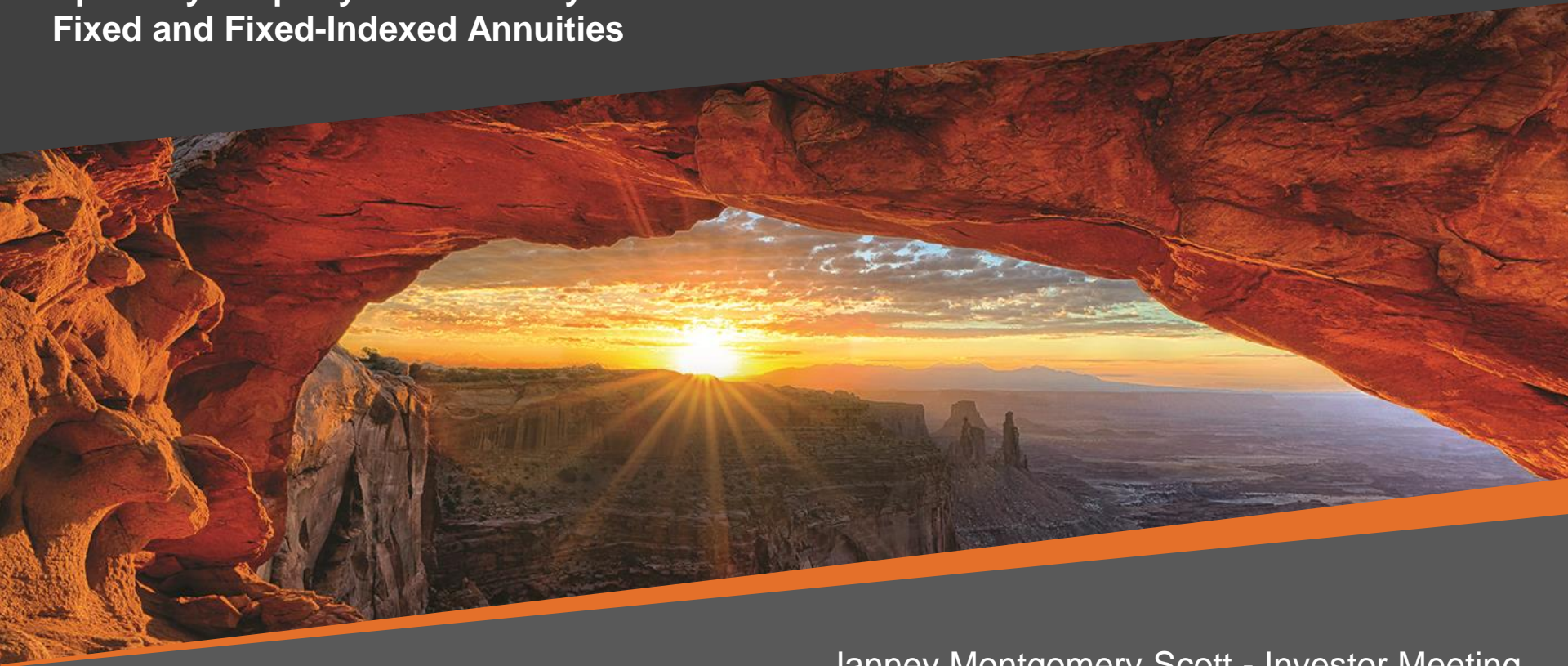


Specialty Property and Casualty Insurance Fixed and Fixed-Indexed Annuities



Janney Montgomery Scott - Investor Meeting
August 9, 2017

Forward Looking Statement

Certain statements made during this presentation, as well as included in this document, are not historical facts and may be considered “forward-looking statements” and are based on estimates, assumptions and projections which management believes are reasonable but by their nature subject to risks and uncertainties. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements.

The reasons which could cause actual results and/or financial condition to differ materially from those suggested by such forward-looking statements include but are not limited to those discussed or identified from time-to-time in AFG’s filings with the Securities and Exchange Commission, including the annual report on Form 10-K and the quarterly reports on Form 10-Q. We do not promise to update such forward-looking statements to reflect actual results or changes in assumptions or other factors that could affect these statements.

Core net operating earnings is a non-GAAP financial measure which sets aside items that are generally not considered to be part of ongoing operations, such as net realized gains and losses, discontinued operations, as well as other significant items that are not able to be estimated with reasonable precision, or that may not be indicative of ongoing operations. AFG believes that this non-GAAP measure is a useful tool for investors and analysts in analyzing ongoing operating trends of AFG.

AFG: A Specialty Insurer

AFG's specialty insurance businesses operate under the Great American Insurance Group brand. For more than 140 years, we have provided insurance products that help businesses manage their unique financial risks and exposures and individuals save for their financial futures.

Market Leadership

- Over 60% of Specialty P&C Group gross written premium produced by businesses with "top 10" market rankings
- Top 10 Fixed Annuity provider; #1 in sales of fixed-indexed annuities through financial institutions

Financial Strength

- Great American Insurance Group rated "A" (Excellent) or better by A.M. Best for over 100 years
- Ward's 50 List



Insurance Businesses

P&C			
Property & Transportation	Specialty Casualty	Specialty Financial	Annuity
			
<ul style="list-style-type: none">• Inland and Ocean Marine• Agricultural-Related• Aviation• Commercial Automobile (buses, trucks)	<ul style="list-style-type: none">• Executive and Professional Liability• Umbrella and Excess Liability• Excess and Surplus• General Liability• M&A Liability• Targeted Programs• Workers' Compensation	<ul style="list-style-type: none">• Fidelity / Crime• Surety• Lease and Loan Services• Financial Institution Services	<ul style="list-style-type: none">• Fixed and Fixed-Indexed Annuities• Sold in retail, financial institutions and educational markets

\$45 Billion Investment Portfolio Managed In-House

Building Long-Term Value for AFG Shareholders



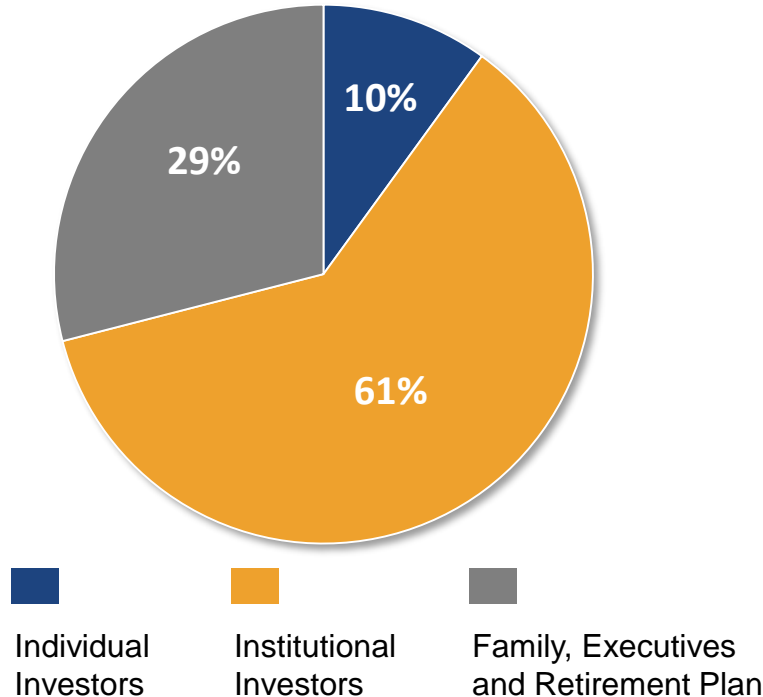
Culture • Entrepreneurial Business Model • Incentives

