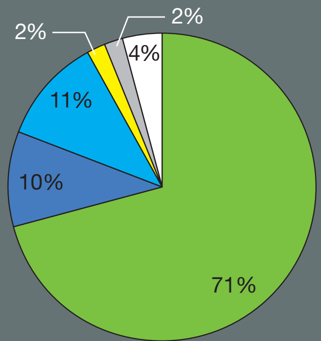
AmTrust
FINANCIAL

growing opportunities

AMTRUST FINANCIAL 2012 ANNUAL REPORT

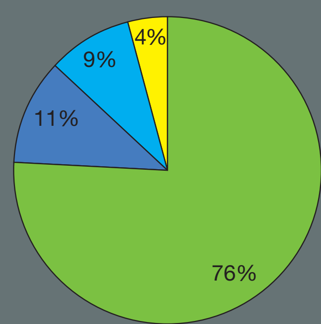
We are a niche specialty property and casualty insurance company, with more than 2,100 employees operating in over fifty offices throughout the United States and Europe. We focus on underserved markets in the areas of small commercial business, specialty risk and extended warranty, and specialty programs. We are rated "A" (Excellent) by AM Best and Company.



Geographic Mix
$2,749 Million GWP 2012

$ in Millions

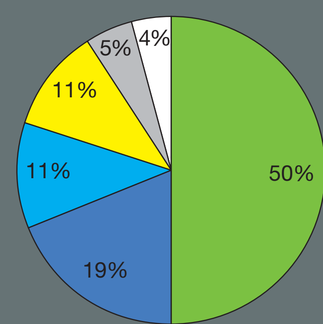
United States	1,958.0
United Kingdom	278.7
Italy	314.4
France	53.6
Norway	43.0
Other	101.6



Revenue
$1,865 Million Total 2012

$ in Millions

Net Earned Premium	1,418.9
Ceding Commision	197.0
Service and Fee Income	172.2
Net Investment Income	77.1



Invested Assets
$ 2,696 Million Total 2012

$ in Millions

Corporate	1,349.4
Cash and Short-Term	503.4
Municipal	299.4
Residential MBS	309.9
Equities and Other	127.8
US Treasuries and Goverment Agencies	106.5

[1] The Company's Annual Report contains non-GAAP financial measures such as operating earnings, operating earnings per share, and operating return on equity. See page 8 for additional information and reconciliation of those non-GAAP financial measures to GAAP.

To our Shareholders:

In 2012, AmTrust Financial was one of the insurance industry's few true growth stories. Despite a difficult economic backdrop, we remained committed to identifying and acting on opportunities. In pursuit of both organic and acquisitive growth, we took steps that will strengthen our portfolio and bottom line for years to come. We planted the seeds of possibilities and broadened our yield.

In the fourteen years since our founding, AmTrust has experienced significant progress. In 2012 we achieved annualized gross written premiums of $2.7 billion, annualized operating return on average equity of 18.8 percent, and shareholders' equity of more than $1 billion. We stayed true to our roots as a creator and provider of low-hazard, predictable, noncatastrophic insurance, and as a tireless innovator. We strengthened our bottom line by continuously growing our high-margin fee and services business. We leveraged a vertically integrated, proprietary IT platform that remains notable for its efficiency, capability, and flexibility. We were recognized by analysts and investors for our approach to expanding both our reach and our value at a time when many of our competitors faced steep challenges.

Recent investments—particularly the acquisition of renewal rights of Majestic Insurance Company and the acquisition of Builders & Tradesmen's Insurance Services—demonstrated their value in 2012, as workers' compensation prices began firming and capacity tightened in key states, including California, Florida, and New York. Going forward, we expect the improving workers' compensation pricing to continue to generate increased profitability.

The acquisitions of 2012 also further rooted us in both established and emerging markets. We expanded into the small-bank market, acquired the CNH Capital insurance agencies, fortified our warranty program, and offered new products to affinity partners in key financial and retail sectors. We also entered into an agreement to acquire Car Care Plan Holdings Ltd., based in West Yorkshire, England. The deal, which will bolster our warranty business around the world, is projected to generate $140 million in revenue for AmTrust in the next twelve months, including fee income of more than $30 million and pretax profits exceeding $14 million. It opens doors for us in China, Russia, and Brazil—and in territories well beyond.

