



American Financial Group, Inc.
Investor Supplement - First Quarter 2013

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American Financial Group, Inc.
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American Financial Group, Inc.
Financial Highlights

(in millions, except per share information)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Highlights							
Core net operating earnings	\$ 84	\$ 61	\$ 78	\$ 90	\$ 85	\$ 314	\$ 363
Net earnings	120	50	226	99	113	488	342
Total assets	39,139	39,171	39,633	37,052	36,211	39,171	35,838
Adjusted shareholders' equity (a)	3,950	3,784	3,881	3,869	3,894	3,784	3,779
Property and Casualty net written premiums	704	702	908	732	607	2,949	2,770
Annuity statutory premiums	624	560	723	905	803	2,991	3,086
Per share data							
Core net operating earnings per share	\$ 0.92	\$ 0.67	\$ 0.82	\$ 0.91	\$ 0.86	\$ 3.27	\$ 3.52
Diluted earnings per share	1.32	0.54	2.39	1.01	1.14	5.09	3.32
Adjusted book value per share (a)	43.94	42.52	42.72	40.74	40.07	42.52	38.63
Cash dividends per common share	0.1950	0.4450	0.1750	0.1750	0.1750	0.9700	0.6625
Financial ratios							
Annualized core operating return on equity (a)	8.6%	6.4%	8.0%	9.2%	8.9%	8.3%	9.6%
Annualized return on equity (a)	12.4%	5.2%	23.4%	10.2%	11.8%	12.9%	9.0%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	56.5%	72.9%	68.2%	55.7%	56.9%	64.3%	61.4%
Underwriting expense ratio	36.6%	25.1%	30.0%	36.1%	35.0%	31.1%	30.2%
Combined ratio - Specialty	<u>93.1%</u>	<u>98.0%</u>	<u>98.2%</u>	<u>91.8%</u>	<u>91.9%</u>	<u>95.4%</u>	<u>91.6%</u>
Net spread on fixed annuities:							
Net interest spread	2.99%	3.18%	3.25%	3.16%	2.88%	3.12%	3.00%
Net spread earned	1.58%	1.49%	1.57%	1.42%	1.43%	1.48%	1.27%

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

American Financial Group, Inc.
Summary of Earnings

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Property and Casualty Insurance							
Underwriting profit	\$ 43	\$ 10	\$ 15	\$ 45	\$ 48	\$ 118	\$ 230
Net investment income	66	69	67	69	70	275	293
Other expense	(13)	(10)	(11)	(11)	(18)	(50)	(36)
Property and Casualty Insurance operating earnings	96	69	71	103	100	343	487
Annuity earnings	76	68	69	59	60	256	188
Run-off Long-Term Care and Life earnings / (loss)	(1)	(12)	2	5	1	(4)	-
Medicare Supplement and Critical Illness earnings (a)	-	-	10	12	6	28	34
Interest expense of parent holding companies	(17)	(17)	(19)	(18)	(17)	(71)	(69)
Other expense	(28)	(25)	(18)	(24)	(23)	(90)	(79)
Pre-tax core operating earnings	126	83	115	137	127	462	561
Income tax expense	42	22	37	47	42	148	198
Core net operating earnings	84	61	78	90	85	314	363
Non-core items, net of tax:							
Gain on sale of Medicare Supplement and Critical Illness	-	13	101	-	-	114	-
Other realized gains	36	36	55	9	28	128	45
Long-Term Care reserve charge	-	(99)	-	-	-	(99)	-
Significant A&E charges:							
Property and Casualty Insurance runoff operations	-	-	(20)	-	-	(20)	(32)
Former Railroad and Manufacturing operations	-	-	(1)	-	-	(1)	(6)
AFG tax case and settlement of open years	-	39	28	-	-	67	-
Valuation allowance on deferred tax assets	-	-	-	-	-	-	(28)
Other	-	-	(15)	-	-	(15)	-
Net earnings	\$ 120	\$ 50	\$ 226	\$ 99	\$ 113	\$ 488	\$ 342

(a) Medicare Supplement and Critical Illness operations were sold August 2012.

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



	Three Months Ended					Twelve Months Ended	
	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/31/12</u>	<u>12/31/12</u>	<u>12/31/11</u>
Core net operating earnings	\$ 84	\$ 61	\$ 78	\$ 90	\$ 85	\$ 314	\$ 363
Net earnings	\$ 120	\$ 50	\$ 226	\$ 99	\$ 113	\$ 488	\$ 342
Average number of diluted shares	91.048	91.413	94.625	98.004	99.375	95.945	102.863
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 0.92	\$ 0.67	\$ 0.82	\$ 0.91	\$ 0.86	\$ 3.27	\$ 3.52
Gain on sale of Medicare Supplement and Critical Illness	-	0.15	1.07	-	-	1.19	-
Other realized gains	0.40	0.37	0.59	0.10	0.28	1.34	0.45
Long-Term Care reserve charge	-	(1.08)	-	-	-	(1.03)	-
Significant A&E charges:							
Property and Casualty Insurance runoff operations	-	-	(0.22)	-	-	(0.20)	(0.31)
Former Railroad and Manufacturing operations	-	-	(0.01)	-	-	(0.02)	(0.06)
AFG tax case and settlement of open years	-	0.43	0.30	-	-	0.70	-
Valuation allowance on deferred tax assets	-	-	-	-	-	-	(0.28)
Other	-	-	(0.16)	-	-	(0.16)	-
Diluted earnings per share	\$ 1.32	\$ 0.54	\$ 2.39	\$ 1.01	\$ 1.14	\$ 5.09	\$ 3.32

