | | | | |
| Ending fixed annuity reserves | \$ 22,745 | \$ 22,205 | \$ 21,453 | \$ 20,679 | \$ 19,505 | \$ 22,745 | \$ 19,505 |
| Impact of unrealized investment gains on reserves | 107 | 117 | 97 | 71 | 84 | 107 | 84 |
| Fixed component of variable annuities | 192 | 194 | 194 | 194 | 196 | 192 | 196 |
| Annuity benefits accumulated per balance sheet | \$ 23,044 | \$ 22,516 | \$ 21,744 | \$ 20,944 | \$ 19,785 | \$ 23,044 | \$ 19,785 |
| Annualized surrenders and other withdrawals as a % of beginning reserves | 7.7% | 7.6% | 7.3% | 8.4% | 8.2% | 7.8% | 8.4% |

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



| | <u>09/30/14</u> | <u>06/30/14</u> | <u>03/31/14</u> | <u>12/31/13</u> | <u>09/30/13</u> | <u>06/30/13</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets: | | | | | | |
| Total cash and investments | \$ 35,151 | \$ 34,843 | \$ 32,727 | \$ 31,313 | \$ 29,921 | \$ 29,262 |
| Recoverables from reinsurers | 3,134 | 3,107 | 2,969 | 3,157 | 3,138 | 3,044 |
| Prepaid reinsurance premiums | 587 | 489 | 438 | 408 | 662 | 520 |
| Agents' balances and premiums receivable | 901 | 902 | 735 | 739 | 801 | 754 |
| Deferred policy acquisition costs | 858 | 806 | 890 | 975 | 867 | 818 |
| Assets of managed investment entities | 2,946 | 2,799 | 2,723 | 2,888 | 2,779 | 2,973 |
| Other receivables | 1,140 | 527 | 524 | 854 | 1,078 | 422 |
| Variable annuity assets (separate accounts) | 649 | 681 | 666 | 665 | 629 | 608 |
| Other assets | 985 | 1,001 | 913 | 903 | 887 | 828 |
| Goodwill | 201 | 200 | 185 | 185 | 185 | 185 |
| Total assets | \$ 46,552 | \$ 45,355 | \$ 42,770 | \$ 42,087 | \$ 40,947 | \$ 39,414 |
| Liabilities and Equity: | | | | | | |
| Unpaid losses and loss adjustment expenses | \$ 7,645 | \$ 7,370 | \$ 6,134 | \$ 6,410 | \$ 6,441 | \$ 6,098 |
| Unearned premiums | 2,114 | 1,911 | 1,788 | 1,757 | 2,047 | 1,789 |
| Annuity benefits accumulated | 23,044 | 22,516 | 21,744 | 20,944 | 19,785 | 18,848 |
| Life, accident and health reserves | 2,098 | 2,082 | 2,039 | 2,008 | 2,011 | 2,017 |
| Payable to reinsurers | 673 | 445 | 400 | 508 | 601 | 367 |
| Liabilities of managed investment entities | 2,625 | 2,499 | 2,413 | 2,567 | 2,429 | 2,603 |
| Long-term debt | 1,062 | 912 | 913 | 913 | 913 | 949 |
| Variable annuity liabilities (separate accounts) | 649 | 681 | 666 | 665 | 629 | 608 |
| Other liabilities | 1,564 | 1,781 | 1,700 | 1,546 | 1,381 | 1,497 |
| Total liabilities | \$ 41,474 | \$ 40,197 | \$ 37,797 | \$ 37,318 | \$ 36,237 | \$ 34,776 |
| Shareholders' equity: | | | | | | |
| Common stock | \$ 88 | \$ 90 | \$ 90 | \$ 90 | \$ 89 | \$ 89 |
| Capital surplus | 1,150 | 1,152 | 1,138 | 1,123 | 1,109 | 1,088 |
| Appropriated retained earnings | 2 | 31 | 49 | 49 | 45 | 33 |
| Unappropriated retained earnings | 2,946 | 2,913 | 2,842 | 2,777 | 2,729 | 2,664 |
| Unrealized gains - fixed maturities | 602 | 656 | 556 | 441 | 449 | 462 |
| Unrealized gains - equities | 124 | 149 | 129 | 121 | 119 | 138 |
| Other comprehensive income, net of tax | (8) | (6) | (8) | (2) | 2 | (1) |
| Total shareholders' equity | 4,904 | 4,985 | 4,796 | 4,599 | 4,542 | 4,473 |
| Noncontrolling interests | 174 | 173 | 177 | 170 | 168 | 165 |
| Total liabilities and equity | \$ 46,552 | \$ 45,355 | \$ 42,770 | \$ 42,087 | \$ 40,947 | \$ 39,414 |