By year's end, 29 percent of our total gross written premium was derived from our non-U.S. business, AmTrust International, which continued its focus on casualty and large-volume, special insurance, and extended-warranty programs, and continued to grow niche insurance businesses to serve the unique needs of the international market.

But we weren't simply leveraging existing investments and taking advantage of new acquisition opportunities in 2012. We were also harvesting new opportunities and bringing our proven conservative principles to bear on our balance sheet. In August, we expanded our credit facility by $50 million to $200 million, and we ultimately ended the year with a debt to total capital position of 20.9 percent. We also took steps to enhance our shareholder value through stock and cash dividends when our

"We don't simply take advantage of opportunities. We build the future with them."

board declared a 39 cents per share cash dividend and a 10 percent or 0.10 per share stock dividend.

As always, we maintained our strong capital position and entered the new year with significant resources—both the expanded credit facility and our cash reserves—that will help fuel additional acquisitions and organic growth going forward. And while we felt deeply for those impacted by the super storm called Sandy, it had no material impact on our 2012 results—proof that we continue to increase predictable earnings without assuming catastrophic risk.

By the end of the year, we were a company of 2,100 people employed in over fifty locations. Our long-term management team remained intact and continued to meet regularly to review the performance of the business segments so as to ensure our continuing success. We thought a lot about our future—learning from every niche market we explored, every conversation we entered into, and every deal we finalized. We brought the right people into new leadership positions and kept ourselves open to new ideas and differing points of view.

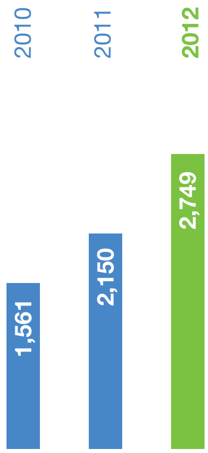
As we look ahead to 2013, we are excited by the emergence of new opportunities and by our ability to capitalize on them. A recent agreement to acquire Sequoia Insurance Company and its subsidiaries, for example, demonstrates our continuing commitment to optimizing our proprietary technology, achieving economies of scale, and putting both our pricing discipline and experienced management to work in underserved niche markets. A year-end agreement to acquire First Nonprofit Companies, Inc., an organization serving nearly 1,500 nonprofit and government entities, reasserts our interest in cultivating ever greener fields. And, of course, we're keeping our sights set on the continuing gains we expect to see from the improvement of prices in both workers' compensation and commercial package insurance.

We are always appreciative of the support of our board and shareholders. We remain confident in our own ceaseless curiosity and optimism, and grateful for the intelligence and energy of our many customers, employees, and partners. There is always more to do—more fertile fields to sow. We have set our sights on the expanding horizon, and we are engaged—every day—with the challenge.

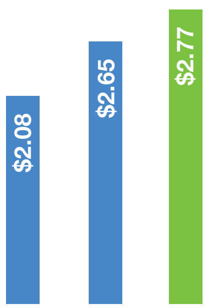
Sincerely,

Barry D. Zyskind
Chief Executive Officer and President

Michael Karfunkel
Chairman of the Board



Gross Written Premium
$ in Millions



Operating Earnings per Share[1]

SUSTAINABLE GROWTH IN THE INSURANCE SPACE AT AMTRUST

Before AmTrust was the $2.7 billion company it has become, its founders made a commitment to four fundamental business principles: the selection and nurture of superior personnel, the aggressive control of expenses, the intelligent leveraging of proprietary information technology, and the pursuit of diversity both in terms of geography and markets. When the right opportunities appeared at the right time for the right price, AmTrust would take action. Where promise lay behind closed doors, AmTrust would find the key.

This commitment to making the very most of present possibilities continues to define AmTrust today. "Wherever I am, whatever conversation I may be having, I'm listening for possibilities," says Max Caviet, President of AmTrust International. "If, for example, I'm in the midst of a bond negotiation, I'm not just looking to close the deal. I'm also evaluating the people I'm working with—assessing how their view of the industry may or may not mirror my own and what their contribution to AmTrust might be. Our office in Spain, our dynamic relationships, even the inroads we're now making in Turkey—all these emerged from conversations or insights that were only tangentially related to the deal of the moment."

