



**2015 Second Quarter  
Conference Call  
August 4, 2015**

## 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 6/30/2015)	
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)
Core Target Markets	Taxi / Limo / Paratransit
Cash and Investments	\$227.5 million
Total Assets	\$383.5 million
Total Shareholders' Equity	\$121.1 million
Common Shares Outstanding (includes Restricted Share Units)	12,008,624
Book Value Per Outstanding Common Share	\$9.48



**COMMITMENT**  
since 1978

**EXPERTISE**  
specialty commercial auto

## 2015 Q2 Financial and Operating Highlights

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### GPW

- Increased 104.3% in Q2 2015 to \$46.6 million, which included an increase of 107.7% in core commercial auto business

### Vertical Growth

- Licensed in 49 states and the District of Columbia
- Actively distributes insurance product in 40 states
- Quarter over quarter growth in 12 states of greater than 100%

### Combined Ratio

- 86.9% for Q2 2015
- 9<sup>th</sup> straight quarter under 95%

### Operating Income

- Operating income was \$6.2 million for the three month period ended June 30, 2015, or \$0.49 per common share diluted; compared to \$2.6 million for the three month period ended June 30, 2014, or \$0.23 per common share diluted

### ROE

- Annualized second quarter 2015 tax return on average common equity was 13.7%

### Q2 2015 Milestones

- Achieved record operating results
- Integration of Global Liberty
- Continued utilizing financial measures to support growth

## 2015 Q2 Financial and Underwriting Highlights

### Premium Growth

GPW increased by 104.3% to \$46.6 million

- GPW increased 107.7% in core light commercial auto business

### Strong Underwriting Results

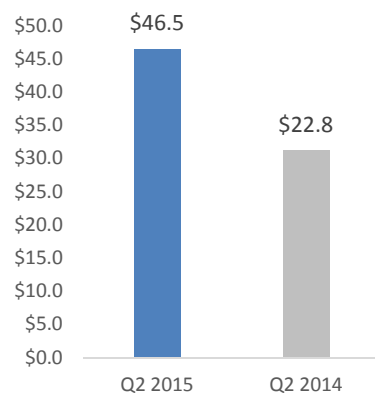
Combined ratio improved by 5.0 percentage points year-over-year to 86.9%

### Book Value Growth

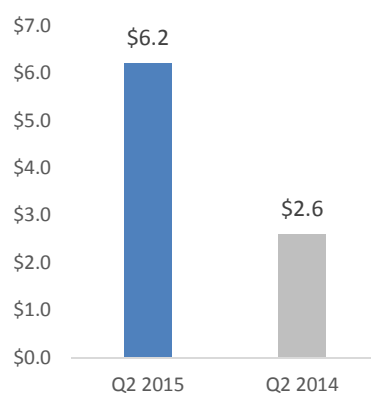
Atlas has increased book value in each of the past 11 quarters

