

ATLAS

FINANCIAL HOLDINGS, INC.

NASDAQ: AFH



2018 First Quarter
Conference Call
May 8, 2018



Statements in this presentation, including the information set forth as to the future financial or operating performance of Atlas Financial Holdings, Inc., American Country Insurance Company, American Service Insurance Company, Inc., Gateway Insurance Company and/or Global Insurance Company of New York (collectively, “Atlas”), that are not current or historical factual statements may constitute “forward looking” information within the meaning of securities laws. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Atlas, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this presentation, such statements may include, among other terms, such words as “may,” “will,” “expect,” “believe,” “plan,” “anticipate,” “intend,” “estimate” and other similar terminology. These statements reflect current expectations, estimates and projections regarding future events and operating performance and speak only as to the date of this presentation. Readers should not place undue importance on forward looking statements and should not rely upon this information as of any other date. These forward looking statements involve a number of risks and uncertainties. Some of the factors facing Atlas that could cause actual results to differ materially from those expressed in or underlying such forward looking statements include: (i) market fluctuations, changes in interest rates or the need to generate liquidity; (ii) access to capital; (iii) recognition of future tax benefits on realized and unrealized investment losses; (iv) managing expansion effectively; (v) conditions affecting the industries in which we operate; (vi) competition from industry participants; (vii) attracting and retaining independent agents and brokers; (viii) comprehensive industry regulation; (ix) our holding company structure; (x) our ratings with A.M. Best; (xi) new claim and coverage issues; (xii) claims payments and related expenses; (xiii) reinsurance arrangements; (xiv) credit risk; (xv) our ability to retain key personnel; (xvi) our ability to replace or remove management or Directors; (xvii) future sales of common shares; (xviii) public company challenges; and (xix) failure to effectively execute our business plan. The foregoing list of factors is not exhaustive. See also “Risk Factors” listed in the Company’s most recent registration statement filed with the SEC. Many of these issues can affect Atlas’ actual results and could cause the actual results to differ materially from those expressed or implied in any forward looking statements made by, or on behalf of, Atlas. Readers are cautioned that forward looking statements are not guarantees of future performance, and should not place undue reliance on them. In formulating the forward looking statements contained in this presentation, it has been assumed that business and economic conditions affecting Atlas will continue substantially in the ordinary course. These assumptions, although considered reasonable at the time of preparation, may prove to be incorrect.

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.

Corporate Headquarters	Schaumburg, IL (Chicago Suburb)	
Core Target Markets	Taxi/Limo/Livery/Paratransit	
NASDAQ: AFH	At 3/31/2018	At 12/31/2017
Cash and Investments	\$239.3 million	\$243.5 million
Total Assets	\$507.5 million	\$482.5 million
Total Atlas Shareholders’ Equity	\$91.4 million	\$90.6 million
Common Shares Outstanding (includes Restricted Share Units)	11,944,378	12,178,857
Book Value Per Common Share Outstanding	\$7.62	\$7.42

2018 Q1 Financial and Underwriting Results

Premium Results

Gross Premiums Written decreased 3.0% to \$95.6 million. Challenged taxi accounts less likely to absorb rate increases than other segments.

Overall premium shifted toward limo / livery / para-transit during period

Underwriting Results

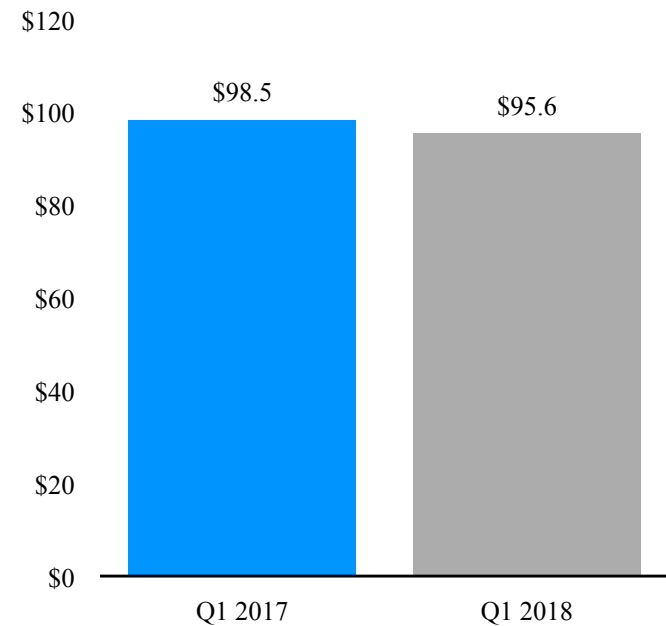
Combined ratio was 89.3% as compared to 86.9% for the prior year period.

1.4 percentage points of yr/yr loss ratio change attributable to assigned risk business.

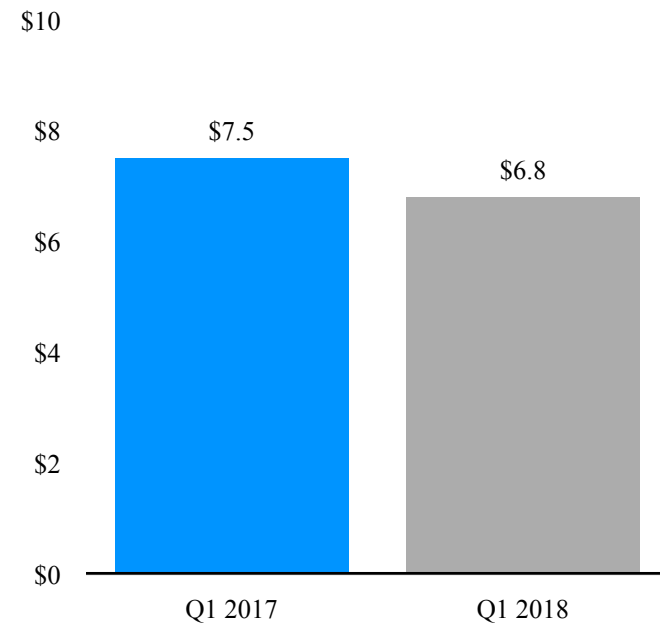
Book Value

Atlas' book value decreased to \$7.62 at 3/31/2018 from \$7.42 at 12/31/2017

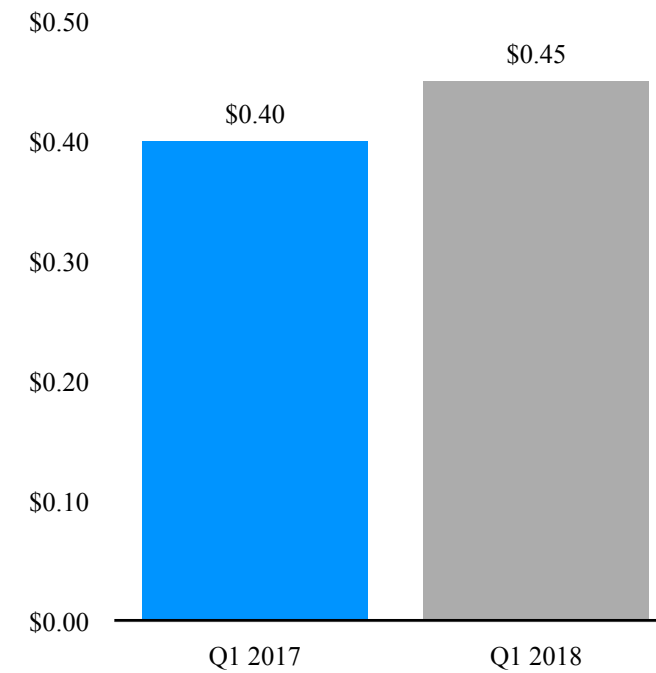
**Gross Premiums Written
(in millions)**



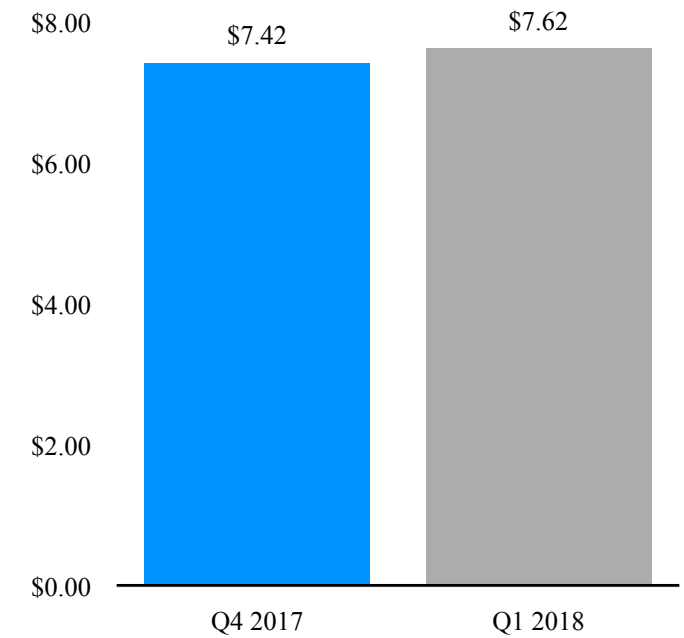
**Income Before Income Taxes
(in millions)**



Earnings per Common Share Diluted



Book Value per Common Share



Limo/Livery and Para-transit continue to show growth

- Average premium per vehicle increased quarter over quarter
- Continued focus on growing market share in traditional niche and pursuing TNC related business nationwide
- Expanding underlying addressable markets
- Consistent claims and underwriting discipline

Expectations:

Taxi growth will be flat

Commercial drivers who
migrated to TNCs will pursue
commercial insurance

Hit ratio for new and renewal
business will increase as a
result of implementation of
targeted predictive analytics and
competitive dynamic

Taxi premium down

- Continue to see positive sights of stability in the segment
- Average premium per vehicle is expected to remain flat
- Accounts reporting fewer vehicles being taken out of service, with modest return of some drivers
- Current livery drivers who were on a taxi policy one year ago remains at approximately 10%