Corporate Culture



Significant Insider Ownership

AFG Shareholder Base



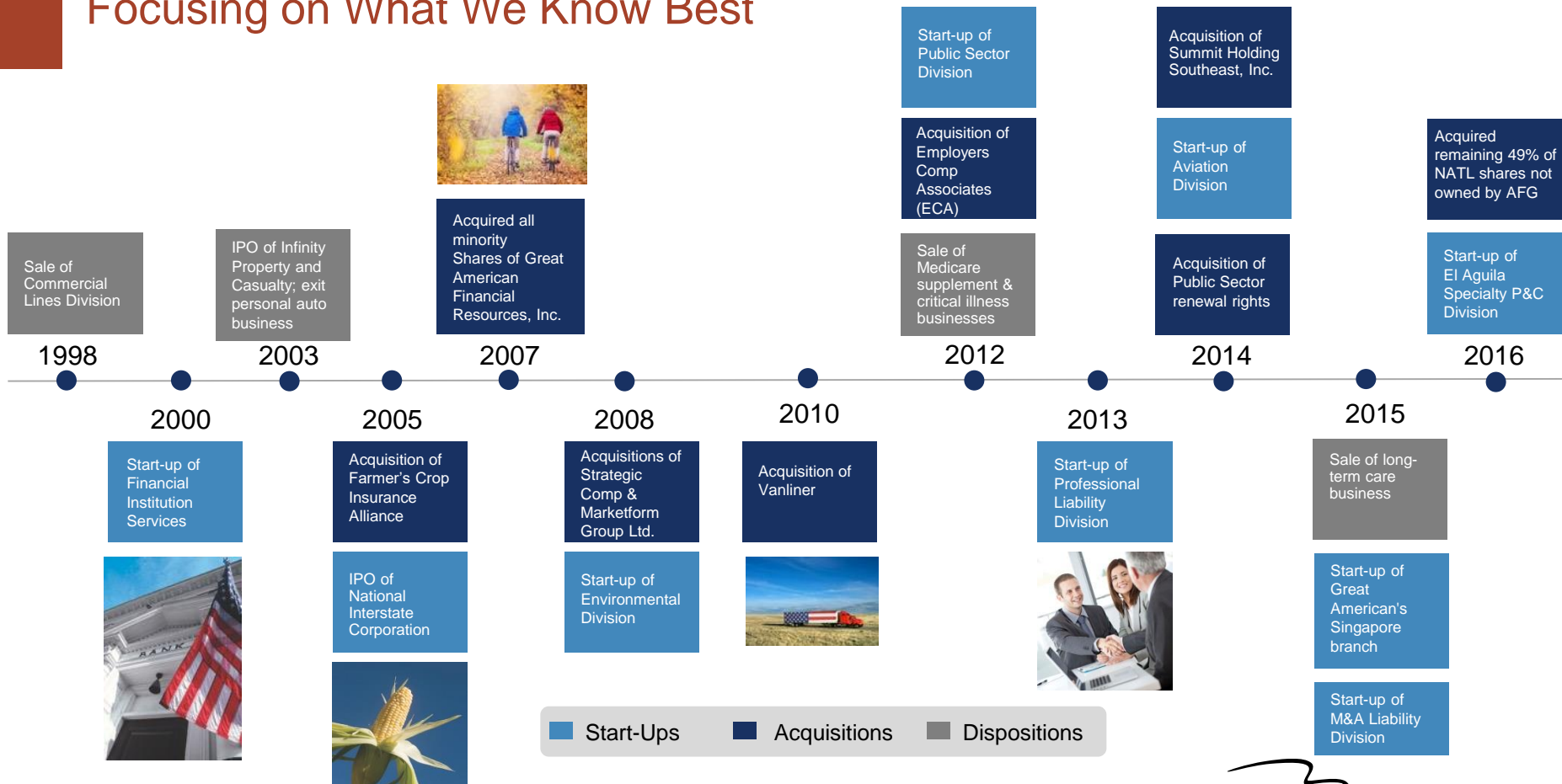
Significant ownership by management creates strong alignment of interests with shareholders over the long term

The Lindner Family formed AFG in 1959 and continue to be significant shareholders.

Ownership Details

- Co-CEOs / family = 25%
- Executives and Retirement Plan = 4%

Focusing on What We Know Best



Intelligent Use of Excess Capital

2016 Capital Management

- Increased ordinary dividend by 12%
 - 11th consecutive annual dividend increase
 - five year CAGR in dividends ~ 12%
- Paid \$1.00 per share special dividend in December 2016
- \$133 million in share repurchases (\$69.47 per share average)

2017 Capital Management

- Paid a \$1.50 per share special dividend in May 2017
- Excess capital at 6/30/2017 – \$1.1 billion
- 4.1 million shares remaining in repurchase authorization as of 8/01/2017

Capital Returned to Shareholders Five Years Ended 12/31/2016 (in millions)

Total Repurchases	\$ 935
Dividends Paid	<u>786</u>
Total	<u><u>\$ 1,721</u></u>



\$1.7 Billion Returned to Shareholders

Compounded Shareholder Return

As of June 30, 2017

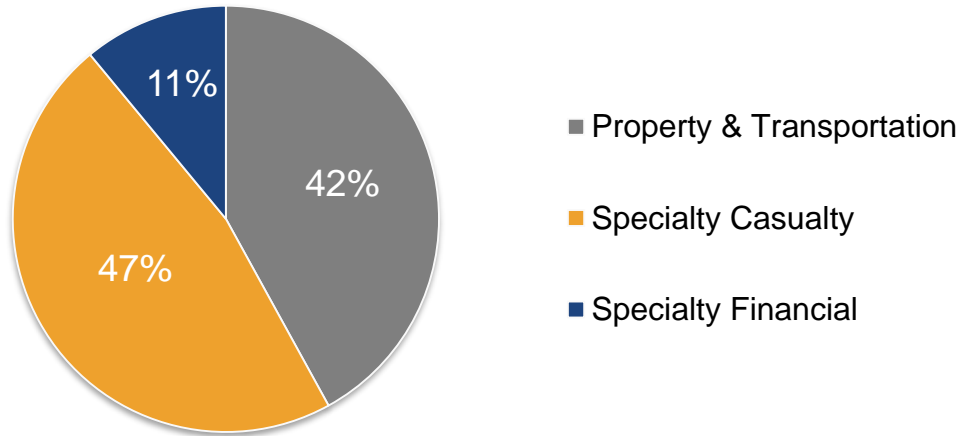
	<u>5 Years</u>	<u>10 Years</u>
AFG	24.3%	14.2%
S&P 500 Property & Casualty Insurance Index	20.0%	7.3%
S&P 500 Life & Health Insurance Index	18.7%	3.5%
S&P Midcap Insurance	19.5%	9.9%
S&P 500	14.6%	7.2%

