



Nasdaq: AFH
2016 Second Quarter
Conference Call
August 2, 2016



Safe Harbor

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Atlas Key Takeaways / Snapshot

- Earnings per common share diluted for the second quarter of 2016 were \$0.38, representing a \$0.07 or 22.6% increase from second quarter 2015
- Annualized return on equity (“ROE”) was 14.0% in the second quarter 2016 compared to 13.2% in the prior year period
- Book value per common share on June 30, 2016 was \$11.27, compared to \$10.15 at December 31, 2015 and \$9.48 at June 30, 2015
- Company reiterates \$260 to \$290 million premium forecast for full year 2016 and emphasis on underwriting profit versus top line growth

NASDAQ: AFH	At 6/30/2016	At 12/31/2015
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)	
Core Target Markets	Taxi / Limo / Livery / Paratransit	
Cash and Investments	\$240.3 million	\$233.3 million
Total Assets	\$413.1 million	\$411.3 million
Total Atlas Shareholders’ Equity	\$143.0 million	\$129.6 million
Common Shares Outstanding (includes Restricted Share Units)	12,045,519	12,045,519
Book Value Per Outstanding Common Share	\$11.27	\$10.15



2016 Q2 Financial and Operating Highlights

Premium Growth

- Gross written premiums increased 3.8% to \$48.4 million
- Results remain on track for previously announced premium guidance during seasonally lowest premium quarter
- In-force premium at June 30, 2016 was \$219.8, compared to \$210.6 million at 12/31/2015, and \$186.2 million at 6/30/15

Improving Underwriting Performance

- Underwriting income increased by 28% to \$6.4 million
- Combined ratio improved by 2.2 pts. To 84.8%
- 13th consecutive quarter of CR under 95%
- 8th straight under 90%
- 2nd straight under 85%

Book Value / ROE

- Book value per share improved to \$11.27, a YoY increase of 18.9%
- Annualized return on average common equity⁽¹⁾ ("ROACE") was 14.7% for the quarter ended June 30, 2016

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

Recapping 2016 Financial Expectations

- ✓ Forecast of \$260 to \$290 million in gross premiums written in 2016, with emphasis on underwriting profit as priority
- ✓ 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⁽¹⁾ for Q2 2016 was 14.7% (annualized)

2016 Q2 Financial and Underwriting Highlights

Premium Growth

GPW increased by 3.8% to \$48.4 million in seasonably lowest GPW quarter

- GPW increased 3.5% in core commercial auto business
- Overall premium shifted toward limo / paratransit during period

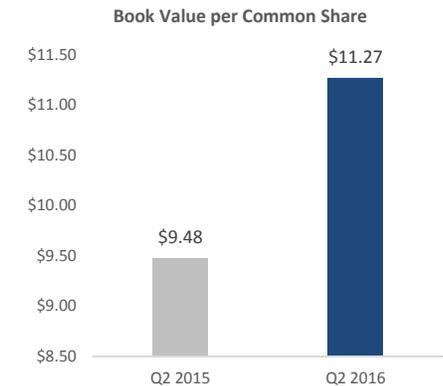
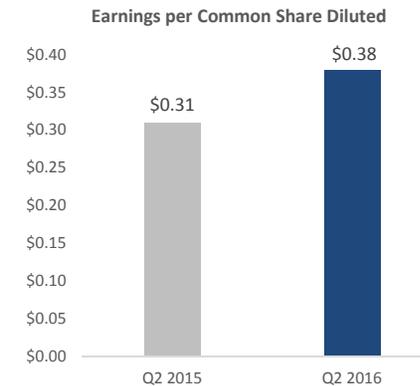
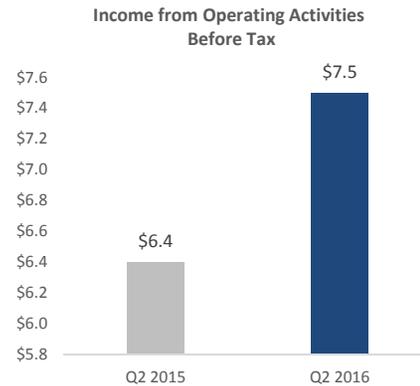
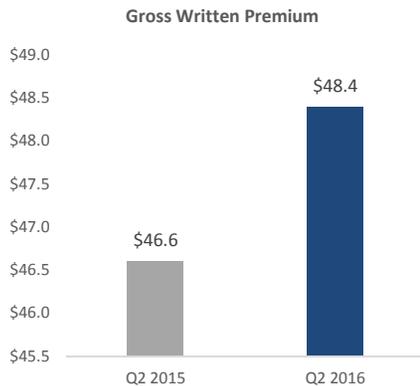
Strong Underwriting Results

