

**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): August 6, 2019

AMERICAN FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

1-13653
(Commission
File Number)

31-1544320
(IRS Employer
Identification No.)

301 East Fourth Street, Cincinnati, OH
(Address of principal executive offices)

45202
(Zip Code)

Registrant's telephone number, including area code 513-579-2121

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock	AFG	New York Stock Exchange
6-1/4% Subordinated Debentures due September 30, 2054	AFGE	New York Stock Exchange
6% Subordinated Debentures due November 15, 2055	AFGH	New York Stock Exchange
5.875% Subordinated Debentures due March 30, 2059	AFGB	New York Stock Exchange

Section 2 - Financial Information

Item 2.02 Results Of Operations And Financial Condition.

Reference is made to the press release of American Financial Group, Inc. (the "Company") relating to the announcement of the Company's results of operations for the second quarter of 2019 and the availability of the Investor Supplement on the Company's website. The press release was issued on August 6, 2019. A copy of the press release is attached to this Form 8-K as Exhibit 99.1 and a copy of the Investor Supplement is attached as Exhibit 99.2 and are incorporated herein by reference.

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

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

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

<u>Exhibit No.</u>	<u>Description</u>
99.1	Earnings Release dated August 6, 2019, reporting American Financial Group Inc. results for the quarter ended June 30, 2019.
99.2	Investor Supplement – Second Quarter 2019

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN FINANCIAL GROUP, INC.

Date: August 7, 2019

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

Press Release

For Immediate Release



American Financial Group, Inc. Announces Second Quarter Results

- *Net earnings per share of \$2.31 include \$0.48 per share in realized gains on securities and (\$0.29) per share related to newly-reclassified Annuity non-core items*
- *Core net operating earnings of \$2.12 per share*
- *Second quarter annualized ROE of 16.0%; annualized core operating ROE of 14.7%*
- *Full year 2019 core net operating earnings guidance revised to a narrowed range of \$8.40 - \$8.80 per share*

CINCINNATI – August 6, 2019 – American Financial Group, Inc. (NYSE: AFG) today reported 2019 second quarter net earnings attributable to shareholders of \$210 million (\$2.31 per share), unchanged from the 2018 second quarter. Net earnings for the quarter include \$45 million (\$0.48 per share) in after-tax net realized gains on securities, including \$29 million (\$0.32 per share) in holding gains to adjust equity securities to fair value. By comparison, net earnings in the 2018 second quarter included \$25 million (\$0.27 per share) in after-tax net realized gains on securities. Net earnings for the second quarter of 2019 included a negative impact of \$27 million (\$0.29 per share) for annuity non-core items, including the impact of fair value accounting for fixed-indexed annuities (FIAs) and other items related to changes in the stock market and interest rates. Other details may be found in the table below. Book value per share was \$67.72 per share at June 30, 2019. AFG paid cash dividends of \$1.90 per share during the quarter, which included a \$1.50 per share special dividend. Annualized return on equity was 16.0% and 17.1% for the second quarters of 2019 and 2018, respectively.

As previously announced, beginning with the second quarter of 2019, AFG changed the way it defines annuity core operating earnings to exclude the impact of items that are not necessarily indicative of operating trends. Core net operating earnings for periods prior to the change have not been adjusted, however results for the three and six month periods ended June 30, 2018 are reconciled to historically reported Annuity Segment core operating earnings on page 5 of this release. As a result, reported core net operating earnings for periods beginning with the second quarter of 2019 are not directly comparable to prior year periods.

Core net operating earnings were \$192 million (\$2.12 per share) for the 2019 second quarter, compared to \$185 million (\$2.04 per share) in the 2018 second quarter. Higher reported core operating earnings in our Annuity Segment were offset by lower operating earnings in our Specialty Property and Casualty (“P&C”) Insurance operations. Holding company expenses were \$7 million lower year-over-year and reflect a normal run rate in the 2019 second quarter. In connection with AFG’s new definition of annuity core operating earnings, AFG’s core net operating earnings for the second quarter of 2019 exclude the impact of items that are not necessarily indicative of operating trends, and include an expense for the amortization of FIA option costs, which AFG believes better reflects the cost of funds for FIAs and AFG’s evaluation of the financial performance of its Annuity business. Book value per share, excluding unrealized gains related to fixed maturities, was \$58.49 per share at June 30, 2019. Core net operating earnings for the second quarters of 2019 and 2018 generated annualized returns on equity of 14.7% and 15.1%, respectively.

AFG's net earnings attributable to shareholders, determined in accordance with U.S. generally accepted accounting principles (GAAP), include certain items that may not be indicative of its ongoing core operations. The table below identifies such items and reconciles net earnings attributable to shareholders to core net operating earnings, a non-GAAP financial measure. AFG believes that its core net operating earnings provides management, financial analysts, ratings agencies and investors with an understanding of the results from the ongoing operations of the Company by excluding the impact of net realized gains and losses, annuity non-core earnings, 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		Six months ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Components of net earnings attributable to shareholders:				
Core operating earnings before income taxes	\$ 236	\$ 229	\$ 465	\$ 496
Pretax non-core items:				
Realized gains (losses) on securities	56	31	240	(62)
Annuity non-core earnings (loss)	(33)	—	(33)	—
Earnings before income taxes	259	260	672	434
Provision (credit) for income taxes:				
Core operating earnings	45	46	93	98
Non-core items	5	6	44	(13)
Total provision for income taxes	50	52	137	85
Net earnings, including noncontrolling interests	209	208	535	349
Less net earnings (losses) attributable to noncontrolling interests:				
Core operating earnings (losses)	(1)	(2)	(4)	(6)
Non-core items	—	—	—	—
Total net earnings (losses) attributable to noncontrolling interests	(1)	(2)	(4)	(6)
Net earnings attributable to shareholders	\$ 210	\$ 210	\$ 539	\$ 355
Net earnings:				
Core net operating earnings ^(a)	\$ 192	\$ 185	\$ 376	\$ 404
Realized gains (losses) on securities	45	25	190	(49)
Annuity non-core earnings (loss)	(27)	—	(27)	—
Net earnings attributable to shareholders	\$ 210	\$ 210	\$ 539	\$ 355
Components of Earnings Per Share:				
Core net operating earnings^(a)	\$ 2.12	\$ 2.04	\$ 4.14	\$ 4.46
Non-core Items:				
Realized gains (losses) on securities	0.48	0.27	2.09	(0.54)
Annuity non-core earnings (loss)	(0.29)	—	(0.29)	—
Diluted Earnings Per Share	\$ 2.31	\$ 2.31	\$ 5.94	\$ 3.92

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

Carl H. Lindner III and S. Craig Lindner, AFG's Co-Chief Executive Officers, issued this statement: "We are pleased to report strong operating profitability and investment results in both our Specialty P&C and Annuity Segments, which helped us to achieve an annualized core operating return on equity of 15%.

"AFG had approximately \$1.0 billion of excess capital (including parent company cash of approximately \$135 million) at June 30, 2019 and after the payment of the May special dividend. Where appropriate, our excess capital will be deployed into AFG's core businesses as we identify potential for healthy, profitable organic growth, and opportunities to expand our specialty niche businesses through acquisitions and start-ups that meet our target return thresholds. In addition, returning capital to shareholders in the form of regular and special cash dividends and opportunistic share repurchases are also an important and effective component of our capital management strategy. We will evaluate our excess capital position again in the second half of 2019 and note that the special cash dividend paid in May does not preclude our consideration of additional actions with respect to our regular quarterly dividend, additional special dividends and opportunistic share repurchases.

“Based on results for the first six months of 2019, we revised our expectations for AFG’s 2019 core net operating earnings to \$8.40 to \$8.80 per share, narrowed from our previous range of \$8.35 to \$8.85 per share. Our core earnings per share guidance excludes non-core items such as realized gains and losses, annuity non-core earnings and other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations.”

Specialty Property and Casualty Insurance Operations

Pretax core operating earnings in AFG’s P&C Insurance Segment were \$175 million in the second quarter of 2019, compared to \$180 million in the prior year period. Higher P&C net investment income was more than offset by lower underwriting profit.

The Specialty P&C insurance operations generated an underwriting profit of \$60 million in the 2019 second quarter, compared to \$73 million in the 2018 second quarter. Higher underwriting profitability in our Specialty Casualty Group was more than offset by lower underwriting profit in our Property and Transportation and Specialty Financial Groups. The second quarter 2019 combined ratio of 95.0% was 1.3 points higher than the prior year period. Results in the second quarter of 2019 include 3.4 points of favorable prior year reserve development, compared to 3.9 points in the 2018 second quarter. Catastrophe losses added 0.9 points to the second quarter 2019 results, compared to 1.4 points in the comparable prior year period.

Second quarter 2019 gross written premiums were flat and net written premiums were up 1% when compared to the second quarter of 2018, primarily the result of lower crop insurance premiums. Delayed planting of spring crops resulted in late acreage reporting and reduced overall second quarter Specialty P&C premiums. Excluding crop insurance, 2019 gross and net written premiums grew by 6% and 4%, respectively, when compared to the 2018 second quarter.

Average renewal pricing across the entire P&C Group was up approximately 3% for the quarter. Excluding our workers’ compensation business, renewal pricing was up approximately 5%, reflecting a continued improvement from renewal rate increases achieved the first quarter of 2019. Pricing in our Specialty P&C group is the highest we have achieved in over five years, meeting or exceeding our expectations in each of our Specialty P&C sub-segments. Further details about AFG’s Specialty P&C operations may be found in the accompanying schedules.

The **Property and Transportation Group** reported an underwriting profit of \$4 million in the second quarter of 2019, compared to \$23 million in the second quarter of 2018. These results include lower favorable prior period reserve development in our agricultural and transportation businesses and a larger year-over-year underwriting loss in our Singapore Branch. Catastrophe losses were \$8 million for this group during the second quarter of 2019, compared to \$10 million in the comparable prior year period.

Second quarter 2019 gross written premiums in this group were down 6% and net written premiums were flat when compared to the prior year period, due primarily to delayed acreage reporting from insureds as a result of excess moisture and late planting of corn and soybean crops. It is expected that these delayed premiums will be included in third quarter 2019 results. Excluding crop insurance, 2019 gross and net written premiums in this group grew by 12% and 10%, respectively, when compared to the 2018 second quarter. The growth is primarily attributable to new business opportunities in our transportation businesses. Overall renewal rates in this group increased 5% on average for the second quarter of 2019, an improvement from renewal rate increases achieved in the first quarter of 2019.

The **Specialty Casualty Group** reported an underwriting profit of \$47 million in the second quarter of 2019 compared to \$29 million in the comparable 2018 period. Higher profitability in our workers' compensation and public sector businesses was partially offset by lower year-over-year profitability in our excess and surplus lines businesses. Underwriting profitability in our workers compensation business continues to be very strong. Catastrophe losses for this group were \$1 million in both the second quarters of 2019 and 2018.

