



**2014 Fourth Quarter and Year End
Conference Call
March 10, 2015**



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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 12/31/2014)	
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)
Subsidiaries / Brands (see logos below)	American Country Insurance Company American Service Insurance Company, Inc. Gateway Insurance Company (including Alano) Global Liberty Insurance Company of NY
Core Target Markets	Taxi / Limo / Paratransit
Cash and Investments	\$180.0 million
Total Assets	\$283.9 million
Total Shareholders' Equity	\$109.4 million
Common Shares Outstanding	11.8 million basic / 12.2 million diluted
Book Value Per Common Share	\$9.08



COMMITMENT
since 1978

EXPERTISE
specialty commercial auto

Year End Milestones

Positive growth trajectory: All operating metrics demonstrating continued momentum

GPW

- Increased 31.6% in 2014 to \$122.4 million
- Core commercial auto business increased by at least 30% - 50% in every quarter in 2014 on a year-over-year basis

Geographic Expansion

- Premium related to core products was written in 40 states in 2014
- Nationwide platform with multiple licenses serves as foundation for vertical growth

Combined Ratio

- 90.7% for the full year 2014
- 7th straight quarter under 95%

Operating Income

- Operating income for year was \$12.2 million in 2014
- \$1.08 per diluted common share, or 93% increase over prior year

ROE

- Ended 2014 with annualized Return on Equity of 16.4% in Q4*

2014 Milestones

- Global Liberty Acquisition
- Record gross premiums written / EPS
- Recapture and renewal business represents approximately 77% in-force
- Nationwide market share grew to more than 5%

Future Expectations

Potential to write \$400 million without disproportionate market share

- Significant portion of growth from re-capture and renewal business
- Addressable market grew almost 20% in past two years to \$2 Billion

* Excludes the effect of reduction in valuation allowance against deferred tax assets (DTAs) and non-recurring cost related to acquisition

2014 Fourth Quarter Underwriting / Financial Highlights

Premium Growth

GPW increased by 19.4% to \$26.4 million

- GPW increased 54.1% in core light commercial auto business

Strong Underwriting Results

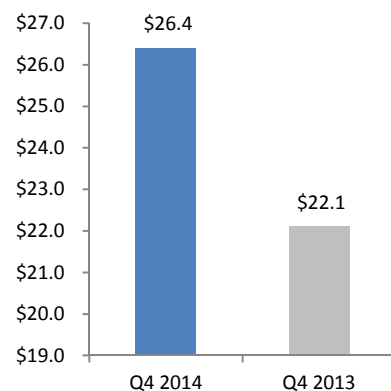
Combined ratio improved by 3.1 percentage points year-over-year to 88.4%

Book Value Growth

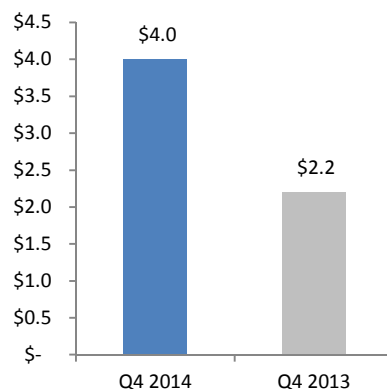
Atlas has increased book value in each of the past 9 quarters

