



**2016 First Quarter  
Conference Call  
May 10, 2016**



## Safe Harbor

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When discussing our business operations, we may use certain terms of art which are not defined under U.S. GAAP. In the event of any unintentional difference between presentation materials and our GAAP results, investors should rely on the financial information in our public filings.

## Atlas Snapshot

NASDAQ: AFH	At 3/31/2016	At 12/31/2015
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)	
Core Target Markets	Taxi / Limo / Livery / Paratransit	
Cash and Investments	\$238.4 million	\$233.3 million
Total Assets	\$423.3 million	\$411.3 million
Total Atlas Shareholders' Equity	\$136.3 million	\$129.6 million
Common Shares Outstanding (includes Restricted Share Units)	12,045,519	12,045,519
Book Value Per Outstanding Common Share	\$10.73	\$10.15



## 2016 Q1 Financial and Operating Highlights

### Growth

- Gross written premiums increased 42.4% to \$64.0 million
- Results provide solid start on GPW targets for 2016
- In-force premium at March 31, 2016 was \$220.6, compared to \$211.3 million at 12/31/2015

### Underwriting Performance

- Underwriting income improvement, increased by 110.9% to \$6.5 million
- Combined ratio improved by 5.4 pts. To 84.4%<sup>1</sup>
- 12<sup>th</sup> consecutive quarter of CR under 95% / 7<sup>th</sup> straight under 90%

(1) Expenses (recovered) incurred related to acquisitions and stock purchase agreements ratio impacted combined ratio by (1.0%) and 5.6% for the periods ended March 31, 2016 and March 31, 2015, respectively

### Book Value / ROE

- Book value per share improved by 5.7% to \$10.73 (10.2% CAGR since 2011)
- After-tax return on common equity<sup>2</sup> ("ROACE") was 15.0% for the quarter ended March 31, 2016

(2) Return on average common equity (ROACE)=(net income - preferred dividends)/common equity; this formula is non-U.S. GAAP measure.

### Recapping 2016 Financial Expectations

- ✓ Expect to achieve \$260 to \$290 million in gross premiums written in 2016
- ✓ Expense ratio is a range of 24.5% to 26.5%
- ✓ Exceed P&C industry Return on Equity ("ROE") by 500 – 1,000 bps
  - P&C Industry average ROE was approximately 8% in the past year based on data from SNL Financial
  - AFH ROACE for Q1 2016 was 15.0% (annualized)

## 2016 Q1 Financial and Underwriting Highlights

### Premium Growth

GPW increased by 42.4% to \$64.0 million

- GPW increased 42.9% in core commercial auto business

### Strong Underwriting Results

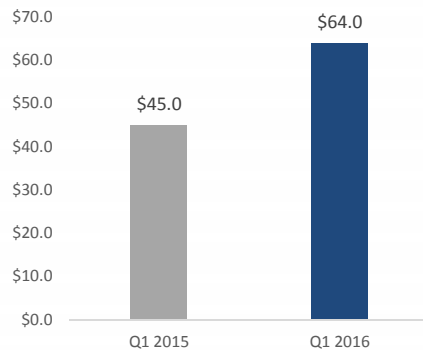
Combined ratio improved by 5.4 percentage points year-over-year to 84.4%

### Book Value Growth

Atlas has increased book value in each of the past 14 quarters

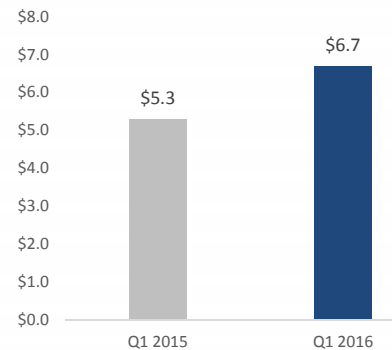
- \$10.73 at 3/31/2016 compared to \$10.15 at 12/31/2015 and \$9.23 at 3/31/2015

Gross Written Premium



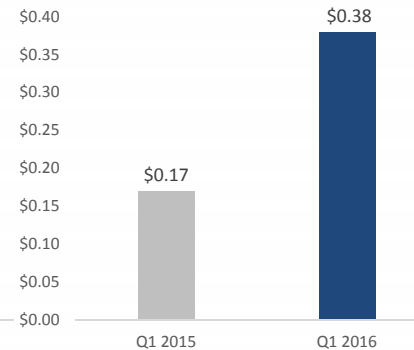
**% Growth** **42.4%**

Adjusted Operating Income Before Tax



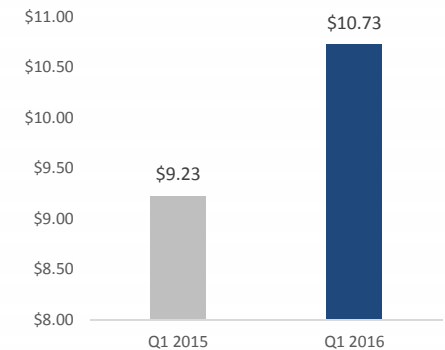
**26.4%**

Diluted Earnings per Share (after tax)



