

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2021

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 001-34042

noteMAIDEN HOLDINGS, LTD.

(Exact name of registrant as specified in its charter)

Bermuda
(State or other jurisdiction of
incorporation or organization)

94 Pitts Bay Road

Pembroke

Bermuda

(Address of principal executive offices)

98-0570192

(IRS Employer
Identification No.)

HM08

(Zip Code)

(441) 298-4900

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Shares, par value \$0.01 per share	MHLD	NASDAQ Capital Market
Series A Preference Shares, par value \$0.01 per share	MH.PA	New York Stock Exchange
Series C Preference Shares, par value \$0.01 per share	MH.PC	New York Stock Exchange
Series D Preference Shares, par value \$0.01 per share	MH.PD	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act).

Yes No

As of November 4, 2021, the number of shares of the Registrant's Common Stock (\$.01 par value) outstanding was 86,443,757.

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars, except share and per share data)

ASSETS	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<i>Investments:</i>		
Fixed maturities, available-for-sale, at fair value (amortized cost 2021 - \$757,835; 2020 - \$1,163,923)	\$ 772,427	\$ 1,213,411
Equity securities, at fair value (cost 2021 - \$1,000)	1,903	—
Equity method investments	75,050	39,886
Other investments	103,888	67,010
Total investments	953,268	1,320,307
Cash and cash equivalents	29,310	74,040
Restricted cash and cash equivalents	21,651	61,786
Accrued investment income	7,445	11,240
Reinsurance balances receivable, net (includes \$17,794 from related parties in 2021)	19,788	5,777
Reinsurance recoverable on unpaid losses	561,627	592,571
Loan to related party	167,975	167,975
Deferred commission and other acquisition expenses (includes \$37,354 and \$45,732 from related parties in 2021 and 2020, respectively)	40,242	51,903
Funds withheld receivable (includes \$603,734 and \$603,093 from related parties in 2021 and 2020, respectively)	642,070	654,805
Other assets	11,642	8,051
Total assets	\$ 2,455,018	\$ 2,948,455
LIABILITIES		
Reserve for loss and loss adjustment expenses (includes \$1,431,177 and \$1,727,193 from related parties in 2021 and 2020, respectively)	\$ 1,567,526	\$ 1,893,299
Unearned premiums (includes \$100,273 and \$122,737 from related parties in 2021 and 2020, respectively)	110,071	144,271
Deferred gain on retroactive reinsurance	50,645	74,941
Liability for securities purchased	15,886	—
Accrued expenses and other liabilities (includes \$52,503 and \$35,719 from related parties in 2021 and 2020, respectively)	72,424	53,002
Senior notes - principal amount	262,500	262,500
Less: unamortized debt issuance costs	7,208	7,374
Senior notes, net	255,292	255,126
Total liabilities	2,071,844	2,420,639
<i>Commitments and Contingencies</i>		
EQUITY		
Preference shares	167,418	394,310
Common shares (\$0.01 par value; 92,278,828 and 89,815,175 shares issued in 2021 and 2020, respectively; 86,443,757 and 84,801,161 shares outstanding in 2021 and 2020, respectively)	923	898
Additional paid-in capital	768,171	756,122
Accumulated other comprehensive (loss) income	(4,859)	23,857
Accumulated deficit	(514,512)	(615,837)
Treasury shares, at cost (5,835,071 and 5,014,014 shares in 2021 and 2020, respectively)	(33,967)	(31,534)
Total shareholders' equity	383,174	527,816
Total liabilities and equity	\$ 2,455,018	\$ 2,948,455

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in thousands of U.S. dollars, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues				
Gross premiums written	\$ 6,821	\$ 3,517	\$ 7,865	\$ 20,233
Net premiums written	\$ 6,953	\$ 3,031	\$ 7,518	\$ 17,493
Change in unearned premiums	8,077	21,274	32,588	59,335
Net premiums earned	15,030	24,305	40,106	76,828
Other insurance revenue	138	261	946	919
Net investment income	7,477	12,686	24,596	44,959
Net realized and unrealized (losses) gains on investment	(937)	4,287	8,013	24,200
Total other-than-temporary impairment losses	—	(962)	—	(2,468)
Total revenues	21,708	40,577	73,661	144,438
Expenses				
Net loss and loss adjustment expenses	10,514	9,065	7,546	41,159
Commission and other acquisition expenses	6,313	9,651	19,154	29,778
General and administrative expenses	6,650	8,160	29,553	25,971
Interest and amortization expenses	4,832	4,832	14,495	14,493
Foreign exchange and other (gains) losses	(4,116)	6,536	(6,070)	634
Total expenses	24,193	38,244	64,678	112,035
(Loss) income before income taxes and interest in (loss) income of equity method investments	(2,485)	2,333	8,983	32,403
Less: income tax (benefit) expense	(155)	17	(363)	14
Add: Interest in (loss) income of equity method investments	(810)	(154)	4,912	(154)
Net (loss) income	(3,140)	2,162	14,258	32,235
Gain from repurchase of preference shares	6,004	—	87,168	—
Net income available to Maiden common shareholders	\$ 2,864	\$ 2,162	\$ 101,426	\$ 32,235
Basic and diluted earnings per share attributable to common shareholders	\$ 0.03	\$ 0.03	\$ 1.17	\$ 0.38
Weighted average number of common shares - basic	86,433,780	84,744,787	85,937,012	84,181,528
Adjusted weighted average number of common shares and assumed conversions - diluted	86,438,232	84,744,787	85,941,418	84,181,528

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net (loss) income	\$ (3,140)	\$ 2,162	\$ 14,258	\$ 32,235
Other comprehensive (loss) income				
Net unrealized holdings (losses) gains on fixed maturity investments arising during period	(10,539)	15,028	(27,864)	16,603
Net unrealized holdings losses on equity method investments arising during period	(4,078)	—	(7,497)	—
Adjustment for reclassification of net realized gains recognized in net income	(2,007)	(3,242)	(7,032)	(9,643)
Foreign currency translation adjustment	6,036	(6,998)	13,627	(10,821)
Other comprehensive (loss) income, before tax	(10,588)	4,788	(28,766)	(3,861)
Income tax benefit (expense) related to components of other comprehensive (loss) income	6	(32)	50	(18)
Other comprehensive (loss) income, after tax	(10,582)	4,756	(28,716)	(3,879)
Comprehensive (loss) income	<u>\$ (13,722)</u>	<u>\$ 6,918</u>	<u>\$ (14,458)</u>	<u>\$ 28,356</u>

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
(in thousands of U.S. dollars)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Preference shares - Series A, C and D				
Beginning balance	\$ 181,384	\$ 465,000	\$ 394,310	\$ 465,000
Repurchase of Preference Shares – Series A	(3,384)	—	(87,978)	—
Repurchase of Preference Shares – Series C	(6,037)	—	(72,931)	—
Repurchase of Preference Shares – Series D	(4,545)	—	(65,983)	—
Ending balance	167,418	465,000	167,418	465,000
Common shares				
Beginning balance	922	897	898	882
Issuance of common shares from vesting of stock based compensation	1	1	25	16
Ending balance	923	898	923	898
Additional paid-in capital				
Beginning balance	767,452	752,896	756,122	751,327
Issuance of common shares from vesting of stock based compensation	(1)	(1)	(25)	(16)
Share-based compensation expense	253	429	4,568	2,013
Repurchase of Preference Shares	467	—	7,571	—
Cash settlement of restricted shares granted	—	—	(65)	—
Ending balance	768,171	753,324	768,171	753,324
Accumulated other comprehensive (loss) income				
Beginning balance	5,723	9,201	23,857	17,836
Change in net unrealized (losses) gains on investment	(16,618)	11,754	(42,343)	6,942
Foreign currency translation adjustment	6,036	(6,998)	13,627	(10,821)
Ending balance	(4,859)	13,957	(4,859)	13,957
Accumulated deficit				
Beginning balance	(517,376)	(665,721)	(615,837)	(695,794)
Cash settlement of restricted shares granted	—	—	(101)	—
Net (loss) income	(3,140)	2,162	14,258	32,235
Gain on repurchase of preference shares	6,004	—	87,168	—
Ending balance	(514,512)	(663,559)	(514,512)	(663,559)
Treasury shares				
Beginning balance	(33,893)	(31,534)	(31,534)	(31,533)
Shares repurchased	(74)	—	(2,433)	(1)
Ending balance	(33,967)	(31,534)	(33,967)	(31,534)
Total shareholders' equity	\$ 383,174	\$ 538,086	\$ 383,174	\$ 538,086

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

MAIDEN HOLDINGS, LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in thousands of U.S. dollars)

For the Nine Months Ended September 30,	2021	2020
Cash flows from operating activities		
Net income	\$ 14,258	\$ 32,235
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation, amortization and share-based compensation	7,798	6,318
Interest in (income) loss of equity method investments	(4,912)	154
Net realized and unrealized gains on investment	(8,013)	(24,200)
Total other-than-temporary impairment losses	—	2,468
Foreign exchange and other (gains) losses	(6,070)	634
<i>Changes in assets – (increase) decrease:</i>		
Reinsurance balances receivable, net	(12,039)	22,200
Reinsurance recoverable on unpaid losses	6,590	(7,334)
Accrued investment income	3,663	5,899
Deferred commission and other acquisition expenses	11,460	21,507
Funds withheld receivable	9,916	53,205
Other assets	(385)	(3,589)
<i>Changes in liabilities – increase (decrease):</i>		
Reserve for loss and loss adjustment expenses	(304,385)	(476,655)
Unearned premiums	(33,424)	(59,250)
Accrued expenses and other liabilities	15,793	(21,256)
Net cash used in operating activities	(299,750)	(447,664)
Cash flows from investing activities:		
Purchases of fixed maturities	(208,969)	(355,966)
Purchases of other investments	(37,341)	(45,279)
Purchases of equity method investments	(42,551)	—
Proceeds from sales of fixed maturities	332,636	477,358
Proceeds from maturities, paydowns and calls of fixed maturities	294,878	451,380
Proceeds from sale and redemption of other investments	341	1,786
Proceeds from sale and redemption of equity method investments	4,802	—
Distributions from equity securities	441	—
Others, net	(31)	(602)
Net cash provided by investing activities	344,206	528,677
Cash flows from financing activities:		
Repurchase of common shares	(2,433)	(1)
Repurchase of preference shares	(132,153)	—
Change in other liabilities due to bank overdraft	5,764	—
Cash settlement of restricted shares granted	(166)	—
Net cash used in financing activities	(128,988)	(1)
Effect of exchange rate changes on foreign currency cash, restricted cash and equivalents	(333)	1,605
Net (decrease) increase in cash, restricted cash and cash equivalents	(84,865)	82,617
Cash, restricted cash and cash equivalents, beginning of period	135,826	107,278
Cash, restricted cash and cash equivalents, end of period	\$ 50,961	\$ 189,895
<i>Reconciliation of cash and restricted cash reported within Condensed Consolidated Balance Sheets:</i>		
Cash and cash equivalents, end of period	\$ 29,310	\$ 91,721
Restricted cash and cash equivalents, end of period	21,651	98,174
Total cash, restricted cash and cash equivalents, end of period	\$ 50,961	\$ 189,895

See accompanying notes to the unaudited Condensed Consolidated Financial Statements.

MAIDEN HOLDINGS, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in thousands of U.S. dollars, except share and per share data)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Maiden Holdings, Ltd. ("Parent Company" or "Maiden Holdings") and its subsidiaries (the "Company" or "Maiden"). They have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the U.S. Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. All significant intercompany transactions and accounts have been eliminated.

These interim unaudited Condensed Consolidated Financial Statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results for the interim period and all such adjustments are of a normal recurring nature. The results of operations for the interim period are not necessarily indicative, if annualized, of those to be expected for the full year. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

These unaudited Condensed Consolidated Financial Statements, including these notes, should be read in conjunction with the Company's audited Consolidated Financial Statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. Certain prior year comparatives have been reclassified to conform to the current year presentation. The effect of these reclassifications had no impact on previously reported shareholders' equity or net income.

As a result of a series of strategic actions the Company has taken in recent years as discussed below, we create shareholder value by actively managing and allocating our assets and capital, including through ownership and management of businesses and assets mostly in the insurance and related financial services industries where we can leverage our deep knowledge of those markets. We also provide a full range of legacy services to small insurance companies, particularly those in run-off or with blocks of reserves that are no longer core, working with clients to develop and implement finality solutions including acquiring entire companies. We expect our legacy solutions business to contribute to our active asset and capital management strategies.

Short-term income protection business is written on a primary basis by our wholly owned subsidiaries Maiden Life Försäkrings AB ("Maiden LF") and Maiden General Försäkrings AB ("Maiden GF") in the Scandinavian and Northern European markets. Insurance support services are provided to Maiden LF and Maiden GF by our wholly owned subsidiary services company, Maiden Global Holdings Ltd. ("Maiden Global"), which is also a licensed intermediary in the United Kingdom. Maiden Global had previously operated internationally by providing branded auto and credit life insurance products through insurer partners, particularly those in the European Union ("EU") and other global markets. These products also produced reinsurance programs which were underwritten by our wholly owned subsidiary Maiden Reinsurance Ltd. ("Maiden Reinsurance").

The Company is not actively underwriting reinsurance business but has some historic reinsurance programs underwritten by Maiden Reinsurance which are in run-off. The Company continues to run-off the liabilities associated with AmTrust Financial Services, Inc. ("AmTrust") reinsurance agreements which were terminated in 2019 as discussed in "Note 10 - Related Party Transactions". We have a retroactive reinsurance agreement and a commutation agreement that further reduces our exposure and limits the potential volatility related to these AmTrust liabilities, which are discussed in "Note 8 - Reinsurance".

Since 2018, the Company has engaged in a series of strategic measures that have dramatically reduced the regulatory capital required to operate our business, materially strengthened our solvency ratios, re-domiciled Maiden Reinsurance from Bermuda to the State of Vermont in the U.S. and ceased active reinsurance underwriting. These transactions can be found in Part II of our Annual Report on Form 10-K for the year ended December 31, 2020 that was filed with the SEC on March 15, 2021 and are more fully described (as applicable) in "Note 8 - Reinsurance" and "Note 10 - Related Party Transactions" in these financial statements.

Please see the Company's audited Consolidated Financial Statements, and related notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 for further details on the above transactions.

Re-domestication of Maiden Reinsurance

Effective March 16, 2020, we re-domesticated our principal operating subsidiary, Maiden Reinsurance, from Bermuda to the State of Vermont in the U.S., having determined that re-domesticating Maiden Reinsurance to Vermont enables us to better align our capital and resources with our liabilities, which originate mostly in the U.S., resulting in a more efficient structure. Maiden Reinsurance is now subject to the statutes and regulations of Vermont in the ordinary course of business. The re-domestication, in combination with other strategic measures described above that were completed in 2019, will continue to strengthen the Company's capital position and solvency ratios.

While the Vermont Department of Financial Regulation ("Vermont DFR") is now the group supervisor for the Company, the re-domestication did not apply to the Parent Company which remains a Bermuda-based holding company. Securities issued by Maiden Holdings were not affected by the re-domestication of Maiden Reinsurance to Vermont. Concurrent with its re-domestication to Vermont on March 16, 2020, Maiden Holdings contributed as capital the remaining 65% of its ownership in Maiden Reinsurance to our wholly-owned subsidiary Maiden Holdings North America, Ltd. ("Maiden NA"). Maiden NA now owns 100% of Maiden Reinsurance in the aggregate.

1. Basis of Presentation (continued)

COVID-19 Pandemic

The continuing COVID-19 global pandemic has caused significant disruption to the economy and financial markets globally, and the full extent of the potential impacts of COVID-19 are not yet known. Circumstances caused by the COVID-19 pandemic are complex, uncertain and rapidly evolving. Our results of operations, financial condition, and liquidity and capital resources may have been adversely impacted by the COVID-19 pandemic, and the future impact of the pandemic on our financial condition or results of operations is difficult to predict.

As described herein, the Company is not presently engaged in active reinsurance underwriting and is running off the remaining unearned exposures it has reinsured. The Company's Swedish and UK insurance operations ("IIS unit") do write limited primary insurance coverages that could be exposed to COVID-19 claims. While we assess our exposure to COVID-19 insurance and reinsurance claims on our existing insurance exposures and remaining reinsurance exposures as limited and immaterial, given the uncertainty surrounding the COVID-19 pandemic and its impact on the insurance industry, our preliminary estimates of loss and loss adjustment expenses ("loss and LAE") and estimates of reinsurance recoverable arising from the COVID-19 pandemic may materially change. Maiden Reinsurance has not received any COVID-19 claims to date but our companies within our IIS unit have received a limited number of claims related to those coverages which it deems as immaterial. Unanticipated issues relating to claims and coverage may emerge, which could adversely affect our business by increasing the scope of coverage beyond our intent and/or increasing the frequency and severity of claims.

The Company's investment portfolio may be adversely impacted by unfavorable market conditions caused by the COVID-19 pandemic, and the Company and its reinsurance subsidiaries may need additional capital to maintain compliance with regulatory capital requirements and/or be required to post additional collateral under existing reinsurance arrangements, which could reduce our liquidity. In addition, the Company may experience continued volatility in its results of operations which could negatively impact its financial condition and create a reduction in the amount of available distribution or dividend capacity from its regulated reinsurance subsidiaries, which would also reduce liquidity.

2. Significant Accounting Policies

There have been no material changes to the significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 except for the following:

Recently Adopted Accounting Standards Updates

No new accounting standards have been recently adopted for the nine months ended September 30, 2021.

Recently Issued Accounting Standards Not Yet Adopted

Accounting for Measurement of Credit Losses on Financial Instruments

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13 "*Financial Instruments: Credit Losses (Topic 326)*" replacing the "incurred loss" impairment methodology with an approach based on "expected losses" to estimate credit losses on certain types of financial instruments and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance requires financial assets to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the cost of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. ASU 2016-13 also modified the accounting for available-for-sale ("AFS") debt securities, which must be individually assessed for credit losses when fair value is less than the amortized cost basis, in accordance with *Subtopic 326-30, Financial Instruments: Credit Losses Available-for-Sale Debt Securities*. Credit losses relating to AFS debt securities will be recorded through an allowance for credit losses rather than under the current other-than-temporarily impaired ("OTTI") methodology.

In April 2019, the FASB issued ASU 2019-04 for targeted improvements related to ASU 2016-13 which clarify that an entity should include all expected recoveries in its estimate of the allowance for credit losses. In addition, for collateral dependent financial assets, the amendments mandate that an allowance for credit losses that is added to the amortized cost basis of the financial asset should not exceed amounts previously written off. It also clarifies FASB's intent to include all reinsurance recoverables within the scope of *Topic 944* to be within the scope of *Subtopic 326-20*, regardless of the measurement basis of those recoverables. The Company's reinsurance recoverable on unpaid losses is currently the most significant financial asset within the scope of ASU 2016-13.

The guidance is effective for public business entities, excluding entities eligible to be smaller reporting companies ("SRCs") as defined by the SEC, for annual periods beginning after December 15, 2019, and interim periods therein. The guidance is effective for all other entities, including public entities eligible to be SRCs, for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. As of September 30, 2021, the Company qualified for SRC status, as determined on the last business day of its most recent second quarter, and is thus eligible to follow the reporting deadlines and effective dates applicable to SRCs. Therefore, *Topic 326* will not be effective until fiscal year 2023. The Company continues to evaluate the impact of this guidance on its results of operations, financial condition and liquidity.

MAIDEN HOLDINGS, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in thousands of U.S. dollars, except share and per share data)

3. Segment Information

The Company currently has two reportable segments: Diversified Reinsurance and AmTrust Reinsurance. Our Diversified Reinsurance segment consists of a portfolio of predominantly property and casualty reinsurance business focusing on regional and specialty property and casualty insurance companies located primarily in Europe. Our AmTrust Reinsurance segment includes all business ceded to Maiden Reinsurance by AmTrust, primarily the quota share reinsurance agreement ("AmTrust Quota Share") between Maiden Reinsurance and AmTrust's wholly owned subsidiary, AmTrust International Insurance, Ltd. ("AI") and the European hospital liability quota share reinsurance contract ("European Hospital Liability Quota Share") with AmTrust's wholly owned subsidiaries, AmTrust Europe Limited ("AEL") and AmTrust International Underwriters DAC ("AIU DAC"), which are both in run-off effective January 1, 2019. Please refer to "Note 10. Related Party Transactions" for additional information regarding the AmTrust Reinsurance segment.

The Company evaluates segment performance based on segment profit separately from the results of our investment portfolio. General and administrative expenses are allocated to the segments on an actual basis except salaries and benefits where management's judgment is applied; however general corporate expenses are not allocated to the segments. In determining total assets by reportable segment, the Company identifies those assets that are attributable to a particular segment such as reinsurance balances receivable, reinsurance recoverable on unpaid losses, deferred commission and other acquisition expenses, funds withheld receivable, loan to related party and restricted cash and investments. All remaining assets are allocated to Corporate.

The following tables summarize the underwriting results of our reportable segments and the reconciliation of our reportable segments' underwriting results to consolidated net income:

For the Three Months Ended September 30, 2021	Diversified Reinsurance	AmTrust Reinsurance	Total
Gross premiums written	\$ 5,684	\$ 1,137	\$ 6,821
Net premiums written	\$ 5,816	\$ 1,137	\$ 6,953
Net premiums earned	\$ 7,521	\$ 7,509	\$ 15,030
Other insurance revenue	138	—	138
Net loss and LAE	(554)	(9,960)	(10,514)
Commission and other acquisition expenses	(3,461)	(2,852)	(6,313)
General and administrative expenses	(1,583)	(407)	(1,990)
Underwriting income (loss)	\$ 2,061	\$ (5,710)	(3,649)
Reconciliation to net loss			
Net investment income and net realized and unrealized losses on investment			6,540
Interest and amortization expenses			(4,832)
Foreign exchange and other gains, net			4,116
Other general and administrative expenses			(4,660)
Income tax benefit			155
Interest in loss of equity method investments			(810)
Net loss			\$ (3,140)
Net loss and LAE ratio ⁽¹⁾	7.2 %	132.6 %	69.3 %
Commission and other acquisition expense ratio ⁽²⁾	45.2 %	38.0 %	41.6 %
General and administrative expense ratio ⁽³⁾	20.7 %	5.4 %	43.9 %
Expense ratio ⁽⁴⁾	65.9 %	43.4 %	85.5 %
Combined ratio⁽⁵⁾	73.1 %	176.0 %	154.8 %

MAIDEN HOLDINGS, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(in thousands of U.S. dollars, except share and per share data)

3. Segment Information (continued)

For the Three Months Ended September 30, 2020	Diversified Reinsurance	AmTrust Reinsurance	Total
Gross premiums written	\$ 9,152	\$ (5,635)	\$ 3,517
Net premiums written	\$ 8,666	\$ (5,635)	\$ 3,031
Net premiums earned	\$ 11,323	\$ 12,982	\$ 24,305
Other insurance revenue	261	—	261
Net loss and LAE	(6,624)	(2,441)	(9,065)
Commission and other acquisition expenses	(4,204)	(5,447)	(9,651)
General and administrative expenses	(1,818)	(630)	(2,448)
Underwriting (loss) income	\$ (1,062)	\$ 4,464	3,402
Reconciliation to net income			
Net investment income and net realized and unrealized gains on investment			16,973
Total other-than-temporary impairment losses			(962)
Interest and amortization expenses			(4,832)
Foreign exchange and other losses, net			(6,536)
Other general and administrative expenses			(5,712)
Income tax expense			(17)
Interest in loss from equity method investments			(154)
Net income			\$ 2,162
Net loss and LAE ratio ⁽¹⁾	57.2 %	18.8 %	36.9 %
Commission and other acquisition expense ratio ⁽²⁾	36.3 %	42.0 %	39.3 %
General and administrative expense ratio ⁽³⁾	15.7 %	4.8 %	33.2 %
Expense ratio ⁽⁴⁾	52.0 %	46.8 %	72.5 %
Combined ratio⁽⁵⁾	109.2 %	65.6 %	109.4 %

MAIDEN HOLDINGS, LTD.
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3. Segment Information (continued)

For the Nine Months Ended September 30, 2021	Diversified Reinsurance	AmTrust Reinsurance	Total
Gross premiums written	\$ 10,947	\$ (3,082)	\$ 7,865
Net premiums written	\$ 10,600	\$ (3,082)	\$ 7,518
Net premiums earned	\$ 20,723	\$ 19,383	\$ 40,106
Other insurance revenue	946	—	946
Net loss and LAE	(3,216)	(4,330)	(7,546)
Commission and other acquisition expenses	(11,668)	(7,486)	(19,154)
General and administrative expenses	(6,190)	(1,785)	(7,975)
Underwriting income	\$ 595	\$ 5,782	6,377
Reconciliation to net income			
Net investment income and net realized and unrealized gains on investment			32,609
Interest and amortization expenses			(14,495)
Foreign exchange and other gains, net			6,070
Other general and administrative expenses			(21,578)
Income tax benefit			363
Interest in income from equity method investments			4,912
Net income			\$ 14,258
Net loss and LAE ratio ⁽¹⁾	14.8 %	22.3 %	18.4 %
Commission and other acquisition expense ratio ⁽²⁾	53.9 %	38.6 %	46.6 %
General and administrative expense ratio ⁽³⁾	28.6 %	9.2 %	72.0 %
Expense ratio ⁽⁴⁾	82.5 %	47.8 %	118.6 %
Combined ratio⁽⁵⁾	97.3 %	70.1 %	137.0 %

MAIDEN HOLDINGS, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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3. Segment Information (continued)

For the Nine Months Ended September 30, 2020	Diversified Reinsurance	AmTrust Reinsurance	Total
Gross premiums written	\$ 30,573	\$ (10,340)	\$ 20,233
Net premiums written	\$ 27,591	\$ (10,098)	\$ 17,493
Net premiums earned	\$ 35,381	\$ 41,447	\$ 76,828
Other insurance revenue	919	—	919
Net loss and LAE	(19,703)	(21,456)	(41,159)
Commission and other acquisition expenses	(13,557)	(16,221)	(29,778)
General and administrative expenses	(5,177)	(1,941)	(7,118)
Underwriting (loss) income	<u>\$ (2,137)</u>	<u>\$ 1,829</u>	<u>(308)</u>
Reconciliation to net income			
Net investment income and net realized and unrealized gains on investment			69,159
Total other-than-temporary impairment losses			(2,468)
Interest and amortization expenses			(14,493)
Foreign exchange and other losses, net			(634)
Other general and administrative expenses			(18,853)
Income tax expense			(14)
Interest in loss from equity method investments			(154)
Net income			<u>\$ 32,235</u>
Net loss and LAE ratio ⁽¹⁾	54.3 %	51.8 %	52.9 %
Commission and other acquisition expense ratio ⁽²⁾	37.3 %	39.1 %	38.3 %
General and administrative expense ratio ⁽³⁾	14.3 %	4.7 %	33.4 %
Expense ratio ⁽⁴⁾	51.6 %	43.8 %	71.7 %
Combined ratio⁽⁵⁾	<u>105.9 %</u>	<u>95.6 %</u>	<u>124.6 %</u>

- (1) Calculated by dividing net loss and LAE by the sum of net premiums earned and other insurance revenue.
(2) Calculated by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue.
(3) Calculated by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue.
(4) Calculated by adding together the commission and other acquisition expense ratio and general and administrative expense ratio.
(5) Calculated by adding together net loss and LAE ratio and the expense ratio.

