
American Financial Group, Inc.
Fixed Maturity Investment Portfolio

June 30, 2012 Earnings Release Supplement

Fixed Maturity Portfolio – AFG Consolidated

June 30, 2012

(\$ - in millions)

| | Amortized | | Unrealized | |
|---|------------------|-------------------|--------------------|---------------------|
| | Cost | Fair Value | Gain/(Loss) | % Fair Value |
| US Government and government agencies | \$ 377 | \$ 395 | \$ 18 | 2% |
| States, municipalities and political subdivisions | 3,825 | 4,136 | 311 | 18% |
| Foreign government | 373 | 391 | 18 | 2% |
| Residential Mortgaged-backed securities | 4,134 | 4,220 | 86 | 18% |
| Commercial Mortgaged-backed securities | 2,667 | 2,917 | 250 | 12% |
| Corporate bonds | | | | |
| Manufacturing | 2,133 | 2,346 | 213 | 10% |
| Banks, lending and credit institutions | 1,726 | 1,842 | 116 | 8% |
| Gas and electric services | 1,310 | 1,483 | 173 | 6% |
| Insurance and insurance related | 749 | 811 | 62 | 3% |
| All other corporate | 4,526 | 4,887 | 361 | 21% |
| | <u>\$ 21,820</u> | <u>\$ 23,428</u> | <u>\$ 1,608</u> | <u>100%</u> |

AFG Fixed Maturity Portfolio – by Segment

June 30, 2012

(\$ - in millions)

| Annuity and Supplemental Segment | Amortized | Fair Value | Unrealized | % Fair Value |
|---|------------------|-------------------|--------------------|---------------------|
| | Cost | | Gain/(Loss) | |
| US Government and government agencies | \$ 86 | \$ 93 | \$ 7 | 1% |
| States, municipalities and political subdivisions | 1,605 | 1,791 | 186 | 10% |
| Foreign government | 31 | 36 | 5 | 0% |
| Residential Mortgaged-backed securities | 3,494 | 3,569 | 75 | 20% |
| Commercial Mortgaged-backed securities | 2,290 | 2,518 | 228 | 14% |
| Corporate bonds | 9,265 | 10,129 | 864 | 55% |
| | <u>\$ 16,771</u> | <u>\$ 18,136</u> | <u>\$ 1,365</u> | <u>100%</u> |

| Property and Casualty Segment | Amortized | Fair Value | Unrealized | % Fair Value |
|---|------------------|-------------------|--------------------|---------------------|
| | Cost | | Gain/(Loss) | |
| US Government and government agencies | \$ 291 | \$ 302 | \$ 11 | 5% |
| States, municipalities and political subdivisions | 2,220 | 2,345 | 125 | 44% |
| Foreign government | 342 | 355 | 13 | 7% |
| Residential Mortgaged-backed securities | 639 | 645 | 6 | 12% |
| Commercial Mortgaged-backed securities | 377 | 399 | 22 | 8% |
| Corporate bonds | 1,179 | 1,240 | 61 | 24% |
| | <u>\$ 5,048</u> | <u>\$ 5,286</u> | <u>\$ 238</u> | <u>100%</u> |

Mortgage-Backed Securities Portfolio – AFG Consolidated

June 30, 2012

(\$ - in millions)

| <u>By Asset Type</u> | <u>Amortized Cost</u> | <u>Fair Value</u> | | <u>Unrealized Gain/(Loss)</u> |
|------------------------|-----------------------|-------------------|---------------------------|-------------------------------|
| | | <u>Total</u> | <u>% of MBS Portfolio</u> | |
| Residential | | | | |
| Agency | \$ 268 | \$ 281 | 4% | \$ 13 |
| Prime (Non-Agency) | 2,296 | 2,393 | 34% | 97 |
| Alt-A | 844 | 820 | 11% | (24) |
| Subprime | 701 | 698 | 10% | (3) |
| Subtotal - Residential | 4,109 | 4,192 | 59% | 83 |
| Commercial | 2,667 | 2,917 | 41% | 250 |
| Other | 25 | 28 | 0% | 3 |
| Total | <u>\$ 6,801</u> | <u>\$ 7,137</u> | <u>100%</u> | <u>\$ 336</u> |

- 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 81%; CMBS 97%.
- The average FICO score of our residential MBS securities is – Prime 735; Alt-A 714; Subprime 648.
- 99% of our Commercial MBS portfolio is investment-grade rated (87% AAA) and the average subordination for this group of assets is 36%.
- The approximate average life of the RMBS and CMBS portfolios is 4 years for each.