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



| | <u>09/30/14</u> | <u>06/30/14</u> | <u>03/31/14</u> | <u>12/31/13</u> | <u>09/30/13</u> | <u>06/30/13</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Shareholders' equity | \$ 4,904 | \$ 4,985 | \$ 4,796 | \$ 4,599 | \$ 4,542 | \$ 4,473 |
| Appropriated retained earnings | (2) | (31) | (49) | (49) | (45) | (33) |
| Shareholders' equity, excluding appropriated retained earnings | 4,902 | 4,954 | 4,747 | 4,550 | 4,497 | 4,440 |
| Unrealized (gains) on fixed maturities | (602) | (656) | (556) | (441) | (449) | (462) |
| Adjusted shareholders' equity | 4,300 | 4,298 | 4,191 | 4,109 | 4,048 | 3,978 |
| Goodwill | (201) | (200) | (185) | (185) | (185) | (185) |
| Intangibles | (63) | (66) | (27) | (22) | (26) | (29) |
| Tangible adjusted shareholders' equity | \$ 4,036 | \$ 4,032 | \$ 3,979 | \$ 3,902 | \$ 3,837 | \$ 3,764 |
| Common shares outstanding | 88.491 | 89.618 | 89.589 | 89.513 | 89.224 | 88.821 |
| <u>Book value per share:</u> | | | | | | |
| Excluding appropriated retained earnings (a) | \$ 55.39 | \$ 55.27 | \$ 52.99 | \$ 50.83 | \$ 50.40 | \$ 49.98 |
| Adjusted (b) | 48.59 | 47.95 | 46.79 | 45.90 | 45.36 | 44.78 |
| Tangible, adjusted (c) | 45.61 | 44.99 | 44.42 | 43.59 | 43.00 | 42.38 |
| <u>Market capitalization</u> | | | | | | |
| AFG's closing common share price | \$ 57.89 | \$ 59.56 | \$ 57.71 | \$ 57.72 | \$ 54.06 | \$ 48.91 |
| Market capitalization | \$ 5,123 | \$ 5,338 | \$ 5,170 | \$ 5,167 | \$ 4,823 | \$ 4,344 |
| Price / Adjusted book value ratio | 1.19 | 1.24 | 1.23 | 1.26 | 1.19 | 1.09 |

(a) Excludes appropriated retained earnings.

(b) Excludes appropriated retained earnings and unrealized gains related to fixed maturity investments.

(c) Excludes appropriated retained earnings, unrealized gains related to fixed maturity investments, goodwill and intangibles.

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



| | <u>09/30/14</u> | <u>06/30/14</u> | <u>03/31/14</u> | <u>12/31/13</u> | <u>09/30/13</u> | <u>06/30/13</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| AFG senior obligations | \$ 840 | \$ 840 | \$ 840 | \$ 840 | \$ 840 | \$ 840 |
| Borrowings drawn under credit facility | - | - | - | - | - | - |
| Obligations of subsidiaries - other | 12 | 12 | 12 | 12 | 12 | 27 |
| Debt excluding subordinated debt & debt secured by real estate | \$ 852 | \$ 852 | \$ 852 | \$ 852 | \$ 852 | \$ 867 |
| AFG subordinated debentures | 150 | - | - | - | - | - |
| Obligations of subsidiaries - secured by real estate | 60 | 60 | 61 | 61 | 61 | 62 |
| Payable to subsidiary trusts - subordinated | - | - | - | - | - | 20 |
| Total Long-term debt | \$ 1,062 | \$ 912 | \$ 913 | \$ 913 | \$ 913 | \$ 949 |
| Shareholders' equity | 4,904 | 4,985 | 4,796 | 4,599 | 4,542 | 4,473 |
| Noncontrolling interests | 174 | 173 | 177 | 170 | 168 | 165 |
| Less: | | | | | | |
| Appropriated retained earnings | (2) | (31) | (49) | (49) | (45) | (33) |
| Unrealized gains related to fixed maturity investments | (602) | (656) | (556) | (441) | (449) | (462) |
| Total adjusted capital | \$ 5,536 | \$ 5,383 | \$ 5,281 | \$ 5,192 | \$ 5,129 | \$ 5,092 |
| Less: | | | | | | |
| Obligations of subsidiaries - secured by real estate | (60) | (60) | (61) | (61) | (61) | (62) |
| Total adjusted capital excluding obligations secured by real estate | \$ 5,476 | \$ 5,323 | \$ 5,220 | \$ 5,131 | \$ 5,068 | \$ 5,030 |
| Ratio of debt to total adjusted capital: | | | | | | |
| Including subordinated debt & debt secured by real estate | 19.2% | 16.9% | 17.3% | 17.6% | 17.8% | 18.6% |
| Excluding subordinated debt & debt secured by real estate | 15.6% | 16.0% | 16.3% | 16.6% | 16.8% | 17.2% |