The following tables summarize the financial position of the Company's reportable segments including the reconciliation to the Company's consolidated total assets at September 30, 2021 and December 31, 2020:

September 30, 2021	Diversified Reinsurance	AmTrust Reinsurance	Total
Total assets - reportable segments	\$ 128,023	\$ 1,936,587	\$ 2,064,610
Corporate assets	—	—	390,408
Total Assets	<u>\$ 128,023</u>	<u>\$ 1,936,587</u>	<u>\$ 2,455,018</u>
December 31, 2020	Diversified Reinsurance	AmTrust Reinsurance	Total
Total assets - reportable segments	\$ 156,380	\$ 2,329,377	\$ 2,485,757
Corporate assets	—	—	462,698
Total Assets	<u>\$ 156,380</u>	<u>\$ 2,329,377</u>	<u>\$ 2,948,455</u>

MAIDEN HOLDINGS, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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3. Segment Information (continued)

The following tables set forth financial information relating to net premiums written by major line of business and reportable segment for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30,	2021	2020
<i>Net premiums written</i>	Total	Total
Diversified Reinsurance		
International	\$ 5,816	\$ 8,757
Other	—	(91)
Total Diversified Reinsurance	5,816	8,666
AmTrust Reinsurance		
Small Commercial Business	(1,309)	(2,123)
Specialty Program	22	(209)
Specialty Risk and Extended Warranty	2,424	(3,303)
Total AmTrust Reinsurance	1,137	(5,635)
Total Net Premiums Written	\$ 6,953	\$ 3,031
For the Nine Months Ended September 30,		
<i>Net premiums written</i>	Total	Total
Diversified Reinsurance		
International	\$ 10,600	\$ 27,627
Other	—	(36)
Total Diversified Reinsurance	10,600	27,591
AmTrust Reinsurance		
Small Commercial Business	(5,381)	(8,517)
Specialty Program	(7)	268
Specialty Risk and Extended Warranty	2,306	(1,849)
Total AmTrust Reinsurance	(3,082)	(10,098)
Total Net Premiums Written	\$ 7,518	\$ 17,493

MAIDEN HOLDINGS, LTD.
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3. Segment Information (continued)

The following tables set forth financial information relating to net premiums earned by major line of business and reportable segment for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30,	2021		2020		
Net premiums earned	Total	% of Total	Total	% of Total	
Diversified Reinsurance					
International	\$ 7,521	50.0 %	\$ 11,414	47.0 %	
Other	—	— %	(91)	(0.4)%	
Total Diversified Reinsurance	7,521	50.0 %	11,323	46.6 %	
AmTrust Reinsurance					
Small Commercial Business	(1,227)	(8.1)%	(1,921)	(7.9)%	
Specialty Program	28	0.2 %	(190)	(0.8)%	
Specialty Risk and Extended Warranty	8,708	57.9 %	15,093	62.1 %	
Total AmTrust Reinsurance	7,509	50.0 %	12,982	53.4 %	
Total Net Premiums Earned	\$ 15,030	100.0 %	\$ 24,305	100.0 %	
For the Nine Months Ended September 30,					
		2021			2020
Net premiums earned	Total	% of Total	Total	% of Total	
Diversified Reinsurance					
International	\$ 20,723	51.7 %	\$ 35,417	46.1 %	
Other	—	— %	(36)	— %	
Total Diversified Reinsurance	20,723	51.7 %	35,381	46.1 %	
AmTrust Reinsurance					
Small Commercial Business	(5,073)	(12.6)%	(8,094)	(10.6)%	
Specialty Program	12	— %	311	0.4 %	
Specialty Risk and Extended Warranty	24,444	60.9 %	49,230	64.1 %	
Total AmTrust Reinsurance	19,383	48.3 %	41,447	53.9 %	
Total Net Premiums Earned	\$ 40,106	100.0 %	\$ 76,828	100.0 %	

MAIDEN HOLDINGS, LTD.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
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4. Investments

The Company holds: (i) AFS portfolios of fixed maturity and equity securities, carried at fair value; (ii) other investments, of which certain investments are carried at fair value and investments in direct lending entities are carried at cost less impairment; (iii) equity method investments; and (iv) funds held - directly managed.

a) Fixed Maturities

The amortized cost, gross unrealized gains and losses, and fair value of fixed maturities at September 30, 2021 and December 31, 2020 are as follows:

September 30, 2021	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. treasury bonds	\$ 73,485	\$ 16	\$ (7)	\$ 73,494
U.S. agency bonds – mortgage-backed	117,205	3,915	(103)	121,017
Non-U.S. government bonds	3,164	187	—	3,351
Asset-backed securities	204,601	930	(2,693)	202,838
Corporate bonds	359,380	17,787	(5,440)	371,727
Total fixed maturity investments	\$ 757,835	\$ 22,835	\$ (8,243)	\$ 772,427

December 31, 2020	Original or amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. treasury bonds	\$ 94,468	\$ 34	\$ —	\$ 94,502
U.S. agency bonds – mortgage-backed	272,124	9,439	(126)	281,437
Non-U.S. government bonds	8,641	1,067	—	9,708
Asset-backed securities	184,227	1,611	(406)	185,432
Corporate bonds	604,463	40,904	(3,035)	642,332
Total fixed maturity investments	\$ 1,163,923	\$ 53,055	\$ (3,567)	\$ 1,213,411

The contractual maturities of our fixed maturities are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

September 30, 2021	Amortized cost	Fair value
Due in one year or less	\$ 21,963	\$ 21,332
Due after one year through five years	359,840	371,112
Due after five years through ten years	46,895	48,907
Due after ten years	7,331	7,221
	436,029	448,572
U.S. agency bonds – mortgage-backed	117,205	121,017
Asset-backed securities	204,601	202,838
Total fixed maturity investments	\$ 757,835	\$ 772,427

The following tables summarize fixed maturities in an unrealized loss position and the aggregate fair value and gross unrealized loss by length of time the security has continuously been in an unrealized loss position:

September 30, 2021	Less than 12 Months		12 Months or More		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. treasury bonds	\$ 14,491	\$ (7)	\$ —	\$ —	\$ 14,491	\$ (7)
U.S. agency bonds – mortgage-backed	5,076	(103)	—	—	5,076	(103)
Asset-backed securities	97,887	(2,644)	7,052	(49)	104,939	(2,693)
Corporate bonds	52,643	(2,140)	37,811	(3,300)	90,454	(5,440)
Total temporarily impaired fixed maturities	\$ 170,097	\$ (4,894)	\$ 44,863	\$ (3,349)	\$ 214,960	\$ (8,243)

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4. Investments (continued)

At September 30, 2021, there were 55 securities in an unrealized loss position with a fair value of \$214,960 and unrealized losses of \$8,243. Of these securities, there were 14 securities that have been in an unrealized loss position for twelve months or greater with a fair value of \$44,863 and unrealized losses of \$3,349.

December 31, 2020	Less than 12 Months		12 Months or More		Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
U.S. agency bonds – mortgage-backed	\$ 19,360	\$ (85)	\$ 5,646	\$ (41)	\$ 25,006	\$ (126)
Asset-backed securities	13,371	(217)	31,052	(189)	44,423	(406)
Corporate bonds	31,839	(890)	65,296	(2,145)	97,135	(3,035)
Total temporarily impaired fixed maturities	\$ 64,570	\$ (1,192)	\$ 101,994	\$ (2,375)	\$ 166,564	\$ (3,567)

At December 31, 2020, there were 53 securities in an unrealized loss position with a fair value of \$166,564 and unrealized losses of \$3,567. Of these securities, there were 35 securities that have been in an unrealized loss position for twelve months or greater with a fair value of \$101,994 and unrealized losses of \$2,375.

Other-than-temporarily impaired

The Company performs quarterly reviews of its fixed maturities in order to determine whether declines in fair value below the amortized cost basis were considered other-than-temporary in accordance with applicable guidance. At September 30, 2021, we determined that unrealized losses on fixed maturities were primarily due to changes in interest rates as well as the impact of foreign exchange rate changes on certain foreign currency denominated fixed maturities since their date of purchase. All fixed maturity securities continue to pay the expected coupon payments under the contractual terms of the securities. Any credit-related impairment related to fixed maturity securities that the Company does not plan to sell and for which we are not more likely than not to be required to sell is recognized in net earnings, with the non-credit related impairment recognized in comprehensive earnings. Based on analysis, our fixed maturity portfolio is of high credit quality and we believe the amortized cost basis of the securities will ultimately be recovered. The Company continually monitors the credit quality of the fixed maturity investments to assess if it is probable that it will receive contractual or estimated cash flows in the form of principal and interest. For the three and nine months ended September 30, 2020, the Company recognized \$962 and \$2,468 in OTTI charges in earnings on two and four fixed maturity securities, respectively. There was no impairment recorded for the three and nine months ended September 30, 2021, respectively.

The following tables summarize the credit ratings of our fixed maturities as at September 30, 2021 and December 31, 2020:

September 30, 2021	Amortized cost	Fair value	% of Total fair value
U.S. treasury bonds	\$ 73,485	\$ 73,494	9.5 %
U.S. agency bonds	117,205	121,017	15.7 %
AAA	164,531	162,669	21.1 %
AA+, AA, AA-	46,558	46,895	6.1 %
A+, A, A-	154,064	157,560	20.4 %
BBB+, BBB, BBB-	180,351	187,670	24.2 %
BB+ or lower	21,641	23,122	3.0 %
Total fixed maturities ⁽¹⁾	\$ 757,835	\$ 772,427	100.0 %

December 31, 2020	Amortized cost	Fair value	% of Total fair value
U.S. treasury bonds	\$ 94,468	\$ 94,502	7.8 %
U.S. agency bonds	272,124	281,437	23.2 %
AAA	96,453	97,515	8.0 %
AA+, AA, AA-	114,751	118,534	9.8 %
A+, A, A-	265,725	281,364	23.2 %
BBB+, BBB, BBB-	274,406	292,493	24.1 %
BB+ or lower	45,996	47,566	3.9 %
Total fixed maturities ⁽¹⁾	\$ 1,163,923	\$ 1,213,411	100.0 %

(1) Ratings above are based on Standard & Poor's ("S&P"), or equivalent, ratings.

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4. Investments (continued)

b) Other Investments and Equity Method Investments

Certain of the Company's other investments and equity method investments are subject to restrictions on redemptions and sales that are determined by the governing documents, which could limit our ability to liquidate those investments. These restrictions may include lock-ups, redemption gates, restricted share classes, restrictions on the frequency of redemption and notice periods. A gate is the ability to deny or delay a redemption request. Certain other investments and equity method investments may not have any restrictions governing their sale, but there is no active market and no guarantee that we will be able to execute a sale in a timely manner. In addition, even if certain other investments and equity method investments are not eligible for redemption or sales are restricted, the Company may still receive income distributions from those investments.

Other investments

The table shows the composition of the Company's other investments as at September 30, 2021 and December 31, 2020:

	September 30, 2021		December 31, 2020	
	Carrying value	% of Total	Carrying value	% of Total
Other privately held investments	\$ 44,351	42.7 %	\$ 26,094	38.9 %
Private credit funds	15,149	14.6 %	1,301	1.9 %
Private equity funds	4,643	4.4 %	3,044	4.6 %
Total other investments at fair value	64,143	61.7 %	30,439	45.4 %
Investments in direct lending entities (at cost)	39,745	38.3 %	36,571	54.6 %
Total other investments	\$ 103,888	100.0 %	\$ 67,010	100.0 %

The Company's investments in direct lending entities of \$39,745 at September 30, 2021 (December 31, 2020 - \$36,571) are carried at cost less impairment, if any, with any indication of impairment recognized in income when determined. Please see "Note 5(d) - Fair Value Measurements" for additional information regarding this investment.

The Company's unfunded commitments on other investments held at September 30, 2021 and December 31, 2020 were:

	September 30, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
Private credit funds	\$ 30,191	45.4 %	\$ 33,584	53.0 %
Investments in direct lending entities	16,520	24.9 %	19,823	31.3 %
Other privately held investments	10,463	15.8 %	9,580	15.2 %
Private equity funds	9,257	13.9 %	326	0.5 %
Total unfunded commitments on other investments	\$ 66,431	100.0 %	\$ 63,313	100.0 %

Equity Method Investments

The equity method investments include hedge fund investments, real estate investments and other investments. The table below shows the carrying value of the Company's equity method investments at September 30, 2021 and December 31, 2020:

	September 30, 2021		December 31, 2020	
	Carrying Value	% of Total	Carrying Value	% of Total
Hedge fund investments	\$ 31,221	41.6 %	\$ 29,435	73.8 %
Real estate investments	42,551	56.7 %	—	— %
Other investments	1,278	1.7 %	10,451	26.2 %
Total equity method investments	\$ 75,050	100.0 %	\$ 39,886	100.0 %

The equity method investments above include limited partnerships which are variable interests issued by variable interest entities ("VIEs"). The Company does not have the power to direct the activities that are most significant to the economic performance of these VIEs therefore the Company is not the primary beneficiary of these VIEs. The Company is deemed to have limited influence over the operating and financial policies of the investee and accordingly these investments are reported under the equity method of accounting. In applying the equity method of accounting, the investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the investee's net income or loss.

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4. Investments (continued)

Generally, the maximum exposure to loss on these interests is limited to the amount of commitment made by the Company. However, certain of the Company's equity method investments are related to real estate joint ventures with interests in multi-property projects with varying strategies ranging from the development of properties to the ownership of income-producing properties. In certain of these joint ventures, the Company has provided certain indemnities, guarantees and commitments to certain parties such that it may be required to make payments now or in the future and are more fully described (as applicable) in "Note 11 - Commitments, Contingencies and Guarantees" in these financial statements. The Company's remaining unfunded commitments on equity method investments as at September 30, 2021 was \$26,949.

c) Net Investment Income

Net investment income was derived from the following sources for the three and nine months ended September 30, 2021 and 2020, respectively:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Fixed maturities	\$ 4,449	\$ 7,647	\$ 15,535	\$ 29,933
Income on funds withheld	2,708	3,981	7,928	11,843
Interest income from loan to related party	885	886	2,611	3,111
Cash and cash equivalents and other investments	377	548	613	1,203
	<u>8,419</u>	<u>13,062</u>	<u>26,687</u>	<u>46,090</u>
Investment expenses	(942)	(376)	(2,091)	(1,131)
Net investment income	<u>\$ 7,477</u>	<u>\$ 12,686</u>	<u>\$ 24,596</u>	<u>\$ 44,959</u>

d) Net Realized and Unrealized Gains (Losses) on Investment

Realized gains or losses on the sale of investments are determined on the basis of the first in first out cost method. The following tables show the net realized and unrealized gains (losses) on investment included in the Condensed Consolidated Statements of Income:

For the Three Months Ended September 30, 2021	Gross gains	Gross losses	Net
Fixed maturities	\$ 1,890	\$ (99)	\$ 1,791
Equity securities	—	(3,002)	(3,002)
Other investments	396	(122)	274
Net realized and unrealized gains (losses) on investment	<u>\$ 2,286</u>	<u>\$ (3,223)</u>	<u>\$ (937)</u>

For the Three Months Ended September 30, 2020	Gross gains	Gross losses	Net
Fixed maturities	\$ 3,948	\$ —	\$ 3,948
Other investments	339	—	339
Net realized and unrealized gains on investment	<u>\$ 4,287</u>	<u>\$ —</u>	<u>\$ 4,287</u>

For the Nine Months Ended September 30, 2021	Gross gains	Gross losses	Net
AFS fixed maturities	\$ 6,137	\$ (343)	\$ 5,794
Equity securities	4,957	(3,613)	1,344
Other investments	1,022	(147)	875
Net realized and unrealized gains (losses) on investment	<u>\$ 12,116</u>	<u>\$ (4,103)</u>	<u>\$ 8,013</u>

For the Nine Months Ended September 30, 2020	Gross gains	Gross losses	Net
AFS fixed maturities	\$ 23,939	\$ (1)	\$ 23,938
Other investments	446	(184)	262
Net realized and unrealized gains (losses) on investment	<u>\$ 24,385</u>	<u>\$ (185)</u>	<u>\$ 24,200</u>

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4. Investments (continued)

Realized gains and losses from equity securities detailed in the table above include both sales of securities and unrealized gains and losses from fair value changes. The unrealized gains recognized in net income for the three and nine months ended September 30, 2021 and 2020 for investments still held at September 30, 2021 and 2020, respectively, were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net (losses) gains recognized for equity securities during the period	\$ (3,002)	\$ —	\$ 1,344	\$ —
Less: Net gains recognized for equity securities divested during the period	—	—	(441)	—
Unrealized (losses) gains recognized for equity securities still held at reporting date	\$ (3,002)	\$ —	\$ 903	\$ —

Proceeds from sales of fixed maturities were \$126,282 and \$332,636 for the three and nine months ended September 30, 2021, respectively (2020 - \$71,857 and \$477,358, respectively).

Net unrealized gains on investments in AOCI was as follows at September 30, 2021 and December 31, 2020, respectively:

	September 30, 2021	December 31, 2020
Fixed maturities	\$ 14,592	\$ 49,488
Equity method investments	(7,497)	—
Total net unrealized gains	7,095	49,488
Deferred income tax	(81)	(131)
Net unrealized gains, net of deferred income tax	\$ 7,014	\$ 49,357
Change, net of deferred income tax	\$ (42,343)	\$ 27,361

e) Restricted Cash and Cash Equivalents and Investments

The Company is required to provide collateral for its reinsurance liabilities under various reinsurance agreements and utilizes trust accounts to collateralize business with reinsurance counterparties. The assets in trust as collateral are primarily cash and highly rated fixed maturities.

The fair values of these restricted assets were as follows at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Restricted cash – third party agreements	\$ 20,457	\$ 20,547
Restricted cash – related party agreements	1,194	41,239
Total restricted cash	21,651	61,786
Restricted investments – in trust for third party agreements at fair value (amortized cost: 2021 – \$61,294; 2020 – \$63,253)	61,299	63,281
Restricted investments – in trust for related party agreements at fair value (amortized cost: 2021 – \$615,149; 2020 – \$913,466)	627,226	954,988
Restricted investments – liability for investments purchased and other liabilities for related party agreements	(14,335)	—
Total restricted investments	674,190	1,018,269
Total restricted cash and investments	\$ 695,841	\$ 1,080,055

5. Fair Value of Financial Instruments

(a) Fair Values of Financial Instruments

Fair Value Measurements — Accounting Standards Codification Topic 820, "*Fair Value Measurements and Disclosures*" ("ASC 820") defines fair value as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. Additionally, ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs:

- *Level 1* — Valuations based on unadjusted quoted market prices for identical assets or liabilities that we have the ability to access. Because valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples of assets and liabilities utilizing Level 1 inputs include: U.S. Treasury bonds;
- *Level 2* — Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severity, etc.) or can be corroborated by observable market data. Examples of assets and liabilities utilizing Level 2 inputs include: U.S. government-sponsored agency securities; non-U.S. government and supranational obligations; commercial mortgage-backed securities ("CMBS"); collateralized loan obligations ("CLO"); corporate and municipal bonds; and
- *Level 3* — Valuations based on models where significant inputs are not observable. The unobservable inputs reflect our own assumptions about assumptions that market participants would use developed on the basis of the best information available in the particular circumstances. Examples of assets and liabilities utilizing Level 3 inputs include: an investment in preference shares of a start-up insurance producer.

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of financial instrument, whether the financial instrument is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires significantly more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for instruments categorized in the Level 3 hierarchy.

The Company uses prices and inputs that are current as at the measurement date. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified between hierarchy levels.

For investments that have quoted market prices in active markets, the Company uses the quoted market prices as fair value and includes these in the Level 1 hierarchy. The Company receives the quoted market prices from a third party nationally recognized provider ("the Pricing Service"). When quoted market prices are unavailable, the Company utilizes the Pricing Service to determine an estimate of fair value. The fair value estimates are included in the Level 2 hierarchy. The Company will challenge any prices for its investments which are considered not to be representative of fair value.

If quoted market prices and an estimate from the Pricing Service are unavailable, the Company produces an estimate of fair value based on dealer quotations for recent activity in positions with the same or similar characteristics to that being valued. The Company determines whether the fair value estimate is in the Level 2 or Level 3 hierarchy depending on the level of observable inputs available when estimating the fair value. The Company bases its estimates of fair values for assets on the bid price as it represents what a third party market participant would be willing to pay in an orderly transaction.

ASC 825, "*Disclosure About Fair Value of Financial Instruments*", requires all entities to disclose the fair value of their financial instruments for assets and liabilities recognized and not recognized in the balance sheet, for which it is practicable to estimate fair value. The following describes the valuation techniques used by the Company to determine the fair value of financial instruments that are measured at fair value on a recurring basis held at September 30, 2021 and December 31, 2020.

U.S. government and U.S. agency — Bonds issued by the U.S. Treasury, the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal National Mortgage Association and the Federal Farm Credit Banks Funding Corporation. The fair values of U.S. treasury bonds are based on quoted market prices in active markets, and are included in the Level 1 fair value hierarchy. We believe the market for U.S. treasury bonds is an actively traded market given the high level of daily trading volume. The fair values of U.S. agency bonds are determined using the spread above the risk-free yield curve. As the yields for the risk-free yield curve and the spreads for these securities are observable market inputs, the fair values of U.S. agency bonds are included in the Level 2 fair value hierarchy.

Non-U.S. government and supranational bonds — These securities are generally priced by independent pricing services. The Pricing Service may use current market trades for securities with similar quality, maturity and coupon. If no such trades are available, the Pricing Service typically uses analytical models which may incorporate spreads, interest rate data and market/sector news. As the significant inputs used to price non-U.S. government and supranational bonds are observable market inputs, the fair values of non-U.S. government and supranational bonds are included in the Level 2 fair value hierarchy.

5. Fair Value Measurements (continued)

Asset-backed securities — These securities comprise commercial mortgage-backed securities ("CMBS") and collateralized loan obligations ("CLO") originated by a variety of financial institutions that on acquisition are rated BBB-/Baa3 or higher. These securities are priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available trade information, prepayment speeds, yield curves and credit spreads to the valuation. As the significant inputs used to price the CMBS and CLO are observable market inputs, their fair values are included in the Level 2 fair value hierarchy.

Corporate and municipal bonds — Bonds issued by corporations, U.S. state and municipality entities or agencies that on acquisition are rated BBB-/Baa3 or higher. These securities are generally priced by independent pricing services. The credit spreads are sourced from broker/dealers, trade prices and new issue market. Where pricing is unavailable from pricing services, custodian pricing or non-binding quotes are obtained from broker-dealers to estimate fair values. As significant inputs used to price corporate and municipal bonds are observable market inputs, fair values are included in the Level 2 fair value hierarchy.