- \$9.48 at 6/30/2015 compared to \$9.08 at 12/31/2014 and \$7.96 at 6/30/2014

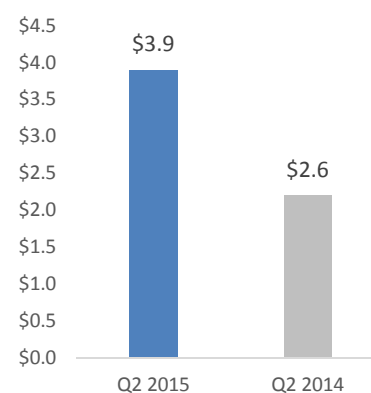
Gross Written Premium



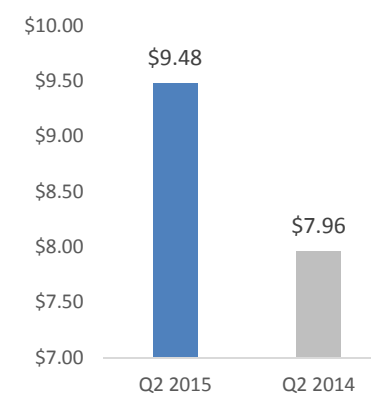
Operating Income



Net Income



Book Value



**%  
Growth**

**104.3%**

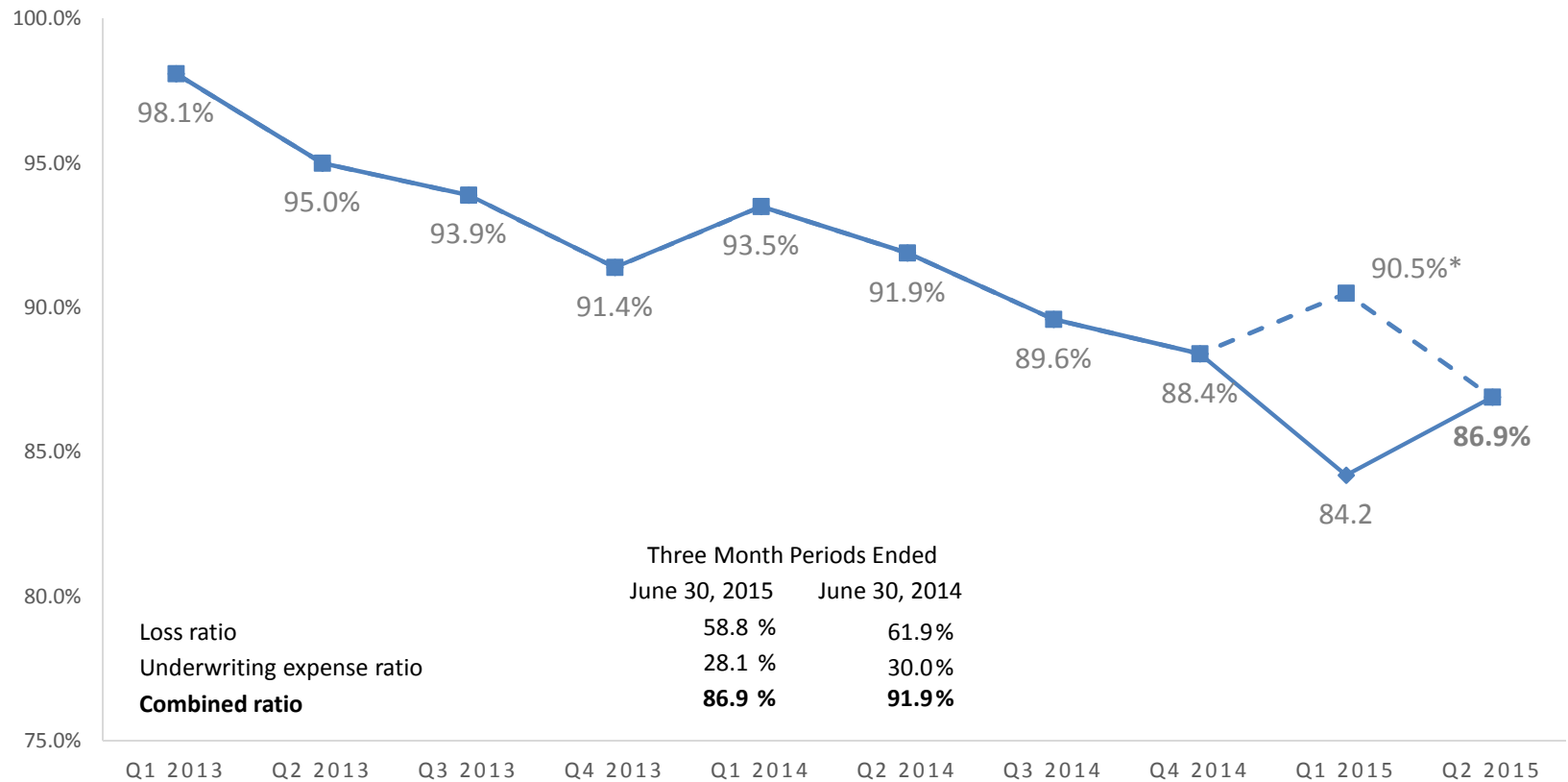
**143.0%**

**53.8%**

**19.1%**

## Considerable Underwriting Margin Improvement Since 2013 U.S. IPO

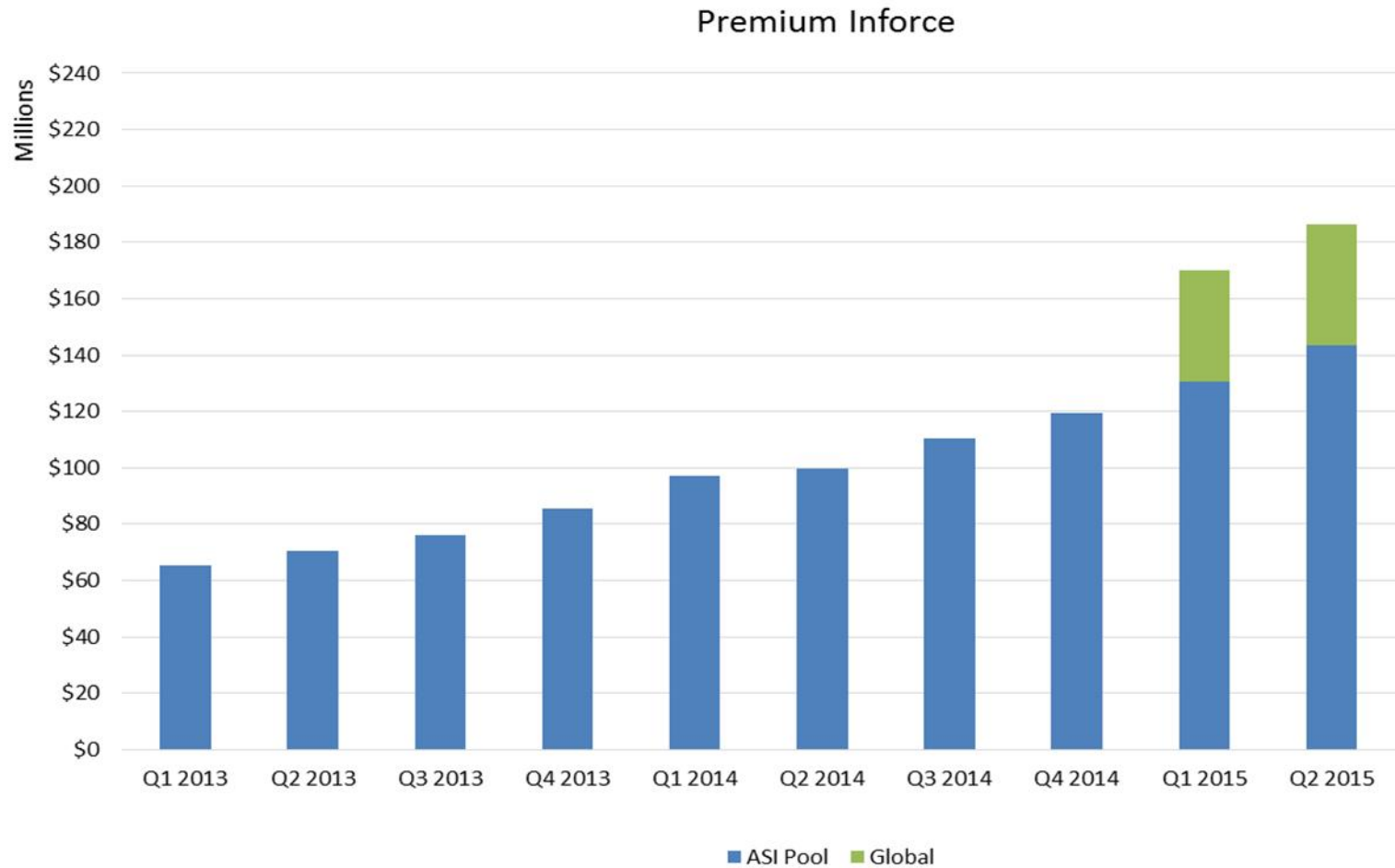
### Combined Operating Ratio ("COR")