Combined ratio improved by 2.2 percentage points year-over-year to 84.8%

Book Value Growth

Atlas has increased book value in each of the past 15 quarters

- \$11.27 at 6/30/2016 compared to \$10.15 at 12/31/2015 and \$9.48 at 6/30/2015



% Increase **3.8%**

21.4%

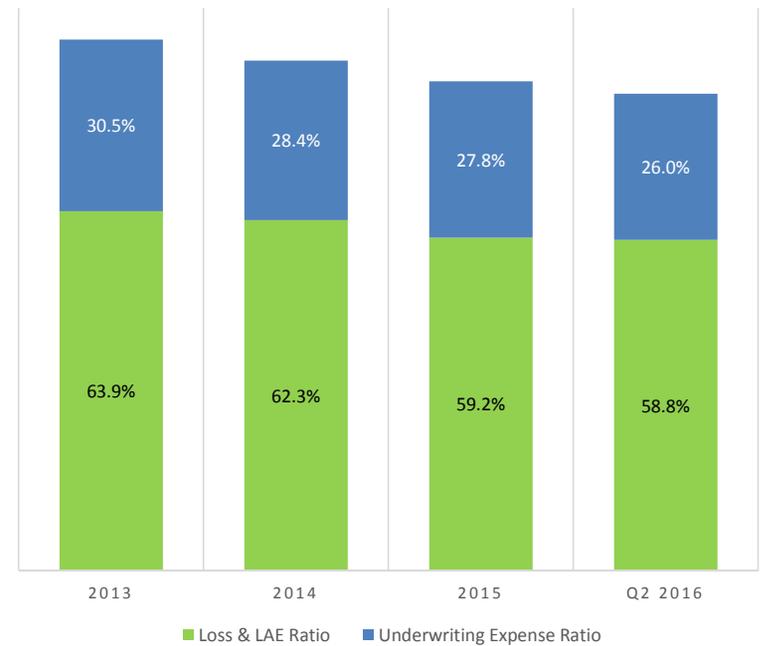
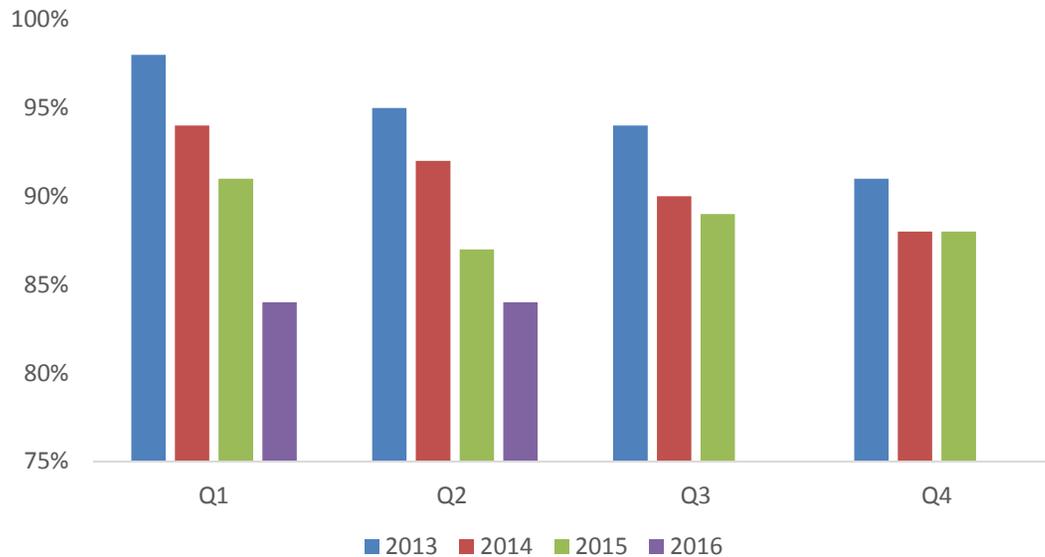
22.6%