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Property and Transportation	\$ 10	\$ (14)	\$ -	\$ 6	\$ 27	\$ 19	\$ 113
Specialty Casualty	19	8	8	33	4	53	35
Specialty Financial	13	16	1	11	16	44	65
Other Specialty	6	5	7	2	1	15	18
Underwriting profit - Specialty	48	15	16	52	48	131	231
Other charges, included in loss and LAE	5	5	1	7	-	13	1
Underwriting profit - Core	43	10	15	45	48	118	230
Special A&E charges, included in loss and LAE	-	-	31	-	-	31	50
Underwriting profit (loss) - Property and Casualty Insurance	\$ 43	\$ 10	\$ (16)	\$ 45	\$ 48	\$ 87	\$ 180
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ 9	\$ -
Catastrophe loss	10	24	4	6	3	37	43
Total current accident year catastrophe losses	<u>\$ 10</u>	<u>\$ 33</u>	<u>\$ 4</u>	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 46</u>	<u>\$ 43</u>
Loss reserve development (favorable) / adverse	<u>\$ (28)</u>	<u>\$ (7)</u>	<u>\$ 23</u>	<u>\$ (27)</u>	<u>\$ (19)</u>	<u>\$ (30)</u>	<u>\$ (69)</u>
Combined ratio:							
Property and Transportation	96.5%	103.7%	99.8%	98.1%	89.7%	98.7%	92.0%
Specialty Casualty	92.7%	96.8%	96.7%	86.1%	98.1%	94.5%	95.9%
Specialty Financial	88.5%	84.9%	98.8%	88.5%	85.0%	89.2%	84.1%
Other Specialty	71.1%	70.0%	68.4%	86.0%	92.1%	78.5%	73.6%
Combined ratio - Specialty	93.1%	98.0%	98.2%	91.8%	91.9%	95.4%	91.6%
Other core charges	0.7%	0.7%	0.0%	1.1%	0.2%	0.4%	0.0%
Special A&E charges	0.0%	0.0%	3.7%	0.0%	0.0%	1.1%	1.8%
Combined ratio	93.8%	98.7%	101.9%	92.9%	92.1%	96.9%	93.4%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	59.8%	71.2%	68.7%	60.2%	59.6%	65.5%	64.1%
Prior accident year development	(4.1%)	(0.8%)	2.6%	(4.2%)	(3.1%)	(1.0%)	(2.5%)
Current accident year catastrophe loss	1.5%	3.2%	0.6%	0.8%	0.6%	1.3%	1.6%
Loss and LAE ratio	57.2%	73.6%	71.9%	56.8%	57.1%	65.8%	63.2%

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Gross written premiums	\$ 925	\$ 965	\$ 1,509	\$ 1,024	\$ 823	\$ 4,321	\$ 4,106
Ceded reinsurance premiums	(221)	(263)	(601)	(292)	(216)	(1,372)	(1,336)
Net written premiums	704	702	908	732	607	2,949	2,770
Change in unearned premiums	(17)	54	(60)	(92)	(4)	(102)	(11)
Net earned premiums	687	756	848	640	603	2,847	2,759
Loss and LAE	388	551	578	356	344	1,829	1,693
Underwriting expense	251	190	254	232	211	887	835
Underwriting profit	\$ 48	\$ 15	\$ 16	\$ 52	\$ 48	\$ 131	\$ 231
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ -	\$ 9	\$ -	\$ -	\$ -	\$ 9	\$ -
Catastrophe loss	10	24	4	6	3	37	43
Total current accident year catastrophe losses	\$ 10	\$ 33	\$ 4	\$ 6	\$ 3	\$ 46	\$ 43
Loss reserve development (favorable) / adverse	\$ (33)	\$ (12)	\$ (9)	\$ (34)	\$ (19)	\$ (74)	\$ (120)
Combined ratio:							
Loss and LAE ratio	56.5%	72.9%	68.2%	55.7%	56.9%	64.3%	61.4%
Underwriting expense ratio	36.6%	25.1%	30.0%	36.1%	35.0%	31.1%	30.2%
Combined ratio	93.1%	98.0%	98.2%	91.8%	91.9%	95.4%	91.6%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	59.8%	71.2%	68.7%	60.2%	59.6%	65.5%	64.1%
Prior accident year development	(4.8%)	(1.5%)	(1.1%)	(5.3%)	(3.3%)	(2.5%)	(4.3%)
Current accident year catastrophe loss	1.5%	3.2%	0.6%	0.8%	0.6%	1.3%	1.6%
Loss and LAE ratio	56.5%	72.9%	68.2%	55.7%	56.9%	64.3%	61.4%