**123.5%**

Book Value per Common Share

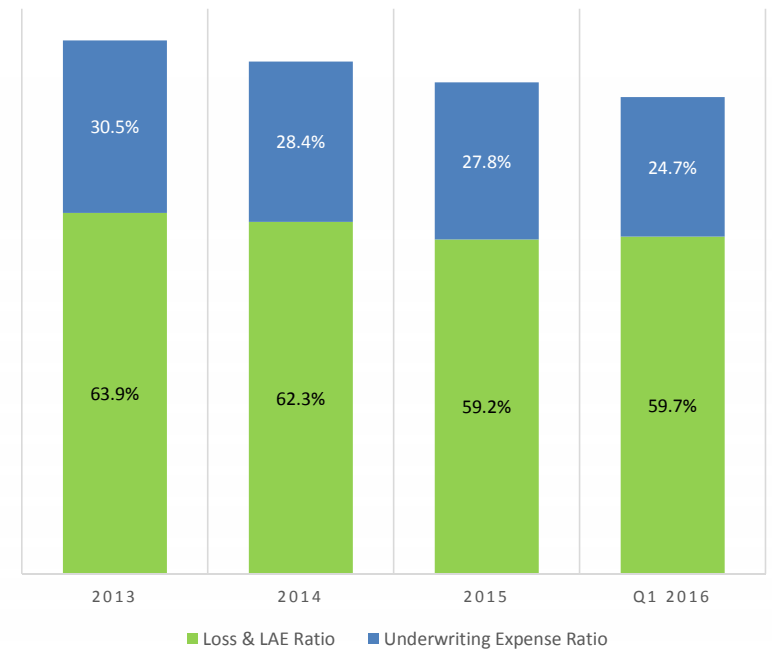
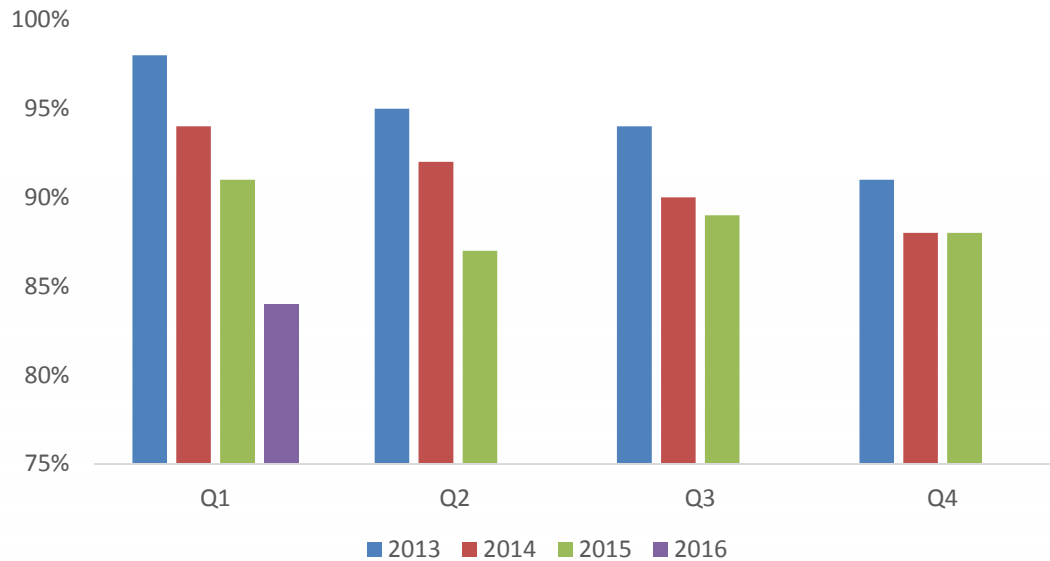