Equity securities - The fair value of equity securities is primarily priced by pricing services, reflecting the closing price quoted for the final trading day of the period. The common stock is carried at fair value using observable market pricing data and is included in the Level 1 fair value hierarchy. Any unrealized gains or losses on the investment is recorded in net income in the period in which they occur.

Other investments — Includes unquoted investments comprised of the following investments:

- *Privately held investments*: These are direct equity investments in common and preferred stock of privately held entities. The fair values are estimated using quarterly financial statements and/or recent private market transactions and thus included under Level 3 of the fair value hierarchy due to unobservable market data used for valuation. These investments are also comprised of investments in insurtech and other insurance focused companies. The fair value of these start-up insurance entities are determined using recent private market transactions where applicable and included in the Level 3 fair value hierarchy due to unobservable market data used for valuation.
- *Private credit funds*: These are privately held equity investments in common stock of entities that lend money valued using the most recently available or quarterly net asset value ("NAV") statements as provided by the external fund manager or third-party administrator and therefore measured using the NAV as a practical expedient.
- *Private equity funds*: These are comprised of private equity funds, private equity co-investments with sponsoring entities and investments in real estate limited partnerships and joint ventures. The fair value is estimated based on the most recently available NAV as advised by the external fund manager or third-party administrator. The fair values are therefore measured using the NAV as a practical expedient.

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5. Fair Value of Financial Instruments (continued)

(b) Fair Value Hierarchy

The Company's estimates of fair value for financial assets and financial liabilities are based on the framework established in ASC 820. The framework is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuation methodology whenever available. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active trading markets and the lowest priority to unobservable inputs that reflect significant market assumptions.

At September 30, 2021 and December 31, 2020, the Company classified financial instruments measured at fair value on a recurring basis in the following valuation hierarchy:

September 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV Practical Expedient	Total Fair Value
Fixed maturities					
U.S. treasury bonds	\$ 73,494	\$ —	\$ —	\$ —	\$ 73,494
U.S. agency bonds – mortgage-backed	—	121,017	—	—	121,017
Non-U.S. government bonds	—	3,351	—	—	3,351
Asset-backed securities	—	202,838	—	—	202,838
Corporate bonds	—	371,727	—	—	371,727
Equity investments	1,903	—	—	—	1,903
Other investments	—	—	29,344	34,799	64,143
Total	<u>\$ 75,397</u>	<u>\$ 698,933</u>	<u>\$ 29,344</u>	<u>\$ 34,799</u>	<u>\$ 838,473</u>
As a percentage of total assets	3.1 %	28.5 %	1.2 %	1.4 %	34.2 %
December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Based on NAV Practical Expedient	Total Fair Value
Fixed maturities					
U.S. treasury bonds	\$ 94,502	\$ —	\$ —	\$ —	\$ 94,502
U.S. agency bonds – mortgage-backed	—	281,437	—	—	281,437
Non-U.S. government bonds	—	9,708	—	—	9,708
Asset-backed securities	—	185,432	—	—	185,432
Corporate bonds	—	642,332	—	—	642,332
Other investments	—	—	26,094	4,345	30,439
Total	<u>\$ 94,502</u>	<u>\$ 1,118,909</u>	<u>\$ 26,094</u>	<u>\$ 4,345</u>	<u>\$ 1,243,850</u>
As a percentage of total assets	3.2 %	37.9 %	0.9 %	0.1 %	42.1 %

The Company utilizes the Pricing Service to assist in determining the fair value of its investments; however, management is ultimately responsible for all fair values presented in the Company's financial statements. This includes responsibility for monitoring the fair value process, ensuring objective and reliable valuation practices, and pricing of assets and liabilities and use of pricing sources. The Company analyzes and reviews the information and prices received from the Pricing Service to ensure that the prices provided represent a reasonable estimate of fair value.

The Pricing Service was utilized to estimate fair value measurements for 99.2% and 99.1% of our fixed maturities at September 30, 2021 and December 31, 2020, respectively. The Pricing Service utilizes market quotations for fixed maturity securities that have quoted market prices in active markets. Since fixed maturities other than U.S. treasury bonds generally do not trade actively on a daily basis, the Pricing Service prepares estimates of fair value measurements using relevant market data, benchmark curves, sector groupings and matrix pricing and these have been classified as Level 2 within the fair value hierarchy.

At September 30, 2021 and December 31, 2020, approximately 0.8% and 0.9%, respectively, of our fixed maturities were valued using the market approach. At September 30, 2021, one security or \$6,444 (2020 - two securities or \$10,809) of fixed maturities classified as Level 2 were priced using a quotation from a broker and/or custodian as opposed to the Pricing Service due to lack of information available. At September 30, 2021 and December 31, 2020, the Company has not adjusted any pricing provided to it based on the review performed by its investment managers.

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5. Fair Value of Financial Instruments (continued)

During the nine months ended September 30, 2021, the Company transferred its equity investment in an insurtech start-up company focused on technological advancement in the automobile insurance industry out of Level 3 within the fair value hierarchy and into Level 1 due to the recent completion of its initial public offering. There were no transfers to or from Level 3 during the nine months ended September 30, 2020.

(c) Level 3 Financial Instruments

At September 30, 2021, the Company holds Level 3 financial instruments of \$29,344 (December 31, 2020 - \$26,094) which includes privately held equity investments in common stock and preferred stock. The fair value of these investments are estimated using quarterly unaudited financial statements or recent private market transactions, where applicable. Due to significant unobservable inputs in these valuations, the Company classifies their fair values as Level 3 within the fair value hierarchy.

The following table provides a summary of quantitative information regarding the significant unobservable inputs used in determining the fair value of other investments measured at fair value on a recurring basis under the Level 3 classification at September 30, 2021:

	Fair Value	Valuation Technique	Unobservable Inputs	Range
Other privately held investments	\$ 27,544	Quarterly financial statements	Estimated maturity dates	1.0 years to 3.0 years
Other privately held investments	1,800	Recent market transactions	Liquidity discount rates	
Total Level 3 investments	\$ 29,344			

The following table shows the reconciliation of the beginning and ending balances for other investments measured at fair value on a recurring basis using Level 3 inputs for the three and nine months ended September 30, 2021 and 2020. The Company includes any related interest and dividend income in net investment income and thus are excluded from the reconciliation in the table below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Balance - beginning of period	\$ 29,344	\$ 2,800	\$ 26,094	\$ 1,800
Purchases	—	—	4,250	1,000
Transfers out of Level 3	—	—	(1,000)	—
Total Level 3 investments - end of period	\$ 29,344	\$ 2,800	\$ 29,344	\$ 2,800

(d) Financial Instruments Disclosed, But Not Carried, at Fair Value

The fair value of financial instruments accounting guidance also applies to financial instruments disclosed, but not carried, at fair value, except for certain financial instruments related to insurance contracts.

At September 30, 2021, the carrying values of cash and cash equivalents (including restricted amounts), accrued investment income, reinsurance balances receivable, loan to related party, liability for securities purchased and certain other assets and liabilities approximate fair values due to their inherent short duration. As these financial instruments are not actively traded, their fair values are classified as Level 2.

The investments made by direct lending entities are carried at cost less impairment, if any, which approximates fair value. The fair value estimates of these investments are not based on observable market data and, as a result, are classified as Level 3.

The fair values of the Senior Notes (as defined in "Note 7 - Long-Term Debt") are based on indicative market pricing obtained from a third-party pricing service which uses observable market inputs, and therefore the fair values of these liabilities are classified as Level 2. The following table presents the respective carrying value and fair value for the Senior Notes as at September 30, 2021 and December 31, 2020:

	September 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Notes - MHLA – 6.625%	\$ 110,000	\$ 97,680	\$ 110,000	\$ 90,772
Senior Notes - MHNC – 7.75%	152,500	149,267	152,500	132,126
Total Senior Notes	\$ 262,500	\$ 246,947	\$ 262,500	\$ 222,898

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6. Shareholders' Equity

a) Common Shares

At September 30, 2021, the aggregate authorized share capital of the Company is 150,000,000 shares from which 92,278,828 common shares were issued, of which 86,443,757 common shares are outstanding, and 18,600,000 preference shares were issued, all of which are outstanding. The remaining 39,121,172 shares are undesignated at September 30, 2021. Excluding the preference shares held by Maiden Reinsurance, a total of 6,696,732 preference shares are held by non-affiliates.

b) Preference Shares

On March 3, 2021, the Company's Board of Directors approved the repurchase, including the repurchase by Maiden Reinsurance in accordance with its investment guidelines, of up to \$100,000 of the Company's preference shares from time to time at market prices in open market purchases or as may be privately negotiated. On May 6, 2021, the Company's Board of Directors approved the additional repurchase, including the repurchase by Maiden Reinsurance in accordance with its investment guidelines (as may be amended), of up to \$50,000 of the Company's preference shares from time to time at market prices in open market purchases or as may be privately negotiated. The authorizations that were approved on March 3, 2021 and May 6, 2021 as described above are collectively referred to as the "2021 Preference Share Repurchase Program".

The following table shows the summary of repurchases made of the Company's preference shares pursuant to the 2021 Preference Share Repurchase Program during the three and nine months ended September 30, 2021:

	For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2021	
	Number of shares purchased	Average price of shares purchased	Number of shares purchased	Average price of shares purchased
Series A	135,353	\$ 13.51	3,519,093	\$ 14.74
Series C	241,466	13.42	2,917,244	14.44
Series D	181,817	13.34	2,639,336	14.45
Total	558,636	13.42	9,075,673	14.56
Total price paid	\$ 7,495		\$ 132,153	
Gain on purchase	\$ 6,004		\$ 87,168	

The following table shows the summary of changes for the Company's preference shares outstanding at September 30, 2021:

	Series A	Series C	Series D	Total
Outstanding shares issued by Maiden Holdings	6,000,000	6,600,000	6,000,000	18,600,000
Shares held by Maiden Reinsurance - December 31, 2020	545,218	1,203,466	1,078,911	2,827,595
Shares purchased by Maiden Reinsurance during the three months ended March 31, 2021	2,561,636	2,028,961	2,023,896	6,614,493
Shares purchased by Maiden Reinsurance during the three months ended June 30, 2021	822,104	646,817	433,623	1,902,544
Shares purchased by Maiden Reinsurance during the three months ended September 30, 2021	135,353	241,466	181,817	558,636
Total shares held by Maiden Reinsurance - September 30, 2021	4,064,311	4,120,710	3,718,247	11,903,268
Total shares held by non-affiliates - September 30, 2021	1,935,689	2,479,290	2,281,753	6,696,732
Percentage held by Maiden Reinsurance - September 30, 2021	67.7 %	62.4 %	62.0 %	64.0 %

The Company has a remaining authorization of \$17,847 for preference share repurchases at September 30, 2021. For further discussion on the components of Shareholders' Equity, please refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

The Company has continued to repurchase preference shares subsequent to September 30, 2021 pursuant to a Rule 10b5-1 plan. Please see "Note 14. Subsequent Events" for details.

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6. Shareholders' Equity (continued)

c) Treasury Shares

During the three months ended September 30, 2021, the Company repurchased a total of 21,509 common shares at an average price per share of \$3.43 from employees, which represent withholding in respect of tax obligations on the vesting of both non-performance-based and discretionary performance-based restricted shares. During the nine months ended September 30, 2021, the Company repurchased a total of 821,057 (2020 - 834) common shares at an average price per share of \$2.96 (2020 - \$1.13) from employees, which represent withholding in respect of tax obligations on the vesting of both non-performance-based and discretionary performance-based restricted shares. There were no such repurchases during the three months ended September 30, 2020.

On February 21, 2017, the Company's Board of Directors approved the repurchase of up to \$100,000 of the Company's common shares from time to time at market prices. The Company has a remaining authorization of \$74,245 for common share repurchases at September 30, 2021 (December 31, 2020 - \$74,245). No repurchases were made during the three and nine months ended September 30, 2021 and 2020 under the common share repurchase plan.

d) Accumulated Other Comprehensive Income

The following tables set forth financial information regarding the changes in the balances of each component of AOCI:

For the Three Months Ended September 30, 2021	Change in net unrealized gains on investment	Foreign currency translation	Total
Beginning balance	\$ 23,632	\$ (17,909)	\$ 5,723
Other comprehensive (loss) income before reclassifications	(14,611)	6,036	(8,575)
Amounts reclassified from AOCI to net income, net of tax	(2,007)	—	(2,007)
Net current period other comprehensive (loss) income	(16,618)	6,036	(10,582)
Ending balance, Maiden shareholders	<u>\$ 7,014</u>	<u>\$ (11,873)</u>	<u>\$ (4,859)</u>

For the Three Months Ended September 30, 2020	Change in net unrealized gains on investment	Foreign currency translation	Total
Beginning balance	\$ 17,184	\$ (7,983)	\$ 9,201
Other comprehensive income (loss) before reclassifications	14,996	(6,998)	7,998
Amounts reclassified from AOCI to net income, net of tax	(3,242)	—	(3,242)
Net current period other comprehensive income (loss)	11,754	(6,998)	4,756
Ending balance, Maiden shareholders	<u>\$ 28,938</u>	<u>\$ (14,981)</u>	<u>\$ 13,957</u>

For the Nine Months Ended September 30, 2021	Change in net unrealized gains on investment	Foreign currency translation	Total
Beginning balance	\$ 49,357	\$ (25,500)	\$ 23,857
Other comprehensive (loss) income before reclassifications	(35,311)	13,627	(21,684)
Amounts reclassified from AOCI to net income, net of tax	(7,032)	—	(7,032)
Net current period other comprehensive (loss) income	(42,343)	13,627	(28,716)
Ending balance, Maiden shareholders	<u>\$ 7,014</u>	<u>\$ (11,873)</u>	<u>\$ (4,859)</u>

For the Nine Months Ended September 30, 2020	Change in net unrealized gains on investment	Foreign currency translation	Total
Beginning balance	\$ 21,996	\$ (4,160)	\$ 17,836
Other comprehensive income (loss) before reclassifications	16,585	(10,821)	5,764
Amounts reclassified from AOCI to net income, net of tax	(9,643)	—	(9,643)
Net current period other comprehensive income (loss)	6,942	(10,821)	(3,879)
Ending balance, Maiden shareholders	<u>\$ 28,938</u>	<u>\$ (14,981)</u>	<u>\$ 13,957</u>

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7. Long-Term Debt

Senior Notes

At September 30, 2021 and December 31, 2020, both Maiden Holdings and its wholly owned subsidiary, Maiden NA, had outstanding publicly-traded senior notes which were issued in 2016 ("2016 Senior Notes") and 2013 ("2013 Senior Notes"), respectively (collectively "Senior Notes"). The 2013 Senior Notes issued by Maiden NA are fully and unconditionally guaranteed by Maiden Holdings. The Senior Notes are unsecured and unsubordinated obligations of the Company.

The following tables detail the issuances of Senior Notes outstanding at September 30, 2021 and December 31, 2020:

September 30, 2021	2016 Senior Notes	2013 Senior Notes	Total
Principal amount	\$ 110,000	\$ 152,500	\$ 262,500
Less: unamortized issuance costs	3,476	3,732	7,208
Carrying value	<u>\$ 106,524</u>	<u>\$ 148,768</u>	<u>\$ 255,292</u>

December 31, 2020	2016 Senior Notes	2013 Senior Notes	Total
Principal amount	\$ 110,000	\$ 152,500	\$ 262,500
Less: unamortized issuance costs	3,516	3,858	7,374
Carrying value	<u>\$ 106,484</u>	<u>\$ 148,642</u>	<u>\$ 255,126</u>

Other details:

Original debt issuance costs	\$ 3,715	\$ 5,054
Maturity date	June 14, 2046	December 1, 2043
Earliest redeemable date (for cash)	June 14, 2021	December 1, 2018
Coupon rate	6.625 %	7.75 %
Effective interest rate	7.07 %	8.04 %

The interest expense incurred on the Senior Notes for the three and nine months ended September 30, 2021 was \$4,776 and \$14,329, respectively, (2020 - \$4,777 and \$14,330, respectively), of which \$1,342 was accrued at both September 30, 2021 and December 31, 2020, respectively. The issuance costs related to the Senior Notes were capitalized and are being amortized over the effective life of the Senior Notes. The amortization expense for the three and nine months ended September 30, 2021 was \$56 and \$166, respectively (2020 - \$55 and \$163, respectively).

Under the terms of the 2013 Senior Notes, the 2013 Senior Notes can be redeemed, in whole or in part, at Maiden NA's option at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. Maiden NA is required to give at least thirty days and not more than sixty days notice prior to the redemption date.

Under the terms of the 2016 Senior Notes, the 2016 Senior Notes can be redeemed, in whole or in part, at Maiden Holdings' option at any time and from time to time, until maturity at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued but unpaid interest on the principal amount being redeemed to, but not including, the redemption date. Maiden Holdings is required to give at least thirty days and not more than sixty days notice prior to the redemption date.

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8. Reinsurance

The Company uses reinsurance and retrocessional agreements ("ceded reinsurance") to mitigate volatility, reduce its exposure to certain risks and provide capital support. Ceded reinsurance provides for the recovery of a portion of loss and LAE under certain circumstances without relieving the Company of its obligations to the policyholders. The Company remains liable to the extent that any of its reinsurers or retrocessionaires fails to meet their obligations. Loss and LAE incurred and premiums earned are reported after deduction for ceded reinsurance. In the event that one or more of our reinsurers or retrocessionaires are unable to meet their obligations under these agreements, the Company would not realize the full value of the reinsurance recoverable balances.

The effect of ceded reinsurance on net premiums written and earned and on net loss and LAE for the nine months ended September 30, 2021 and 2020 was as follows:

For the Nine Months Ended September 30,	2021	2020
Premiums written		
Direct	\$ 16,181	\$ 14,718
Assumed	(8,316)	5,515
Ceded	(347)	(2,740)
Net	<u>\$ 7,518</u>	<u>\$ 17,493</u>
Premiums earned		
Direct	\$ 17,186	\$ 14,630
Assumed	24,103	64,853
Ceded	(1,183)	(2,655)
Net	<u>\$ 40,106</u>	<u>\$ 76,828</u>
Loss and LAE		
Gross loss and LAE	\$ 6,132	\$ 54,845
Loss and LAE ceded	1,414	(13,686)
Net	<u>\$ 7,546</u>	<u>\$ 41,159</u>

The Company's reinsurance recoverable on unpaid losses balance as at September 30, 2021 was \$561,627 (December 31, 2020 - \$592,571) presented in the Condensed Consolidated Balance Sheets. At September 30, 2021 and December 31, 2020, the Company had no valuation allowance against reinsurance recoverable on unpaid losses.

On December 27, 2018, Cavello Bay Reinsurance Limited ("Cavello") and Maiden Reinsurance entered into a retrocession agreement pursuant to which certain assets and liabilities associated with the U.S. treaty reinsurance business held by Maiden Reinsurance were 100.0% retroceded to Cavello in exchange for a ceding commission. The reinsurance recoverable on unpaid losses due from Cavello under this retrocession agreement was \$62,813 at September 30, 2021 (December 31, 2020 - \$67,972).

On July 31, 2019, Maiden Reinsurance and Cavello entered into a Loss Portfolio Transfer and Adverse Development Cover Agreement (the "LPT/ADC Agreement") pursuant to which Cavello assumed the loss reserves as of December 31, 2018 associated with the AmTrust Quota Share in excess of a \$2,178,535 retention up to \$600,000, in exchange for a retrocession premium of \$445,000. The \$2,178,535 retention is subject to adjustment for paid losses subsequent to December 31, 2018. The LPT/ADC Agreement provides Maiden Reinsurance with \$155,000 in adverse development cover over its carried AmTrust Quota Share loss reserves at December 31, 2018. The LPT/ADC Agreement meets the criteria for risk transfer and is thus accounted for as retroactive reinsurance. Cumulative ceded losses exceeding \$445,000 are recognized as a deferred gain liability and amortized into income over the settlement period of the ceded reserves in proportion to cumulative losses collected over the estimated ultimate reinsurance recoverable. The amount of the deferral is recalculated each period based on loss payments and updated estimates. Consequently, cumulative adverse development subsequent to December 31, 2018 may result in significant losses from operations until periods when the deferred gain is recognized as a benefit to earnings. As of September 30, 2021, the reinsurance recoverable on unpaid losses under the retroactive reinsurance agreement was \$495,645 while the deferred gain liability was \$50,645 (December 31, 2020 - \$519,941 and \$74,941, respectively). Amortization of the deferred gain will not occur until paid losses have exceeded the minimum retention under the LPT/ADC Agreement, which is estimated to be in 2024.

Cavello provided collateral in the form of a letter of credit in the amount of \$445,000 to AmTrust under the LPT/ADC Agreement. Cavello is subject to additional collateral funding requirements as explained in "Note 10. Related Party Transactions". As of September 30, 2021, the amount of collateral required was \$403,627. Under the terms of the LPT/ADC Agreement, the covered losses associated with the Commutation and Release Agreement with AmTrust are eligible to be covered but recoverable only when such losses are paid or settled by AII or its affiliates, provided such losses and other related amounts shall not exceed \$312,786. Cavello's parent company, Enstar, has credit ratings of BBB from both Standard & Poor's and Fitch Ratings at September 30, 2021.

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9. Reserve for Loss and Loss Adjustment Expenses

The Company uses both historical experience and industry-wide loss development factors to provide a reasonable basis for estimating future losses. In the future, certain events may be beyond the control of management, such as changes in law, judicial interpretations of law, and rates of inflation, which may favorably or unfavorably impact the ultimate settlement of the Company's loss and LAE reserves.

The anticipated effect of inflation is implicitly considered when estimating liabilities for loss and LAE. While anticipated changes in claim costs due to inflation are considered in estimating the ultimate claim costs, changes in the average severity of claims are caused by a number of factors that vary with the individual type of policy written. Ultimate losses are projected based on historical trends adjusted for implemented changes in underwriting standards, claims handling, policy provisions, and general economic trends. Those anticipated trends are monitored based on actual development and are modified if necessary.

The reserving process begins with the collection and analysis of paid losses and incurred claims data for each of the Company's contracts. While reserves are mostly reviewed on a contract by contract basis, paid loss and incurred claims data is also aggregated into reserving segments. The segmental data is disaggregated by reserving class and further disaggregated by either accident year (i.e. the year in which the loss event occurred) or by underwriting year (i.e. the year in which the contract generating the premium and losses inception). In cases where the Company uses underwriting year information, reserves are subsequently allocated to the respective accident year. The reserve for loss and LAE consists of:

	September 30, 2021	December 31, 2020
Reserve for reported loss and LAE	\$ 864,935	\$ 998,691
Reserve for losses incurred but not reported ("IBNR")	702,591	894,608
Reserve for loss and LAE	\$ 1,567,526	\$ 1,893,299

The following table represents a reconciliation of our beginning and ending gross and net loss and LAE reserves:

For the Nine Months Ended September 30,	2021	2020
Gross loss and LAE reserves, January 1	\$ 1,893,299	\$ 2,439,907
Less: reinsurance recoverable on unpaid losses, January 1	592,571	623,422
Net loss and LAE reserves, January 1	1,300,728	1,816,485
Net incurred losses related to:		
Current year	31,259	48,988
Prior years	(23,713)	(7,829)
	7,546	41,159
Net paid losses related to:		
Current year	(17,137)	(5,253)
Prior years	(288,202)	(519,864)
	(305,339)	(525,117)
Retroactive reinsurance adjustment	24,296	32,955
Effect of foreign exchange rate movements	(21,332)	11,914
Net loss and LAE reserves, September 30	1,005,899	1,377,396
Reinsurance recoverable on unpaid losses, September 30	561,627	597,677
Gross loss and LAE reserves, September 30	\$ 1,567,526	\$ 1,975,073

Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves established in previous calendar years. The favorable or unfavorable development reflects changes in management's best estimate of the ultimate losses under the relevant reinsurance policies after considerable review of changes in actuarial assessments. During the three and nine months ended September 30, 2021, the Company recognized net favorable prior year loss development of \$5,352 and \$23,713, respectively (2020 - favorable \$7,236 and \$7,829, respectively).

In the Diversified Reinsurance segment, net favorable prior year loss development was \$1,676 and \$2,613, respectively, for the three and nine months ended September 30, 2021 (2020 - adverse \$483 and \$312, respectively). Prior year loss development for the three and nine months ended September 30, 2021 was due to favorable reserve development in German Auto Programs, European Capital Solutions and other runoff business. The adverse prior year loss development for the three and nine months ended September 30, 2020 was primarily due to adverse reserve development in European Capital Solutions.

In the AmTrust Reinsurance segment, the net favorable prior year loss development was \$3,676 and \$21,100, respectively, for the three and nine months ended September 30, 2021 (2020 - favorable \$7,719 and \$8,141, respectively). The net favorable prior year loss development for the three and nine months ended September 30, 2021 was primarily due to favorable prior year

Note 9. Reserve for Loss and Loss Adjustment Expenses (continued)

development in Workers Compensation and Commercial Auto Liability partly offset by adverse development in Hospital Liability. The net favorable prior year loss development for the three and nine months ended September 30, 2020 was primarily due to favorable development in Workers Compensation partly offset by adverse development within Commercial Auto and General Liability programs.