- \$9.08 at 12/31/2014 compared to \$6.54 at 12/31/2013 and \$8.24 at 9/30/2014

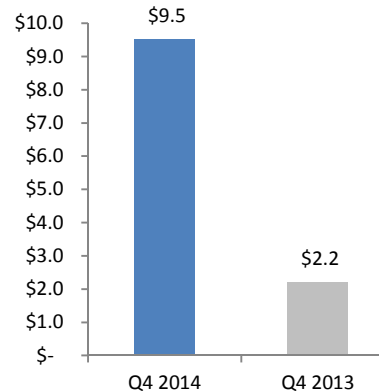
Gross Written Premium



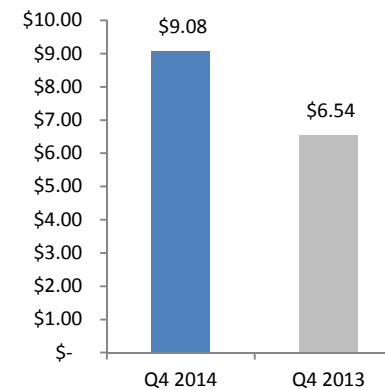
Operating Income



Net Income



Book Value



%
Growth

19.4%

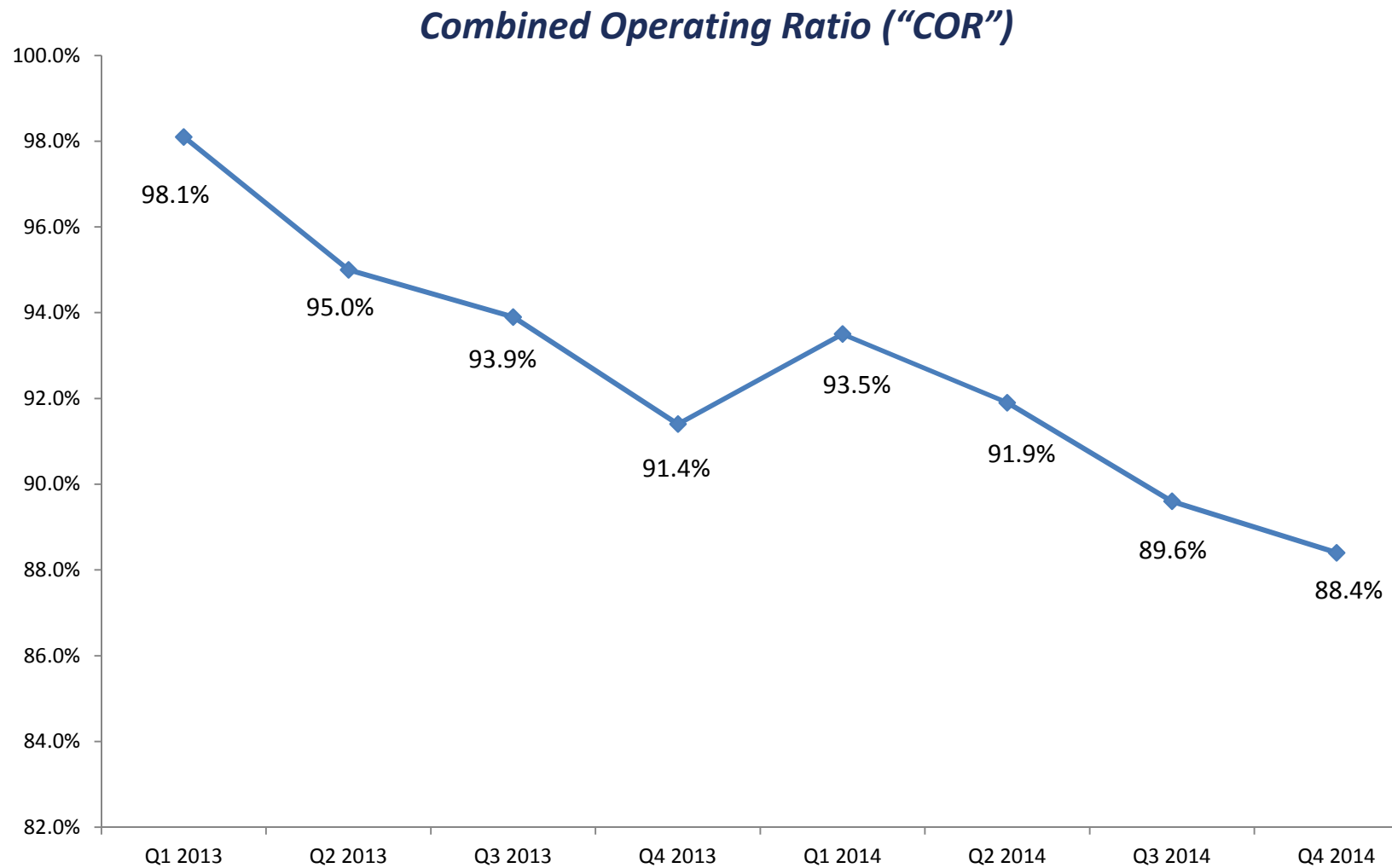
87.1%

334.7%*

38.8%*

* Includes effect of reduction in valuation allowance against deferred tax assets (DTAs)