Price appreciation plus dividends through 6/30/17.
Source: Bloomberg

Specialty Property & Casualty Premium

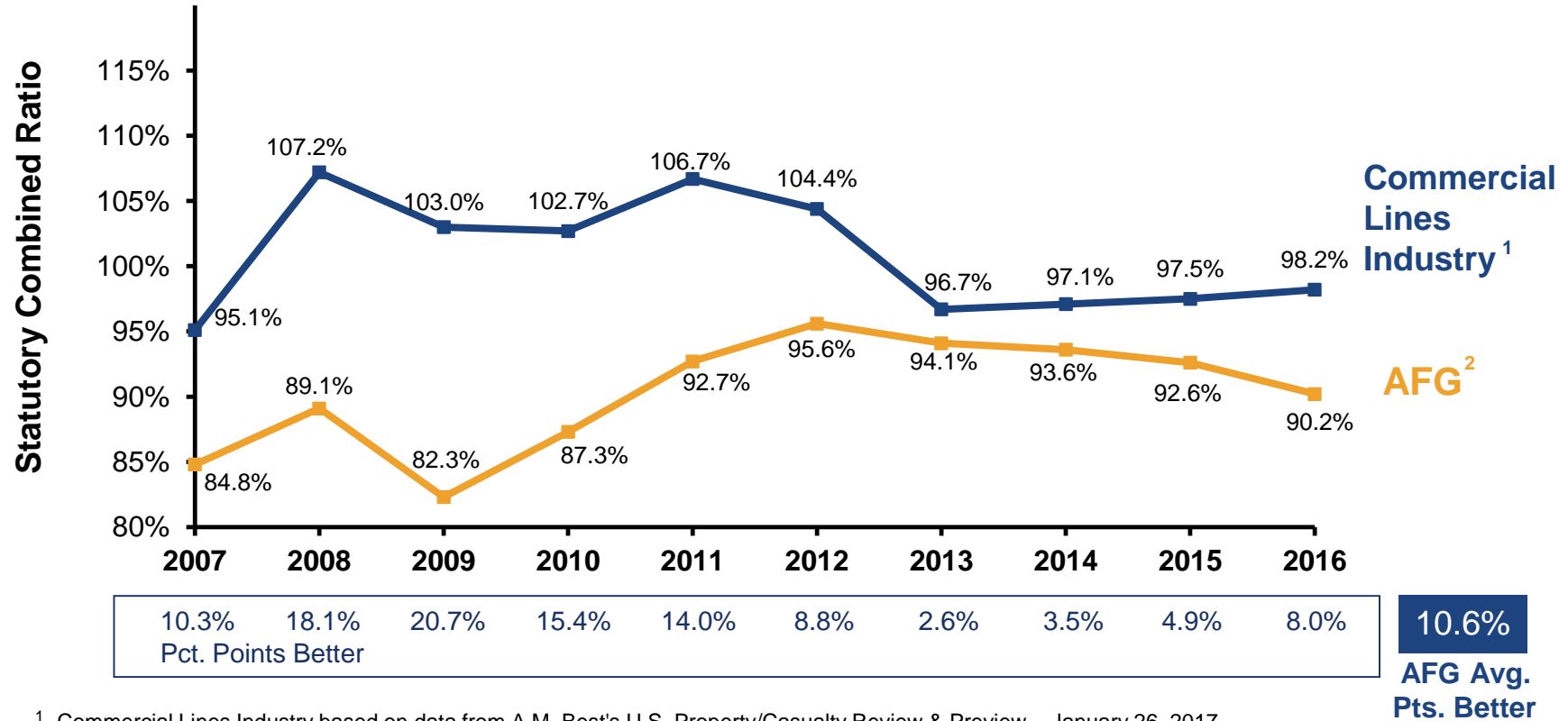
Low correlation • Low coastal exposure

**2016 Gross Written
Premiums – \$6.0 Billion**



Over 60% of P&C Group GWP produced by businesses with “Top 10” market rankings including:
Crop • Equine • Executive Liability • Fidelity/Crime • Financial Institution Services • FL Workers Comp •
Non-Profit/Social Services • Passenger Transportation • Surety • Trade Credit • Trucking

Superior Underwriting Talent



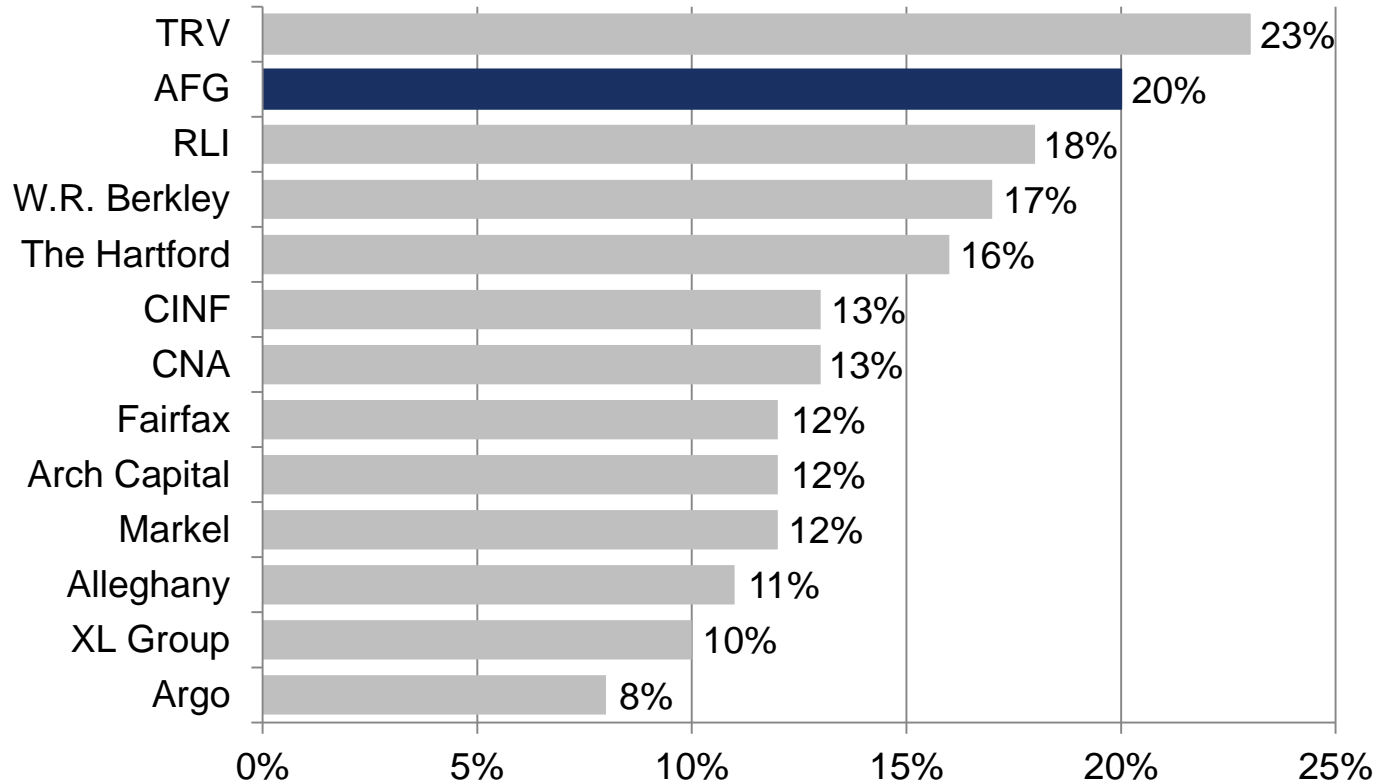
¹ Commercial Lines Industry based on data from A.M. Best's U.S. Property/Casualty Review & Preview – January 26, 2017.

² American Financial Group Form 10K filings.

