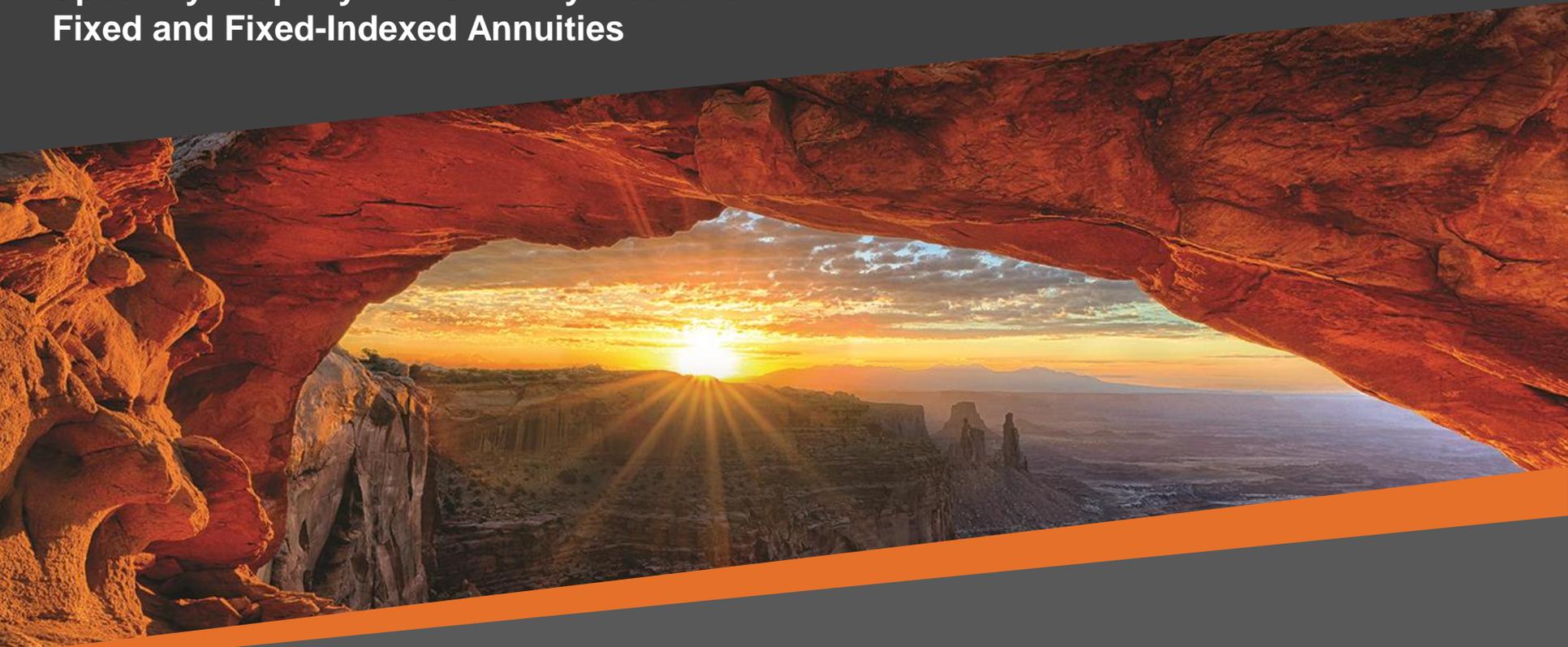


Specialty Property and Casualty Insurance Fixed and Fixed-Indexed Annuities



Dowling & Partners Investor Meeting

November 17, 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 one of only five companies rated "A" (Excellent) or better by A.M. Best for over 100 years
- Ward's 50 List



Insurance Businesses

P&C			Annuity
Property & Transportation	Specialty Casualty	Specialty Financial	
			
<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 education markets

\$45 Billion Investment Portfolio Managed In-House

Building Long-Term Value for AFG Shareholders

Superior
Underwriting
Results

Superior
Investment
Talent

Intelligent
Deployment
of Capital

VALUE
CREATION

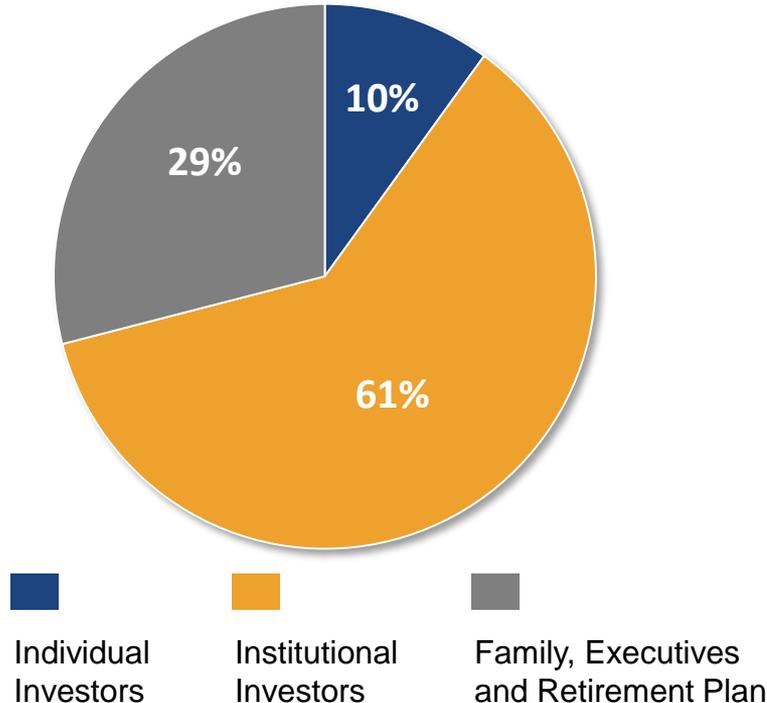
Culture • Entrepreneurial Business Model • Incentives