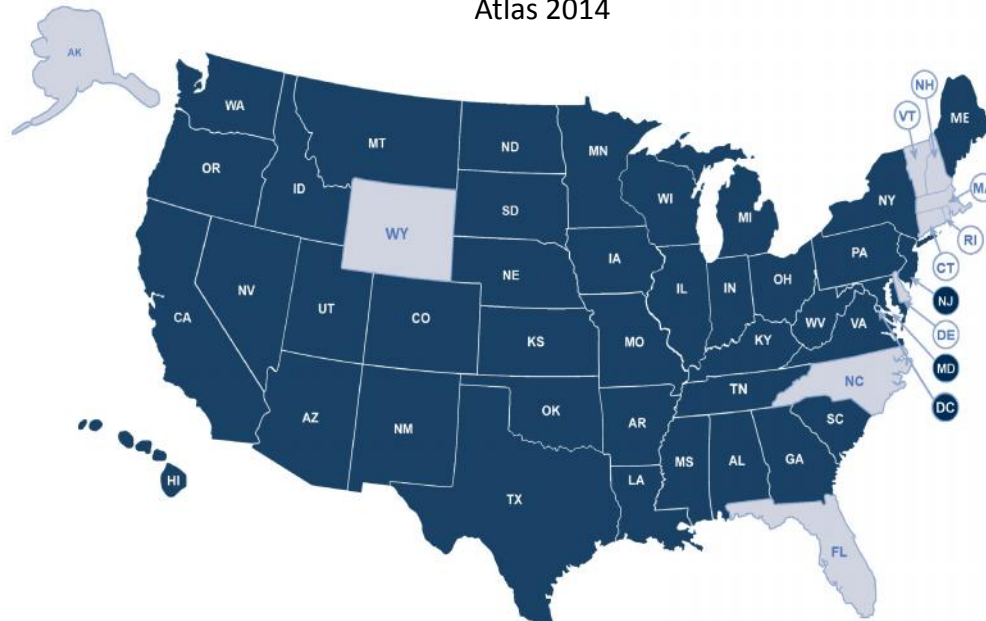
Considerable Underwriting Margin Improvement Since 2013 U.S. IPO



Geographic Expansion



Atlas 2014



- Distributing products in 40 states plus Washington D.C.
- Licensed to write P&C insurance in 49 states and the District of Columbia
- Currently distributing in all states that meet established criteria
 - market size
 - Competitive environment
 - Underwriting profit

