

2017 Investor Presentation

Q1



Arto



ARGO GROUP

Forward-Looking Statements

This presentation may include forward-looking statements, both with respect to Argo Group and its industry, that reflect our current views with respect to future events and financial performance. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "do not believe," "aim," "project," "anticipate," "seek," "will," "likely," "assume," "estimate," "may," "continue," "guidance," "objective," "outlook," "trends," "future," "could," "would," "should," "target," "on track" and similar expressions of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond Argo Group's control. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. We believe that these factors include, but are not limited to, the following: 1) unpredictability and severity of catastrophic events; 2) rating agency actions; 3) adequacy of our risk management and loss limitation methods; 4) cyclicity of demand and pricing in the insurance and reinsurance markets; 5) statutory or regulatory developments including tax policy, reinsurance and other regulatory matters; 6) our ability to implement our business strategy; 7) adequacy of our loss reserves; 8) continued availability of capital and financing; 9) retention of key personnel; 10) competition; 11) potential loss of business from one or more major insurance or reinsurance brokers; 12) our ability to implement, successfully and on a timely basis, complex infrastructure, distribution capabilities, systems, procedures and internal controls, and to develop accurate actuarial data to support the business and regulatory and reporting requirements; 13) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 14) the integration of businesses we may acquire or new business ventures we may start; 15) the effect on our investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 16) acts of terrorism or outbreak of war; and 17) availability of reinsurance and retrocessional coverage, as well as management's response to any of the aforementioned factors.

In addition, any estimates relating to loss events involve the exercise of considerable judgment and reflect a combination of ground-up evaluations, information available to date from brokers and cedants, market intelligence, initial tentative loss reports and other sources. The actuarial range of reserves and management's best estimate is based on our then current state of knowledge including explicit and implicit assumptions relating to the pattern of claim development, the expected ultimate settlement amount, inflation and dependencies between lines of business. Our internal capital model is used to consider the distribution for reserving risk around this best estimate and predict the potential range of outcomes. However, due to the complexity of factors contributing to the losses and the preliminary nature of the information used to prepare these estimates, there can be no assurance that Argo Group's ultimate losses will remain within the stated amount.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in our most recent reports on Form 10-K and Form 10-Q and other documents of Argo Group on file with or furnished to the U.S. Securities and Exchange Commission ("SEC"). Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Argo Group will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Argo Group or its business or operations. Except as required by law, Argo Group undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Argo Group at a Glance



Atlanta • Bermuda • Boston • Brussels • Chicago • Dallas • Denver • Dubai • Fresno • Hamilton Township
Hong Kong • Houston • Irvine • Jersey City • London • Los Angeles • Malta • New York • Paris
Peoria • Portland • Richmond • Rio de Janeiro • Rockwood • San Antonio • San Francisco
Sao Paulo • Scottsdale • Seattle • Shanghai • Singapore • Springfield • Zurich

Note: Market information as of May 12, 2017 and annual performance figures as of TTM March 31, 2017.

EXCHANGE / TICKER:
NASDAQ / "AGII"

SHARE PRICE:
\$63.80

MARKET CAPITALIZATION:
\$1.9 BILLION

QUARTERLY DIVIDEND / ANNUAL YIELD:
\$0.27 PER SHARE / 1.7%

GROSS WRITTEN PREMIUM:
\$2.2 BILLION

CAPITAL:
\$2.4 BILLION

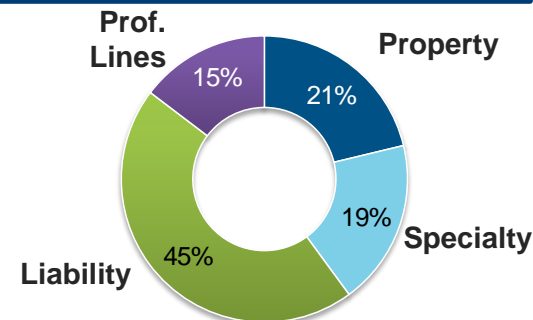
ANALYST COVERAGE:
RAYMOND JAMES (STRONG BUY) – GREG PETERS
DOWLING & PARTNERS (NEUTRAL) – AARON WOOMER
JMP SECURITIES (MARKET PERFORM) – MATT CARLETTI
KBW (MARKET PERFORM) – ARASH SOLEIMANI
WILLIAM BLAIR (MARKET PERFORM) – ADAM KLAUBER

Leading Specialty Franchise

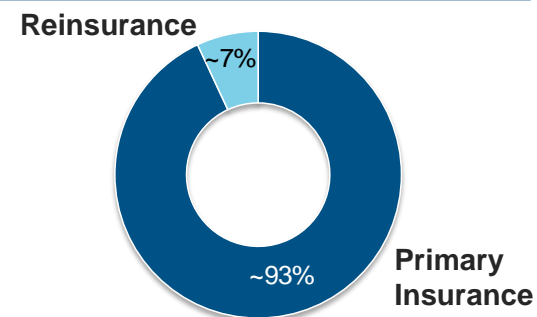
Argo Franchise Overview

- **Global underwriter of specialty insurance & reinsurance**
- **Strategically located in major insurance centers**
 - U.S., Bermuda, London and Singapore
- **Established presence in attractive markets**
 - Leader in U.S. excess & surplus lines
 - Strong U.S. retail specialty franchise
 - Will be a top 10 Lloyd's Syndicate in 2018
 - Leading Bermuda insurance and reinsurance platforms
- **Diversified by geography, product & strategy**
- **Broad and strong producer relationships**
 - Agents, brokers, wholesalers, and coverholders
- **“A” (excellent) A.M. Best rating**