Retroactive reinsurance adjustment of \$24,296 represents the decrease in reinsurance recoverable on unpaid losses under the LPT/ADC Agreement with Cavello that was recognized in the nine months ended September 30, 2021 (2020 - \$32,955) in the reconciliation of our beginning and ending gross and net loss and LAE reserves presented above. It reflects the corresponding decrease in the deferred gain on retroactive reinsurance for favorable development on reserves covered under the LPT/ADC Agreement of \$24,296 during the nine months ended September 30, 2021 (2020 - \$9,250). This adjustment also includes the Workers Compensation commuted losses of \$23,705 during the nine months ended September 30, 2020. The deferred gain on retroactive reinsurance represents the cumulative adverse development under the AmTrust Quota Share covered under the LPT/ADC Agreement at September 30, 2021 and December 31, 2020. Amortization of the deferred gain will not occur until paid losses have exceeded the minimum retention under the LPT/ADC Agreement, which is estimated to be in 2024.

10. Related Party Transactions

The Founding Shareholders of the Company were Michael Karfunkel, George Karfunkel and Barry Zyskind. Based on each individual's most recent public filing, Leah Karfunkel (wife of the late Michael Karfunkel) owns or controls approximately 7.8% of the Company's outstanding common shares and Barry Zyskind (the Company's non-executive chairman) owns or controls approximately 7.3% of the Company's outstanding common shares. George Karfunkel owns or controls less than 5.0% of the Company's outstanding common shares. Leah Karfunkel and George Karfunkel are directors of AmTrust, and Barry Zyskind is the chief executive officer and chairman of AmTrust. Leah Karfunkel, George Karfunkel and Barry Zyskind own or control approximately 53.2% of the ownership interests of Evergreen Parent LP, the ultimate parent of AmTrust.

The following describes transactions that have transpired between the Company and AmTrust:

AmTrust Quota Share

Effective July 1, 2007, the Company and AmTrust entered into a master agreement, as amended ("Master Agreement"), by which they caused Maiden Reinsurance and AII to enter into the AmTrust Quota Share by which AII retroceded to Maiden Reinsurance an amount equal to 40% of the premium written by subsidiaries of AmTrust, net of the cost of unaffiliated inuring reinsurance and 40% of losses. The Master Agreement further provided that AII receive a ceding commission of 31% of ceded written premiums. On June 11, 2008, Maiden Reinsurance and AII amended the AmTrust Quota Share to add Retail Commercial Package Business to the Covered Business (as defined in the AmTrust Quota Share). AII receives a ceding commission of 34.375% on Retail Commercial Package Business. On July 1, 2016, the agreement was renewed through June 30, 2019. Effective July 1, 2018, the amount AEL ceded to Maiden Reinsurance was reduced to 20%.

Effective July 1, 2013, for the Specialty Program portion of Covered Business only, AII was responsible for ultimate net loss otherwise recoverable from Maiden Reinsurance to the extent that the loss ratio to Maiden Reinsurance, which shall be determined on an inception to date basis from July 1, 2007 through the date of calculation, is between 81.5% and 95% ("Loss Corridor"). Above and below the Loss Corridor, Maiden Reinsurance continued to reinsure losses at its proportional 40% share of the AmTrust Quota Share. Effective July 31, 2019, the Loss Corridor was amended such that the maximum amount covered is \$40,500, the amount calculated by Maiden Reinsurance for the Loss Corridor coverage as of March 31, 2019. Any development above this maximum amount will be subject to the coverage of the LPT/ADC Agreement.

Effective January 1, 2019, Maiden Reinsurance and AII entered into a partial termination amendment ("Partial Termination Amendment") which amended the AmTrust Quota Share. The Partial Termination Amendment provided for the cut-off of the ongoing and unearned premium of AmTrust's Small Commercial Business, comprising workers' compensation, general liability, umbrella liability, professional liability (including cyber liability) insurance coverages, and U.S. Specialty Risk and Extended Warranty ("Terminated Business") as of December 31, 2018. Under the Partial Termination Amendment, the ceding commission payable by Maiden Reinsurance for its remaining in-force business immediately prior to January 1, 2019 increased by five percentage points with respect to in-force remaining business (excluding Terminated Business) and related unearned premium as of January 1, 2019. The Partial Termination Amendment resulted in Maiden Reinsurance returning \$647,980 in unearned premium to AII, or \$436,760 net of applicable ceding commission and brokerage as calculated during the second quarter of 2019.

Subsequently, on January 30, 2019, Maiden Reinsurance and AII agreed to terminate the remaining business subject to the AmTrust Quota Share on a run-off basis effective as of January 1, 2019.

Effective July 31, 2019, Maiden Reinsurance and AII entered into a Commutation and Release Agreement which provided for AII to assume all reserves ceded by AII to Maiden Reinsurance with respect to its proportional 40% share of the ultimate net loss under the AmTrust Quota Share related to the commuted business including: (a) all losses incurred in Accident Year 2017 and Accident Year 2018 under California workers' compensation policies and as defined in the AmTrust Quota Share ("Commutated California Business"); and (b) all losses incurred in Accident Year 2018 under New York workers' compensation policies ("Commutated New York Business"), and together with the Commuted California Business ("Commutated Business") in exchange for the release and full discharge of Maiden Reinsurance's obligations to AII with respect to the Commuted Business. The Commuted Business excludes any business classified by AII as Specialty Program or Specialty Risk business.

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10. Related Party Transactions (continued)

Maiden Reinsurance paid \$312,786 ("Commutation Payment"), which is the sum of the net ceded reserves in the amount of \$330,682 with respect to the Commuted Business as of December 31, 2018 less payments in the amount of \$17,896 made by Maiden Reinsurance with respect to the Commuted Business from January 1, 2019 through July 31, 2019. The Commutation Payment was settled on August 12, 2019 and Maiden Reinsurance paid AII approximately \$6,335 in interest related to the Commutation Payment premium, calculated at the rate of 3.30% per annum from January 1, 2019 through August 12, 2019.

AII and Maiden Reinsurance also agreed that as of July 31, 2019, the AmTrust Quota Share was deemed amended as applicable so that the Commuted Business is no longer included as part of Covered Business under the AmTrust Quota Share.

On January 30, 2019, in connection with the termination of the reinsurance agreement described above, the Company and AmTrust entered into a second amendment to the Master Agreement between the parties, originally entered into on July 3, 2007, to remove the provisions requiring AmTrust to reinsure business with the Company.

European Hospital Liability Quota Share

Effective April 1, 2011, Maiden Reinsurance entered into the European Hospital Liability Quota Share with AEL and AIU DAC. Pursuant to the terms of the European Hospital Liability Quota Share, Maiden Reinsurance assumed 40% of the premiums and losses related to policies classified as European Hospital Liability, including associated liability coverages and policies covering physician defense costs, written or renewed on or after April 1, 2011. The European Hospital Liability Quota Share also covers policies written or renewed on or before March 31, 2011, but only with respect to losses that occur, accrue or arise on or after April 1, 2011. The maximum limit of liability attaching shall be €5,000 (€10,000 effective January 1, 2012) or currency equivalent (on a 100% basis) per original claim for any one original policy. Maiden Reinsurance paid a ceding commission of 5% on contracts assumed under the European Hospital Liability Quota Share.

Effective July 1, 2016, the European Hospital Liability Quota Share was amended such that Maiden Reinsurance assumes from AEL 32.5% of the premiums and losses of all policies written or renewed on or after July 1, 2016 until June 30, 2017 and 20% of all policies written or renewed on or after July 1, 2017. Thereafter, on January 30, 2019, Maiden Reinsurance, AEL and AIU DAC agreed to terminate the European Hospital Liability Quota Share on a run-off basis effective as of January 1, 2019.

The table below shows the effect of both of these quota share arrangements with AmTrust on the Company's Condensed Consolidated Income Statements for the three and nine months ended September 30, 2021 and 2020, respectively:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Gross and net premiums written	\$ 1,137	\$ (5,635)	\$ (3,082)	\$ (10,340)
Net premiums earned	7,509	12,981	19,383	41,205
Net loss and LAE	(9,960)	(2,441)	(4,330)	(21,456)
Commission and other acquisition expenses	(2,852)	(5,447)	(7,486)	(16,221)

Collateral provided to AmTrust

a) AmTrust Quota Share

To provide AmTrust's U.S. insurance subsidiaries with credit for reinsurance on their statutory financial statements, AII, as the direct reinsurer of AmTrust's insurance subsidiaries, established trust accounts ("Trust Accounts") for their benefit. Maiden Reinsurance has provided appropriate collateral to secure its proportional share under the AmTrust Quota Share of AII's obligations to the AmTrust subsidiaries to whom AII is required to provide collateral which can include (a) assets loaned by Maiden Reinsurance to AII for deposit into the Trust Accounts, pursuant to a loan agreement between those parties, (b) assets transferred by Maiden Reinsurance for deposit into the Trust Accounts, or (c) a letter of credit obtained by Maiden Reinsurance and delivered to an AmTrust subsidiary on AII's behalf. Maiden Reinsurance may provide any or a combination of these forms of collateral, provided that the aggregate value thereof equals Maiden Reinsurance's proportionate share of its obligations under the AmTrust Quota Share. Maiden Reinsurance satisfied its collateral requirements under the AmTrust Quota Share with AII as follows:

- by lending funds of \$167,975 at September 30, 2021 and December 31, 2020 pursuant to a loan agreement entered into between those parties. Advances under the loan are secured by promissory notes. This loan was assigned by AII to AmTrust effective December 31, 2014 and is carried at cost. Interest is payable at a rate equivalent to the Federal Funds Effective Rate ("Fed Funds") plus 200 basis points per annum. Interest income on the loan was \$885 and \$2,611 for the three and nine months ended September 30, 2021, respectively (2020 - \$886 and \$3,111, respectively) and the effective yield was 2.1% and 2.1% for the same respective periods (2020 - 2.1% and 2.5%, respectively).
- on January 30, 2019, in connection with the termination of the reinsurance agreements described above, the Company and AmTrust amended the Loan Agreement between Maiden Reinsurance, AmTrust and AII, originally entered into on November 16, 2007, by extending the maturity date to January 1, 2025 and specifies that due to the termination of the AmTrust Quota Share, no further loans or advances may be made pursuant to the Loan Agreement;

10. Related Party Transactions (continued)

- effective December 1, 2008, the Company entered into a Reinsurer Trust Assets Collateral agreement to provide to AII sufficient collateral to secure its proportional share of AII's obligations to the U.S. AmTrust subsidiaries. The amount of the collateral at September 30, 2021 was \$328,891 (December 31, 2020 - \$666,879) and the accrued interest was \$1,893 (December 31, 2020 - \$3,048). Please refer to "Note 4. (e) Investments" for additional information;
- on January 11, 2019, a portion of the existing Trust Accounts used for collateral on the AmTrust Quota Share were converted to a funds withheld arrangement. The Company transferred \$575,000 to AmTrust as a funds withheld receivable which currently has an annual interest rate of 1.8%, subject to annual adjustment. The annual interest rate was 2.65% for the duration of 2020. At September 30, 2021, the funds withheld balance was \$575,000 (December 31, 2020 - \$575,000) and the accrued interest was \$2,609 (December 31, 2020 - \$3,845). The interest income on the funds withheld receivable was \$2,609 and \$7,741 for the three and nine months ended September 30, 2021, respectively (2020 - \$3,845 and \$11,451, respectively).

Pursuant to the terms of the LPT/ADC Agreement, Maiden Reinsurance, Cavello and AmTrust and certain of its affiliated companies entered into a Master Collateral Agreement ("MCA") to define and enable the operation of collateral provided under the AmTrust Quota Share. Under the MCA, Cavello provided letters of credit on behalf of Maiden Reinsurance to AmTrust in an amount representing Cavello's obligations under the LPT/ADC Agreement. Because these letters of credit replaced other collateral previously provided directly by Maiden Reinsurance to AmTrust, the MCA coordinates the collateral protection that will be provided to AmTrust to ensure that no gaps in collateral funding occur by operation of the LPT/ADC Agreement and related MCA. As a result of entering into both the LPT/ADC Agreement and the MCA, certain post-termination endorsements ("PTEs") to the AmTrust Quota Share between AII and Maiden Reinsurance were required.

Effective July 31, 2019, the PTEs: i) enable the operation of both the LPT/ADC Agreement and MCA by making provision for certain forms of collateral, including letters of credit provided by Cavello on Maiden Reinsurance's behalf, and further defines the permitted use and return of collateral; and ii) increase the required funding percentage for Maiden Reinsurance under the collateral arrangements between the parties to 105% of its obligations, subject to a minimum excess funding requirement of \$54,000, as may be mutually amended by the parties from time to time. Under certain defined conditions, Maiden Reinsurance may be required to increase this funding percentage to 110%.

Effective March 16, 2020, Maiden Reinsurance discontinued as a Bermuda company and completed its re-domestication to the State of Vermont. Bermuda is a Solvency II equivalent jurisdiction and the State of Vermont is not such a jurisdiction; therefore, the collateral provided under the respective agreements with AmTrust subsidiaries was strengthened to reflect the impact of the re-domestication concurrent with the date of Maiden Reinsurance's re-domestication to Vermont. Maiden Reinsurance and AmTrust agreed to: 1) amend the AmTrust Quota Share pursuant to Post Termination Endorsement No. 2 effective March 16, 2020; and 2) amend the European Hospital Liability Quota Share pursuant to Post Termination Endorsement No. 1 effective March 16, 2020.

Pursuant to the terms of Post Termination Endorsement No. 2 to the AmTrust Quota Share, Maiden Reinsurance strengthened the collateral protection provided by Maiden Reinsurance to AII by increasing the required funding percentage for Maiden Reinsurance under the collateral arrangements between the parties to 110% of its obligations, subject to a minimum excess funding requirement of \$54,000, as may be mutually amended by the parties from time to time. Post Termination Endorsement No. 2 also sets forth conditions by which the funding percentage will be reduced and the sequence of how collateral will be utilized as obligations, as defined under the AmTrust Quota Share, are satisfied.

Pursuant to the terms of Post Termination Endorsement No. 1 to the European Hospital Liability Quota Share, Maiden Reinsurance strengthened the collateral protection provided by Maiden Reinsurance to AEL and AIU DAC by increasing the required funding percentage for Maiden Reinsurance under the collateral arrangements between the parties to the greater of 120% of the Exposure (as defined therein) and the amount of security required to offset the increase in the Solvency Capital Requirement ("SCR") that results from the changes in the SCR which arise out of Maiden Reinsurance's re-domestication as compared to the SCR calculation if Maiden Reinsurance had remained domesticated in a Solvency II equivalent jurisdiction with a solvency ratio above 100% and provided collateral equivalent to 100% of the Exposure.

b) European Hospital Liability Quota Share

Collateral has been provided to both AEL and AIU DAC under the European Hospital Liability Quota Share. For AEL, the amount of the collateral held in reinsurance trust accounts at September 30, 2021 was \$286,118 (December 31, 2020 - \$318,063) and the accrued interest was \$1,577 (December 31, 2020 - \$2,283). For AIU DAC, the Company utilizes funds withheld to satisfy its collateral requirements. At September 30, 2021, the amount of funds withheld was \$28,734 (December 31, 2020 - \$28,093) and the accrued interest was \$107 (December 31, 2020 - \$318). AIU DAC pays Maiden Reinsurance a fixed annual interest rate of 0.5% on the average daily funds withheld balance which is subject to annual adjustment. The interest income on the funds withheld receivable was \$37 and \$111 for the three and nine months ended September 30, 2021, respectively (2020 - \$64 and \$262, respectively).

10. Related Party Transactions (continued)

Brokerage Agreement

Effective July 1, 2007, the Company entered into a reinsurance brokerage agreement with AII Reinsurance Broker Ltd. ("AIIB"), a wholly owned subsidiary of AmTrust. Pursuant to the brokerage agreement, AIIB provided brokerage services relating to the AmTrust Quota Share and the European Hospital Liability Quota Share for a fee equal to 1.25% of the premium assumed. AIIB was not the Company's exclusive broker. The brokerage agreement was terminated as of March 15, 2019. Maiden Reinsurance recorded \$94 and \$242 of reinsurance brokerage expense for the three and nine months ended September 30, 2021, respectively (2020 - \$162 and \$515, respectively) and deferred reinsurance brokerage of \$1,253 at September 30, 2021 (December 31, 2020 - \$1,534) as a result of this agreement.

Asset Management Agreement

Effective July 1, 2007, the Company entered into an asset management agreement with AII Insurance Management Limited ("AIIM"), a wholly owned subsidiary of AmTrust, pursuant to which AIIM agreed to provide investment management services to the Company. Effective January 1, 2018, AIIM provides investment management services for a quarterly fee of 0.02125% of the average value of the account. The agreement may be terminated upon 30 days written notice by either party. The Company recorded \$196 and \$690 of investment management fees for the three and nine months ended September 30, 2021, respectively (2020 - \$321 and \$1,071, respectively) under this agreement.

On September 9, 2020, Maiden Reinsurance, AmTrust and AIIM entered into a novation agreement, effective July 1, 2020, which provided for the novation of the asset management agreement, dated January 1, 2018 between Maiden Reinsurance and AIIM, and the release by Maiden Reinsurance of AIIM's obligations under the asset management agreement. The novation mandates that AmTrust is to be bound by the terms of the asset management agreement in place of AIIM and AmTrust agrees to perform any and all past, present and future obligations of AIIM under the asset management agreement.

On November 13, 2020, Maiden LF, Maiden GF, AmTrust and AIIM entered into a novation agreement, effective July 1, 2020, which provided for the novation of the asset management agreement, dated January 1, 2018 between Maiden LF, Maiden GF and AIIM, and the release by Maiden LF and Maiden GF of AIIM's obligations under the asset management agreement. The novation mandates that AmTrust is to be bound by the terms of the asset management agreement in place of AIIM and AmTrust agrees to perform any and all past, present and future obligations of AIIM under the asset management agreement.

Insurance Management Services Agreement

Effective August 31, 2019, the Company entered into an agreement with Risk Services - Vermont, Inc. ("Risk Services"), an affiliate of AmTrust. Pursuant to the agreement, Risk Services agreed to provide insurance management services to the Company including regulatory compliance services in connection with the re-domestication, licensing and operation of Maiden Reinsurance in the State of Vermont. The initial term of the agreement is three years and will automatically renew for an additional three years until either party gives written notice of its intention to terminate this agreement at least three months prior to the commencement of the next applicable period.

The fee for this agreement was an initial \$100 retainer for re-domestication services paid in 2019 and \$100 annually with reimbursement for reasonable out-of-pocket expenses incurred by Risk Services pursuant to the terms of the agreement. The Company recorded \$25 and \$75 of fees for the three and nine months ended September 30, 2021 and 2020, respectively.

683 Capital Partners, LP ("683 Partners")

At September 30, 2021, 683 Partners and its affiliates own or control approximately 6.8% of the outstanding common shares of the Company. 683 Partners and its affiliates are not related parties as defined in ASC 850: *Related Party Disclosures*.

Limited Partnership Agreement with 683 Capital Management, LLC ("683 Capital")

In July 2020, the Company and 683 Capital entered into a limited partnership agreement ("683 LP Agreement") whereby 683 Capital will separately manage certain funds of Maiden Reinsurance at its discretion, subject to guidelines established by the parties. Under the 683 LP Agreement, Maiden Reinsurance will pay 683 Capital a management fee and subject to certain metrics agreed to by the parties, an incentive fee upon attainment of those metrics. Maiden Reinsurance may periodically and in its discretion increase the amount invested under the 683 LP Agreement, and subject to certain conditions, reduce the amount invested under the 683 LP Agreement. Hedge fund investments of \$31,221 were managed by 683 Capital under this agreement at September 30, 2021 (December 31, 2020 - \$29,435).

11. Commitments, Contingencies and Guarantees

There are no material changes from the commitments, contingencies and concentrations previously disclosed in the Company's Form 10-K for the year ended December 31, 2020 except for the guarantees related to the indebtedness of others as disclosed in Note 11 (b) below.

a) Concentrations of Credit Risk

At September 30, 2021 and December 31, 2020, the Company's assets where significant concentrations of credit risk may exist include investments, cash and cash equivalents, loan to related party, reinsurance recoverable on unpaid losses and funds withheld receivable. Please refer to "Note 8. Reinsurance" for additional information regarding the Company's credit risk exposure on its reinsurance counterparties including the impact of the LPT/ADC Agreement effective January 1, 2019. The Company requires its reinsurers to have adequate financial strength. The Company evaluates the financial condition of its reinsurers and monitors its concentration of credit risk on an ongoing basis. Provisions are made for amounts considered potentially uncollectible. Letters of credit are provided by its reinsurers for material amounts recoverable as discussed in "Note 8. Reinsurance".

The Company manages the concentration of credit risk in its investment portfolio through issuer and sector exposure limitations. The Company believes it bears minimal credit risk in its cash on deposit. The Company also monitors the credit risk related to the loan to related party and funds withheld receivable, within which the largest balances are due from AmTrust. AmTrust has a financial strength/credit rating of A- (Excellent) from A.M. Best as September 30, 2021. To mitigate credit risk, the Company generally has a contractual right of offset thereby allowing claims to be settled net of any premiums or loan receivable. The Company believes these balances as at September 30, 2021 will be fully collectible.

b) Investment Commitments and Related Financial Guarantees

The Company had unfunded commitments on other investments of \$101,431 at September 30, 2021 (2020 - \$63,313). Please refer to "Note 4 (b) - Investments" for details on unfunded commitments for other investments held at September 30, 2021. The remaining unfunded commitments on other investments at September 30, 2021 includes commitments for a private credit fund investment and a private equity fund investment for which the Company had agreements to fund at September 30, 2021. The Company had unfunded commitments on equity method investments of \$26,949 at September 30, 2021.

Certain of the Company's investments in limited partnerships are related to real estate joint ventures with interests in multi-property projects with varying strategies ranging from the development of properties to the ownership of income-producing properties. In certain of these joint ventures, the Company has provided certain indemnities, guarantees and commitments to certain parties such that it may be required to make payments now or in the future.

Any loss for which the Company could be liable would be contingent on the default of a loan by the real estate joint venture entity for which the Company provided a financial guarantee to a lender. While the Company has committed to aggregate limits as to the amount of guarantees it will provide as part of its limited partnerships, guarantees are only provided on an individual transaction basis and are subject to the terms and conditions of each transaction mutually agreed by the parties involved. The Company is not bound to such guarantees without its express authorization.

As discussed above, at September 30, 2021, guarantees of \$33,191 have been provided to lenders by the Company on behalf of real estate joint ventures, however, the likelihood of the Company incurring any losses pertaining to project level financing guarantees was determined to be remote. Therefore, no liability has been accrued under ASC 450-20.

c) Operating Lease Commitments

The Company leases office spaces, housing, office equipment and company vehicles under various operating leases expiring in various years through 2024. The Company terminated one of its office leasing arrangements and its subleasing arrangement during the nine months ended September 30, 2021. The Company's leases are currently classified as operating leases and none of them have non-lease components. For operating leases that have an initial lease term of more than twelve months, and whose lease payments are above a certain threshold, the Company recognizes a lease liability and a right-of-use asset in the Condensed Consolidated Balance Sheets at the present value of the remaining lease payments until expiration. As the lease contracts generally do not provide an implicit discount rate, the Company used the weighted-average discount rate of 10%, representing its secured incremental borrowing rate, in calculating the present value of the lease liability. This amount is recorded as a lease liability within accrued expenses and other liabilities with an equivalent amount for the right-of-use asset presented as part of other assets and is deemed insignificant at September 30, 2021. The Company's weighted-average remaining lease term is approximately 2.7 years at September 30, 2021.

d) Legal Proceedings

Except as noted below, the Company is not a party to any material legal proceedings. From time to time, the Company is subject to routine legal proceedings, including arbitration, arising in the ordinary course of business. These legal proceedings generally relate to claims asserted by or against the Company in the ordinary course of insurance or reinsurance operations. Based on the Company's opinion, the eventual outcome of these legal proceedings is not expected to have a material adverse effect on its financial condition or results of operations.

In April 2009, the Company learned that Bentzion S. Turin, the former Chief Operating Officer, General Counsel and Secretary of Maiden Holdings and Maiden Reinsurance, sent a letter to the U.S. Department of Labor claiming that his employment with the Company was terminated in retaliation for corporate whistle-blowing in violation of the whistle-blower protection provisions of the Sarbanes-Oxley Act of 2002. Mr. Turin alleged that he was terminated for raising concerns

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11. Commitments, Contingencies and Guarantees (continued)

regarding corporate governance with respect to the negotiation of the terms of the Trust Preferred Securities Offering. He seeks reinstatement as Chief Operating Officer, General Counsel and Secretary of Maiden Holdings and Maiden Reinsurance, back pay and legal fees incurred. On December 31, 2009, the U.S. Secretary of Labor found no reasonable cause for Mr. Turin's claim and dismissed the complaint in its entirety. Mr. Turin objected to the Secretary's findings and requested a hearing before an administrative law judge in the U.S. Department of Labor. The Company moved to dismiss Mr. Turin's complaint, and its motion was granted by the Administrative Law Judge on June 30, 2011. On July 13, 2011, Mr. Turin filed a petition for review of the Administrative Law Judge's decision with the Administrative Review Board in the U.S. Department of Labor. On March 29, 2013, the Administrative Review Board reversed the dismissal of the complaint on procedural grounds, and remanded the case to the administrative law judge. The administrative hearing began in September 2014 and concluded in November 2018. On September 2, 2021, Administrative Law Judge Theresa C. Timlin of the U.S. Department of Labor issued a decision and order which denied Mr. Turin's complaint in full. On September 16, 2021, Mr. Turin filed a petition for review of the Administrative Law Judge's decision with the Administrative Review Board in the U.S. Department of Labor. The Company believes that it had good and sufficient reasons for terminating Mr. Turin's employment and that the claim is without merit. The Company will continue to vigorously defend itself against this claim.