American Financial Group, Inc.
Additional Supplemental Information
(\$ in millions)



| | Three Months Ended | | | | | Nine months ended | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|
| | <u>09/30/14</u> | <u>06/30/14</u> | <u>03/31/14</u> | <u>12/31/13</u> | <u>09/30/13</u> | <u>09/30/14</u> | <u>09/30/13</u> |
| <u>Property and Casualty Insurance</u> | | | | | | | |
| Paid Losses (GAAP) | \$ 528 | \$ 530 | \$ 510 | \$ 577 | \$ 417 | \$ 1,568 | \$ 1,294 |

| | <u>09/30/14</u> | <u>06/30/14</u> | <u>03/31/14</u> | <u>12/31/13</u> | <u>09/30/13</u> | <u>6/30/2013</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <u>Statutory Surplus</u> | | | | | | |
| Property and Casualty Insurance | \$ 2,206 | \$ 2,227 | \$ 1,981 | \$ 1,896 | \$ 2,133 | \$ 2,096 |
| AFG's principal annuity subsidiaries (total adjusted capital) | \$ 1,818 | \$ 1,751 | \$ 1,688 | \$ 1,661 | \$ 1,590 | \$ 1,517 |
| <u>Allowable dividends without regulatory approval</u> | | | | | | |
| Property and Casualty Insurance | \$ 335 | \$ 335 | \$ 335 | \$ 335 | \$ 237 | \$ 237 |
| Annuity and Run-off | 275 | 275 | 275 | 275 | 158 | 158 |
| Total | \$ 610 | \$ 610 | \$ 610 | \$ 610 | \$ 395 | \$ 395 |

American Financial Group, Inc.
Total Cash and Investments and Quarterly Net Investment Income
September 30, 2014



(\$ in millions)

| | Carrying Value | | | | | % of Investment Portfolio |
|---------------------------------------|---------------------------------|---------------------|---------------|------------------|------------------------|---------------------------|
| | Property and Casualty Insurance | Annuity and Run-off | Other | Consolidate CLOs | Total AFG Consolidated | |
| Total cash and investments: | | | | | | |
| Cash and cash equivalents | \$ 657 | \$ 260 | \$ 393 | \$ - | \$ 1,310 | 4% |
| Fixed maturities - Available for sale | 6,241 | 23,712 | 12 | - | 29,965 | 85% |
| Fixed maturities - Trading | 214 | 128 | - | - | 342 | 1% |
| Equity securities | 1,008 | 423 | 43 | - | 1,474 | 4% |
| Policy loans | - | 230 | - | - | 230 | 1% |
| Mortgage loans | 213 | 851 | - | - | 1,064 | 3% |
| Real estate and other investments | 351 | 723 | 10 | (318) | 766 | 2% |
| Total cash and investments | \$ 8,684 | \$ 26,327 | \$ 458 | \$ (318) | \$ 35,151 | 100% |

| | Property and Casualty Insurance | Annuity and Run-off | Other | Consolidate CLOs | Total AFG Consolidated |
|---|---------------------------------|---------------------|-------------|------------------|------------------------|
| Total quarterly net investment income: | | | | | |
| Fixed maturities - Available for sale | \$ 59 | \$ 280 | \$ - | \$ - | \$ 339 |
| Fixed maturities - Trading | 1 | 2 | - | - | 3 |
| Equity securities | 11 | 5 | - | - | 16 |
| Equity in investees | 1 | 1 | - | - | 2 |
| Other investments | 6 | 20 | - | (6) | 20 |
| Gross investment income | 78 | 308 | - | (6) | 380 |
| Investment expenses | (2) | (1) | - | - | (3) |
| Total net investment income | \$ 76 | \$ 307 | \$ - | \$ (6) | \$ 377 |