2016 Full Year



Taxi Limo/Livery Para-transit

Average Vehicles Per Policy	
Taxi	2.0
Limo/Livery	1.7
Para-transit	3.1

2017 Full Year



Taxi Limo/Livery Para-transit

Average Vehicles Per Policy	
Taxi	2.0
Limo/Livery	2.1
Para-transit	3.3

Q1 2018



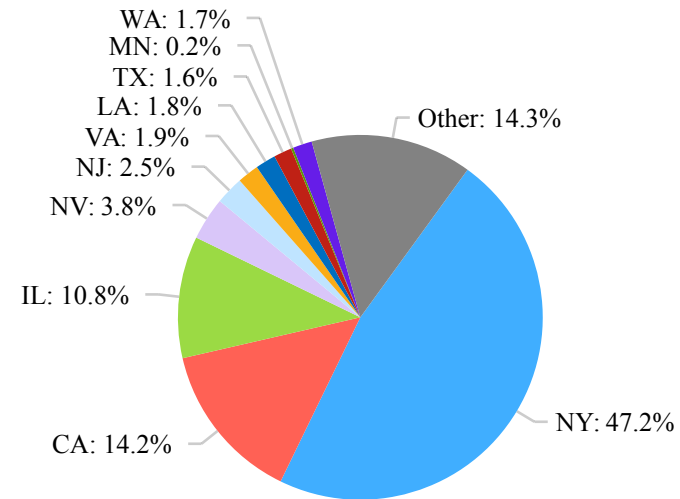
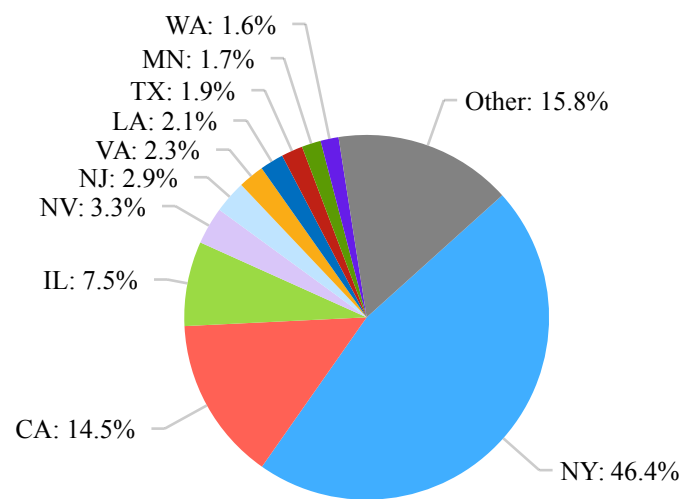
Taxi Limo/Livery Para-transit

Average Vehicles Per Policy	
Taxi	2.4
Limo/Livery	1.7
Para-transit	3.2

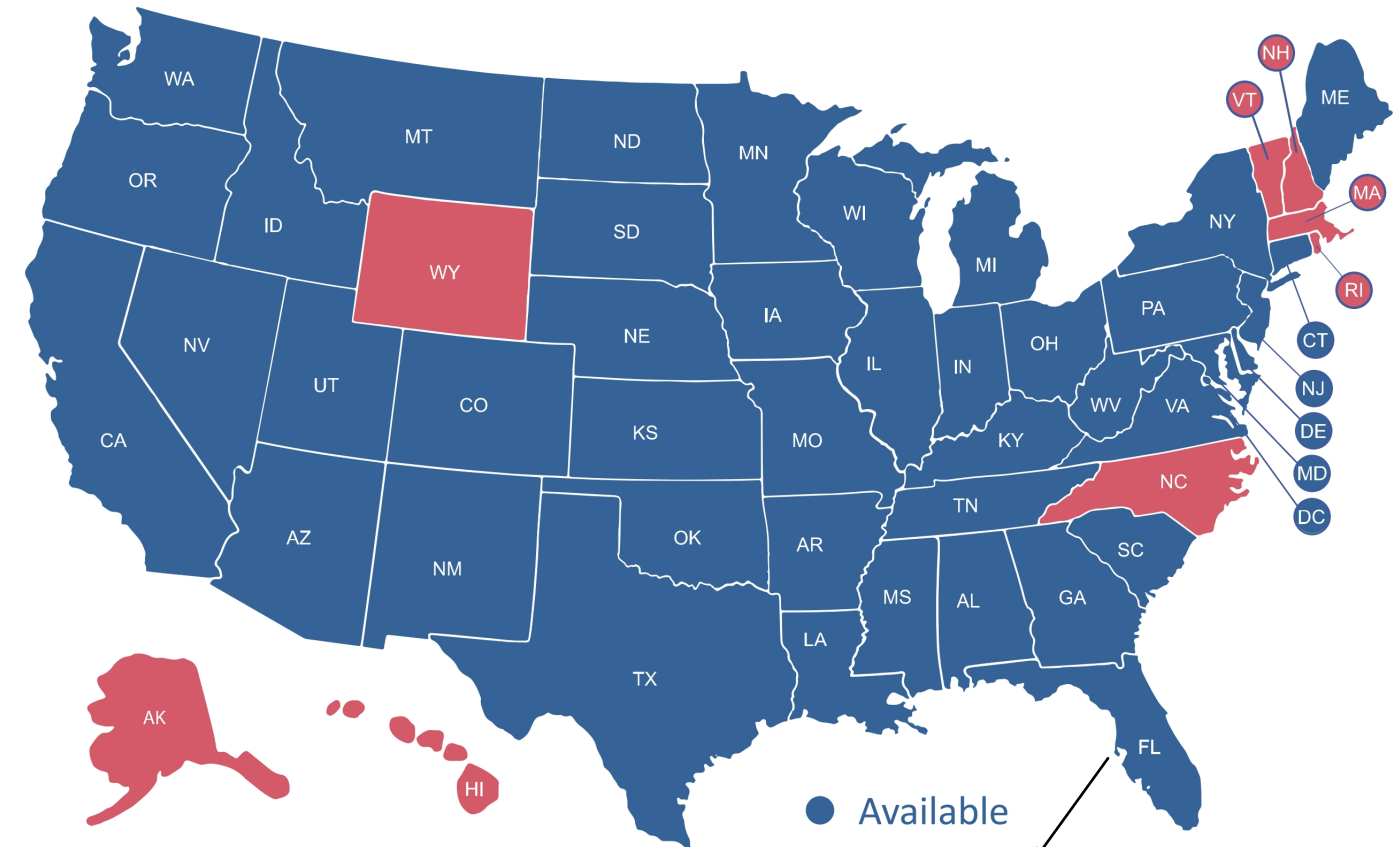
Geographic Diversification

Gross premiums written by state (in \$000)

Three Month Periods Ended					
	March 31, 2018			March 31, 2017	
New York	\$	44,311	46.4%	\$	46,538 47.2%
California		13,867	14.5%		14,029 14.2%
Illinois		7,209	7.5%		10,672 10.8%
Nevada		3,141	3.3%		3,747 3.8%
New Jersey		2,755	2.9%		2,418 2.5%
Virginia		2,211	2.3%		1,847 1.9%
Louisiana		1,974	2.1%		1,737 1.8%
Texas		1,805	1.9%		1,567 1.6%
Minnesota		1,638	1.7%		172 0.2%
Washington		1,526	1.6%		1,708 1.7%
Other		15,152	15.8%		14,061 14.3%
Total	\$	95,589	100.0%	\$	98,496 100.0%

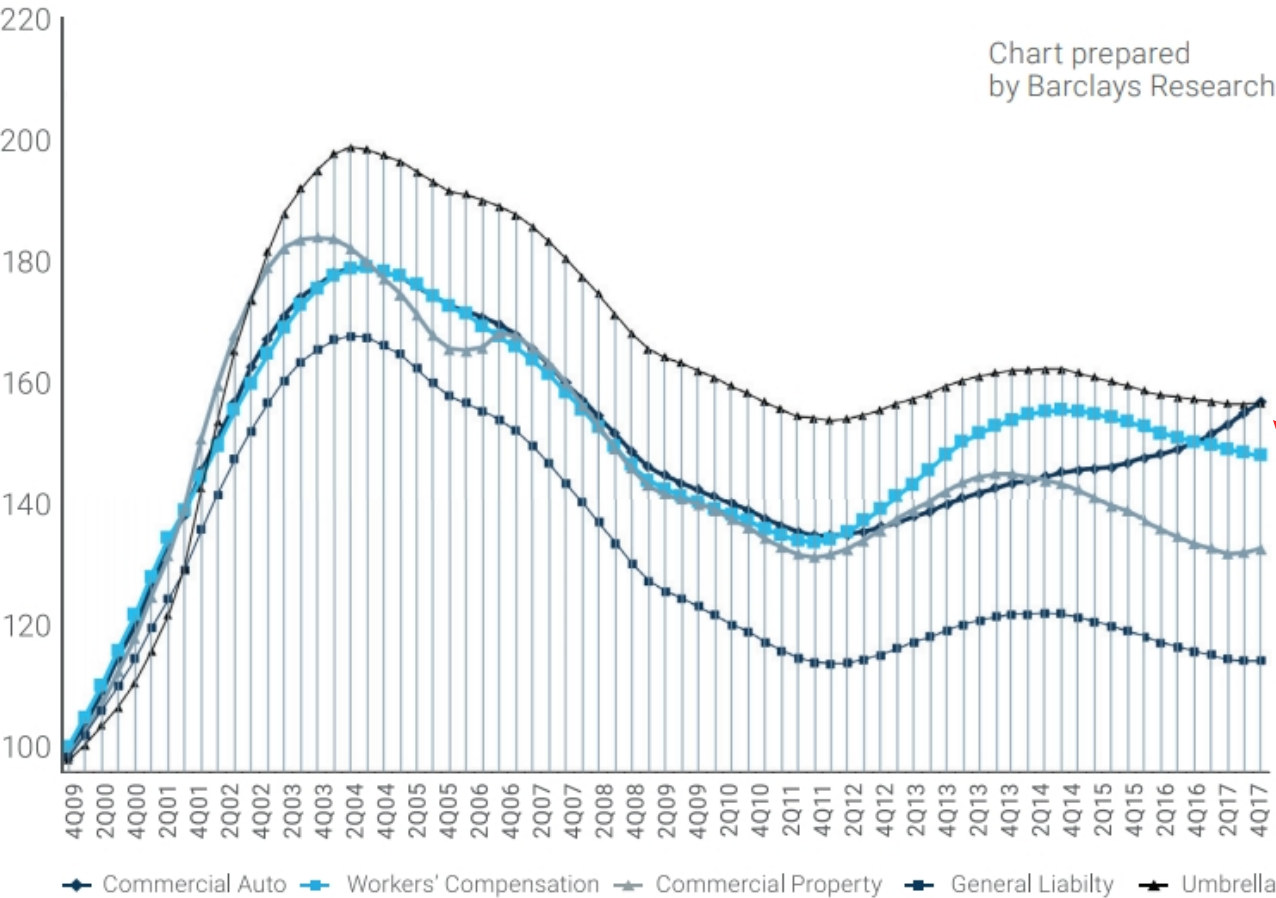


Nationwide market share is estimated at approximately 12% - 13%, with proportionate share forecast at 20%