Gross and net written premiums for the second quarter of 2019 both increased 4% when compared to the second quarter of 2018. The addition of premiums from ABA Insurance Services, which was acquired in the fourth quarter of 2018, as well as growth in our excess and surplus lines, executive liability and social services businesses were the primary drivers of the higher premiums. Lower premiums in Neon, primarily due to foreign currency translation, and within our workers' compensation businesses partially offset this growth. Renewal pricing for this group was up 3% in the second quarter. Excluding rate decreases in our workers' compensation businesses, renewal rates in this group were up approximately 7%. With the exception of workers' compensation, renewal rates in this group are the highest we have seen in five years.

The **Specialty Financial Group** reported underwriting profit of \$21 million in the second quarter of 2019, compared to \$22 million in the second quarter of 2018. Higher underwriting profitability in our equipment leasing and surety businesses was more than offset by lower underwriting profitability in our financial institutions business. Catastrophe losses for this group were \$3 million in both the second quarters of 2019 and 2018. All of the businesses in this group continued to achieve excellent underwriting margins.

Gross and net written premiums for the second quarter of 2019 were down 2% and 6%, respectively, when compared to the same 2018 period, primarily as a result of lower premiums in our financial institutions business. Renewal pricing in this group was up approximately 1% for the quarter.

Carl Lindner III stated: "Overall, our Specialty P&C Group performed well during the second quarter, and I'm pleased to see strong renewal rate momentum continue across our portfolio of businesses. Based on results through the first six months of the year and our expectations for a below average crop year, we continue to expect an overall 2019 calendar year combined ratio in the range of 92% to 94% and expect growth in net written premium to be in the range of 2% to 5%, up from our previous guidance of flat to up 3%, when compared to the \$5.0 billion reported in 2018. In addition, given the broad-based improvements noted in renewal pricing across many of our Specialty P&C businesses, we now expect overall P&C renewal pricing to be up 2% to 4% in 2019, an improvement from our previous range of 1% to 3%."

Further details about AFG's Specialty P&C operations may be found in the accompanying schedules and in our Quarterly Investor Supplement, which is posted on our website.

Annuity Segment

As previously announced, in the second quarter of 2019 AFG changed the way it defines core annuity operating earnings. Beginning in the second quarter, AFG's core annuity operating earnings exclude the impact of items that are not necessarily indicative of operating trends, such as the impact of fair value accounting for FIAs, unlockings, and other items related to changes in the stock market and interest rates. Core operating earnings will now include an expense for the amortization of FIA option costs, which is a better measure of the cost of funds for FIAs.

The Company believes these changes will provide investors with a better view of the fundamental performance of the business, and a more comparable measure of the Annuity Segment's business compared to its peers.

Annuity Operating Earnings – For all periods presented, the table below reflects core operating earnings under AFG’s new definition. For periods prior to the second quarter of 2019, “new” core operating earnings are reconciled to previously reported operating results.

In millions	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Pretax Annuity Core Operating Earnings:				
Pretax earnings before certain items below	\$ 147	\$ 141	\$ 291	\$ 279
Investments marked to market through core operating earnings, net of DAC	29	33	55	62
Amortization of option costs, net of DAC	(72)	(61)	(141)	(118)
Pretax Annuity core operating earnings – new method	104	113	205	223
Other amounts previously reported as operating, net *	n/a	(14)	(11)	1
Pretax Annuity core operating earnings, as reported	\$ 104	\$ 99	\$ 194	\$ 224
Year over year growth in quarterly average invested assets	12%	10%	12%	10%
Yield on investments marked to market through core operating earnings	11.2%	16.4%	11.1%	15.7%

* “Other” primarily reflects (i) the impact of fair value accounting, (ii) the impact of changes in the stock market on the liability for guaranteed benefits and DAC, and (iii) unlocking.

Pretax earnings before certain items increased primarily as a result of the growth in AFG’s annuity business, partially offset by the runoff of higher yielding investments. Earnings from investments marked to market through core operating earnings vary from quarter to quarter based on the reported results of the underlying partnerships and investments. Higher amortization of option costs reflects growth in AFG’s annuity business, as well as higher renewal options costs related to inforce business.

Further details about the components of Annuity non-core earnings for the three months ended June 30, 2019 may be found in our Quarterly Investor Supplement, which is posted on our website.

2019 Annuity Core Operating Earnings Guidance – Taking into account the new definition of Annuity core operating earnings beginning in the second quarter, and based on the \$194 million of operating earnings reported by the Annuity segment in the first six months of 2019, AFG’s guidance for full year 2019 pretax Annuity core operating earnings is now a range of \$375 million to \$405 million.

This guidance reflects (i) renewal option costs in line with recent purchases, (ii) a return of 8% to 10% on investments required to be marked to market through operating earnings, in contrast to the 11% earned in the first half of 2019, (iii) the negative impact that lower long-term reinvestment rates will have on the runoff of the Annuity segment’s investment portfolio, and (iv) the negative impact that lower short-term rates are expected to have on the Annuity segment’s net investment in cash, short-term investments and floating rate securities, which were approximately \$4 billion at June 30, 2019. Fluctuations in these items could lead to positive or negative impacts on the Annuity Segment’s results.

Annuity Premiums – AFG’s Annuity Segment reported statutory premiums of \$1.35 billion in the second quarter of 2019, compared to \$1.40 billion in the second quarter of 2018, a decrease of 4%. Higher traditional fixed annuity premiums in the financial institutions channel were more than offset by lower FIA premiums in the retail and broker dealer channels.

In response to the continued drop in market interest rates in 2019, AFG has implemented several crediting rate decreases in order to maintain appropriate returns on its annuity sales, which has begun to temper new sales. Accordingly, based on the results to date, AFG believes that its 2019 Annuity premiums will be down 5% to 10% from its record \$5.4 billion of premiums in 2018.

Craig Lindner stated, “We believe our current operating earnings presentation is a better reflection of the fundamental and ongoing operations of our annuity business. And while our 2019 core operating earnings under our new approach are lower than 2018 due to elevated option costs and lower earnings from certain “mark-to-market” investments, we still achieved an annualized operating return on equity of 13% during the second quarter of 2019. Looking forward to the second half of 2019, due to the low interest rate environment and the expectation of even lower short-term interest rates, we are moderating our expectations for premiums and core operating earnings.”

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

Investments

AFG recorded second quarter 2019 net realized gains on securities of \$45 million (\$0.48 per share) after tax and after deferred acquisition costs (DAC), which included \$29 million (\$0.32 per share) in after-tax, after-DAC net gains to adjust equity securities that the Company continued to own, to fair value. By comparison, AFG recorded net realized gains on securities of \$25 million (\$0.27 per share) in the comparable 2018 period.

Unrealized gains on fixed maturities were \$812 million after tax and after DAC at June 30, 2019, an increase of \$729 million since year end. Our portfolio continues to be high quality, with 91% of our fixed maturity portfolio rated investment grade and 98% with a National Association of Insurance Commissioners’ designation of NAIC 1 or 2, its highest two categories.

For the six months ended June 30, 2019, P&C net investment income was approximately 6% higher than the comparable 2018 period.

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

About American Financial Group, Inc.

American Financial Group is an insurance holding company, based in Cincinnati, Ohio with assets over \$65 billion. Through the operations of Great American Insurance Group, AFG is engaged primarily in property and casualty insurance, focusing on specialized commercial products for businesses, and in the sale of traditional fixed, fixed-indexed and variable-indexed annuities in the retail, financial institutions, broker-dealer and registered investment advisor markets. Great American Insurance Group’s roots go back to 1872 with the founding of its flagship company, Great American Insurance Company.

Forward Looking Statements

This press release contains certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this press release not dealing with historical results are forward-looking and are based on estimates, assumptions and projections.

Examples of such forward-looking statements include statements relating to: the Company's expectations concerning market and other conditions and their effect on future premiums, revenues, earnings, investment activities and the amount and timing of share repurchases; recoverability of asset values; expected losses and the adequacy of reserves for asbestos, environmental pollution and mass tort claims; rate changes; and improved loss experience.

Actual results and/or financial condition could differ materially from those contained in or implied by such forward-looking statements for a variety of reasons including, but not limited to: changes in financial, political and economic conditions, including changes in interest and inflation rates, currency fluctuations and extended economic recessions or expansions in the U.S. and/or abroad; performance of securities markets, including the cost of equity index options; new legislation or declines in credit quality or credit ratings that could have a material impact on the valuation of securities in AFG's investment portfolio; the availability of capital; changes in insurance law or regulation, including changes in statutory accounting rules and changes in regulation of the Lloyd's market, including modifications to the establishment of capital requirements for and approval of business plans for syndicate participation; changes in the legal environment affecting AFG or its customers; tax law and accounting changes, including the impact of recent changes in U.S. corporate tax law; levels of natural catastrophes and severe weather, terrorist activities (including any nuclear, biological, chemical or radiological events), incidents of war or losses resulting from civil unrest and other major losses; disruption caused by cyber-attacks or other technology breaches or failures by AFG or its business partners and service providers, which could negatively impact AFG's 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; trends in persistency and mortality; competitive pressures; the ability to obtain adequate rates and policy terms; changes in AFG's credit ratings or the financial strength ratings assigned by major ratings agencies to AFG's operating subsidiaries; the impact of the conditions in the international financial markets and the global economy relating to AFG's international operations; and other factors identified in AFG's filings with the Securities and Exchange Commission.

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

Conference Call

The Company will hold a conference call to discuss 2019 second quarter results at 11:30 a.m. (ET) tomorrow, Wednesday, August 7, 2019. Toll-free telephone access will be available by dialing 1-877-459-8719 (international dial-in 424-276-6843). The conference ID for the live call is 4270549. Please dial in five to ten minutes prior to the scheduled start time of the call.

A replay will be available two hours following the completion of the call and will remain available until 11:59 p.m. (ET) on August 14, 2019. To listen to the replay, dial 1-855-859-2056 (international dial-in 404-537-3406) and provide the conference ID 4270549.

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 August 14, 2019 at 11:59 p.m. (ET). An archived audio MP3 file will be available within 24 hours of the call.