Corporate Culture



Significant Insider Ownership

AFG Shareholder Base



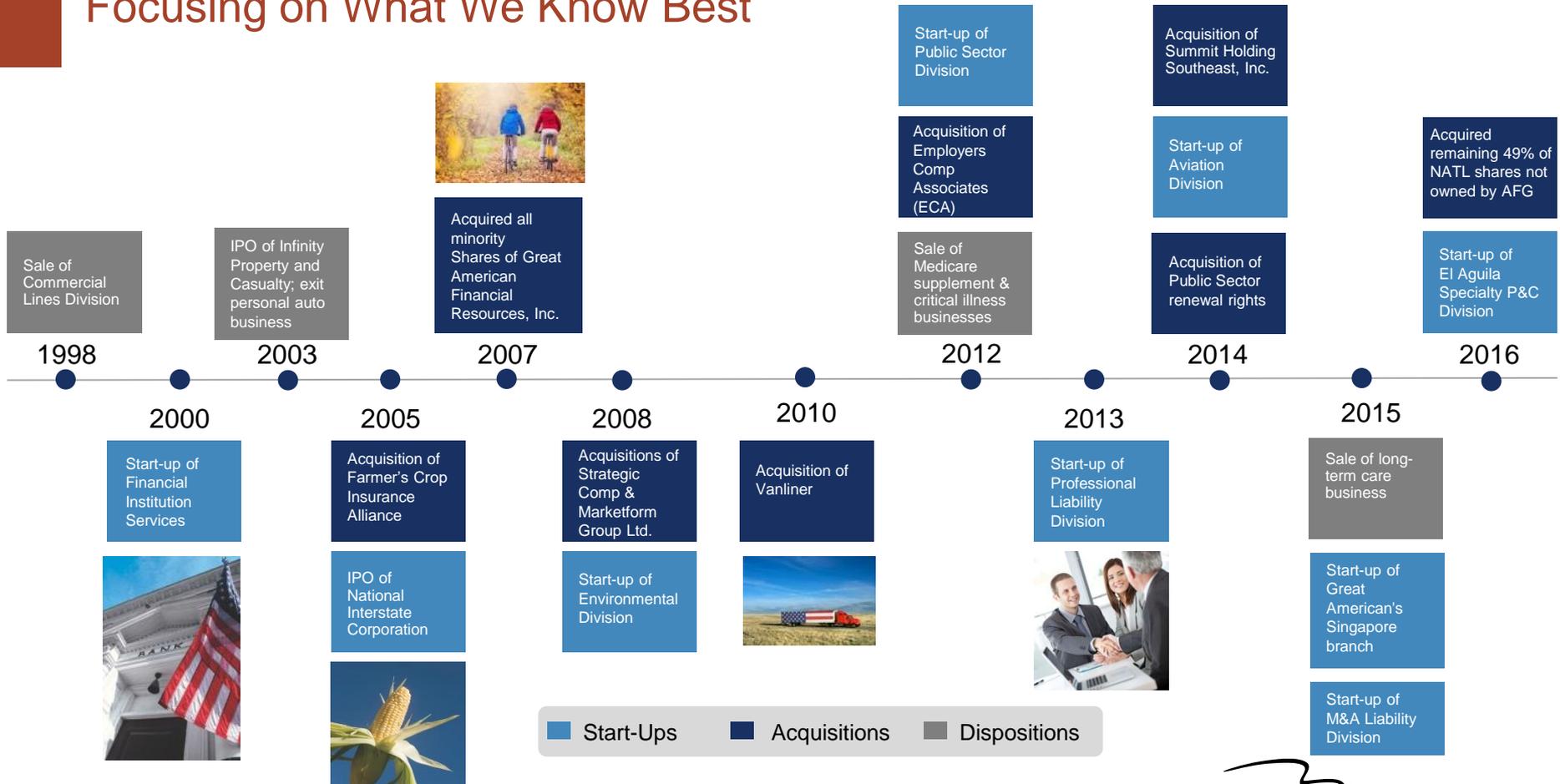
Significant ownership by management creates strong alignment of interests with shareholders over the long term

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

- Paid \$1.00 per share special dividend in December 2016
- \$133 million in share repurchases (\$69.47 per share average)

2017 Capital Management

- 12% increase in regular annual dividend
 - 12th consecutive annual dividend increase
 - five year CAGR in dividends ~ 12%
- Two special dividends in 2017
 - \$1.50 per share paid in May 2017
 - \$2.00 per share to be paid in November 2017
- Excess capital at 9/30/2017 – \$1.1 billion
- 4.1 million shares remaining in repurchase authorization as of 11/01/2017

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 October 31, 2017

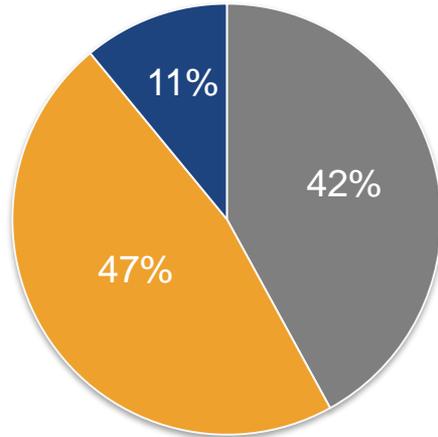
	<u>5 Years</u>	<u>10 Years</u>
AFG	26.0%	16.4%
S&P 500 Property & Casualty Insurance Index	19.6%	9.1%
S&P 500 Life & Health Insurance Index	17.3%	3.8%
S&P Midcap Insurance	20.4%	12.2%
S&P 500	15.1%	7.5%

Price appreciation plus dividends through 10/31/17.
Source: Bloomberg

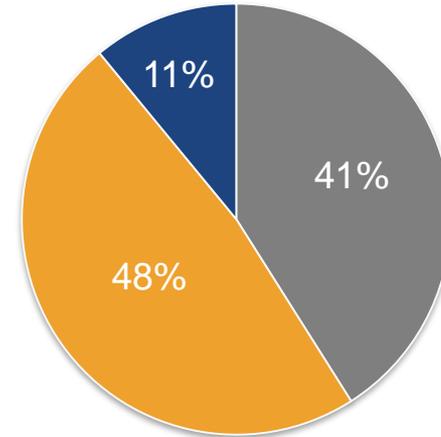
Specialty Property & Casualty Premium

Low correlation • Lower relative coastal exposure

**Gross Written Premiums
Full Year 2016
\$6.0 Billion**



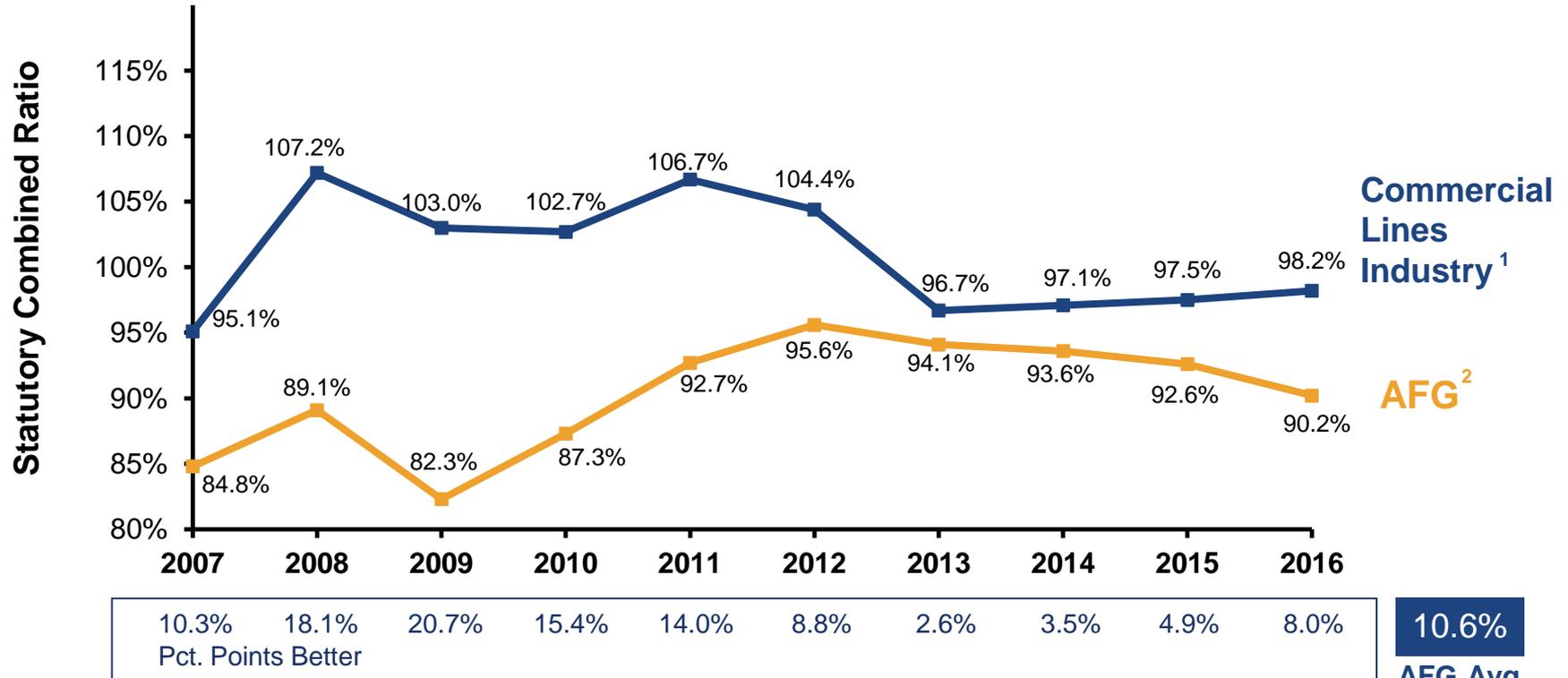
**Gross Written Premiums
LTM Ended September 30, 2017
\$6.4 Billion**