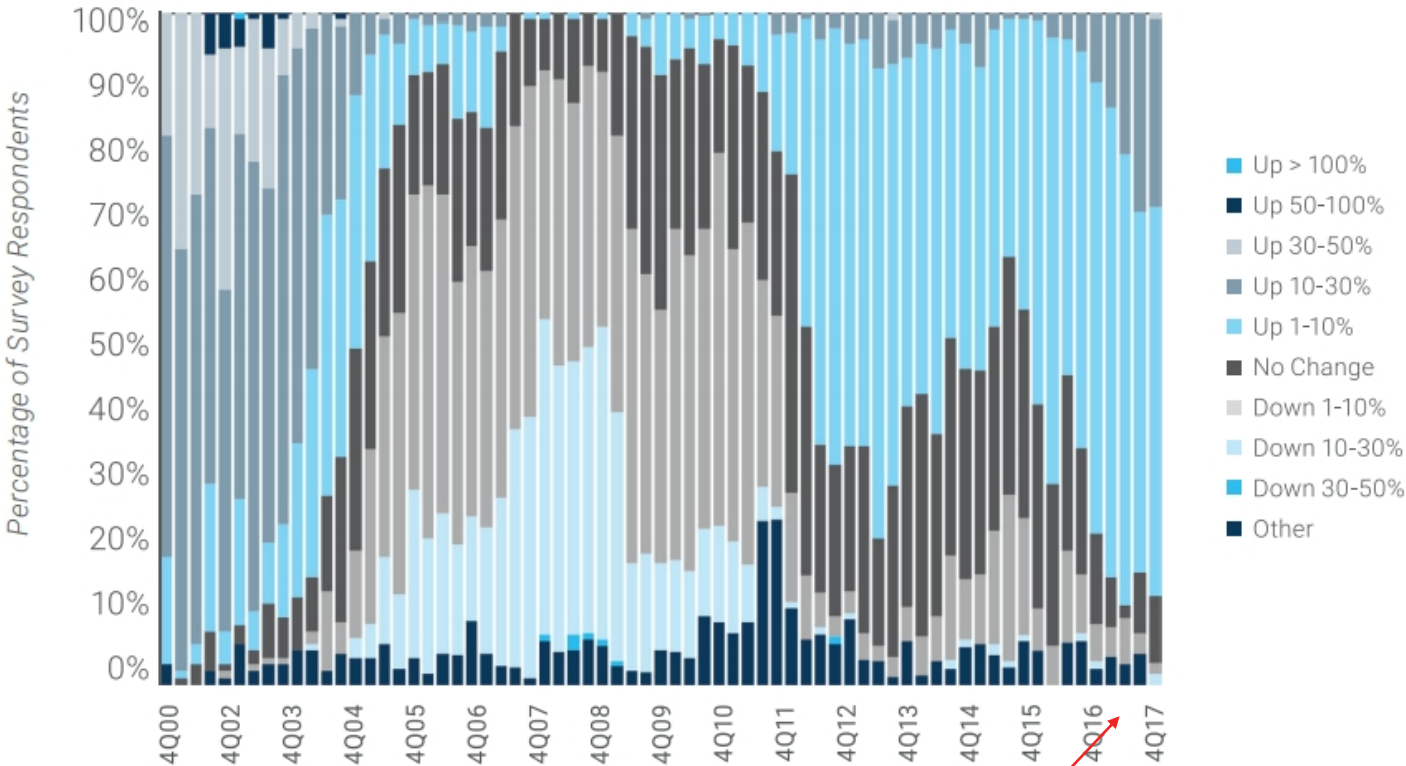
Limited volume of business
in-force in FL to evaluate
market conditions

CUMULATIVE QUARTERLY RATE INCREASES BY LINE OF BUSINESS



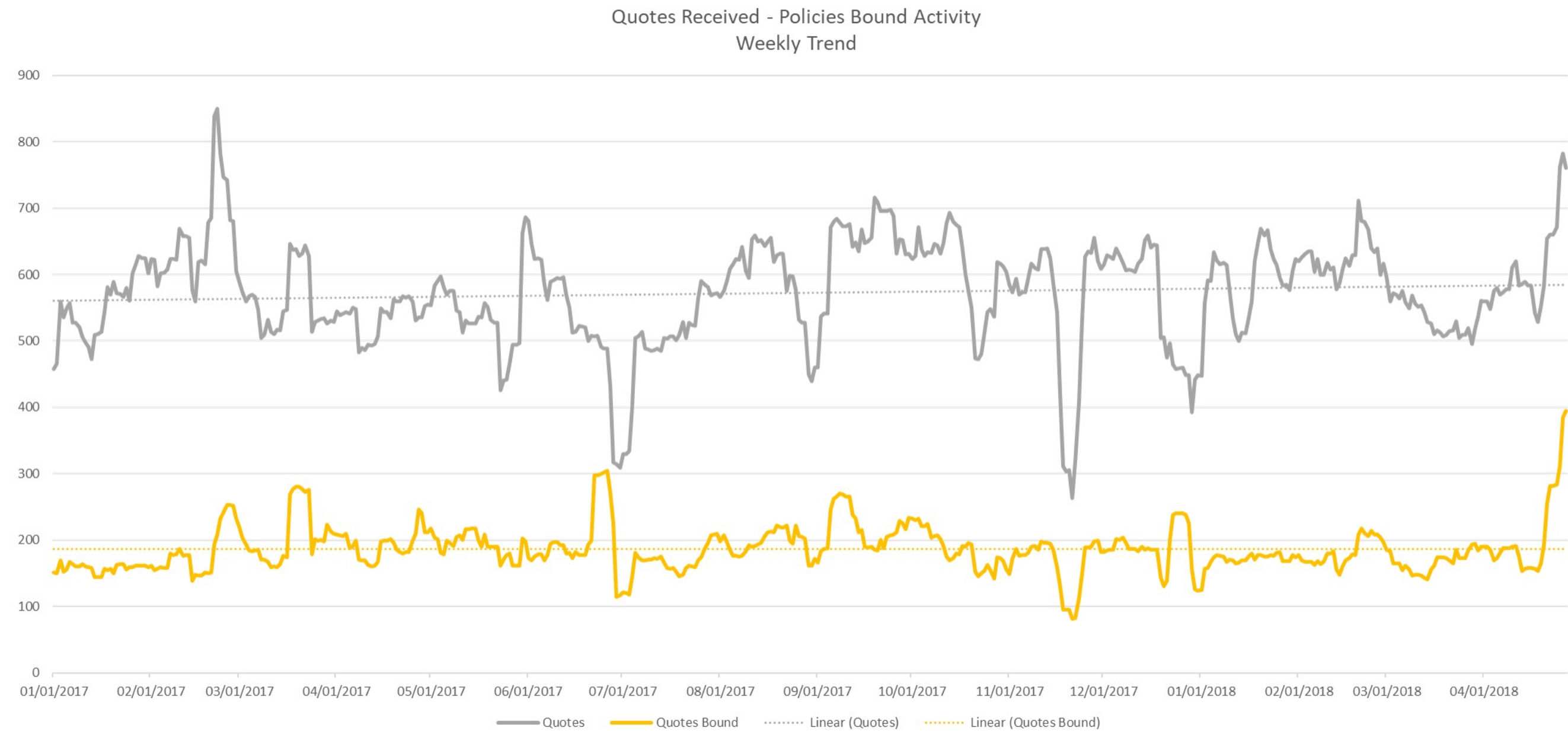
COMMERCIAL AUTO INSURANCE RATE CHANGES

Rate Increases Reported by Agents & Brokers in CIAB Survey

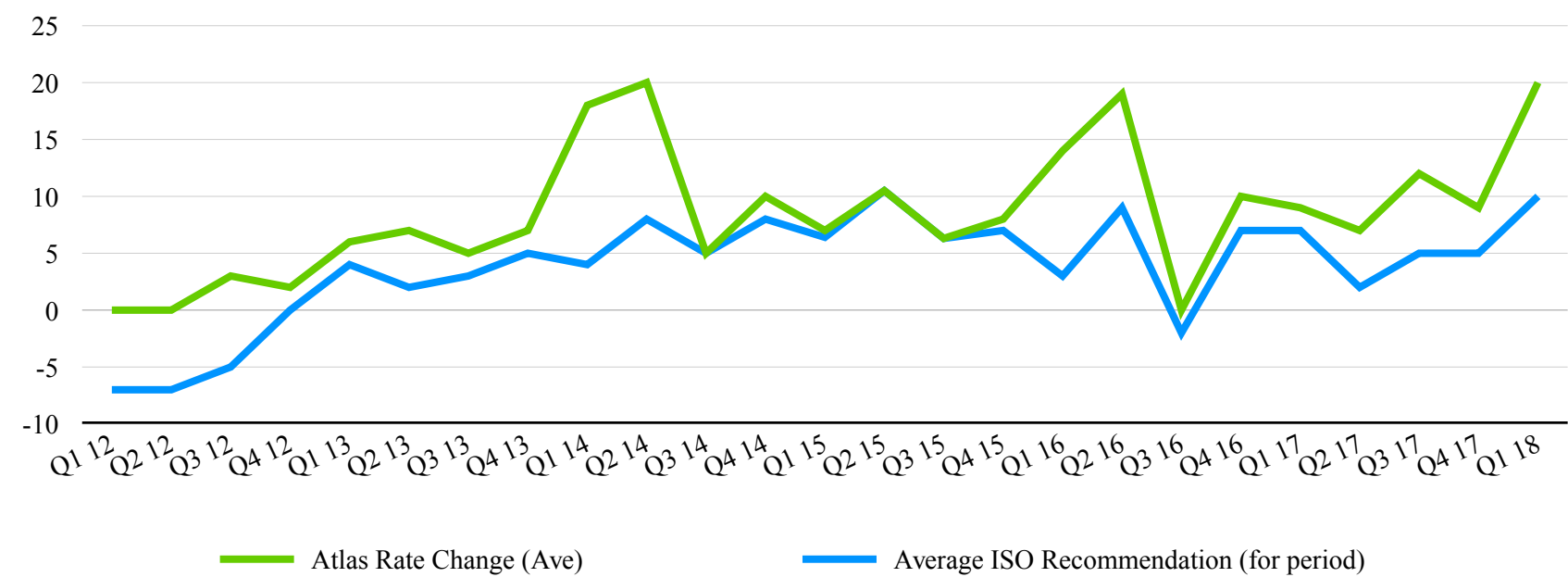


Commercial Auto is the only large segment with rate changes trending up

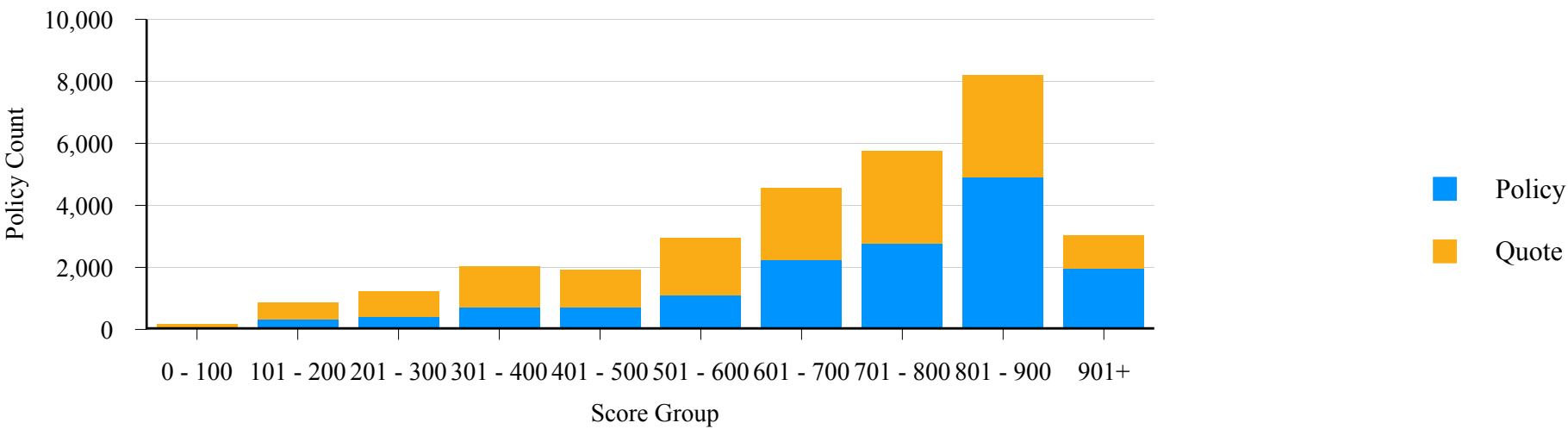
Rate increases “retrenching” as result of industry reserve strengthening