Atlas 2011

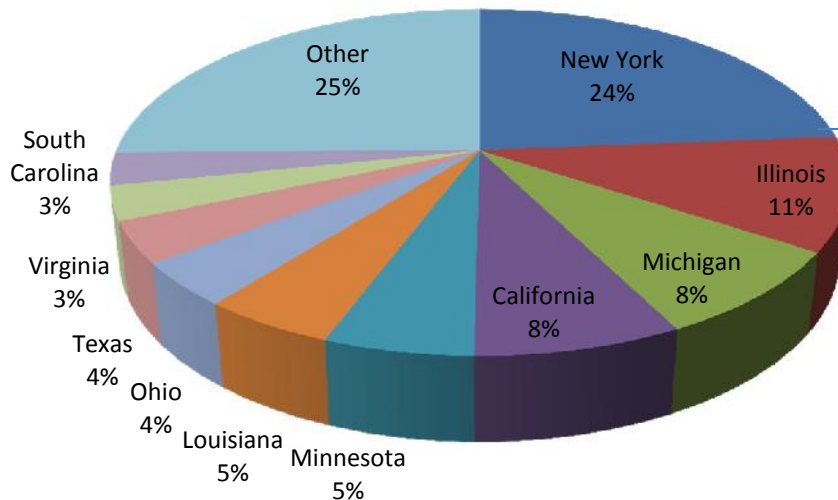


Geographic Diversification

Gross Premium Written by State (\$ in '000s)				
Year Ended December 31,	2014		2013	
New York	\$ 28,977	23.7 %	\$ 20,602	22.1 %
Illinois	12,947	10.6 %	11,244	12.1 %
Michigan	10,104	8.3 %	8,401	9.0 %
California	9,417	7.7 %	3,655	3.9 %
Minnesota	6,770	5.5 %	4,649	5.0 %
Louisiana	6,053	4.9 %	5,523	5.9 %
Ohio	4,995	4.1 %	3,334	3.6 %
Texas	4,702	3.8 %	7,507	8.1 %
Virginia	3,865	3.2 %	2,516	2.7 %
South Carolina	3,758	3.1 %	2,034	2.2 %
Other	30,844	25.1 %	23,595	25.4 %
Total	\$ 122,432	100.0 %	\$ 93,060	100.0 %

Atlas' commitment to expanding geographically resulted in 23 states with more than \$1 million in written premium in 2014 compared to 19 in 2013.

Gross premium written by state (%)
Year Ended 12/31/2014



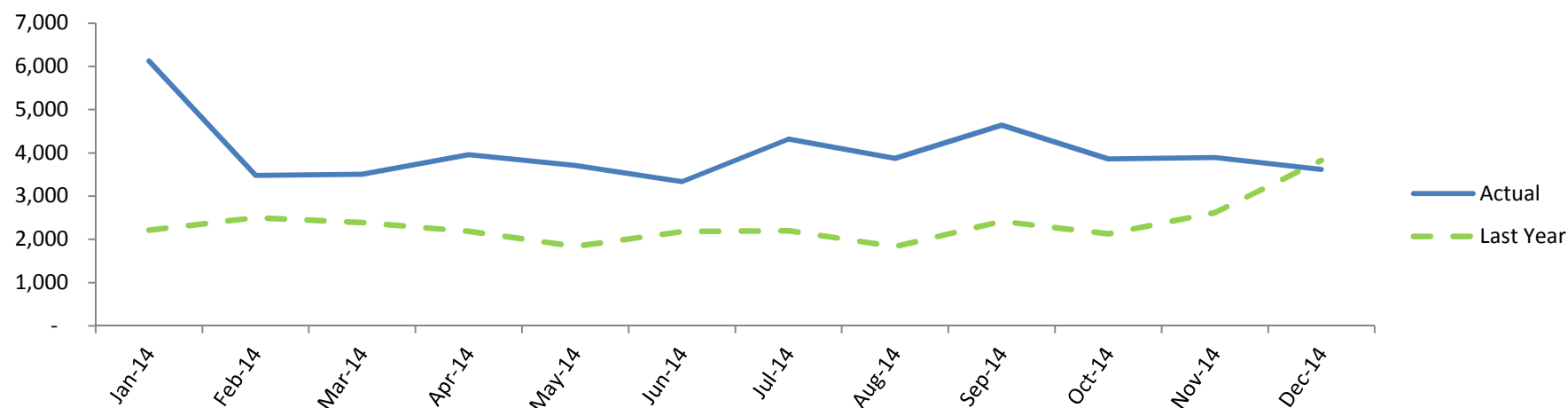
Includes impact of excess tax program, which historically renews in Atlas' third quarter