**16.3%**

\$ in millions except per share data

## Consistent Quarterly Year/Year Margin Improvement Since 2013 U.S. IPO

### Combined Operating Ratio ("COR")

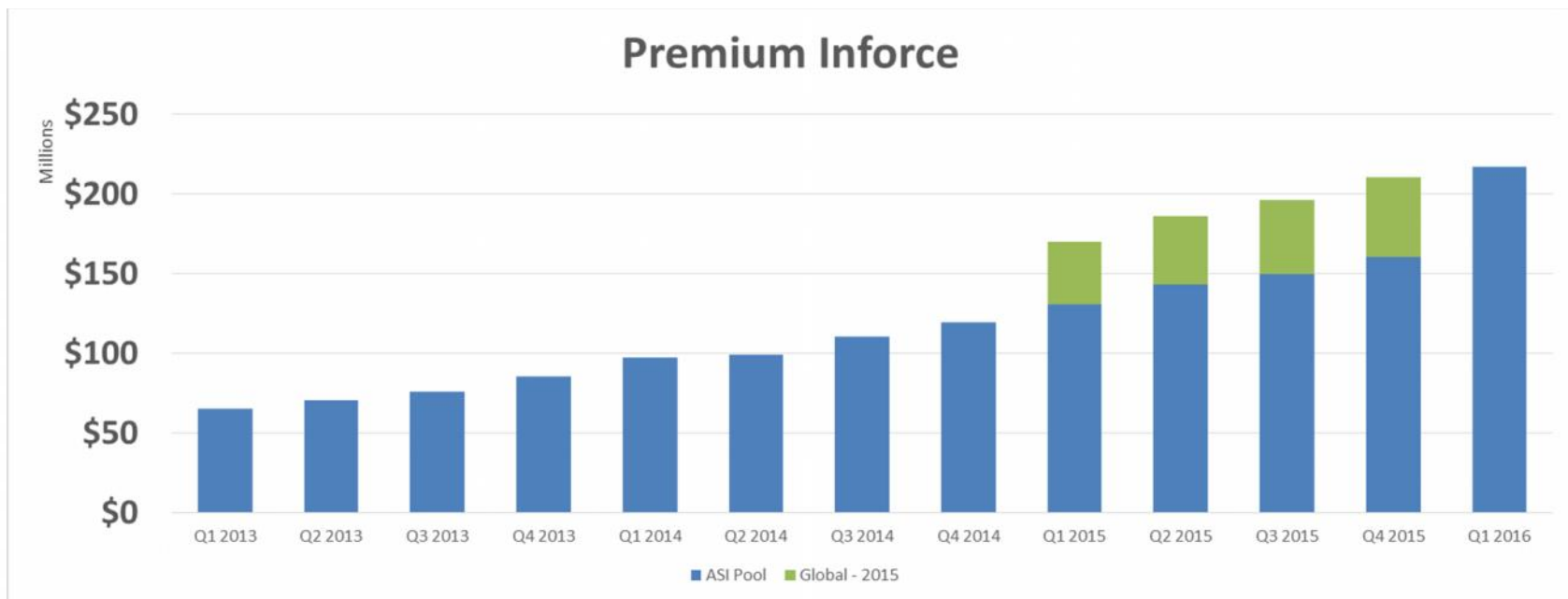


	Three Month Periods Ended	
	March 31, 2016	March 31, 2015
Loss ratio	59.7 %	56.1%
Underwriting expense ratio	24.7 %	33.7%
<b>Combined ratio*</b>	<b>84.4 %</b>	<b>89.8%</b>

\* Expenses (recovered) incurred related to acquisitions and stock purchase agreements ratio impacted combined ratio by (1.0%) and 5.6% for the periods ended March 31, 2016 and March 31, 2015, respectively

## Gross Written Premium: Inforce

At March 31, 2016, in-force premium was \$220.6 million and the Company's gross unearned premium reserve was \$118.8 million.

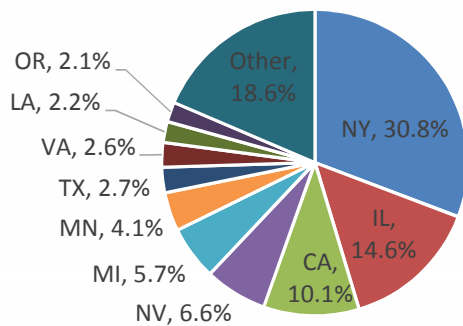


## Geographic Diversification

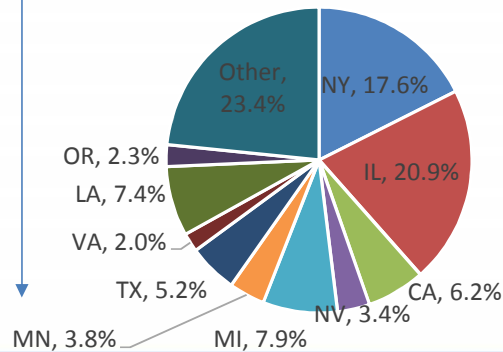
Gross Premium Written by State (\$ in 000s)

Quarter Ended March 31,

	2016	
New York	\$19,691	30.8%
Illinois	\$9,322	14.6%
California	\$6,495	10.1%
Nevada	\$4,208	6.6%
Michigan	\$3,669	5.7%
Minnesota	\$2,601	4.1%
Texas	\$1,704	2.7%
Virginia	\$1,654	2.6%
Louisiana	\$1,430	2.2%
Oregon	\$1,321	2.1%
Other	\$11,930	18.6%
<b>Total</b>	<b>\$64,025</b>	<b>100.0%</b>



	2015	
New York	\$7,912	17.6%
Illinois	\$9,379	20.9%
California	\$2,775	6.2%
Nevada	\$1,550	3.4%
Michigan	\$3,532	7.9%
Minnesota	\$1,689	3.8%
Texas	\$2,348	5.2%
Virginia	\$885	2.0%
Louisiana	\$3,322	7.4%
Oregon	\$1,055	2.3%
Other	\$10,526	23.4%
<b>Total</b>	<b>\$44,973</b>	<b>100.0%</b>



### Notable Highlights

- Growth in New York largely a result of both Global Liberty acquisition and organic expansion
- Continued organic growth was realized in developing states like California
- Geographically dispersed growth provides buffer against any regional economic headwinds
- Nationwide market share is estimated at approximately 10%, with proportionate share forecast at 20%