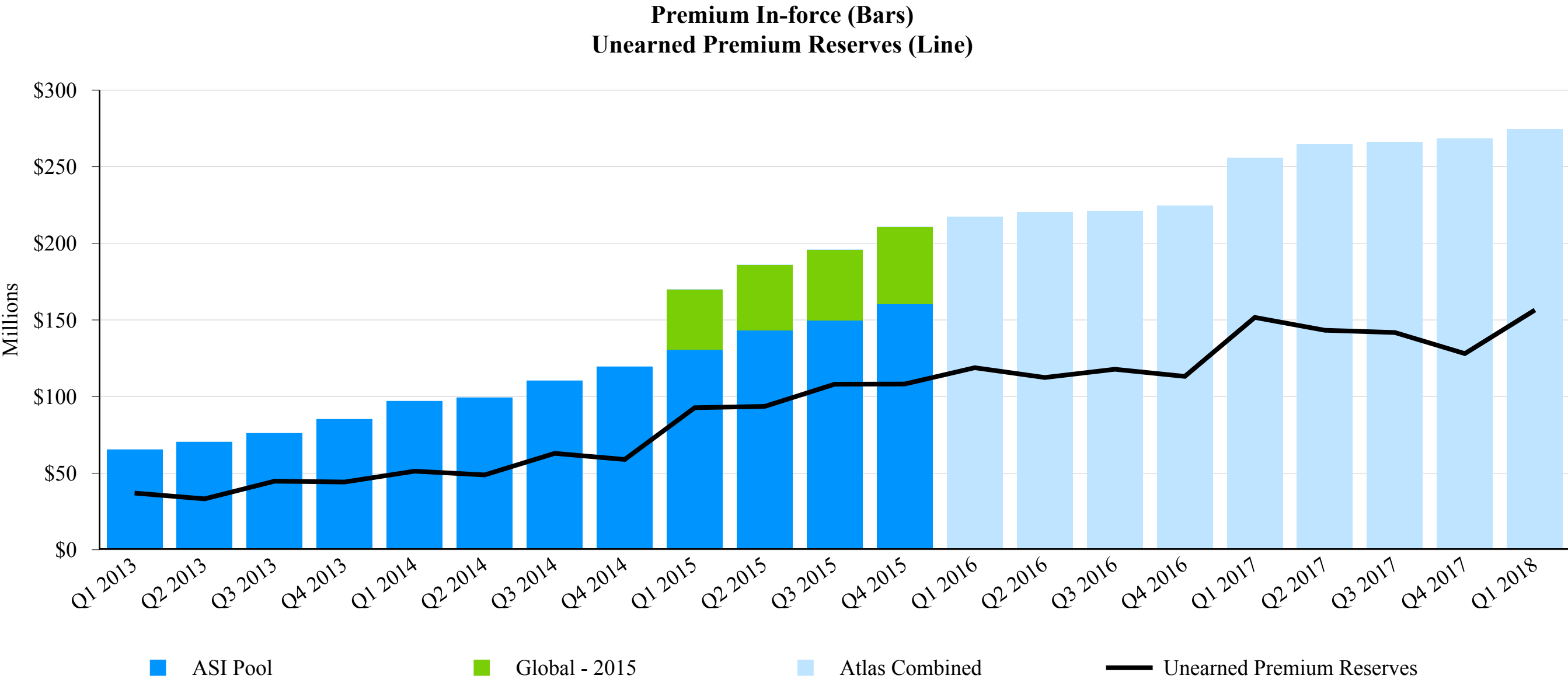
Pricing Relative to ISO



Predictive Model Policy Counts
6/1/2016 - 3/31/2018



At March 31, 2018, in-force premium was \$274.6 million and the Company’s gross unearned premium reserves were \$156.5 million.



Financial Highlights



2018 First Quarter Financial and Operating Information

Quarterly Premiums Affected by Rate Decisions / Shift in Market Dynamics

- Gross Premiums Written generated by the Company for the first quarter ended March 31, 2018 decreased by 3.0% to \$95.6 million
- In-force premium at March 31, 2018 increased 7.4% to \$274.6 million, compared to \$268.5 million
- Underwriting profit always takes precedent over top line growth
- Expected continued market hardening

Underwriting Performance

- Underwriting income for the first quarter of 2018 was \$6.0 million, compared to underwriting income of \$6.3 million in the prior year period
- Atlas' underwriting expense ratio⁽¹⁾⁽²⁾ for the quarter ended March 31, 2018 was 27.0%
- Combined Ratio⁽¹⁾ ("CR") was 89.3%
- Net income was \$5.5 million or \$0.45 earnings per common share diluted

(1) Ratios are computed as a percentage of net premiums earned

(2) Excluding the impact of share-based compensation expenses

Book Value / Return on Equity

- Book value per common share of \$7.62 (increased \$0.20 compared to prior year end)
- Return on equity was 24.3% in the first quarter 2018 compared to 14.9% in the prior year period

2018 Financial Expectations

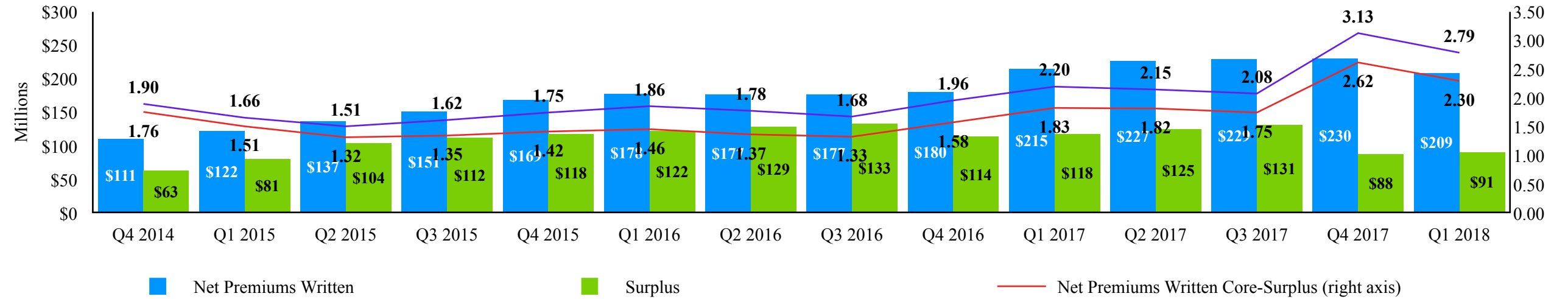
- ✓ Relative stability regarding target market with continued growth
- ✓ Emphasis remains on underwriting profit as priority
- ✓ Expense ratio at or below current levels
- ✓ Exceed P&C industry Return on Equity ("ROE") by 500 - 1,000 bps

No indicators of new market entry and Company continues to expect price leadership to optimize return on deployed capital via underwriting

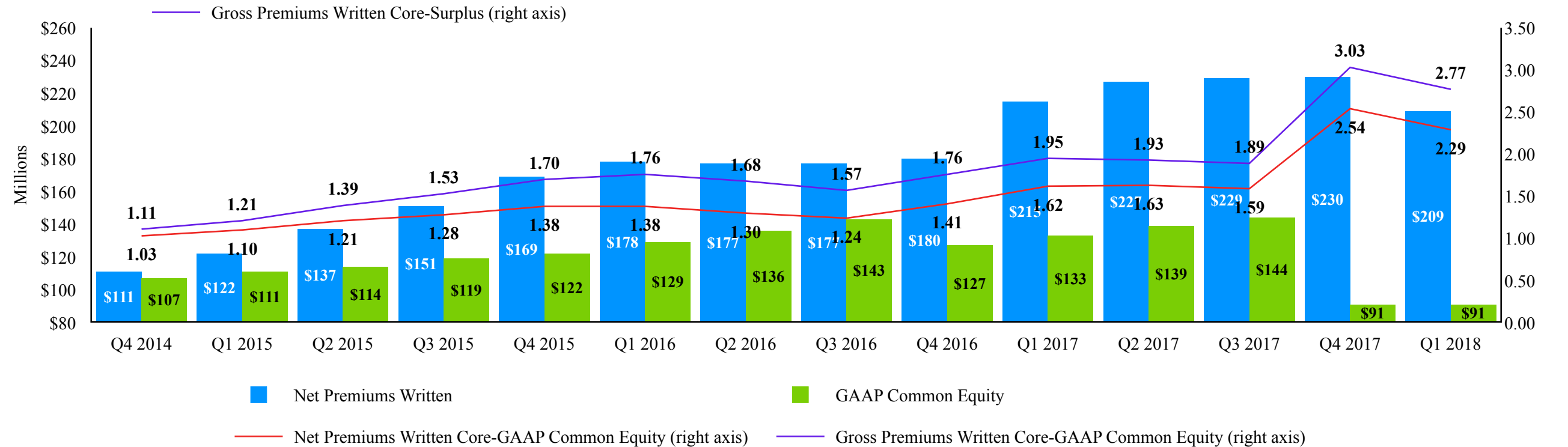
Operating Leverage (Actual through Q1 2018)