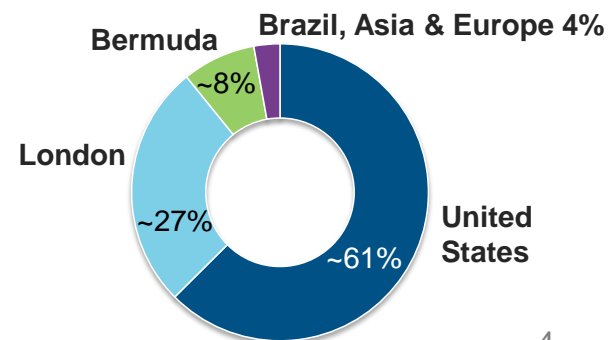
TTM NWP by Business Mix



TTM NWP by Business Type



TTM NWP by Geography



Strategy Aligned Toward Shareholder Value

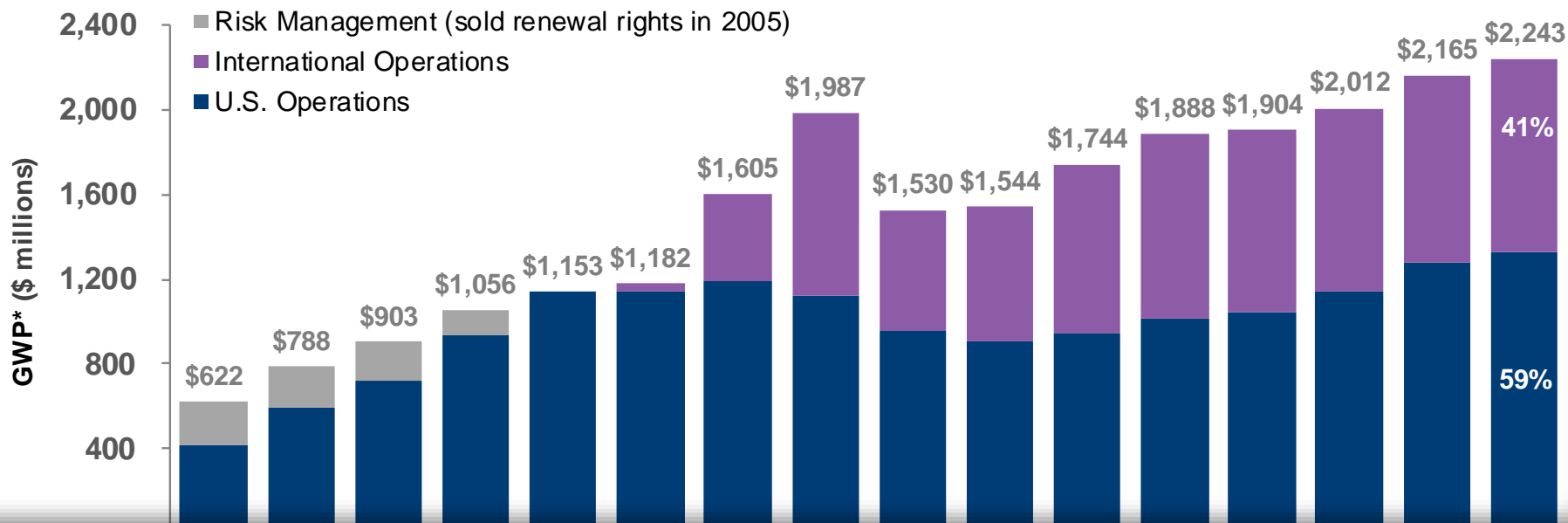
Growth in BVPS = Net Underwriting Margin + Total Return on Invested Assets

- **Sustainable competitive advantages**
 - Niche markets
 - Underwriting expertise / risk selection
 - Superior customer service
 - Product innovation
- **Profitable organic & strategic growth**
 - Profitable through underwriting cycles
 - 7.1 point margin improvement in loss ratio from 2012 - 2016
 - Talented underwriting teams with proven track record
 - Disciplined M&A strategy
- **Deep, tenured and experienced management team**
 - CEO largest individual shareholder, holds 3.25% of shares outstanding
 - Compensation structure for underwriters aligned with loss ratio performance
- **Capital management a key driver in value creation**
 - Practice total return investment strategies
 - Strong track record of returning capital to shareholders

***Maximize
Shareholder
Value
Through
Growth in
Book Value
per Share***

***(10% CAGR
including
dividends
over last 15
years)***

Evolution of Growth and Diversification



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	'17/1Q TTM
BVPS	\$17.58	\$20.45	\$22.81	\$25.17	\$29.36	\$33.92	\$32.74	\$38.84	\$43.43	\$41.77	\$45.64	\$48.73	\$52.93	\$54.31	\$59.73	\$60.84
Total Capital (Millions)	\$328	\$567	\$717	\$860	\$992	\$1,754	\$1,763	\$1,975	\$1,986	\$1,840	\$1,915	\$1,966	\$2,025	\$2,040	\$2,160	\$2,411

2001

- Acquired Colony and Rockwood
- Founded Trident (Public Entity)

2005

- Sold Risk Management business

2007

- Completed acquisition in Bermuda
- Rebranded Argo Group
- Formed Argo Re

2008 / 2010

- Acquired Lloyd's Syndicate 1200
- Established local presence in Dubai

2011 / 2014

- Established local presence in Brazil, Singapore and Shanghai

2016

- Acquired Ariel Re / Syndicate 1910

Innovative and Diverse Global Platform



U.S. Operations

- **Leader in U.S. Excess & Surplus lines**
 - 20+ year underwriting history
 - Strong relationships with national, local, and regional wholesale brokers
 - Seasoned underwriting expertise
 - Target all sizes of non-standard risks with focus on small/medium accounts
 - Underwrites on largely non-admitted basis and across all business enterprises
- **Sizable amount of business distributed through retail brokers / agents**
 - Argo Insurance – designs customized programs for retail grocery stores
 - Trident – Small and medium sized public-sector U.S. entities
 - Rockwood – Designs custom workers comp and other programs for businesses in the mining sector
 - Surety – Top 20 commercial underwriter
 - Programs – Underwrites select specialty programs and partners with State-sponsored funds