A putative class action complaint was filed against Maiden Holdings, Arturo M. Raschbaum, Karen L. Schmitt, and John M. Marshaleck in the United States District Court for the District of New Jersey on February 11, 2019. On February 19, 2020, the Court appointed lead plaintiffs, and on May 1, 2020, lead plaintiffs filed an amended class action complaint (the "Amended Complaint"). The Amended Complaint asserts violations of Section 10(b) of the Exchange Act and Rule 10b-5 (and Section 20(a) for control person liability) arising in large part from allegations that Maiden failed to take adequate loss reserves in connection with reinsurance provided to AmTrust. Plaintiffs further claim that certain of Maiden Holdings' representations concerning its business, underwriting and financial statements were rendered false by the allegedly inadequate loss reserves, that these misrepresentations inflated the price of Maiden Holdings' common stock, and that when the truth about the misrepresentations was revealed, the Company's stock price fell, causing Plaintiffs to incur losses. On September 11, 2020, a motion to dismiss was filed on behalf of all Defendants. On August 6, 2021, the Court issued an order denying, in part, Defendants' motion to dismiss, ordering Plaintiffs to file a shorter amended complaint no later than August 20, 2021, and permitting discovery to proceed on a limited basis. We believe the claims are without merit and we intend to vigorously defend ourselves. It is possible that additional lawsuits will be filed against the Company, its subsidiaries and its respective officers due to the diminution in value of our securities as a result of our operating results and financial condition. It is currently uncertain as to the effect of such litigation on our business, operating results and financial condition.

12. Earnings per Common Share

The following is a summary of the elements used in calculating basic and diluted earnings per common share:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net (loss) income	\$ (3,140)	\$ 2,162	\$ 14,258	\$ 32,235
Gain from repurchase of preference shares - Series A, C and D	6,004	—	87,168	—
Amount allocated to participating common shareholders ⁽¹⁾	(17)	(24)	(1,017)	(559)
Net income allocated to Maiden common shareholders	\$ 2,847	\$ 2,138	\$ 100,409	\$ 31,676
Denominator:				
Weighted average number of common shares – basic	86,433,780	84,744,787	85,937,012	84,181,528
<i>Potentially dilutive securities:</i>				
Share options and restricted share units ⁽²⁾	4,452	—	4,406	—
Adjusted weighted average number of common shares – diluted⁽²⁾	86,438,232	84,744,787	85,941,418	84,181,528
Basic and diluted earnings per share attributable to common shareholders	\$ 0.03	\$ 0.03	\$ 1.17	\$ 0.38

- (1) This represents the share in net income using the two-class method for holders of non-vested restricted shares issued to the Company's employees under the 2019 Omnibus Incentive Plan.
- (2) Please refer to "Note 13. Shareholders' Equity" and "Note 14. Share Compensation and Pension Plans" in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 for the terms and conditions of securities that could potentially be dilutive in the future. For the three and nine months ended September 30, 2021, there were 4,452 and 4,406 potentially dilutive securities, respectively.

13. Income Taxes

The Company uses the estimated annual effective tax rate method. Certain items, including those deemed to be unusual, infrequent or that cannot be reliably estimated, are excluded from the estimated annual effective tax rate. In these cases, the actual tax expense or benefit is reported in the same period as the related item. Certain tax effects are also not reflected in the estimated annual effective tax rate, primarily certain changes in the realizability of deferred tax assets "(DTAs") and uncertain tax positions.

Maiden NA files a consolidated federal income tax return for the Company's U.S. based subsidiaries, including Maiden Reinsurance, which re-domesticated from Bermuda to Vermont on March 16, 2020 and, as a result, became subject to U.S. taxes. Maiden NA has net operating loss carry-forwards and other DTAs and deferred tax liabilities that are not presently recognized as a net DTA because a full valuation allowance is currently carried against them.

On March 27, 2020, the U.S. enacted the Coronavirus Aid, Relief and Economic Security Act (the "CARES" Act) to mitigate the economic impacts of COVID-19. The Company believes that the provisions of the CARES Act will not have a material impact on its U.S. federal tax liabilities.

14. Subsequent Events

In September 2021, the Company authorized the open market repurchase of its outstanding preference shares in accordance with a written plan adopted pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934. The Company intends to finance these repurchases using its available unrestricted cash.

Subsequent to September 30, 2021, under the Rule 10b5-1 plan, the Company repurchased via the open market (i) 29,502 shares of the Company's 7.125% Non-Cumulative Preference Shares Series C at an average price of \$12.33 per share, and (ii) 14,637 shares of the Company's 6.7% Non-Cumulative Preference Shares Series D at an average price of \$12.33 per share for a total amount of \$544. The acquisition by Maiden Reinsurance of these preference shares were made in compliance with the Company's investment guidelines previously approved by the Vermont DFR. These purchases will result in a gain on purchase of approximately \$522 in the fourth quarter of 2021. The Company has a remaining authorization of \$17,303 for preference share repurchases.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited Condensed Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Form 10-Q" or this "Report"). References in this Form 10-Q to the terms "we", "us", "our", "the Company", "Maiden" or other similar terms mean the consolidated operations of Maiden Holdings, Ltd. and its subsidiaries, unless the context requires otherwise. References in this Form 10-Q to the term "Maiden Holdings" means Maiden Holdings, Ltd. only. Certain reclassifications have been made for 2020 to conform to the 2021 presentation and have no impact on consolidated net income and total equity previously reported.

Note on Forward-Looking Statements

This Quarterly Report on Form 10-Q includes projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. These projections and statements are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 and are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These projections and statements may address, among other things, our strategy for growth, product development, financial results and reserves. Our actual results and financial condition may differ, possibly materially, from these projections and statements and therefore you should not place undue reliance on them. Factors that could cause our actual results and financial condition to differ, possibly materially, from those in the specific projections and statements are discussed throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations and in "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 15, 2021, however, these factors should not be construed as exhaustive. Forward-looking statements speak only as of the date they are made and we undertake no obligation to update or revise any forward-looking statement that may be made from time to time, whether as a result of new information, future developments or otherwise, except as required by law.

Overview

Maiden Holdings is a Bermuda-based holding company. As a result of a series of actions we have taken in recent years discussed below under *Recent Developments*, we create shareholder value by actively managing and allocating our assets and capital, including through ownership and management of businesses and assets mostly in the insurance and related financial services industries where we can leverage our deep knowledge of those markets. We also provide a full range of legacy services to small insurance companies, particularly those in run-off or with blocks of reserves that are no longer core, working with clients to develop and implement finality solutions including acquiring entire companies. We expect our legacy solutions business to contribute to our active asset and capital management strategies.

Short-term income protection business is written on a primary basis by our wholly owned subsidiaries Maiden Life Försäkrings AB ("Maiden LF") and Maiden General Försäkrings AB ("Maiden GF") in the Scandinavian and Northern European markets. Insurance support services are provided to Maiden LF and Maiden GF through our wholly owned subsidiary, Maiden Global Holdings, Ltd. ("Maiden Global") which is also a licensed intermediary in the United Kingdom. Maiden Global had previously operated internationally by providing branded auto and credit life insurance products through insurer partners, particularly those in Europe and other global markets. These products also produced reinsurance programs which were underwritten by our wholly owned subsidiary Maiden Reinsurance Ltd. ("Maiden Reinsurance").

We are not actively underwriting reinsurance business presently but have some historic reinsurance programs underwritten by Maiden Reinsurance which are in run-off. We continue to run-off the underwriting liabilities related to our contracts with AmTrust Financial Services, Inc. ("AmTrust") which we terminated in 2019. We also have a Loss Portfolio Transfer and Adverse Development Cover Agreement ("LPT/ADC Agreement") with Cavello Bay Reinsurance Limited ("Cavello") and a commutation agreement that further reduces our exposure to and limits the potential volatility related to these AmTrust liabilities, as discussed in "Note 8. Reinsurance" of the Notes to Condensed Consolidated Financial Statements included in Part I Item 1. "Financial Information".

As discussed in Item 1. "Business" of our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 15, 2021, the sale of Maiden Reinsurance North America, Inc. ("Maiden US") and the termination of both of our quota share contracts with AmTrust materially reduced our gross and net premiums written since 2018. We have significantly reduced our operating expenses and continue to take steps to reduce these costs further.

Our business currently consists of two reportable segments: Diversified Reinsurance and AmTrust Reinsurance. Our Diversified Reinsurance segment consists of a portfolio of predominantly property and casualty reinsurance business focusing on regional and specialty property and casualty insurance companies located primarily in Europe. Our AmTrust Reinsurance segment includes all business ceded to Maiden Reinsurance by AmTrust, primarily the quota share reinsurance agreement ("AmTrust Quota Share") between Maiden Reinsurance and AmTrust's wholly owned subsidiary, AmTrust International Insurance, Ltd. ("AII") and the European hospital liability quota share reinsurance contract ("European Hospital Liability Quota Share") with AmTrust's wholly owned subsidiaries AmTrust Europe Limited ("AEL") and AmTrust International Underwriters DAC ("AIU DAC"), which are both in run-off effective January 1, 2019.

Recent Developments

Since the third quarter of 2018, we have engaged in a series of transactions that dramatically reduced the regulatory capital required to operate our business, materially strengthened our solvency ratios, and ceased active reinsurance underwriting. During that time, we significantly increased our estimate of ultimate loss and loss expense reserves while purchasing reinsurance protection against further loss reserve volatility and as a result, have improved the ultimate economic value of the Company.

The measures we have taken were initiated in 2018, when our Board of Directors initiated a review of strategic alternatives ("Strategic Review") to evaluate ways to increase shareholder value after a period of continuing higher than targeted combined ratios and lower returns on equity than expected. This Strategic Review resulted in a series of transactions that transformed our operations and materially reduced the risk on our balance sheet. These transactions can be found in Part II of our Annual Report on Form 10-K for the year ended December 31, 2020 that was filed with the SEC on March 15, 2021.

Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020 for further information.

Effective March 16, 2020, we re-domesticated our principal operating subsidiary, Maiden Reinsurance, from Bermuda to the State of Vermont in the U.S., having determined that re-domesticating Maiden Reinsurance to Vermont enables us to better align our capital and resources with our liabilities, which originate mostly in the United States, resulting in a more efficient structure. Maiden Reinsurance is now subject to the statutes and regulations of Vermont in the ordinary course of business. The re-domestication, in combination with other strategic measures described above that were completed in 2019, will continue to strengthen the Company's capital position and solvency ratios.

While the Vermont Department of Financial Regulation ("Vermont DFR") is currently the group supervisor for the Company, the re-domestication did not apply to the parent holding company which remains a Bermuda-based holding company. Securities issued by Maiden Holdings were not affected by the re-domestication of Maiden Reinsurance to Vermont. Concurrent with the re-domestication, Maiden Holdings contributed as capital the remaining 65% of its ownership in Maiden Reinsurance to our wholly owned subsidiary Maiden Holdings North America, Ltd. ("Maiden NA"). Maiden NA now owns 100% of Maiden Reinsurance in the aggregate.

Maiden NA also maintains a portfolio of cash and fixed maturity investments, along with other strategic investments, of \$16.7 million at September 30, 2021. We believe Maiden NA's investments, including its ownership of Maiden Reinsurance and its active asset management strategy, will create opportunities to utilize net operating loss carry-forwards ("NOLs") which were \$234.0 million as of September 30, 2021. These NOLs, in combination with additional net deferred tax assets ("DTAs")

primarily related to our insurance liabilities result in a net DTA (before valuation allowance) of \$91.7 million or \$1.06 per common share as of September 30, 2021. These net DTAs are not presently recognized on the Company's consolidated balance sheet as a full valuation allowance is currently carried against them. As our profitability continues to improve, however, we are evaluating this valuation allowance and the appropriate amount required. For further details, please see "Note 16. Taxation" included under Item 8 "Financial Statements and Supplementary Data" in our Annual Report on Form 10-K for the year ended December 31, 2020. Taken together, we believe these measures should generate additional income for Maiden NA in a tax-efficient manner, while sharing in the improvement in profitability anticipated in Maiden Reinsurance as a result of the measures enacted as part of the Strategic Review.

Business Strategy

We continue to re-evaluate our operating strategy during 2021 while leveraging the significant assets and capital we retain. In addition to restoring operating profitability, our strategic focus centers on creating the greatest risk-adjusted shareholder returns, whether via asset and capital management or active reinsurance underwriting, or a combination of both. Our present assessment of the reinsurance marketplace along with our current operating profile continues to be that the risk-adjusted returns that may be produced via active reinsurance underwriting of new risks are likely to present more limited opportunities compared to other strategic initiatives which may produce greater shareholder value. As a result, our strategic focus continues on activities which utilize our unrestricted cash and investments to manage our capital and where prudent, enhance our investment return by investing in asset classes which we believe will produce appropriate returns. By enhancing our profitability through increased investment returns, we believe we also increase the likelihood of fully utilizing the significant NOLs described above which may create additional shareholder value.

The measures implemented now enable us to more flexibly allocate capital to those activities most likely to produce the greatest returns for shareholders, and we are actively engaged in evaluating and deploying funds in both pillars of these strategies as discussed herein. As part of our expanded asset management activities, we have evaluated and continue to consider investing in various initiatives in the insurance industry across a variety of segments which we believe will produce appropriate risk-adjusted returns while maintaining the option to consider underwriting activities in the future.

Our capital management strategy is significantly informed by the required capital needed to operate our business in a prudent manner and our ongoing analysis of our loss development trends. Recent trends have increased our confidence in our recorded ultimate losses for our insurance liabilities in run-off, however a prudent assessment dictates that the run-off portfolio still requires additional maturity to fully emerge. While there is no guarantee that these recent loss development trends will persist, as our confidence has increased it has enabled us to pursue continued capital management initiatives, primarily the repurchase of our preference shares, which we believe provide the greatest risk-adjusted returns to our common shareholders. Our current assessment is that losses have continued to stabilize sufficiently to continue our capital management initiatives, although we are careful to approach these strategies in a deliberate fashion.

In November 2020, we formed Genesis Legacy Solutions ("GLS") which specializes in providing a full range of legacy services to small insurance entities, particularly those in run-off or with blocks of reserves that are no longer core, working with clients to develop and implement finality solutions including acquiring entire companies. We believe the formation of GLS is highly complementary to our overall longer-term strategy. GLS, along with other recent insurance industry investments, enables us to leverage our knowledge base while not re-entering active underwriting of new risks and maintaining an efficient operating profile. We believe GLS not only enhances our profitability through both fee income and effective claims management services, but it will also increase our asset base through the addition of blocks of reserves or companies that can be successfully wound down. Effective October 1, 2021, GLS has completed its first transaction, a loss portfolio transfer transaction which includes an adverse development cover and GLS continues to develop additional opportunities consistent with its business plan. This should further enhance our ability to pursue the asset and capital management pillars of our business strategy.

Our ability to execute our asset and capital management initiatives is dependent on maintaining adequate levels of unrestricted liquidity and cash flows. Further, there can be no assurance that our insurance liabilities will run-off at levels that will permit further capital management activities, which we continually review as part of our strategy. Please refer to the "Liquidity and Capital Resources" section for further information on our asset and capital management activities, in particular our various preference share repurchase measures.

COVID-19 Pandemic

The continuing COVID-19 global pandemic has caused significant disruption to the economy and financial markets globally, and the full extent of the potential impacts of COVID-19 are not yet known. Circumstances caused by the COVID-19 pandemic are complex, uncertain and rapidly evolving. Our results of operations, financial condition, and liquidity and capital resources have been adversely impacted by the COVID-19 pandemic, and the future impact of the pandemic on our financial condition or results of operations is difficult to predict.

As described herein, we are not currently engaged in active reinsurance underwriting and continue to run off the remaining unearned exposures we have reinsured. Our Swedish and UK insurance operations ("IIS unit") do write limited primary insurance coverage that could be exposed to COVID-19 claims. While we assess our exposure to COVID-19 insurance and reinsurance claims on our existing insurance exposures and remaining reinsurance exposures as limited and immaterial, given the uncertainty surrounding the COVID-19 pandemic and its impact on the insurance industry, our preliminary estimates of loss and loss adjustment expenses ("loss and LAE") and estimates of reinsurance recoverable arising from the COVID-19 pandemic may materially change. Maiden Reinsurance has not received any COVID-19 claims to date but companies within our IIS unit have received a limited number of claims related to those coverages which it deems as immaterial. Unanticipated issues relating to claims and coverage may emerge, which could adversely affect our business by increasing the scope of coverage beyond our intent and/or increasing the frequency and severity of claims.

The Company's investment portfolio may be adversely impacted by unfavorable market conditions caused by the COVID-19 pandemic and we and our reinsurance subsidiaries may need additional capital to maintain compliance with regulatory capital requirements and/or be required to post additional collateral under existing reinsurance arrangements, which could reduce our liquidity. In addition, the Company may experience continued volatility in our results of operations which could negatively impact our financial condition and create a reduction in the amount of available distribution or dividend capacity from our regulated reinsurance subsidiaries, which would also reduce our liquidity.

Please refer to the "Liquidity and Capital Resources" section for a further discussion of the impact of the COVID-19 pandemic on our liquidity and investment portfolio.

Three and Nine Months Ended September 30, 2021 and 2020 Financial Highlights

For the Three Months Ended September 30,	2021	2020	Change
<i>Summary Consolidated Statement of Income Data (unaudited):</i>			
	(\$ in thousands except per share data)		
Net (loss) income	\$ (3,140)	\$ 2,162	\$ (5,302)
Gain from repurchase of preference shares	6,004	—	6,004
Net income attributable to Maiden common shareholders	2,864	2,162	702
<i>Basic and diluted earnings per common share:</i>			
Net income attributable to common shareholders ⁽²⁾	0.03	0.03	—
Gain from repurchase of preference securities per common share	0.07	—	0.07
Gross premiums written	6,821	3,517	3,304
Net premiums earned	15,030	24,305	(9,275)
Underwriting (loss) income ⁽³⁾	(3,649)	3,402	(7,051)
Net investment income	7,477	12,686	(5,209)
Combined ratio ⁽⁴⁾	154.8 %	109.4 %	45.4
<i>Non-GAAP measures:</i>			
Non-GAAP operating loss ⁽¹⁾	\$ (3,114)	\$ (2,313)	\$ (801)
Non-GAAP basic and diluted operating loss per common share ⁽¹⁾	(0.04)	(0.03)	(0.01)
Annualized non-GAAP operating return on average common shareholders' equity ⁽¹⁾	(4.5)%	(5.6)%	1.1
For the Nine Months Ended September 30,			
<i>Summary Consolidated Statement of Income Data (unaudited):</i>			
	(\$ in thousands except per share data)		
Net income	\$ 14,258	\$ 32,235	\$ (17,977)
Gain from repurchase of preference shares	87,168	—	87,168
Net income attributable to Maiden common shareholders	101,426	32,235	69,191
<i>Basic and diluted earnings per common share:</i>			
Net income attributable to Maiden common shareholders ⁽²⁾	1.17	0.38	0.79
Gain from repurchase of preference shares per common share	1.01	—	1.01
Gross premiums written	7,865	20,233	(12,368)
Net premiums earned	40,106	76,828	(36,722)
Underwriting income (loss) ⁽³⁾	6,377	(308)	6,685
Net investment income	24,596	44,959	(20,363)
Combined ratio ⁽⁴⁾	137.0 %	124.6 %	12.4
<i>Non-GAAP measures:</i>			
Non-GAAP operating earnings ⁽¹⁾	\$ 58,135	\$ 2,041	\$ 56,094
Non-GAAP basic and diluted operating earnings per common share ⁽¹⁾	0.67	0.02	0.65
Annualized non-GAAP operating return on average common shareholders' equity ⁽¹⁾	32.3 %	1.8 %	30.5

	September 30, 2021	December 31, 2020	Change
(\$ in thousands except per share data)			
Consolidated Financial Condition			
Total investments and cash and cash equivalents ⁽⁵⁾	\$ 1,004,229	\$ 1,456,133	\$ (451,904)
Total assets	2,455,018	2,948,455	(493,437)
Reserve for loss and LAE	1,567,526	1,893,299	(325,773)
Senior notes - principal amount	262,500	262,500	—
Common shareholders' equity	215,756	133,506	82,250
Shareholders' equity	383,174	527,816	(144,642)
Total capital resources ⁽⁶⁾	645,674	790,316	(144,642)
Ratio of debt to total capital resources ⁽¹¹⁾	40.7 %	33.2 %	7.5
Book Value calculations:			
Book value per common share ⁽⁷⁾	\$ 2.50	\$ 1.57	\$ 0.93
Accumulated dividends per common share	4.27	4.27	—
Book value per common share plus accumulated dividends	\$ 6.77	\$ 5.84	\$ 0.93
Change in book value per common share plus accumulated dividends	15.9 %		
Diluted book value per common share ⁽⁸⁾	\$ 2.48	\$ 1.55	\$ 0.93
Non-GAAP measures:			
Adjusted book value per common share ⁽⁹⁾	\$ 3.16	\$ 2.46	\$ 0.70
Adjusted Maiden shareholders' equity ⁽¹⁰⁾	440,983	602,757	(161,774)
Adjusted total capital resources ⁽¹⁰⁾	703,483	865,257	(161,774)
Ratio of debt to adjusted total capital resources ⁽¹²⁾	37.3 %	30.3 %	7.0

- (1) Non-GAAP operating earnings (loss), non-GAAP operating earnings (loss) per common share, and annualized non-GAAP operating return on average common equity and underwriting income (loss) are non-GAAP financial measures. See "Key Financial Measures" for additional information.
- (2) Please refer to "Notes to Condensed Consolidated Financial Statements (unaudited) Note 12. Earnings per Common Share" for the calculation of basic and diluted income per common share.
- (3) Underwriting income or loss is a non-GAAP measure and is calculated as net premiums earned plus other insurance revenue less net loss and LAE, commission and other acquisition expenses and general and administrative expenses directly related to underwriting activities. See "Key Financial Measures" for additional information.
- (4) Combined ratio is calculated by adding together the net loss and LAE ratio and the expense ratio.
- (5) Total investments and cash and cash equivalents includes both restricted and unrestricted.
- (6) Total capital resources is the sum of the Company's principal amount of debt and shareholders' equity. See "Key Financial Measures" for additional information.
- (7) Book value per common share is calculated using common shareholders' equity (shareholders' equity excluding the aggregate liquidation value of our preference shares) divided by the number of common shares outstanding. See "Key Financial Measures" for additional information.
- (8) Diluted book value per common share is calculated by dividing common shareholders' equity, adjusted for assumed proceeds from the exercise of dilutive options, by the number of outstanding common shares plus dilutive options and restricted shares (assuming exercise of all dilutive share based awards). See "Key Financial Measures" for additional information.
- (9) Adjusted book value per common share is a non-GAAP measure that is calculated using common shareholders' equity, adjusted by adding the following items to shareholders' equity: 1) the unamortized deferred gain on retroactive reinsurance arising from the LPT/ADC Agreement; and 2) an adjustment which reflects the equity method accounting related to the fair value of certain hedged liabilities within an equity method investment in a limited partnership investment held by the Company wherein the ultimate realizable value of the asset supporting the hedged liabilities cannot currently be recognized at fair value, divided by the number of common shares outstanding. See "Key Financial Measures" for additional information.
- (10) Adjusted shareholders' equity and adjusted total capital resources are calculated by adding the following items to shareholders' equity: 1) the unamortized deferred gain on retroactive reinsurance arising from the LPT/ADC Agreement; and 2) an adjustment which reflects the equity accounting related to the fair value of certain hedged liabilities within an equity method investment held by the Company wherein the ultimate realizable value of the asset supporting the hedged liabilities cannot currently be recognized at fair value. The deferred gain arises from the LPT/ADC Agreement with Cavello relating to losses from the AmTrust Quota Share agreement. Under U.S. GAAP, the deferred gain shall be amortized over the estimated remaining settlement period. See "Key Financial Measures" for additional information.
- (11) Ratio of debt to total capital resources is calculated using the total principal amount of debt divided by the sum of total capital resources.
- (12) Ratio of debt to adjusted total capital resources is calculated using the total principal amount of debt divided by the sum of adjusted total capital resources.