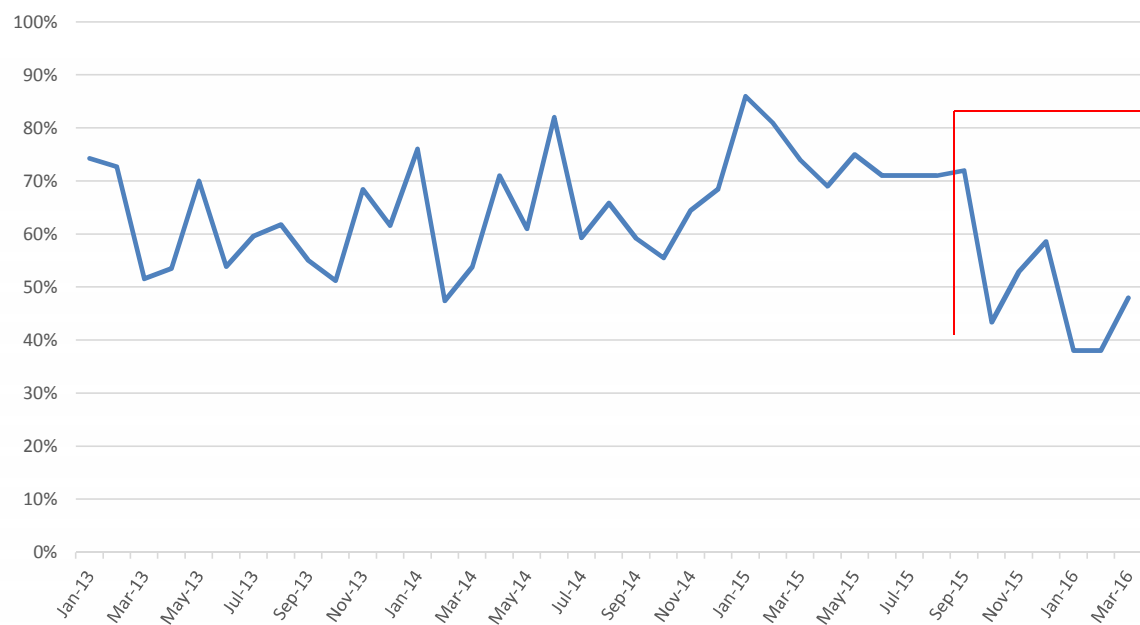


## Operating Activities: Underwriting

(commercial business only: excludes Global Liberty)



### Bound/Application Ratio



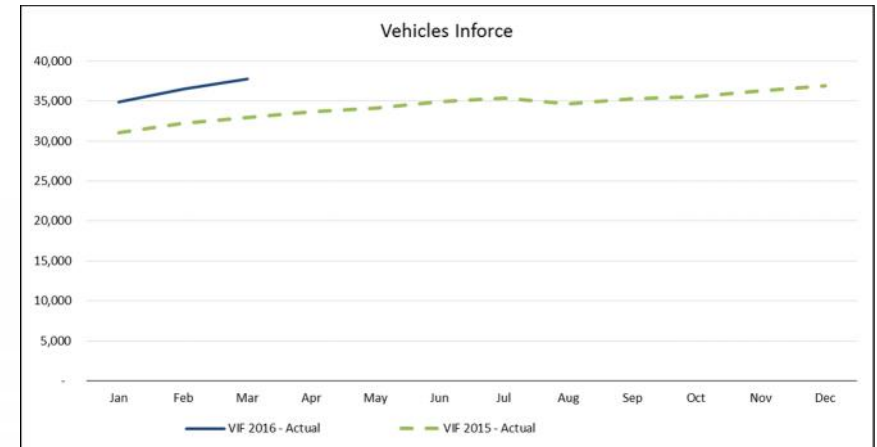
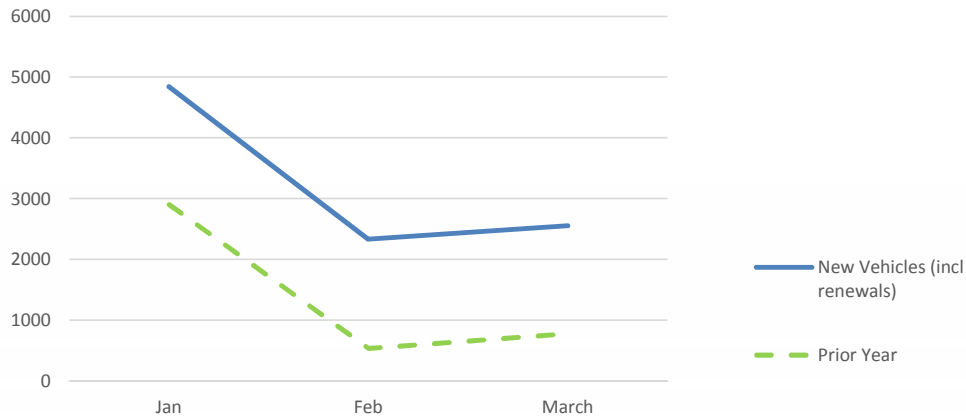
**Current target of 52%. Through Q1 '16 market conditions continue to show firming (magnitude varies by geography).**

**From Q4 '15 forward, data is compiled from the newly launched Atlas Express policy system. The basis for hit ratio now includes additional submission information (not just commercial auto accounts that are quoted) – as a result, the numerator is higher than previously measured. As indicated last quarter our go-forward target was adjusted based on this change of measurement and expected market conditions.**

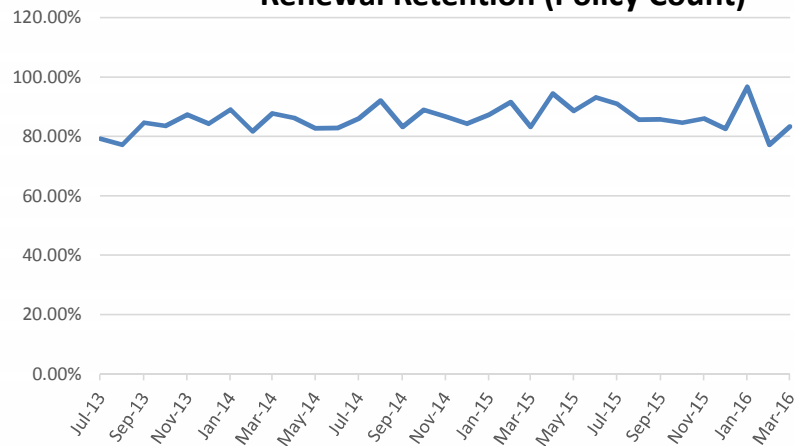
## Operating Activities: Underwriting

(commercial business only: excludes Global Liberty)