18.9%

\$ in millions except per share data

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

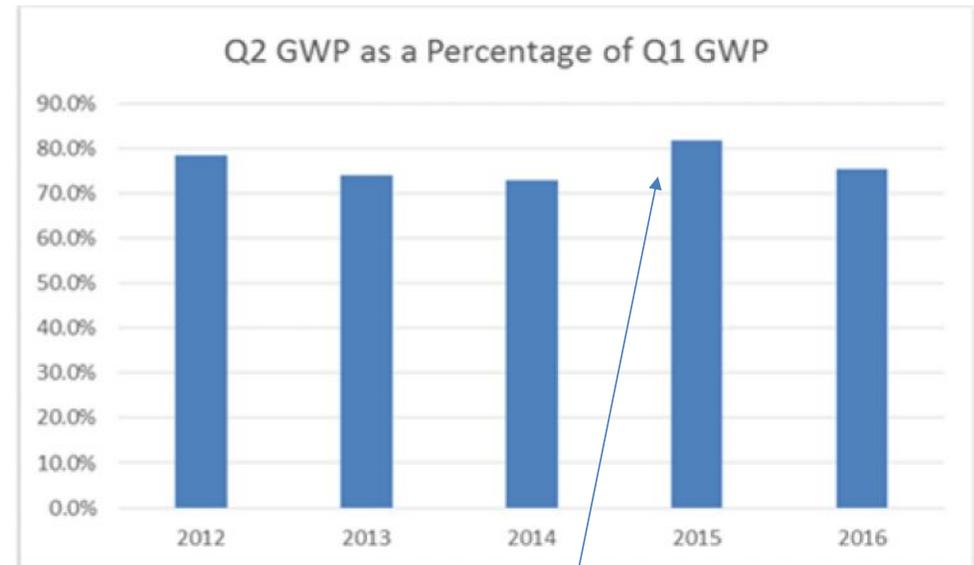
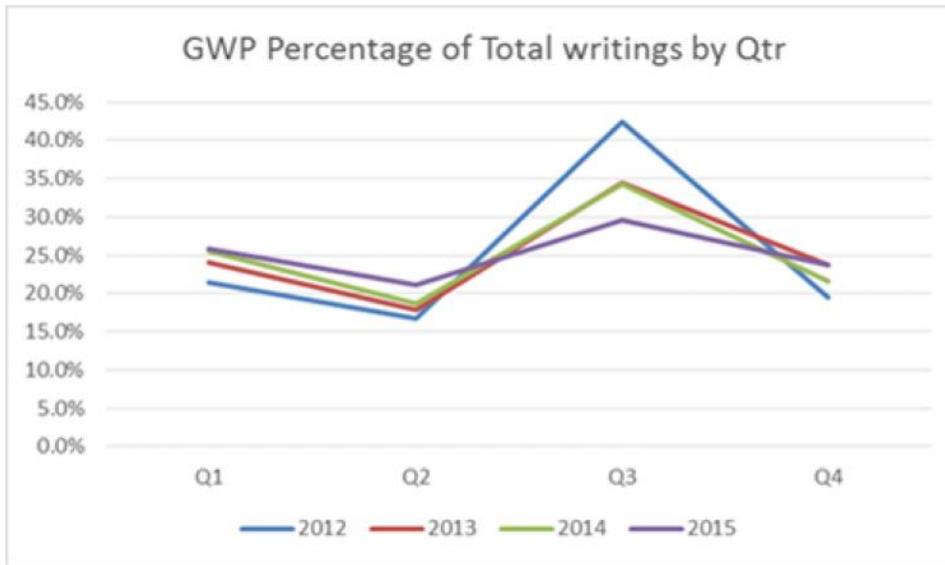
Combined Operating Ratio ("COR")



	Three Month Periods Ended	
	30-Jun-16	30-Jun-15
Loss ratio	58.8%	58.8%
Underwriting expense ratio	26.0%	28.2%
Combined Operating Ratio	84.8%	87.0%

