



**2015 Fourth Quarter  
Conference Call  
March 8, 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 12/31/2015	At 9/30/2015
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)	
Core Target Markets	Taxi / Limo / Paratransit	
Cash and Investments	\$233.4 million	\$234.1 million
Total Assets	\$411.6 million	\$404.6 million
Total Atlas Shareholders' Equity	\$129.6 million	\$125.9 million
Common Shares Outstanding (includes Restricted Share Units)	12,045,519	12,008,624
Book Value Per Outstanding Common Share	\$10.15	\$9.88



## 2015 Record Annual Results

### Growth

- Gross written premiums increased 70.9% to \$209.3 million
- Results in-line with GPW targets for 2015
- In-force premium at December 31, 2015 was 210.6, compared to \$199.1 million at 9/30/2015

### Underwriting Performance

- Net underwriting income improved increased 117.2% to \$19.8 million
- Combined ratio improved by 3.7 pts. To 87.0%
- 11<sup>th</sup> consecutive quarter of CR under 95% / 6<sup>th</sup> straight under 90%

### Book Value / ROE

- Book value per share improved by 11.8% to \$10.15 (13.6% CAGR since 2011)
- After-tax return on common equity<sup>1</sup> ("ROCE") was 12.3% for the year ended December 31, 2015

### Revisiting 2015 Financial Expectations

- ✓ Expect to exceed previously discussed \$200 million in gross premiums written in 2015
  - Including approximately \$11 mil GWP generated by Global in 2015 pre-acquisition
- ✓ Continue utilizing financial measures to support self-funded growth
- ✓ Exceed P&C industry ROE by 500 – 1000 bps
  - AFH ROE for the full year was 12.3% / P&C 7.9%

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

## 2015 Q4 Financial and Underwriting Highlights

### Premium Growth

- GPW increased by 98.9% to \$52.4 million
- GPW increased 100.1% in core light commercial auto business

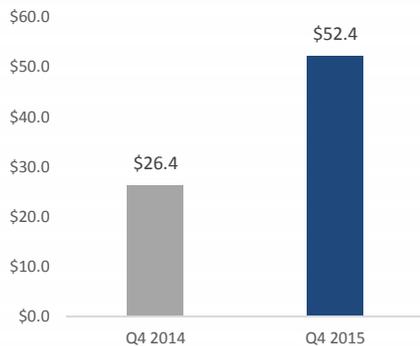
### Strong Underwriting Results

Combined ratio improved by 0.2 percentage points year-over-year to 88.2%

### Book Value Growth

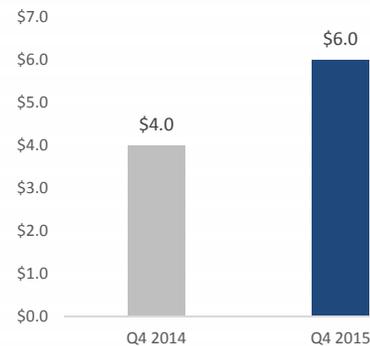
- Atlas has increased book value in each of the past 13 quarters
- \$10.15 at 12/31/2015 compared to \$9.08 at 12/31/2014 and \$9.88 at 9/30/2015

Gross Written Premium



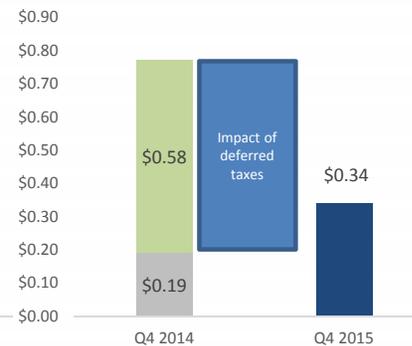
**% Growth 98.9%**

Pre-Tax Income



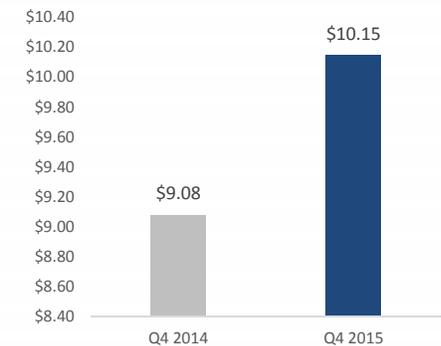
**50%**

EPS (After-Tax)