Controlling leverage through the use of quota share

Statutory
Version



GAAP
Version

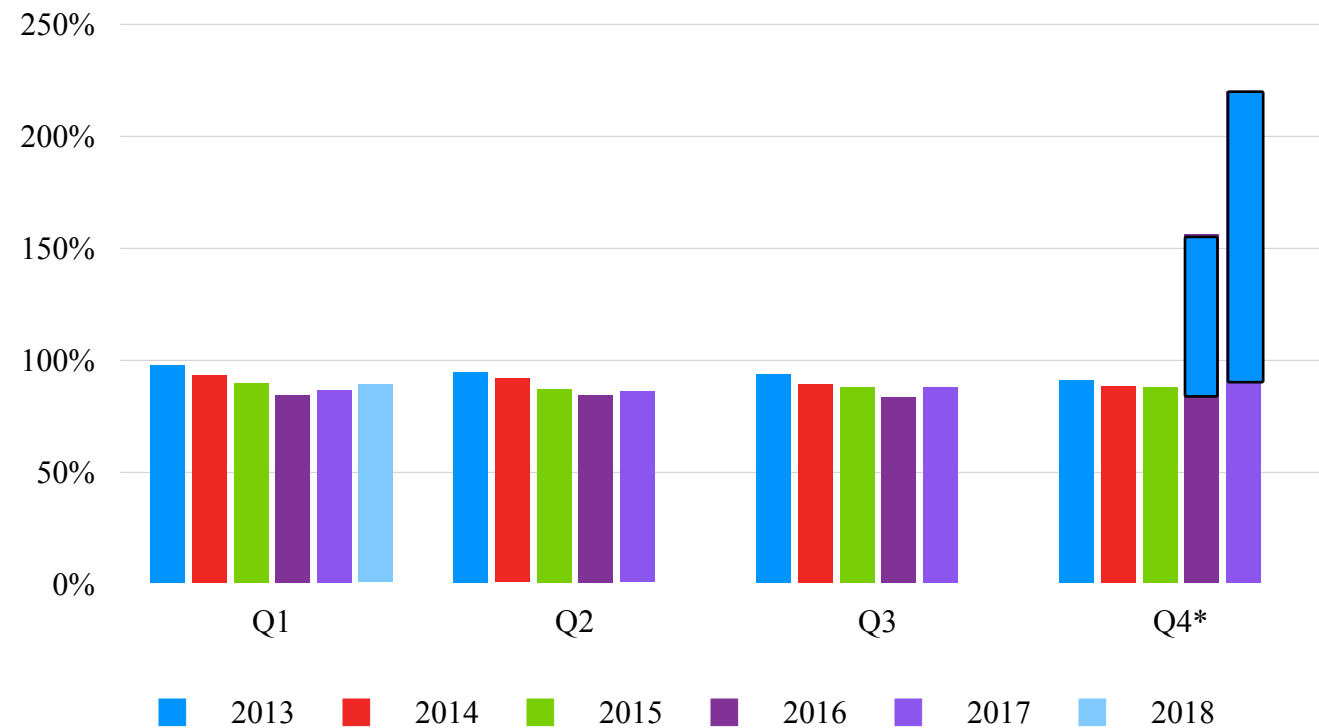


The table below details the comparisons of each component of the Company's combined ratio for the periods indicated (after accounting for the effect of quota share reinsurance):

	Three Month Periods Ended	
	March 31, 2018	March 31, 2017
Loss Ratio:		
Current accident year	60.7 %	59.9 %
Prior accident years	2.0 %	0.6 %
Loss Ratio	62.7 %	60.5 %
Underwriting Expense Ratio:		
Acquisition cost ratio	10.7 %	10.5 %
Other underwriting expense ratio	16.8 %	16.0 %
Deferred policy acquisition costs ratio	(0.5)%	(0.8)%
Underwriting expense ratio before expenses related to stock purchase agreements and share-based compensation expenses	27.0 %	25.7 %
Expenses recovered related to stock purchase agreement ratio	(0.9)%	— %
Share-based compensation expense ratio	0.5 %	0.7 %
Underwriting expense ratio	26.6 %	26.4 %
Total combined ratio	89.3 %	86.9 %

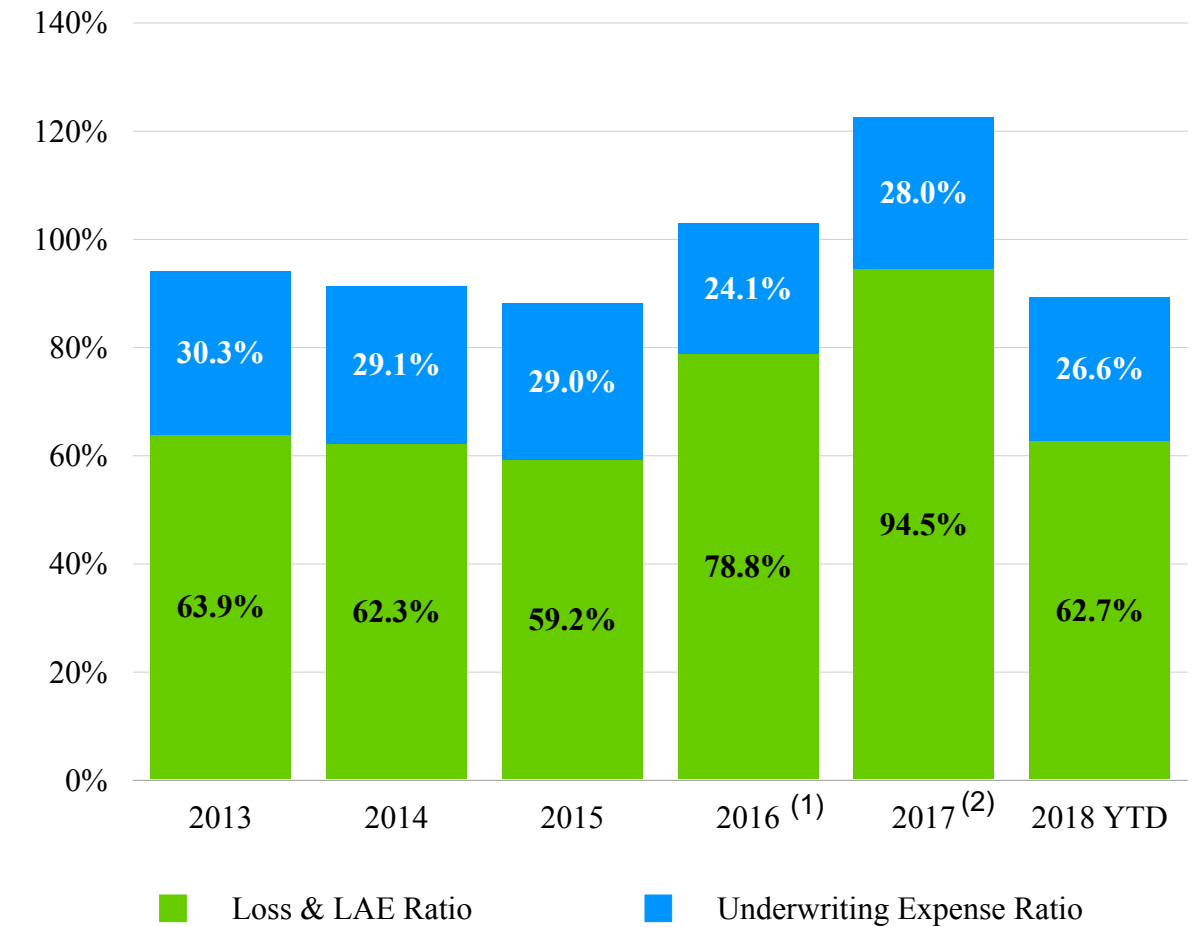
Note: 1.4% of yr/yr change in loss ratio attributable to assigned risk business

Combined Ratio by Quarter



	Three Month Periods Ended	
	March 31, 2018	March 31, 2017
Loss ratio	62.7 %	60.5 %
Underwriting expense ratio	26.6 %	26.4 %
Combined Ratio	89.3%	86.9%

Combined Ratio



(1) 2016 includes 19.1% impact for the full year related to claims reserves strengthening related to prior accident years

(2) 2017 includes 35.0% impact for the full year related to claims reserves strengthening related to prior accident years

Healthy Balance Sheet with Availability of Capital & Reinsurance to Support Growth

- Attractive investment leverage, Company has \$25 million outstanding of Senior Unsecured Notes at March 31, 2018

(\$ in millions)	March 31, 2018	December 31, 2017
Cash and Investments	\$239.3	\$243.5
Total Assets	\$507.5	\$482.5
Claims Liabilities (gross of Reinsurance Recoverable)	\$204.7	\$211.6
Unearned Premium Reserves	\$156.5	\$128.0
Atlas Shareholders' Equity	\$91.4	\$90.6

Conservative Investment Approach

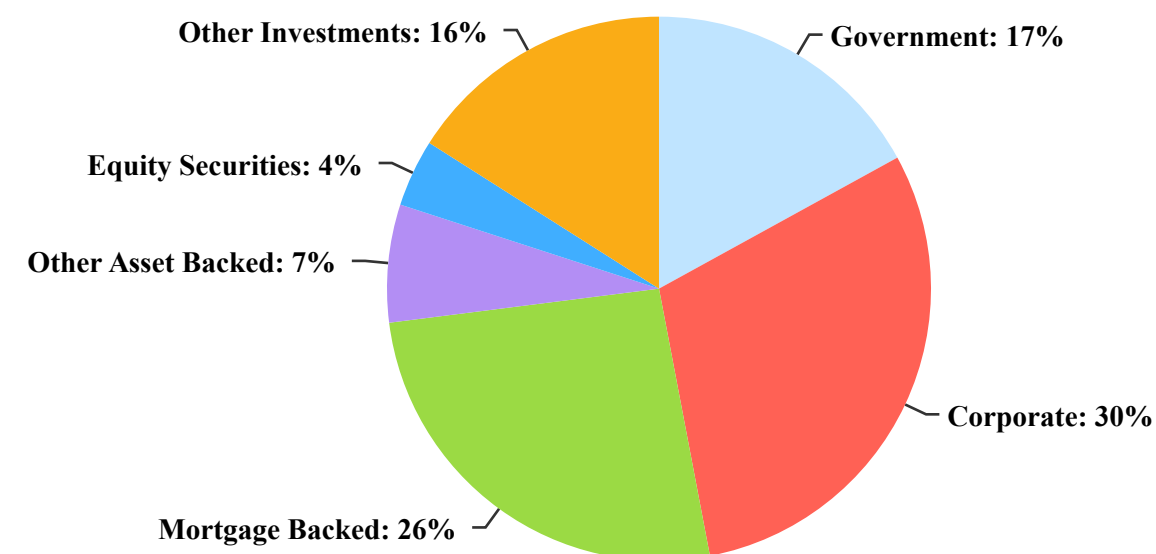
- Emphasize preservation of capital, market liquidity to support payment of liabilities and diversification of risk
- Investment duration re-positioned to match core commercial auto reserve liabilities (4.0 years)

Investment Portfolio

- As of March 31, 2018, total cash and invested assets were \$239.3 million, of which fixed income consisted of 62.4%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 28.5% AAA
- 81.7% A or better