GWP Historically Driven by Second Half Financial Results

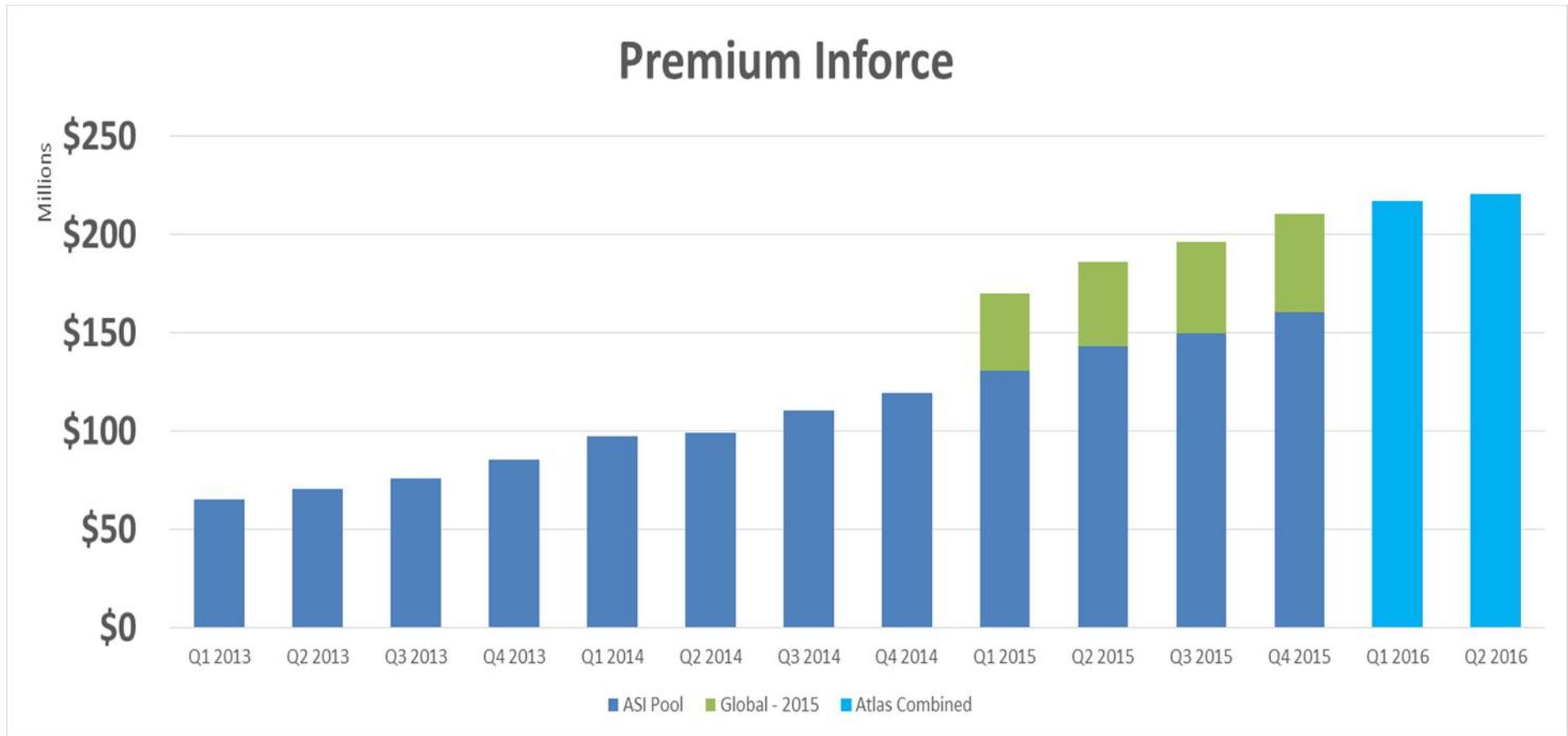
- Increased livery and para-transit premiums during the second quarter / with some intermediate declines in vehicles in force in the traditional taxi business moderating growth



Note: Atypically high due to Q1 '15 including partial Global Liberty GWP

Gross Written Premium: In-force

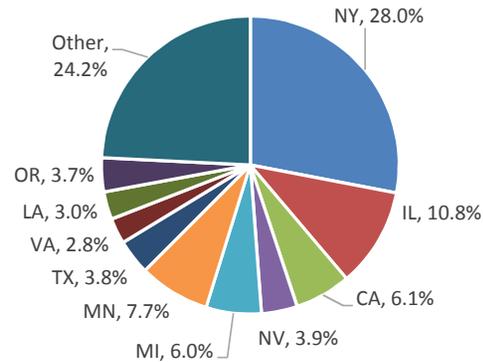
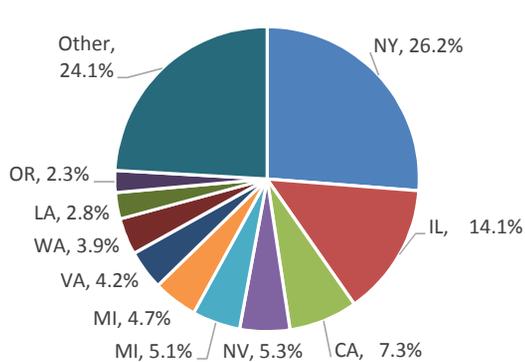
At June 30, 2016, in-force premium was \$219.8 million and the Company's gross unearned premium reserve was \$112.4 million.