| | Equity Securities | | |
|---------------------------------|-------------------|-----------------|------------------------|
| | Cost | Fair Value | Unrealized Gain (Loss) |
| Annuity and Run-off | \$ 384 | \$ 423 | \$ 39 |
| Property and Casualty Insurance | 852 | 1,008 | 156 |
| Other | 43 | 43 | - |
| Total AFG consolidated | \$ 1,279 | \$ 1,474 | \$ 195 |



American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
September 30, 2014
(\$ in millions)

| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> | <u>% of Fair Value</u> | <u>% of Investment Portfolio</u> |
|---|---------------------------|-------------------------|-----------------------------------|----------------------------|--|
| US Government and government agencies | \$ 392 | \$ 397 | \$ 5 | 1% | 1% |
| States, municipalities and political subdivisions | 6,132 | 6,399 | 267 | 21% | 18% |
| Foreign government | 334 | 343 | 9 | 1% | 1% |
| Residential mortgage-backed securities | 4,198 | 4,598 | 400 | 15% | 13% |
| Commercial mortgage-backed securities | 2,333 | 2,496 | 163 | 8% | 7% |
| Asset-backed securities | 3,604 | 3,621 | 17 | 12% | 10% |
| Corporate bonds | | | | | |
| Manufacturing | 2,303 | 2,431 | 128 | 8% | 7% |
| Banks, lending and credit institutions | 2,516 | 2,637 | 121 | 9% | 8% |
| Gas and electric services | 1,308 | 1,430 | 122 | 5% | 4% |
| Insurance and insurance related | 839 | 901 | 62 | 3% | 3% |
| Other corporate | 4,792 | 5,054 | 262 | 17% | 14% |
| Total AFG consolidated | <u>\$ 28,751</u> | <u>\$ 30,307</u> | <u>\$ 1,556</u> | <u>100%</u> | <u>86%</u> |
| | | | | | |
| Annuity and Run-off | \$ 22,496 | \$ 23,840 | \$ 1,344 | 79% | 68% |
| Property and Casualty Insurance | 6,254 | 6,455 | 201 | 21% | 18% |
| Other | 1 | 12 | 11 | 0% | 0% |
| Total AFG consolidated | <u>\$ 28,751</u> | <u>\$ 30,307</u> | <u>\$ 1,556</u> | <u>100%</u> | <u>86%</u> |

Annualized yield on available for sale fixed maturities:

| | |
|----------------------------------|-------|
| Excluding investment expense (a) | 4.87% |
| Net of investment expense (a) | 4.84% |

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.

American Financial Group, Inc.
Fixed Maturities - By Security Type Portfolio
September 30, 2014
(\$ in millions)

| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> | <u>% of Fair Value</u> |
|---|---------------------------|-------------------------|-----------------------------------|----------------------------|
| Annuity and Run-off: | | | | |
| US Government and government agencies | \$ 90 | \$ 91 | \$ 1 | 0% |
| States, municipalities and political subdivisions | 3,574 | 3,747 | 173 | 17% |
| Foreign government | 17 | 19 | 2 | 0% |
| Residential mortgage-backed securities | 3,234 | 3,567 | 333 | 15% |
| Commercial mortgage-backed securities | 2,088 | 2,241 | 153 | 9% |
| Asset-backed securities | 2,638 | 2,656 | 18 | 11% |
| Corporate debt | 10,855 | 11,519 | 664 | 48% |
| Total Annuity and Run-off | <u>\$ 22,496</u> | <u>\$ 23,840</u> | <u>\$ 1,344</u> | <u>100%</u> |

Annualized yield on available for sale fixed maturities:

| | |
|----------------------------------|-------|
| Excluding investment expense (a) | 5.09% |
| Net of investment expense (a) | 5.07% |