	March 31, 2018		December 31, 2017	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 42,492	28.5%	\$ 42,978	27.2%
AA/Aa	53,499	35.9%	58,173	36.8%
A/A	25,879	17.3%	27,384	17.3%
BBB/Baa	26,761	17.9%	28,348	18.0%
BB	412	0.3%	875	0.6%
B	208	0.1%	226	0.1%
Total Fixed Income Securities	\$ 149,251	100.0%	\$ 157,984	100.0%

Investment Portfolio (3/31/2018)



Other than fixed income securities will be reduced as percentage of overall investments during 2018

Detailed Impact of Changes to Book Value per Common Share

Book value per common share of \$7.62 increased by \$0.20 relative to December 31, 2017 as follows:

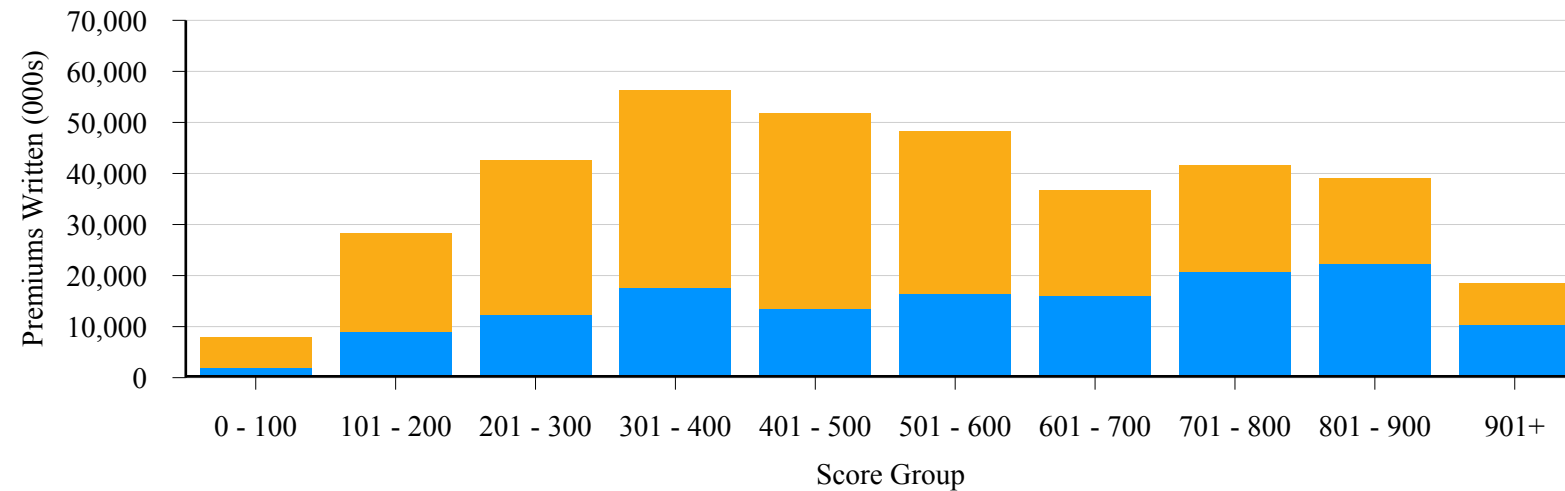
\$	0.44	increase related to net income after tax and before items indicated below;
	(0.01)	decrease related to the change in fair value of equity securities;
	0.02	increase related to the change in net realized investment gains after tax;
	(0.17)	decrease related to the change in unrealized gains/losses after tax;
	(0.09)	decrease related to stock repurchases; and
	0.01	increase related to share-based compensation
<hr/>		
\$	0.20	total increase from December 31, 2017 book value per common share

Operating Conclusions



Incremental Benefit of Predictive Analytics Pricing & Underwriting

**Predictive Model Premiums Written
6/1/2016 - 3/31/2018**

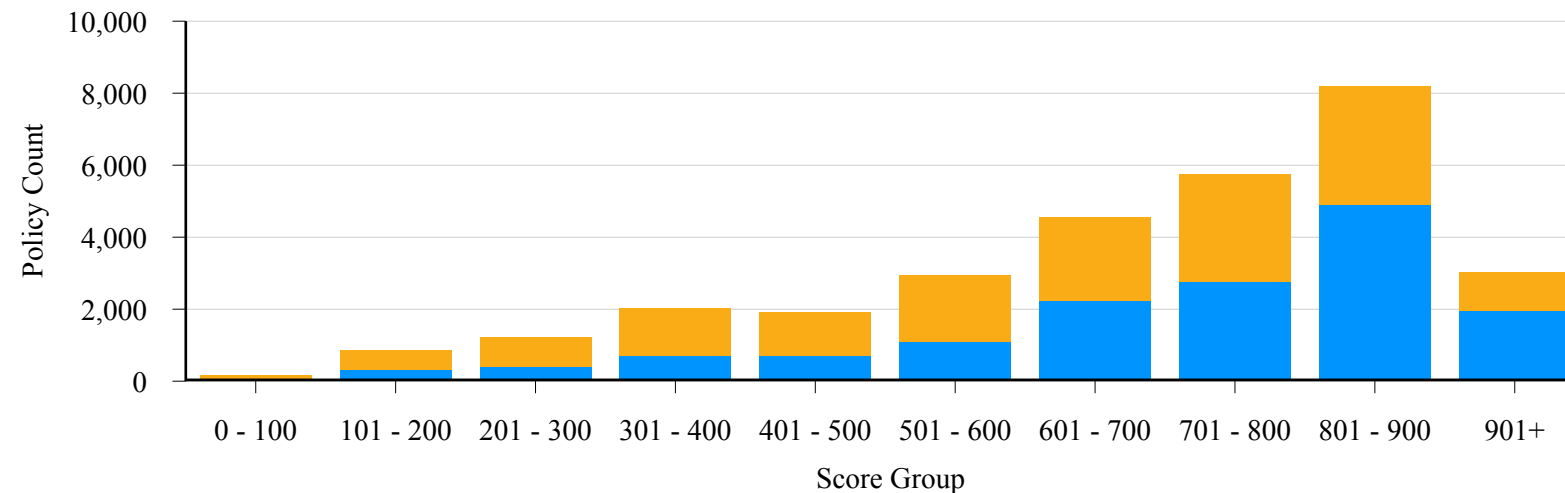


Key Reasons for Quotes “More” than Model

- *Limit on POS external credit use*
- *Association accounts*
- *Underwriting considerations*

Policy
Quote

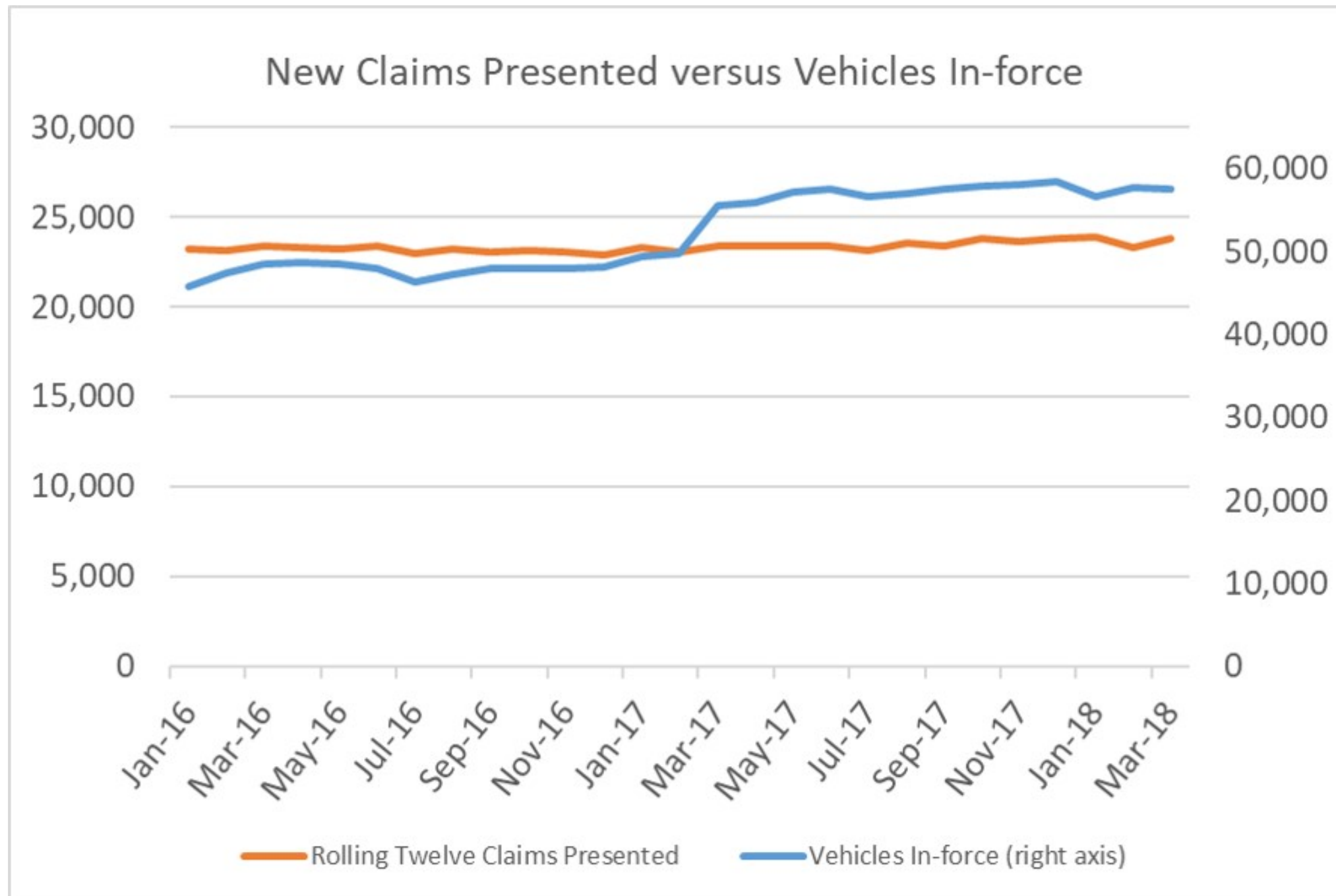
**Predictive Model Policy Counts
6/1/2016 - 3/31/2018**



Continued desired bias towards better predicted L/R accounts with higher hit ratio on “right” end of scale.