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Gross written premiums	\$ 352	\$ 431	\$ 981	\$ 531	\$ 328	\$ 2,271	\$ 2,273
Ceded reinsurance premiums	(76)	(116)	(442)	(162)	(78)	(798)	(837)
Net written premiums	276	315	539	369	250	1,473	1,436
Change in unearned premiums	17	68	(52)	(79)	13	(50)	(24)
Net earned premiums	293	383	487	290	263	1,423	1,412
Loss and LAE	192	340	371	196	155	1,062	986
Underwriting expense	91	57	116	88	81	342	313
Underwriting profit (loss)	\$ 10	\$ (14)	\$ -	\$ 6	\$ 27	\$ 19	\$ 113
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ 8	\$ -
Catastrophe loss	10	20	2	4	1	27	29
Total current accident year catastrophe losses	\$ 10	\$ 28	\$ 2	\$ 4	\$ 1	\$ 35	\$ 29
Loss reserve development (favorable) / adverse	\$ (6)	\$ (2)	\$ (2)	\$ (2)	\$ (10)	\$ (16)	\$ (26)
Combined ratio:							
Loss and LAE ratio	65.4%	88.9%	76.1%	67.6%	58.9%	74.7%	69.8%
Underwriting expense ratio	31.1%	14.8%	23.7%	30.5%	30.8%	24.0%	22.2%
Combined ratio	96.5%	103.7%	99.8%	98.1%	89.7%	98.7%	92.0%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	64.0%	84.3%	76.0%	66.7%	62.5%	73.8%	69.6%
Prior accident year development	(2.0%)	(0.5%)	(0.5%)	(0.5%)	(3.8%)	(1.0%)	(1.9%)
Current accident year catastrophe loss	3.4%	5.1%	0.6%	1.4%	0.2%	1.9%	2.1%
Loss and LAE ratio	65.4%	88.9%	76.1%	67.6%	58.9%	74.7%	69.8%

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Gross written premiums	\$ 430	\$ 384	\$ 376	\$ 358	\$ 366	\$ 1,484	\$ 1,302
Ceded reinsurance premiums	(135)	(126)	(133)	(114)	(119)	(492)	(435)
Net written premiums	295	258	243	244	247	992	867
Change in unearned premiums	(36)	(9)	-	(8)	(27)	(44)	5
Net earned premiums	259	249	243	236	220	948	872
Loss and LAE	148	165	155	117	144	581	531
Underwriting expense	92	76	80	86	72	314	306
Underwriting profit	\$ 19	\$ 8	\$ 8	\$ 33	\$ 4	\$ 53	\$ 35
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Catastrophe loss	-	1	1	1	-	3	4
Total current accident year catastrophe losses	\$ -	\$ 1	\$ 1	\$ 1	\$ -	\$ 3	\$ 4
Loss reserve development (favorable) / adverse	\$ (16)	\$ 7	\$ 3	\$ (27)	\$ (1)	\$ (18)	\$ (71)
Combined ratio:							
Loss and LAE ratio	57.3%	65.9%	63.8%	49.9%	65.4%	61.3%	60.9%
Underwriting expense ratio	35.4%	30.9%	32.9%	36.2%	32.7%	33.2%	35.0%
Combined ratio	92.7%	96.8%	96.7%	86.1%	98.1%	94.5%	95.9%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	63.5%	62.5%	62.3%	61.0%	65.8%	62.8%	68.6%
Prior accident year development	(6.2%)	3.0%	1.2%	(11.3%)	(0.6%)	(1.8%)	(8.2%)
Current accident year catastrophe loss	0.0%	0.4%	0.3%	0.2%	0.2%	0.3%	0.5%
Loss and LAE ratio	57.3%	65.9%	63.8%	49.9%	65.4%	61.3%	60.9%

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Gross written premiums	\$ 143	\$ 151	\$ 152	\$ 134	\$ 129	\$ 566	\$ 529
Ceded reinsurance premiums	(30)	(43)	(44)	(32)	(36)	(155)	(131)
Net written premiums	113	108	108	102	93	411	398
Change in unearned premiums	3	(4)	(8)	(4)	10	(6)	10
Net earned premiums	116	104	100	98	103	405	408
Loss and LAE	42	40	46	36	35	157	151
Underwriting expense	61	48	53	51	52	204	192
Underwriting profit	\$ 13	\$ 16	\$ 1	\$ 11	\$ 16	\$ 44	\$ 65
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1	\$ -
Catastrophe loss	-	2	1	-	2	5	9
Total current accident year catastrophe losses	\$ -	\$ 3	\$ 1	\$ -	\$ 2	\$ 6	\$ 9
Loss reserve development (favorable) / adverse	\$ (6)	\$ (13)	\$ (5)	\$ (4)	\$ (7)	\$ (29)	\$ (10)
Combined ratio:							
Loss and LAE ratio	35.8%	38.2%	46.7%	35.8%	34.5%	38.8%	37.1%
Underwriting expense ratio	52.7%	46.7%	52.1%	52.7%	50.5%	50.4%	47.0%
Combined ratio	88.5%	84.9%	98.8%	88.5%	85.0%	89.2%	84.1%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	40.3%	48.2%	51.5%	39.4%	39.0%	44.6%	37.6%
Prior accident year development	(4.8%)	(12.1%)	(5.5%)	(3.6%)	(6.9%)	(7.1%)	(2.6%)
Current accident year catastrophe loss	0.3%	2.1%	0.7%	0.0%	2.4%	1.3%	2.1%
Loss and LAE ratio	35.8%	38.2%	46.7%	35.8%	34.5%	38.8%	37.1%