**78.9% excluding impact of deferred taxes**

Book Value

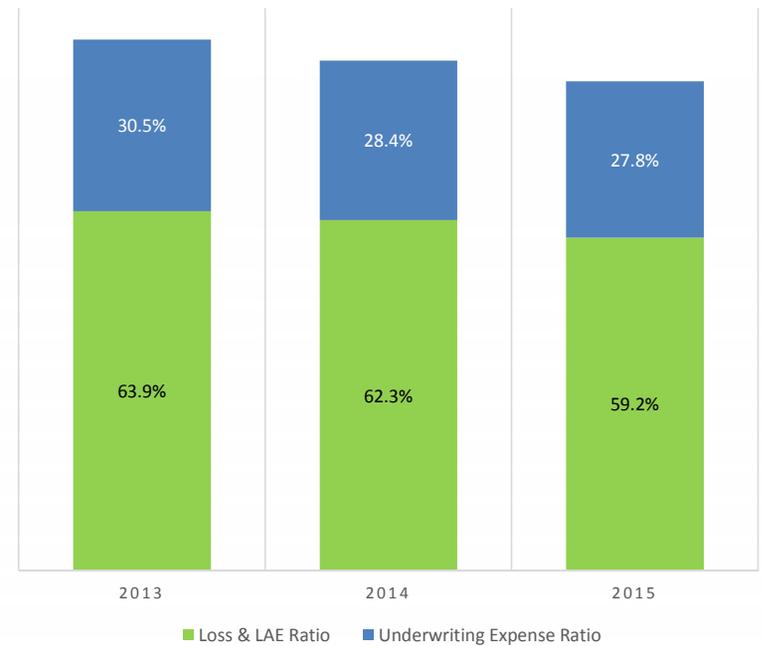


**11.7%**

\$ in millions except per share data

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

### Combined Operating Ratio ("COR")



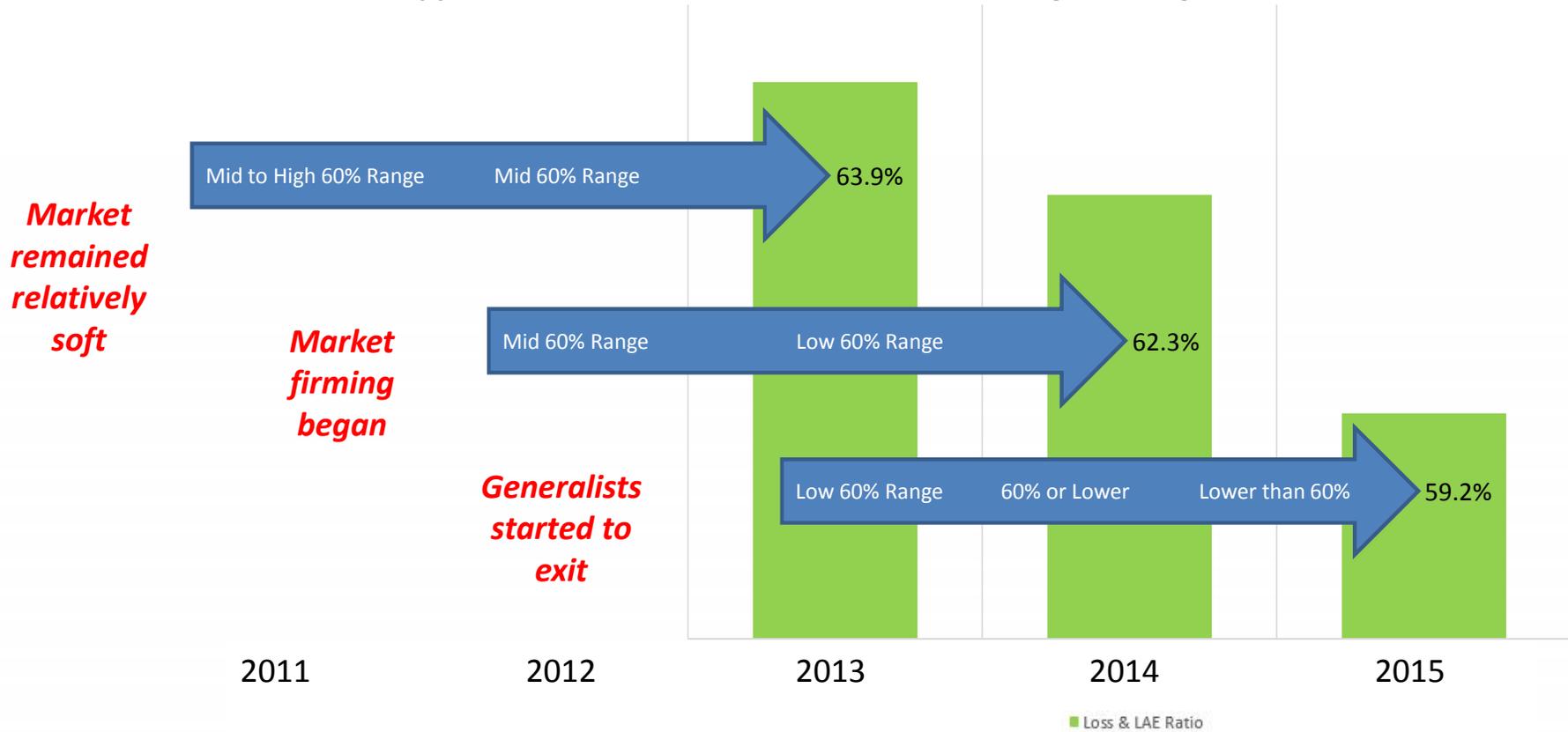
#### Three Month Periods Ended

	December 31, 2015	December 31, 2014
Loss ratio	60.9 %	61.7 %
Underwriting expense ratio	27.3 %	26.7 %
<b>Combined ratio</b>	<b>88.2 %</b>	<b>88.4 %</b>