Strong Alignment Creates Superior Underwriting Results

- Unique incentive programs for P&C Group based on underwriting profitability
- Annual awards
 - based on AY COR targets derived from ROE requirements
 - paid over 2-3 years
 - no rewards for volume unless COR targets are met
 - claw back feature
- Long-term Incentive Compensation (LTIC) Plan
 - five year measurement period based on AY COR targets derived from ROE requirements
 - paid out over the following 4-5 years
- Business unit executives are held accountable for COR performance, not investment performance
- Attract, retain and reward key operating unit executives & officers

Pretax Property & Casualty Returns 2012 - 2016



Source: Dowling & Partners

Fitch Top Performers / Five-Year Performance 2011 - 2015

(of 35 largest Property & Casualty groups)¹

Assurant Group	#1
Chubb (Federal Insurance Company)	#2
American Financial Group, Inc.	#3
Travelers Companies, Inc.	#4
Berkshire (National Indemnity Company)	#5
Progressive Insurance Group	#6
Munich Reinsurance America, Inc.	#7
Markel and Affiliates	#8
W.R. Berkley	#9
Cincinnati Insurance Group	#10
Old Republic General Ins. Group - U.S.	#11
Tokio Marine Group	#12
Zurich American Insurance Company	#13
FM Global (Factory Mutual Ins. Co.)	#14
Allstate Insurance Group	#15

Top Performers 2011 – 2015:

“Assurant, Inc., The Chubb Corporation, and American Financial Group, Inc. reported the strongest long-term statutory operating performance for U.S. insurance operations based on these weighted measures* from a group of the 35 largest property/casualty insurance groups based on 2015 net written premiums. This group represents nearly three quarters of the total net written premium of the P/C insurance industry.”

* Five Key Measures Evaluated

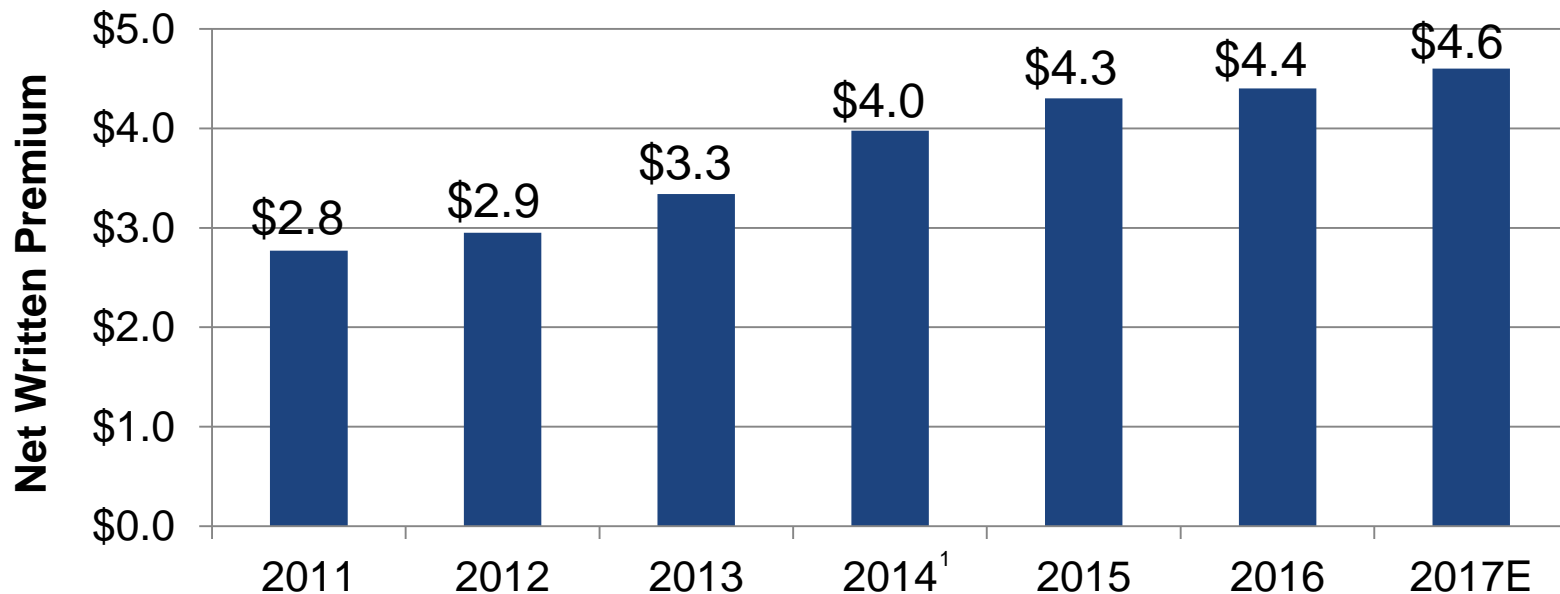
- underwriting margin
- operating cash flow ratio
- return on assets
- return on surplus
- internal capital formation

¹ “Statutory Performance Rankings – U.S. Property/Casualty Insurers: Best Performers Succeed Despite Cyclical Changes.” Source: Fitch Ratings Special Report issued September 14, 2016.

Specialty Property & Casualty Premium Growth

Dollars in billions

P&C Net Written Premium and Renewal Rates



Rate Increases

1%

3%

4%

3%

1%

1%

0% – 1%

¹ Includes Summit premiums for nine months.

Annuity Segment – Overview

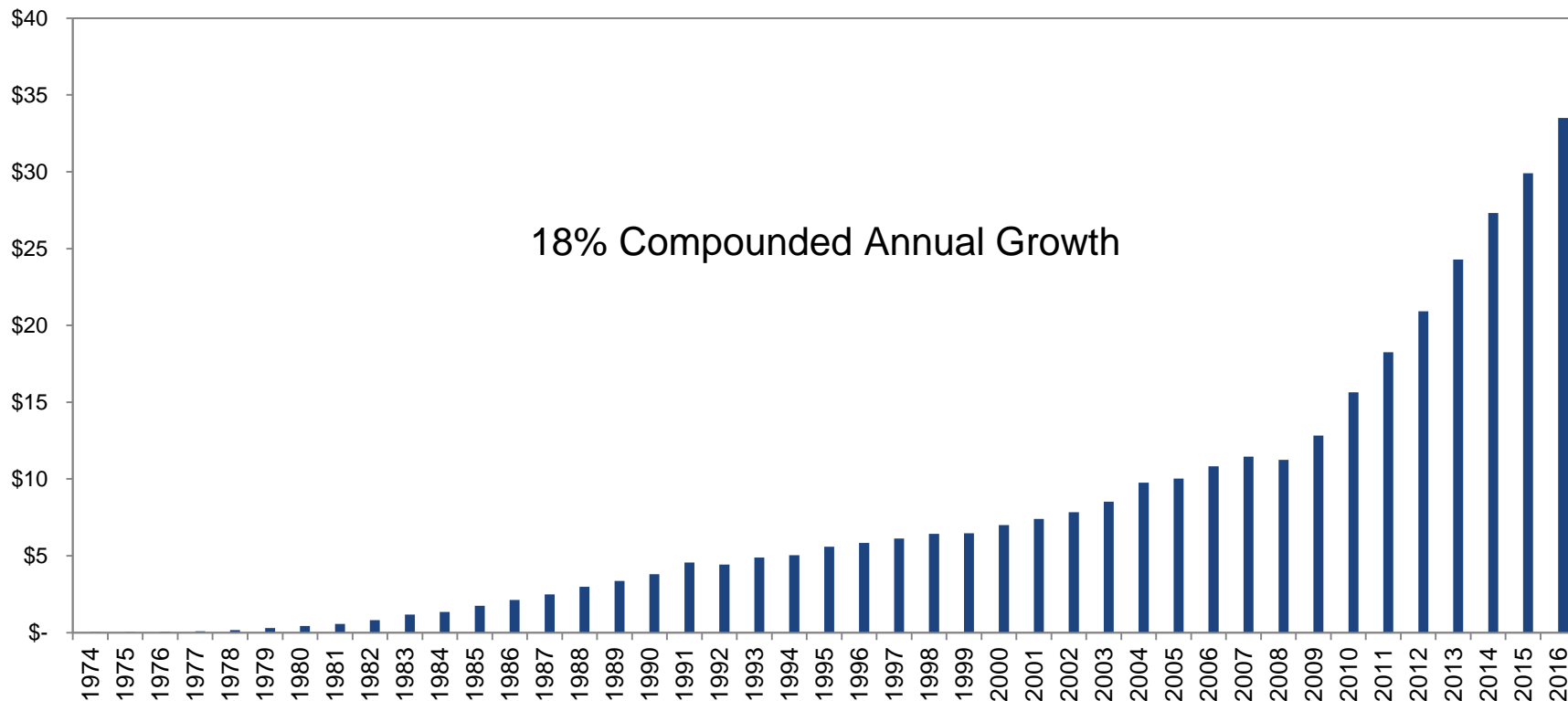
- Significant transformation since 2009
- Record earnings, premiums and assets in 2016
- Leader in its channels
- Consumer-centric business model has generated strong statutory earnings, resulting in excess capital and significant dividend paying capacity
- Emphasis on
 - appropriate pricing in challenging and changing environment (ROEs vs. premium growth)
 - expense discipline – invest wisely in people and infrastructure
 - growth in profitable premiums – a good use of AFG's excess capital