- Property & Transportation
- Specialty Casualty
- Specialty Financial

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



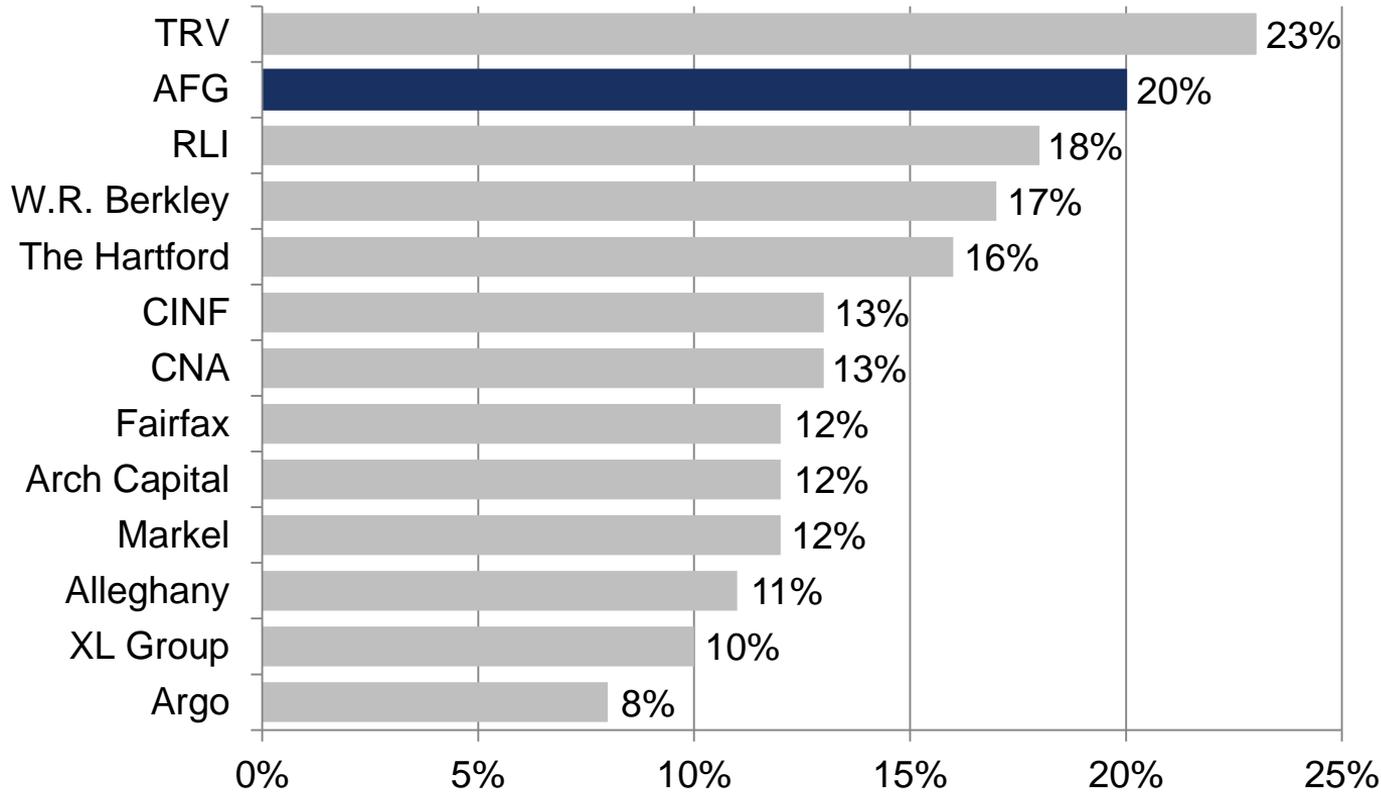
¹ Commercial Lines Industry based on data from A.M. Best's U.S. Property/Casualty Review & Preview – January 26, 2017.