Operating Activities: Steady Growth in Submissions / VIF

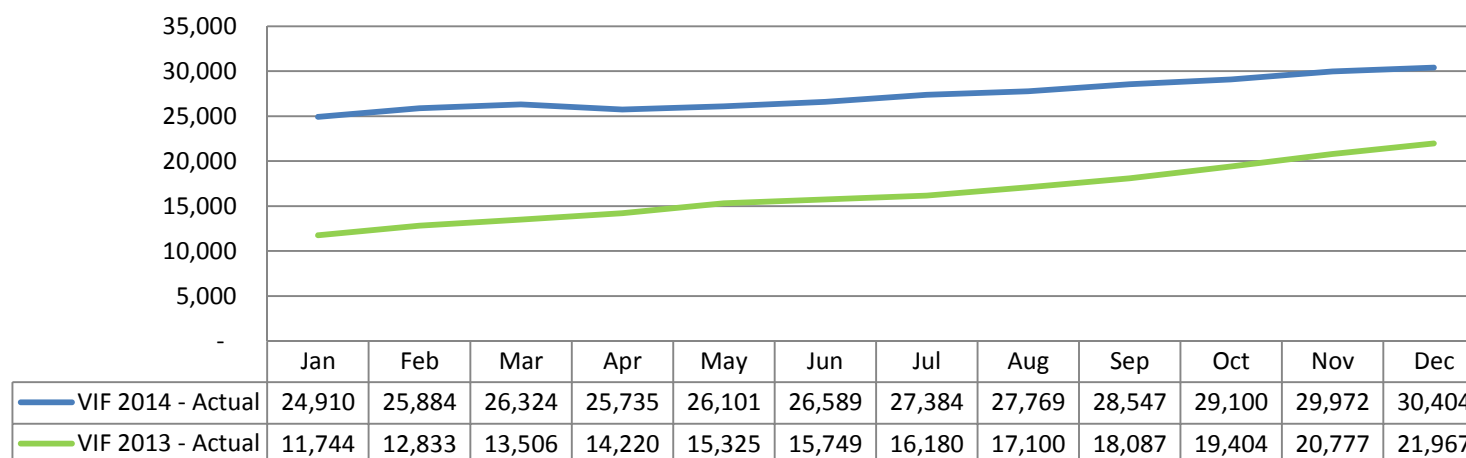
(commercial business only)

New Business Submissions

(Monthly Vehicles Submitted)