\* Excluding the favorable development on Gateway's commercial auto program

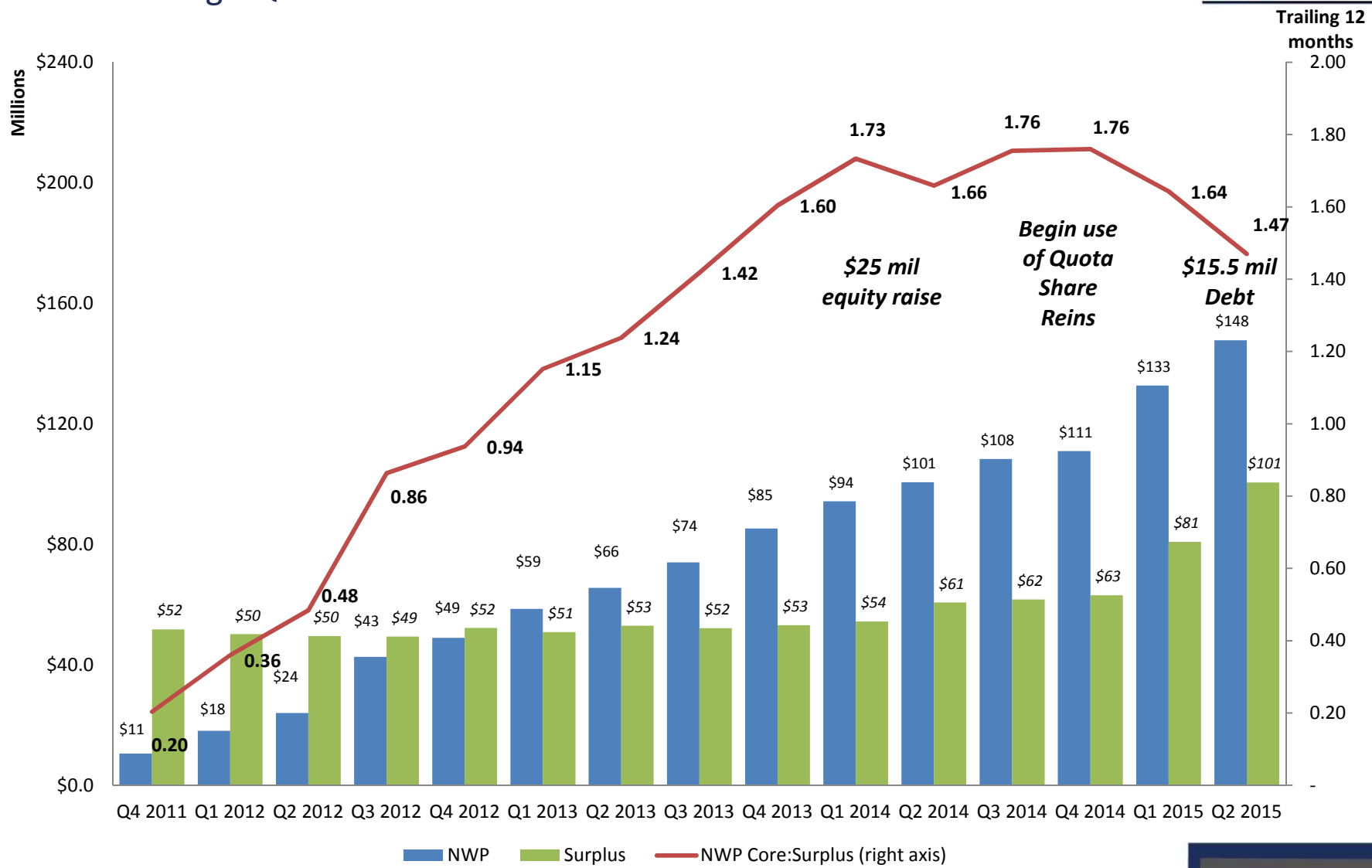
## Gross Written Premium: Inforce

### As of June 30, 2015



# NWP to Statutory Surplus Analysis

## Actual through Q2 2015



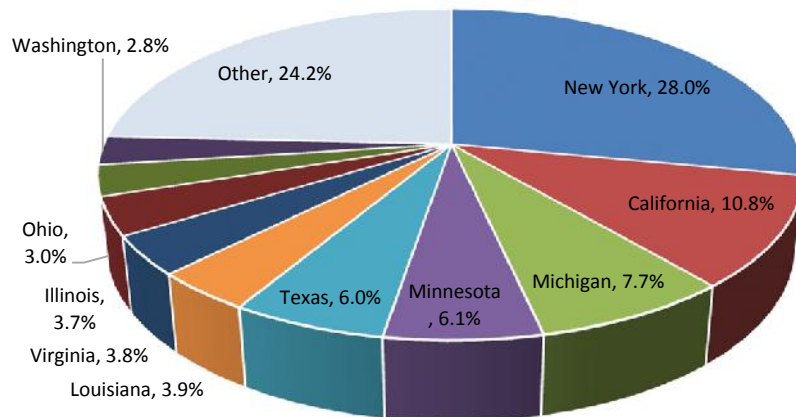


## Geographic Diversification

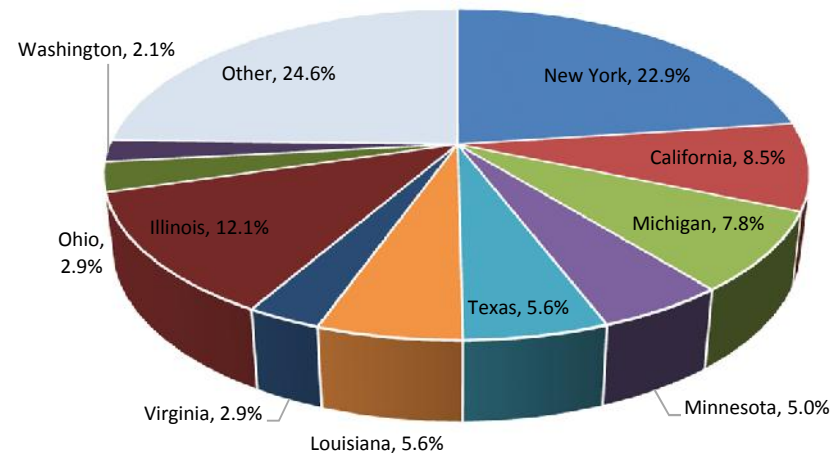
Gross premium written by state (\$ in '000s)

	Three Month Periods Ended						Six Month Periods Ended					
	June 30, 2015			June 30, 2014			June 30, 2015		June 30, 2014			
New York	\$	13,054	28.0%	\$	3,624	15.9%	\$	20,966	22.9%	\$	8,668	16.0%
California	\$	5,022	10.8%	\$	1,644	7.2%	\$	7,797	8.5%	\$	2,591	4.8%
Michigan	\$	3,580	7.7%	\$	2,971	13.0%	\$	7,112	7.8%	\$	5,905	10.9%
Minnesota	\$	2,860	6.1%	\$	2,233	9.8%	\$	4,549	5.0%	\$	3,736	6.9%
Texas	\$	2,785	6.0%	\$	(185)	(0.8)%	\$	5,133	5.6%	\$	990	1.8%
Louisiana	\$	1,806	3.9%	\$	841	3.7%	\$	5,128	5.6%	\$	1,580	2.9%
Virginia	\$	1,773	3.8%	\$	967	4.2%	\$	2,659	2.9%	\$	1,746	3.2%
Illinois	\$	1,701	3.7%	\$	1,252	5.5%	\$	11,080	12.1%	\$	10,948	20.3%
Ohio	\$	1,402	3.0%	\$	1,046	4.6%	\$	2,676	2.9%	\$	2,180	4.0%
Washington	\$	1,289	2.8%	\$	339	1.5%	\$	1,895	2.1%	\$	460	0.9%
Other	\$	11,303	24.2%	\$	8,069	35.4%	\$	22,553	24.6%	\$	15,221	28.3%
Total	\$	46,575	100.0%	\$	22,801	100.0%	\$	91,548	100.0%	\$	54,025	100.0%