Loss ratio  
Underwriting expense ratio  
**Combined ratio**

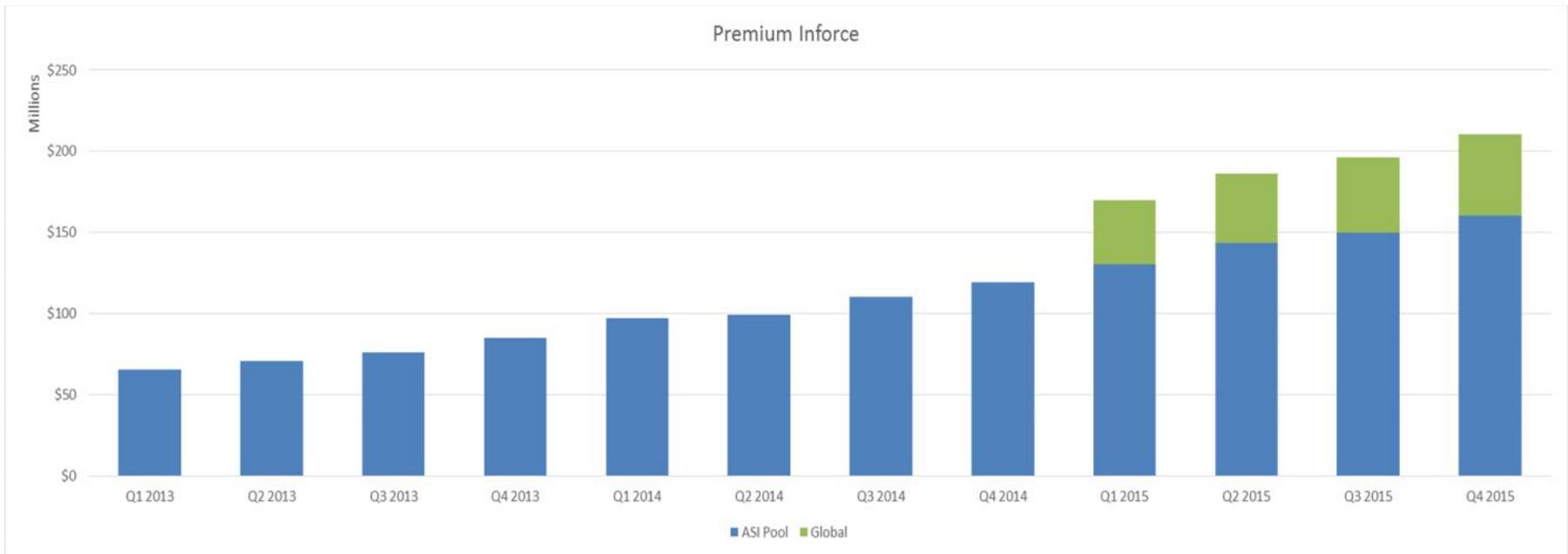
## Impact of Pricing Activities on Loss Ratio Over Time

*Approximate 18 Month Time-Frame From Target Change to Carried*



## Gross Written Premium: Inforce

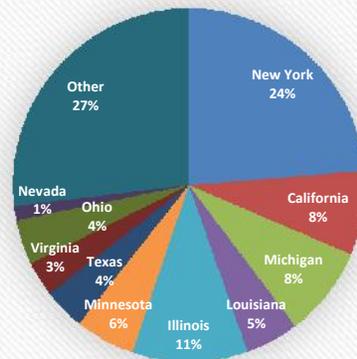
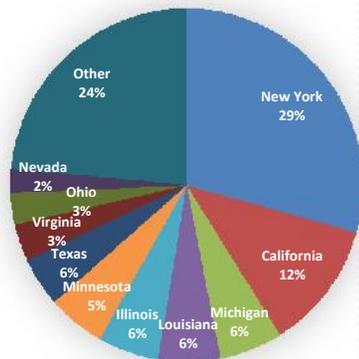
At December 31, 2015, in-force premium was \$210.6 million and the Company's gross unearned premium reserve was \$108.2 million.



## Geographic Diversification

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

Year Ended December 31,	2015		2014	
New York	\$61,331	29.3%	\$28,977	23.7%
California	\$24,592	11.8%	\$9,417	7.7%
Michigan	\$12,178	5.8%	\$10,104	8.3%
Louisiana	\$11,884	5.7%	\$6,053	4.9%
Illinois	\$11,741	5.6%	\$12,947	10.6%
Minnesota	\$11,178	5.3%	\$6,770	5.5%
Texas	\$9,462	4.5%	\$4,702	3.8%
Virginia	\$7,134	3.4%	\$3,865	3.2%
Ohio	\$6,124	2.9%	\$4,995	4.1%
Nevada	\$4,536	2.2%	\$1,543	1.3%
Other	\$49,126	23.5%	\$33,049	26.9%
<b>Total</b>	<b>\$209,286</b>	<b>100.0%</b>	<b>\$122,432</b>	<b>100.0%</b>



### Notable Highlights

- Growth in New York largely a result of both Global Liberty acquisition and organic expansion
- Commitment to expanding geographically resulted in 29 states with more than \$1 million in written premium in 2015 compared to 23 in 2014.
- In 9 states, Atlas experienced quarter over quarter growth of greater than 100%
- Regional growth remains particularly strong across west coast where current market share is relatively lower