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

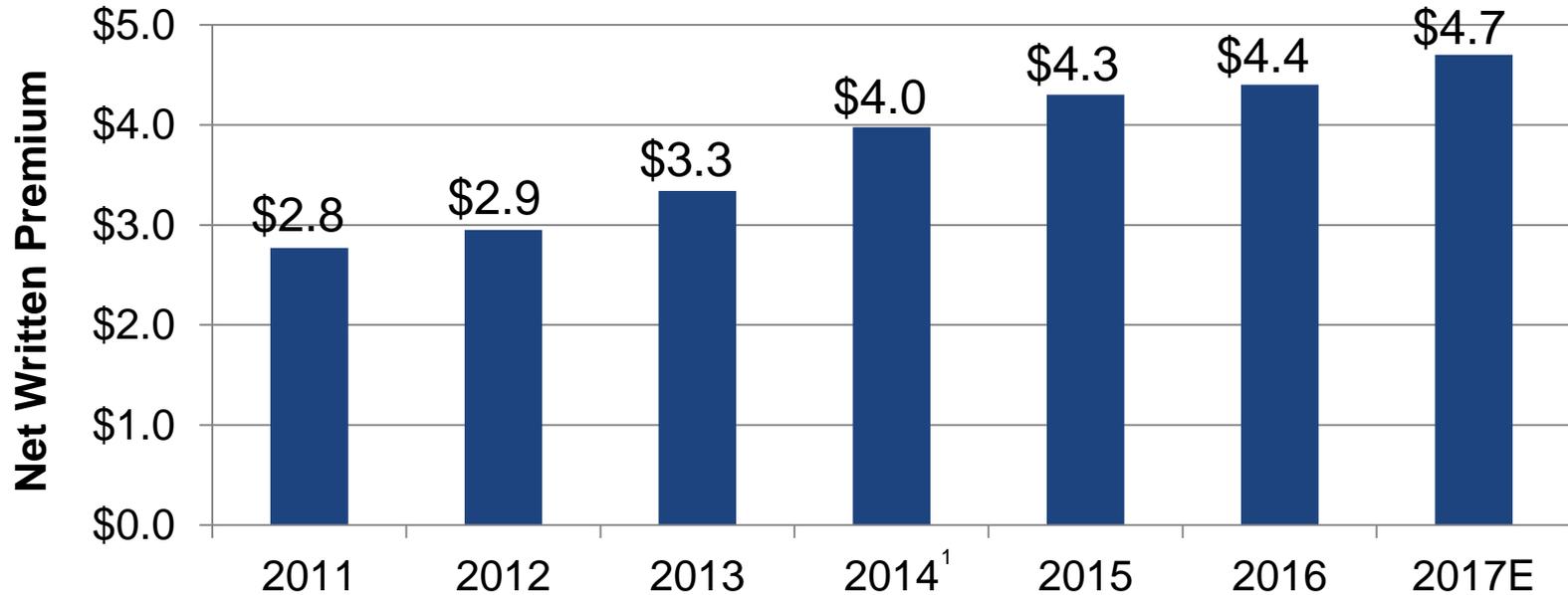


Source: Dowling & Partners

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

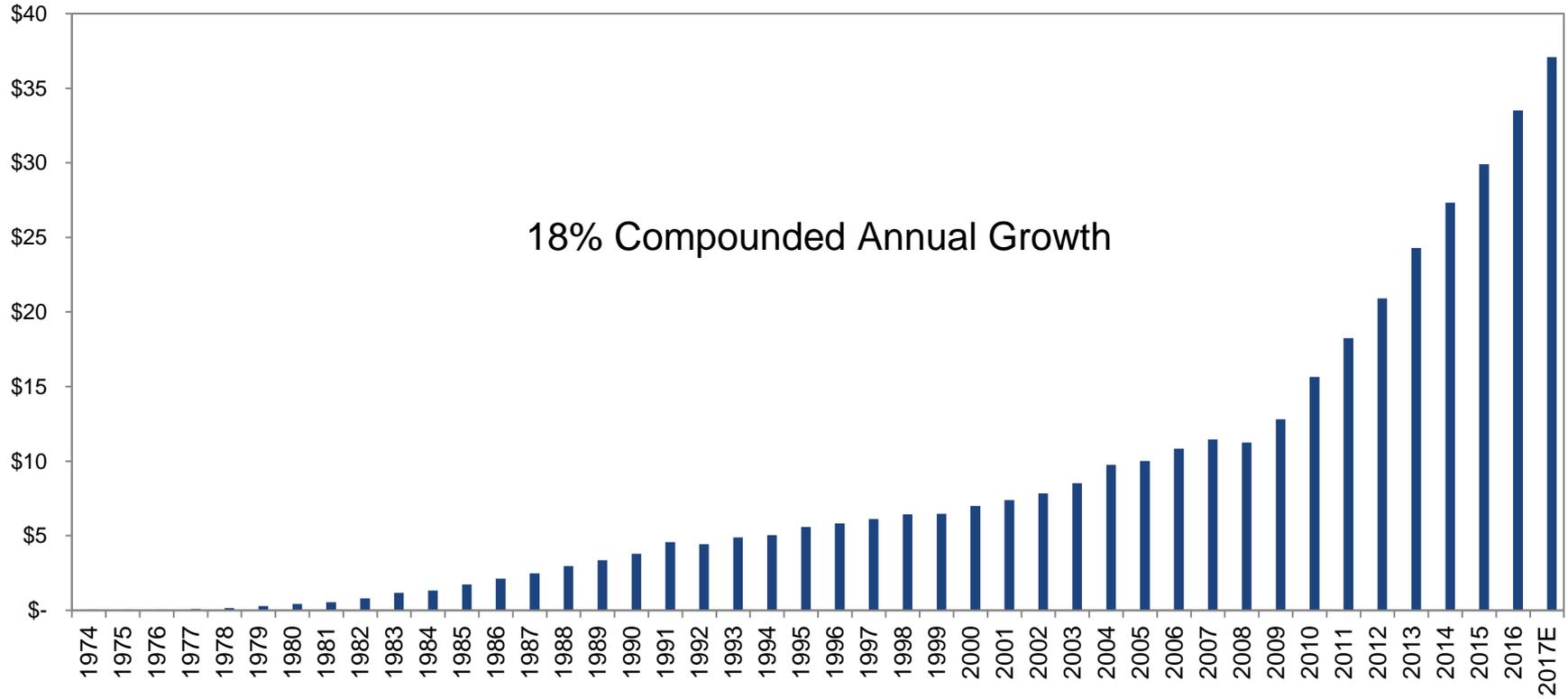
- Significant transformation since 2009
- Record earnings, premiums and assets in 2016
- Leader in its channels
- Consumer-centric business model has generated strong statutory earnings, resulting in excess capital and significant dividend paying capacity
- Emphasis on
 - appropriate pricing in challenging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

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)

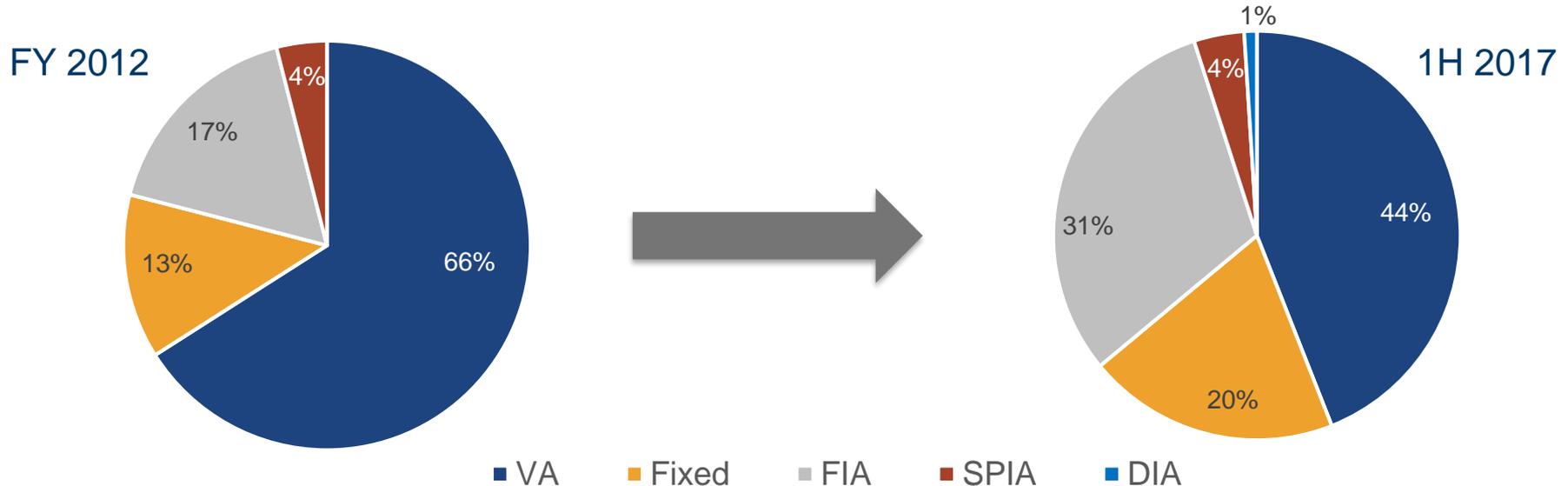
Dollars in billions



Annuity Market Share by Product Line

Dollars in billions

Shift from Variable Annuities to Traditional Fixed and Fixed-Indexed Annuities
*Fixed-indexed annuity market share **increased by more than 80%***