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Gross written premiums	\$ -	\$ (1)	\$ -	\$ 1	\$ -	\$ -	\$ 2
Ceded reinsurance premiums	20	22	18	16	17	73	67
Net written premiums	20	21	18	17	17	73	69
Change in unearned premiums	(1)	(1)	-	(1)	-	(2)	(2)
Net earned premiums	19	20	18	16	17	71	67
Loss and LAE	6	6	6	7	10	29	25
Underwriting expense	7	9	5	7	6	27	24
Underwriting profit	\$ 6	\$ 5	\$ 7	\$ 2	\$ 1	\$ 15	\$ 18
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Catastrophe loss	-	1	-	1	-	2	1
Total current accident year catastrophe losses	\$ -	\$ 1	\$ -	\$ 1	\$ -	\$ 2	\$ 1
Loss reserve development (favorable) / adverse	\$ (5)	\$ (4)	\$ (5)	\$ (1)	\$ (1)	\$ (11)	\$ (13)
Combined ratio:							
Loss and LAE ratio	33.7%	32.7%	31.6%	48.5%	54.8%	41.3%	36.8%
Underwriting expense ratio	37.4%	37.3%	36.8%	37.5%	37.3%	37.2%	36.8%
Combined ratio	71.1%	70.0%	68.4%	86.0%	92.1%	78.5%	73.6%

American Financial Group, Inc.
Annuity Results of Operations (GAAP)
(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Net investment income	\$ 248	\$ 254	\$ 249	\$ 245	\$ 228	\$ 976	\$ 858
Guaranteed withdrawal benefit fees	5	5	4	3	2	14	4
Policy charges and other miscellaneous income	9	8	10	9	11	38	39
Total revenues	262	267	263	257	241	1,028	901
Annuity benefits	134	124	140	147	130	541	510
Acquisition expenses	31	58	32	31	29	150	124
Other expenses	21	17	22	20	22	81	79
Total costs and expenses	186	199	194	198	181	772	713
Earnings before income taxes	\$ 76	\$ 68	\$ 69	\$ 59	\$ 60	\$ 256	\$ 188
Detail of annuity benefits above:							
Interest credited - fixed	\$ 109	\$ 109	\$ 107	\$ 112	\$ 110	\$ 438	\$ 417
Interest credited - fixed component of variable annuities	2	2	2	1	2	7	8
Change in expected death and annuitization reserve	4	5	5	5	4	19	14
Amortization of sales inducements	7	9	8	7	8	32	30
Guaranteed withdrawal benefit reserve	8	5	4	3	2	14	4
Change in other benefit reserves	2	-	3	2	3	8	(2)
Embedded derivative mark-to-market	80	1	40	(3)	60	98	29
Equity option mark-to-market	(77)	-	(30)	21	(57)	(66)	13
Other changes in fixed-indexed annuity reserves	(1)	(1)	1	(1)	(2)	(3)	6
Unlockings	-	(6)	-	-	-	(6)	(9)
Total annuity benefits	\$ 134	\$ 124	\$ 140	\$ 147	\$ 130	\$ 541	\$ 510

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

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Average fixed annuity investments (at amortized cost)	\$ 17,945	\$ 17,485	\$ 16,994	\$ 16,373	\$ 15,746	\$ 16,650	\$ 14,146
Average annuity benefits accumulated	17,506	17,137	16,759	16,173	15,508	16,394	13,929
Investments in excess of annuity benefits accumulated	<u>\$ 439</u>	<u>\$ 348</u>	<u>\$ 235</u>	<u>\$ 200</u>	<u>\$ 238</u>	<u>\$ 256</u>	<u>\$ 217</u>
<u>As % of average annuity benefits accumulated (except as noted)</u>							
Net investment income (as % of investments)	5.48%	5.74%	5.80%	5.93%	5.73%	5.80%	5.99%
Interest credited	(2.49%)	(2.56%)	(2.55%)	(2.77%)	(2.85%)	(2.68%)	(2.99%)
Net interest spread on fixed annuities	2.99%	3.18%	3.25%	3.16%	2.88%	3.12%	3.00%
Policy charges and other miscellaneous income	0.14%	0.14%	0.16%	0.17%	0.20%	0.16%	0.20%
Other annuity benefit expenses, net	(0.37%)	(0.41%)	(0.37%)	(0.36%)	(0.38%)	(0.38%)	(0.39%)
Acquisition expenses	(0.69%)	(0.85%)	(0.72%)	(0.69%)	(0.73%)	(0.75%)	(0.73%)
Other expenses	(0.45%)	(0.39%)	(0.48%)	(0.46%)	(0.52%)	(0.46%)	(0.53%)
Change in fair value of derivatives	(0.04%)	0.11%	(0.27%)	(0.40%)	(0.02%)	(0.14%)	(0.27%)
Unlockings	0.00%	(0.29%)	0.00%	0.00%	0.00%	(0.07%)	(0.01%)
Net spread earned on fixed annuities	1.58%	1.49%	1.57%	1.42%	1.43%	1.48%	1.27%
Average annuity benefits accumulated	\$ 17,506	\$ 17,137	\$ 16,759	\$ 16,173	\$ 15,508	\$ 16,394	\$ 13,929
Net spread earned on fixed annuities	1.58%	1.49%	1.57%	1.42%	1.43%	1.48%	1.27%
Earnings on fixed annuity benefits accumulated	\$ 69	\$ 64	\$ 66	\$ 57	\$ 56	\$ 243	\$ 177
Investments in excess of annuity benefits accumulated	\$ 439	\$ 348	\$ 235	\$ 200	\$ 238	\$ 256	\$ 217
Net investment income (as % of investments)	5.48%	5.74%	5.80%	5.93%	5.73%	5.80%	5.99%
Earnings on investments in excess of annuity benefits accumulated	\$ 6	\$ 5	\$ 3	\$ 3	\$ 3	14	13
Variable annuity earnings	1	(1)	-	(1)	1	(1)	(2)
Earnings before income taxes	\$ 76	\$ 68	\$ 69	\$ 59	\$ 60	\$ 256	\$ 188