# Operating Activities: Underwriting

(commercial business only; excludes Global Liberty)

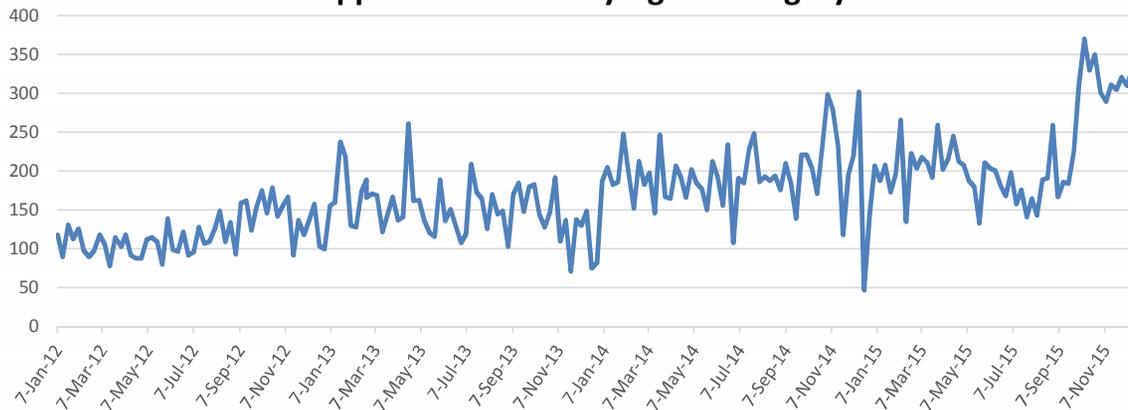
### Bound/Application Ratio



**Current target of 65%. Through Q4 '15 market conditions continue to show firming (magnitude varies by geography).**

**In Q4 '15, data was compiled from the newly launched AXIS (Duck Creek) policy system. The basis for hit ratio now includes additional submission information – as a result, calculated ratio in Q4 '15 dropped initially. Our expectation is that market conditions will support a hit ratio above 60% on this new calculation basis.**

### Application Count by Agent Category



**In past quarters, the Company has broken out by “new” and “existing” agents. At this point, the distinction between is not material.**

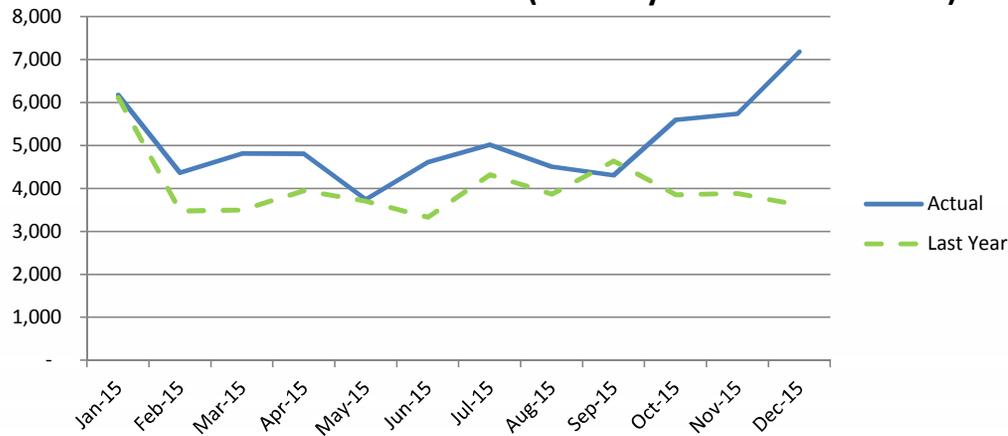
**Going forward, overall application count will be shown.**

**As indicated above, in Q4 '15, data collection was impacted by the implementation of our new policy system. While application accounts were in-fact strong, the spike at the start of the quarter was partially due to a change in data collection protocol.**