International Operations

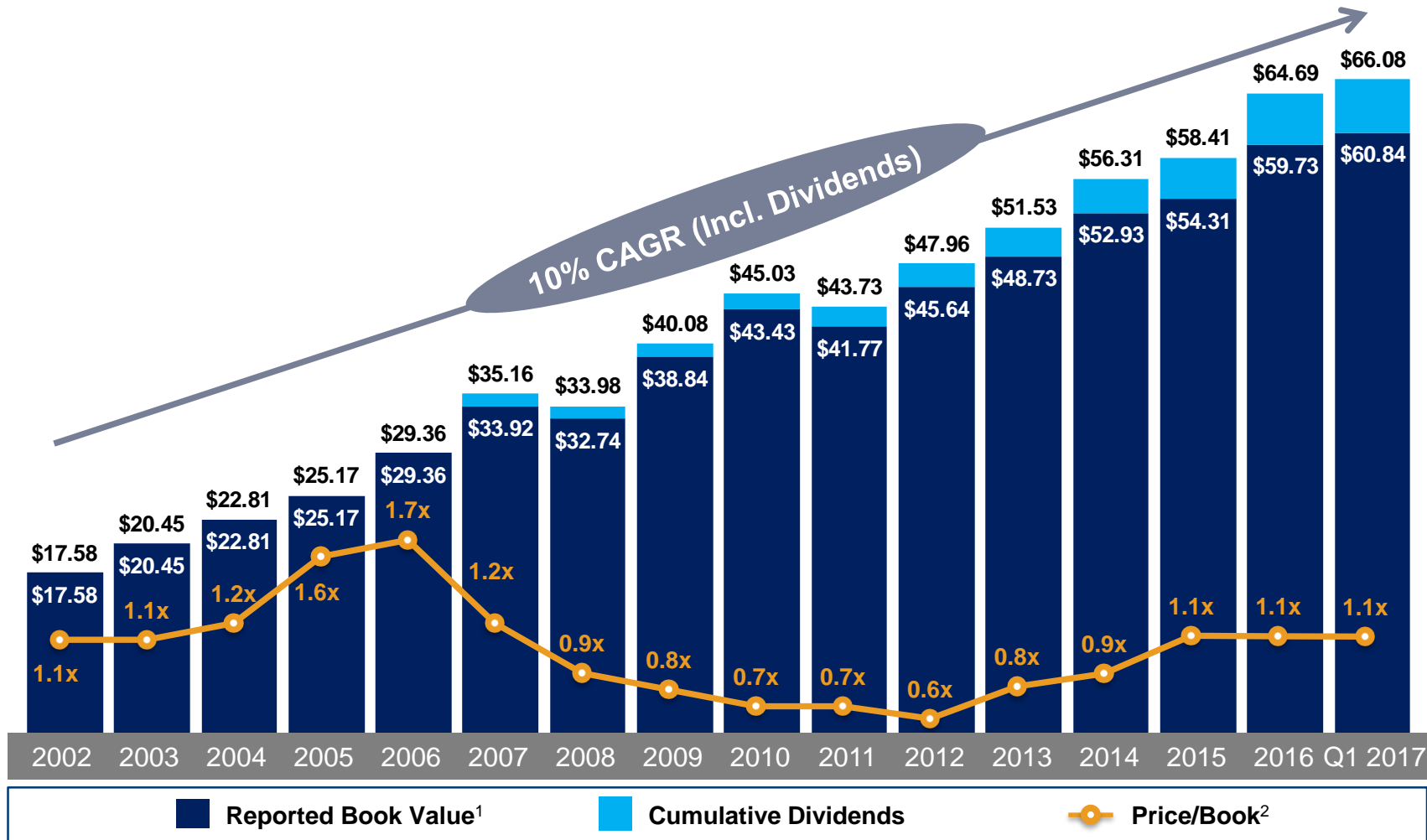
- **Well-established multi-class Lloyd's Syndicate platform**
 - Syndicate 1200 – Multi-class platform
 - Syndicate 1910 – Property, Specialty Insurance and Reinsurance platform
 - Expected to rank among top 10 largest Syndicates at Lloyd's by stamp capacity in 2018
 - Regional offices in Bermuda, Dubai, Singapore and Shanghai
- **Strong Bermuda trading platform** Includes property reinsurance business and insurance business in Bermuda and Brazil
 - Building diversity through expansion in Brazil and throughout the Eurozone
- **Brazil – Digital Innovation**
 - 40% of business from digital product offerings

Multi-Channel Distribution Strategy

		Retail Broker / Agent	General Agency	Wholesale Broker	Lloyd's Market	Reinsurance Broker
U.S. Operations	Rockwood	X				
	Argo Insurance	X				
	Trident	X				
	E&O	X		X		
	D&O	X		X		
	Surety	X		X		
	Programs	X				
	Alteris		X			
	E&S Contract		X			
	E&S Transportation		X			
	E&S Casualty				X	
	E&S Environmental				X	
	E&S Allied Medical	X			X	
	E&S Specialty Property				X	
International Operations	Liability				X	
	Property				X	
	Aviation				X	
	Marine				X	
	Excess Casualty	X		X		
	Professional Liability	X		X		
	Emerging Markets	X		X		
	Reinsurance					X

Maximizing Shareholder Value – BVPS Growth

BVPS Driven by Growth in Net Underwriting Margin and Total Investment Return Strategy



(1) Book value per common share:

- Adjusted for June 2013, March 2015 and June 2016 stock dividends
- 2008-2011 restated to reflect adoption of ASU 2010-26 (related to accounting for costs associated with acquiring or renewing insurance contracts); 2007 and prior not restated
- 2006 and prior years adjusted for PXRE merger
- 2003-2006 includes impact of Series A Mandatory Convertible Preferred on an as-if converted basis. Preferred stock fully converted into common shares as of Dec. 31, 2007

(2) Price / book represents the high for the YTD period

Substantial Growth and Financial Strength

Scale (\$m)	2002	2006	TTM 1Q '17	'02-1Q'17 Factor
Gross Written Premiums	\$622.1	\$1,155.6	\$2,243.6	3.6x
Net Written Premiums	484.0	847.0	1,480.2	3.1x
Net Earned Premiums	378.4	813.0	1,445.3	3.8x

Financial Strength (\$m)	2002	2006	TTM 1Q '17	'02-1Q'17 Factor
Total Assets	\$2,208.9	\$3,721.5	\$8,019.5	3.6x
Total Investments	1,181.3	2,514.1	4,565.6	3.9x
Shareholder's Equity	327.7	847.7	1,834.6	5.6x
BVPS ¹	\$17.58	\$29.36	\$60.84	3.5x
Total Capital	\$327.7	\$992.0	\$2,410.7	7.4x
Debt+TRUPs / Total Capital	0.0%	14.5%	23.9%	
A.M. Best Rating	A	A	A	

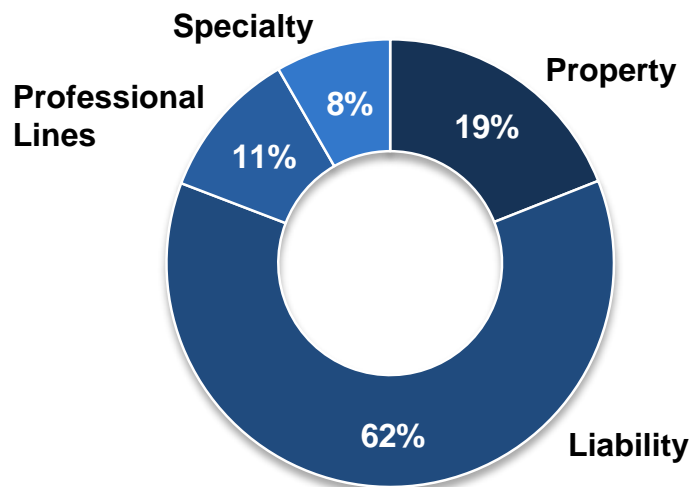
(1) Book value per common share:

- Adjusted for June 2013, March 2015 and June 2016 stock dividend

- 2006 adjusted for PXRE merger and includes impact of Series A Mandatory Convertible Preferred on an as-if converted basis. Preferred stock fully converted into common shares as of Dec. 31, 2007

U.S. Operations *(59% of TTM GWP)*

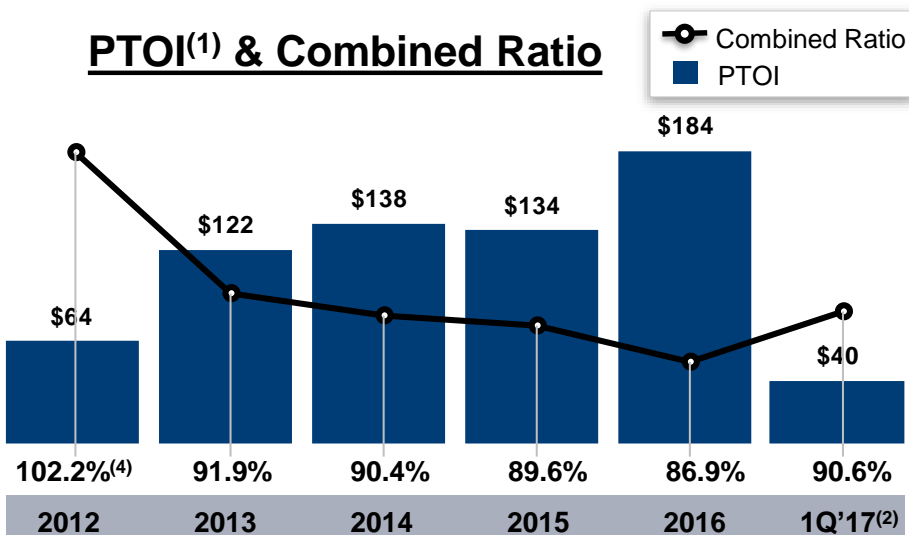
GWP by Business Mix (TTM 3/31/2017)



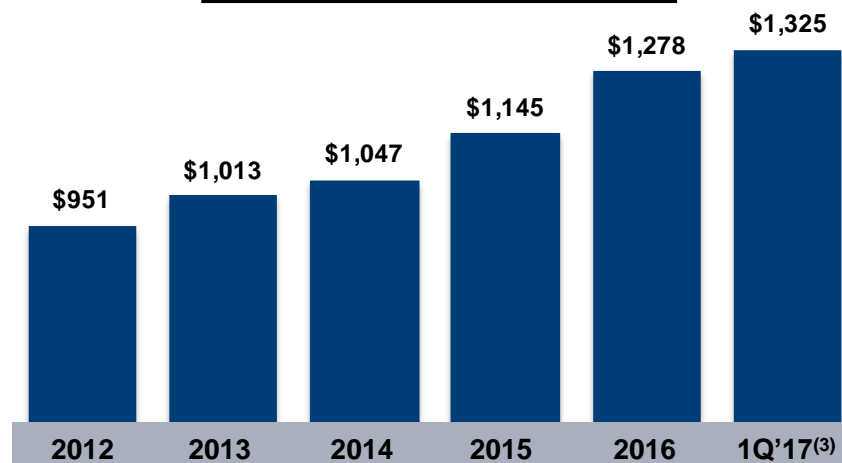
About Us

- **Excess & Surplus Lines** – Non-standard (hard-to-place) risks, with focus on small/medium accounts
- **Argo Insurance** – Designs customized commercial insurance programs for retail grocery stores
- **Trident** – One of the largest specialty commercial insurance providers for small to middle market public-sector entities in the U.S.
- **Rockwood** – Leading provider of workers compensation and other programs for the mining industry
- **Surety** – Top 20 commercial surety writer
- **Programs** – Underwrites select specialty programs and provides fronting for state-sponsored funds
- **Argo Pro** – Customer service focused D&O and E&O specialty platform

PTOI⁽¹⁾ & Combined Ratio



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.