Approximate average life and duration:

| | |
|--------------------------|---------|
| Approximate average life | 7 years |
| Approximate duration | 5 years |

| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain (Loss)</u> | <u>% of Fair Value</u> |
|---|---------------------------|------------------------|-----------------------------------|----------------------------|
| Property and Casualty Insurance: | | | | |
| US Government and government agencies | \$ 302 | \$ 306 | \$ 4 | 5% |
| States, municipalities and political subdivisions | 2,558 | 2,652 | 94 | 41% |
| Foreign government | 317 | 324 | 7 | 5% |
| Residential mortgage-backed securities | 963 | 1,019 | 56 | 16% |
| Commercial mortgage-backed securities | 245 | 255 | 10 | 4% |
| Asset-backed securities | 966 | 965 | (1) | 15% |
| Corporate debt | 903 | 934 | 31 | 14% |
| Property and Casualty Insurance | <u>\$ 6,254</u> | <u>\$ 6,455</u> | <u>\$ 201</u> | <u>100%</u> |

Annualized yield on available for sale fixed maturities:

| | |
|---|-------|
| Excluding investment expense (a) | 4.05% |
| Net of investment expense (a) | 3.95% |
| Tax equivalent, net of investment expense (b) | 4.61% |

Approximate average life and duration:

| | |
|--------------------------|-----------|
| Approximate average life | 4.5 years |
| Approximate duration | 3.5 years |

(a) Annualized yield is calculated by dividing investment income for the quarter by the average cost over the quarter.

Average cost is the average of the beginning and ending quarter asset balances.

(b) Adjusts the yield on tax-exempt bonds to the fully taxable equivalent yield.

American Financial Group, Inc.
Fixed Maturities - Credit Rating and NAIC Designation
September 30, 2014
(\$ in millions)



| By Credit Rating | GAAP Data | | | |
|-----------------------------|-----------------------|-------------------|-------------------------------|------------------------|
| | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value |
| Investment grade | | | | |
| AAA | \$ 6,542 | \$ 6,766 | \$ 224 | 22% |
| AA | 5,857 | 6,081 | 224 | 20% |
| A | 7,443 | 7,847 | 404 | 26% |
| BBB | 5,153 | 5,480 | 327 | 18% |
| Subtotal - Investment grade | 24,995 | 26,174 | 1,179 | 86% |
| BB | 751 | 787 | 36 | 3% |
| B | 460 | 477 | 17 | 2% |
| Other | 2,545 | 2,869 | 324 | 9% |
| Total | \$ 28,751 | \$ 30,307 | \$ 1,556 | 100% |

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

| By NAIC Designation | Statutory Data | | | | |
|----------------------------|-----------------------|----------------------------|-----------------------|-------------------|-------------------------------|
| | Carrying Value | % of Carrying Value | Amortized Cost | Fair Value | Unrealized Gain (Loss) |
| NAIC 1 | \$ 22,332 | 79% | \$ 22,333 | \$ 23,561 | \$ 1,228 |
| NAIC 2 | 5,236 | 18% | 5,236 | 5,558 | 322 |
| | 27,568 | 97% | 27,569 | 29,119 | 1,550 |
| NAIC 3 | 540 | 2% | 540 | 562 | 22 |
| NAIC 4 | 220 | 1% | 220 | 231 | 11 |
| NAIC 5 | 33 | 0% | 33 | 40 | 7 |
| NAIC 6 | 56 | 0% | 60 | 79 | 19 |
| Total | \$ 28,417 | 100% | \$ 28,422 | \$ 30,031 | \$ 1,609 |



American Financial Group, Inc.
Mortgage-Backed Securities - AFG Consolidated
September 30, 2014
(\$ in millions)

| By Asset Type | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value | % of Investment Portfolio |
|---------------------------------|-----------------------|-------------------|-------------------------------|------------------------|----------------------------------|
| Residential | | | | | |
| Agency | \$ 326 | \$ 334 | \$ 8 | 5% | 1% |
| Prime (Non-Agency) | 2,000 | 2,215 | 215 | 31% | 6% |
| Alt-A | 972 | 1,081 | 109 | 15% | 3% |
| Subprime | 900 | 968 | 68 | 14% | 3% |
| Subtotal - Residential | 4,198 | 4,598 | 400 | 65% | 13% |
| Commercial | 2,333 | 2,496 | 163 | 35% | 7% |
| Total AFG consolidated | \$ 6,531 | \$ 7,094 | \$ 563 | 100% | 20% |
| | | | | | |
| Annuity and Run-off | \$ 5,322 | \$ 5,808 | \$ 486 | 82% | 16% |
| Property and Casualty Insurance | 1,208 | 1,274 | 66 | 18% | 4% |
| Other | 1 | 12 | 11 | 0% | 0% |
| Total AFG consolidated | \$ 6,531 | \$ 7,094 | \$ 563 | 100% | 20% |