Key Financial Measures

In addition to the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Income and Comprehensive Income, management uses certain key financial measures, some of which are non-GAAP measures, to evaluate the Company's financial performance and the overall growth in value generated for the Company's common shareholders. Management believes that these measures, which may be defined differently by other companies, explain the Company's results to investors in a manner that allows for a more complete understanding of the underlying trends in the Company's business. The non-GAAP measures should not be viewed as a substitute for those determined in accordance with U.S. GAAP. The calculation of some of these key financial measures including the reconciliation of non-GAAP measures to the nearest GAAP measure and relevant discussions are found within *Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations"*. These key financial measures are:

Non-GAAP operating earnings and non-GAAP diluted operating earnings per common share: Management believes that the use of non-GAAP operating earnings and non-GAAP diluted operating earnings per common share enables investors and other users of the Company's financial information to analyze its performance in a manner similar to how management analyzes performance. Management also believes that these measures generally follow industry practice therefore allowing the users of financial information to compare the Company's performance with its industry peer group, and that the equity analysts and certain rating agencies which follow the Company, and the insurance industry as a whole, generally exclude these items from their analyses for the same reasons. Non-GAAP operating earnings should not be viewed as a substitute for U.S. GAAP net income.

Non-GAAP operating earnings is an internal performance measure used by management as these measures focus on the underlying fundamentals of the Company's operations by excluding, on a recurring basis: (1) net realized gains or losses on investment; (2) total other-than-temporary impairment ("OTTI") losses; (3) foreign exchange and other gains or losses; (4) the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements and related changes in amortization of the deferred gain liability; and (5) interest in income of equity method investments. We have excluded net realized gains on investment, OTTI losses, interest in income of equity method investments and foreign exchange and other gains as we believe these are influenced by market opportunities and other factors. We do not believe that ceded risks under retroactive reinsurance agreements are representative of our ongoing and future business. We believe all of these amounts are substantially independent of our business and any potential future underwriting process, therefore, including them would distort the analysis of underlying trends in our operations.

Underwriting income (loss) is a non-GAAP measure and is calculated as net premiums earned plus other insurance revenue less net loss and LAE, commission and other acquisition expenses and general and administrative expenses directly related to underwriting activities. For purposes of these non-GAAP operating measures, the fee-generating business which is included in our Diversified Reinsurance segment, is considered part of the underwriting operations of the Company. Management believes that this measure is important in evaluating the underwriting performance of the Company and its segments. This measure is also a useful tool to measure the profitability of the Company separately from the investment results and is also a widely used performance indicator in the insurance industry. A reconciliation of the Company's underwriting results can be found in the Condensed Consolidated Financial Statements in the "*Notes to Condensed Consolidated Financial Statements (unaudited) Note 3. Segment Information*" included under *Item 1. "Financial Statements"* of this Quarterly Report on Form 10-Q.

Combined ratio is commonly used in the insurance and reinsurance industry in conjunction with underwriting income (loss) as a measure of underwriting profitability. Management measures underwriting results on an overall basis and for each segment on the basis of the combined ratio. The combined ratio is the sum of the net loss and LAE ratio and the expense ratio and the computations of each component are described below. A combined ratio under 100% indicates underwriting profitability, as the net loss and LAE, commission and other acquisition expenses and general and administrative expenses are less than the net premiums earned and other insurance revenue on that business. While the Company has continued to utilize this non-GAAP measure in this Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2021, it is important to note that as the run-off of our reinsurance portfolios progresses, such ratios may increasingly be of less value to readers as they evaluate the financial results of the Company, particularly compared to historical data. Please refer to "*Notes to Condensed Consolidated Financial Statements (unaudited) Note 3. Segment Information*" under *Item 1. "Financial Statements"* of this Quarterly Report on Form 10-Q for further details.

While an important metric of success, underwriting income (loss) and combined ratio do not reflect all components of profitability, as they do not recognize the impact of investment income earned on premiums between the time premiums are received and the time loss payments are ultimately paid to clients. Because we do not manage our cash and investments by segment, investment income and interest expense are not allocated to the reportable segments. Certain general and administrative expenses are generally allocated to segments based on actual costs incurred.

The "*net loss and LAE ratio*" is derived by dividing net loss and LAE by the sum of net premiums earned and other insurance revenue. The "*commission and other acquisition expense ratio*" is derived by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue. The "*general and administrative expense ratio*" is derived by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue. The "*expense ratio*" is the sum of the commission and other acquisition expense ratio and the general and administrative expense ratio.

Non-GAAP Operating Return on Average Adjusted Common Equity ("Non-GAAP Operating ROACE"): Management uses non-GAAP operating return on average adjusted common shareholders' equity as a measure of profitability that focuses on the return to common shareholders. It is calculated using non-GAAP operating earnings (loss) available to common shareholders (as defined above) divided by average adjusted common shareholders' equity.

Book Value per Common Share and Diluted Book Value per Common Share: Book value per common share and diluted book value per common share are non-GAAP measures. Management uses growth in both of these metrics as a prime measure

of the value we are generating for our common shareholders, because management believes that growth in each metric ultimately results in growth in the Company's common share price. These metrics are impacted by the Company's net income and external factors, such as interest rates, which can drive changes in unrealized gains or losses on our fixed income investment portfolio, as well as common or preference share repurchases.

Ratio of Debt to Total Capital Resources: Management uses this non-GAAP measure to monitor the financial leverage of the Company. This measure is calculated using the total principal amount of debt divided by the sum of total capital resources.

Non-GAAP underwriting income (loss), Non-GAAP loss and LAE ratio, and Non-GAAP combined ratio: Management has further adjusted underwriting loss, as defined above, as well as the reported loss and LAE ratios and reported combined ratios by excluding the portion of favorable or unfavorable prior year reserve development for which we have ceded the risk under retroactive reinsurance agreements such as the LPT/ADC Agreement. These losses are estimated to be fully recoverable from Cavello and management believes adjusting for this development shows the ultimate economic benefit of the LPT/ADC Agreement on our underwriting results. We believe reflecting the economic benefit of this retroactive reinsurance agreement is helpful for understanding future trends in our operations.

Adjusted Total Shareholders' Equity, Adjusted Total Capital Resources, Ratio of Debt to Adjusted Total Capital Resources and Adjusted Book Value per Common Share: Management has adjusted GAAP shareholders' equity by adding the following items to shareholders' equity: 1) the unamortized deferred gain on retroactive reinsurance arising from the LPT/ADC Agreement; and 2) an adjustment which reflects the equity accounting related to the fair value of certain hedged liabilities within an equity method investment held by the Company wherein the ultimate realizable value of the asset supporting the hedged liabilities cannot currently be recognized at fair value ("LP Investment Adjustment"). The unamortized deferred gain on retroactive reinsurance arising from the LPT/ADC Agreement includes the aggregate impact of: 1) cumulative increases to losses incurred prior to December 31, 2018 for which we have ceded the risk under the LPT/ADC Agreement; and 2) changes in estimated ultimate losses for certain workers' compensation reserves previously commuted by the Company to AmTrust which are subject to specific terms and conditions pursuant to the LPT/ADC Agreement. As a result, by virtue of these adjustments, management has also adjusted Total Capital Resources and computed the Ratio of Debt to Adjusted Capital Resources and Adjusted Book Value per Common Share. The deferred gain liability represents amounts estimated to be fully recoverable from Cavello and management believes adjusting for this shows the ultimate economic benefit of the LPT/ADC Agreement. The LP Investment Adjustment reflects the fair value of the assets not presently able to be recognized currently. We believe reflecting the economic benefit of both items is helpful to understand future trends in our operations, which will improve the Company's shareholders' equity over the settlement or contract periods, respectively.

Certain Operating Measures

Refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" section included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 15, 2021, for a general discussion on "*Certain Operating Measures*" utilized by the Company.

Critical Accounting Policies and Estimates

The Company's critical accounting policies and estimates are discussed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" section included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 15, 2021. The critical accounting policies and estimates should be read in conjunction with "*Part I, Item 1 - Notes to Condensed Consolidated Financial Statements (unaudited) Note 2. Significant Accounting Policies*" included in this Form 10-Q and "*Notes to Consolidated Financial Statements Note 2. Significant Accounting Policies*" included within the audited Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 15, 2021. There have been no material changes in the application of our critical accounting estimates subsequent to that report.

Results of Operations

The following table sets forth our selected unaudited Condensed Consolidated Statement of Income data for the three and nine months ended September 30, 2021 and 2020:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Gross premiums written	\$ 6,821	\$ 3,517	\$ 7,865	\$ 20,233
Net premiums written	\$ 6,953	\$ 3,031	\$ 7,518	\$ 17,493
Net premiums earned	\$ 15,030	\$ 24,305	\$ 40,106	\$ 76,828
Other insurance revenue	138	261	946	919
Net loss and LAE	(10,514)	(9,065)	(7,546)	(41,159)
Commission and other acquisition expenses	(6,313)	(9,651)	(19,154)	(29,778)
General and administrative expenses ⁽¹⁾	(1,990)	(2,448)	(7,975)	(7,118)
Underwriting (loss) income ⁽²⁾	(3,649)	3,402	6,377	(308)
Other general and administrative expenses ⁽¹⁾	(4,660)	(5,712)	(21,578)	(18,853)
Net investment income	7,477	12,686	24,596	44,959
Net realized (losses) gains on investment	(937)	4,287	8,013	24,200
Total other-than-temporary impairment losses	—	(962)	—	(2,468)
Foreign exchange and other gains (losses)	4,116	(6,536)	6,070	(634)
Interest and amortization expenses	(4,832)	(4,832)	(14,495)	(14,493)
Income tax benefit (expense)	155	(17)	363	(14)
Interest in (loss) income of equity method investments	(810)	(154)	4,912	(154)
Net (loss) income	(3,140)	2,162	14,258	32,235
Gain from repurchase of preference shares	6,004	—	87,168	—
Net income available to Maiden common shareholders	\$ 2,864	\$ 2,162	\$ 101,426	\$ 32,235

Ratios

Net loss and LAE ratio ⁽³⁾	69.3 %	36.9 %	18.4 %	52.9 %
Commission and other acquisition expense ratio ⁽⁴⁾	41.6 %	39.3 %	46.6 %	38.3 %
General and administrative expense ratio ⁽⁵⁾	43.9 %	33.2 %	72.0 %	33.4 %
Expense ratio ⁽⁶⁾	85.5 %	72.5 %	118.6 %	71.7 %
Combined ratio ⁽⁷⁾	154.8 %	109.4 %	137.0 %	124.6 %

(1) Underwriting related general and administrative expenses is a non-GAAP measure. Please refer to "General and Administrative Expenses" below for additional information related to these corporate expenses and the reconciliation to those presented in our unaudited Condensed Consolidated Statements of Income.

(2) Underwriting income (loss) is a non-GAAP measure and is calculated as net premiums earned plus other insurance revenue less net loss and LAE, commission and other acquisition expenses and general and administrative expenses directly related to underwriting activities.

(3) Calculated by dividing net loss and LAE by the sum of net premiums earned and other insurance revenue.

(4) Calculated by dividing commission and other acquisition expenses by the sum of net premiums earned and other insurance revenue.

(5) Calculated by dividing general and administrative expenses by the sum of net premiums earned and other insurance revenue.

(6) Calculated by adding together commission and other acquisition expense ratio and general and administrative expense ratio.

(7) Calculated by adding together net loss and LAE ratio and the expense ratio.

Net Income

Net income available to Maiden common shareholders for the three months ended September 30, 2021 was \$2.9 million compared to \$2.2 million for the same period in 2020. The net improvement in results for the three months ended September 30, 2021 compared to the same period in 2020 was primarily due to the gain from repurchase of our preference shares of \$6.0 million for the three months ended September 30, 2021.

Excluding the gain on the repurchase of our preference shares, net loss for the three months ended September 30, 2021 was \$3.1 million compared to net income of \$2.2 million for the same period in 2020. The most significant items affecting our financial performance during the third quarter of 2021 on a comparative basis to the third quarter of 2020 included:

- underwriting loss of \$3.6 million for the three months ended September 30, 2021 compared to underwriting income of \$3.4 million in the same period in 2020. The deterioration in underwriting loss was largely due to:
 - an underwriting loss of \$9.0 million for the three months ended September 30, 2021 on a current accident year basis compared to an underwriting loss of \$3.8 million for the same period in 2020 on a current accident year basis, due primarily to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts in the AmTrust segment; which was partially offset by:
 - favorable prior year loss development of \$5.4 million or 35.3 percentage points in the third quarter of 2021 compared to favorable prior year loss development of \$7.2 million or 29.5 percentage points during the same period in 2020. This was primarily generated by favorable prior year loss development in the AmTrust Reinsurance segment in the third quarter of 2021;
- corporate general and administrative expenses decreased to \$4.7 million for the three months ended September 30, 2021 compared to \$5.7 million for the same period in 2020 due to lower staff related costs;
- net investment income decreased to \$7.5 million for the three months ended September 30, 2021 compared to investment income of \$12.7 million for the same period in 2020 primarily due to the decline in average fixed income assets of 27.5%;
- realized and unrealized losses on investment were \$0.9 million for the three months ended September 30, 2021 compared to net realized gains of \$4.3 million for the same period in 2020;
- net foreign exchange and other gains amounted to \$4.1 million during the three months ended September 30, 2021, compared to net foreign exchange and other losses of \$6.5 million for the same period in 2020; and
- interest in loss of equity method investments was \$0.8 million for the three months ended September 30, 2021 compared to interest in loss of equity method investments of \$0.2 million for the same period in 2020.

Net income available to Maiden common shareholders for the nine months ended September 30, 2021 was \$101.4 million compared to a net income of \$32.2 million for the same period in 2020. The net improvement in our results for the nine months ended September 30, 2021 compared to the same period in 2020 was primarily due to the gain from repurchase of our preference shares of \$87.2 million for the nine months ended September 30, 2021.

Excluding the gain on the repurchase of our preference shares, net income for the nine months ended September 30, 2021 was \$14.3 million compared to net income of \$32.2 million for the same period in 2020. The most significant items affecting our financial performance during the nine months ended September 30, 2021 on a comparative basis to the same period in 2020 included:

- underwriting income of \$6.4 million for the nine months ended September 30, 2021 compared to an underwriting loss of \$0.3 million during the nine months ended September 30, 2020. The improvement in underwriting income was largely due to:
 - favorable prior year loss development of \$23.7 million or 57.8 percentage points for the nine months ended September 30, 2021 compared to favorable prior year loss development of \$7.8 million or 10.1 percentage points for the same period in 2020 which were incurred primarily in the AmTrust Reinsurance segment for each respective period. This was partially offset by:
 - an underwriting loss of \$17.3 million for the nine months ended September 30, 2021 on a current accident year basis compared to an underwriting loss of \$8.1 million for the same period in 2020 on a current accident year basis, due primarily to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts in the AmTrust Reinsurance segment along with higher expense ratios caused by a significant decrease in earned premium.
- no investment impairment losses for the nine months ended September 30, 2021 compared to \$2.5 million in 2020;
- net investment income decreased to \$24.6 million for the nine months ended September 30, 2021 compared to \$45.0 million for the same period in 2020, primarily due to the decline in average fixed income assets of 25.8%;
- realized and unrealized gains on investment decreased to \$8.0 million for the nine months ended September 30, 2021 compared to \$24.2 million for the same period in 2020;
- corporate general and administrative expenses increased to \$21.6 million for the nine months ended September 30, 2021 compared to \$18.9 million for the same period in 2020 due to higher incentive compensation costs incurred;
- foreign exchange and other gains increased to \$6.1 million for the nine months ended September 30, 2021 compared to foreign exchange and other losses of \$0.6 million for the same period in 2020; and

- interest in income of equity method investments of \$4.9 million for the nine months ended September 30, 2021 compared to an interest in loss of equity method investments of \$0.2 million for the same period in 2020.

Net Premiums Written

The tables below compare net premiums written by our reportable segments, reconciled to the total consolidated net premiums written for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30, (\$ in thousands)	2021		2020		Change in	
	Total		Total		\$	%
Diversified Reinsurance	\$ 5,816		\$ 8,666		\$ (2,850)	(32.9)%
AmTrust Reinsurance	1,137		(5,635)		6,772	(120.2)%
Total	\$ 6,953		\$ 3,031		\$ 3,922	129.4 %

For the Nine Months Ended September 30, (\$ in thousands)	2021		2020		Change in	
	Total		Total		\$	%
Diversified Reinsurance	\$ 10,600		\$ 27,591		\$ (16,991)	(61.6)%
AmTrust Reinsurance	(3,082)		(10,098)		7,016	(69.5)%
Total	\$ 7,518		\$ 17,493		\$ (9,975)	(57.0)%

Net premiums written for the three and nine months ended September 30, 2021 increased to \$7.0 million and decreased to \$7.5 million, respectively, compared to net premiums written of \$3.0 million and \$17.5 million in the same respective periods in 2020 due to:

- Premiums written in the Diversified Reinsurance segment decreased by \$2.9 million or 32.9% and \$17.0 million or 61.6% for the three and nine months ended September 30, 2021 compared to the same respective periods in 2020 largely due to the return of unearned premiums after the non-renewal of the German Auto Programs reinsurance contract in our IIS business on January 1, 2021.
- There were negligible written premiums within the AmTrust Reinsurance segment due to the termination of both the AmTrust Quota Share and the European Hospital Liability Quota Share effective January 1, 2019. Negative premiums for the nine months ended September 30, 2021 were mainly due to premium adjustments on Small Commercial Business policies.

Please refer to the analysis below of our Diversified Reinsurance and AmTrust Reinsurance segments for further details.

Net Premiums Earned

Net premiums earned decreased by \$9.3 million or 38.2% and \$36.7 million or 47.8% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020. The tables below compare net premiums earned by our reportable segments, reconciled to the total consolidated net premiums earned, for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30, (\$ in thousands)	2021		2020		Change in	
	Total	% of Total	Total	% of Total	\$	%
Diversified Reinsurance	\$ 7,521	50.0 %	\$ 11,323	46.6 %	\$ (3,802)	(33.6)%
AmTrust Quota Share Reinsurance	7,509	50.0 %	12,982	53.4 %	(5,473)	(42.2)%
Total	\$ 15,030	100.0 %	\$ 24,305	100.0 %	\$ (9,275)	(38.2)%

For the Nine Months Ended September 30, (\$ in thousands)	2021		2020		Change in	
	Total	% of Total	Total	% of Total	\$	%
Diversified Reinsurance	\$ 20,723	51.7 %	\$ 35,381	46.1 %	\$ (14,658)	(41.4)%
AmTrust Quota Share Reinsurance	19,383	48.3 %	41,447	53.9 %	(22,064)	(53.2)%
Total	\$ 40,106	100.0 %	\$ 76,828	100.0 %	\$ (36,722)	(47.8)%

Net premiums earned in the AmTrust Reinsurance segment for the three and nine months ended September 30, 2021 decreased by \$5.5 million or 42.2% and \$22.1 million or 53.2%, respectively, compared to the same respective periods in 2020 due to termination of the AmTrust Quota Share and European Hospital Liability Quota Share effective January 1, 2019. Please refer to the analysis of our AmTrust Reinsurance segment for further discussion.

Net premiums earned in our Diversified Reinsurance segment for the three and nine months ended September 30, 2021 decreased by \$3.8 million or 33.6% and \$14.7 million or 41.4%, respectively, compared to the same respective periods in 2020

due to the German Auto programs quota share reinsurance contract which went into run-off on January 1, 2021 in our IIS business. Please refer to the analysis of our Diversified Reinsurance segment for further discussion.

Other Insurance Revenue

All of our Other Insurance Revenue is produced by our Diversified Reinsurance segment. Please refer to the analysis below of our Diversified Reinsurance segment for further discussion.

Net Investment Income

Total net investment income decreased by \$5.2 million or 41.1% and \$20.4 million or 45.3% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 largely due to the decline in average aggregate fixed income assets of 27.5% and 25.8% in those same respective periods. The decline in fixed income assets is driven by the cessation of active reinsurance underwriting which have materially reduced our revenues, resulting in significant negative operating cash flows as we run-off our existing reinsurance liabilities. In addition, during 2021, our investment expenses associated with our alternative investments have increased compared to 2020 due to the additional time and expertise required to manage these investments.

Net investment income decreased partly due to the decline in annualized average book yields to 1.9% and 1.9% for the three and nine months ended September 30, 2021, respectively, compared to 2.1% and 2.4% for the three and nine months ended September 30, 2020, respectively, which was the result of both lower interest rates and shorter duration of assets in our fixed income portfolios.

The following table details our average aggregate fixed income assets (at cost) and annualized investment book yield for the three and nine months ended September 30, 2021 and 2020:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Average aggregate fixed income assets, at cost ⁽¹⁾	\$ 1,708,297	\$ 2,356,494	\$ 1,870,686	\$ 2,521,380
Annualized investment book yield	1.9 %	2.1 %	1.9 %	2.4 %

(1) Fixed income assets include available-for-sale ("AFS") securities, cash and restricted cash, funds held receivable, and loan to related party. These amounts are an average of the amounts disclosed in our quarterly U.S. GAAP consolidated financial statements.

Net Realized and Unrealized Gains on Investment

Net realized and unrealized losses on investment of \$0.9 million and net realized and unrealized gains on investment of \$8.0 million were recognized for the three and nine months ended September 30, 2021, respectively, compared to net realized gains of \$4.3 million and \$24.2 million for the same respective periods in 2020.

Net realized and unrealized losses and gains for the three and nine months ended September 30, 2021 included the recognition of \$3.0 million in unrealized losses and \$0.9 million in unrealized gains, respectively, related to an investment in an insurtech start-up company that was acquired by a special purpose acquisition company. In addition, realized gains for the three and nine months ended September 30, 2021 and 2020 reflect sales of corporate bonds for the settlement of claim payments to AmTrust.

Net Impairment Losses Recognized in Earnings

The Company did not recognize any OTTI losses on its fixed maturity portfolio for the three and nine months ended September 30, 2021. There were \$1.0 million and \$2.5 million of OTTI losses recorded on two and four fixed maturity securities for the three and nine months ended September 30, 2020, respectively.

Interest in (Loss) Income of Equity Method Investments

The Company recognized interest in loss of equity method investments of \$0.8 million and interest in income of equity method investments of \$4.9 million for the three and nine months ended September 30, 2021, respectively, compared to interest in loss of equity method investments of \$0.2 million for the three and nine months ended September 30, 2020. The equity method investments mainly include hedge fund investments of \$31.2 million and real estate investments of \$42.6 million.

The following table shows our interest in the (loss) income from equity method investments for the three and nine months ended September 30, 2021 and 2020:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Hedge fund investments	\$ (1,838)	\$ 376	\$ 1,786	\$ 376
Other investments	1,028	(530)	3,126	(530)
Interest in (loss) income from equity method investments	\$ (810)	\$ (154)	\$ 4,912	\$ (154)

Net Loss and LAE

Net loss and LAE increased by \$1.4 million and decreased by \$33.6 million during the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 as our reinsurance liabilities continue to run off, along with favorable prior year reserve development of \$5.4 million and \$23.7 million for the three and nine months ended September 30, 2021, respectively.

The loss ratio for the third quarter of 2021 was impacted by net favorable prior year reserve development of \$5.4 million or 35.3 percentage points compared to net favorable prior year reserve development of \$7.2 million or 29.5 percentage points during the same period in 2020. The development was primarily generated within the AmTrust Reinsurance segment.

The loss ratio for the nine months ended September 30, 2021 was impacted by net favorable prior year reserve development of \$23.7 million or 57.8 percentage points compared to net favorable prior year reserve development of \$7.8 million or 10.1 percentage points during the same period in 2020. The prior year development was primarily within the AmTrust Reinsurance segment and is discussed in greater detail in the individual segment discussion and analysis.

The net loss and LAE ratios increased to 69.3% and decreased to 18.4% for the three and nine months ended September 30, 2021, respectively, compared to 36.9% and 52.9% for the same respective periods in 2020. The increased loss ratio for the third quarter of 2021 was due to higher current underwriting year loss ratios associated with the run-off of unearned premium for terminated reinsurance contracts within the AmTrust Reinsurance segment. The decreased loss ratio for the nine months ended September 30, 2021 was largely due to significant favorable prior year loss experience in the AmTrust Reinsurance segment.

Commission and Other Acquisition Expenses

Commission and other acquisition expenses decreased by \$3.3 million or 34.6% and \$10.6 million or 35.7% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020. The commission and other acquisition expense ratio increased to 41.6% and 46.6% for the three and nine months ended September 30, 2021, respectively, compared to 39.3% and 38.3% for the respective periods in 2020 largely due to a change in mix of premiums written in our Diversified Reinsurance segment.

General and Administrative Expenses

General and administrative expenses include both segment and corporate expenses segregated for analytical purposes as a component of underwriting income. Total general and administrative expenses decreased by \$1.5 million or 18.5% and increased by \$3.6 million or 13.8% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020.

Corporate general and administrative expenses for the three and nine months ended September 30, 2021 decreased by \$1.1 million or 18.4% and increased by \$2.7 million or 14.5% compared to the same respective periods in 2020. The \$2.7 million increase in corporate expenses for the nine months ended September 30, 2021 compared to the same respective period in 2020 was due to higher discretionary equity-based and cash incentive staff compensation and higher professional fees incurred in 2021.