(1) PTOI = Pre-Tax Operating Income. Excludes interest expense.

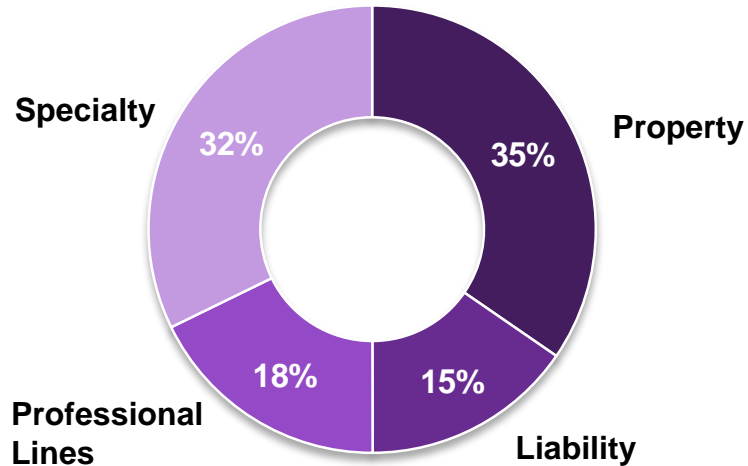
(2) Data is based on year-to-date as of March 31, 2017.

(3) Data is based on trailing twelve months as of March 31, 2017.

(4) Reflects reserve charge at Argo Insurance to restructure business

International Operations (41% of TTM GWP)

GWP by Business Mix (TTM 3/31/2017)

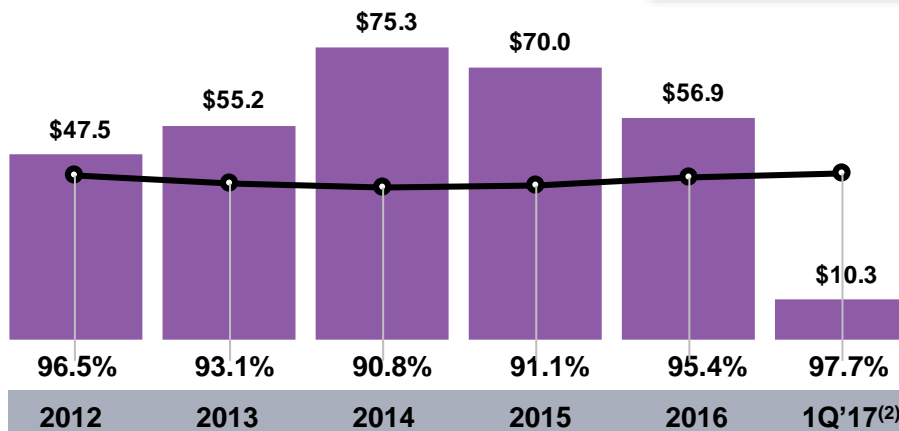


About Us

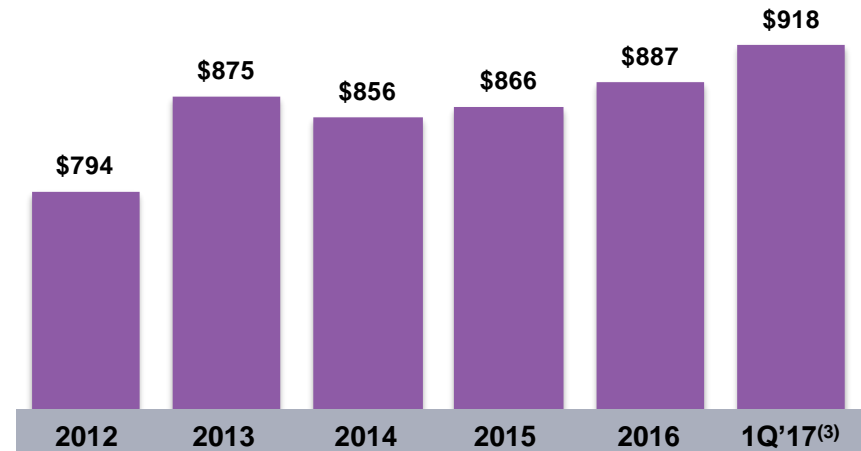
- Bermuda platform underwrites excess casualty, property and professional lines insurance as well as property reinsurance
 - Property cat, short tail per risk and proportional treaty reinsurance worldwide
 - Excess casualty, professional liability, and property insurance for Fortune 1000 accounts
- Building diversity through international expansion in Brazil and Eurozone
- Well-established multi-class platform at Lloyd's of London
 - Underwritten through Syndicates 1200 and 1910 (Ariel Re)
 - Expected to rank among top 10 largest Syndicates by stamp capacity in 2018

PTOI⁽¹⁾ & Combined Ratio

● Combined Ratio
■ PTOI



Gross Written Premium



All data in millions except for ratio calculations. TTM = trailing twelve months.

(1) PTOI = Pre-Tax Operating Income. Excludes interest expense.

(2) Data is based on year-to-date as of March 31, 2017.

(3) Data is based on trailing twelve months as of March 31, 2017.