### New Business Submissions (Monthly Vehicles Submitted)



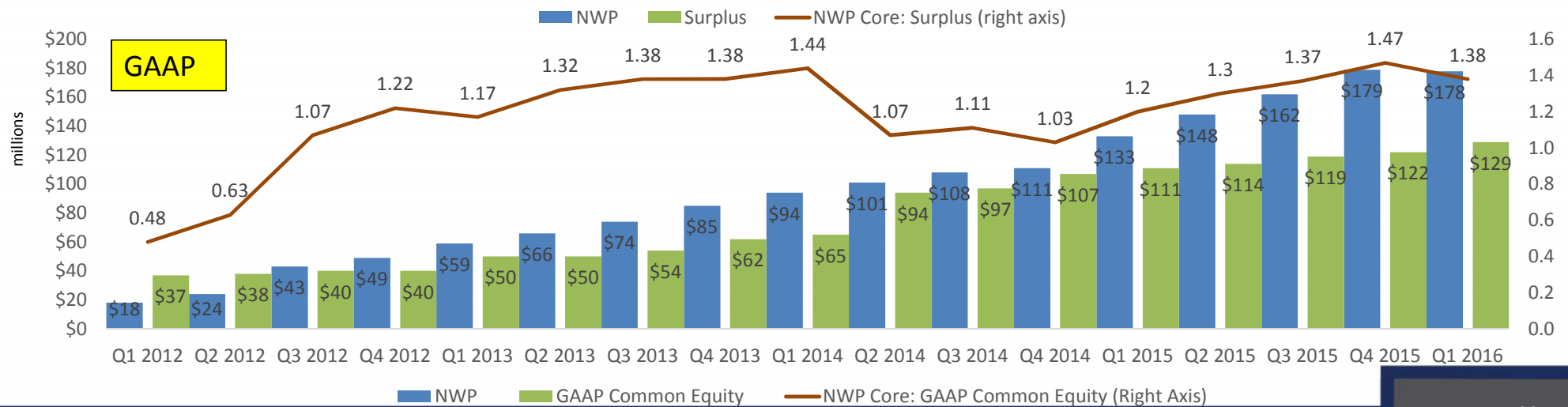
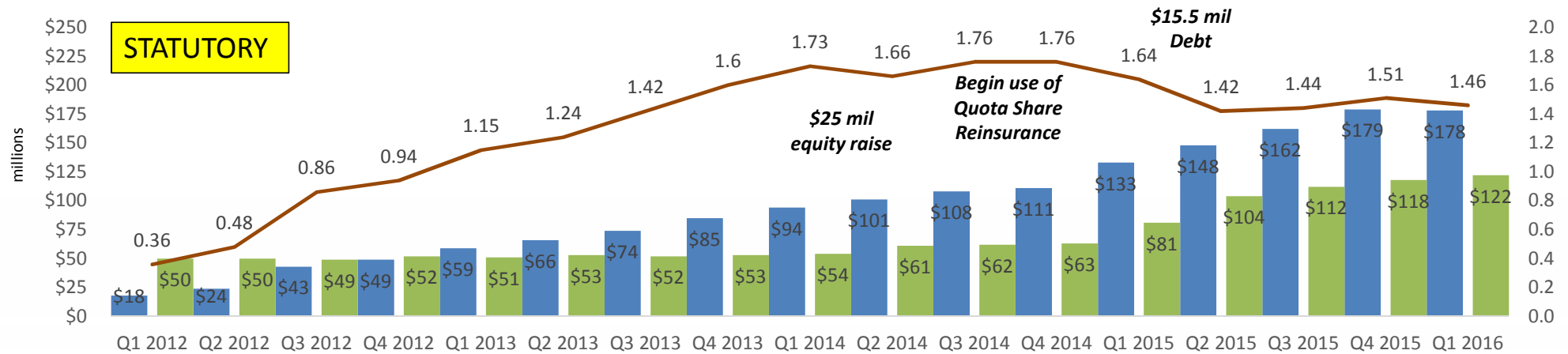
### Renewal Retention (Policy Count)



**Retention target of 85% based on current market conditions.**

**High persistency continues to provide support for moderate incremental rate increases, although tolerance is believed to be moderating in 2016 primarily due to state fund price levels becoming "competitive".**

## Operating Leverage (Actual through Q1 2016)



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*Financial Highlights*



## Q1 2016 Financial Highlights (comparisons to prior year period)

- Gross premium written increased by 42.4%% to \$64.0 million
  - increase of 42.9% in core commercial auto lines
- In-force premium at March 31, 2016 was \$220.6 million, compared to \$211.3 at December 31, 2015
- Combined ratio improved by 5.4 percentage points to 84.4%
- Underwriting income improved to \$6.5 million as compared to \$3.1 million
- For the three month period ended March 31, 2016, net income was \$4.8 million compared to \$2.1 million
- Earnings per common share diluted were \$0.38 for the three month period ended March 31, 2016 compared to \$0.17 per common share diluted for the three month period ended March 31, 2015
- Book value per common share on March 31, 2016 was \$10.73, compared to \$10.15 at December 31, 2015 and \$9.23 at March 31, 2015
- Adjusted operating income, before tax, was \$6.7 million, or \$0.53 per common share diluted, compared to \$5.3 million or \$0.42 per common share diluted<sup>1</sup>
- Adjusted operating income, after tax, was \$4.4 million, or \$0.34 per common share diluted, compared to \$3.5 million, or \$0.27 per common share diluted<sup>1</sup>
- Annualized return on average common equity was 15.0% in the first quarter 2016 compared to 7.7% in 2015<sup>1</sup>