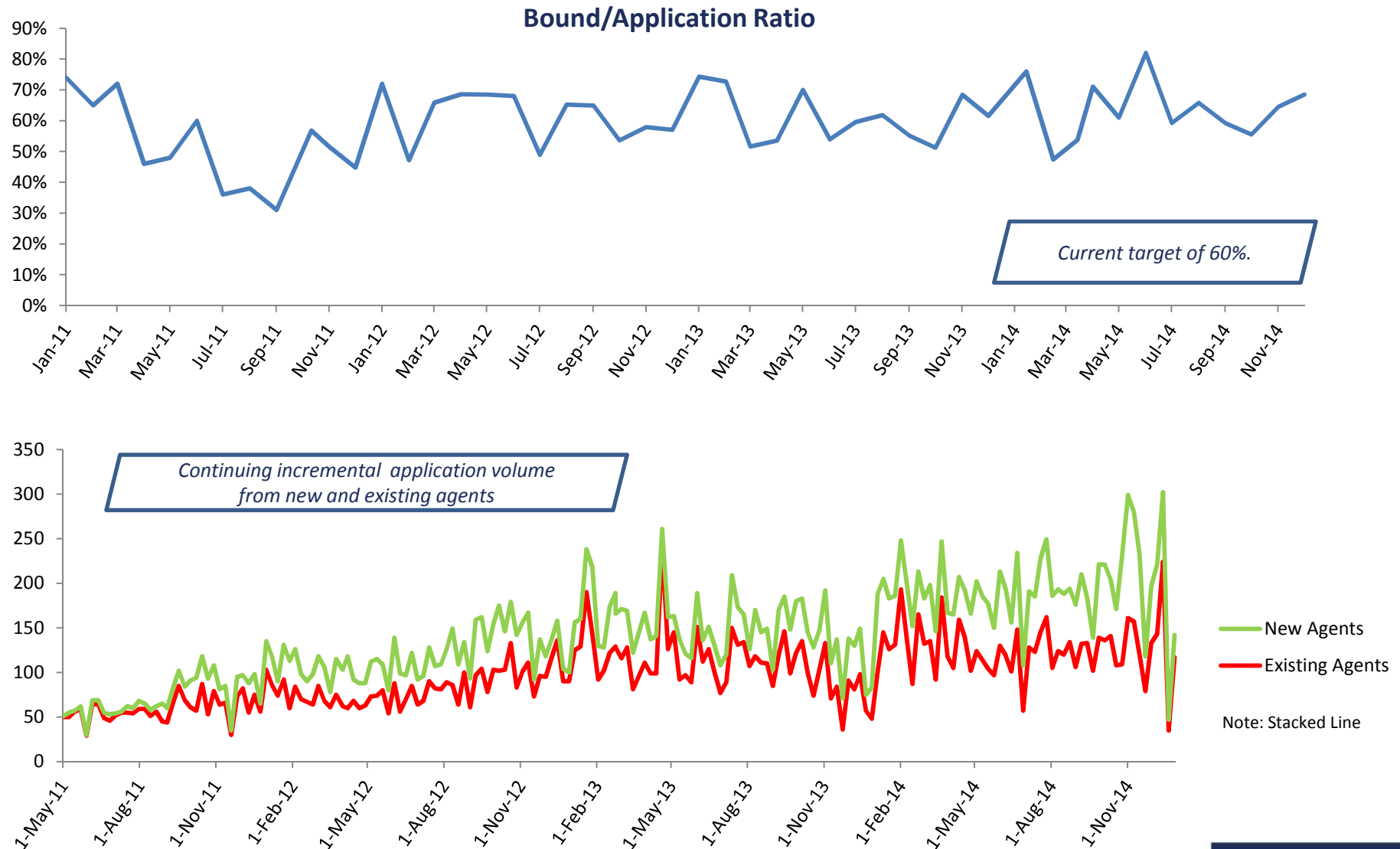


Vehicles in Force



Operating Activities: Consistent Binding Strategy

(commercial business only)



Market Overview



Current Market – Explaining the Dynamics of Commercial Auto

Commercial Auto: Annual GPW of \$26.8 Billion*

6th Largest Business Line by Total Industry Premiums

Fragmented: Top 10 carriers represent less than 50% of the market

Light Commercial Auto: \$2 Billion**

Commercial Auto Premiums, Top 10 Companies

\$ in millions

Travelers Companies Inc.	\$ 1,978,649
Progressive Corp.	\$ 1,779,528
Nationwide Mutual Group	\$ 1,527,501
Liberty Mutual	\$ 1,524,882
Zurich Insurance Group	\$ 1,238,757
American International Group	\$ 930,862
Old Repub International Corp.	\$ 875,705
Auto-Owners Insurance Co.	\$ 571,399
Hartford Financial Services	\$ 552,768
Cincinnati Financial Corp.	\$ 513,603
11 Through 25	\$ 7,992,184
All Other Companies	\$ 7,367,666
Total	\$ 26,853,504

Atlas' stated goal:

Near term focus on transactions within current niche markets to accelerate progress towards proportionate market share (Key Point: *Select Target Market*)

Current target market:

- 20% of \$2 billion subset of Commercial Auto
- \$400M of Premiums Written
- At proportionate market share, Atlas would still not be top 10 in commercial auto

* Source: SNL, 2013 Direct Written Premiums

** Source: AFH estimates based on market analysis

Correcting Pricing Misconceptions

- Atlas is continuing to see steady rate increases across all lines within its light commercial base (Taxi / Para-transit / Livery)
- Company is now beginning to see full effects of competitors exiting its niche market