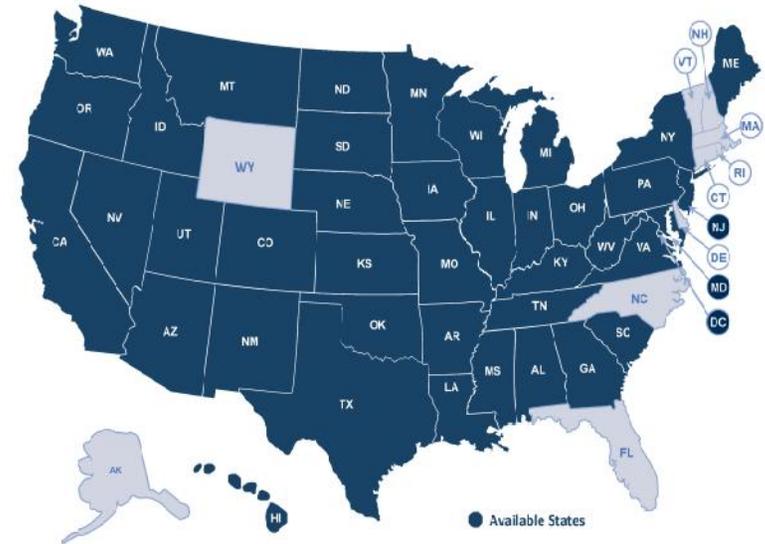
Geographic Diversification

Gross premium written by state (in \$000)

	Quarter Ended June 30, 2016		Quarter Ended June 30, 2015	
New York	\$12,649	26.2%	\$13,054	28.0%
California	6,808	14.1%	5,022	10.8%
Minnesota	3,543	7.3%	2,860	6.1%
Louisiana	2,579	5.3%	1,806	3.9%
Texas	2,449	5.1%	2,785	6.0%
Michigan	2,273	4.7%	3,580	7.7%
Virginia	2,013	4.2%	1,773	3.8%
Washington	1,886	3.9%	1,289	2.8%
Ohio	1,362	2.8%	1,402	3.0%
Illinois	1,108	2.3%	1,701	3.7%
Other	11,683	24.1%	11,303	24.2%
Total	\$48,353	100.0%	\$46,575	100.0%



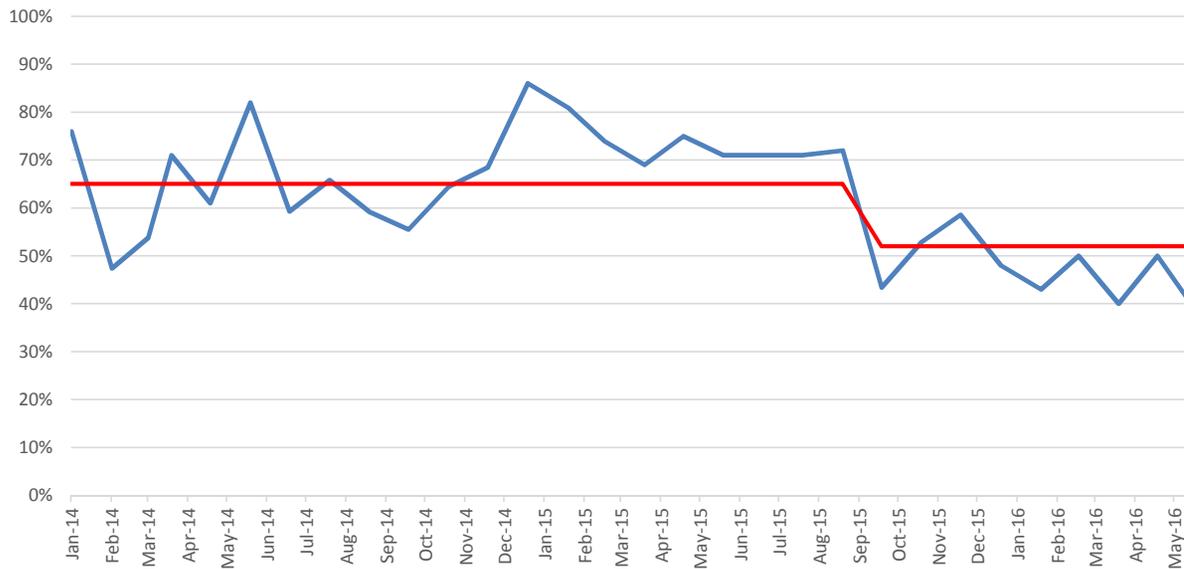
Nationwide market share is estimated at approximately 10%, with proportionate share forecast at 20%



Operating Activities: Underwriting

(commercial business only; excludes Global Liberty)