Annuity Segment – Strengths in the Marketplace

- American Money Management Corporation skills
- Ratings and ALIRT score
- Focus on fixed and indexed annuities only
- Long history in the industry and long-term agent relationships
- Consistent crediting rate strategy
- Reputation for simple, consumer-centric products
- Low cost structure

Growth in Annuity Segment Assets (GAAP)

Dollars in billions

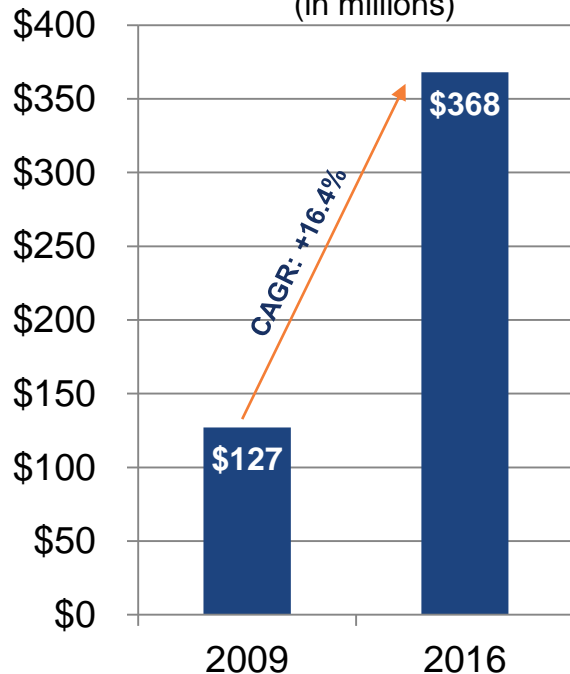


Annuity Segment – Significant Transformation Since 2009

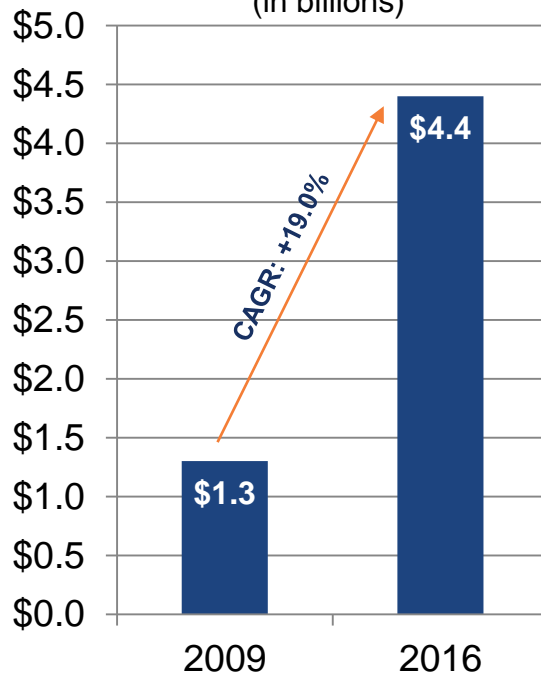
- Focus on core competency of fixed and fixed-indexed annuities and away from lines of business without critical mass or competitive advantage
- Nearly tripled earnings, tripled premiums, more than doubled assets
- Reduced unit costs significantly
- Significantly improved ROEs
- Ratings
 - no downgrades during recession
 - upgrades by S&P and Moody's since recession

Growth in Annuity Earnings, Premiums and Assets

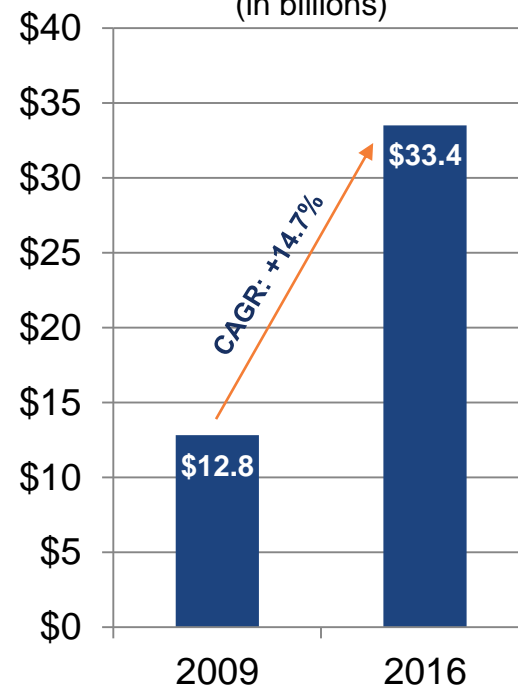
**Pretax Operating Earnings,
as reported¹**
(in millions)



**Fixed and Fixed-Indexed
Annuity Premiums**
(in billions)



**Annuity
Assets**
(in billions)



¹ After the impact of fair value accounting for FIAs.

Diversified Specialty Niche Insurance Businesses - Annuity



	Market Rank	Market Focus	Distribution
Fixed-Indexed	#4 Overall #1 In Financial Institutions	<ul style="list-style-type: none">• Retail• Financial Institutions• Education (K-12)	<ul style="list-style-type: none">• 55 NMOs directing nearly 1,200 actively producing agents• Financial Institutions - Direct• Financial Institutions - Indirect
Fixed	#6 Overall #4 In Financial Institutions		
Variable	Never a Significant Issuer of Variable Annuities; Accommodation Product Only		

- Focus on fixed and fixed-indexed annuities makes use of core competency in fixed income investing
- Simple, easy to understand products
- Lower up-front commissions and bonuses, shorter surrender charge periods