"Every time we sit down to talk to a potential partner, we emerge with two or three new ideas that help us think more creatively or do our own work more effectively," says Chief Operating Officer Mike Saxon. "We learn about how new products may fit within a suite of existing products, or how people in other environments work, or which new market developments could take us to the next level if we capitalize on them appropriately. We continue to learn more about people, process, products, and workflow. We can always become a stronger organization."

It's this proactive positioning for growth that ultimately sets AmTrust apart. "We are in niche insurance businesses, and the opportunities to expand our offerings grow year after year," says Chris Longo, Chief Information Officer. "Our mandate—within IT and for the company as a whole—is to approach the market without encumbrances. Our systems are deliberately efficient and extremely methodical. We can grow at the rate that we have historically grown because we've made it our fundamental objective to seamlessly acquire new business and rapidly migrate it onto our platform."

"The real key to capitalizing on opportunity is being able to distinguish between those acquisitions and growth strategies that can only improve a single line on the financial statement versus those that yield actual accretive value," says Ron Pipoly, AmTrust's Chief Financial Officer. "We aren't about growth just for the sake of growing. We don't move forward unless we're sure that we can leverage our existing infrastructure to achieve deep and lasting gains."

Today, says Chief Executive Officer Barry Zyskind, AmTrust is uniquely positioned to take advantage of market conditions. "We have a strong capital structure, a healthy balance sheet, a lower expense ratio, and a proven capacity for identifying and acquiring profitable books of business and companies that complement our core lines of business," he says. "We don't simply take advantage of opportunities. We build the future with them."

"We aren't about growth just for the sake of growing. We don't move forward unless we're sure that we can leverage our existing infrastructure to achieve deep and lasting gains."

NURTURING THE FEE BUSINESS

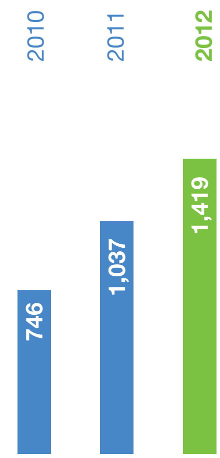
In 2012, AmTrust generated revenues of over $170 million from its fee business, an increase of over 58 percent. That's extraordinary growth for a company that, just a few years ago, had a large percentage of its administrative activities contracted out to third parties.

"Fees became significant with our acquisition of Warrentech," says Ron Pipoly. "In the years since, our fee income has continued to rise. This is thanks to such newly acquired businesses as BTIS and the CNH Capital insurance agencies, the income we generate from our relationship with American Capital Acquisition Corporation (ACAC), the assigned-risk workers' compensation insurance funds we administer for a growing number of states, and our thriving warranty business, among other things."

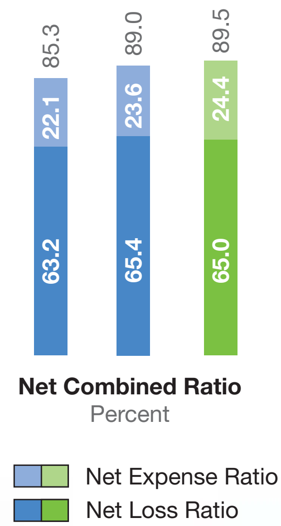
But there's more to the fee business than fees. "By doing the administrative work ourselves, we're eliminating the middle party and thereby removing the possibility of inaccurate data or insufficient customer care," says Mike Saxon. "We are quickly gaining control over our business—and doing far more for our customers in the process."

"We have a history of underwriting risks responsibly, generating profitable premiums, and making money underwriting the risks," says Pipoly. "Now, instead of calling a third-party administrator in to register the warranty, we are doing that work ourselves. We're internalizing what many companies continue to outsource."

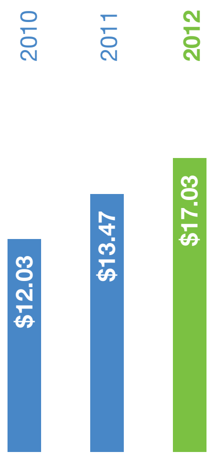
"Our IT systems have been core to our growing fee business," says Chris Longo. "We have a full administrative software suite for the processing of both automotive and consumer electronics. We're also providing the software, printing services, and back-office capability to support partners such as ACAC. We have the systems to do this well. More importantly, we have the processes."