Contact:

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

Websites:

www.AFGinc.com
www.GreatAmericanInsuranceGroup.com

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(Financial summaries follow)

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

AFG19-16

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

	Three months ended		Six months ended	
	June 30,	2018	June 30,	2018
	2019	2018	2019	2018
Revenues				
P&C insurance net earned premiums	\$ 1,200	\$ 1,161	\$ 2,373	\$ 2,268
Life, accident & health net earned premiums	5	6	11	12
Net investment income	580	530	1,122	1,025
Realized gains (losses) on securities	56	31	240	(62)
Income (loss) of managed investment entities:				
Investment income	70	64	139	122
Loss on change in fair value of assets/liabilities	(2)	(2)	(2)	(5)
Other income	51	43	101	92
Total revenues	<u>1,960</u>	<u>1,833</u>	<u>3,984</u>	<u>3,452</u>
Costs and expenses				
P&C insurance losses & expenses	1,149	1,093	2,240	2,115
Annuity, life, accident & health benefits & expenses	380	321	728	596
Interest charges on borrowed money	17	16	33	31
Expenses of managed investment entities	59	54	114	102
Other expenses	96	89	197	174
Total costs and expenses	<u>1,701</u>	<u>1,573</u>	<u>3,312</u>	<u>3,018</u>
Earnings before income taxes	259	260	672	434
Provision for income taxes	50	52	137	85
Net earnings including noncontrolling interests	209	208	535	349
Less: Net earnings (losses) attributable to noncontrolling interests	(1)	(2)	(4)	(6)
Net earnings attributable to shareholders	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ 539</u>	<u>\$ 355</u>
Diluted Earnings per Common Share	<u>\$ 2.31</u>	<u>\$ 2.31</u>	<u>\$ 5.94</u>	<u>\$ 3.92</u>
Average number of diluted shares	91.0	90.7	90.8	90.5
Selected Balance Sheet Data:				
Total cash and investments			June 30, 2019	December 31, 2018
			\$ 52,907	\$ 48,498
Long-term debt			\$ 1,423	\$ 1,302
Shareholders' equity (b)			\$ 6,090	\$ 4,970
Shareholders' equity (excluding unrealized gains/losses related to fixed maturities) (b)			\$ 5,260	\$ 4,898
Book value per share			\$ 67.72	\$ 55.66
Book value per share (excluding unrealized gains/losses related to fixed maturities)			\$ 58.49	\$ 54.86
Common Shares Outstanding			89.9	89.3

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

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

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2019	2018		2019	2018	
Gross written premiums	\$ 1,664	\$ 1,665	— %	\$ 3,199	\$ 3,123	2%
Net written premiums	\$ 1,264	\$ 1,257	1%	\$ 2,411	\$ 2,359	2%
Ratios (GAAP):						
Loss & LAE ratio	60.2%	59.7%		59.6%	58.8%	
Underwriting expense ratio	34.8%	34.0%		34.2%	34.0%	
Specialty Combined Ratio	95.0%	93.7%		93.8%	92.8%	
Combined Ratio – P&C Segment	95.1%	93.7%		93.9%	92.8%	
Supplemental Information:(c)						
Gross Written Premiums:						
Property & Transportation	\$ 579	\$ 615	(6%)	\$ 1,018	\$ 1,041	(2%)
Specialty Casualty	896	858	4%	1,808	1,711	6%
Specialty Financial	189	192	(2%)	373	371	1%
	<u>\$ 1,664</u>	<u>\$ 1,665</u>	— %	<u>\$ 3,199</u>	<u>\$ 3,123</u>	2%
Net Written Premiums:						
Property & Transportation	\$ 422	\$ 422	— %	\$ 766	\$ 746	3%
Specialty Casualty	662	639	4%	1,288	1,233	4%
Specialty Financial	149	159	(6%)	294	307	(4%)
Other	31	37	(16%)	63	73	(14%)
	<u>\$ 1,264</u>	<u>\$ 1,257</u>	1%	<u>\$ 2,411</u>	<u>\$ 2,359</u>	2%
Combined Ratio (GAAP):						
Property & Transportation	99.1%	93.9%		94.2%	92.2%	
Specialty Casualty	92.5%	95.1%		93.4%	94.0%	
Specialty Financial	85.6%	85.6%		88.6%	87.9%	
Aggregate Specialty Group	95.0%	93.7%		93.8%	92.8%	
<div style="display: flex; justify-content: space-between;"> <div style="width: 40%;"></div> <div style="width: 30%; text-align: center;"> Three months ended June 30, </div> <div style="width: 30%; text-align: center;"> Six months ended June 30, </div> </div>						
<div style="display: flex; justify-content: space-between;"> <div style="width: 40%;"></div> <div style="width: 10%; text-align: center;">2019</div> <div style="width: 10%; text-align: center;">2018</div> <div style="width: 10%; text-align: center;">2019</div> <div style="width: 10%; text-align: center;">2018</div> </div>						
Reserve Development (Favorable)/Adverse:						
Property & Transportation				\$ (6)	\$ (21)	\$ (32) \$ (39)
Specialty Casualty				(31)	(15)	(44) (50)
Specialty Financial				(9)	(8)	(15) (11)
Other Specialty				4	(1)	3 (2)
Total Specialty Reserve Development				<u>\$ (42)</u>	<u>\$ (45)</u>	<u>\$ (88)</u> <u>\$ (102)</u>
Points on Combined Ratio:						
Property & Transportation				(1.6)	(5.6)	(4.4) (5.4)
Specialty Casualty				(4.7)	(2.5)	(3.5) (4.2)
Specialty Financial				(5.9)	(5.4)	(5.1) (3.6)
Aggregate Specialty Group				(3.4)	(3.9)	(3.7) (4.5)
Total P&C Segment				(3.3)	(3.9)	(3.6) (4.5)

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

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

Components of Statutory Premiums

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2019	2018		2019	2018	
<u>Annuity Premiums:</u>						
Financial Institutions	\$ 742	\$ 579	28%	\$ 1,510	\$ 1,097	38%
Retail	310	400	(23%)	640	715	(10%)
Broker-Dealer	197	359	(45%)	430	621	(31%)
Pension Risk Transfer	50	1	nm	60	1	nm
Education Market	44	54	(19%)	93	100	(7%)
Variable Annuities	6	6	—	11	13	(15%)
Total Annuity Premiums	<u>\$ 1,349</u>	<u>\$ 1,399</u>	(4%)	<u>\$ 2,744</u>	<u>\$ 2,547</u>	8%

Components of Annuity Earnings Before Income Taxes

	Three months ended June 30,		Pct. Change	Six months ended June 30,		Pct. Change
	2019	2018		2019	2018	
Revenues:						
Net investment income	\$ 451	\$ 412	9%	\$ 886	\$ 806	10%
Other income	27	27	— %	54	53	2%
Total revenues	478	439	9%	940	859	9%
Costs and Expenses:						
Annuity benefits	339	260	30%	650	442	47%
Acquisition expenses	33	49	(33%)	59	130	(55%)
Other expenses	35	31	13%	70	63	11%
Total costs and expenses	407	340	20%	779	635	23%
Annuity earnings before income taxes	<u>\$ 71</u>	<u>\$ 99</u>	(28%)	<u>\$ 161</u>	<u>\$ 224</u>	(28%)

Supplemental Annuity Information

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Core net interest spread on fixed annuities – new method	2.08%	2.28%	2.05%	2.30%
Core net spread earned on fixed annuities – new method	1.11%	1.34%	1.10%	1.35%

Further details may be found in our Quarterly Investor Supplement, which is posted on our website.

AMERICAN FINANCIAL GROUP, INC.
Notes to Financial Schedules

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

	Three months ended		Six months ended	
	June 30,	2018	June 30,	2018
	2019		2019	2018
<u>Core Operating Earnings before Income Taxes:</u>				
P&C insurance segment	\$ 175	\$ 180	\$ 360	\$ 368
Annuity segment, new method	104	113	205	223
Annuity results previously reported as operating earnings	—	(14)	(11)	1
Interest and other corporate expenses*	(42)	(48)	(85)	(90)
Core operating earnings before income taxes	237	231	469	502
Related income taxes	45	46	93	98
Core net operating earnings	<u>\$ 192</u>	<u>\$ 185</u>	<u>\$ 376</u>	<u>\$ 404</u>

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

b) Shareholders' Equity at June 30, 2019 includes \$812 million (\$9.03 per share) in unrealized after-tax gains on fixed maturities and \$18 million (\$0.20 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges. Shareholders' Equity at December 31, 2018 includes \$83 million (\$0.93 per share) in unrealized after-tax gains on fixed maturities and \$11 million (\$0.13 per share) in unrealized after-tax losses on fixed maturity-related cash flow hedges.

c) Supplemental Notes:

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



American Financial Group, Inc.

Investor Supplement - Second Quarter 2019

August 6, 2019

American Financial Group, Inc.

Corporate Headquarters

Great American Insurance Group Tower

301 E Fourth Street

Cincinnati, OH 45202

513 579 6739

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American Financial Group, Inc.
Financial Highlights
(in millions, except per share information)



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Highlights							
Net earnings (loss)	\$ 210	\$ 329	\$ (29)	\$ 204	\$ 210	\$ 539	\$ 355
Core net operating earnings	192	184	159	198	185	376	404
Total assets	67,697	66,132	63,456	64,190	61,834	67,697	61,834
Adjusted shareholders' equity (a)	5,260	5,201	4,898	5,103	4,920	5,260	4,920
Property and Casualty net written premiums	1,264	1,147	1,208	1,456	1,257	2,411	2,359
Annuity statutory premiums	1,349	1,395	1,482	1,378	1,399	2,744	2,547
Per share data							
Diluted earnings per share	\$ 2.31	\$ 3.63	\$ (0.33)	\$ 2.26	\$ 2.31	\$ 5.94	\$ 3.92
Core net operating earnings per share	2.12	2.02	1.75	2.19	2.04	4.14	4.46
Adjusted book value per share (a)	58.49	58.02	54.86	57.22	55.24	58.49	55.24
Cash dividends per common share	1.9000	0.4000	1.9000	0.3500	1.8500	2.3000	2.2000
Financial ratios							
Annualized return on equity (b)	16.0%	25.9%	(2.3%)	16.3%	17.1%	21.0%	14.8%
Annualized core operating return on equity (b)	14.7%	14.5%	12.6%	15.8%	15.1%	14.6%	16.9%
Property and Casualty combined ratio - Specialty:							
Loss & LAE ratio	60.2%	58.9%	62.7%	64.3%	59.7%	59.6%	58.8%
Underwriting expense ratio	34.8%	33.6%	29.3%	31.4%	34.0%	34.2%	34.0%
Combined ratio - Specialty	95.0%	92.5%	92.0%	95.7%	93.7%	93.8%	92.8%
Net spread on fixed annuities:							
Net interest spread on fixed annuities - new method	2.08%	2.01%	1.94%	2.08%	2.28%	2.05%	2.30%
Net spread earned on fixed annuities:							
Core operating - new method	1.11%	1.08%	0.98%	1.16%	1.34%	1.10%	1.35%
Non-core - new method:							
Previously reported in core operating	n/a	(0.12%)	(0.73%)	0.19%	(0.16%)	(0.06%)	0.01%
Currently reported in non-core	(0.35%)	n/a	n/a	n/a	n/a	(0.18%)	n/a

(a) Excludes unrealized gains related to fixed maturity investments, a reconciliation to the GAAP measure is on page 21.

(b) Excludes accumulated other comprehensive income.