Bound/Application Ratio



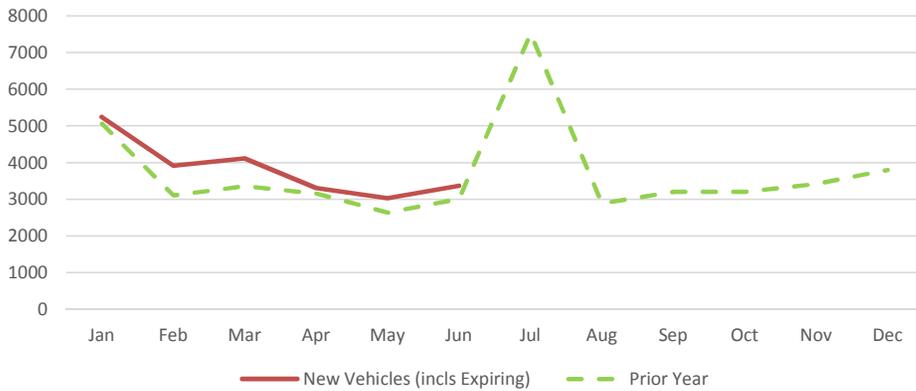
Current target of 52%. Market conditions continue to show support for mid single digit rate increases (magnitude varies by geography).

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

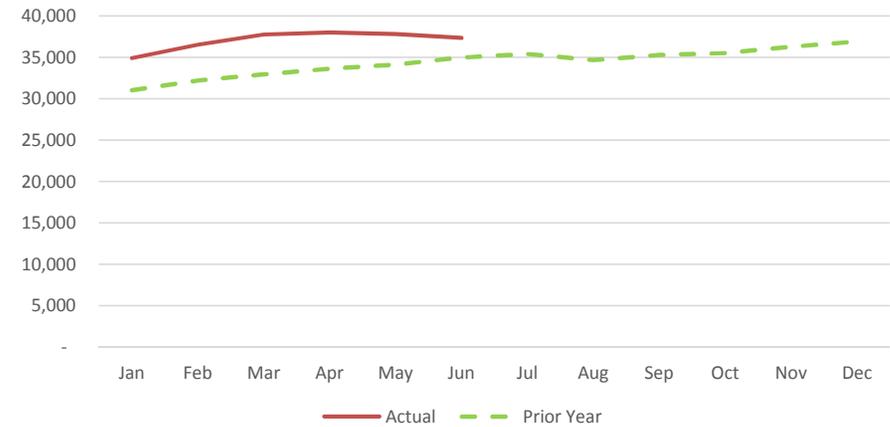
Operating Activities: Underwriting

(commercial business only: excludes Global Liberty)

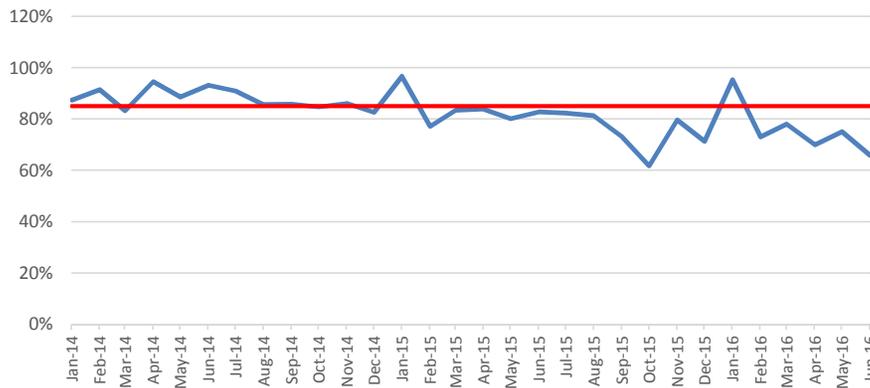
New Business Submissions (Monthly Vehicles Submitted)



