



AmTrust International

EUROPEAN BUILDING SOCIETIES

Challenges and how to face them

Agenda

Challenges of Building Societies

Insurance as Enabler

Insurance Concept

Insured Risks

About AmTrust International

Discussion



Challenges of Building Societies

Low interest rates.

Balance sheets are "upside down": Earnings are currently predominantly dependent on the capital market.

EU-Regulations

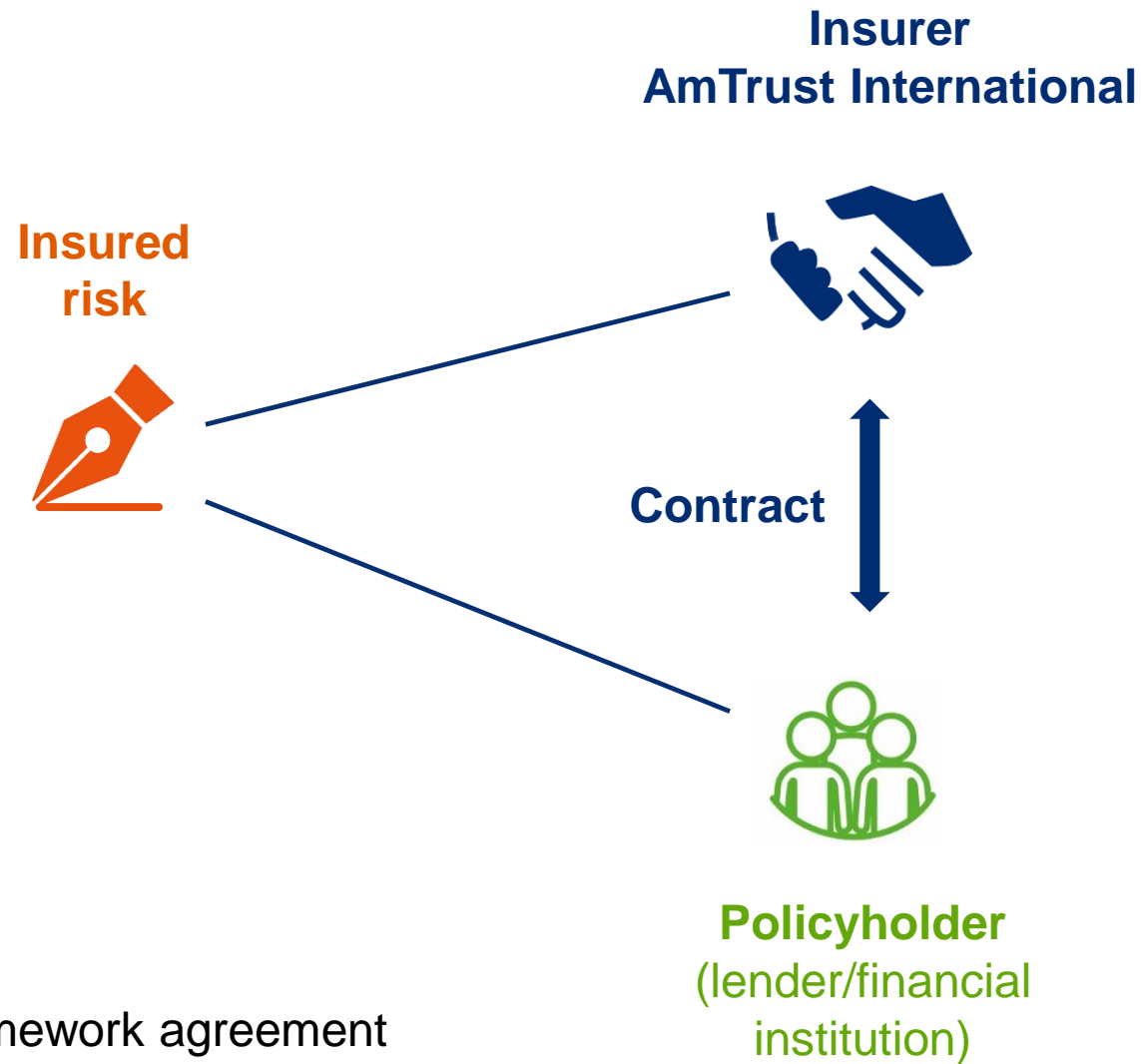
- Basel 3.5/4.0
- MaRisk
- International Financial Reporting Standard 9 (IFRS 9)
- Solvency II for insurers.



The Enabler: Insurance

- A Risk- & Product Management
- B Capital Management &
Credit Risk Mitigation (CRM)
- C Synthetic Securitization
- D Accounting / Cash-Flow
Generation

Insurance Concept



- **New business**: framework agreement
- **Existing business**: portfolio transaction

Insured Risks

Mortgage loans

Credit cards

Auto loans / auto leasing

SME

Consumer loans

Surety loans (value)

Risk- & Product Management



- **Economic & regulatory risk transfer** for expected and unexpected losses
- **Unexpected losses**: the expected increase of losses (default risk) is absorbed or eliminated by the insurance
- **Expected loss**: default risk already calculated by the policyholder
- **Enlargement / optimization** of product range without influencing credit risk strategy
- Increase of **competitiveness**
- **Revenue growth** through process optimization
- **Extension** of market shares and development of **new market segments**

Capital Management & Credit Risk Mitigation Technique

B

- **Capital relief or release** (reduction of RWs due to counterparty risk)
- Creation of **additional capacities** with the potential to generate new business
- **Credit risk mitigation approach** – (CRM)