General and administrative expenses for the three and nine months ended September 30, 2021 and 2020 were comprised of:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
General and administrative expenses – segments	\$ 1,990	\$ 2,448	\$ 7,975	\$ 7,118
General and administrative expenses – corporate	4,660	5,712	21,578	18,853
Total general and administrative expenses	\$ 6,650	\$ 8,160	\$ 29,553	\$ 25,971

The Company incurred operating expenses of \$0.1 million and \$3.0 million during the three and nine months ended September 30, 2021, respectively, that are not considered part of our ongoing business operations, and which are largely related to accelerated depreciation for fixed assets connected with the termination of our principal office lease in Bermuda as well as salary and related costs associated with headcount reductions and certain regulatory costs in our international operations.

Interest and Amortization Expenses

The interest and amortization expenses related to the outstanding senior notes issued by Maiden Holdings in 2016 and Maiden NA in 2013 ("Senior Notes") were \$4.8 million and \$14.5 million for the three and nine months ended September 30, 2021 and 2020, respectively. Please refer to "Notes to Condensed Consolidated Financial Statements (unaudited) Note 7. Long Term Debt" for further details on the Senior Notes. The weighted average effective interest rate for the Senior Notes was 7.6% for the three and nine months ended September 30, 2021 and 2020, respectively.

Foreign Exchange and Other Gains (Losses)

Net foreign exchange and other gains amounted to \$4.1 million and \$6.1 million during the three and nine months ended September 30, 2021, respectively, compared to net foreign exchange and other losses of \$6.5 million and \$0.6 million for the same respective periods in 2020.

Net foreign exchange gains of \$4.1 million and \$6.3 million for the three and nine months ended September 30, 2021, respectively, were attributable to the strengthening of the U.S. dollar on the re-measurement of net loss reserves and insurance related liabilities denominated in British pound and euro. Net foreign exchange losses of \$6.5 million and \$0.2 million occurred during the three and nine months ended September 30, 2020, respectively, due to the weakening of the U.S. dollar on the re-measurement of net loss reserves and insurance related liabilities denominated in British pound and euro.

Underwriting Results by Reportable Segment

Diversified Reinsurance Segment

The underwriting results and associated ratios for our Diversified Reinsurance segment for the three and nine months ended September 30, 2021 and 2020 were as follows:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Gross premiums written	\$ 5,684	\$ 9,152	\$ 10,947	\$ 30,573
Net premiums written	\$ 5,816	\$ 8,666	\$ 10,600	\$ 27,591
Net premiums earned	\$ 7,521	\$ 11,323	\$ 20,723	\$ 35,381
Other insurance revenue	138	261	946	919
Net loss and LAE	(554)	(6,624)	(3,216)	(19,703)
Commission and other acquisition expenses	(3,461)	(4,204)	(11,668)	(13,557)
General and administrative expenses	(1,583)	(1,818)	(6,190)	(5,177)
Underwriting income (loss)	\$ 2,061	\$ (1,062)	\$ 595	\$ (2,137)
Ratios				
Net loss and LAE ratio	7.2 %	57.2 %	14.8 %	54.3 %
Commission and other acquisition expense ratio	45.2 %	36.3 %	53.9 %	37.3 %
General and administrative expense ratio	20.7 %	15.7 %	28.6 %	14.3 %
Expense ratio	65.9 %	52.0 %	82.5 %	51.6 %
Combined ratio	73.1 %	109.2 %	97.3 %	105.9 %

The combined ratio for the three and nine months ended September 30, 2021 decreased to 73.1% and 97.3%, respectively, compared to 109.2% and 105.9% for the same respective periods in 2020, largely due to favorable loss development partly offset by higher non-recurring general and administrative expenses in our IIS business, which increased the expense ratio. Please see the respective sections below on net loss and LAE, commissions and other acquisition expenses and general and administrative expenses for further details on these elements that have impacted the combined ratios.

Premiums — Gross premiums written decreased by \$3.5 million or 37.9% and \$19.6 million or 64.2% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020. This was primarily due to the return of unearned premiums written in a German Auto quota share reinsurance contract in our IIS business which went into run-off on January 1, 2021. Direct premiums written by Maiden LF and Maiden GF increased by \$1.1 million or 25.5% and \$1.5 million or 9.9% during the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020.

Net premiums written decreased by \$2.9 million or 32.9% and \$17.0 million or 61.6% during the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 due to return of unearned premiums written in our German Auto quota share reinsurance contract which went into run-off on January 1, 2021. The tables below show net premiums written by line of business for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30, (\$ in thousands)	2021	2020	Change in	
	Total	Total	\$	%
Net Premiums Written				
International	\$ 5,816	\$ 8,757	\$ (2,941)	(33.6)%
Other	—	(91)	91	(100.0)%
Total Diversified Reinsurance	\$ 5,816	\$ 8,666	\$ (2,850)	(32.9)%
For the Nine Months Ended September 30,				
(\$ in thousands)	2021	2020	Change in	
	Total	Total	\$	%
Net Premiums Written				
International	\$ 10,600	\$ 27,627	\$ (17,027)	(61.6)%
Other	—	(36)	36	(100.0)%
Total Diversified Reinsurance	\$ 10,600	\$ 27,591	\$ (16,991)	(61.6)%

Net premiums earned decreased by \$3.8 million or 33.6% and \$14.7 million or 41.4% during the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 primarily due to lower earned

premiums from German Auto programs which were in run-off since January 1, 2021. The tables below show net premiums earned by line of business for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30,		2021		2020		Change in	
(\$ in thousands)		Total		Total		\$ %	
Net Premiums Earned							
International		\$ 7,521	\$ 11,414	\$ (3,893)		(34.1)%	
Other		—	(91)	91		(100.0)%	
Total Diversified Reinsurance		\$ 7,521	\$ 11,323	\$ (3,802)		(33.6)%	
For the Nine Months Ended September 30,							
(\$ in thousands)		2021		2020		Change in	
		Total		Total		\$ %	
Net Premiums Earned							
International		\$ 20,723	\$ 35,417	\$ (14,694)		(41.5)%	
Other		—	(36)	36		(100.0)%	
Total Diversified Reinsurance		\$ 20,723	\$ 35,381	\$ (14,658)		(41.4)%	

Other Insurance Revenue — Other insurance revenue includes \$0.1 million and \$0.2 million of fee income earned from our GLS business for the three and nine months ended September 30, 2021, respectively, as well as fee income derived from our IIS business that is not directly associated with premium revenue assumed by the Company for the three and nine months ended September 30, 2021 and 2020 as specified in the table below. Other income of \$0.1 million and \$0.1 million for the three and nine months ended September 30, 2020, respectively, was generated from transitional services provided relating to the sale of Maiden US.

Other insurance revenue decreased by \$0.1 million or 47.1% and increased by \$27.0 thousand or 2.9% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020. The tables below show other insurance revenue by source for the three and nine months ended September 30, 2021 and 2020, respectively:

For the Three Months Ended September 30,		2021		2020		Change	
				(\$ in thousands)			
						%	
International		\$ 61	\$ 197	\$ (136)		(69.0)	%
Other income		77	64	13		20.3	%
Total Diversified Reinsurance		\$ 138	\$ 261	\$ (123)		(47.1)	%
For the Nine Months Ended September 30,							
		2021		2020		Change	
				(\$ in thousands)			
						%	
International		\$ 714	\$ 789	\$ (75)		(9.5)	%
Other income		232	130	102		78.5	%
Total Diversified Reinsurance		\$ 946	\$ 919	\$ 27		2.9	%

Net Loss and LAE — Net loss and LAE decreased by \$6.1 million or 91.6% and \$16.5 million or 83.7% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 due primarily to the run-off of reinsurance liabilities associated with our German auto programs. Net loss and LAE ratio decreased to 7.2% and 14.8% for the three and nine months ended September 30, 2021, respectively, compared with 57.2% and 54.3% during the same respective periods in 2020.

During the three months ended September 30, 2021, the net loss and LAE ratio decreased by 50.0 percentage points compared to the same period in 2020. The 2021 loss ratio was impacted by favorable prior year loss reserve development which was \$1.7 million or 21.9 percentage points during the three months ended September 30, 2021 compared to the impact of adverse development of \$0.5 million or 4.2 percentage points on the loss ratio for the same period in 2020. The loss development in 2021 was due to favorable development experienced in IIS and other run-off business while the loss development in 2020 was driven by adverse development experienced in our former European Capital Solutions business.

During the nine months ended September 30, 2021, the net loss and LAE ratio decreased by 39.5 percentage points compared to the same period in 2020. The 2021 loss ratio was impacted by favorable prior year loss reserve development of \$2.6 million or 12.1 percentage points during 2021, compared to the impact of adverse development of \$0.3 million or 0.9 percentage points on the loss ratio in 2020. The 2021 development was driven by favorable experience in IIS and other run-off business while the 2020 development was due to adverse experience in European Capital Solutions.

The impact on the net loss and LAE ratios should be considered in conjunction with the commission and other acquisition expense ratio as changes to either ratio can be effected by changes in the mix of business and the impact of increases in the commission and other acquisition expense rates on pro-rata contracts with loss sensitive features. As a result of these factors, as well as the impact on the loss ratio described above, the combined ratio decreased by 36.1 and 8.6 percentage points for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020.

Commission and Other Acquisition Expenses — Commission and other acquisition expenses decreased by \$0.7 million or 17.7% and \$1.9 million or 13.9% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 primarily due to lower net premiums earned which similarly decreased in this segment.

The commission and other acquisition expense ratio for the three and nine months ended September 30, 2021 increased to 45.2% and 53.9%, respectively, compared to 36.3% and 37.3% for the same respective periods in 2020, reflecting the change in the mix of pro rata versus excess of loss premiums written compared to the same respective periods in 2020. Please refer to the preceding paragraph for other factors that can impact the combined ratio.

General and Administrative Expenses — General and administrative expenses decreased by \$0.2 million or 12.9% and increased by \$1.0 million or 19.6% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020. The general and administrative expense ratio increased to 20.7% and 28.6% for the three and nine months ended September 30, 2021, respectively, compared to 15.7% and 14.3% for the same respective periods in 2020 largely due to lower net premiums earned which decreased significantly as noted previously, combined with higher non-recurring expenses.

This included severance costs and certain regulatory costs of approximately \$1.0 million incurred in our IIS business unit which increased the expense ratio for the nine months ended September 30, 2021 compared to the same period in 2020.

The overall expense ratio (including commission and other acquisition expenses) for the three and nine months ended September 30, 2021 increased to 65.9% and 82.5%, respectively, compared to 52.0% and 51.6% for the same respective periods in 2020 due to net premiums earned which decreased combined with higher non-recurring expenses as discussed above.

AmTrust Reinsurance Segment

The AmTrust Reinsurance segment reported an underwriting loss of \$5.7 million and underwriting income of \$5.8 million during the three and nine months ended September 30, 2021, respectively, compared to an underwriting income of \$4.5 million and \$1.8 million for the same respective periods in 2020.

The underwriting results and associated ratios for the AmTrust Reinsurance segment for the three and nine months ended September 30, 2021 and 2020 were as follows:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Gross premiums written	\$ 1,137	\$ (5,635)	\$ (3,082)	\$ (10,340)
Net premiums written	\$ 1,137	\$ (5,635)	\$ (3,082)	\$ (10,098)
Net premiums earned	\$ 7,509	\$ 12,982	\$ 19,383	\$ 41,447
Net loss and LAE	(9,960)	(2,441)	(4,330)	(21,456)
Commission and other acquisition expenses	(2,852)	(5,447)	(7,486)	(16,221)
General and administrative expenses	(407)	(630)	(1,785)	(1,941)
Underwriting (loss) income	\$ (5,710)	\$ 4,464	\$ 5,782	\$ 1,829
Ratios				
Net loss and LAE ratio	132.6 %	18.8 %	22.3 %	51.8 %
Commission and other acquisition expense ratio	38.0 %	42.0 %	38.6 %	39.1 %
General and administrative expense ratio	5.4 %	4.8 %	9.2 %	4.7 %
Expense ratio	43.4 %	46.8 %	47.8 %	43.8 %
Combined ratio	176.0 %	65.6 %	70.1 %	95.6 %

The combined ratio increased 110.4 percentage points to 176.0% for the three months ended September 30, 2021 compared to 65.6% for the same period in 2020. This was primarily driven by the impact of a higher underwriting loss for the current accident year during the three months ended September 30, 2021 of \$9.4 million compared to an underwriting loss of \$3.3 million for the current accident year in the same period in 2020. These results were due primarily to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts. The results were partially offset by favorable prior year loss development of \$3.7 million or 49.0 percentage points during the third quarter of 2021 compared to favorable development of \$7.7 million or 59.5 percentage points during the third quarter of 2020. Prior year favorable development for the three months ended September 30, 2021 was driven by Workers Compensation and Commercial Auto Liability. Prior year favorable development in 2020 was primarily due to Workers Compensation partly offset by adverse development within Commercial Auto and General Liability.

The combined ratio decreased by 25.5 percentage points to 70.1% for the nine months ended September 30, 2021 compared to 95.6% for 2020 primarily due to the impact of favorable prior year loss development of \$21.1 million or 108.9 percentage points during 2021 compared to the impact of favorable prior year loss development of \$8.1 million or 19.6 percentage points during 2020. Prior year favorable development in 2021 was primarily due to Workers Compensation and Commercial Auto Liability partly offset by adverse development within Hospital Liability. Prior year favorable development in 2020 was primarily due to Workers Compensation partly offset by adverse development within Commercial Auto and General Liability. These results were partially offset by a higher underwriting loss for the current accident year during the nine months ended September 30, 2021 of \$15.3 million compared to an underwriting loss of \$6.3 million for the current accident year in the same period in 2020. These results were due primarily to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts in the segment.

Premiums — The tables below show net premiums written by category for the three and nine months ended September 30, 2021 and 2020, respectively:

For the Three Months Ended September 30,	2021	2020
(\$ in thousands)	Total	Total
Net Premiums Written		
Small Commercial Business	\$ (1,309)	\$ (2,123)
Specialty Program	22	(209)
Specialty Risk and Extended Warranty	2,424	(3,303)
Total AmTrust Reinsurance	\$ 1,137	\$ (5,635)
For the Nine Months Ended September 30,		
(\$ in thousands)		
Net Premiums Written		
Small Commercial Business	\$ (5,381)	\$ (8,517)
Specialty Program	(7)	268
Specialty Risk and Extended Warranty	2,306	(1,849)
Total AmTrust Reinsurance	\$ (3,082)	\$ (10,098)

The gross and net premiums written for the three and nine months ended September 30, 2021 reflect premium adjustments on Small Commercial Business policies in the AmTrust Quota Share. There were negative gross and net premiums written for the three and nine months ended September 30, 2020 reflecting premium adjustments under the AmTrust Quota Share from April 1, 2020. Furthermore, the termination of the AmTrust Quota Share and the European Hospital Liability Quota Share as of January 1, 2019 resulted in no new business written under these contracts since 2018.

Net premiums earned decreased by \$5.5 million or 42.2% and \$22.1 million, or 53.2% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 due to termination of the AmTrust Quota Share and European Hospital Liability Quota Share as of January 1, 2019. There were negative premiums earned for the three and nine months ended September 30, 2021 in Small Commercial Business due to premium adjustments on such policies in the AmTrust Quota Share. The negative net premiums earned on Small Commercial Business for the three and nine months ended September 30, 2020 were due to premium adjustments and earned premium returns under the commutation of certain home warranty business under the AmTrust Quota Share as of April 1, 2020.

The tables below detail net premiums earned by category for the three and nine months ended September 30, 2021 and 2020:

For the Three Months Ended September 30, (\$ in thousands)	2021		2020		Change in	
	Total	% of Total	Total	% of Total	\$	%
Net Premiums Earned						
Small Commercial Business	\$ (1,227)	(16.4)%	\$ (1,921)	(14.8)%	\$ 694	(36.1)%
Specialty Program	28	0.4 %	(190)	(1.5)%	218	(114.7)%
Specialty Risk and Extended Warranty	8,708	116.0 %	15,093	116.3 %	(6,385)	(42.3)%
Total AmTrust Reinsurance	\$ 7,509	100.0 %	\$ 12,982	100.0 %	\$ (5,473)	(42.2)%

For the Nine Months Ended September 30, (\$ in thousands)	2021		2020		Change in	
	Total	% of Total	Total	% of Total	\$	%
Net Premiums Earned						
Small Commercial Business	\$ (5,073)	(26.2)%	\$ (8,094)	(19.5)%	\$ 3,021	(37.3)%
Specialty Program	12	0.1 %	311	0.7 %	(299)	(96.1)%
Specialty Risk and Extended Warranty	24,444	126.1 %	49,230	118.8 %	(24,786)	(50.3)%
Total AmTrust Reinsurance	\$ 19,383	100.0 %	\$ 41,447	100.0 %	\$ (22,064)	(53.2)%

Net Loss and LAE — Net loss and LAE increased by \$7.5 million or 308.0% and decreased by \$17.1 million or 79.8% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 due to the impact of favorable prior year loss development of \$3.7 million and \$21.1 million, respectively. Net loss and LAE ratios increased to 132.6% and decreased to 22.3% for the three and nine months ended September 30, 2021, respectively, compared to 18.8% and 51.8% for the same respective periods in 2020.

During the three months ended September 30, 2021, the net loss and LAE ratio increased by 113.8 percentage points compared to the same period in 2020. The impact of favorable prior year loss development of \$3.7 million was 49.0 percentage points on the loss ratio during the three months ended September 30, 2021 compared to favorable prior year development of \$7.7 million or 59.5 points in 2020. Prior year favorable development in 2021 was primarily driven by Workers Compensation and Commercial Auto Liability. Prior year favorable development in 2020 was primarily due to Workers Compensation partly offset by adverse development within Commercial Auto and General Liability programs. Excluding the impact of favorable development in both respective periods, the current year loss ratio was 181.6% for the three months ended September 30, 2021 compared to 78.3% in 2020 due to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts.

During the nine months ended September 30, 2021, the net loss and LAE ratio decreased by 29.5 points compared to the nine months ended in 2020 due to the impact of favorable prior year loss development of \$21.1 million or 108.9 points in 2021 compared to favorable prior year development of \$8.1 million or 19.6 points in 2020. Prior year favorable development in 2021 was primarily due to favorable Workers Compensation and Commercial Auto Liability development partly offset by adverse development within Hospital Liability. Prior year favorable development in 2020 was primarily due to Workers Compensation partly offset by adverse development within Commercial General Liability programs. Excluding the impact of favorable development in both respective periods, the current year loss ratio was 131.2% for the nine months ended September 30, 2021 compared to 71.4% in 2020 due to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts.

Commission and Other Acquisition Expenses — Commission and other acquisition expenses decreased by \$2.6 million or 47.6% and \$8.7 million or 53.8% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020 due to lower net earned premiums as a result of terminating both quota share agreements with AmTrust effective as of January 1, 2019.

The commission and other acquisition expense ratios were 38.0% and 38.6% for the three and nine months ended September 30, 2021, respectively, compared to 42.0% and 39.1% for the same respective periods in 2020.

General and Administrative Expenses — General and administrative expenses decreased by \$0.2 million or 35.4% and \$0.2 million or 8.0% for the three and nine months ended September 30, 2021, respectively, compared to the same respective periods in 2020. The general and administrative expense ratios increased to 5.4% and 9.2% for the three and nine months ended September 30, 2021, respectively, compared to 4.8% and 4.7% for the same respective periods in 2020 as a result of lower earned premiums due to terminating both quota share agreements with AmTrust as of January 1, 2019.

The overall expense ratio (including commission and other acquisition expenses) decreased to 43.4% and increased to 47.8% for the three and nine months ended September 30, 2021, respectively, compared to 46.8% and 43.8% for the same respective periods in 2020.

Liquidity and Capital Resources

Liquidity

Maiden Holdings is a holding company and transacts no business of its own. We therefore rely on cash flows in the form of dividends, advances, loans and other permitted distributions from our subsidiary companies to pay expenses and make dividend payments on our common and preference shares. The jurisdictions in which our operating subsidiaries are licensed to write business impose regulations requiring companies to maintain or meet statutory solvency and liquidity requirements and also place restrictions on the declaration and payment of dividends and other distributions.

As of September 30, 2021, the Company had investable assets of \$1.8 billion compared to \$2.3 billion as of December 31, 2020. Investable assets are the combined total of our investments, cash and cash equivalents (including restricted cash), loan to a related party and funds withheld receivable. The decline in our investable assets is primarily the result of our cessation of active reinsurance underwriting in 2018 and 2019 which subsequently results in negative operating cash flows to settle claim payments from the run-off of the liabilities from that reinsurance portfolio in 2021.

The regulatory and liquidity requirements of the Company's operating segments are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020, that was filed with the SEC on March 15, 2021.

As previously indicated, Maiden Reinsurance re-domesticated from Bermuda to Vermont on March 16, 2020. We continue to be actively engaged with the Vermont DFR regarding the formulation of Maiden Reinsurance's longer term business plan, including its investment policy, changes to which require prior regulatory approval as stipulated by Vermont law or the Vermont DFR for any active underwriting, capital management or other strategic initiatives. Maiden Reinsurance has received all necessary approvals required to date by the Vermont DFR, including its investment policy which includes: 1) the expansion of approved asset classes for investment reflecting not only Maiden Reinsurance's solvency position but the material reduction in required capital necessary to operate its business as discussed further in Item 7 - *Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity & Capital Resources – Cash and Investments*; and 2) the purchase of affiliated securities as demonstrated in the recent preference share tender offers. The Investment Policy, as approved and as amended, maintains our established investment management and governance practices.

We may experience continued volatility in our results of operations which could negatively impact our financial condition and create a reduction in the amount of available distribution or dividend capacity from our regulated reinsurance subsidiaries, which would also reduce liquidity. Further, we and our insurance subsidiaries may need additional capital to maintain compliance with regulatory capital requirements and/or be required to post additional collateral under existing reinsurance arrangements, which could reduce our liquidity. Finally, while we have had limited impacts from the effects of COVID-19 on our financial condition to date, the Company's investment portfolio could be adversely impacted by unfavorable market conditions caused by the pandemic should it continue longer than anticipated.

Operating, investing and financing cash flows

Our sources of funds historically have consisted of premium receipts net of commissions and brokerage, investment income, net proceeds from capital raising activities, and proceeds from sales, maturities, pay downs and redemption of investments. Cash is currently used primarily to pay loss and LAE, ceded reinsurance premium, general and administrative expenses, and interest expense, with the remainder in excess of our operating requirements made available to our investment managers for investment in accordance with our investment policy as well as for capital management such as repurchasing our shares.

Our business has undergone significant changes since 2018. As previously noted, the Strategic Review resulted in a series of transactions that materially reduced our balance sheet risk and transformed our operations. As a result of the transactions entered into from the Strategic Review, we are not engaged in any active underwriting of reinsurance business thus our net premiums written will continue to be materially lower and investment related income will become a significantly larger portion of our total revenues. This has caused significant negative operating cash flows as we run off the AmTrust Reinsurance reserves as shown in the cash flows table further below.

As noted in our Business Strategy, in November 2020, we formed GLS which will specialize in providing a full range of legacy services to small insurance entities. Effective October 1, 2020, GLS has completed its first transaction, a loss portfolio transfer transaction which includes an adverse development cover and GLS continues to develop additional opportunities consistent with its business plan. We believe the formation of GLS is highly complementary to our overall longer-term strategy and will not only enhance our profitability through both fee income and effective claims management services, but it will also increase our asset base through the addition of blocks of reserves or companies that can be successfully wound down. While the development of the GLS platform over time should further enhance our ability to pursue the asset and capital management pillars of our business strategy, we still expect the trend of negative overall cash flows to continue to reduce our asset base going forward into 2021 and beyond.

We expect to use funds from cash and investment portfolios, collected premiums on reinsurance contracts in force or being run-off, investment income and proceeds from investment sales and redemptions to meet our expected claims payments and operational expenses. Claim payments will be principally from the run-off of existing reserves for loss and LAE. A significant portion of those liabilities are collateralized and claim payments will be funded by using this collateral which should provide sufficient funding to fulfill those obligations.

The Company's management believes its current sources of liquidity are adequate to meet its cash requirements for the next twelve months as we generally expect negative operating cash flows to be sufficiently offset by positive investing cash flows. While we continue to expect our cash flows to be sufficient to meet our cash requirements and to operate our business, our ability to execute our asset and capital management initiatives are dependent on maintaining adequate levels of unrestricted

liquidity and cash flows. At September 30, 2021 and December 31, 2020, unrestricted cash and cash equivalents and unrestricted fixed maturity investments were \$127.5 million and \$269.2 million, respectively.

The decrease of \$141.6 million in unrestricted cash and fixed maturity investments during 2021 was primarily the result of \$132.2 million utilized for the 2021 Preference Share Repurchase Program, \$37.0 million utilized for net purchases of other investments, and \$37.7 million utilized for net purchases of equity method investments, and \$14.3 million for interest payments on the Senior Notes, offset by \$80.0 million of excess collateral released by AmTrust. Please see the related discussion on investing and financing cash flows below.