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	09/30/18	06/30/18	06/30/19	06/30/18
Property and Casualty Insurance							
Underwriting profit	\$ 59	\$ 87	\$ 101	\$ 56	\$ 72	\$ 146	\$ 163
Net investment income	124	104	115	108	115	228	215
Other income (expense)	(8)	(6)	(2)	(6)	(7)	(14)	(10)
Property and Casualty Insurance operating earnings	175	185	214	158	180	360	368
Annuity earnings	104	90	20	117	99	194	224
Interest expense of parent holding companies	(17)	(16)	(16)	(15)	(16)	(33)	(31)
Other expense	(25)	(27)	(13)	(22)	(32)	(52)	(59)
Pre-tax core operating earnings	237	232	205	238	231	469	502
Income tax expense	45	48	46	40	46	93	98
Core net operating earnings	192	184	159	198	185	376	404
Non-core items, net of tax:							
Realized gains (losses) on securities	45	145	(188)	27	25	190	(49)
Annuity non-core earnings, net of taxes	(27)	—	—	—	—	(27)	—
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(14)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(7)	—	—	—
Net earnings	\$ 210	\$ 329	\$ (29)	\$ 204	\$ 210	\$ 539	\$ 355

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Core net operating earnings	\$ 192	\$ 184	\$ 159	\$ 198	\$ 185	\$ 376	\$ 404
Net earnings	\$ 210	\$ 329	\$ (29)	\$ 204	\$ 210	\$ 539	\$ 355
Average number of diluted shares - core	90.981	90.695	90.668	90.731	90.663	90.839	90.549
Average number of diluted shares - net	90.981	90.695	89.278	90.731	90.663	90.839	90.549
<u>Diluted earnings per share:</u>							
Core net operating earnings per share	\$ 2.12	\$ 2.02	\$ 1.75	\$ 2.19	\$ 2.04	\$ 4.14	\$ 4.46
Realized gains (losses) on securities	0.48	1.61	(2.08)	0.31	0.27	2.09	(0.54)
Annuity non-core earnings, net of taxes	(0.29)	—	—	—	—	(0.29)	—
Special A&E charges:							
Property and Casualty Insurance run-off operations	—	—	—	(0.16)	—	—	—
Former Railroad and Manufacturing operations	—	—	—	(0.08)	—	—	—
Diluted earnings per share	\$ 2.31	\$ 3.63	\$ (0.33)	\$ 2.26	\$ 2.31	\$ 5.94	\$ 3.92

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Property and Transportation	\$ 4	\$ 39	\$ 64	\$ —	\$ 23	\$ 43	\$ 56
Specialty Casualty	47	36	22	49	29	83	70
Specialty Financial	21	13	20	9	22	34	37
Other Specialty	(12)	—	(4)	(3)	(1)	(12)	2
Underwriting profit - Specialty	60	88	102	55	73	148	165
Other core charges, included in loss and LAE	1	1	1	(1)	1	2	2
Underwriting profit - Core	59	87	101	56	72	146	163
Special A&E charges, included in loss and LAE	—	—	—	(18)	—	—	—
Neon exited lines charge, included in loss and LAE	—	—	—	—	—	—	—
Underwriting profit (loss) - Property and Casualty Insurance	\$ 59	\$ 87	\$ 101	\$ 38	\$ 72	\$ 146	\$ 163
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ (1)	\$ 3	\$ —	\$ —	\$ —
Catastrophe loss	12	12	39	35	16	24	29
Total current accident year catastrophe losses	\$ 12	\$ 12	\$ 38	\$ 38	\$ 16	\$ 24	\$ 29
Prior year loss reserve development (favorable) / adverse	\$ (41)	\$ (45)	\$ (61)	\$ (31)	\$ (44)	\$ (86)	\$ (100)
Combined ratio:							
Property and Transportation	99.1%	89.0%	86.5%	100.0%	93.9%	94.2%	92.2%
Specialty Casualty	92.5%	94.2%	96.5%	92.1%	95.1%	93.4%	94.0%
Specialty Financial	85.6%	91.4%	85.5%	94.4%	85.6%	88.6%	87.9%
Other Specialty	135.1%	98.9%	112.3%	103.0%	105.5%	116.7%	98.7%
Combined ratio - Specialty	95.0%	92.5%	92.0%	95.7%	93.7%	93.8%	92.8%
Other core charges	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%
Special A&E charges	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%
Combined ratio	95.1%	92.6%	92.0%	97.2%	93.7%	93.9%	92.8%
Combined ratio excl. catastrophe and prior year development	97.5%	95.4%	93.7%	96.8%	96.2%	96.5%	96.0%
Loss and LAE components - property and casualty insurance							
Current accident year, excluding catastrophe loss	62.7%	61.8%	64.4%	65.4%	62.2%	62.3%	62.0%
Prior accident year loss reserve development	(3.3%)	(3.9%)	(4.7%)	(2.2%)	(3.9%)	(3.6%)	(4.5%)
Current accident year catastrophe loss	0.9%	1.1%	3.0%	2.6%	1.4%	1.0%	1.3%
Loss and LAE ratio	60.3%	59.0%	62.7%	65.8%	59.7%	59.7%	58.8%

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Gross written premiums	\$1,664	\$1,535	\$1,613	\$2,104	\$1,665	\$3,199	\$3,123
Ceded reinsurance premiums	(400)	(388)	(405)	(648)	(408)	(788)	(764)
Net written premiums	1,264	1,147	1,208	1,456	1,257	2,411	2,359
Change in unearned premiums	(64)	26	62	(129)	(96)	(38)	(91)
Net earned premiums	1,200	1,173	1,270	1,327	1,161	2,373	2,268
Loss and LAE	722	691	796	855	692	1,413	1,332
Underwriting expense	418	394	372	417	396	812	771
Underwriting profit	\$ 60	\$ 88	\$ 102	\$ 55	\$ 73	\$ 148	\$ 165
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ (1)	\$ 3	\$ —	\$ —	\$ —
Catastrophe loss	12	12	39	35	16	24	29
Total current accident year catastrophe losses	\$ 12	\$ 12	\$ 38	\$ 38	\$ 16	\$ 24	\$ 29
Prior year loss reserve development (favorable) / adverse	\$ (42)	\$ (46)	\$ (61)	\$ (49)	\$ (45)	\$ (88)	\$ (102)
Combined ratio:							
Loss and LAE ratio	60.2%	58.9%	62.7%	64.3%	59.7%	59.6%	58.8%
Underwriting expense ratio	34.8%	33.6%	29.3%	31.4%	34.0%	34.2%	34.0%
Combined ratio	95.0%	92.5%	92.0%	95.7%	93.7%	93.8%	92.8%
Combined ratio excl. catastrophe and prior year development	97.5%	95.4%	93.7%	96.8%	96.2%	96.5%	96.0%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	62.7%	61.8%	64.4%	65.4%	62.2%	62.3%	62.0%
Prior accident year loss reserve development	(3.4%)	(4.0%)	(4.7%)	(3.7%)	(3.9%)	(3.7%)	(4.5%)
Current accident year catastrophe loss	0.9%	1.1%	3.0%	2.6%	1.4%	1.0%	1.3%
Loss and LAE ratio	60.2%	58.9%	62.7%	64.3%	59.7%	59.6%	58.8%

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Gross written premiums	\$ 579	\$ 439	\$ 651	\$ 953	\$ 615	\$ 1,018	\$ 1,041
Ceded reinsurance premiums	(157)	(95)	(203)	(393)	(193)	(252)	(295)
Net written premiums	422	344	448	560	422	766	746
Change in unearned premiums	(43)	17	31	(34)	(48)	(26)	(22)
Net earned premiums	379	361	479	526	374	740	724
Loss and LAE	259	225	327	406	239	484	459
Underwriting expense	116	97	88	120	112	213	209
Underwriting profit	\$ 4	\$ 39	\$ 64	\$ —	\$ 23	\$ 43	\$ 56
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ (1)	\$ 1	\$ —	\$ —	\$ —
Catastrophe loss	8	9	(1)	12	10	17	15
Total current accident year catastrophe losses	\$ 8	\$ 9	\$ (2)	\$ 13	\$ 10	\$ 17	\$ 15
Prior year loss reserve development (favorable) / adverse	\$ (6)	\$ (26)	\$ (7)	\$ (4)	\$ (21)	\$ (32)	\$ (39)
Combined ratio:							
Loss and LAE ratio	68.4%	62.2%	68.2%	77.1%	63.8%	65.4%	63.4%
Underwriting expense ratio	30.7%	26.8%	18.3%	22.9%	30.1%	28.8%	28.8%
Combined ratio	99.1%	89.0%	86.5%	100.0%	93.9%	94.2%	92.2%
Combined ratio excl. catastrophe and prior year development	98.7%	93.6%	88.2%	98.5%	96.8%	96.3%	95.5%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	68.0%	66.8%	69.9%	75.6%	66.7%	67.5%	66.7%
Prior accident year loss reserve development	(1.6%)	(7.2%)	(1.5%)	(0.8%)	(5.6%)	(4.4%)	(5.4%)
Current accident year catastrophe loss	2.0%	2.6%	(0.2%)	2.3%	2.7%	2.3%	2.1%
Loss and LAE ratio	68.4%	62.2%	68.2%	77.1%	63.8%	65.4%	63.4%

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Gross written premiums	\$ 896	\$ 912	\$ 778	\$ 956	\$ 858	\$ 1,808	\$ 1,711
Ceded reinsurance premiums	(234)	(286)	(197)	(261)	(219)	(520)	(478)
Net written premiums	662	626	581	695	639	1,288	1,233
Change in unearned premiums	(28)	3	32	(79)	(44)	(25)	(59)
Net earned premiums	634	629	613	616	595	1,263	1,174
Loss and LAE	380	388	389	364	378	768	723
Underwriting expense	207	205	202	203	188	412	381
Underwriting profit	\$ 47	\$ 36	\$ 22	\$ 49	\$ 29	\$ 83	\$ 70
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Catastrophe loss	1	1	28	11	1	2	6
Total current accident year catastrophe losses	\$ 1	\$ 1	\$ 28	\$ 12	\$ 1	\$ 2	\$ 6
Prior year loss reserve development (favorable) / adverse	\$ (31)	\$ (13)	\$ (52)	\$ (37)	\$ (15)	\$ (44)	\$ (50)
Combined ratio:							
Loss and LAE ratio	60.0%	61.6%	63.5%	59.2%	63.4%	60.8%	61.5%
Underwriting expense ratio	32.5%	32.6%	33.0%	32.9%	31.7%	32.6%	32.5%
Combined ratio	92.5%	94.2%	96.5%	92.1%	95.1%	93.4%	94.0%
Combined ratio excl. catastrophe and prior year development	97.1%	96.3%	100.3%	96.4%	97.5%	96.8%	97.7%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	64.6%	63.7%	67.3%	63.5%	65.8%	64.2%	65.2%
Prior accident year loss reserve development	(4.7%)	(2.2%)	(8.5%)	(6.0%)	(2.5%)	(3.5%)	(4.2%)
Current accident year catastrophe loss	0.1%	0.1%	4.7%	1.7%	0.1%	0.1%	0.5%
Loss and LAE ratio	60.0%	61.6%	63.5%	59.2%	63.4%	60.8%	61.5%