Synthetic Securitization

C

- **Optimization of (synthetic) securitization transactions (credit enhancement)**
- **Risk transfer**
- **Capital relief**
- **Option: investor protection and/ or balance sheet optimization**
- **Optimization of expense structure through synthetic securitization**
- **Bespoke transactions**

Accounting / Cash-Flow Optimisation

D

- **Reduction of provisions** (Bs. IFRS 9/HGB)
- **Optimization of balance sheet** using smart financial solutions
- **Cash flow optimisation** through release of provisions
- Potential to **manage stage II provisions** for Financial Institutes
- **Tailor made** IFRS 9 concepts
- Improves **expected loss calculation** (ELC)



AmTrust Financial Services, Inc (AFSI)



AmTrust International (AI)



AmTrust International
Underwriters (AIU)



AmTrust Europe
(AEL)



AmTrust at Lloyd's
(ATL)



Car Care Plan
Insurance (CCP)



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Europe

Spain - Madrid, Barcelona
Ireland - Dublin
Sweden - Stockholm
Italy - Milan, Naples
Germany -
Neu-Isenburg, Hamburg
France - Paris, Lyon
Russia - Moscow
Turkey - Istanbul
Netherlands -
Amsterdam, Nieuwegein
Belgium - Antwerp
Luxembourg - Luxembourg
Norway - Oslo
United Kingdom - London,
Nottingham, Colchester,
Leeds, Cardiff, Rugby,
Manchester, Rochford

Americas

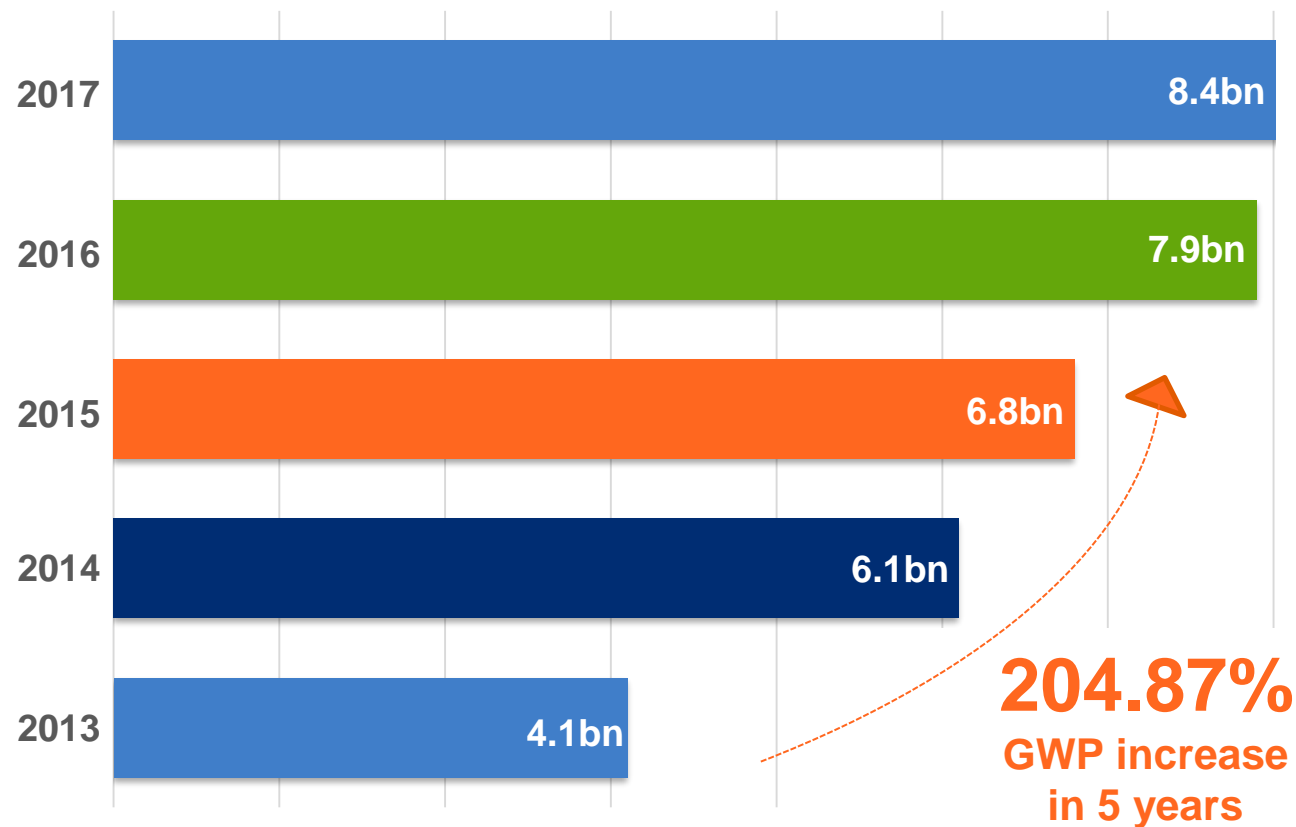
USA - New Jersey
Peru - Lima
Bolivia - Santa Cruz
Paraguay - Asuncion
Brazil - Sao Paulo

Asia

Vietnam - Ho Chi Minh
China - Shanghai
Malaysia - Selangor
India - Mumbai
Indonesia - Jakarta
Singapore - Singapore

1800+ staff
across
24 countries

Financial Headlines*



**Gross Written Premiums
AmTrust Financial Services, Inc.**



*Figures and statements refer to parent company AmTrust Financial Services Inc.

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Wrap up – Q&A

Any Questions?





- A Risk- & Product Management
- B Capital Management &
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- C Synthetic Securitization
- D Accounting / Cash-Flow Generation



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