Gross premium written by state (%)  
Quarter Ended 6/30/2015

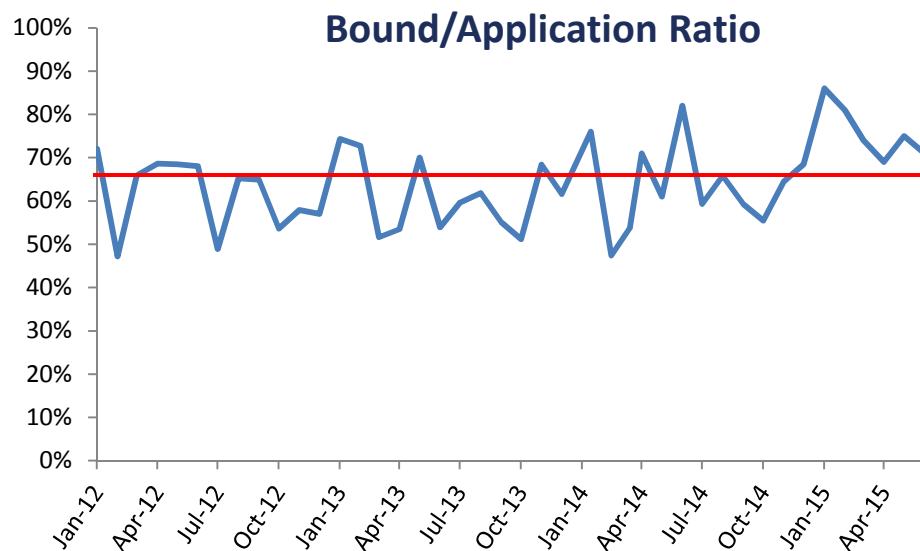


Gross premium written by state (%)  
YTD 6/30/2015



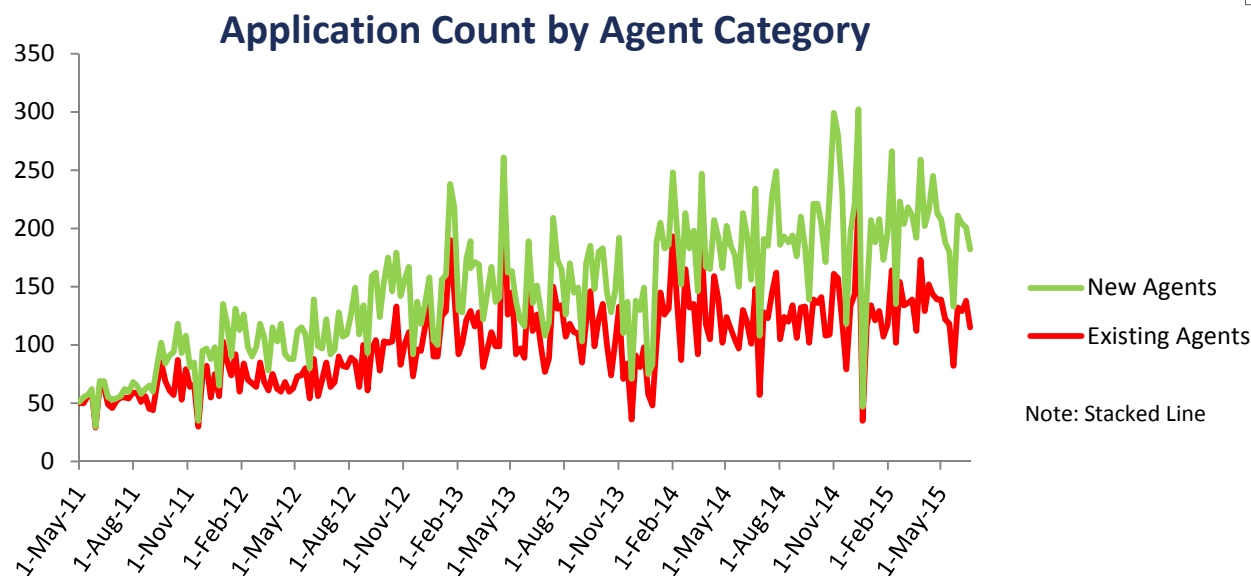
## Operating Activities: Underwriting

(commercial business only: excludes Global Liberty)