**American Financial Group
Annuity Premiums (Statutory)**

(\$ in millions)



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Retail single premium annuities - indexed	\$ 333	\$ 305	\$ 417	\$ 531	\$ 409	\$ 1,662	\$ 1,549
Retail single premium annuities - fixed	27	35	42	34	42	153	239
Financial institutions single premium annuities - indexed	83	59	72	80	80	291	216
Financial institutions single premium annuities - fixed	111	86	127	179	195	587	755
Education market - 403(b) fixed and indexed annuities	55	60	51	64	62	237	257
Subtotal fixed annuity premiums	609	545	709	888	788	2,930	3,016
Variable annuities	15	15	14	17	15	61	70
Total annuity premiums	\$ 624	\$ 560	\$ 723	\$ 905	\$ 803	\$ 2,991	\$ 3,086

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



	Three Months Ended					Twelve Months Ended	
	03/31/13	12/31/12	09/30/12	06/30/12	03/31/12	12/31/12	12/31/11
Beginning fixed annuity reserves	\$ 17,274	\$ 16,999	\$ 16,518	\$ 15,828	\$ 15,188	\$ 15,188	\$ 12,670
Premiums	609	545	709	888	788	2,930	3,016
Surrenders, benefits and other withdrawals	(352)	(355)	(390)	(328)	(324)	(1,397)	(1,193)
Interest and other annuity benefit expenses:							
Interest credited	109	109	107	112	110	438	417
Embedded derivative mark-to-market	80	1	40	(3)	60	98	29
Change in other benefit reserves	17	(15)	15	21	6	27	249
Unlockings	-	(10)	-	-	-	(10)	-
Ending fixed annuity reserves	\$ 17,737	\$ 17,274	\$ 16,999	\$ 16,518	\$ 15,828	\$ 17,274	\$ 15,188
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$ 17,737	\$ 17,274	\$ 16,999	\$ 16,518	\$ 15,828	\$ 17,274	\$ 15,188
Impact of unrealized investment gains on reserves	140	136	46	38	33	136	30
Fixed component of variable annuities	198	199	200	202	203	199	202
Annuity benefits accumulated per balance sheet	\$ 18,075	\$ 17,609	\$ 17,245	\$ 16,758	\$ 16,064	\$ 17,609	\$ 15,420
Annualized surrenders and other withdrawals as a % of beginning reserves	8.2%	8.4%	9.4%	8.3%	8.5%	9.2%	9.4%

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



	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/30/12</u>	<u>12/31/11</u>
Assets:						
Total cash and investments	\$ 29,084	\$ 28,449	\$ 28,037	\$ 27,301	\$ 26,478	\$ 25,577
Recoverables from reinsurers	3,083	3,750	3,865	2,740	2,678	2,942
Prepaid reinsurance premiums	466	471	587	488	415	409
Agents' balances and premiums receivable	649	636	750	702	550	565
Deferred policy acquisition costs	565	550	621	846	916	901
Assets of managed investment entities	3,285	3,225	3,102	2,825	2,952	3,058
Other receivables	384	539	1,168	673	625	895
Variable annuity assets (separate accounts)	614	580	577	574	601	548
Other assets	824	786	741	717	810	757
Goodwill	185	185	185	186	186	186
Total assets	\$ 39,139	\$ 39,171	\$ 39,633	\$ 37,052	\$ 36,211	\$ 35,838
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 6,238	\$ 6,845	\$ 7,277	\$ 6,153	\$ 6,117	\$ 6,520
Unearned premiums	1,697	1,651	1,821	1,661	1,496	1,484
Annuity benefits accumulated	18,075	17,609	17,245	16,758	16,064	15,420
Life, accident and health reserves	2,021	2,059	1,699	1,750	1,739	1,727
Payable to reinsurers	250	475	656	396	292	475
Liabilities of managed investment entities	2,880	2,892	2,753	2,502	2,672	2,787
Long-term debt	950	953	966	1,158	931	934
Variable annuity liabilities (separate accounts)	614	580	577	574	601	548
Other liabilities	1,506	1,359	1,675	1,325	1,567	1,386
Total liabilities	\$ 34,231	\$ 34,423	\$ 34,669	\$ 32,277	\$ 31,479	\$ 31,281
Shareholders' equity:						
Common stock	\$ 90	\$ 89	\$ 91	\$ 95	\$ 97	\$ 98
Capital surplus	1,090	1,063	1,071	1,112	1,126	1,121
Appropriated retained earnings	64	75	109	127	145	173
Unappropriated retained earnings	2,620	2,520	2,577	2,515	2,498	2,439
Unrealized gains - fixed maturities	719	719	789	626	541	459
Unrealized gains - equities	146	104	132	145	164	119
Other comprehensive income, net of tax	4	8	10	2	9	2
Total shareholders' equity	4,733	4,578	4,779	4,622	4,580	4,411
Noncontrolling interests	175	170	185	153	152	146
Total liabilities and equity	\$ 39,139	\$ 39,171	\$ 39,633	\$ 37,052	\$ 36,211	\$ 35,838