- 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 84%; Alt-A 78%; Subprime 86%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 740; Alt-A 712; Subprime 639.
- 99.7% of our Commercial MBS portfolio is investment-grade rated (85% AAA) and the average subordination for this group assets is 39%.
- The approximate average life by collateral type is - Residential 5 years; Commercial 4 years.

American Financial Group, Inc.
Mortgage-Backed Securities Portfolio
September 30, 2014
(\$ in millions)



| By Asset Type | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value | % of Investment Portfolio |
|----------------------------------|-----------------------|-------------------|-------------------------------|------------------------|----------------------------------|
| Residential | | | | | |
| Agency | \$ 133 | \$ 139 | \$ 6 | 2% | 1% |
| Prime (Non-Agency) | 1,772 | 1,959 | 187 | 34% | 7% |
| Alt-A | 724 | 812 | 88 | 14% | 3% |
| Subprime | 605 | 657 | 52 | 11% | 2% |
| Subtotal - Residential | 3,234 | 3,567 | 333 | 61% | 13% |
| Commercial | 2,088 | 2,241 | 153 | 39% | 9% |
| Total Annuity and Run-off | \$ 5,322 | \$ 5,808 | \$ 486 | 100% | 22% |

| By Asset Type | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value | % of Investment Portfolio |
|--|-----------------------|-------------------|-------------------------------|------------------------|----------------------------------|
| Residential | | | | | |
| Agency | \$ 193 | \$ 195 | \$ 2 | 15% | 2% |
| Prime (Non-Agency) | 227 | 244 | 17 | 19% | 3% |
| Alt-A | 248 | 269 | 21 | 21% | 3% |
| Subprime | 295 | 311 | 16 | 25% | 4% |
| Subtotal - Residential | 963 | 1,019 | 56 | 80% | 12% |
| Commercial | 245 | 255 | 10 | 20% | 3% |
| Total Property and Casualty Insurance | \$ 1,208 | \$ 1,274 | \$ 66 | 100% | 15% |



American Financial Group, Inc.
Mortgage-Backed Securities - Credit Rating and NAIC Designation
September 30, 2014
(\$ in millions)

| By Credit Rating | GAAP data | | | |
|-----------------------------|-----------------------|-------------------|-------------------------------|------------------------|
| | Amortized Cost | Fair Value | Unrealized Gain (Loss) | % of Fair Value |
| Investment grade | | | | |
| AAA | \$ 2,840 | \$ 3,004 | \$ 164 | 42% |
| AA | 345 | 363 | 18 | 5% |
| A | 510 | 539 | 29 | 8% |
| BBB | 228 | 248 | 20 | 3% |
| Subtotal - investment grade | 3,923 | 4,154 | 231 | 58% |
| BB | 337 | 350 | 13 | 5% |
| B | 396 | 411 | 15 | 6% |
| Other | 1,875 | 2,179 | 304 | 31% |
| Total | \$ 6,531 | \$ 7,094 | \$ 563 | 100% |

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

| By NAIC Designation | Statutory data | | | | |
|----------------------------|-----------------------|----------------------------|-----------------------|-------------------|-------------------------------|
| | Carrying Value | % of Carrying Value | Amortized Cost | Fair Value | Unrealized Gain (Loss) |
| NAIC 1 | \$ 6,140 | 95% | \$ 6,141 | \$ 6,755 | \$ 614 |
| NAIC 2 | 122 | 2% | 122 | 124 | 2 |
| | 6,262 | 97% | 6,263 | 6,879 | 616 |
| NAIC 3 | 44 | 1% | 44 | 47 | 3 |
| NAIC 4 | 106 | 2% | 106 | 114 | 8 |
| NAIC 5 | 4 | 0% | 4 | 11 | 7 |
| NAIC 6 | 25 | 0% | 26 | 42 | 16 |
| Total | \$ 6,441 | 100% | \$ 6,443 | \$ 7,093 | \$ 650 |