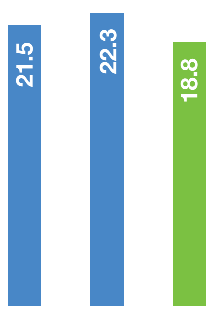
Net Earned Premium
$ in Millions



Net Combined Ratio
Percent



Book Value Per Share



Annualized Operating ROE [1]
Percent

THE IT STORY: A CORE COMPETENCY

AmTrust's proprietary information technology has distinguished the company for more than a decade, fueling growth and enabling an extraordinarily efficient and effective operating environment.

In 2012, our IT team continued to make new strides, rapidly adding programs in the United States and abroad while also managing key build-outs associated with such acquisitions as the CNH Capital insurance agencies.

"We've taken products that we've never written before and transferred them onto our platform in less than three months," says Mike Saxon. "By organizing our IT department into small working groups, we've streamlined our focus and developed a methodology that rapidly integrates new business. With new horsepower and an expanded team, we're doing a better job than we ever have managing the current business, analyzing opportunities, and integrating new products."

Every acquisition is bridged onto the AmTrust platform under the guidance of a steering committee composed of leaders in compliance, operations, claims, and underwriting—leaders empowered to make decisions as the process unfolds. Nothing is reactionary. Everything is considered. Bureaucracy doesn't crowd out common sense. Technology facilitates process.

"We've definitely done more from a pure technology perspective to facilitate and speed our growth in terms of both products and services," says Longo. "But the real strength of our IT department is that it is not, in fact, an isolated department. Long before we've even entered into negotiations with a potential partner, IT is part of the decision-making process. We're thinking about how to transition new business onto our universal printing, billing, policies, and rating engines platforms. We're making sure we have the resources. We're ready."

CULTIVATING INTERNATIONAL SUCCESS: CAR CARE PLAN TO JOIN AMTRUST

Momentum defined AmTrust in 2012. Markets expanded. Teams were strengthened. Instincts about a right fit or a complementary product line were proven to be spot on. We continued to consolidate our strengths in vertical niches and to build relationships that broadened our portfolio of services and capabilities. With a low expense ratio and substantial information technologies, AmTrust kept forging ahead as competitor companies found themselves struggling.

Our largest transaction of the year was the agreement to purchase Car Care Plan Holdings Ltd., an established U.K. organization. Car Care will strengthen AmTrust's position as an underwriter with a proven client base and deepen the management team with seasoned professionals who understand new markets and have taken an accelerated approach to global expansion. At the same time, it will enable our company to look far beyond extended warranties for cars and to develop our own worldwide fee-based administration businesses. This is a logical progression for AmTrust—the correct next step following our purchase of Warrentech, through which we built a flourishing fee-based warranty administration business in the United States.

"We have the strength, the focus, and the proprietary technology to enter into an agreement to acquire this respected organization and to effectively transition it onto our platform. Any time that you can couple the administrative work with effective underwriting, you are adding to a company's long-term value," says Ron Pipoly.

"By controlling the administration of these policies, we'll be gaining greater synergies and delivering more-profitable results," says Barry Zyskind. "We'll also be strengthening our relationships with the retailers and manufacturers."

"This is one of those perfect pairings," says Max Caviet. "Car Care Plan has a wealth of experience in administering auto warranty and GAP insurance programs around the world—a feature that offers alternatives in some cases to our traditional reliance on third-party administrators."

"We're gaining global expertise with this acquisition," says Chris Longo. "Once the deal is complete, we'll be integrating the considerable strengths of our North American vehicle service contracts with the Car Care platform, giving us true international reach and enhancing our versatility as an organization."

But that's not all that makes this deal a win for both partners. "Car Care Plan comes to AmTrust with sales and administration platforms in Europe, China, Russia, and Brazil," says Caviet. "These platforms are primed for development. They open new markets for our existing product portfolios—and new opportunities to investigate possibilities."