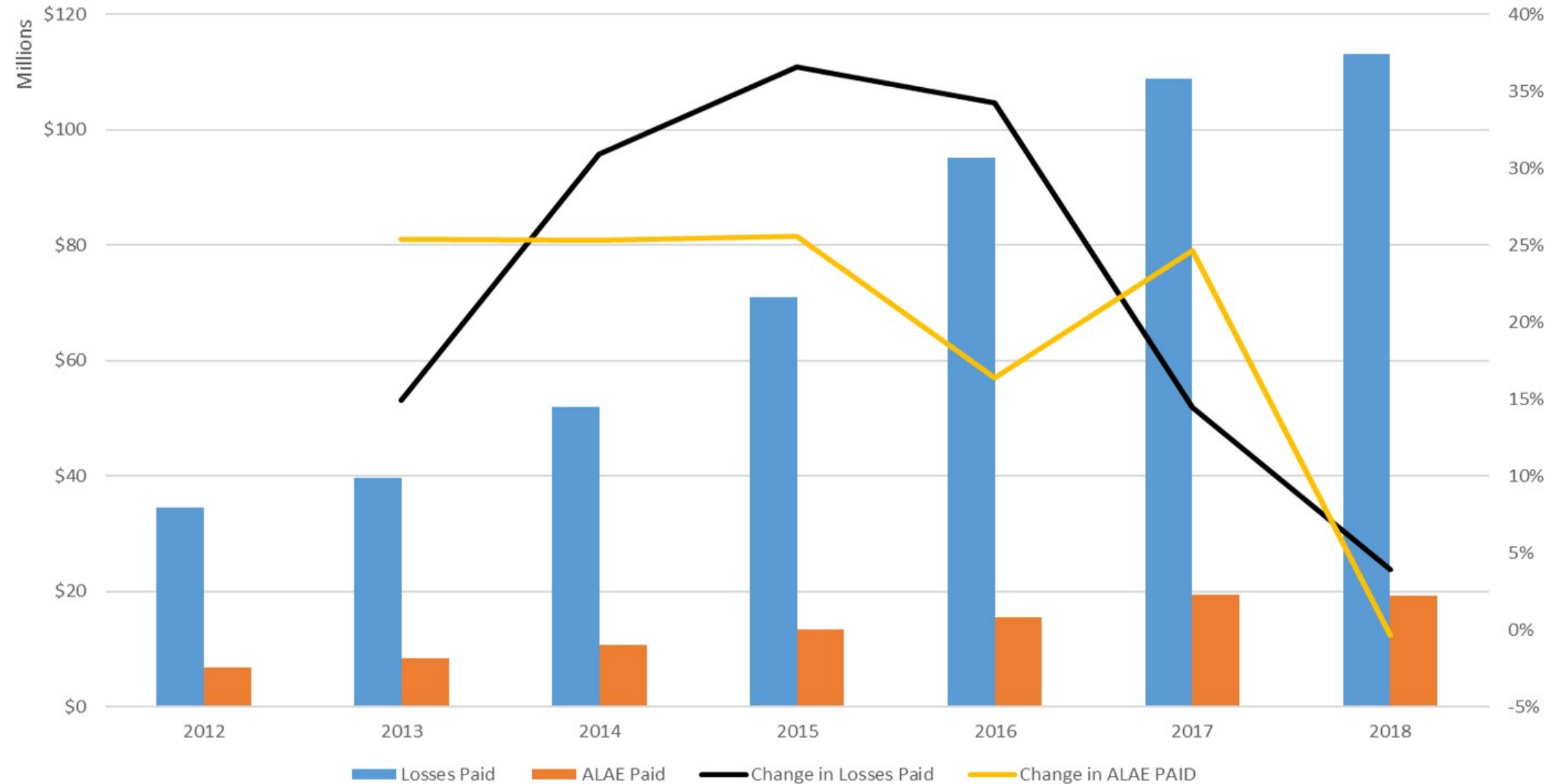
Policy
Quote

Incremental Benefit of Predictive Analytics Claim Activity



Incremental Benefit of Predictive Analytics Claim Activity

Direct Losses and ALAE Calendar Year Paid
ASI POOL Only



YTD 2018, 317 older claims which were not scored by predictive model were closed

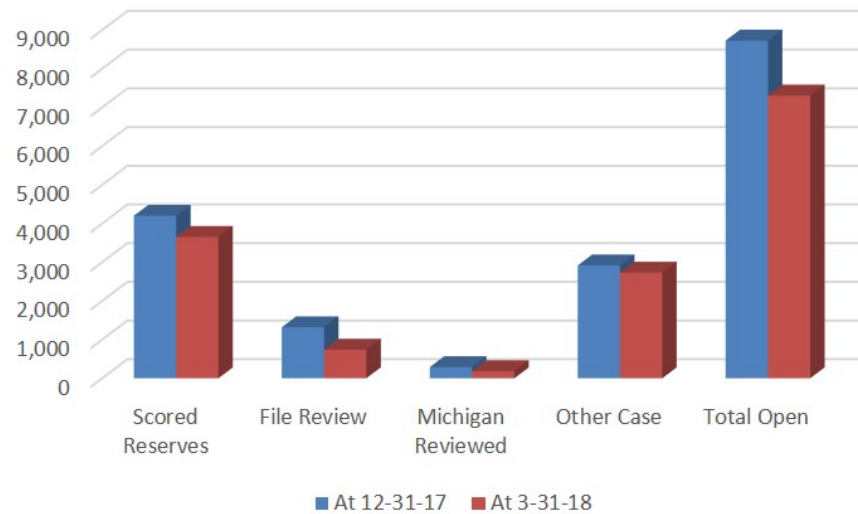
- Aggregate paid was \$8.6 mil compared to expected range of \$5.4 - \$13.3 mil
- Remaining count of non-scored claims is 899

Since launching modelling in claims, 6,437 scored claims have been closed

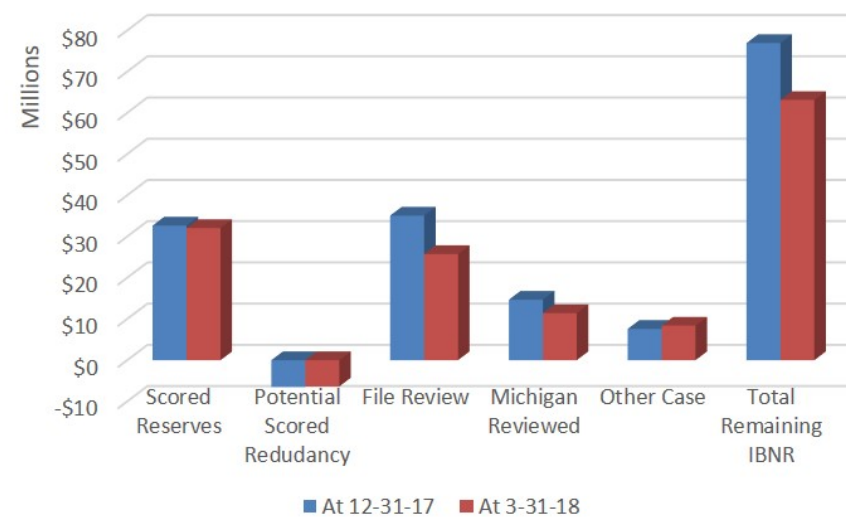
- Aggregate case reserve of \$54.4 mil
- Amount paid on closure (including CWOP) totaled \$42.4 mil -- 22% redundancy

Incremental Benefit of Predictive Analytics Claim Activity

Open Claim Count Comparison
By Bucket



Gross Loss and ALAE Reserve Comparison
By Bucket



Accident Year 2017 and Prior Claim Count

- Overall claim pending reduced by more than 30% since year end
 - Includes new claims presented in Q1 '18 as well as re-opens
- Scored reserves represent majority of open count

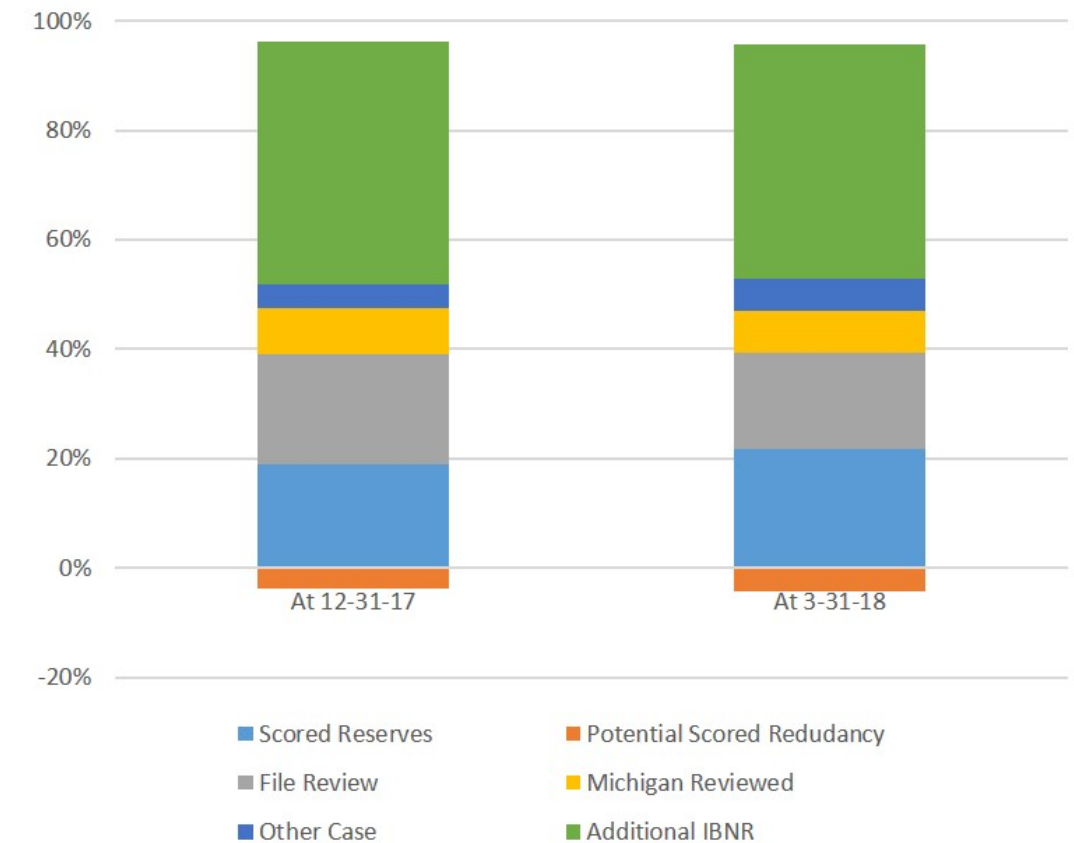
Michigan

- Pending claim count of 384 as at March 31, 2018

Accident Year 2017 and Prior Loss Reserves

- Loss reserves (case plus IBNR) reduced by 15.5% since year end
- File review expectation plus modelled case plus physical damage reserves total \$71.2 million
- Additional IBNR of \$63.2 million

Overall Reserves
AY 2017 & Prior



Gross written premium estimated: \$300 Million

At a combined ratio in the mid-80s...