Vehicles In Force



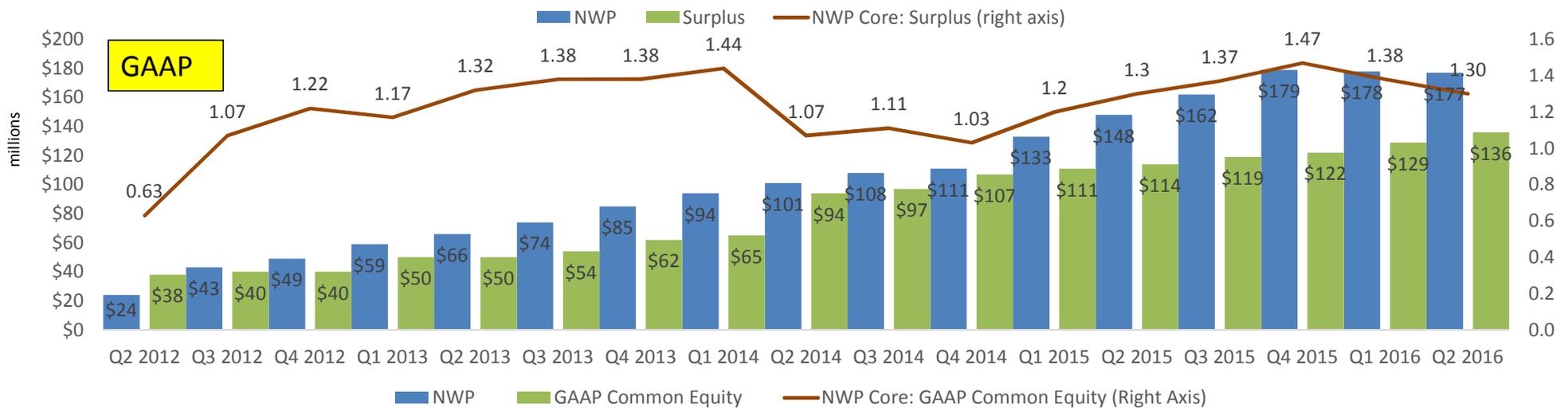
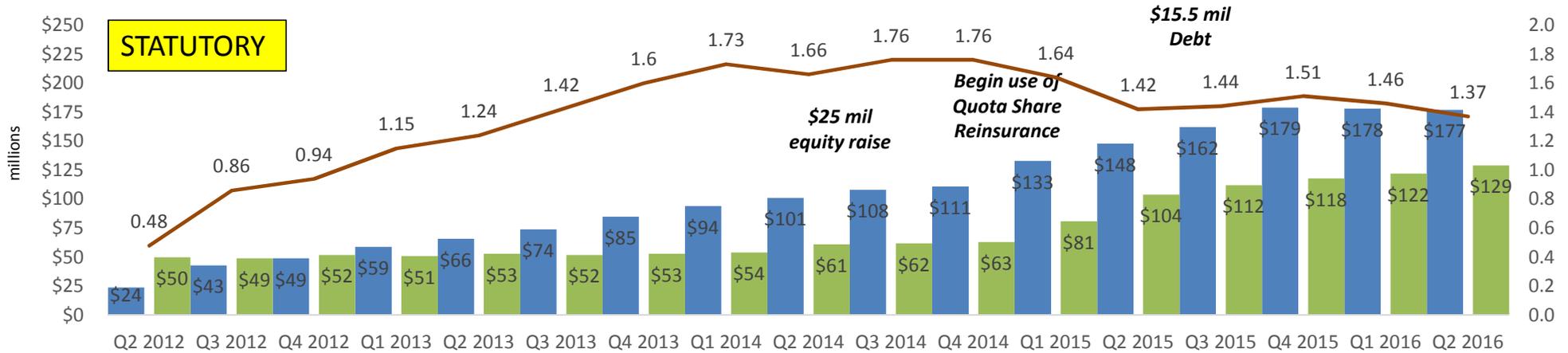
Renewal Retention (Policy Count)



Target of 85% based on current market conditions.

High single digit rate increases appear to have pushed tolerance levels in near-term, price elastic is being monitored closely.

Operating Leverage (Actual through Q2 2016)



Financial Highlights



Q2 2016 Financial Highlights (comparisons to prior year period)

- Gross premium written increased by 3.8% to \$48.4 million, which included an increase of 3.5% in our core commercial auto business
- In-force premium at June 30, 2016 was \$219.8 million, compared to \$210.6 million at December 31, 2015
- The combined ratio for the second quarter of 2016 improved by 2.2 percentage points to 84.8%
- Underwriting income for the second quarter of 2016 improved to \$6.4 million, compared to \$5.0 million
- Earnings per common share diluted for the second quarter of 2016 were \$0.38, representing a \$0.07 or 22.6% increase from second quarter 2015
- Book value per common share on June 30, 2016 was \$11.27, compared to \$10.15 at December 31, 2015 and \$9.48 at June 30, 2015
- Net income for the second quarter of 2016 was \$4.9 million, or \$0.38 per common share diluted, compared to \$3.9 million, or \$0.31 per common share diluted
- Annualized return on average common equity was 14.7% in the second quarter of 2016 compared to 13.7% in 2015¹

(1) This is a Non-GAAP Financial Measurement which is defined in our August 1, 2016 Press Release