American Financial Group, Inc.
Book Value Per Share and Price / Book Summary

(in millions, except per share information)



	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/30/12</u>	<u>12/31/11</u>
Shareholders' equity	\$ 4,733	\$ 4,578	\$ 4,779	\$ 4,622	\$ 4,580	\$ 4,411
Appropriated retained earnings	(64)	(75)	(109)	(127)	(145)	(173)
Shareholders' equity, excluding appropriated retained earnings	4,669	4,503	4,670	4,495	4,435	4,238
Unrealized (gains) on fixed maturities	(719)	(719)	(789)	(626)	(541)	(459)
Adjusted shareholders' equity	3,950	3,784	3,881	3,869	3,894	3,779
Goodwill	(185)	(185)	(185)	(186)	(186)	(186)
Intangibles	(33)	(36)	(39)	(43)	(46)	(49)
Tangible adjusted shareholders' equity	\$ 3,732	\$ 3,563	\$ 3,657	\$ 3,640	\$ 3,662	\$ 3,544
Common shares outstanding	89.883	88.979	90.847	94.959	97.178	97.846
<u>Book value per share:</u>						
Excluding appropriated retained earnings (a)	\$ 51.94	\$ 50.61	\$ 51.40	\$ 47.34	\$ 45.65	\$ 43.32
Adjusted (b)	43.94	42.52	42.72	40.74	40.07	38.63
Tangible, adjusted (c)	41.52	40.04	40.26	38.34	37.69	36.24
<u>Market capitalization</u>						
AFG's closing common share price	\$ 47.38	\$ 39.52	\$ 37.90	\$ 39.23	\$ 38.58	\$ 36.89
Market capitalization	\$ 4,259	\$ 3,516	\$ 3,443	\$ 3,725	\$ 3,749	\$ 3,610
Price / Adjusted book value ratio	1.08	0.93	0.89	0.96	0.96	0.95

(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>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/30/12</u>	<u>12/31/11</u>
Direct obligations of AFG	\$ 840	\$ 840	\$ 840	\$ 830	\$ 600	\$ 600
Direct obligations of subsidiaries	90	93	106	308	311	314
Payable to subsidiary trusts	20	20	20	20	20	20
Long-term debt	\$ 950	\$ 953	\$ 966	\$ 1,158	\$ 931	\$ 934
Obligations secured by real estate	(62)	(62)	(63)	(64)	(64)	(64)
Debt excluding obligations secured by real estate	\$ 888	\$ 891	\$ 903	\$ 1,094	\$ 867	\$ 870
Total capital (a)	\$ 5,794	\$ 5,626	\$ 5,821	\$ 5,806	\$ 5,518	\$ 5,318
Total capital excluding obligations secured by real estate (a)	5,732	5,564	5,758	5,742	5,454	5,254
Total adjusted capital (b)	\$ 5,074	\$ 4,907	\$ 5,032	\$ 5,180	\$ 4,977	\$ 4,860
Total adjusted capital excluding obligations secured by real estate (b)	5,012	4,845	4,969	5,116	4,913	4,796
Ratio of debt to total capital (a):						
Including debt secured by real estate	16.4%	16.9%	16.6%	19.9%	16.9%	17.6%
Excluding debt secured by real estate	15.5%	16.0%	15.7%	19.1%	15.9%	16.6%
Ratio of debt to total adjusted capital (b):						
Including debt secured by real estate	18.7%	19.4%	19.2%	22.4%	18.7%	19.2%
Excluding debt secured by real estate	17.7%	18.4%	18.2%	21.4%	17.7%	18.2%

(a) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding appropriated retained earnings.

(b) Includes long-term debt, noncontrolling interests and shareholders' equity, excluding unrealized gains related to fixed maturity investments and appropriated retained earnings.