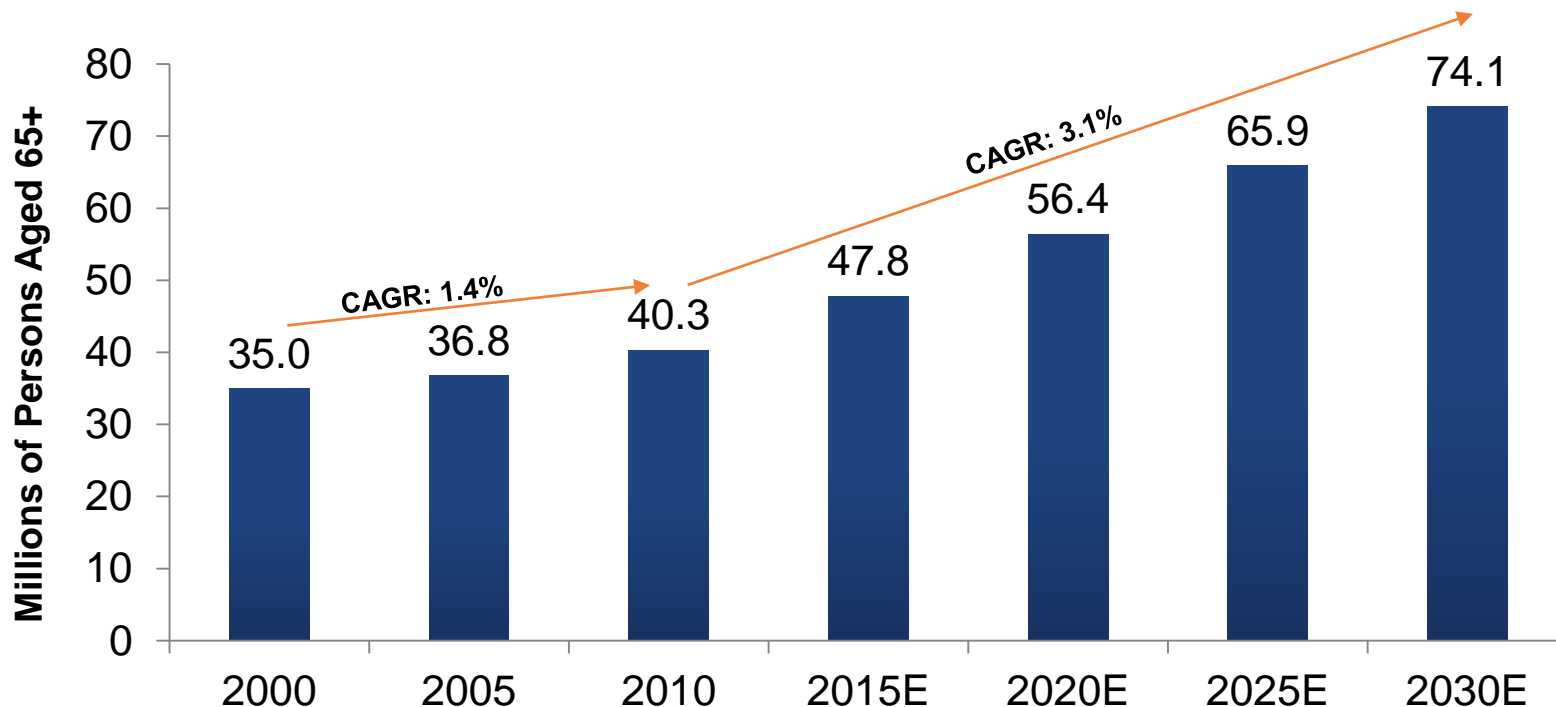
Protection From Changes in Interest Rates

As of June 30, 2017

- Protection From Rising Interest Rates
 - 88% of inforce annuities have some surrender penalty
 - 66% of annuity reserves have a surrender charge of 5% or higher
 - including 10% of annuity reserves are two-tier in nature with an average surrender charge of 14%
 - other product features that should encourage persistency or discourage lapses
 - 20% with 3%+ GMIR
 - 25% with an MVA or Longevity Rider
 - nearly 40% of new sales electing some form of trail/multi-year commission
 - asset duration shorter than liability duration by 0.6 (5.30 vs. 5.90)
 - unrealized gain in bond portfolio of \$1.1 billion (104% of book value)
- Protection From Low Interest Rate Environment
 - ability to lower crediting rates by 86bps on \$24 billion of reserves
 - low upfront costs to recover (lower commissions than competitors, low/no bonuses)

U.S. Growth in Persons Aged 65+

Population in millions



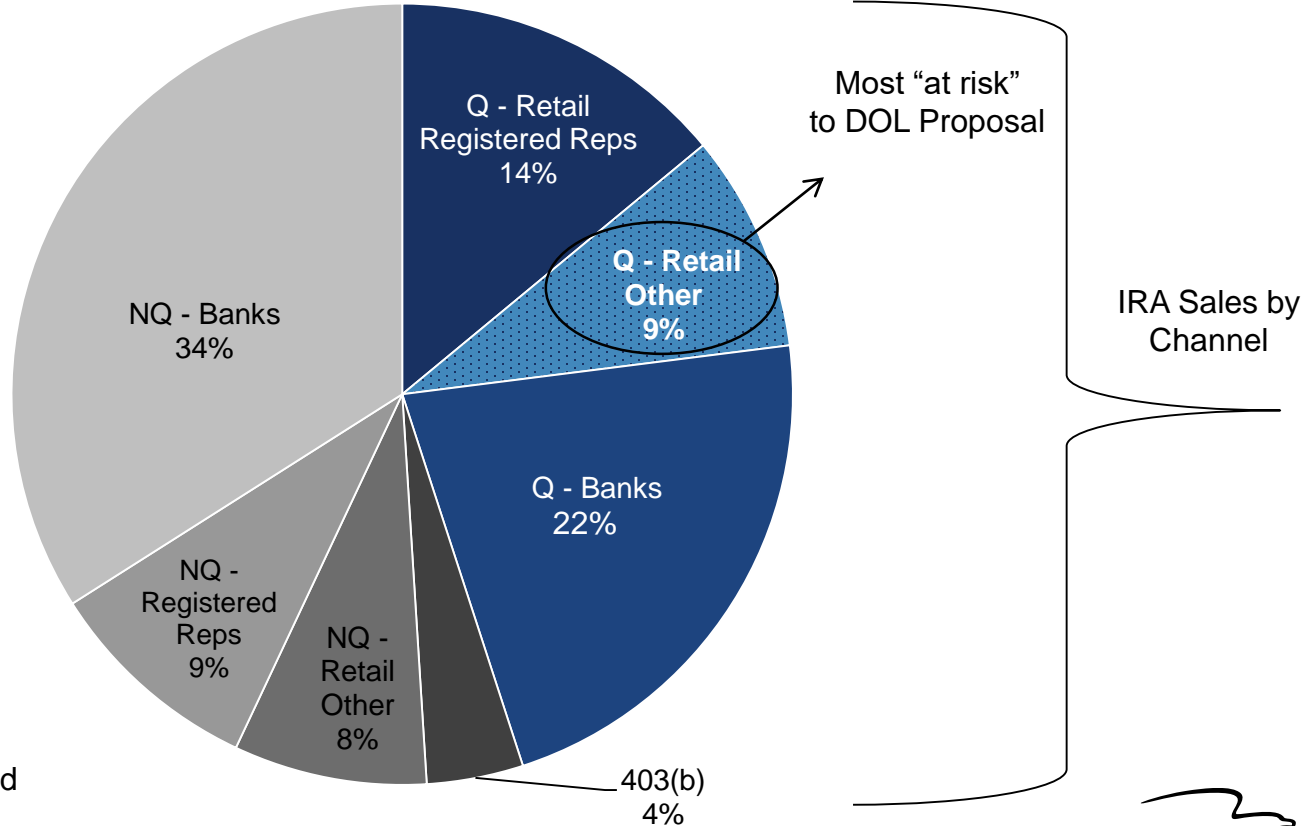
Source: U.S. Census Bureau, 2014 National Projections.

Department of Labor Rule

- The DOL Fiduciary Rule became effective on June 9, 2017, although the DOL delayed certain requirements until January 1, 2018.
- Insurance-only agents are able to continue selling fixed-indexed annuities through the end of 2017, provided the agent acts in the customer's best interest, makes no misleading statements and receives only reasonable compensation.
- There is considerable uncertainty as to whether the rule will take effect in its current form on January 1, 2018 or if there will be an additional delay or adjustments to the rule.
- AFG's management continues to believe the implementation of the rule in its current form and on the current schedule will impact annuity premiums throughout the remainder of 2017 and into 2018.
- AFG's management does not believe the new rule will have a material impact on AFG's results of operations.