Detailed Impact of Changes to Book Value per Common Share

As of: (in '000s, except for shares and per share data)	June 30, 2016	December 31, 2015
Atlas shareholders' equity	\$ 142,958	\$ 129,622
Less: Preferred stock in equity	6,539	6,941
Less: Accumulated dividends on preferred stock	622	460
Common equity	\$ 1135,797	\$ 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	\$ 11.27	\$ 10.15

Book value per common share of \$11.27 increased by \$1.12 relative to December 31, 2015 as follows:

\$0.75	increase related to net income after tax and before items below;
\$0.02	increase related to the change in net realized investment gains after tax;
(\$0.01)	decrease related to the preferred share dividend liquidation;
\$0.26	increase related to the change in unrealized gains/losses after tax;
\$0.07	increase related to share based compensation; and
\$0.03	increase related to benefit inured from the acquisition of subsidiaries.
\$1.12	total change from December 31, 2015 book value per common share

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)	June 30, 2016	December 31, 2015
Cash and Investments	\$240.3	\$233.3
Total Assets	\$413.1	\$411.3
Claim Reserves (Gross of Reinsurance) ^{(1) (2) (3)}	\$112.5	\$127.0
Unearned Premiums	\$112.4	\$108.2
Atlas Shareholders' Equity	\$143.0	\$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

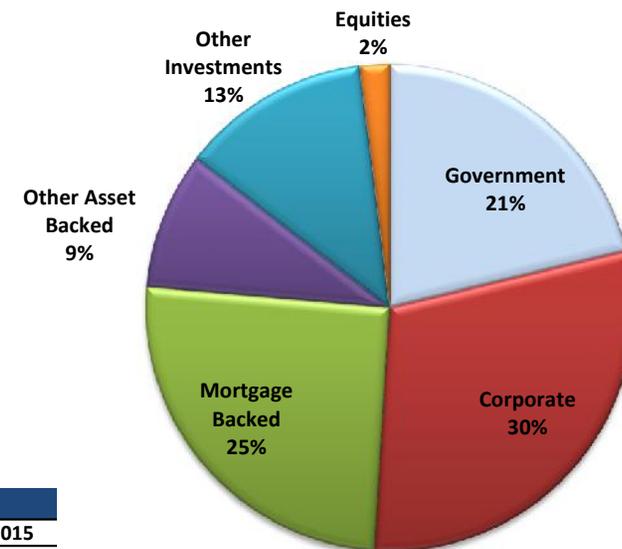
Conservative Investment Approach

- 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 June 30, 2016, total investments equaled \$217.9 million, of which fixed income consisted of 84.7%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 29.3% AAA
- 85.5% A or better

Investment Portfolio (6/30/2016) ⁽¹⁾



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

As of:	June 30, 2016		December 31, 2015	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 54,137	29.3%	\$ 44,110	24.0%
AA/Aa	76,517	41.7%	83,116	45.2%
A/A	27,128	14.7%	28,765	15.7%
BBB/Baa	25,991	14.1%	26,512	14.4%
BB	715	0.4%	1,270	0.7%
B	84	—%	—	—%
Total Fixed Income Securities	\$ 184,572	100.0%	\$ 183,773	100.0%

(1) Investment portfolio is the combination of the portfolios of American Country Insurance Company, American Service Insurance Company, Inc., Gateway Insurance Company, and Global Liberty Insurance Co. of New York

Outlook for 2H 2016

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

Favorable Outlook

- Goal is to maximize ROE potential in the current cycle
 - Strong operating margins
 - Efficient and scalable capital structure
 - Operating leverage

Remain proactive to changing market dynamics

- mobile app dispatch, more cars carrying people / items, in-vehicle technology

Company has implemented measures to manage its operating leverage to match that of its business, with the objective of self-funding

- \$35 Million Line of credit from Fifth Third Bank
- Quota share reinsurance

Reiterates \$260 to \$290 million premium forecast for full year 2016
Emphasis on underwriting margin versus top-line growth

- Implies approximate 25-40% growth rate year over year from 2015 / or 25% - 50% growth rate in 2H 2016
- Some quarterly shifting of business from traditional taxi premiums to black car / TNCs
- Reduced average vehicles per policy expected due to larger percentage of owner operators
- \$400 to \$450 million in written premium is proportionate share
- Continued market share expansion in existing states



Nasdaq: AFH

For Additional Information

At the Company:

Scott Wollney
Chief Executive Officer
swollney@atlas-fin.com
847-700-8600

Investor Relations:
The Equity Group Inc.

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