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Gross written premiums	\$ 189	\$ 184	\$ 184	\$ 195	\$ 192	\$ 373	\$ 371
Ceded reinsurance premiums	(40)	(39)	(42)	(42)	(33)	(79)	(64)
Net written premiums	149	145	142	153	159	294	307
Change in unearned premiums	2	1	(1)	(4)	—	3	1
Net earned premiums	151	146	141	149	159	297	308
Loss and LAE	49	56	51	60	54	105	114
Underwriting expense	81	77	70	80	83	158	157
Underwriting profit	\$ 21	\$ 13	\$ 20	\$ 9	\$ 22	\$ 34	\$ 37
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ —	\$ —
Catastrophe loss	3	2	10	12	3	5	6
Total current accident year catastrophe losses	\$ 3	\$ 2	\$ 10	\$ 13	\$ 3	\$ 5	\$ 6
Prior year loss reserve development (favorable) / adverse	\$ (9)	\$ (6)	\$ (7)	\$ (8)	\$ (8)	\$ (15)	\$ (11)
Combined ratio:							
Loss and LAE ratio	32.3%	38.2%	36.4%	40.1%	33.9%	35.3%	37.0%
Underwriting expense ratio	53.3%	53.2%	49.1%	54.3%	51.7%	53.3%	50.9%
Combined ratio	85.6%	91.4%	85.5%	94.4%	85.6%	88.6%	87.9%
Combined ratio excl. catastrophe and prior year development	89.7%	94.3%	83.6%	91.5%	89.0%	92.1%	89.6%
Loss and LAE components:							
Current accident year, excluding catastrophe loss	36.4%	41.1%	34.5%	37.2%	37.3%	38.8%	38.7%
Prior accident year loss reserve development	(5.9%)	(4.3%)	(5.2%)	(5.1%)	(5.4%)	(5.1%)	(3.6%)
Current accident year catastrophe loss	1.8%	1.4%	7.1%	8.0%	2.0%	1.6%	1.9%
Loss and LAE ratio	32.3%	38.2%	36.4%	40.1%	33.9%	35.3%	37.0%

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Gross written premiums	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ceded reinsurance premiums	31	32	37	48	37	63	73
Net written premiums	31	32	37	48	37	63	73
Change in unearned premiums	5	5	—	(12)	(4)	10	(11)
Net earned premiums	36	37	37	36	33	73	62
Loss and LAE	34	22	29	25	21	56	36
Underwriting expense	14	15	12	14	13	29	24
Underwriting profit (loss)	\$ (12)	\$ —	\$ (4)	\$ (3)	\$ (1)	\$ (12)	\$ 2
Included in results above:							
Current accident year catastrophe losses:							
Catastrophe reinstatement premium	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Catastrophe loss	—	—	2	—	2	—	2
Total current accident year catastrophe losses	\$ —	\$ —	\$ 2	\$ —	\$ 2	\$ —	\$ 2
Prior year loss reserve development (favorable) / adverse	\$ 4	\$ (1)	\$ 5	\$ —	\$ (1)	\$ 3	\$ (2)
Combined ratio:							
Loss and LAE ratio	96.0%	59.7%	76.5%	65.5%	68.7%	77.6%	60.7%
Underwriting expense ratio	39.1%	39.2%	35.8%	37.5%	36.8%	39.1%	38.0%
Combined ratio	135.1%	98.9%	112.3%	103.0%	105.5%	116.7%	98.7%
Combined ratio excl. catastrophe and prior year development	123.4%	100.8%	95.6%	103.7%	99.6%	111.9%	98.2%

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Net investment income	\$ 420	\$ 406	\$ 401	\$ 385	\$ 375	\$ 826	\$ 738
Investments marked to market through core operating earnings	31	29	18	28	37	60	68
Guaranteed withdrawal benefit fees	17	16	17	16	16	33	32
Policy charges and other miscellaneous income	10	11	10	11	11	21	21
Total revenues	478	462	446	440	439	940	859
Annuity benefits	272	266	260	248	235	538	455
Acquisition expenses	67	60	64	60	60	127	118
Other expenses	35	35	36	32	31	70	63
Total costs and expenses	374	361	360	340	326	735	636
Pretax Annuity core operating earnings - new method	\$ 104	\$ 101	\$ 86	\$ 100	\$ 113	\$ 205	\$ 223
Other amounts previously reported as core operating, net (a)	n/a	(11)	(66)	17	(14)	(11)	1
Pretax Annuity core operating earnings - as reported	\$ 104	\$ 90	\$ 20	\$ 117	\$ 99	\$ 194	\$ 224

(a) "Other" primarily reflects (1) the impact of fair value accounting, (2) the impact of changes in the stock market on the liability for guaranteed benefits and DAC, and (3) unlocking.

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Detail of annuity benefits expense:							
Cost of funds:							
Amortization of options	\$ 146	\$ 141	\$ 141	\$ 132	\$ 122	\$ 287	\$ 233
Traditional fixed annuities	61	59	58	59	58	120	117
Fixed component of fixed-indexed annuities	23	22	21	20	19	45	37
Immediate annuities	6	6	6	6	6	12	12
Pension risk transfer (PRT)	1	1	1	—	—	2	—
Federal Home Loan Bank	7	7	6	5	5	14	9
Total cost of funds - new method	244	236	233	222	210	480	408
Guaranteed withdrawal benefit reserve	20	19	19	22	19	39	33
Amortization of sales inducements	4	4	5	4	5	8	10
Change in expected death and annuitization reserve and other	4	7	3	—	1	11	4
Total other annuity benefits	28	30	27	26	25	58	47
Total annuity benefits expense—new method	\$ 272	\$ 266	\$ 260	\$ 248	\$ 235	\$ 538	\$ 455

American Financial Group, Inc.
Core Net Spread on Fixed Annuities - New Method
(\$ in millions)



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Average fixed annuity investments (at amortized cost)							
(a)	\$ 37,907	\$ 36,991	\$ 35,993	\$ 34,955	\$ 33,935	\$ 37,449	\$ 33,469
Average annuity benefits accumulated	38,202	37,078	36,103	35,226	34,165	37,640	33,747
Annuity benefits accumulated in excess of investments							
(a)	\$ (295)	\$ (87)	\$ (110)	\$ (271)	\$ (230)	\$ (191)	\$ (278)
As % of average annuity benefits accumulated (except as noted)							
Net investment income (as % of investments)	4.40%	4.37%	4.44%	4.38%	4.39%	4.39%	4.38%
Investments marked to market through core operating earnings (as % of investments)	0.33%	0.31%	0.20%	0.32%	0.44%	0.32%	0.41%
Cost of funds	(2.55%)	(2.54%)	(2.58%)	(2.52%)	(2.46%)	(2.55%)	(2.42%)
Other annuity benefits, net of guaranteed withdrawal benefit fees	(0.10%)	(0.13%)	(0.12%)	(0.10%)	(0.09%)	(0.11%)	(0.07%)
Core net interest spread on fixed annuities - new method	2.08%	2.01%	1.94%	2.08%	2.28%	2.05%	2.30%
Policy charges and other miscellaneous income	0.08%	0.08%	0.08%	0.09%	0.10%	0.08%	0.10%
Acquisition expenses	(0.68%)	(0.65%)	(0.66%)	(0.65%)	(0.69%)	(0.66%)	(0.69%)
Other expenses	(0.37%)	(0.36%)	(0.38%)	(0.36%)	(0.35%)	(0.37%)	(0.36%)
Core net spread earned on fixed annuities - new method	1.11%	1.08%	0.98%	1.16%	1.34%	1.10%	1.35%
Net spread earned on items previously reported as core operating	n/a	(0.12%)	(0.73%)	0.19%	(0.16%)	(0.06%)	0.01%
Core net spread earned on fixed annuities - as reported	1.11%	0.96%	0.25%	1.35%	1.18%	1.04%	1.36%
Average annuity benefits accumulated	\$ 38,202	\$ 37,078	\$ 36,103	\$ 35,226	\$ 34,165	\$ 37,640	\$ 33,747
Net spread earned on fixed annuities - core	1.11%	1.08%	0.98%	1.16%	1.34%	1.10%	1.35%
Earnings on fixed annuity benefits accumulated - core	\$ 106	\$ 100	\$ 88	\$ 102	\$ 115	\$ 206	\$ 228
Annuity benefits accumulated in excess of investments	\$ (295)	\$ (87)	\$ (110)	\$ (271)	\$ (230)	\$ (191)	\$ (278)
Net investment income (as % of investments)	4.73%	4.68%	4.64%	4.70%	4.83%	4.71%	4.79%
Earnings/(loss) on annuity benefits accumulated in excess of investments	\$ (3)	\$ (1)	\$ (1)	\$ (3)	\$ (3)	\$ (4)	\$ (7)
Variable annuity earnings	1	2	(1)	1	1	3	2
Pretax Annuity core operating earnings - new method	104	101	86	100	113	205	223
Other amounts previously reported as core operating, net	n/a	(11)	(66)	17	(14)	(11)	1
Pretax Annuity core operating earnings - as reported	\$ 104	\$ 90	\$ 20	\$ 117	\$ 99	\$ 194	\$ 224

(a) Excludes non-investment assets such as deferred acquisition costs, FIA options, accrued investment income and company owned life insurance.

American Financial Group, Inc.
Statutory Annuity Premiums
(\$ in millions)



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Financial institutions single premium annuities - indexed	\$ 429	\$ 424	\$ 455	\$ 460	\$ 448	\$ 853	\$ 861
Financial institutions single premium annuities - fixed	313	344	142	114	131	657	236
Retail single premium annuities - indexed	274	301	392	354	378	575	672
Retail single premium annuities - fixed	36	29	27	17	22	65	43
Broker dealer single premium annuities - indexed	189	227	335	322	355	416	614
Broker dealer single premium annuities - fixed	8	6	4	3	4	14	7
Pension risk transfer (PRT)	50	10	75	56	1	60	1
Education market - fixed and indexed annuities	44	49	46	46	54	93	100
Subtotal fixed annuity premiums	1,343	1,390	1,476	1,372	1,393	2,733	2,534
Variable annuities	6	5	6	6	6	11	13
Total annuity premiums	\$ 1,349	\$ 1,395	\$ 1,482	\$ 1,378	\$ 1,399	\$ 2,744	\$ 2,547
Summary by Distribution Channel:							
Financial institutions	\$ 742	\$ 768	\$ 597	\$ 574	\$ 579	\$ 1,510	\$ 1,097
Retail	310	330	419	371	400	640	715
Broker dealer	197	233	339	325	359	430	621
Other	100	64	127	108	61	164	114
Total annuity premiums	\$ 1,349	\$ 1,395	\$ 1,482	\$ 1,378	\$ 1,399	\$ 2,744	\$ 2,547
Summary by Product Type:							
Total indexed	\$ 917	\$ 980	\$ 1,211	\$ 1,164	\$ 1,213	\$ 1,897	\$ 2,205
Total fixed	426	410	265	208	180	836	329
Variable	6	5	6	6	6	11	13
Total annuity premiums	\$ 1,349	\$ 1,395	\$ 1,482	\$ 1,378	\$ 1,399	\$ 2,744	\$ 2,547