	Small Accounts	Medium Accounts	Large Accounts	Average
Fourth Quarter 2014	1.1%	-0.9%	-2.2%	-0.7%
Third Quarter 2014	1.1%	0.3%	-1.1%	0.1%
Second Quarter 2014	1.2%	-0.2%	-2.6%	-0.5%
First Quarter 2014	3.0%	1.6%	-0.1%	1.5%
Fourth Quarter 2013	2.6%	2.4%	1.4%	2.1%
High (2001,Q4)	20.8%	31.7%	33%	28.5%
Low (2007,Q3)	-10% (2008, Q1)	-15%	-15.9%	-13.3%

Majority of Atlas' Target Market are Individual Entrepreneurs and Small Fleet Operators;
Overall rate decline driven by larger accounts / Property

BY LINE:	Commercial Auto
Fourth Quarter 2014	3.0%
Third Quarter 2014	2.6%
Second Quarter 2014	1.7%
First Quarter 2014	3.3%
Fourth Quarter 2013	3.0%
High	28.6%
Low	--11.6%

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

Retention and what it means to AFH

**Renewal Retention
(Policy Count)**



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	Consistent with Atlas' current loss ratio of 62.2% in Q3 2014.	Loss ratios for the insurance companies we own were in the low 50's for multiple years in prior hard market cycles.
Combined Ratio of 95 – 97% ¹	Combined Ratio will drop as expenses continue to trend towards the following range.	Combined Ratio of 85 – 87% ¹
Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned	Combined Ratio of 85 – 87% ¹	Combined Ratio of 85 – 87% ¹
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 34-35% ²	Tax rate of 34-35% ²	Tax rate of 34-35% ²
After tax ROE:	After tax ROE:	After tax ROE:
8% - 11%	21% - 24%	34% - 37%

**Carried loss ratio is 61.7 (Q4 2014)
with new business pricing in mid to high 50's**

¹ Assumptions: Expense ratio of between 25-27% (Acquisition Costs = 15% / OUE = 10-12%)
Company operating at efficient scale with 2:1 NWP Surplus Ratio

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

Financial Highlights



Q4 2014 Financial Highlights (comparisons to prior year period)

- Gross premium written increased by 19.4% to \$26.4 million, including an increase of 54.1% in core commercial auto accounts with 1 – 10 units
- Underwriting results improved to \$3.2 million, an 80.8% increase
- Income before taxes was \$3.6 million, or \$0.29 per diluted share
- Net income increased to \$9.5 million * from \$2.2 million
- Earnings per diluted common share were \$0.77*, compared to \$0.22
- Operating income was \$0.33 per diluted common share
- Combined ratio declined by 3.0 percentage points to 88.4%

	Three Month Period Ended			
	Dec. 31, 2014		Dec. 31, 2013	
Loss ratio	61.7	%	63.3	%
Acquisition cost ratio	13.9	%	14.7	%
Other underwriting expense ratio	12.8	%	13.4	%
Combined ratio	88.4	%	91.4	%

* Includes effect of reduction in valuation allowance against deferred tax assets (DTAs)

Detailed Impact of Changes to Book Value per Common Share

Book Value per Common Share		
(in '000s, except for shares and per share data)	Dec 31, 2014	December 31, 2013
Shareholders' equity	\$109,399	\$63,698
Less: Preferred stock in equity	2,000	2,000
Less: Accumulated dividends on preferred stock	184	90
Common equity	\$107,215	\$61,608
Shares outstanding (includes Restricted Stock Units)	11,808,624	9,424,734
Book value per common share outstanding	\$9.08	\$6.54

YTD 2014 Book Value Changed by \$2.54 relative to December 31, 2013

Impacted by:

\$0.94	Increase related to issuance of 2,161,000 common shares during Q2 2014
0.67	Increase in net income after tax
0.13	Increase related to change in unrealized gains/losses after tax
0.83	Increase related to change in DTA valuation allowance
(0.02)	Reduction due to share-based compensation
<u>(0.01)</u>	Accumulated preferred stock dividends

\$2.54 Total Change From December 31, 2013 Book Value per Common Share

Strong Balance Sheet

- **Attractive investment leverage**
- **Long Term Debt-free balance sheet**

(\$ in millions)	December 31, 2014	December 31, 2013
Cash and Investments	\$180.0	\$139.9
Total Assets	\$283.9	\$219.3
Claim Reserves (Gross of Reinsurance) ^{(1) (2)}	\$102.4	\$101.4
Unearned Premiums	\$58.9	\$44.2
Total Shareholders' Equity	\$109.4	\$63.7

- **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

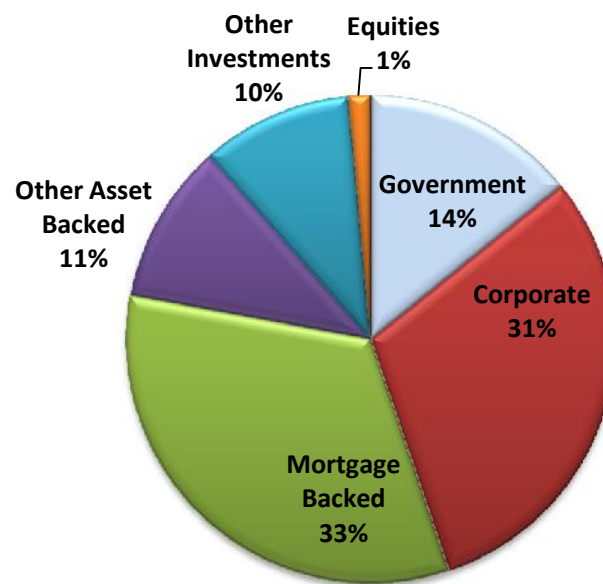
Conservative Investment Approach

- 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 (4.2 years)

Investment Portfolio

- As of December 31, 2014, total investments equaled \$143.4 million, of which fixed income consisted of 88.5%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 87.4% A or better

Investment Portfolio (12/31/2014) ⁽¹⁾



Credit Ratings of Fixed Income Securities Portfolio (\$ in '000s)

As of December 31,	2014		2013	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 77,856	61.3 %	\$ 76,616	59.8 %
AA/Aa	10,897	8.6 %	12,733	10.0 %
A/A	22,206	17.5 %	23,624	18.5 %
BBB/Baa	15,990	12.6 %	14,995	11.7 %
Total Securities	\$ 126,949	100.0 %	\$ 127,968	100.0 %

(1) American Country Insurance Company, American Service Insurance Company, Inc. and Gateway Insurance Company

Outlook for 2015



Concluding Remarks

Early Stages of Multi-year Growth Strategy

- Company's goal is focused on maximizing ROE potential in current market cycle
- Expect to exceed previously discussed \$200 million in gross premiums written in 2015
- \$400 million in written premium is proportionate share

Expanding Margins

- Q4 2014 Combined Ratio improved 300 bps year-over-year and 970 bps in past 24 months
- Targets imply meaningful additional margin expansion with increased scale

Cyclical Tailwinds

- Market showing signs of entering a hard market
- In previous hard market, Atlas' core business experienced loss ratios in low 50's four consecutive years
- Atlas' current loss ratio approaching 60% (61.7% in Q4 2014) and pricing to better than 60%

Operating in Unique Niche Within Commercial Auto

- Hyper-cyclical relative to broader commercial auto
- Above average underwriting expectations based on hyper-focus

M&A Opportunities to Accelerate Growth

- Global Liberty Acquisition Expected to Accelerate Pace to Proportionate Market Share
- Leverage core-competencies to identify future opportunities appropriate to market-cycle



Nasdaq: AFH

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