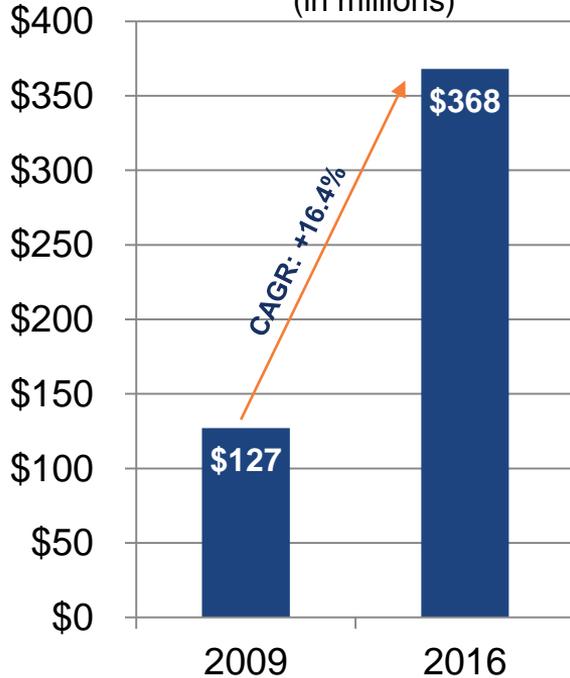
Market share for Bank, Independent B-D, Independent Agent, Full-Service BD, and Career Agent Channels only; Source: LIMRA

Annuity Segment – Significant Transformation Since 2009

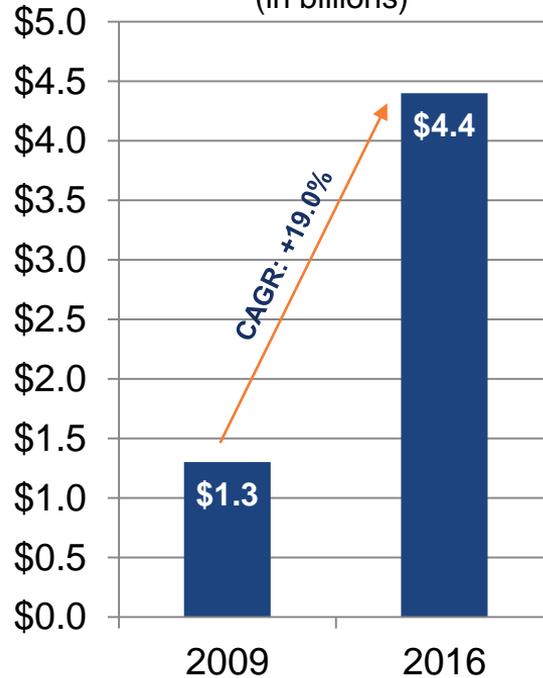
- Focus on core competency of fixed and fixed-indexed annuities and away from lines of business without critical mass or competitive advantage
- Nearly tripled earnings, tripled premiums, more than doubled assets
- Reduced unit costs significantly
- Significantly improved ROEs
- Ratings
 - no downgrades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

Growth in Annuity Earnings, Premiums and Assets

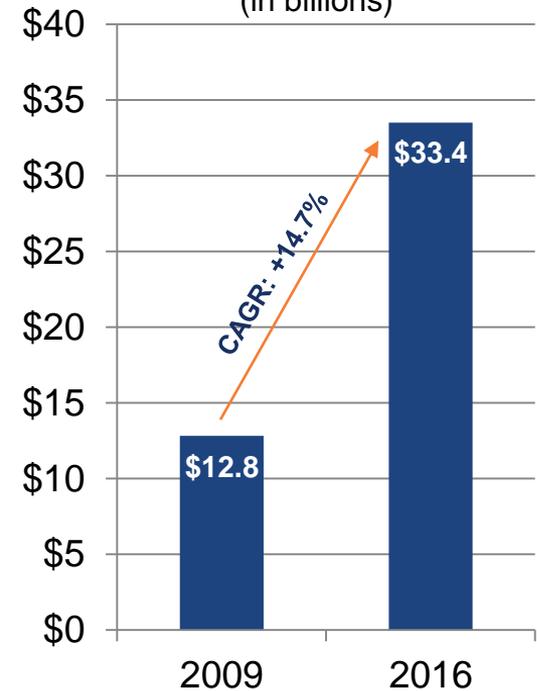
**Pretax Operating Earnings,
as reported¹**
(in millions)



**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



Channel	Market Rank	Distribution	Product Focus	2016 Premiums
Financial Institutions	#1 FIAs #3 in Total Sales	30+ Financial Institutions; ~ 5,000 agents – Direct through Financial Institutions – Independent Agents and Brokers	<ul style="list-style-type: none"> • Fixed Annuities • Fixed-Indexed Annuities 	\$2.4B
Retail (Independent Producers)	#5 Indexed Sales Top 10 in Total Sales	<ul style="list-style-type: none"> • Over 5,000 Retail Agents – Independent Marketing Organizations (IMOs) – Independent Broker Dealers – Registered Investment Advisors 		\$1.8B
403(b)		<ul style="list-style-type: none"> • PPGAs • Insurance Agent • Broker Dealer 		\$0.2B

- 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
- Not a significant issuer of variable annuities; accommodation product only.

Market results through 6/30/17 as reported by LIMRA for deferred annuities.