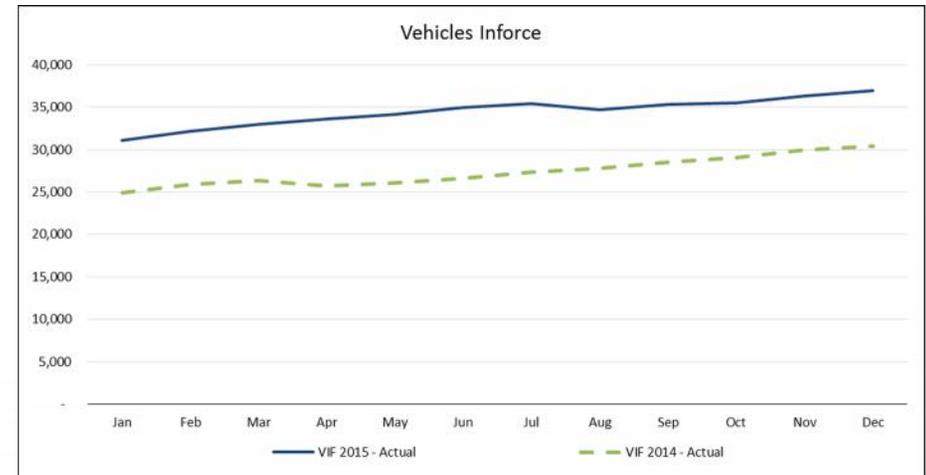
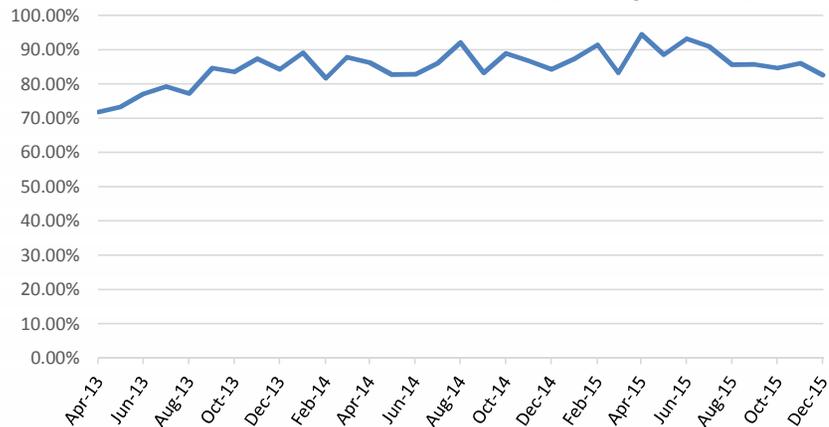
# Operating Activities: Underwriting

(commercial business only: excludes Global Liberty)

### New Business Submissions (Monthly Vehicles Submitted)



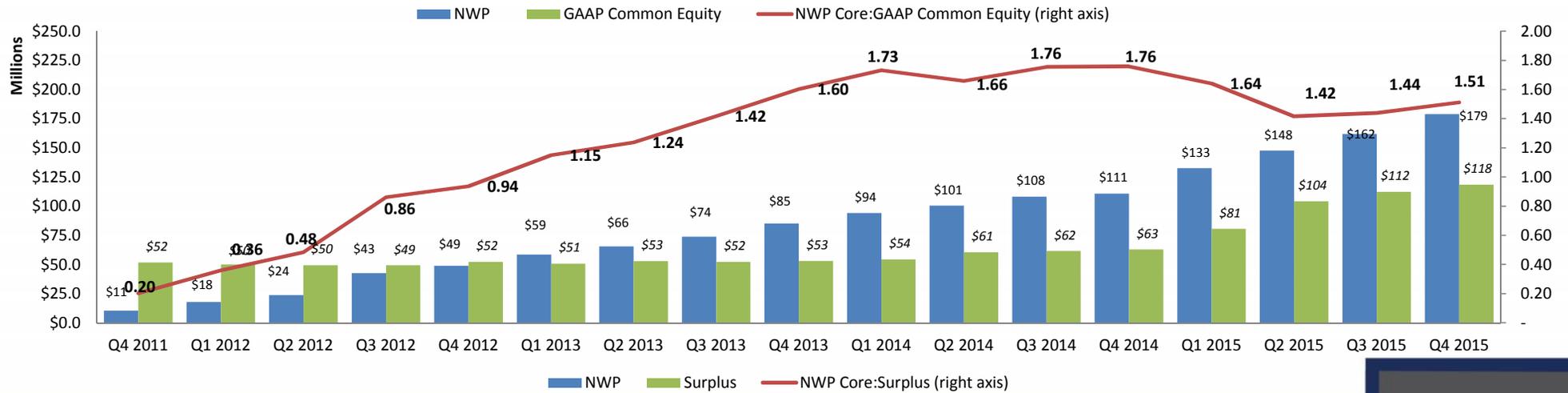
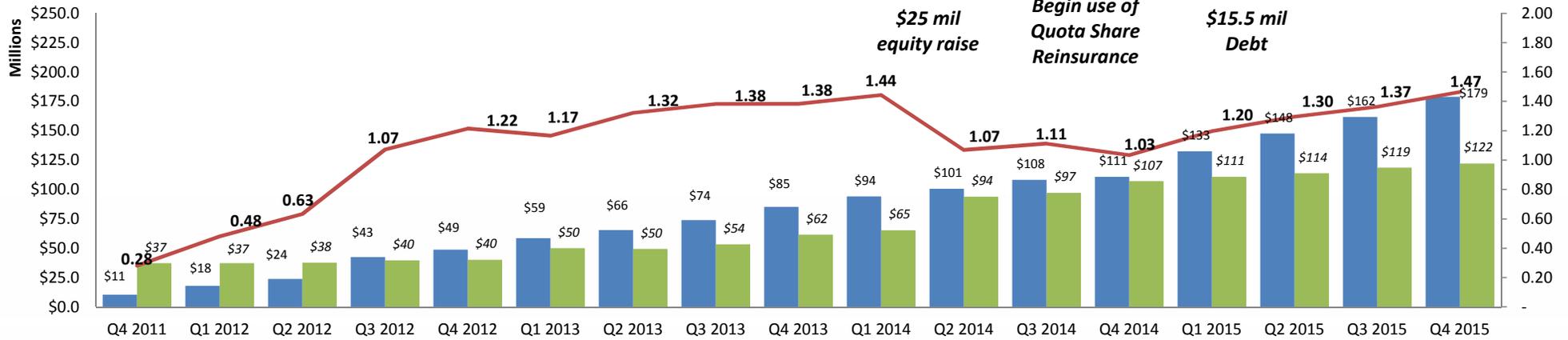
### Renewal Retention (Policy Count)