**Current target of 65%. Through Q2 '15 market conditions continue to show firming (magnitude varies by geography).**

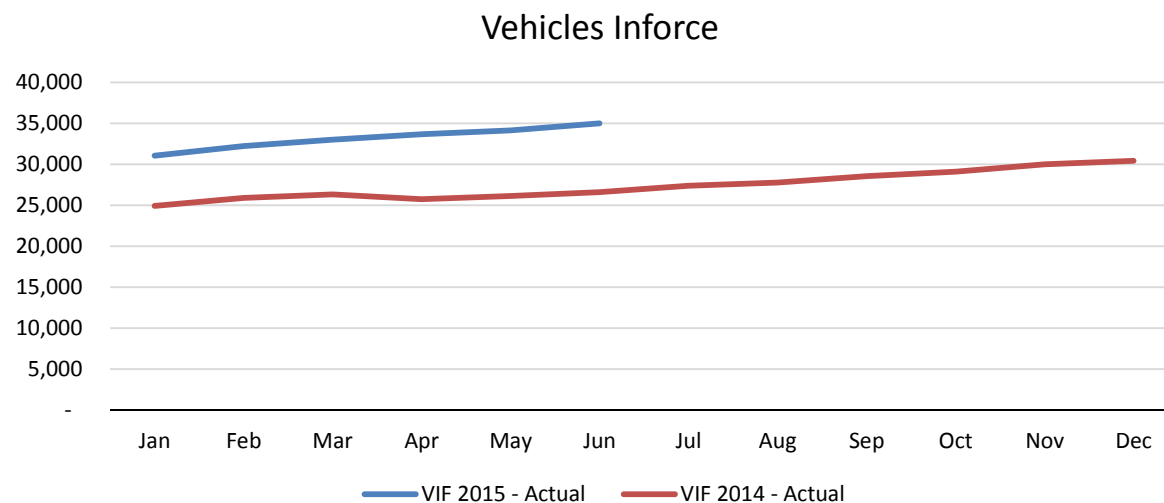
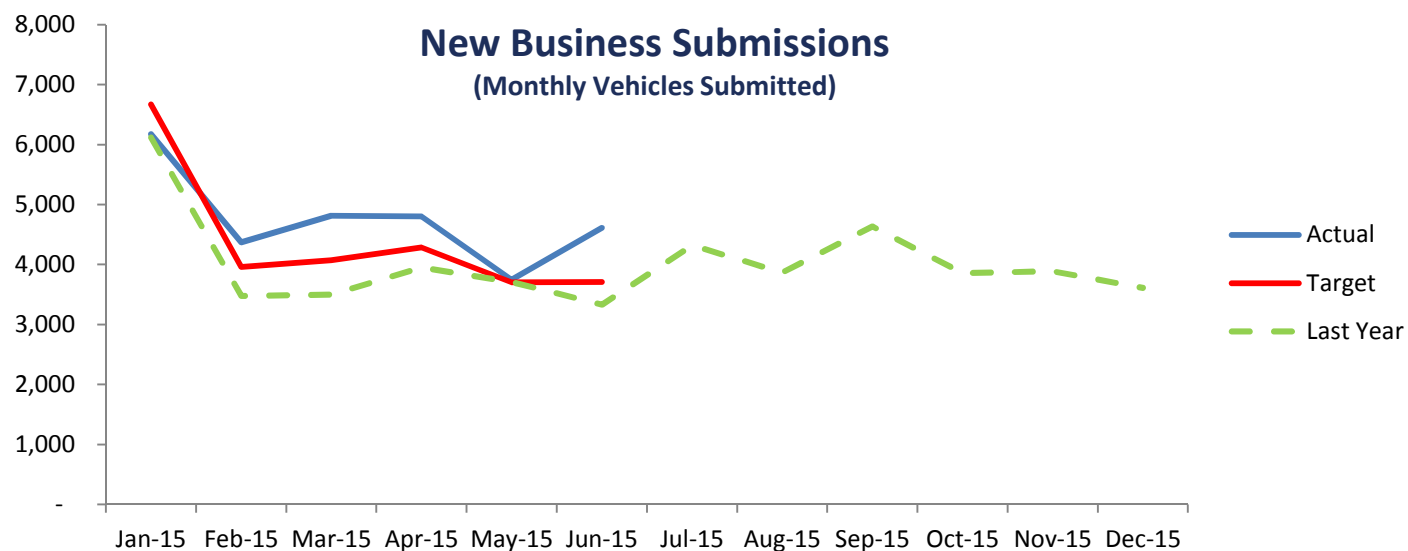
**Hit ratio target will continued to be monitored for the balance of the year. If commercial auto rate increases shift from mid to high single digits, a higher target will be established.**



**Continuing incremental volume from new and existing agents with continuing volume related to "book rolls" from other markets. In Q2 '15, 35.8% of applications came from new agents (including GIC).**

## Operating Activities: Underwriting

(commercial business only; excludes Global Liberty)