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



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Beginning fixed annuity reserves	\$37,724	\$36,431	\$35,774	\$34,678	\$33,652	\$36,431	\$33,005
Premiums	1,343	1,390	1,476	1,372	1,393	2,733	2,534
Federal Home Loan Bank (“FHLB”) advances (paydowns)	—	—	225	—	—	—	—
Surrenders, benefits and other withdrawals	(862)	(761)	(796)	(707)	(706)	(1,623)	(1,333)
Interest and other annuity benefit expenses:							
Cost of funds	244	236	233	222	210	480	408
Embedded derivative mark-to-market	251	462	(490)	223	82	713	19
Unlockings	—	—	4	—	55	—	55
Other	(20)	(34)	5	(14)	(8)	(54)	(10)
Ending fixed annuity reserves	\$38,680	\$37,724	\$36,431	\$35,774	\$34,678	\$38,680	\$34,678
Reconciliation to annuity benefits accumulated:							
Ending fixed annuity reserves	\$38,680	\$37,724	\$36,431	\$35,774	\$34,678	\$38,680	\$34,678
Impact of unrealized investment gains on reserves	192	108	10	8	32	192	32
Fixed component of variable annuities	172	174	175	176	176	172	176
Annuity benefits accumulated per balance sheet	\$39,044	\$38,006	\$36,616	\$35,958	\$34,886	\$39,044	\$34,886
Annualized surrenders and other withdrawals as a % of beginning reserves	9.1%	8.4%	8.9%	8.2%	8.4%	8.9%	8.1%
Rider reserves included in ending fixed annuity reserves above	\$ 491	\$ 478	\$ 472	\$ 428	\$ 411	\$ 491	\$ 411
Embedded Derivative liability included in ending fixed annuity reserves above	\$ 3,541	\$ 3,247	\$ 2,720	\$ 3,105	\$ 2,776	\$ 3,541	\$ 2,776

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



	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>
GMIR						
1 - 1.99%	80%	79%	79%	78%	78%	77%
2 - 2.99%	4%	4%	4%	4%	4%	5%
3 - 3.99%	7%	8%	8%	9%	9%	9%
4.00% and above	9%	9%	9%	9%	9%	9%
Annuity Benefits Accumulated	\$39,044	\$38,006	\$36,616	\$35,958	\$34,886	\$33,901
Traditional Fixed and FIA Surrender Value (a)	\$29,891	\$29,163	\$27,842	\$27,434	\$26,502	\$25,582
Ability to Lower Average Crediting Rates by (a) (b)	1.20%	1.20%	1.19%	1.16%	1.09%	1.00%
Pretax earnings impact of crediting guaranteed minimums (a)	\$ 359	\$ 350	\$ 331	\$ 317	\$ 288	\$ 255

- (a) Excludes Annuities with Guaranteed Withdrawal Benefits, FHLB advances, immediate reserves and certain other reserves.
(b) Weighted Average Crediting Rate less GMIR

American Financial Group, Inc.
Annuity Non-Core Earnings
(\$ in millions)



	Reported in Non-Core Earnings 6/30/19	Reported in Core Earnings Prior to Second Quarter of 2019					
		Three Months Ended			Six Months Ended		
		3/31/19	12/31/18	9/30/18	6/30/18	6/30/19	6/30/18
Annuity Non-Core Earnings:							
Stock market impact on:							
Liability for guaranteed benefits (a)	\$ 6	\$ 14	\$ (22)	\$ 7	\$ 2	\$ 20	\$ 1
DAC and sales inducements (b)	1	5	(8)	3	1	6	1
Fair Value (FV) accounting	—	14	(27)	12	6	14	4
Subtotal impact of changes in stock market	7	33	(57)	22	9	40	6
Impact of changes in interest rates on:							
FV accounting	(38)	(45)	(4)	(2)	12	(83)	39
Other FIA items	(2)	1	(1)	(3)	(8)	(1)	(17)
Unlocks	—	—	(4)	—	(27)	—	(27)
Annuity Non-Core Earnings	\$ (33)	\$ (11)	\$ (66)	\$ 17	\$ (14)	\$ (44)	\$ 1
<i>Reported as</i>							
	<i>Non-core</i>	<i>Core</i>	<i>Core</i>	<i>Core</i>	<i>Core</i>	<i>Q1 Core = (\$11)</i>	<i>Q2 Non-core = (\$33) Core</i>
Annuity Non-Core Net Spread Earned:							
Stock market impact on:							
Liability for guaranteed benefits (a)	0.06%	0.15%	(0.24%)	0.08%	0.03%	0.11%	0.01%
DAC and sales inducements (b)	0.01%	0.06%	(0.09%)	0.03%	0.01%	0.03%	0.01%
Fair Value (FV) accounting	0.00%	0.15%	(0.30%)	0.14%	0.07%	0.07%	0.02%
Subtotal impact of changes in stock market	0.07%	0.36%	(0.63%)	0.25%	0.11%	0.21%	0.04%
Impact of changes in interest rates on:							
FV accounting	(0.40%)	(0.49%)	(0.05%)	(0.03%)	0.14%	(0.44%)	0.23%
Other FIA items	(0.02%)	0.01%	(0.01%)	(0.03%)	(0.09%)	(0.01%)	(0.10%)
Unlocks	0.00%	0.00%	(0.04%)	0.00%	(0.32%)	0.00%	(0.16%)
Non-core net spread earned on fixed annuities	(0.35%)	(0.12%)	(0.73%)	0.19%	(0.16%)	(0.24%)	0.01%
<i>Reported as</i>							
	<i>Non-core</i>	<i>Core</i>	<i>Core</i>	<i>Core</i>	<i>Core</i>	<i>Q1 Core = (.06%)</i>	<i>Q2 Non-core = (.18%) Core</i>

- (a) Reflects the impact of changes in the stock market on AFG's liability for fixed-indexed annuities with guaranteed benefits. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.
- (b) Reflects the impact of changes in the stock market on the current and projected lifetime profitability of AFG's annuity business. Increases in the stock market will generally have a favorable earnings impact; decreases in the stock market will generally have an unfavorable impact.

S&P 500	2,942	2,834	2,507	2,914	2,718	2,942	2,718
Average 5 and 15 year Corp A2 rates	2.97%	3.41%	3.90%	3.97%	3.88%	2.97%	3.88%
Non-core earnings sensitivities:							
Incremental +/- 1% change in S&P 500	~ +/- \$2mm to \$4mm						
Incremental +/- 10bps change in interest rates	~ +/- \$9mm to \$11mm						
(Assumes parallel shift in rates (primarily Corporate A2 rates))							

American Financial Group, Inc.
Reconciliation from Core to GAAP Annuity Pretax Earnings
(\$ in millions)



	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Annuity Earnings							
Core annuity operating earnings - as reported (see page 12)	\$ 104	\$ 90	\$ 20	\$ 117	\$ 99	\$ 194	\$ 224
Annuity non-core earnings	(33)	—	—	—	—	(33)	—
Earnings before income taxes - GAAP	<u>\$ 71</u>	<u>\$ 90</u>	<u>\$ 20</u>	<u>\$ 117</u>	<u>\$ 99</u>	<u>\$ 161</u>	<u>\$ 224</u>
Annuity Benefit Expense							
Annuity benefits expense - new method (see page 13)	\$ 272	\$ 266	\$ 260	\$ 248	\$ 235	\$ 538	\$ 455
Annuity non-core annuity benefits	67	45	74	(26)	25	112	(13)
Annuity Benefit Expense - GAAP	<u>\$ 339</u>	<u>\$ 311</u>	<u>\$ 334</u>	<u>\$ 222</u>	<u>\$ 260</u>	<u>\$ 650</u>	<u>\$ 442</u>
Net Spread on Fixed Annuities							
Core net spread earned on fixed annuities - as reported (see page 14)	1.11%	0.96%	0.25%	1.35%	1.18%	1.04%	1.36%
Non-core net spread earned on fixed annuities	(0.35%)	0.00%	0.00%	0.00%	0.00%	(0.18%)	0.00%
Net Spread on Fixed Annuities	<u>0.76%</u>	<u>0.96%</u>	<u>0.25%</u>	<u>1.35%</u>	<u>1.18%</u>	<u>0.86%</u>	<u>1.36%</u>

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



	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
Assets:						
Total cash and investments	\$52,907	\$51,040	\$48,498	\$47,841	\$46,779	\$45,949
Recoverables from reinsurers	3,150	3,258	3,349	3,352	3,073	3,173
Prepaid reinsurance premiums	651	636	610	717	645	614
Agents' balances and premiums receivable	1,398	1,283	1,234	1,299	1,266	1,113
Deferred policy acquisition costs	1,203	1,447	1,682	1,669	1,582	1,417
Assets of managed investment entities	4,781	4,786	4,700	4,998	5,032	5,090
Other receivables	999	1,011	1,090	1,633	1,048	918
Variable annuity assets (separate accounts)	616	610	557	650	636	632
Other assets	1,785	1,854	1,529	1,832	1,574	1,551
Goodwill	207	207	207	199	199	199
Total assets	\$67,697	\$66,132	\$63,456	\$64,190	\$61,834	\$60,656
Liabilities and Equity:						
Unpaid losses and loss adjustment expenses	\$ 9,577	\$ 9,623	\$ 9,741	\$ 9,670	\$ 9,093	\$ 9,193
Unearned premiums	2,683	2,605	2,595	2,740	2,539	2,413
Annuity benefits accumulated	39,044	38,006	36,616	35,958	34,886	33,901
Life, accident and health reserves	619	632	635	643	647	656
Payable to reinsurers	755	730	752	932	721	661
Liabilities of managed investment entities	4,590	4,593	4,512	4,807	4,840	4,869
Long-term debt	1,423	1,423	1,302	1,302	1,301	1,301
Variable annuity liabilities (separate accounts)	616	610	557	650	636	632
Other liabilities	2,300	2,245	1,774	2,324	2,087	1,847
Total liabilities	\$61,607	\$60,467	\$58,484	\$59,026	\$56,750	\$55,473
Redeemable noncontrolling interests	\$ —					
Shareholders' equity:						
Common stock	\$ 90	\$ 90	\$ 89	\$ 89	\$ 89	\$ 89
Capital surplus	1,277	1,256	1,245	1,231	1,220	1,205
Retained earnings	3,914	3,875	3,588	3,800	3,628	3,584
Unrealized gains—equities	—	—	—	—	—	—
Unrealized gains—fixed maturities	812	464	83	93	191	342
Unrealized gains (losses)—fixed maturity-related cash flow hedges	18	—	(11)	(32)	(27)	(24)
Other comprehensive income, net of tax	(21)	(20)	(24)	(17)	(17)	(13)
Total shareholders' equity	6,090	5,665	4,970	5,164	5,084	5,183
Noncontrolling interests	—	—	2	—	—	—
Total liabilities and equity	\$67,697	\$66,132	\$63,456	\$64,190	\$61,834	\$60,656