Mortgage-Backed Securities Portfolio – by Segment

June 30, 2012

(\$ - in millions)

Annuity and Supplemental Segment

| By Asset Type | Amortized Cost | Fair Value | | | Unrealized Gain/(Loss) |
|------------------------|----------------|------------|--------------------|-----------------------|------------------------|
| | | Total | % of MBS Portfolio | % of Life Invest Port | |
| Residential | | | | | |
| Agency | \$ 97 | \$ 105 | 2% | 1% | \$ 8 |
| Prime (Non-Agency) | 2,149 | 2,231 | 37% | 11% | 82 |
| Alt-A | 666 | 650 | 11% | 3% | (16) |
| Subprime | 562 | 561 | 9% | 3% | (1) |
| Subtotal - Residential | 3,474 | 3,547 | 59% | 18% | 73 |
| Commercial | 2,290 | 2,518 | 41% | 13% | 228 |
| Other | 20 | 22 | 0% | 0% | 2 |
| Total | \$ 5,784 | \$ 6,087 | 100% | 31% | \$ 303 |

Property and Casualty Segment

| By Asset Type | Amortized Cost | Fair Value | | | Unrealized Gain/(Loss) |
|------------------------|----------------|------------|--------------------|----------------------|------------------------|
| | | Total | % of MBS Portfolio | % of P&C Invest Port | |
| Residential | | | | | |
| Agency | \$ 171 | \$ 176 | 17% | 3% | \$ 5 |
| Prime (Non-Agency) | 146 | 156 | 15% | 2% | 10 |
| Alt-A | 178 | 170 | 16% | 2% | (8) |
| Subprime | 139 | 137 | 13% | 2% | (2) |
| Subtotal - Residential | 634 | 639 | 61% | 9% | 5 |
| Commercial | 377 | 399 | 39% | 6% | 22 |
| Other | 5 | 6 | 0% | 0% | 1 |
| Total | \$ 1,016 | \$ 1,044 | 100% | 15% | \$ 28 |

Mortgage-Backed Securities Portfolio – AFG Consolidated

June 30, 2012

(\$ - in millions)

| <u>By Credit Rating</u> | <u>GAAP Data</u> | | | |
|-----------------------------|-----------------------|-------------------|---------------------------|-------------------------------|
| | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>% of MBS Portfolio</u> | <u>Unrealized Gain/(Loss)</u> |
| Investment Grade | | | | |
| AAA | \$ 3,336 | \$ 3,609 | 51% | \$ 273 |
| AA | 533 | 558 | 8% | 25 |
| A | 511 | 516 | 7% | 5 |
| BBB | 252 | 258 | 4% | 6 |
| Subtotal - Investment Grade | 4,632 | 4,941 | 70% | 309 |
| BB | 292 | 278 | 4% | (14) |
| B | 414 | 401 | 5% | (13) |
| Other | 1,463 | 1,517 | 21% | 54 |
| Total | \$ 6,801 | \$ 7,137 | 100% | \$ 336 |

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.

| <u>By NAIC Designation</u> | <u>Statutory Data - AFG Consolidated</u> | | | | |
|----------------------------|--|-------------------------|-----------------------|-------------------|-------------------------------|
| | <u>Carrying Value</u> | <u>% Carrying Value</u> | <u>Amortized Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain/(Loss)</u> |
| 1 | \$ 6,348 | 95.0% | \$ 6,351 | \$ 6,739 | \$ 388 |
| 2 | 138 | 2.1% | 138 | 130 | (8) |
| | 6,486 | 97.1% | 6,489 | 6,869 | 380 |
| 3 | 82 | 1.2% | 82 | 80 | (2) |
| 4 | 77 | 1.1% | 77 | 76 | (1) |
| 5 | 15 | 0.2% | 14 | 25 | 11 |
| 6 | 24 | 0.4% | 24 | 49 | 25 |
| Total | \$ 6,684 | 100.0% | \$ 6,686 | \$ 7,099 | \$ 413 |