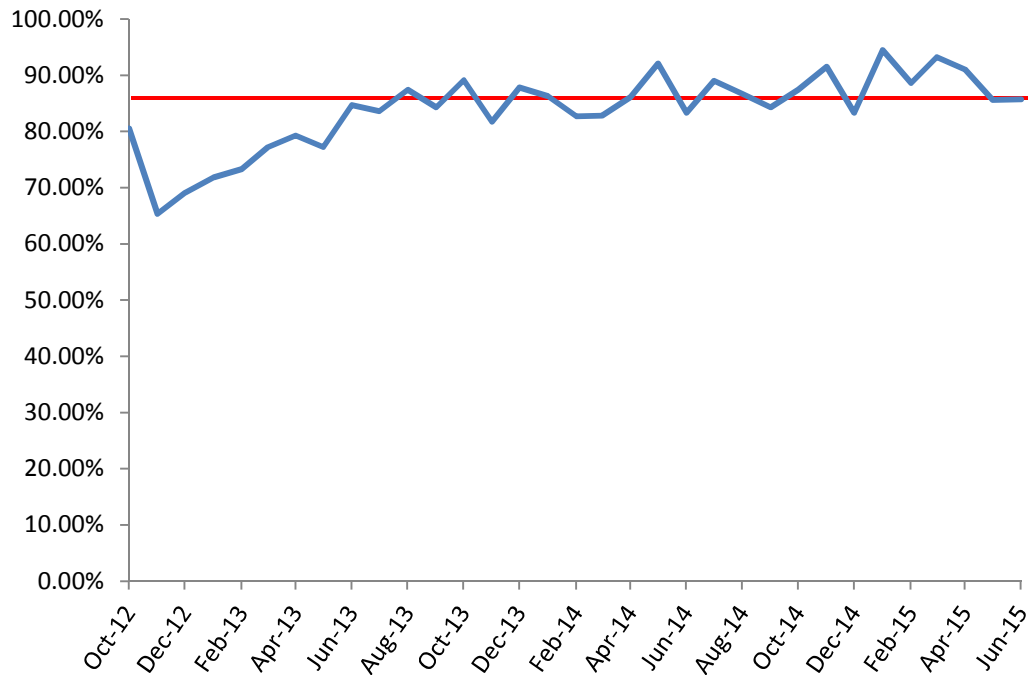


## Existing Business Retention Levels

(excludes Global Liberty)



### Renewal Retention (Policy Count)



***Target of 85% based on current market conditions.***

***High persistency demonstrates customer satisfaction and continues to provide support for positive pricing action***

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*Financial Highlights*



## Q2 2015 Financial Highlights (comparisons to prior year period)

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- Gross premium written increased by 104.3% to \$46.6 million, including an increase of 107.7% in core commercial auto lines
- Underwriting results improved by \$3.2 million, representing a 167.4% increase
- Underwriting expense ratio adjusted for debt treatment and share based compensation expenses was 26.7%
- Operating income was \$6.2 million, or \$0.49 per common share diluted
- Income before taxes was \$6.2 million compared to \$2.7 million in the same period of the prior year, representing a 132.0% increase
- Net income was \$3.9 million during the three month period ended June 30, 2015, compared to \$2.6 million during the three month period ended June 30, 2014
  - Note: In Q2 '15, effective tax rate (state & federal) was 36.1% vs. 3.8% in Q2 '14
- Earnings per common share diluted were \$0.31, compared to \$0.23 in the same period of the prior year

***Target total expense ratio of 24.5% to 26.5%***

## 2015 Q2 Operating Income

*Operating Income* is an internal performance measure used in the management of the Company's operations. It represents before-tax operational results excluding, as applicable, net realized gains or losses, net impairment charges recognized in earnings, non-recurring and atypical costs and other items. 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 operating income (\$ in '000's):

	Three Month Periods Ended	
	June 30, 2015	June 30, 2014
U.S. GAAP net income	\$3,936	\$2,559
Add: income tax expense	2,232	100
Add: expenses incurred related to acquisitions	228	—
Less: net investment gains	44	97
Less: other income (expense)	125	—
Operating income	\$6,227	\$2,562
Operating Income per diluted common share	\$0.49	\$0.23

## 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)	June 30, 2015	December 31, 2014
Shareholders' equity	\$ 121,109	\$ 109,399
Less: Preferred stock in equity	(7,223)	2,184
Common equity	\$ 113,886	\$ 107,215
Participative shares:		
Common shares outstanding	11,978,993	11,771,586
Restricted stock units (RSUs)	29,631	37,038
Total participative shares	12,008,624	11,808,624
Book value per participative share outstanding	\$ 9.48	\$ 9.08

**Book value per common share of \$9.48 increased by \$0.40 relative to December 31, 2014 as follows:**

\$0.63	increase related to net income after tax and before items below;
\$0.01	increase related to the change in realized investment after tax;
(\$0.01)	decrease related to the preferred share dividend liquidation;
(\$0.01)	decrease related to the change in unrealized gains/losses after tax;
(\$0.09)	decrease related to share based compensation; and
(\$0.13)	decrease related to expenses incurred with the acquisition of subsidiaries.
<b>\$0.40</b>	<b>total change from December 31, 2014 book value per common share</b>



## Strong Balance Sheet

- **Attractive investment leverage**
- **Credit Facility:**
  - **\$5 million one-year revolver, LIBOR + 2.75% (\$2.5 million drawn in Q1 '15)**
  - **\$30 million five-year draw facility, LIBOR + 4.5% (\$15.5 million drawn in Q2 '15)**