FINANCIAL HIGHLIGHTS

($ in millions)

SUMMARY INCOME STATEMENT	2012	2011	2010
Gross Written Premium	**$ 2,749.3**	$ 2,150.5	$ 1,560.8
Net Written Premium	**1,648.0**	1,276.6	827.2
Net Earned Premium	**1,418.9**	1,036.9	745.7
Ceding Commission	**197.0**	154.0	138.3
Service and Fee Income	**172.2**	108.7	62.1
Net Investment Income and Realized Gain/(Loss)	**77.2**	58.3	56.5
Loss and LAE Expense	**922.7**	678.3	471.5
Acquisition Cost and Other Underwriting Expense	**543.7**	398.4	302.8
Income Before Other Income (Expense) and Equity Earnings	**237.4**	194.4	171.8
Net Income	**184.9**	191.2	147.6
Net Income Attributable to AmTrust	**178.0**	170.4	142.5
Operating Earnings [1]	**$ 191.6**	$ 179.5	$ 138.3
Operating EPS [1]	**$ 2.77**	$ 2.65	$ 2.08
Annualized Operating ROE [1]	**18.8%**	22.3%	21.5%
Net Loss Ratio	**65.0%**	65.4%	63.2%
Net Expense Ratio	**24.4%**	23.6%	22.1%
Net Combined Ratio	**89.5%**	89.0%	85.3%

SUMMARY BALANCE SHEET	2012	2011	2010
Cash and Investments	**$ 2,696.4**	$ 2,086.6	$ 1,567.1
Reinsurance Recoverable	**1,318.4**	1,098.6	775.4
Premium Receivable, Net	**1,251.3**	933.0	727.6
Goodwill and Intangible Assets, Net	**515.0**	372.8	197.8
Prepaid Reinsurance Premium	**754.8**	584.9	485.0
Deferred Policy Acquisition Costs and Other Assets	**881.3**	656.6	429.6
Total Assets	**7,417.2**	5,732.5	4,182.5
Loss and LAE Reserve	**2,426.4**	1,879.2	1,263.5
Unearned Premiums	**1,773.6**	1,366.2	1,025.0
Debt	**302.0**	279.6	144.8
Reinsurance Payables, Accrued Expenses, and Other Liabilities	**1,667.2**	1,247.2	1,008.2
Total Liabilities	**6,169.2**	4,772.2	3,441.5
AmTrust Financial Shareholders' Equity	**1,144.1**	890.6	716.5
Total Non-Controlling Interest	**103.9**	69.7	24.5
Total Shareholders' Equity	**1,248.0**	960.3	741.0
Total Liabilities and Shareholders' Equity	**$ 7,417.2**	$ 5,732.5	$ 4,182.5
Book Value Per Share	**$ 17.03**	$ 13.47	$ 12.03

Non-GAAP Reconciliation

The following measures as referenced by footnote 1 in the table above and on pages 4 and 6 of this annual report are non-GAAP financial measures that the Company believes provide a useful indicator of its underlying operating trends because these measures provide a more meaningful representation of the Company's earnings power.

[1] Operating earnings: Net Income attributable to AmTrust ($178.0 million, $170.4 million and $142.5 million for 2012, 2011 and 2010, respectively) less after-tax realized investment gain or loss ($5.8 million gain, $1.8 million gain, $3.9 million gain in 2012, 2011 and 2010 respectively) less certain intangible amortization ($17.2 million, $9.9 million and $7.2 million in, 2012, 2011 and 2010, respectively) less foreign currency transaction gain or loss ($0.2 million loss, $2.4 million loss and $0.6 million gain in 2012, 2011 and 2010, respectively) less after-tax impact of acquisition of ACAC of a loss of $2.3 million in 2011 and a gain of $6.8 million in 2010, less $2.1 million in non-cash interest on convertible senior notes net of tax in 2012, less a $3.8 million gain on Majestic acquisition net of tax in 2011. Annualized operating return on equity: Operating earnings divided by average shareholders' equity of $1,017.3 million, $803.5 million and $643.0 million in 2012, 2011 and 2010, respectively.

AmTrust
FINANCIAL

Corporate Headquarters

AmTrust Financial Services, Inc.
59 Maiden Lane
New York, NY 10038

ph: 212.220.7120
fx: 212.220.7130

www.amtrustgroup.com