(1) These are Non-GAAP Financial Measurements which are defined in our March 31, 2016 Form 10-Q

## 2016 Q1 Adjusted Operating Income

*Adjusted Operating Income* is an internal performance measure used in the management of the Company's operations. It represents operational results excluding, as applicable, net realized gains or losses, net impairment charges recognized in earnings, non-recurring and atypical costs and other items. Adjusted Operating Income should not be viewed as a substitute for U.S. Generally Accepted Accounting Principles (U.S. GAAP) net income. The table below reconciles U.S. GAAP net income to adjusted operating income, after tax (\$ in '000's):

(tax effected)	Three Month Periods Ended			
	March 31, 2016		March 31, 2015	
U.S. GAAP net income	\$ 4,811	\$ 0.38	\$ 2,137	\$ 0.17
Less: other income	66	0.01	21	—
Less: net investment gains	155	0.01	90	0.01
Add: expenses incurred related to acquisition of subsidiaries	—	—	495	0.04
Add: expenses (recovered )incurred pursuant to Gateway stock purchase agreement	(402)	(0.03)	942	0.07
Add: interest expense	152	0.01	2	—
Add: deferred income taxes	45	—	24	—
<b>Adjusted operating income, after tax</b>	<b>\$ 4,385</b>	<b>\$ 0.34</b>	<b>\$ 3,489</b>	<b>\$ 0.27</b>

## Detailed Impact of Changes to Book Value per Common Share

Book value per common share was as follows:

As of: (in '000s, except for shares and per share data)	March 31, 2016	December 31, 2015
Atlas shareholders' equity	\$ 136,341	\$ 129,622
Less: Preferred stock in equity	6,539	6,941
Less: Accumulated dividends on preferred stock	543	460
Common equity	\$ 129,259	\$ 122,221
Participative shares:		
Common shares outstanding	12,023,295	12,015,888
Restricted stock units (RSUs)	22,224	29,631
Total participative shares	12,045,519	12,045,519
Book value per participative share outstanding	\$ 10.73	\$ 10.15

**Book value per common share of \$10.73 increased by \$0.58 relative to December 31, 2015 as follows:**

\$0.36	increase related to net income after tax and before items below;
\$0.01	increase related to the change in net realized investment gains after tax;
(\$0.01)	decrease related to the preferred share dividend liquidation;
\$0.15	increase related to the change in unrealized gains/losses after tax;
\$0.04	increase related to share based compensation; and
\$0.03	<u>increase related to expenses incurred with the acquisition of subsidiaries.</u>
<b>\$0.58</b>	<b><i>total change from December 31, 2015 book value per common share</i></b>

## Strong Balance Sheet with Availability of Capital to Support Growth

- Attractive investment leverage
- Credit Facility:
  - \$5 million one-year revolver, LIBOR + 2.75% (\$2.4 million drawn)
  - \$30 million five-year draw facility, LIBOR + 4.5% (\$15.5 million drawn)

(\$ in millions)	March 31, 2016	December 31, 2015
Cash and Investments	\$238.4	\$233.3
Total Assets	\$423.3	\$411.3
Claim Reserves (Gross of Reinsurance) <sup>(1) (2) (3)</sup>	\$121.4	\$127.0
Unearned Premiums	\$118.8	\$108.2
Atlas Shareholders' Equity	\$136.3	\$129.6

- **Acquisitions with adverse development protection**

*(1) Atlas' purchase of American Country and American Service included \$10 million limit of adverse development protection (90% quota share after \$1 million) based on reserves as of September 30, 2010, which has not been utilized.*

*(2) Gateway Acquisition included \$2 million of adverse development protection*

*(3) Recently acquired Global Liberty included \$4 million of adverse development protection*



## Investment Portfolio

### Conservative Investment Approach

- Emphasize preservation of capital, market liquidity to support payment of liabilities and diversification of risk
- Investment duration re-positioned to match core commercial auto reserve liabilities (3.2 years)

### Investment Portfolio

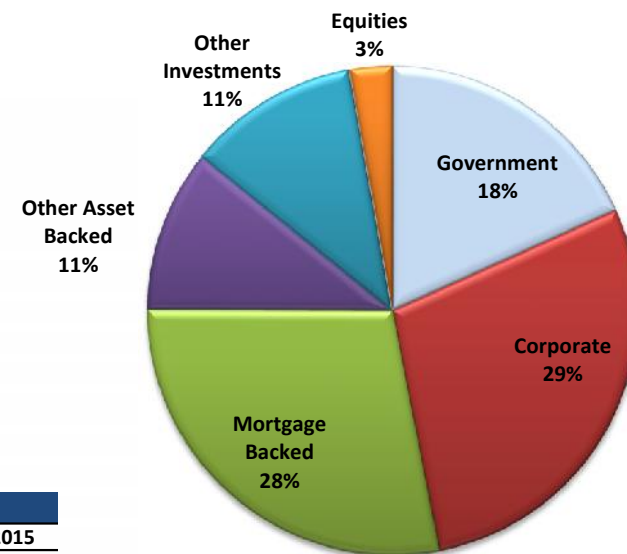
- As of March 31, 2016, total investments equaled \$221.1 million, of which fixed income consisted of 85.8%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 28.6% AAA
- 85.9% A or better