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

**High persistency continues to provide support for incremental rate increases.**

# Operating Leverage (Actual through Q4 2015)



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*Financial Highlights*



## Q4 2015 Financial Highlights (comparisons to prior year period)

- Gross premium written increased by 98.9% to \$52.4 million
  - increase of 100.1% in core commercial auto lines
- Underwriting results improved by \$1.8 million to \$5.0 million, representing a 56.3% increase
- Underwriting expense ratio excluding share based compensation expenses but including amortization of intangible assets related to the Global Liberty acquisition was 26.3% compared to 25.9% in Q4 2014
  - In line with target total expense ratio of 24.5% to 26.5%
- Income before taxes was \$6.0 million, or \$0.48 per diluted share, compared to \$4.0 million, or \$0.33 per diluted share
- After-tax income from operating activities was \$3.9 million, or \$0.31 per diluted share, compared to \$2.7 million, or \$0.22 per diluted share
- For the three month period ended December 31, 2015, net income was \$4.3 million on a fully tax effected basis compared to \$9.4 million for the three month period ended December 31, 2014 which included \$7.1 million tax benefit resulting from the Company's treatment of DTAs in 2014
- Earnings per common share diluted were \$0.34, compared to \$0.77 in the same period of the prior year which included \$0.58 per diluted common share of tax benefit resulting from the Company's treatment of DTAs in 2014

## 2015 Q4 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			
	December 31, 2015		December 31, 2014	
U.S. GAAP net income attributable to Atlas	\$ 4,333	\$ 0.34	\$ 9,458	\$ 0.77
Less: other income	36	—	1	—
Less: net investment gains	119	0.01	150	0.01
Add: expenses incurred related to Anchor acquisition	14	—	458	0.04
Add: interest expense	150	0.01	—	—
Add: deferred income taxes	(416)	(0.03)	(7,093)	(0.58)
<b>After-tax operating income</b>	<b>\$ 3,926</b>	<b>\$ 0.31</b>	<b>\$ 2,672</b>	<b>\$ 0.22</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)	December 31, 2015	December 31, 2014
Atlas shareholders' equity	\$ 129,622	\$ 109,399
Less: Preferred stock in equity	6,941	2,000
Less: Accumulated dividends on preferred stock	460	184
Common equity	\$ 122,221	\$ 107,215
Participative shares:		
Common shares outstanding	12,015,888	11,771,586
Restricted stock units (RSUs)	29,631	37,038
Total participative shares	12,045,519	11,808,624
Book value per participative share outstanding	\$ 10.15	\$ 9.08

**Book value per common share of \$10.15 increased by \$1.07 relative to December 31, 2014 as follows:**

\$1.29	increase related to net income after tax and before items below;
\$0.05	increase related to the change in realized investment after tax;
(\$0.02)	decrease related to the preferred share dividend liquidations;
(\$0.09)	decrease related to the change in unrealized gains/losses after tax;
(\$0.03)	decrease related to share based compensation; and
(\$0.13)	decrease related to expenses incurred with the acquisition of subsidiaries.
<b>\$1.07</b>	<b>total change from December 31, 2014 book value per common share</b>

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

- Attractive investment leverage
- Credit Facility:
  - \$5 million one-year revolver, LIBOR + 2.75% (\$2.0 million drawn)
  - \$30 million five-year draw facility, LIBOR + 4.5% (\$15.5 million drawn)

(\$ in millions)	December 31, 2015	December 31, 2014
Cash and Investments	\$233.4	\$180.0
Total Assets	\$411.6	\$283.9
Claim Reserves (Gross of Reinsurance) <sup>(1) (2) (3)</sup>	\$127.0	\$102.4
Unearned Premiums	\$108.2	\$59.0
Atlas Shareholders' Equity	\$129.6	\$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 (4.1 years)

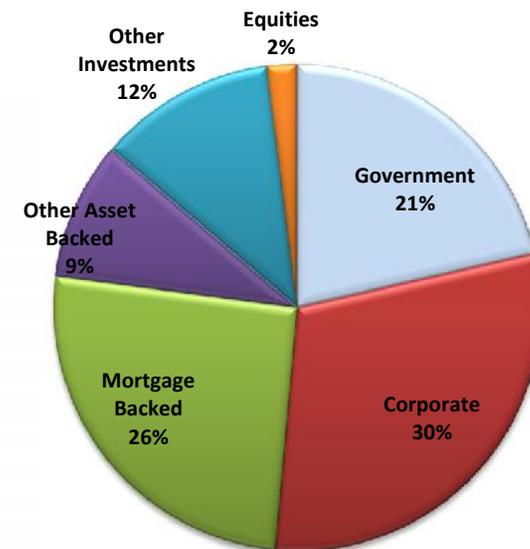
### Investment Portfolio

- As of December 31, 2015, total investments equaled \$211.0 million, of which fixed income consisted of 87.1%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 58.1% AAA
- 84.9% A or better