Protection From Changes in Interest Rates

As of September 30, 2017

Protection from Rising Interest Rates

- 87% of inforce annuities have some surrender penalty
 - 64% of annuity reserves have a surrender charge of 5% or higher
 - 9% of these 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 or multi-year commission
- Asset duration shorter than liability duration by 0.5 (5.20 vs. 5.70)
- Unrealized gain in bond portfolio of \$1.2 billion (104% of book value)

Protection from Falling Interest Rate Environment

- Ability to lower crediting rates by 88 bps on \$24 billion of reserves
- Produces extra \$216 million of pretax income
- Low upfront costs to recover (lower commissions than competitors, low or no bonuses)

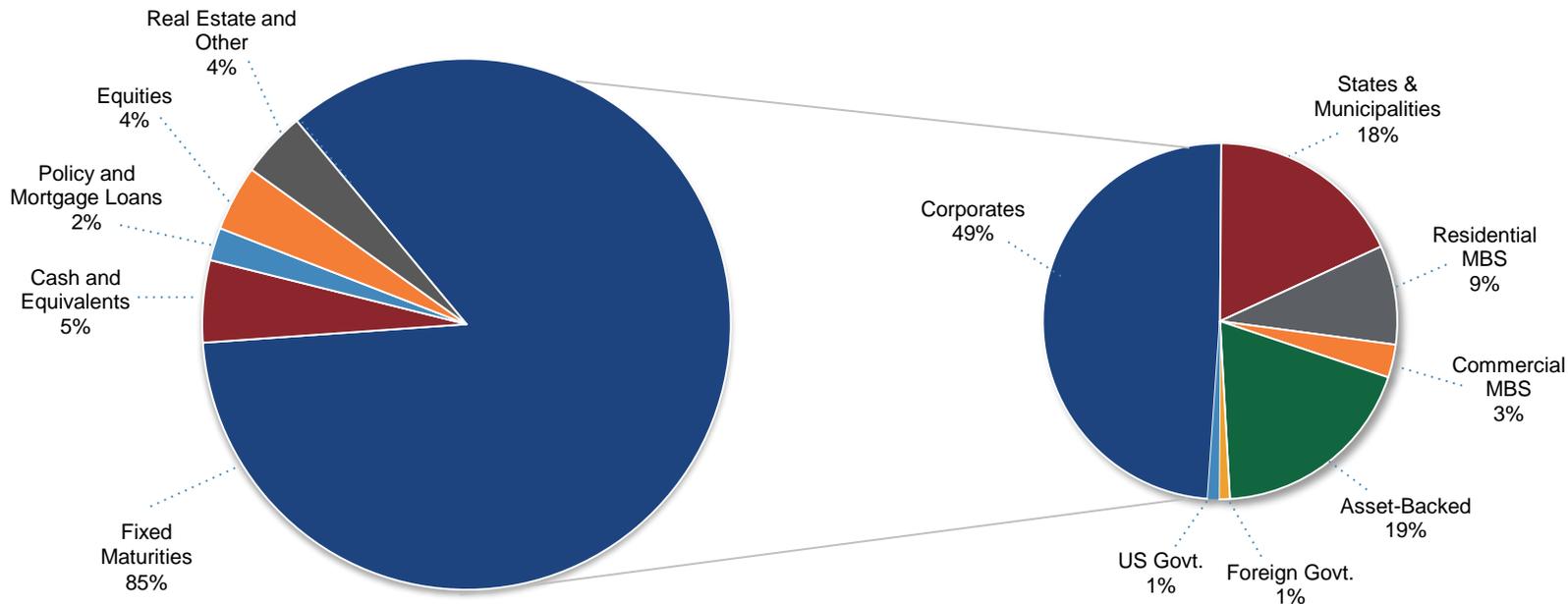
Department of Labor Rule

- 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.
- The DOL recently released a proposal to delay full implementation until July 1, 2019. There is uncertainty as to whether the rule will take effect in its current form on that date.
- AFG's management continues to believe that full implementation is likely to cause some short-term disruption in annuity premiums.
- AFG's management does not believe the new rule will have a material impact on AFG's results of operations.

AFG Investment Portfolio

As of September 30, 2017

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



Carrying Value – \$45.3 Billion

Investment Portfolio Information and Outperformance

	Property & Casualty	Annuity & Runoff
Approximate Average Duration – Fixed Maturities as of September 30, 2017	4.0 years	5.0 years
Annualized yield on available for sale fixed maturities		
Quarter ended 9/30/17:		
• Net of investment expenses ^(a)	3.67%	4.57%
• Tax equivalent, net of investment expenses ^(b)	4.16%	4.57%

^(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 \$5.90 – \$6.20 per share

	<u>NWP Growth</u>	<u>Combined Ratio</u>
Specialty P&C Group Overall	6% – 9%	94% – 95%
<u>Business Groups:</u>		
Property & Transportation	3% – 6%	92% – 94%
Specialty Casualty	10% – 13%	96% – 98%
Specialty Financial	2% – 5%	88% – 90%

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, \$395 million to \$410 million
- Full year pretax operating earnings, as reported, \$370 million to \$390 million
- Full year annuity premiums slightly lower than the \$4.4 billion reported in 2016



Appendix

Financial Highlights

Dollars in millions, except per share amounts

	Three Months Ended September 30,	
	<u>2017</u>	<u>2016</u>
• Results of Operations:		
– Core net operating earnings	\$ 95	\$ 134
– Core net operating earnings per share	\$ 1.06	\$ 1.51
– Average number of diluted shares	90.0	88.5
	Sept 30,	Dec. 31,
	<u>2017</u>	<u>2016</u>
• Book Value per Share:		
– Excluding unrealized gains (losses) related to fixed maturities	\$ 55.08	\$ 53.11
– Tangible, unrealized gains (losses) related to fixed maturities	\$ 52.50	\$ 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 September 30, 2017, including parent cash of approximately \$435 million.		

Specialty Property & Casualty Businesses

Dollars in millions

	Net Written Premiums			
	<u>2015</u>	<u>2016</u>	<u>LTM</u> ¹	<u>2017E</u>
Specialty Property & Transportation	\$ 1,636	\$ 1,672	\$ 1,735	3% – 6%
Specialty Casualty	\$ 2,052	\$ 2,036	\$ 2,235	10% – 13%
Specialty Financial	\$ 540	\$ 572	\$ 594	2% – 5%
Other Specialty	\$ 99	\$ 106	\$ 109	n/a
Total Specialty	<u>\$ 4,327</u>	<u>\$ 4,386</u>	<u>\$ 4,673</u>	6% – 9%

¹ Through 9/30/17.

Specialty Property & Casualty Businesses

	GAAP Combined Ratio			
	<u>2015</u>	<u>2016</u>	<u>9/30/2017 YTD</u>	<u>2017E</u>
Specialty Property & Transportation	96.9%	90.0%	94.3%	92% – 94%
Specialty Casualty	92.7%	96.1%	97.1%	96% – 98%
Specialty Financial	83.1%	84.9%	90.4%	88% – 90%
Other Specialty	85.5%	91.4%	95.8%	n/a
Total Specialty	93.1%	92.3%	95.2%	94% – 95%

Fourth Quarter 2017 Specialty Property & Casualty Updates

CA Wildfires

- Estimating a pretax loss in the range of \$20 to \$25 million, net of reinsurance and inclusive of reinstatement premiums (midpoint is approximately \$0.18 per share).
- The vast majority of these losses are in our winery program (AFG's Specialty Casualty sub-segment).

Crop

- Expecting a slightly above average crop year.
- If forecasted corn yields are realized, this will be the highest yield on record in the U.S.
- Soybean area for harvest is forecasted at a record high 89.5 million acres in the U.S.