#### Credit ratings of fixed income securities portfolio (in '000s)

As of:

	March 31, 2016		December 31, 2015	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 54,315	28.6 %	\$ 44,110	24.0 %
AA/Aa	79,111	41.7 %	83,116	45.2 %
A/A	29,508	15.6 %	28,765	15.7 %
BBB/Baa	25,242	13.3 %	26,512	14.4 %
BB	1,191	0.6 %	1,270	0.7 %
B	415	0.2 %	—	— %
Total Fixed Income Securities	\$ 189,782	100.0 %	\$ 183,773	100.0 %

#### Investment Portfolio (3/31/2016) <sup>(1)</sup>



During the three month period ended March 31, 2016, our external investment portfolio manager switched rating agencies for U.S. treasury, agency and agency mortgage backed securities from Fitch or Moody's 'AAA' to S&P 'AA.' As a result, we have restated fair values of these fixed income securities as of December 31, 2015 using the S&P rating for comparative purposes.

(1) American Country Insurance Company, American Service Insurance Company, Inc., Gateway Insurance Company, and Global Liberty Insurance Co. of New York

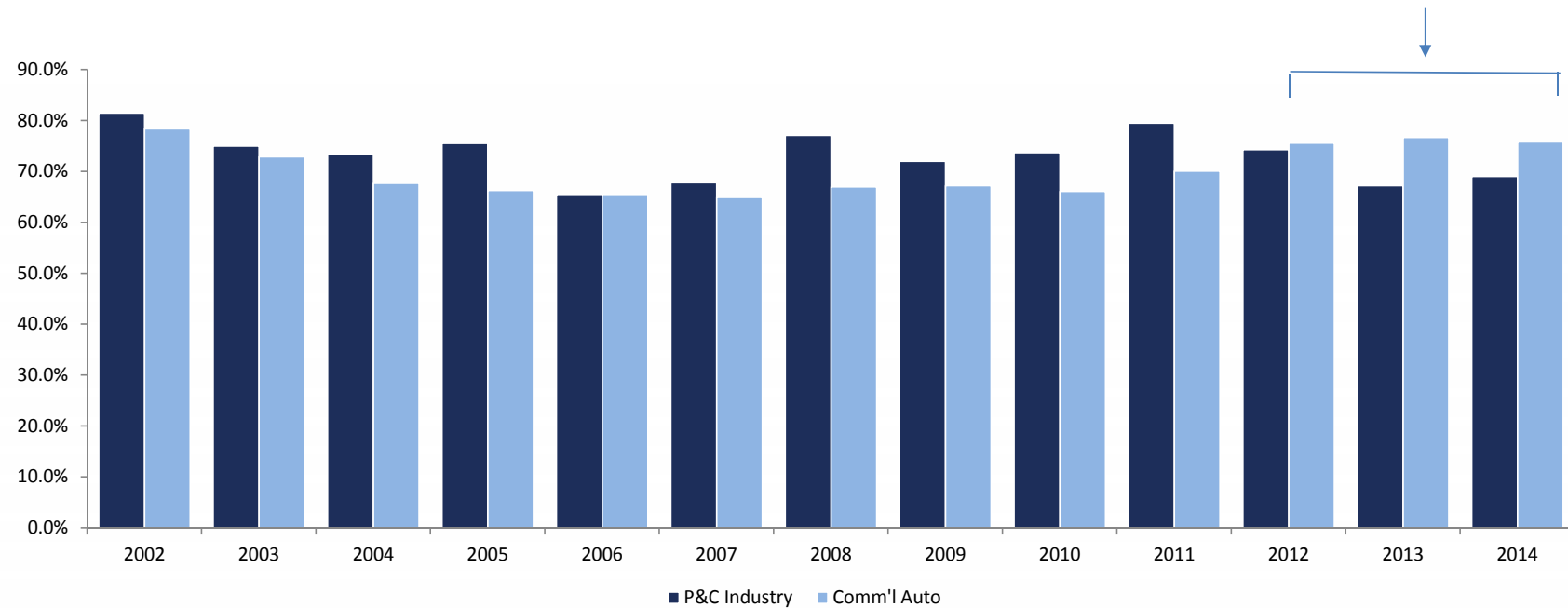
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*Outlook / Market Overview*



## Commercial Auto vs. P&C

*Historically Profitable Commercial Auto Industry  
Loss Performance Affected by Severity in Recent Years*