Well-Balanced Investment Strategy

As of March 31, 2017

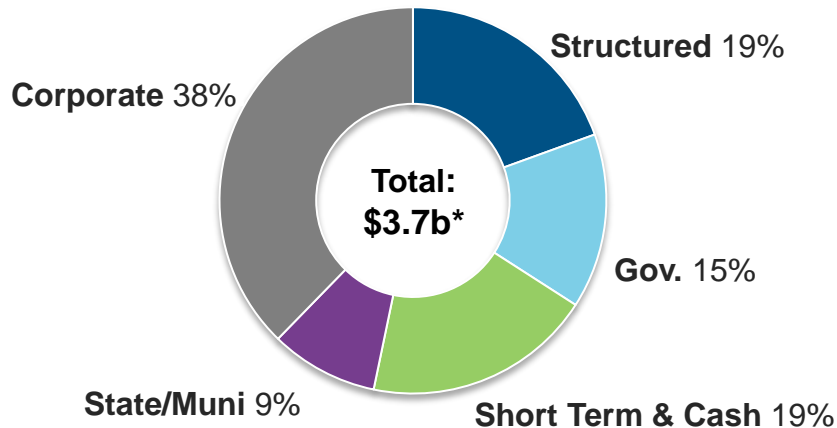
Portfolio Characteristics

- Duration of 2.1 years*
- Average rating of 'A1/A+'
- Book yield of 2.5%*
- 60% of Q1 return driven by capital appreciation portfolio similar to 2016
- Recently reduced risk in equities and high yield

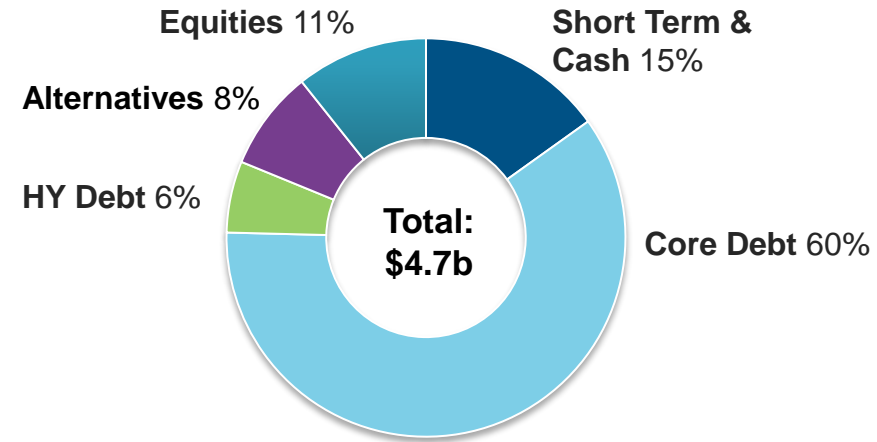
**Duration includes cash & equivalents*

**Book yield is pre-tax & includes all fixed maturities*

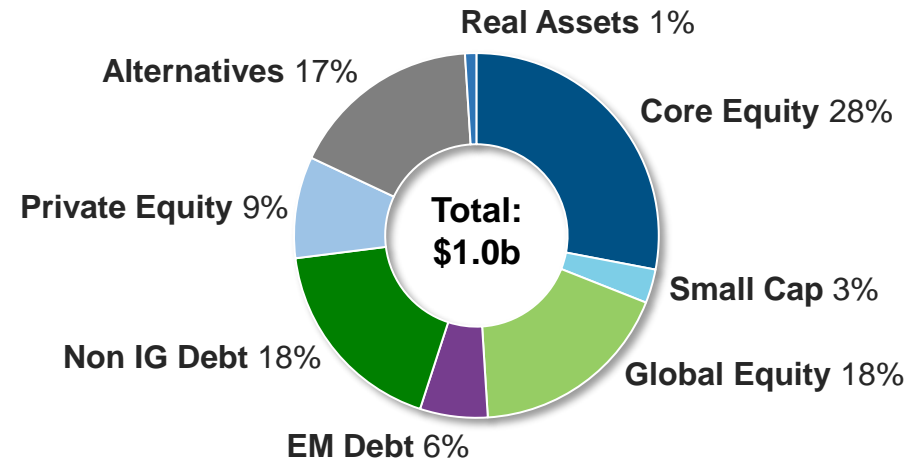
Fixed Maturities by Type



Asset Allocation



Capital Appreciation Portfolio by Class



1Q 2017 Operating Results

	1Q 2017	1Q 2016
Gross Written Premiums	\$598.6	\$519.8
Net Written Premiums	343.4	303.4
Earned Premiums	379.4	344.9
Losses and Loss Adjustment Expenses	222.5	191.6
Underwriting, Acquisition and Insurance Expenses	153.6	132.6
Underwriting Income	\$3.3	\$20.7
Net Investment Income	30.5	21.2
Fee and other income (expense), net	(0.5)	0.3
Interest Expense	5.9	4.8
Operating Income	\$27.4	\$37.4
Net Realized Investment and Other Gains	14.6	(2.8)
Foreign Currency Exchange Gain (Loss)	0.7	(1.5)
Income Before Taxes	\$42.7	\$33.1
Income Tax Provision	6.0	5.4
Net Income	\$36.7	\$27.7
Operating Income per Common Share (Diluted)¹	0.71	0.96
Net Income per Common Share (Diluted)	\$1.19	\$0.89
Loss Ratio ²	58.6%	55.5%
Expense Ratio ³	40.5%	38.5%
Combined Ratio	99.1%	94.0%

All data in millions except for per share data and ratio calculations.

(1) Op income calculated using an assumed tax rate of 20%. Share count adjusted for June 2016 stock dividend

(2) Defined as Losses and Loss Adjustment Expenses / Earned Premiums.

(3) Defined as Underwriting, Acquisition and Insurance Expenses / Earned Premiums.