Annuity Sales by Type

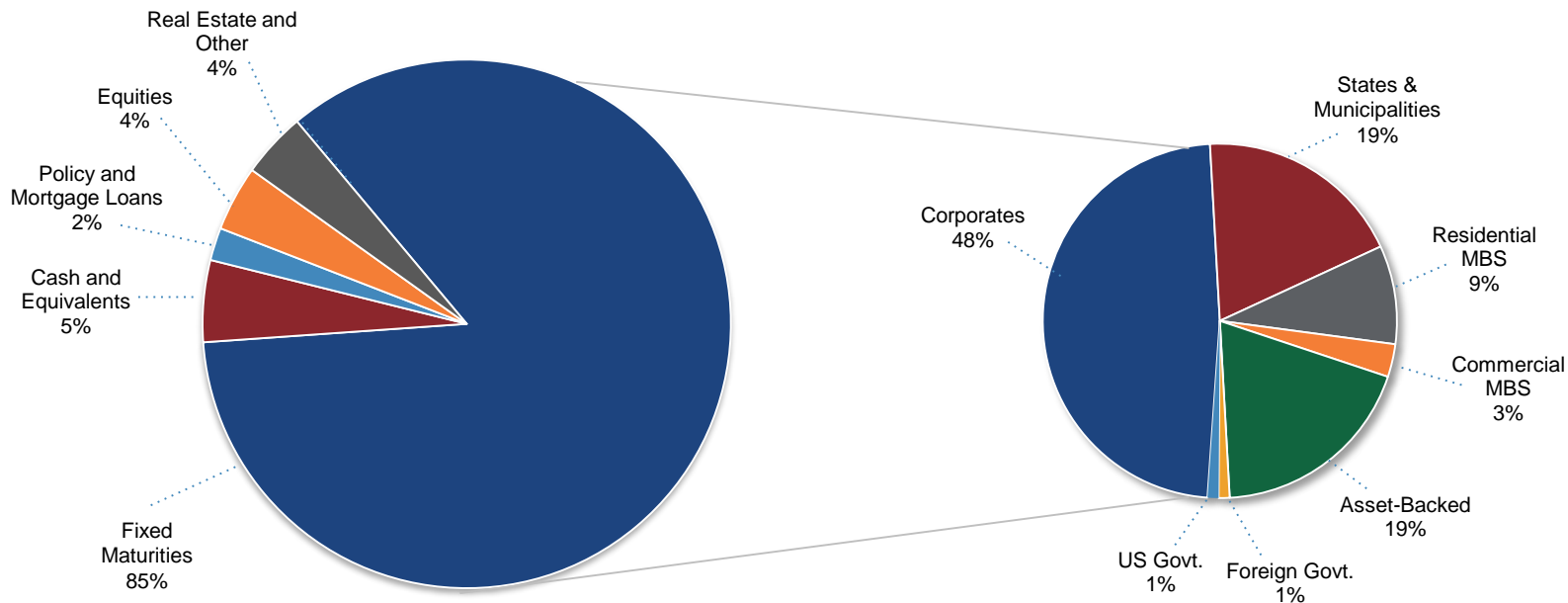
For three months ended June 30, 2017



AFG Investment Portfolio

As of June 30, 2017

Fixed Maturities Portfolio – 90% investment grade; 98% NAIC 1 & 2



Carrying Value – \$44.8 Billion

Investment Portfolio Information and Outperformance

	Property & Casualty	Annuity & Runoff
Approximate Average Duration – Fixed Maturities as of June 30, 2017	4.0 years	5.0 years
Annualized yield on available for sale fixed maturities		
Quarter ended 6/30/17:		
• Net of investment expenses ^(a)	3.65%	4.52%
• Tax equivalent, net of investment expenses ^(b)	4.15%	4.52%

^(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.

Fixed Income Annualized Total Return Nine Years Ended 12/31/16¹

AFG **6.4%**

Benchmark:
Blended Insurance Industry² 5.4%

Outperformance 1.0%

≈ \$2.0 Billion Total Return
Outperformance

¹ 2008-2016 time period captures the beginning of the global financial crisis.

² Source: SNL. Blended Insurance Industry returns reflect actual Life & Annuity and Property & Casualty industry returns weighted by AFG's Annuity and P&C Groups' relative assets.

2017 Outlook – AFG

AFG Core Earnings Guidance \$6.40 – \$6.90 per share

	<u>NWP Growth</u>	<u>Combined Ratio</u>
Specialty P&C Group Overall	3% – 7%	92% – 94%
<u>Business Groups:</u>		
Property & Transportation	2% – 6%	91% – 95%
Specialty Casualty	7% – 11%	94% – 96%
Specialty Financial	0% – 4%	84% – 88%

P&C average renewal rates flat to up 1%

P&C investment income approximately 4% to 6% higher than 2016

Annuity Segment:

- Full year pretax operating earnings before impact of fair value accounting for FIAs, \$385 million to \$405 million
- Full year pretax operating earnings, as reported, \$370 million to \$390 million
- Full year annuity premiums relatively unchanged from the \$4.4 billion reported in 2016

Key Considerations Underlying 2017 Guidance

- Higher P&C Operating Earnings
 - improved results in Neon
 - offset by lower crop profitability, following 2016's strong results
 - acquisition of National Interstate
 - higher overall P&C investment income
- Higher Earnings in the Annuity Segment
 - improvement in impact from fair value accounting for FIAs
 - partially offset by lower yield on investment portfolio



Appendix

Financial Highlights

Dollars in millions, except per share amounts

	Three Months Ended June 30,	
	<u>2017</u>	<u>2016</u>
• Results of Operations:		
– Core net operating earnings	\$ 145	\$ 113
– Core net operating earnings per share	\$ 1.61	\$ 1.28
– Average number of diluted shares	89.8	88.4
	<u>June 30,</u>	<u>Dec. 31,</u>
• Book Value per Share:	<u>2017</u>	<u>2016</u>
– Excluding unrealized gains (losses) related to fixed maturities	\$ 54.97	\$ 53.11
– Tangible, unrealized gains (losses) related to fixed maturities	\$ 52.36	\$ 50.43
• Capital Adequacy, Financial Condition and Liquidity:		
– Maintained capital at levels that support operations; in excess of amounts required for rating levels		
– Excess capital of approximately \$1.1 billion at June 30, 2017, including parent cash of approximately \$425 million.		

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premiums			
	<u>2015</u>	<u>2016</u>	<u>6/30/2017 YTD</u>	<u>2017E</u>
Specialty Property & Transportation	\$ 1,636	\$ 1,672	\$ 717	2% – 6%
Specialty Casualty	\$ 2,052	\$ 2,036	\$ 1,101	7% – 11%
Specialty Financial	\$ 540	\$ 572	\$ 290	0% – 4%
Other Specialty	<u>\$ 99</u>	<u>\$ 106</u>	<u>\$ 49</u>	n/a
Total Specialty	<u>\$ 4,327</u>	<u>\$ 4,386</u>	<u>\$ 2,157</u>	3% – 7%

Specialty Property & Casualty Businesses

	GAAP Combined Ratio			
	<u>2015</u>	<u>2016</u>	<u>6/30/2017 YTD</u>	<u>2017E</u>
Specialty Property & Transportation	96.9%	90.0%	90.7%	91% – 95%
Specialty Casualty	92.7%	96.1%	95.8%	94% – 96%
Specialty Financial	83.1%	84.9%	84.8%	84% – 88%
Other Specialty	85.5%	91.4%	102.0%	n/a
Total Specialty	93.1%	92.3%	92.7%	92% – 94%

Annuity Segment

Dollars in millions, unless otherwise noted

	<u>2015</u>	<u>2016</u>	<u>6/30/2017 YTD</u>	<u>2017E</u>
Annuity Premiums	\$ 4,140	\$ 4,435	\$ 2,556	Relatively unchanged ¹ from 2016
Average Fixed Annuity Investments	\$ 25,174	\$ 28,223	\$ 30,522	10% to 11% growth
Average Fixed Annuity Reserves	\$ 24,898	\$ 28,146	\$ 30,698	11% to 12% growth
Pretax Operating Earnings (before impact of fair value accounting)	\$ 354	\$ 395	\$ 199	\$385 to \$405 million ²
Pretax Operating Earnings, As Reported	\$ 331 ⁴	\$ 368 ³	\$ 181	\$370 to \$390 million ²
Net Spread Earned ⁵ (before impact of fair value accounting)	1.35%	1.39%	1.31%	1.27% to 1.32%
Net Spread Earned ³	1.26%	1.29%	1.19%	1.20% to 1.25%

¹ Assumes DOL rule becomes effective in its current form, with the balance becoming effective on January 1, 2018.