(\$ in millions)	June 30, 2015	December 31, 2014
Cash and Investments	\$227.5	\$180.0
Total Assets	\$383.5	\$283.9
Claim Reserves (Gross of Reinsurance) <sup>(1) (2) (3)</sup>	\$126.5	\$102.4
Unearned Premiums	\$93.6	\$59.0
Total Shareholders' Equity	\$121.1	\$109.4

- **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 (3.6 years)

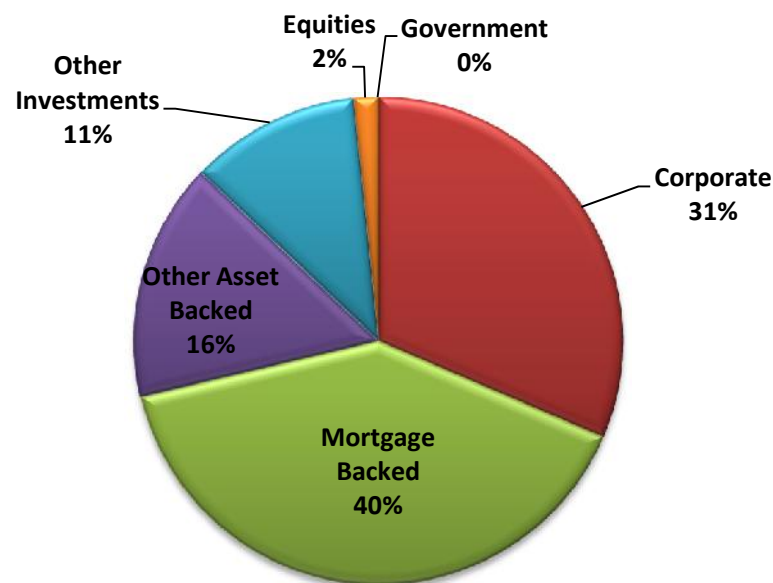
### Investment Portfolio

- As of June 30, 2015, total investments equaled \$211.6 million, of which fixed income consisted of 92.7%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 55.2% AAA
- 84.2% A or better

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

As of:	June 30, 2015		December 31, 2014	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 107,003	55.2 %	\$ 77,856	61.3 %
AA/Aa	22,786	11.8 %	10,897	8.6 %
A/A	33,337	17.2 %	22,206	17.5 %
BBB/Baa	30,063	15.5 %	15,990	12.6 %
BB	585	0.3 %	—	— %
<b>Total Securities</b>	<b>\$ 193,775</b>	<b>100.0 %</b>	<b>\$ 126,949</b>	<b>100.0 %</b>

#### Investment Portfolio (6/30/2015) <sup>(1)</sup>



**No exposure to  
Greece or PR**

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

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*Outlook / Market Overview*



## Impact of Pricing Progression for Atlas Financial

Niche insurance business that produces underwriting profits through all market cycles

Loss Ratio 70%	Loss Ratio 60%	Loss Ratio 50%
Historical results from Atlas' insurance subsidiaries have continued to produce loss ratios in the 70% range during soft market cycles	Combined Ratio will drop as expenses continue to trend towards the following range.	Loss ratios for the insurance companies Atlas owns were in the low 50's for multiple years in prior hard market cycles.
Combined Ratio of 95 – 97% <sup>1</sup>	Combined Ratio of 85 – 87% <sup>1</sup>	Combined Ratio of 75 – 77% <sup>1</sup>
Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned	Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned	Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned
Tax rate of 35% <sup>2</sup>	Tax rate of 35% <sup>2</sup>	Tax rate of 35% <sup>2</sup>
<b>After tax ROE:</b>	<b>After tax ROE:</b>	<b>After tax ROE:</b>
<b>8% - 11%<sup>3</sup></b>	<b>21% - 24%<sup>3</sup></b>	<b>34% - 37%<sup>3</sup></b>

***New business pricing below 60%***

<sup>1</sup> Assumptions: Expense ratio of between 24.5%-26.5%

<sup>2</sup> Based on existing DTA's, the 1<sup>st</sup> \$2.6 mil of income is tax free from a cash perspective through 2032

<sup>3</sup> Company operating at efficient scale with 2:1 NWP Surplus Ratio

## Concluding Remarks

### Favorable Outlook

- 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
- Re-affirms \$200 to \$240 million premium forecast for full year 2015
  - \$400 million in written premium is proportionate share
- Goal is to maximize ROE potential in the current cycle
  - Strong operating margins
  - Efficient and scalable capital structure
  - Operating leverage
- Discipline as market leader in niche business
  - Expertise
  - Focus
  - Underlying data
  - Strong brands
  - Difficult to replicate model
- Proven experience finding and fixing challenged businesses
  - Potential opportunistic M&A in all market cycles

### Goal

Atlas is targeting a high teens after-tax ROCE in 2015.

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



**Nasdaq: AFH**

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