Debt Offering & Redemption

- On November 9th, AFG announced the registered offering of \$125 million of its 3.50% Senior Notes due August 2026 and \$240 million of its 4.50% Senior Notes due June 2047 pursuant to a reopening of its existing series of such notes.
- Company intends to use the net proceeds from this offering, plus available cash, to redeem, on December 11, 2017, all of its \$350 million aggregate outstanding principal amount of 9-7/8% Senior Notes due June 2019.
- It is expected that the redemption of the 9-7/8% Senior Notes and the issuance of the 3.50% and 4.50% Senior Notes will result in annual after-tax interest savings to AFG of \$13 million (\$0.14 per share) in 2018

Annuity Segment

Dollars in millions, unless otherwise noted

	<u>2015</u>	<u>2016</u>	<u>9/30/2017 YTD</u>	<u>2017E</u>
Annuity Premiums	\$ 4,140	\$ 4,435	\$ 3,432	Slightly lower than 2016
Average Fixed Annuity Investments	\$ 25,174	\$ 28,223	\$ 30,919	10% to 11% growth
Average Fixed Annuity Reserves	\$ 24,898	\$ 28,146	\$ 31,141	11% to 12% growth
Pretax Operating Earnings (before impact of fair value accounting)	\$ 354	\$ 395	\$ 305	\$395 to \$410 million ¹
Pretax Operating Earnings, As Reported ²	\$ 331 ³	\$ 368	\$ 283	\$370 to \$390 million ¹
Net Spread Earned ⁴ (before impact of fair value accounting)	1.35%	1.39%	1.32%	1.28% to 1.32%
Net Spread Earned ⁴	1.26%	1.29%	1.23%	1.21% to 1.26%

¹ Assumes interest rates and stock market rise moderately.

² After the impact of fair value accounting related to FIAs.

³ The decrease in the stock market and interest rates had an unfavorable impact on earnings due to fair value accounting for FIAs.

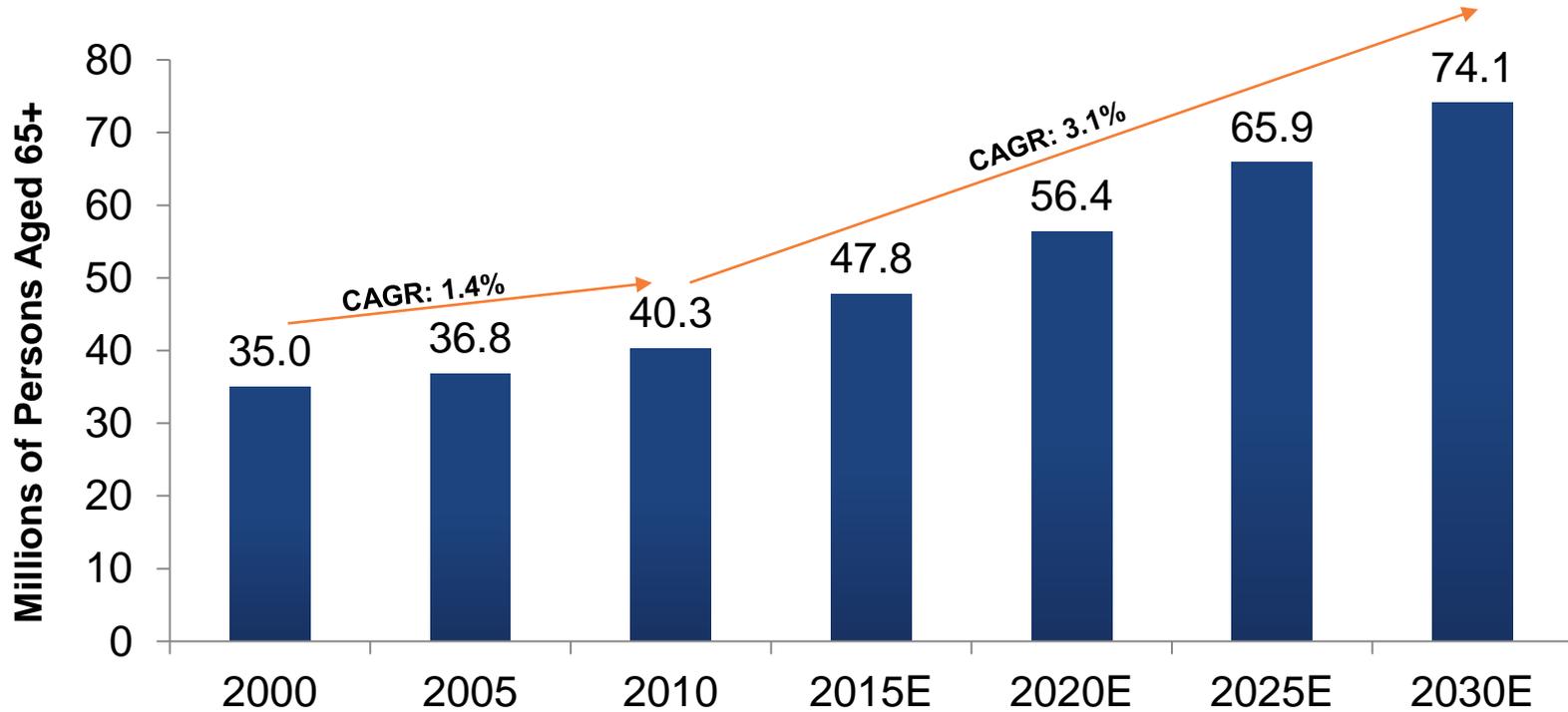
⁴ Calculated as Net Spread Earned excluding the impact of fair value accounting for FIAs, offset by the estimated related adjustments to amortization of deferred sales inducements and deferred policy acquisition costs.