² Assumes interest rates and stock market rise moderately.

³ After the impact of fair value accounting related to FIAs.

⁴ The decrease in the stock market and interest rates had an unfavorable impact on earnings due to fair value accounting for FIAs.

⁵ Calculated as Net Spread Earned excluding the impact of fair value accounting for FIAs, offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

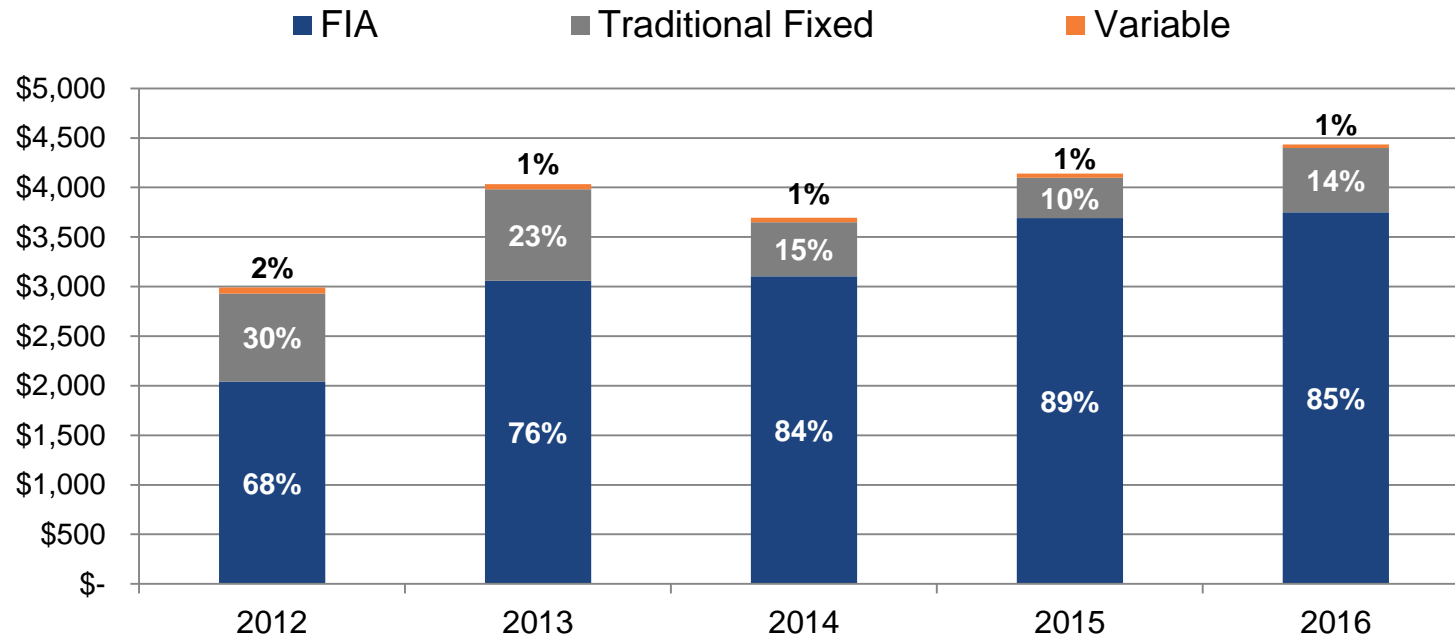
Snapshot of Current AFG Annuity Segment Sales

- Target market = middle and mass affluent baby boomers (not high wealth clients)
- Average single premium policy size ~\$100,000
- Approximately 85% of 2016 sales were FIA
- About 50% of 2016 sales were qualified / IRA
- Almost 20% of new FIA premiums have riders
- Almost 40% of sales have some form of "non-heaped" commissions
- Each product is priced to its own risk-adjusted return target, 12% in aggregate

Annuity Product Snapshot

Dollars in millions

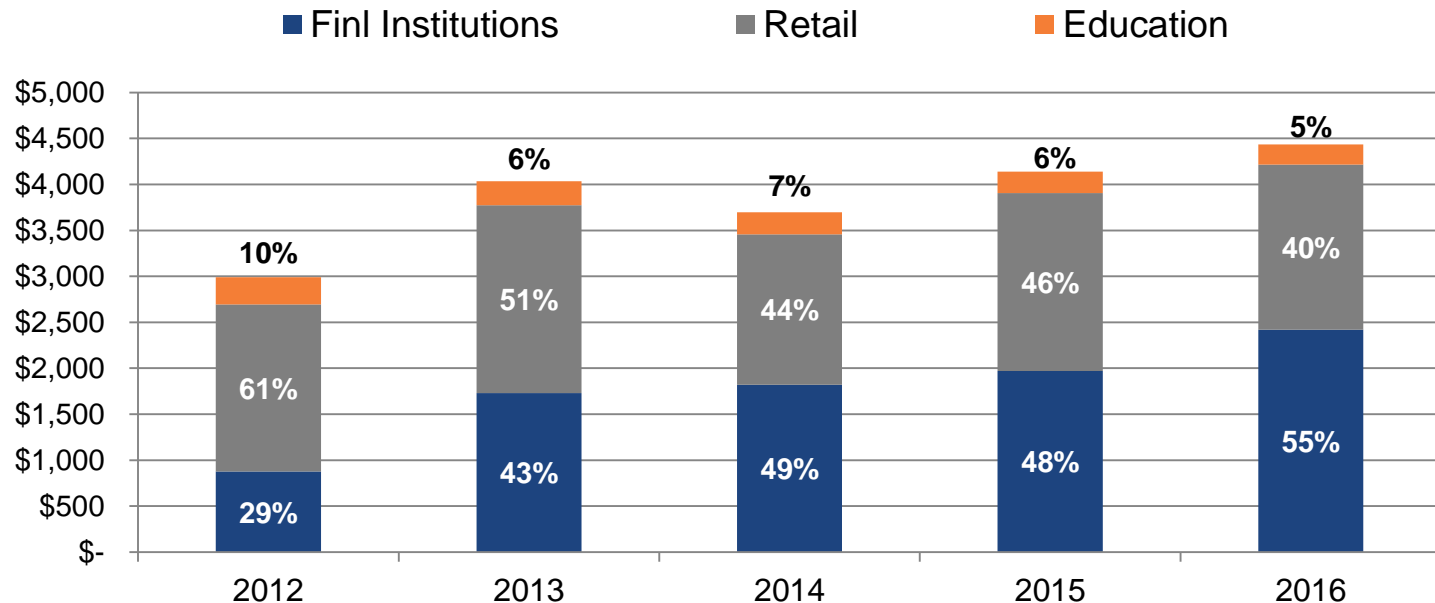
Premiums by Product Line



Annuity Product Snapshot (continued)

Dollars in millions

Premiums by Distribution Channel



Annuity Product Snapshot (continued)

Dollars in millions

Premiums by Tax Qualification Type