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



	<u>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>
Shareholders' equity	\$ 6,090	\$ 5,665	\$ 4,970	\$ 5,164	\$ 5,084	\$ 5,183
Unrealized (gains) related to fixed maturities	(830)	(464)	(72)	(61)	(164)	(318)
Adjusted shareholders' equity	5,260	5,201	4,898	5,103	4,920	4,865
Goodwill	(207)	(207)	(207)	(199)	(199)	(199)
Intangibles	(48)	(51)	(54)	(31)	(34)	(36)
Tangible adjusted shareholders' equity	\$ 5,005	\$ 4,943	\$ 4,637	\$ 4,873	\$ 4,687	\$ 4,630
Common shares outstanding	89.918	89.638	89.292	89.189	89.072	88.881
Book value per share:						
Book value per share	\$ 67.72	\$ 63.20	\$ 55.66	\$ 57.90	\$ 57.08	\$ 58.32
Adjusted (a)	58.49	58.02	54.86	57.22	55.24	54.74
Tangible, adjusted (b)	55.65	55.14	51.93	54.64	52.63	52.10
Market capitalization						
AFG's closing common share price	\$102.47	\$ 96.21	\$ 90.53	\$110.97	\$107.33	\$112.22
Market capitalization	\$ 9,214	\$ 8,624	\$ 8,084	\$ 9,897	\$ 9,560	\$ 9,974
Price / Adjusted book value ratio	1.75	1.66	1.65	1.94	1.94	2.05

(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>6/30/19</u>	<u>3/31/19</u>	<u>12/31/18</u>	<u>9/30/18</u>	<u>6/30/18</u>	<u>3/31/18</u>
AFG senior obligations	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018
Borrowings drawn under credit facility	—	—	—	—	—	—
Debt excluding subordinated debt	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018	\$1,018
AFG subordinated debentures	425	425	300	300	300	300
Total principal amount of long-term debt	\$1,443	\$1,443	\$1,318	\$1,318	\$1,318	\$1,318
Shareholders' equity	6,090	5,665	4,970	5,164	5,084	5,183
Noncontrolling interests (including redeemable NCI)	—	—	2	—	—	—
Less:						
Unrealized (gains) related to fixed maturity investments	(830)	(464)	(72)	(61)	(164)	(318)
Total adjusted capital	\$6,703	\$6,644	\$6,218	\$6,421	\$6,238	\$6,183
Ratio of debt to total adjusted capital:						
Including subordinated debt	21.5%	21.7%	21.2%	20.5%	21.1%	21.3%
Excluding subordinated debt	15.2%	15.3%	16.4%	15.9%	16.3%	16.5%

	Three Months Ended				Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/18
Property and Casualty Insurance						
Paid Losses (GAAP)	\$ 666	\$ 704	\$ 719	\$ 614	\$ 629	\$ 1,269
GAAP Equity (excluding AOCI)						
Property and Casualty Insurance	\$ 3,959	\$ 3,868	\$ 3,638	\$ 3,664	\$ 3,535	\$ 3,493
Annuity	2,612	2,553	2,443	2,513	2,397	2,354
Parent and other subsidiaries	(1,290)	(1,200)	(1,159)	(1,057)	(995)	(969)
AFG GAAP Equity (excluding AOCI)	\$ 5,281	\$ 5,221	\$ 4,922	\$ 5,120	\$ 4,937	\$ 4,878
Allowable dividends without regulatory approval						
Property and Casualty Insurance	\$ 529	\$ 529	\$ 529	\$ 563	\$ 563	\$ 563
Annuity and Run-off	768	768	768	263	263	263
Total	\$ 1,297	\$ 1,297	\$ 1,297	\$ 826	\$ 826	\$ 826

	Carrying Value - June 30, 2019					% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	
Total cash and investments:						
Cash and cash equivalents	\$ 1,230	\$ 995	\$ 149	\$ —	\$ 2,374	4%
Fixed maturities - Available for sale	8,011	36,688	11	—	44,710	85%
Fixed maturities - Trading	52	54	—	—	106	0%
Equity securities	1,137	786	62	—	1,985	4%
Investments accounted for using the equity method	614	892	—	—	1,506	3%
Mortgage loans	292	781	—	—	1,073	2%
Policy loans	—	170	—	—	170	0%
Equity index call options	—	712	—	—	712	1%
Real estate and other investments	132	283	47	(191)	271	1%
Total cash and investments	\$ 11,468	\$ 41,361	\$ 269	\$ (191)	\$ 52,907	100%

	Carrying Value - December 31, 2018					% of Investment Portfolio
	Property and Casualty Insurance	Annuity and Run-off	Parent and Other Non-Insurance	Consolidate CLOs	Total AFG Consolidated	
Total cash and investments:						
Cash and cash equivalents	\$ 1,007	\$ 339	\$ 169	\$ —	\$ 1,515	3%
Fixed maturities - Available for sale	7,853	34,132	12	—	41,997	87%
Fixed maturities - Trading	50	55	—	—	105	0%
Equity securities	1,017	744	53	—	1,814	4%
Investments accounted for using the equity method	557	817	—	—	1,374	3%
Mortgage loans	289	779	—	—	1,068	2%
Policy loans	—	174	—	—	174	0%
Equity index call options	—	184	—	—	184	0%
Real estate and other investments	134	276	44	(187)	267	1%
Total cash and investments	\$ 10,907	\$ 37,500	\$ 278	\$ (187)	\$ 48,498	100%

	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Property and Casualty Insurance:							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 79	\$ 77	\$ 74	\$ 72	\$ 72	\$ 156	\$ 138
Fixed maturities - Trading	1	1	1	—	2	2	2
Equity securities - dividends	13	13	11	13	11	26	24
Equity securities - MTM	1	2	9	(1)	5	3	5
Equity in investees	20	3	14	16	18	23	35
AFG managed CLOs	2	3	(1)	1	1	5	2
Other investments (a)	10	7	10	9	8	17	13
Gross investment income	126	106	118	110	117	232	219
Investment expenses	(2)	(2)	(3)	(2)	(2)	(4)	(4)
Total net investment income	\$ 124	\$ 104	\$ 115	\$ 108	\$ 115	\$ 228	\$ 215
Average cash and investments (b)	\$11,193	\$10,997	\$10,651	\$10,388	\$10,346	\$11,084	\$10,395
Average yield (c)	4.43%	3.78%	4.32%	4.16%	4.45%	4.11%	4.14%
Fixed Annuity							
Gross Investment Income							
Fixed maturities - Available for sale	\$ 391	\$ 384	\$ 376	\$ 361	\$ 350	\$ 775	\$ 688
Equity securities - dividends	8	9	9	6	7	17	15
Equity securities - MTM	3	3	2	—	11	6	11
Equity in investees	25	18	19	25	23	43	52
AFG managed CLOs	3	8	(3)	3	3	11	5
Other investments (a)	22	15	18	19	19	37	36
Gross investment income	452	437	421	414	413	889	807
Investment expenses	(4)	(4)	(4)	(3)	(3)	(8)	(6)
Total net investment income	\$ 448	\$ 433	\$ 417	\$ 411	\$ 410	\$ 881	\$ 801
Average cash and investments (b)	\$37,907	\$36,991	\$35,993	\$34,955	\$33,935	\$37,449	\$33,469
Average yield (c)	4.73%	4.68%	4.64%	4.70%	4.83%	4.71%	4.79%
AFG consolidated net investment income:							
Property & Casualty	\$ 124	\$ 104	\$ 115	\$ 108	\$ 115	\$ 228	\$ 215
Annuity:							
Fixed Annuity	448	433	417	411	410	881	801
Variable Annuity	3	2	2	2	2	5	5
Parent & other	10	14	4	10	7	24	11
Consolidate CLOs	(5)	(11)	4	(4)	(4)	(16)	(7)
Total net investment income	\$ 580	\$ 542	\$ 542	\$ 527	\$ 530	\$ 1,122	\$ 1,025

- (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.

	Three Months Ended					Six Months Ended	
	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	06/30/19	06/30/18
Property and Casualty Insurance:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 1	\$ 2	\$ 9	\$ (1)	\$ 5	\$ 3	\$ 5
Investments accounted for using the equity method (b)	20	3	14	16	18	23	35
AFG managed CLOs (eliminated in consolidation)	2	3	(1)	1	1	5	2
Total Property & Casualty	\$ 23	\$ 8	\$ 22	\$ 16	\$ 24	\$ 31	\$ 42
Investments							
Equity securities MTM through investment income (a)	\$ 57	\$ 52	\$ 50	\$ 40	\$ 40	\$ 57	\$ 40
Investments accounted for using the equity method (b)	614	578	557	520	475	614	475
AFG managed CLOs (eliminated in consolidation)	56	57	56	57	57	56	57
Total Property & Casualty	\$ 727	\$ 687	\$ 663	\$ 617	\$ 572	\$ 727	\$ 572
Annualized Yield - Property & Casualty	13.0%	4.7%	13.8%	10.8%	17.3%	9.0%	15.7%
Fixed Annuity:							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 3	\$ 3	\$ 2	\$ —	\$ 11	\$ 6	\$ 11
Investments accounted for using the equity method (b)	25	18	19	25	23	43	52
AFG managed CLOs (eliminated in consolidation)	3	8	(3)	3	3	11	5
Total Fixed Annuity	\$ 31	\$ 29	\$ 18	\$ 28	\$ 37	\$ 60	\$ 68
Investments							
Equity securities MTM through investment income (a)	\$ 101	\$ 88	\$ 84	\$ 79	\$ 79	\$ 101	\$ 79
Investments accounted for using the equity method (b)	892	862	817	769	719	892	719
AFG managed CLOs (eliminated in consolidation)	135	136	132	134	135	135	135
Total Fixed Annuity	\$1,128	\$1,086	\$1,033	\$ 982	\$ 933	\$1,128	\$ 933
Annualized Yield - Fixed Annuity	11.2%	10.9%	7.1%	11.7%	16.4%	11.1%	15.7%
Combined (includes Parent amounts not shown above):							
Net Investment Income							
Equity securities MTM through investment income (a)	\$ 8	\$ 11	\$ 6	\$ 1	\$ 16	\$ 19	\$ 15
Investments accounted for using the equity method (b)	45	21	33	41	41	66	87
AFG managed CLOs (eliminated in consolidation)	5	11	(4)	4	4	16	7
Total Combined (including Parent)	\$ 58	\$ 43	\$ 35	\$ 46	\$ 61	\$ 101	\$ 109
Investments							
Equity securities MTM through investment income (a)	\$ 220	\$ 198	\$ 187	\$ 176	\$ 173	\$ 220	\$ 173
Investments accounted for using the equity method (b)	1,506	1,440	1,374	1,289	1,194	1,506	1,194
AFG managed CLOs (eliminated in consolidation)	191	193	188	191	192	191	192
Total Combined (including Parent)	\$1,917	\$1,831	\$1,749	\$1,656	\$1,559	\$1,917	\$1,559
Annualized Yield - Combined	12.4%	9.6%	8.2%	11.4%	16.2%	11.0%	15.0%

- (a) AFG carries the small portion of its equity securities previously classified as “trading” and investments in limited partnerships and similar investments that aren’t accounted for using the equity method at fair value through net investment income.
- (b) The majority of AFG’s investments accounted for using the equity method mark their underlying assets to market through net income.