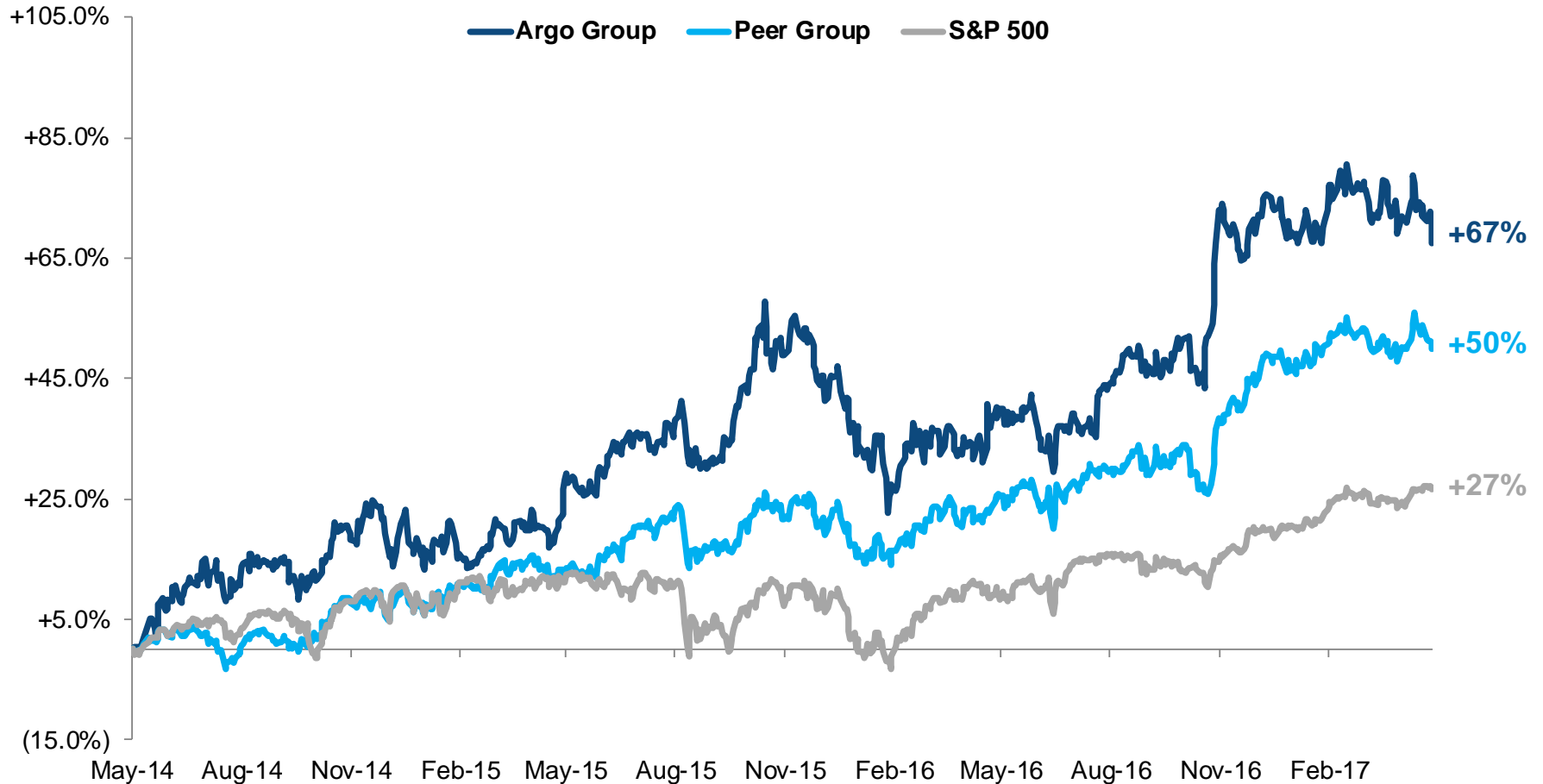
Active Capital Management

Through share repurchases and dividends, we have returned \$504 million of capital from 2010 through Q1 2017 and repurchased 32% of shares outstanding from 2010 through 2016

	2010	2011	2012	2013	2014	2015	2016	1Q 2017	2010-Q1'2017 Total
Total Shares O/S	31,206,796	31,285,469	31,384,271	34,066,889	34,318,224	37,105,922	40,042,330	40,183,538	
Less: Treasury Shares	3,363,560	4,971,305	6,459,613	7,558,345	8,606,489	9,181,644	10,028,755	10,028,755	
Net Shares	27,843,236	26,314,164	24,924,658	26,508,544	25,711,735	27,924,278	30,013,575	30,154,783	
Shares Repurchased	3,217,561	1,607,745	1,488,308	1,098,732	1,048,144	575,155	847,111	-	9,882,756
<i>As % of Beg. Net Shares</i>	10%	6%	6%	4%	4%	2%	3%	0%	32%
Avg. Repurchase Price/sh	\$33.05	\$30.69	\$29.89	\$42.32	\$48.45	\$51.55	\$55.61	N/A	\$37.74
Total Repurchased (\$mm)	\$105.2	\$49.5	\$44.2	\$46.5	\$50.8	\$29.7	\$47.1	\$0.0	\$372.9
Dividends/sh	\$0.48	\$0.48	\$0.48	\$0.60	\$0.69	\$0.82	\$0.88	\$0.27	\$4.70
Dividend Payments (\$mm)	\$14.2	\$13.1	\$12.3	\$15.8	\$18.2	\$22.7	\$26.5	\$8.3	\$131.1
Repurchases + Dividends (\$mm)	\$119.4	\$62.6	\$56.5	\$62.3	\$68.9	\$52.4	\$73.6	\$8.3	\$504.0