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



	Three Months Ended					Twelve Months Ended	
	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/31/12</u>	<u>12/31/12</u>	<u>12/31/11</u>
<u>Property and Casualty Insurance</u>							
Paid Losses (GAAP)	\$ 357	\$ 785	\$ 337	\$ 409	\$ 495	\$ 2,026	\$ 1,621

	<u>03/31/13</u>	<u>12/31/12</u>	<u>09/30/12</u>	<u>06/30/12</u>	<u>03/31/12</u>	<u>12/31/11</u>
<u>Statutory Surplus</u>						
Property and Casualty Insurance	\$ 2,090	\$ 2,015	\$ 2,044	\$ 2,052	\$ 2,037	\$ 1,976
AFG's principal annuity subsidiaries (total adjusted capital)	\$ 1,483	\$ 1,380	\$ 1,275	\$ 1,219	\$ 1,183	\$ 1,095
<u>Allowable dividends without regulatory approval</u>						
Property and Casualty Insurance	\$ 237	\$ 237	\$ 375	\$ 375	\$ 375	\$ 375
Annuity and Run-off	158	158	171	171	171	171
Total	\$ 395	\$ 395	\$ 546	\$ 546	\$ 546	\$ 546

American Financial Group, Inc.
Total Cash and Investments and Net Investment Income
March 31, 2013



(\$ 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	\$ 916	\$ 351	\$ 262	\$ -	\$ 1,529	5%
Fixed maturities	5,254	19,818	10	-	25,082	86%
Equity securities	787	239	39	-	1,065	4%
Policy loans	-	224	-	-	224	1%
Mortgage loans	127	457	-	-	584	2%
Real estate and other investments	321	609	8	(338)	600	2%
Total cash and investments	\$ 7,405	\$ 21,698	\$ 319	\$ (338)	\$ 29,084	100%

	Property and Casualty Insurance	Annuity and Run-off	Other	Consolidate CLOs	Total AFG Consolidated
Total net investment income:					
Fixed maturities	\$ 55	\$ 247	\$ -	\$ -	\$ 302
Equity securities	6	2	4	-	12
Other investments	7	20	-	(11)	16
Gross investment income	68	269	4	(11)	330
Investment expenses	(2)	(2)	-	-	(4)
Total net investment income	\$ 66	\$ 267	\$ 4	\$ (11)	\$ 326

	Equity Securities		
	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Annuity and Run-off	\$ 195	\$ 239	\$ 44
Property and Casualty Insurance	603	787	184
Other	39	39	-
Total AFG consolidated	\$ 837	\$ 1,065	\$ 228



American Financial Group, Inc.
Fixed Maturities - By Security Type - AFG Consolidated
March 31, 2013
(\$ 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	\$ 346	\$ 361	\$ 15	1%	1%
States, municipalities and political subdivisions	4,363	4,673	310	19%	16%
Foreign government	357	373	16	1%	1%
Residential mortgage-backed securities	3,935	4,275	340	17%	15%
Commercial mortgage-backed securities	2,571	2,874	303	12%	10%
Asset-backed securities	1,959	2,019	60	8%	7%
Corporate bonds					
Manufacturing	2,038	2,238	200	9%	8%
Banks, lending and credit institutions	1,676	1,830	154	7%	6%
Gas and electric services	1,259	1,432	173	6%	5%
Insurance and insurance related	774	855	81	3%	3%
Other corporate	3,784	4,152	368	17%	14%
Total AFG consolidated	\$ 23,062	\$ 25,082	\$ 2,020	100%	86%
Annuity and Run-off	\$ 18,080	\$ 19,818	1,738	79%	68%
Property and Casualty Insurance	4,982	5,254	272	21%	18%
Other	-	10	10	0%	0%
Total AFG consolidated	\$ 23,062	\$ 25,082	\$ 2,020	100%	86%

Annualized yield on fixed maturities:

Excluding investment expense (a)	5.31%
Net of investment expense (a)	5.25%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 years

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



American Financial Group, Inc.
Fixed Maturities - By Security Type Portfolio
March 31, 2013
(\$ 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	\$ 76	\$ 82	\$ 6	0%
States, municipalities and political subdivisions	2,298	2,487	189	13%
Foreign government	31	35	4	0%
Residential mortgage-backed securities	3,343	3,630	287	18%
Commercial mortgage-backed securities	2,249	2,528	279	13%
Asset-backed securities	1,567	1,621	54	8%
Corporate debt	8,516	9,435	919	48%
Total Annuity and Run-off	<u>\$ 18,080</u>	<u>\$ 19,818</u>	<u>\$ 1,738</u>	<u>100%</u>

Annualized yield on fixed maturities:

Excluding investment expense (a)	5.56%
Net of investment expense (a)	5.53%

Approximate average life and duration:

Approximate average life	6 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	\$ 270	\$ 279	\$ 9	5%
States, municipalities and political subdivisions	2,065	2,186	121	42%
Foreign government	326	338	12	6%
Residential mortgage-backed securities	592	635	43	12%
Commercial mortgage-backed securities	322	346	24	7%
Asset-backed securities	392	398	6	8%
Corporate debt	1,015	1,072	57	20%
Property and Casualty Insurance	<u>\$ 4,982</u>	<u>\$ 5,254</u>	<u>\$ 272</u>	<u>100%</u>

Annualized yield on fixed maturities:

Excluding investment expense (a)	4.42%
Net of investment expense (a)	4.28%

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 period by the average cost over the period.
Average cost is the average of the beginning, ending and intervening quarter end asset balances.