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

As of:	December 31, 2015		December 31, 2014	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 106,878	58.1%	\$ 77,856	61.3%
AA/Aa	20,348	11.1%	10,897	8.6%
A/A	28,765	15.7%	22,206	17.5%
BBB/Baa	26,512	14.4%	15,990	12.6%
BB	1,270	0.7%	—	—%
Total Fixed Income Securities	\$ 183,773	100.0%	\$ 126,949	100.0%

Investment Portfolio (12/31/2015) <sup>(1)</sup>



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

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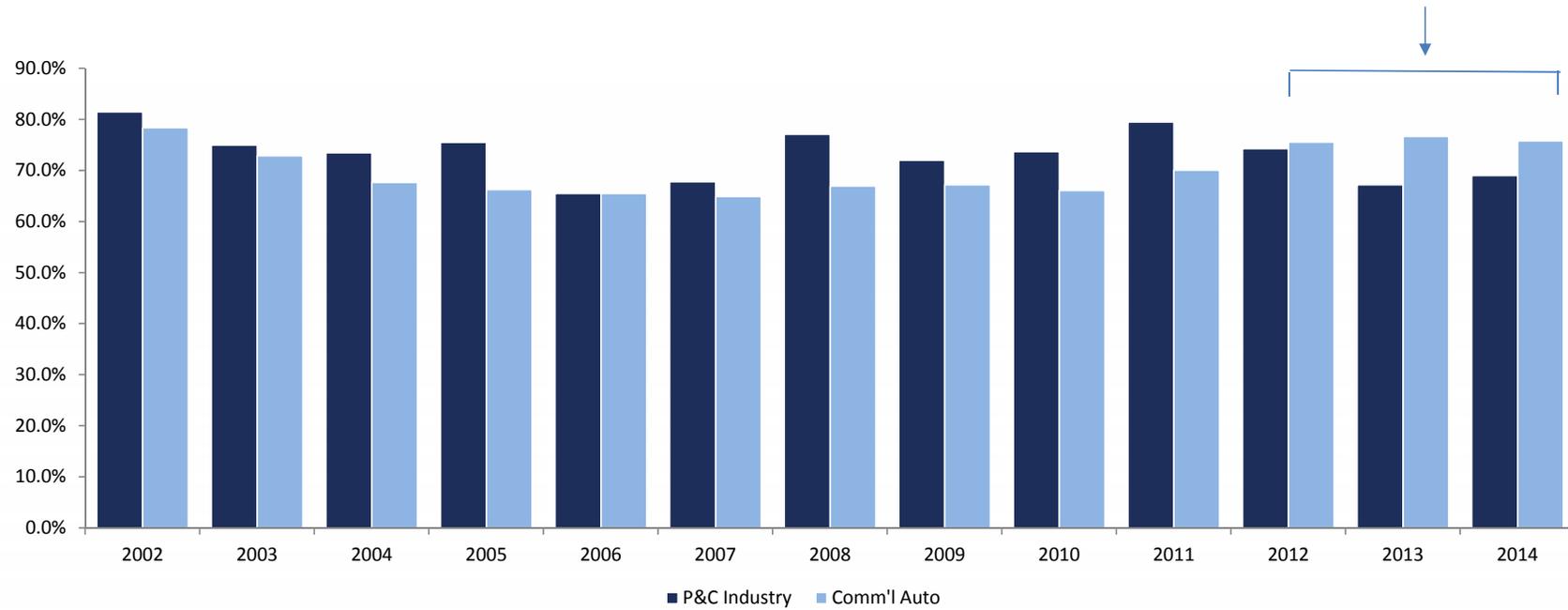
*Outlook / Market Overview*