- Management has prudently repurchased shares at a meaningful discount to book value since 2010
- Repurchased shares exceed those issued for the PXRE transaction (~8.2 million¹ were issued at 1.35x of book value)

Stock Price Performance – Last 3 Years



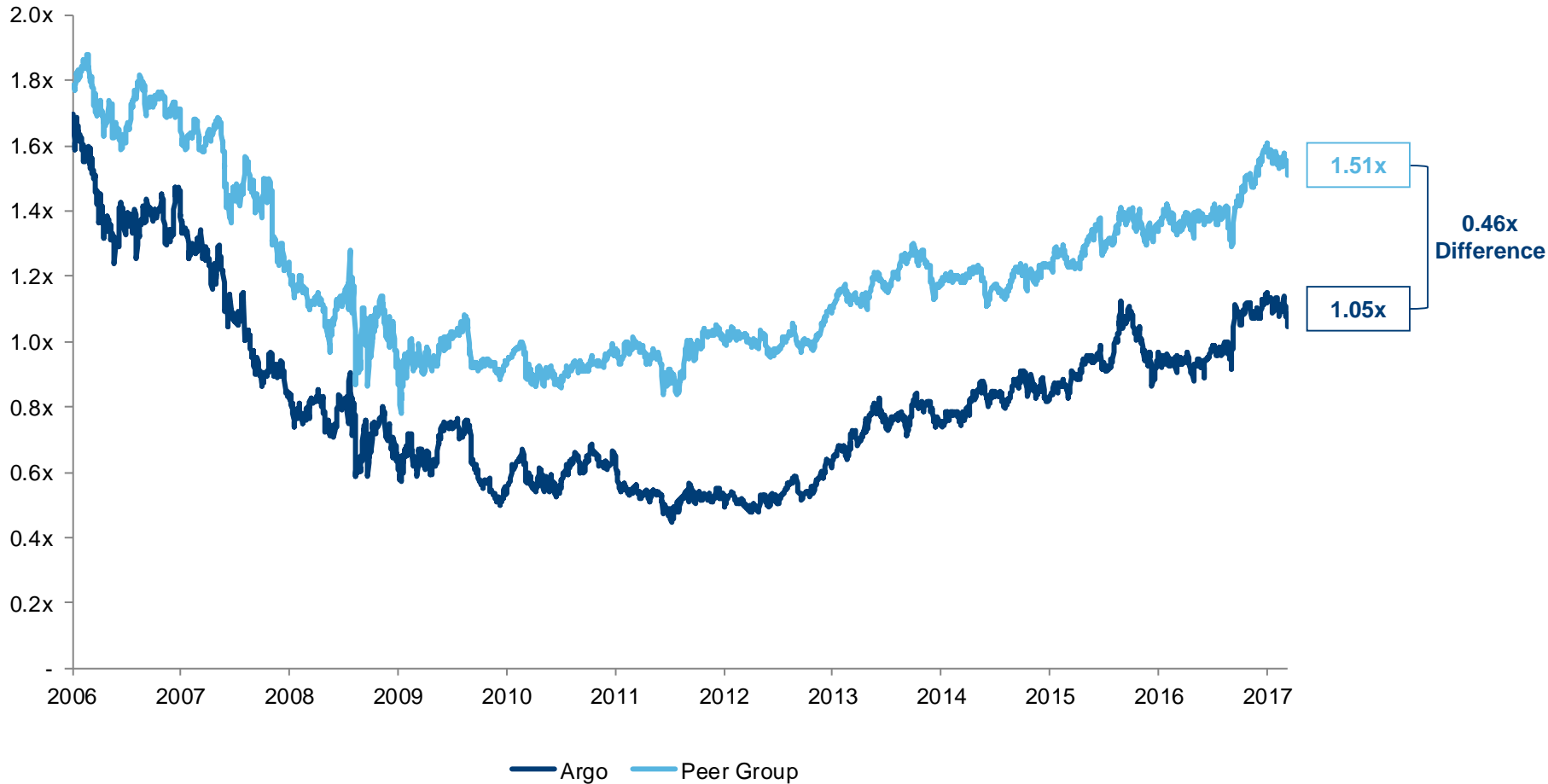
Source: SNL Financial (as of 05/12/17).

Note: Peer Group consists of: Allied World, American Financial, Arch Capital, Aspen, AXIS Capital, Global Indemnity, Markel, Navigators, OneBeacon, RLI Corp, Selective Group, W.R. Berkley.

Compelling Valuation vs. Peer Group

Price/Book	Mar-06
Argo	1.70x
Peer Avg.	1.78x
Difference	0.08x

Price/Book	May-17
Argo	1.05x
Peer Avg.	1.51x
Difference	0.46x



Source: SNL Financial (as of 05/12/17).

Note: Price to book is average price/book across all peer companies based on latest reported book value. Peer Group consists of: Allied World, American Financial, Arch Capital, Aspen, AXIS Capital, Global Indemnity, James River, Markel, Navigators, OneBeacon, RLI Corp, Selective Group, W.R. Berkley.

Well Positioned for Value Creation in 2017 and Beyond

We believe that Argo Group continues to have the potential to generate substantial value for new and existing investors

Operations

- Significant changes to the underwriting portfolio composition completed
- Results of underwriting initiatives evident in financial results
- Best in class loss ratios, improved to 57.4% in 2016 from 64.5% in 2012
- Incremental underwriting margin and yield improvements as well as a well balanced investment portfolio should favorably impact ROE going forward
- Continues to employ and attract some of the best talent both in the insurance and technology industries

Capital

- Moderate financial leverage
- Strong balance sheet with 15 years of overall redundant loss reserves

Valuation

- Compelling investment case, trading at a price/book of 1.1x versus peers at 1.5x
- Stock trading at a discount to peers notwithstanding similar returns to peer
 - Argo's four year average ROE is 9.7% versus peer average of 9.4x