American Financial Group, Inc.
Fixed Maturities - Credit Rating and NAIC Designation
March 31, 2013
(\$ in millions)

By Credit Rating	GAAP Data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 4,995	\$ 5,371	22%	\$ 376
AA	4,275	4,572	18%	297
A	5,887	6,459	26%	572
BBB	4,631	5,088	20%	457
Subtotal - Investment grade	19,788	21,490	86%	1,702
BB	659	686	3%	27
B	395	409	1%	14
Other	2,220	2,497	10%	277
Total	\$ 23,062	\$ 25,082	100%	\$ 2,020

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	\$ 17,435	77%	\$ 17,440	\$ 18,999	\$ 1,559
NAIC 2	4,522	20%	4,522	4,959	437
	21,957	97%	21,962	23,958	1,996
NAIC 3	519	2%	520	547	27
NAIC 4	201	1%	201	209	8
NAIC 5	65	0%	66	78	12
NAIC 6	15	0%	14	46	32
Total	\$ 22,757	100%	\$ 22,763	\$ 24,838	\$ 2,075



American Financial Group, Inc.
Mortgage-Backed Securities - AFG Consolidated
March 31, 2013
(\$ in millions)

By Asset Type	Amortized Cost	Fair Value	% of Fair Value	% of Investment Portfolio	Unrealized Gain (Loss)
Residential					
Agency	\$ 224	\$ 234	3%	1%	\$ 10
Prime (Non-Agency)	2,019	2,218	31%	8%	199
Alt-A	867	931	13%	3%	64
Subprime	825	892	13%	3%	67
Subtotal - Residential	3,935	4,275	60%	15%	340
Commercial	2,571	2,874	40%	10%	303
Total AFG consolidated	\$ 6,506	\$ 7,149	100%	25%	\$ 643
Annuity and Run-off	\$ 5,592	\$ 6,158	86%	21%	566
Property and Casualty Insurance	914	981	14%	4%	67
Other	-	10	0%	0%	10
Total AFG consolidated	\$ 6,506	\$ 7,149	100%	25%	\$ 643

- 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 83%; Alt-A 76%; Subprime 83%; CMBS 99%.
- The average FICO score of our residential MBS securities is - Prime 737; Alt-A 713; Subprime 649.
- 98% of our Commercial MBS portfolio is investment-grade rated (82%AAA) and the average subordination for this group assets is 37%.
- The approximate average life of the RMBS and CMBS portfolios is 4 years for each.

American Financial Group, Inc.
Mortgage-Backed Securities Portfolio
March 31, 2013
(\$ in millions)



Annuity and Run-off:					
By Asset Type	Amortized Cost	Fair Value	% of Fair Value	% of Investment Portfolio	Unrealized Gain (Loss)
Residential					
Agency	\$ 76	\$ 81	1%	0%	\$ 5
Prime (Non-Agency)	1,892	2,065	34%	10%	173
Alt-A	711	766	12%	4%	55
Subprime	664	718	12%	3%	54
Subtotal - Residential	3,343	3,630	59%	17%	287
Commercial	2,249	2,528	41%	12%	279
Total Annuity and Run-off	\$ 5,592	\$ 6,158	100%	29%	\$ 566

Property and Casualty Insurance:					
By Asset Type	Amortized Cost	Fair Value	% of Fair Value	% of Investment Portfolio	Unrealized Gain (Loss)
Residential					
Agency	\$ 148	\$ 153	16%	2%	\$ 5
Prime (Non-Agency)	127	143	14%	2%	16
Alt-A	156	165	17%	2%	9
Subprime	161	174	18%	2%	13
Subtotal - Residential	592	635	65%	8%	43
Commercial	322	346	35%	5%	24
Total Property and Casualty Insurance	\$ 914	\$ 981	100%	13%	\$ 67



American Financial Group, Inc.
Mortgage-Backed Securities - Credit Rating and NAIC Designation
March 31, 2013
(\$ in millions)

By Credit Rating	GAAP data			
	Amortized Cost	Fair Value	% of Fair Value	Unrealized Gain (Loss)
Investment grade				
AAA	\$ 2,707	\$ 2,997	42%	\$ 290
AA	460	496	7%	36
A	643	683	9%	40
BBB	249	269	4%	20
Subtotal - investment grade	4,059	4,445	62%	386
BB	329	335	5%	6
B	370	382	5%	12
Other	1,748	1,987	28%	239
Total	\$ 6,506	\$ 7,149	100%	\$ 643

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	\$ 6,072	95%	\$ 6,077	\$ 6,742	\$ 665
NAIC 2	162	3%	162	162	-
	6,234	98%	6,239	6,904	665
NAIC 3	80	1%	80	81	1
NAIC 4	78	1%	78	80	2
NAIC 5	17	0%	16	27	11
NAIC 6	6	0%	7	31	24
Total	\$ 6,415	100%	\$ 6,420	\$ 7,123	\$ 703