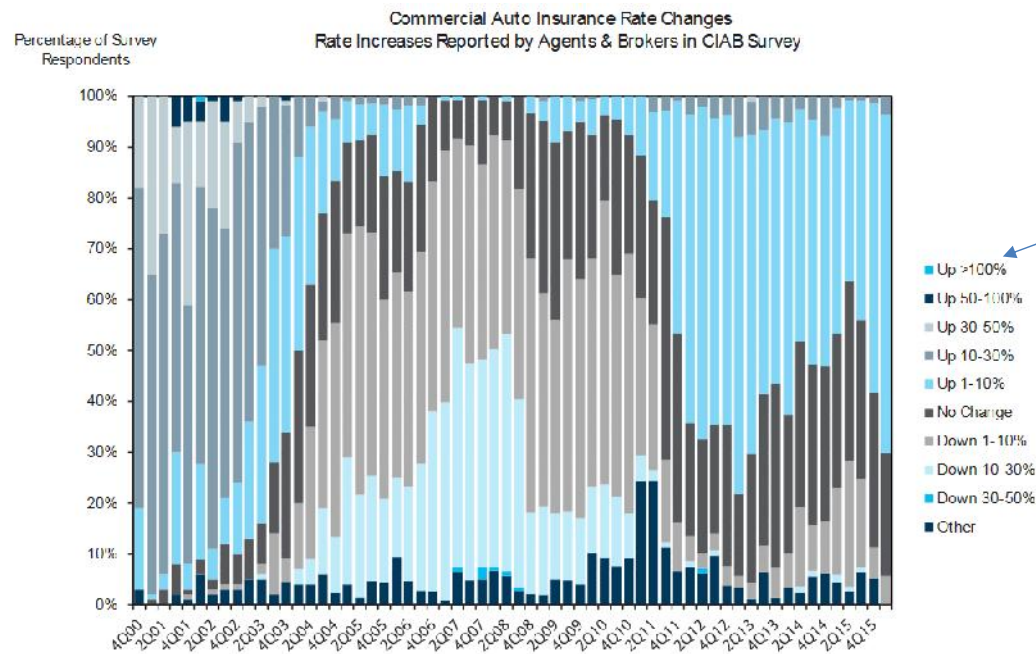


Source: A.M. Best Aggregates & Averages, 2005, 2015

## Operating Activities: Market Conditions

### Overall Commercial Pricing Trend

*Continuing to See Pricing Trends Better than 60% L/R*



Increased percentage of "Up 0-10%" and "No Change" rate moves

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

## Operating Activities: Market Conditions

### Overall Commercial Pricing Trend

Commercial Auto continues to lead all other large P&C segments in positive rate activity

Majority of Atlas' Target Market are Individual Entrepreneurs and Small Fleet Operators

#### By-Line First Quarter 2016 Rate Changes Ranged From -5.2% to +3.6%

	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
First Quarter 2016	3.6%	-3.0%	-5.2%	-3.2%	-2.5%	-2.1%
Fourth Quarter 2015	2.7%	-2.6%	-3.5%	-3.4%	-2.8%	-1.9%
Third Quarter 2015	1.3%	-2.5%	-5.2%	-2.7%	-3.0%	-2.4%
Second Quarter 2015	0.5%	-1.9%	-5.4%	-3.0%	-2.7%	-2.5%
First Quarter 2015	1.5%	-0.4%	-4.0%	-2.2%	-2.1%	-1.5%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

#### Market Notes:

Continued reduction of capacity in the public auto space resulting from non-renewal of MGA programs in recent years is resulting in continued market improvement in our niche despite the slowdown in rate increases seen in commercial lines generally. At this point, no signs of significant new market entrant. Any incremental increases in broader commercial auto rates should further this benefit.

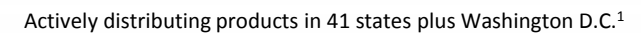
#### Average First Quarter 2016 Commercial Pricing

	By Account Size			Average
	Small	Medium	Large	
First Quarter 2016	-2.1%	-4.4%	-4.6%	-3.7%
Fourth Quarter 2015	-1.5%	-3.0%	-3.7%	-2.8%
Third Quarter 2015	-1.4%	-3.8%	-4.1%	-3.1%
Second Quarter 2015	-1.3%	-3.5%	-5.2%	-3.3%
First Quarter 2015	-0.5%	-2.7%	-3.7%	-2.3%
High	20.8%	31.7%	33.0%	28.5%
High Date	4Q01	4Q01	4Q01	
Low	-10.0%	-15.0%	-15.9%	-13.6%
Low Date	1Q08	3Q07	3Q07	

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Across market cycles, our objective is to exceed industry ROE by 500 to 1,000 bps

- Goal is to maximize ROE potential in the current cycle
  - Strong operating margins
  - Efficient and scalable capital structure
  - Operating leverage
- Company \$260 to \$290 million premium forecast for full year 2016
  - \$400 to \$450 million in written premium is proportionate share
  - Continued market share expansion in existing states
- Company has implemented measures to manage its operating leverage as it grows, with the objective of self-funding
  - \$35 Million Line of credit from Fifth Third Bank
  - Quota share reinsurance
- Remain proactive to changing market dynamics
  - mobile app dispatch, more cars carrying people / items, in-vehicle technology





# AFH INVESTOR DAY

**Monday, May 16, 2016**

Time: Check in 12:00 PM (Approximate time – 3 hours)

Atlas Headquarters  
150 Northwest Point Boulevard  
Elk Grove Village, IL 60007  
(about 20 miles from downtown Chicago / 5 miles from ORD)



Theme:  
Utilizing Technology & Analytics to Drive Results

**Please RSVP if you have not done so already:**

The Equity Group  
Adam Prior  
212-836-9606, [aprior@equityny.com](mailto:aprior@equityny.com)



**Nasdaq: AFH**

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