## Commercial Auto vs. P&C



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



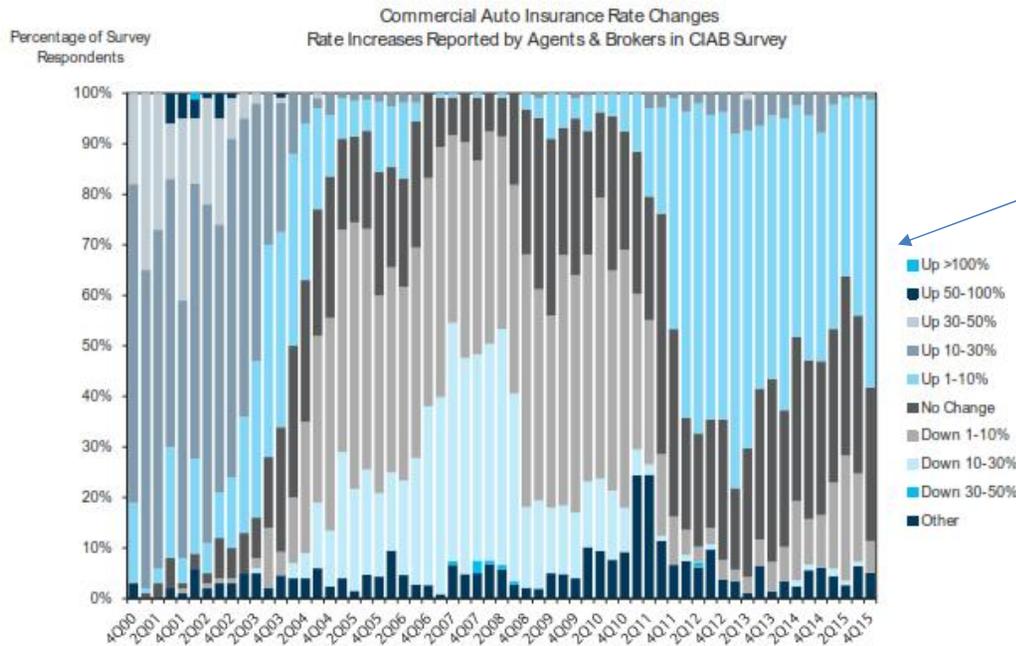
Source: A.M. Best Aggregates & Averages, 2005, 2015

# 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 Fourth Quarter 2015 Rate Changes Ranged From -3.5% to +2.7%

	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
<b>Fourth Quarter 2015</b>	2.7%	-2.6%	-3.5%	-3.4%	-2.8%	-1.9%
<b>Third Quarter 2015</b>	1.3%	-2.5%	-5.2%	-2.7%	-3.0%	-2.4%
<b>Second Quarter 2015</b>	0.5%	-1.9%	-5.4%	-3.0%	-2.7%	-2.5%
<b>First Quarter 2015</b>	1.5%	-0.4%	-4.0%	-2.2%	-2.1%	-1.5%
<b>Fourth Quarter 2014</b>	3.0%	0.7%	-2.2%	-0.4%	-0.3%	0.1%
<b>High</b>	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
<b>Low</b>	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

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

#### Average Fourth Quarter 2015 Commercial Pricing Declines

	By Account Size			Average
	Small	Medium	Large	
<b>Fourth Quarter 2015</b>	-1.5%	-3.0%	-3.7%	-2.8%
<b>Third Quarter 2015</b>	-1.4%	-3.8%	-4.1%	-3.1%
<b>Second Quarter 2015</b>	-1.3%	-3.5%	-5.2%	-3.3%
<b>First Quarter 2015</b>	-0.5%	-2.7%	-3.7%	-2.3%
<b>Fourth Quarter 2014</b>	1.1%	-0.9%	-2.2%	-0.7%
<b>High</b>	20.8%	31.7%	33.0%	28.5%
<b>High Date</b>	4Q01	4Q01	4Q01	
<b>Low</b>	-10.0%	-15.0%	-15.9%	-13.6%
<b>Low Date</b>	1Q08	3Q07	3Q07	

Source: 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.

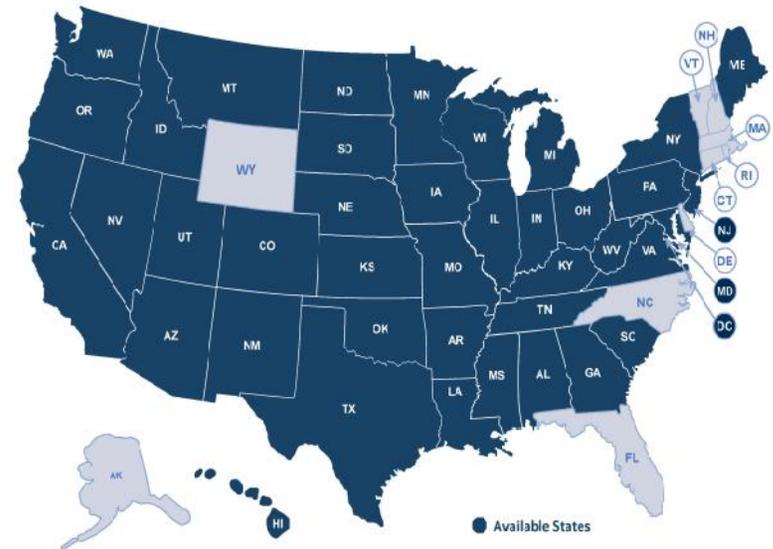
## Outlook for 2016

### Core Goals

Across market cycles, our objective is to exceed industry ROE by 500 to 1,000 bps. [Achieved in 2015]

#### Favorable Outlook

- 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 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



Actively distributing products in 40 states plus Washington D.C.<sup>1</sup>



# SAVE THE DATE: 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 to Improve End Results**

Industry Experts and Formal Agenda to Follow in Coming Weeks

**Please RSVP:**

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



**Nasdaq: AFH**

For Additional Information

At the Company:

Scott Wollney  
Chief Executive Officer  
[swollney@atlas-fin.com](mailto:swollney@atlas-fin.com)  
847-700-8600

Investor Relations:  
The Equity Group Inc.

Adam Prior  
Senior Vice President  
[APrior@equityny.com](mailto:APrior@equityny.com)  
212-836-9606