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

U.S. Growth in Persons Aged 65+

Population in millions

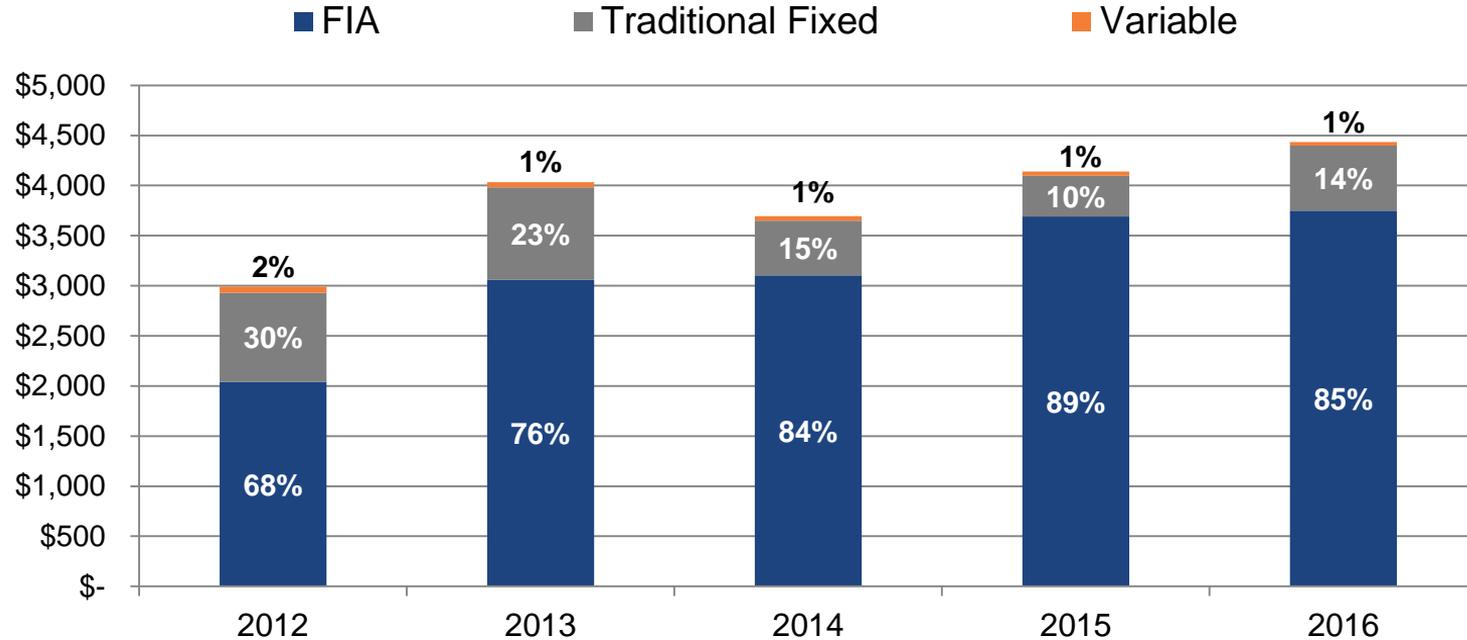


Source: U.S. Census Bureau, 2014 National Projections.

Annuity Product Snapshot

Dollars in millions

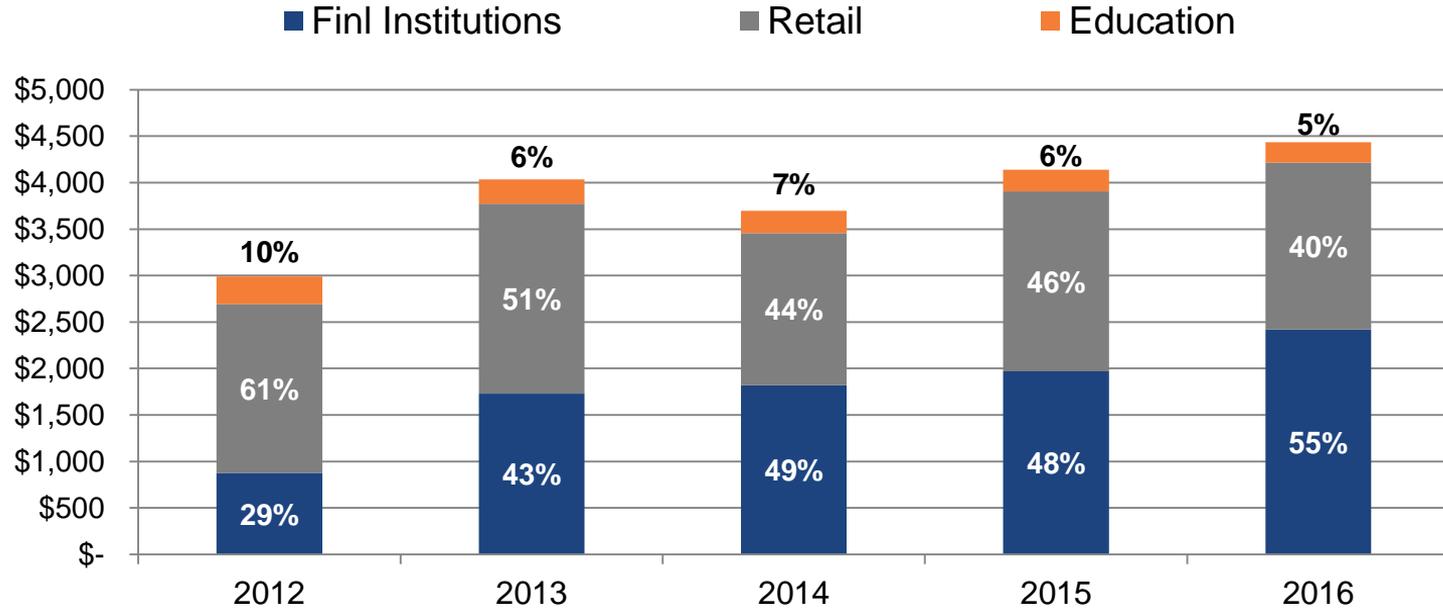
Premiums by Product Line



Annuity Product Snapshot (continued)

Dollars in millions

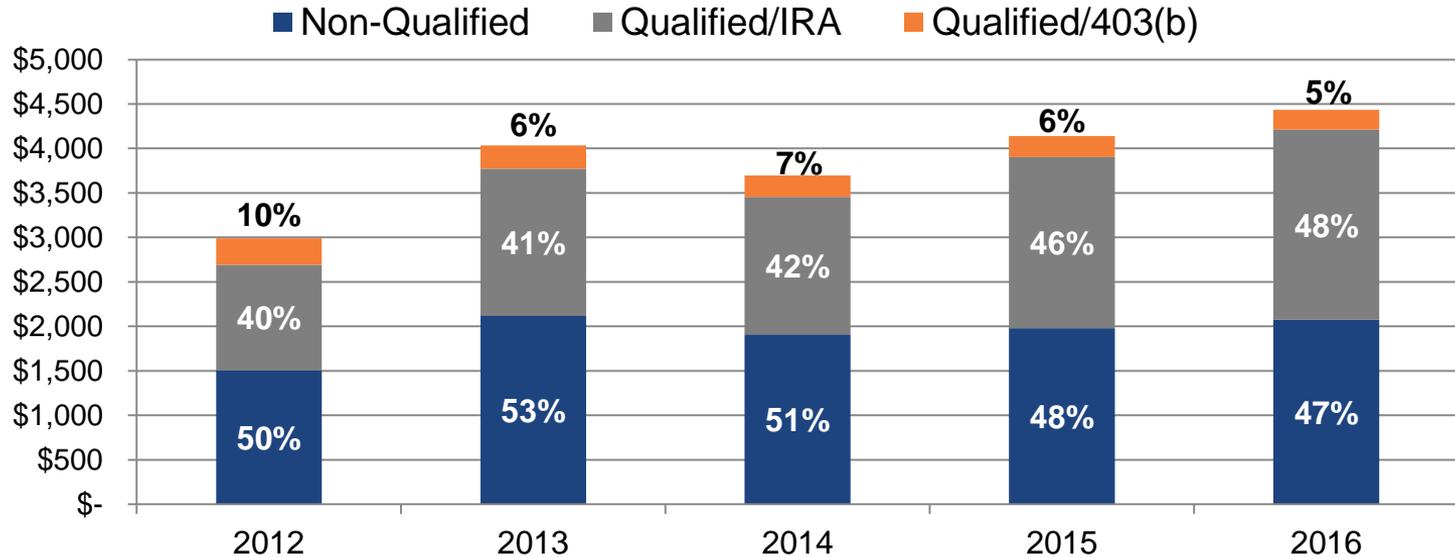
Premiums by Distribution Channel



Annuity Product Snapshot (continued)

Dollars in millions

Premiums by Tax Qualification Type



Annuity Sales by Type

For three months ended September 30, 2017