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



June 30, 2019	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 232	\$ 234	\$ 2	1%	1%
States, municipalities and political subdivisions	6,652	7,020	368	16%	13%
Foreign government	177	180	3	0%	0%
Residential mortgage-backed securities	2,369	2,668	299	6%	5%
Commercial mortgage-backed securities	938	974	36	2%	2%
Collateralized loan obligations	4,359	4,333	(26)	10%	8%
Other asset-backed securities	5,749	5,944	195	13%	11%
Corporate and other bonds	22,538	23,463	925	52%	45%
Total AFG consolidated	\$ 43,014	\$ 44,816	\$ 1,802	100%	85%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.46%
Net of investment expense (a)	4.41%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 years

December 31, 2018	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Investment Portfolio
US Government and government agencies	\$ 245	\$ 243	\$ (2)	1%	1%
States, municipalities and political subdivisions	6,850	6,964	114	17%	14%
Foreign government	166	168	2	0%	0%
Residential mortgage-backed securities	2,478	2,746	268	7%	6%
Commercial mortgage-backed securities	905	920	15	2%	2%
Collateralized loan obligations	4,350	4,278	(72)	10%	9%
Other asset-backed securities	5,431	5,533	102	13%	11%
Corporate and other bonds	21,517	21,250	(267)	50%	44%
Total AFG consolidated	\$ 41,942	\$ 42,102	\$ 160	100%	87%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.47%
Net of investment expense (a)	4.42%

Approximate average life and duration:

Approximate average life	6 years
Approximate duration	4.5 years

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

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



	June 30, 2019				December 31, 2018			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Property and Casualty Insurance:								
US Government and government agencies	\$ 193	\$ 195	2	2%	\$ 203	\$ 202	\$ (1)	3%
States, municipalities and political subdivisions	2,504	2,580	76	32%	2,630	2,642	12	33%
Foreign government	166	167	1	2%	155	156	1	2%
Residential mortgage-backed securities	687	757	70	10%	725	784	59	10%
Commercial mortgage-backed securities	94	97	3	1%	83	84	1	1%
Collateralized loan obligations	908	902	(6)	11%	910	895	(15)	12%
Other asset-backed securities	1,403	1,424	21	18%	1,365	1,364	(1)	17%
Corporate and other bonds	1,900	1,941	41	24%	1,792	1,776	(16)	22%
Property and Casualty Insurance	\$ 7,855	\$ 8,063	\$ 208	100%	\$ 7,863	\$ 7,903	\$ 40	101%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.01%	3.91%
Net of investment expense (a)	3.95%	3.81%
Tax equivalent, net of investment expense (b)	4.14%	3.99%

Approximate average life and duration:

Approximate average life	5 years	4.5 years
Approximate duration	3.5 years	3.5 years

	June 30, 2019				December 31, 2018			
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value
Annuity and Run-off:								
US Government and government agencies	\$ 39	\$ 39	\$ —	0%	\$ 42	\$ 41	\$ (1)	0%
States, municipalities and political subdivisions	4,148	4,440	292	12%	4,220	4,322	102	13%
Foreign government	11	13	2	0%	11	12	1	0%
Residential mortgage-backed securities	1,680	1,900	220	5%	1,750	1,950	200	6%
Commercial mortgage-backed securities	844	877	33	2%	822	836	14	2%
Collateralized loan obligations	3,451	3,431	(20)	9%	3,440	3,383	(57)	10%
Other asset-backed securities	4,346	4,520	174	13%	4,066	4,169	103	12%
Corporate and other bonds	20,638	21,522	884	59%	19,725	19,474	(251)	57%
Total Annuity and Run-off	\$ 35,157	\$ 36,742	\$ 1,585	100%	\$ 34,076	\$ 34,187	\$ 111	100%

Annualized yield on available for sale fixed maturities:

Excluding investment expense (a)	4.56%	4.59%
Net of investment expense (a)	4.51%	4.55%

Approximate average life and duration:

Approximate average life	6 years	6.5 years
Approximate duration	4.5 years	4.5 years

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

American Financial Group, Inc.
Fixed Maturities - Credit Rating
(\$ in millions)



June 30, 2019

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 7,636	\$ 7,790	\$ 154	18%
AA	8,670	9,043	373	20%
A	10,394	10,863	469	24%
BBB	12,535	13,067	532	29%
Subtotal - Investment grade	39,235	40,763	1,528	91%
BB	741	741	—	2%
B	229	228	(1)	0%
Other (b)	2,809	3,084	275	7%
Subtotal - Non-Investment grade	3,779	4,053	274	9%
Total	\$ 43,014	\$44,816	\$ 1,802	100%

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

December 31, 2018

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 7,367	\$ 7,359	\$ (8)	17%
AA	8,714	8,831	117	21%
A	10,006	9,989	(17)	24%
BBB	12,206	12,053	(153)	29%
Subtotal - Investment grade	38,293	38,232	(61)	91%
BB	703	685	(18)	2%
B	261	254	(7)	0%
Other (b)	2,685	2,931	246	7%
Subtotal - Non-Investment grade	3,649	3,870	221	9%
Total	\$ 41,942	\$42,102	\$ 160	100%

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

- (a) If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.
- (b) See page 33 for more information.

<u>June 30, 2019</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 156	\$ 158	\$ 2	4%	0%
Prime (Non-Agency)	913	1,044	131	29%	2%
Alt-A	969	1,097	128	30%	2%
Subprime	331	369	38	10%	1%
Commercial	938	974	36	27%	2%
Total AFG consolidated	\$ 3,307	\$ 3,642	\$ 335	100%	7%

- Substantially all of AFG's MBS securities are either senior tranches of securitizations or collateralized by senior tranches of securitizations.
- The average amortized cost as a percent of par is—Prime 82%; Alt-A 81%; Subprime 82%; CMBS 100%.
- The average FICO score of our residential MBS securities is—Prime 735; Alt-A 695; Subprime 631.
- 96% of our Commercial MBS portfolio is investment-grade rated (83% AAA) and the average subordination for this group of assets is 36%.
- The approximate average life by collateral type is—Residential 4.5 years; Commercial 4 years.

<u>December 31, 2018</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>	<u>% of Investment Portfolio</u>
Residential					
Agency	\$ 170	\$ 168	\$ (2)	5%	1%
Prime (Non-Agency)	967	1,098	131	30%	2%
Alt-A	972	1,074	102	29%	2%
Subprime	369	406	37	11%	1%
Commercial	905	920	15	25%	2%
Total AFG consolidated	\$ 3,383	\$3,666	\$ 283	100%	8%

Property and Casualty Insurance:

By Asset Type	June 30, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 124	\$ 125	\$ 1	15%	1%
Prime (Non-Agency)	131	147	16	17%	1%
Alt-A	286	324	38	38%	3%
Subprime	146	161	15	19%	1%
Commercial	94	97	3	11%	1%
Total	\$ 781	\$ 854	\$ 73	100%	7%

By Asset Type	December 31, 2018				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 137	\$ 134	\$ (3)	15%	1%
Prime (Non-Agency)	138	155	17	18%	1%
Alt-A	289	319	30	37%	3%
Subprime	161	176	15	20%	2%
Commercial	83	84	1	10%	1%
Total	\$ 808	\$ 868	\$ 60	100%	8%

Annuity and Run-off:

By Asset Type	June 30, 2019				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 32	\$ 33	\$ 1	1%	0%
Prime (Non-Agency)	780	886	106	32%	2%
Alt-A	683	773	90	28%	2%
Subprime	185	208	23	7%	1%
Commercial	844	877	33	32%	2%
Total	\$ 2,524	\$ 2,777	\$ 253	100%	7%

By Asset Type	December 31, 2018				
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	% of Fair Value	% of Inv Portfolio
Residential					
Agency	\$ 33	\$ 34	\$ 1	1%	0%
Prime (Non-Agency)	826	931	105	34%	2%
Alt-A	683	755	72	27%	2%
Subprime	208	230	22	8%	1%
Commercial	822	836	14	30%	2%
Total	\$ 2,572	\$ 2,786	\$ 214	100%	7%

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



June 30, 2019

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 1,136	\$ 1,177	\$ 41	32%
AA	160	167	7	5%
A	321	343	22	10%
BBB	182	194	12	5%
Subtotal - investment grade	1,799	1,881	82	52%
BB	108	110	2	3%
B	131	133	2	3%
Other (b)	1,269	1,518	249	42%
Total	\$ 3,307	\$ 3,642	\$ 335	100%

95% of the mortgage-backed security portfolio has an NAIC 1 designation.

December 31, 2018

<u>By Credit Rating (a)</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% of Fair Value</u>
Investment grade				
AAA	\$ 1,107	\$ 1,119	\$ 12	31%
AA	143	147	4	4%
A	263	270	7	7%
BBB	232	243	11	7%
Subtotal - investment grade	1,745	1,779	34	49%
BB	128	131	3	3%
B	155	154	(1)	4%
Other (b)	1,355	1,602	247	44%
Total	\$ 3,383	\$ 3,666	\$ 283	100%

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

- (a) If two agencies rate a security, the rating displayed above is the lower of the two; if three or more agencies rate a security, the rating displayed is the second lowest.
- (b) See page 33 for more information.

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



By Credit Rating (a)	Fair Value - June 30, 2019									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	Other ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 223	\$2,032	\$ 104	\$ 366	\$ 811	\$2,919	\$ 1,156	\$ 179	\$ 7,790	18%
AA	11	4,383	53	144	23	1,070	1,571	1,788	9,043	20%
A	—	431	—	321	22	237	2,010	7,842	10,863	24%
BBB	—	108	3	117	77	83	697	11,982	13,067	29%
Subtotal - Investment grade	234	6,954	160	948	933	4,309	5,434	21,791	40,763	91%
BB	—	—	—	79	31	—	29	602	741	2%
B	—	8	—	127	6	—	8	79	228	0%
CCC, CC, C	—	—	—	623	4	—	2	33	662	2%
D	—	—	—	205	—	—	—	—	205	0%
Subtotal - Non-Investment grade	—	8	—	1,034	41	—	39	714	1,836	4%
Not Rated	—	58	20	686	—	24	471	958	2,217	5%
Total	\$ 234	\$7,020	\$ 180	\$2,668	\$ 974	\$4,333	\$ 5,944	\$23,463	\$44,816	100%

By Credit Rating (a)	Fair Value - December 31, 2018									
	US Gov	Munis	Frgn Gov	RMBS	CMBS	CLOs	Other ABS	Corp/Oth	Total	% Total
Investment grade										
AAA	\$ 213	\$1,889	\$ 98	\$ 367	\$ 752	\$2,679	\$ 1,191	\$ 170	\$ 7,359	17%
AA	22	4,456	53	129	18	1,244	1,326	1,583	8,831	21%
A	—	448	—	248	22	250	1,836	7,185	9,989	24%
BBB	—	110	—	169	74	84	685	10,931	12,053	29%
Subtotal - Investment grade	235	6,903	151	913	866	4,257	5,038	19,869	38,232	91%
BB	—	—	—	97	34	—	23	531	685	2%
B	—	8	—	151	3	—	4	88	254	0%
CCC, CC, C	—	—	—	670	5	—	2	12	689	2%
D	—	3	—	230	—	—	—	1	234	1%
Subtotal - Non-Investment grade	—	11	—	1,148	42	—	29	632	1,862	5%
Not Rated	8	50	17	685	12	21	466	749	2,008	4%
Total	\$ 243	\$6,964	\$ 168	\$2,746	\$ 920	\$4,278	\$ 5,533	\$21,250	\$42,102	100%

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