...it's reasonable to expect annual net income per share to exceed \$2.00



AFH Investor Day Invitation
Tuesday, May 22, 2018
Chicago Area
10:15 AM CST* – 1:00 PM
CST

**Immediately following the Company's AGM at 10 am*

Location:

Atlas Headquarters
953 American Lane, 3rd Floor
Schaumburg, IL 60173 60007

Distance to O'Hare: 20-25 Minutes

Distance to Midway: 60 Minutes

Management Discussion on:

Claim Activity Update
Technology Initiatives
Operational Impacts
Market Conditions
Future Initiatives
Lunch

(Formal Agenda to Follow)

For additional information and to register, please contact:

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For Additional Information

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The Equity Group Inc.

Adam Prior
Senior Vice President
APrior@equityny.com
212-836-9606

A reconciliation of Non-GAAP financial measures can be found on the next slide



Reconciliation of Non-U.S. GAAP Financial Measurements

We use these non-GAAP financial measures in order to present our financial condition and results of operations in the way we believe will be most meaningful and representative of our business results. The non-GAAP financial measures that we present may not be comparable to similarly-named measures reported by other companies.

Adjusted operating income, before income taxes includes both underwriting income and loss and net investment income, but excludes net realized gains and losses, legal and professional expense incurred related to business combinations, interest expense, net impairment charges recognized in earnings and other items. Underwriting income is derived by reducing net premiums earned by net claims incurred, policy acquisition costs and general operating expenses.

Reconciliation of U.S. GAAP Net Income to Adjusted Operating Income, Before Income Taxes (\$ in '000s, except per share data)

	Three Month Periods Ended			
	March 31, 2018		March 31, 2017	
Net income	\$ 5,529	\$ 0.45	\$ 4,852	\$ 0.40
Add: income tax expense	1,283	0.10	2,613	0.21
Add: expenses recovered pursuant to stock purchase agreement	(520)	(0.04)	—	—
Add: interest expense	455	0.04	268	0.02
Less: loss from change in fair value of equity securities	(128)	(0.01)	—	—
Less: net realized investment gains	293	0.02	134	0.01
Less: other income	164	0.01	114	0.01
Adjusted operating income, before tax	\$ 6,418	\$ 0.53	\$ 7,485	\$ 0.61

After-tax return on average common equity is derived by subtracting preferred share dividends accrued from net income and dividing by average common equity. Common equity is total shareholders' equity less preferred shares and cumulative preferred share dividends accrued. Average common equity is the average of common equity at the beginning and the ending of the reporting period.

Reconciliation of U.S. GAAP Shareholders' Equity to Common Equity (\$ in '000s)

As of:

	March 31, 2018	December 31, 2017	March 31, 2017	December 31, 2016
Total shareholders' equity	\$ 91,390	\$ 90,645	\$ 132,683	\$ 127,342
Less: accrued dividends on preferred shares	(333)	(333)	(333)	(333)
Total common equity	\$ 91,057	\$ 90,312	\$ 132,350	\$ 127,009

Reconciliation of U.S. GAAP Return on Equity to Return on Common Equity (\$ in '000s)

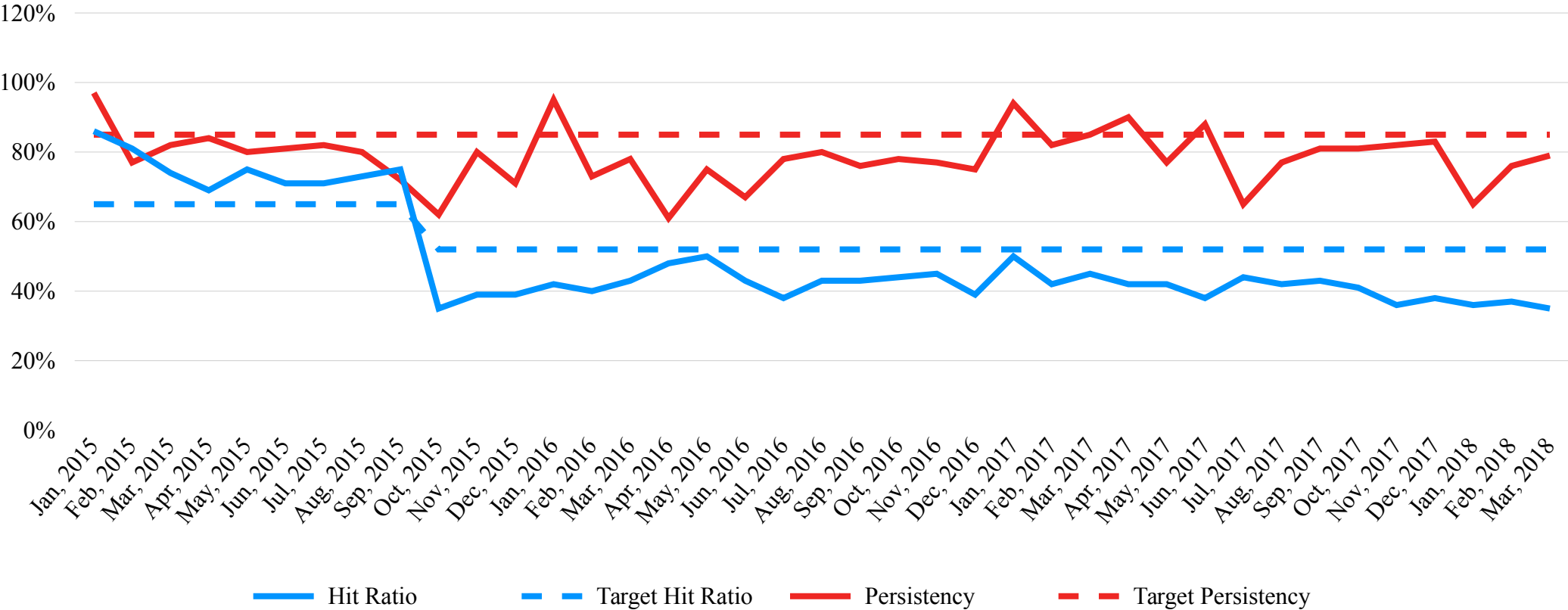
	Three Month Periods Ended	
	March 31, 2018	March 31, 2017
Net income	\$ 5,529	\$ 4,852
Average equity	91,018	130,012
Return on equity	24.3%	14.9%
Net income	\$ 5,529	\$ 4,852
Preferred share dividends accrued	—	—
Net income attributable to common shareholders	\$ 5,529	\$ 4,852
Average common equity	90,685	129,679
Return on average common equity	24.4%	15.0%

Operating Activities: Underwriting

(commercial business only: excludes Global Liberty)



Mid single digit rate increases are now being pursued for profitable renewals and desirable new accounts. Less deviation from predictive model (1-4 unit accounts quoted directly via POS using predictive analytics). Hit ratios are strongest in most desired score bands.



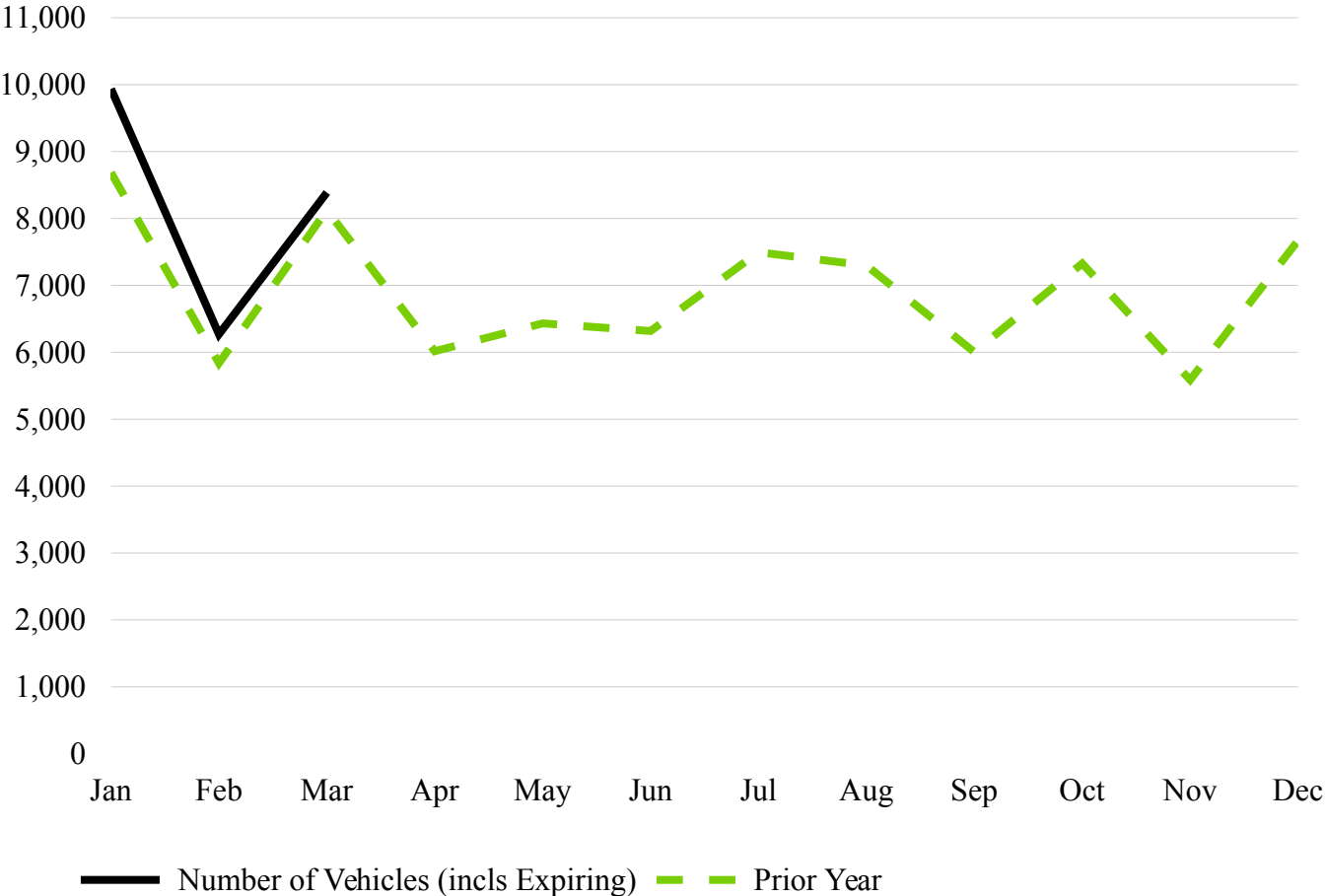
Target of 85% based on current market conditions.

Current target of 52%. Market conditions continue to show support for mid single digit rate increases (magnitude varies by geography).

Note: From Q4 '15 forward, data is compiled from the newly launched Atlas Xpress (Duck Creek) policy system. The basis for hit ratio now includes additional submission information (not just commercial auto accounts that are quoted)

* For January 2018 persistency, about 250 single vehicle policies were consolidated to 2 policies

New and Renewal Business Submissions
(Monthly Vehicles Submitted)



Vehicles In-Force