The table below summarizes our operating, investing and financing cash flows for the nine months ended September 30, 2021 and 2020:

For the Nine Months Ended September 30,	2021	2020
	(\$ in thousands)	
Operating activities	\$ (299,750)	\$ (447,664)
Investing activities	344,206	528,677
Financing activities	(128,988)	(1)
Effect of exchange rate changes on foreign currency cash	(333)	1,605
Total (decrease) increase in cash, restricted cash and cash equivalents	\$ (84,865)	\$ 82,617

Cash Flows used in Operating Activities

Cash flows used in operating activities for the nine months ended September 30, 2021 were \$299.8 million compared to cash flows used in operating activities of \$447.7 million for the nine months ended September 30, 2020, a decrease of \$147.9 million. The operating cash flows used in operations for the nine months ended September 30, 2021 and 2020 were primarily the result of claims payments from the terminated AmTrust Quota Share and the European Hospital Liability Quota Share contracts, which produced negligible gross premiums written which were more than offset by claim payments from the run-off of existing reserves for loss and LAE under those agreements.

Cash Flows from Investing Activities

Cash flows from investing activities consist primarily of proceeds from the sales and maturities of investments and payments for investments acquired. Net cash provided by investing activities was \$344.2 million for the nine months ended September 30, 2021 compared to \$528.7 million for the same period in 2020 due to proceeds from the sale of fixed maturity investments which were made primarily to settle claim payments during the nine months ended September 30, 2021 and 2020 as well as repurchase preference shares during the nine months ended September 30, 2021.

For the nine months ended September 30, 2021, the proceeds from the sales, maturities and calls exceeded the purchases of fixed maturity securities by \$418.5 million compared to net proceeds of \$572.8 million for the same period in 2020. This was partly offset by \$37.0 million utilized for net purchases of other investments and \$37.7 million utilized for net purchases of equity method investments during the nine months ended September 30, 2021.

Cash Flows from Financing Activities

Cash flows used in financing activities were \$129.0 million for the nine months ended September 30, 2021 due mainly to the repurchase of the Company's preference shares. During the nine months ended September 30, 2021, the Company paid \$132.2 million for the repurchase of 9,075,673 preference shares pursuant to the 2021 Preference Share Repurchase Program as part of its recent capital management strategy.

No dividends on common or preference shares were paid during the nine months ended September 30, 2021 and 2020. Our Board of Directors have not declared any common or preference share dividends since the fourth quarter of 2018.

Restrictions, Collateral and Specific Requirements

The Company's restrictions, collateral and specific requirements are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included under Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020, that was filed with the SEC on March 15, 2021.

At September 30, 2021 and December 31, 2020, restricted cash and cash equivalents and fixed maturity investments used as collateral were \$0.7 billion and \$1.1 billion, respectively. This collateral represents 84.5% and 80.0% of the fair value of our respective total fixed maturity investments, cash, restricted cash and cash equivalents at September 30, 2021 and December 31, 2020, respectively.

Cash and Investments

The investment of our funds has generally been designed to ensure safety of principal while generating current income. Accordingly, the majority of our funds are invested in liquid, investment-grade fixed income securities which are all designated as AFS at September 30, 2021. As of September 30, 2021 and December 31, 2020, our cash and investments consisted of:

	September 30, 2021	December 31, 2020
	(\$ in thousands)	
Fixed maturities, available-for-sale, at fair value	\$ 772,427	\$ 1,213,411
Equity securities, at fair value	1,903	—
Equity method investments	75,050	39,886
Other investments	103,888	67,010
Total investments	953,268	1,320,307
Cash and cash equivalents	29,310	74,040
Restricted cash and cash equivalents	21,651	61,786
Total Investments and Cash and Cash Equivalents	\$ 1,004,229	\$ 1,456,133

In addition to the discussion on Cash and Cash Equivalents and Fixed Maturities that follows herein, please see the "Notes to Condensed Consolidated Financial Statements (unaudited) Note 4. Investments" included under Part I Item 1 "Financial Information" of this Form 10-Q for further discussion on our AFS fixed income securities.

As our insurance liabilities continue to run-off and the required capital to operate our business for regulatory purposes decreases, we have modified Maiden Reinsurance's investment policy (which has been approved by the Vermont DFR as noted) and have expanded the range of asset classes we invest in to enhance the income and returns our investment portfolio produces. We categorize these investments as "Other Investments" and "Equity Method Investments" on our condensed consolidated balance sheets. During 2020 and 2021, under this revised investment policy, we have increased the amount of investments in these categories, and we expect to continue to increase the amounts invested therein. Under our investment policy, investments included in these categories could include, but are not limited to, privately held investments, private equities, private credit lending funds, fixed-income funds, hedge funds, equity funds, real estate (including joint ventures and limited partnerships) and other non-fixed-income investments. For further details on our other investments, in addition to the discussion of the investments herein, please see "Notes to Condensed Consolidated Financial Statements (unaudited) Note 4(b). Other Investments and Equity Method Investments" included under Part I Item 1 "Financial Information" of this Form 10-Q.

Our investment performance is subject to a variety of risks, including risks related to general economic conditions, market volatility, interest rate fluctuations, foreign exchange risk, liquidity risk and credit and default risk. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. An increase in interest rates could result in significant losses, realized or unrealized, in the value of our investment portfolio. A portion of our portfolio consists of alternative investments that subject us to restrictions on redemption, which may limit our ability to withdraw funds for some period of time after the initial investment. The values of, and returns on, such investments may also be more volatile.

We believe our other investments and equity method investments portfolio provides diversification against our fixed-income investments and an opportunity for improved risk-adjusted return, however, the returns of these investments may be more volatile and we may experience significant unrealized gains or losses in any particular quarter or year. During the third quarter of 2021, we recognized \$1.8 million loss in the interest of our equity method investment in hedge funds and we recognized \$3.0 million in unrealized losses related to an investment in an insurtech start-up company that was acquired by a special purpose acquisition company. While we believe the returns produced by these investments will exceed our cost of capital, in particular our cost of debt capital, it is too soon to determine if the actual returns will achieve this objective and it may be an extended period of time before that determination can be made.

We may utilize and pay fees to various companies to provide investment advisory and/or management services related to these investments. These fees, which would be predominantly based upon the amount of assets under management, would be included in net investment income. In addition, costs associated with evaluating, analyzing and monitoring these investments may require additional expenditures than traditional marketable securities. During 2021, our investment expenses associated with our alternative investments have increased significantly compared to 2020.

The substantial majority of our current and planned future investments are held by Maiden Reinsurance, whose investment policy was approved by the Vermont DFR. We may utilize a portion of Maiden Reinsurance's unrestricted assets to purchase affiliated securities and, during the nine months ended September 30, 2021, we utilized \$132.2 million in conjunction with the 2021 Preference Share Repurchase Program. Maiden Reinsurance has received all necessary approvals for its investment policy.

Cash & Cash Equivalents

At September 30, 2021, we consider the levels of cash and cash equivalents we are holding to be within our targeted ranges. During periods when interest rates experience greater volatility, we have periodically maintained more cash and cash equivalents to better assess current market conditions and opportunities within our defined risk appetite, and may do so in future periods.

Fixed Maturity Investments

The average yield and average duration of our fixed maturities, by asset class, and our cash and cash equivalents (restricted and unrestricted) are as follows at September 30, 2021 and December 31, 2020, respectively:

September 30, 2021	Original or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Average yield ⁽¹⁾	Average duration ⁽²⁾
	(\$ in thousands)					
U.S. treasury bonds	\$ 73,485	\$ 16	\$ (7)	\$ 73,494	0.1 %	1.1
U.S. agency bonds – mortgage-backed	117,205	3,915	(103)	121,017	2.7 %	1.7
Non-U.S. government bonds	3,164	187	—	3,351	0.3 %	7.5
Asset-backed securities	204,601	930	(2,693)	202,838	1.5 %	0.6
Corporate bonds	359,380	17,787	(5,440)	371,727	2.4 %	3.1
Total fixed maturities	757,835	22,835	(8,243)	772,427	2.0 %	2.0
Cash and cash equivalents	50,961	—	—	50,961	— %	0.0
Total	\$ 808,796	\$ 22,835	\$ (8,243)	\$ 823,388	1.9 %	1.9

December 31, 2020	Original or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Average yield ⁽¹⁾	Average duration ⁽²⁾
	(\$ in thousands)					
U.S. treasury bonds	\$ 94,468	\$ 34	\$ —	\$ 94,502	0.1 %	1.4
U.S. agency bonds – mortgage-backed	272,124	9,439	(126)	281,437	2.5 %	1.9
Non-U.S. government bonds	8,641	1,067	—	9,708	1.1 %	6.2
Asset-backed securities	184,227	1,611	(406)	185,432	2.2 %	0.7
Corporate bonds	604,463	40,904	(3,035)	642,332	2.3 %	3.1
Total fixed maturities	1,163,923	53,055	(3,567)	1,213,411	2.2 %	2.3
Cash and cash equivalents	135,826	—	—	135,826	0.1 %	0.0
Total	\$ 1,299,749	\$ 53,055	\$ (3,567)	\$ 1,349,237	2.0 %	2.1

(1) Average yield is calculated by dividing annualized investment income for each sub-component of fixed maturity securities and cash and cash equivalents (including amortization of premium or discount) by amortized cost.

(2) Average duration in years.

During the nine months ended September 30, 2021, the yield on the 10-year U.S. Treasury bond increased by 59 basis points to 1.52%. The 10-year U.S. Treasury rate is the key risk-free determinant in the fair value of many of the fixed maturity securities in our portfolio. The U.S. Treasury yield curve experienced a material upward shift during the nine months ended September 30, 2021, reflecting concerns about potential inflation emanating from the combination of: 1) growing confidence in the U.S. economic outlook as the economic effects of the COVID-19 pandemic continue to abate; 2) enactment of additional significant fiscal stimulus legislation in the U.S.; and 3) continued accommodative monetary policy pursued by central banks globally.

The movement in the market values of our fixed maturity portfolio during the nine months ended September 30, 2021 generated net unrealized losses of \$34.9 million which reduced our book value per common share by \$0.40 during that period. Our investment portfolios may be adversely impacted by unfavorable market conditions caused by the COVID-19 pandemic, which could cause continued volatility in our results of operations and negatively impact our financial condition.

Interest rate risk is the price sensitivity of a security to changes in interest rates. Credit spread risk is the price sensitivity of a security to changes in credit spreads. As noted, the fair value of our fixed maturity investments will fluctuate with changes in interest rates and credit spreads. We attempt to maintain adequate liquidity in our fixed maturity investments portfolio with a strategy designed to emphasize the preservation of our invested assets and provide sufficient liquidity for the prompt payment of claims and contract liabilities. Because we collateralize a significant portion of our insurance liabilities, unanticipated or large increases in interest rates could require us to utilize significant amounts of unrestricted cash and fixed maturity securities to provide additional collateral, which could impact our asset and capital management strategy described herein.

We also monitor the duration and structure of our investment portfolio as discussed below. As of September 30, 2021, the aggregate hypothetical change in fair value from an immediate 100 basis points increase in interest rates, assuming credit spreads remain constant, in our fixed maturity investments portfolio would decrease the fair value of that portfolio by \$24.3 million. Actual shifts in interest rates may not change by the same magnitude across the maturity spectrum or on an individual security and, as a result, the impact on the fair value of our fixed maturity securities may be materially different from the resulting change in value described above.

To limit our exposure to unexpected interest rate increases which would reduce the value of our fixed income securities and reduce our shareholders' equity, we attempt to maintain the duration of our fixed maturity investment portfolio combined with our cash and cash equivalents, both restricted and unrestricted, within a reasonable range of the duration of our loss reserves. At September 30, 2021 and December 31, 2020, these respective durations in years were as follows:

	September 30, 2021	December 31, 2020
Fixed maturities and cash and cash equivalents	1.9	2.1
Reserve for loss and LAE ⁽¹⁾	4.0	3.9

(1) The duration regarding our reserve for loss and LAE at September 30, 2021 is gross of LPT/ADC Agreement reserves. On a net basis, the duration of our reserve for loss and LAE is 1.2 years at September 30, 2021 (December 31, 2020 - 0.9 years).

During the nine months ended September 30, 2021, the weighted average duration of our fixed maturity investment portfolio decreased 0.2 years to 1.9 years while the duration for the reserve for loss and LAE increased by 0.1 years to 4.0 years. The differential in duration between these assets and liabilities may fluctuate over time and in the case of fixed maturities, historically has been affected by factors such as market conditions, changes in asset mix and prepayment speeds in the case of both our agency mortgage-backed securities ("Agency MBS") and commercial mortgage-backed securities. At September 30, 2021, the duration of our loss reserves net of the LPT/ADC Agreement was lower than the duration of our fixed maturity investment portfolio.

At September 30, 2021 and December 31, 2020, 100.0% of the Company's U.S. agency bond holdings are mortgage-backed. Additional details on the Agency MBS holdings at September 30, 2021 and December 31, 2020 were as follows:

(\$ in thousands)	September 30, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
FNMA – fixed rate	\$ 59,734	49.4 %	\$ 119,910	42.6 %
FHLMC – fixed rate	57,290	47.3 %	138,733	49.3 %
GNMA – variable rate	3,993	3.3 %	5,409	1.9 %
GNMA – fixed rate	—	— %	17,385	6.2 %
Total U.S. agency bonds	\$ 121,017	100.0 %	\$ 281,437	100.0 %

Agency MBS bonds comprise 15.7% of our fixed maturity investments at September 30, 2021. Given their relative size to our total investments, if faster prepayment patterns were to occur over an extended period of time, this could potentially limit the growth in our investment income in certain circumstances or reduce the total amount of investment income we earn.

At September 30, 2021 and December 31, 2020, 97.0% and 96.1%, respectively, of our fixed maturity investments consisted of investment grade securities. We define a security as being below investment grade if it has an S&P credit rating of BB+ or equivalent, or less. Please see "Part I, Item 1 - Notes to Condensed Consolidated Financial Statements (unaudited) Note 4. Investments" for additional information on the credit rating of our fixed income portfolio.

The security holdings by sector and financial strength rating of our corporate bond holdings at September 30, 2021 and December 31, 2020 were as follows:

September 30, 2021	Ratings ⁽¹⁾				Fair Value	% of Corporate bonds portfolio
	AAA, AA+, AA, AA-	A+, A, A-	BBB+, BBB, BBB-	BB+ or lower		
Corporate bonds					(\$ in thousands)	
Basic Materials	— %	1.6 %	1.1 %	— %	\$ 10,222	2.7 %
Communications	— %	1.6 %	3.2 %	— %	17,857	4.8 %
Consumer	— %	4.7 %	26.2 %	3.1 %	126,064	34.0 %
Energy	— %	10.9 %	4.7 %	— %	57,926	15.6 %
Financial Institutions	2.3 %	19.1 %	13.5 %	1.7 %	136,359	36.6 %
Industrials	— %	0.6 %	0.8 %	1.4 %	10,358	2.8 %
Technology	— %	2.5 %	1.0 %	— %	12,941	3.5 %
Total	2.3 %	41.0 %	50.5 %	6.2 %	\$ 371,727	100.0 %

December 31, 2020	Ratings ⁽¹⁾				Fair Value	% of Corporate bonds portfolio
	AAA, AA+, AA, AA-	A+, A, A-	BBB+, BBB, BBB-	BB+ or lower		
Corporate bonds					(\$ in thousands)	
Basic Materials	— %	1.0 %	1.4 %	— %	\$ 15,637	2.4 %
Communications	— %	1.0 %	4.6 %	1.6 %	46,167	7.2 %
Consumer	— %	2.0 %	21.7 %	1.8 %	164,033	25.5 %
Energy	2.5 %	6.3 %	3.0 %	2.2 %	89,984	14.0 %
Financial Institutions	7.2 %	23.8 %	13.0 %	1.0 %	288,649	45.0 %
Industrials	— %	0.9 %	1.2 %	0.8 %	18,494	2.9 %
Technology	— %	2.4 %	0.6 %	— %	19,368	3.0 %
Total	9.7 %	37.4 %	45.5 %	7.4 %	\$ 642,332	100.0 %

(1) Ratings as assigned by S&P, or equivalent

The table below includes the Company's ten largest corporate holdings at fair value and as a percentage of all fixed income securities held as at September 30, 2021. As of September 30, 2021, 55.4% are U.S. dollar denominated and 44.6% are Euro denominated, 39.4% are in the Consumer Sector and 30.6% are in the Financial Institutions sector.

September 30, 2021	Fair Value	% of Holdings	Rating ⁽¹⁾
	(\$ in thousands)		
Electricite de France, 4.625%, Due 9/11/2024	\$ 17,020	2.2 %	A-
Brookfield Asset Management Inc., 4.00% Due 1/15/2025	13,034	1.7 %	A-
Nordea Bank ABP, 0.875% Due 6/26/2023	12,878	1.7 %	A
Bayer US Finance LLC, 3.375% Due 10/8/2024	12,781	1.6 %	BBB
Anheuser-Busch INBEV NV, 2.875% Due 9/25/2024	12,646	1.6 %	BBB+
Carlsberg Breweries A/S, 2.5%, Due 5/28/2024	12,330	1.6 %	BBB
Deutsche Bank AG (NY Branch), 3.7%, Due 5/30/2024	11,710	1.5 %	BBB
Total Energies Capital International SA, 3.75%, Due 4/10/2024	10,779	1.4 %	A+
Thompson Reuters Corp, 4.3% Due 11/23/23	10,650	1.4 %	BBB
International Business Machines Corp., 7.0%, Due 10/30/2025	9,106	1.2 %	A-
Total	\$ 122,934	15.9 %	

(1) Ratings as assigned by S&P, or equivalent

At September 30, 2021 and December 31, 2020, respectively, we held the following non-U.S. dollar denominated securities:

(\$ in thousands)	September 30, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
Non-U.S. dollar denominated corporate bonds	\$ 220,381	68.7 %	\$ 349,231	97.3 %
Non-U.S. dollar denominated asset-backed securities	96,888	30.2 %	—	— %
Non-U.S. government bonds	3,351	1.1 %	9,708	2.7 %
Total non-U.S. dollar denominated securities	\$ 320,620	100.0 %	\$ 358,939	100.0 %

At September 30, 2021 and December 31, 2020, respectively, our non-U.S. dollar denominated securities were invested in the following currencies:

(\$ in thousands)	September 30, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
Euro	\$ 316,756	98.8 %	\$ 329,447	91.8 %
British Pound	3,864	1.2 %	22,861	6.4 %
Canadian Dollar	—	— %	5,110	1.4 %
All other currencies	—	— %	1,521	0.4 %
Total non-U.S. dollar denominated securities	\$ 320,620	100.0 %	\$ 358,939	100.0 %

The net decrease in non-U.S. denominated fixed maturities is primarily due to the relative depreciation of Euro denominated corporate bonds during the nine months ended September 30, 2021. At September 30, 2021 and December 31, 2020, all of the Company's non-U.S. government issuers have a rating of A or higher by S&P.

For our non-U.S. dollar denominated corporate bonds, the following table summarizes the composition of the fair value of our fixed maturity investments at the dates indicated by ratings at September 30, 2021 and December 31, 2020:

Ratings ⁽¹⁾ (\$ in thousands)	September 30, 2021		December 31, 2020	
	Fair Value	% of Total	Fair Value	% of Total
AAA	\$ —	— %	\$ 1,277	0.4 %
AA+, AA, AA-	7,106	3.2 %	31,102	8.9 %
A+, A, A-	101,067	45.9 %	165,585	47.4 %
BBB+, BBB, BBB-	98,770	44.8 %	137,297	39.3 %
BB+ or lower	13,438	6.1 %	13,970	4.0 %
Total non-U.S. dollar denominated corporate bonds	\$ 220,381	100.0 %	\$ 349,231	100.0 %

(1) Ratings as assigned by S&P, or equivalent

The Company does not employ any credit default protection against any of the fixed maturities held in non-U.S. denominated currencies at September 30, 2021 and December 31, 2020, respectively.

Other Investments, Equity Method Investments and Equity Securities

Our alternative investments are categorized as other investments, equity method investments, and equity securities. These include private equity, private credit and hedge funds investments, investments in limited partnerships, as well as investments in direct lending entities and investments in technology-oriented insurance related businesses known as insurtechs. Private equity investments consist of direct investments in privately held entities, investments in private equity funds and private equity co-investments with sponsoring entities. Private credit investments consist of loans and other debt securities of privately held entities or investment sponsors.

Our allocation to alternative investments increased to 18.0% of our total cash and investments as of September 30, 2021 compared to 7.3% as of December 31, 2020; and increased to 47.2% of our total shareholders' equity as of September 30, 2021 compared to 20.3% as of December 31, 2020. For further details on other investments, see "Notes to Condensed Consolidated Financial Statements: Note 4. Investments" included under Part I Item 1. "Financial Information" of this Report on Form 10-Q.

Certain of the Company's investments in limited partnerships are related to real estate joint ventures with interests in multi-property projects with varying strategies ranging from the development of properties to the ownership of income-producing properties. In certain of these joint ventures, the Company has provided certain indemnities, guarantees and commitments to certain parties such that it may be required to make payments now or in the future. For further details on these financial guarantees, please see "Notes to Condensed Consolidated Financial Statements: Note 11 - Commitments, Contingencies and Guarantees" included under Part I Item 1. "Financial Information" of this Report on Form 10-Q.

Investment Results

The following table summarizes our investment results for the three and nine months ended September 30, 2021 and 2020, respectively:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
<i>Net investment income:</i>				
Fixed income assets ⁽¹⁾	\$ 8,042	\$ 12,514	\$ 26,074	\$ 44,887
Cash and restricted cash	(5)	55	11	710
Other investments, including equities	382	493	602	493
Less: Investment expenses	(942)	(376)	(2,091)	(1,131)
Total net investment income	7,477	12,686	24,596	44,959
<i>Net realized gains:</i>				
Fixed income assets ⁽¹⁾	1,791	3,948	5,794	23,938
Other investments, including equities	274	339	1,316	262
Total net realized gains	2,065	4,287	7,110	24,200
<i>Net unrealized (losses) gains:</i>				
Other investments, including equities	(3,002)	—	903	—
Total net unrealized (losses) gains	(3,002)	—	903	—
<i>Interest in (loss) income of equity method investment:</i>				
Interest in (loss) income of equity method investments	(810)	(154)	4,912	(154)
Total interest in (loss) income of equity method investments	(810)	(154)	4,912	(154)
Total investment return included in earnings (A)	\$ 5,730	\$ 16,819	\$ 37,521	\$ 69,005
<i>Other comprehensive income (loss):</i>				
Unrealized (losses) gains on AFS and Equity Method Investments excluding foreign exchange (B)	\$ (9,066)	\$ 234	\$ (26,453)	\$ (8,919)
Total investment return = (A) + (B)	\$ (3,336)	\$ 17,053	\$ 11,068	\$ 60,086
Annualized income from fixed income assets and cash ⁽²⁾	\$ 32,148	\$ 50,276	\$ 34,780	\$ 60,796
Average aggregate fixed income assets and cash, at cost ⁽²⁾	1,708,297	2,356,494	1,870,686	2,521,380
Annualized investment book yield	1.9 %	2.1 %	1.9 %	2.4 %
Average aggregate invested assets, at fair value ⁽³⁾	\$ 1,896,211	\$ 2,435,362	\$ 2,046,594	\$ 2,600,508
Investment return included in net earnings	0.3 %	0.7 %	1.8 %	2.7 %
Total investment return	(0.2) %	0.7 %	0.5 %	2.3 %

1. Includes AFS securities as well as funds withheld receivable, and loan to related party.

2. Average aggregate fixed income assets and cash include AFS securities, cash and restricted cash, funds withheld receivable, and loan to related party and is computed as an average of the amounts disclosed in our quarterly U.S. GAAP consolidated financial statements.

3. Average aggregate invested assets include all investments (AFS and alternative investments), cash and restricted cash, loan to related party and funds withheld receivable and is computed as an average of the amounts disclosed in our quarterly U.S. GAAP consolidated financial statements.

Other Balance Sheet Changes

The following table summarizes our other material balance sheet changes at September 30, 2021 and December 31, 2020:

(\$ in thousands)	September 30, 2021	December 31, 2020	Change	Change %
Reinsurance balances receivable, net	\$ 19,788	\$ 5,777	\$ 14,011	242.5 %
Reinsurance recoverable on unpaid losses	561,627	592,571	(30,944)	(5.2)%
Deferred commission and other acquisition expenses	40,242	51,903	(11,661)	(22.5)%
Reserve for loss and LAE	1,567,526	1,893,299	(325,773)	(17.2)%
Unearned premiums	110,071	144,271	(34,200)	(23.7)%
Deferred gain on retroactive reinsurance	50,645	74,941	(24,296)	(32.4)%
Accrued expenses and other liabilities	72,424	53,002	19,422	36.6 %

The Company's deferred commission and other acquisition expenses decreased by 22.5% and unearned premiums decreased by 23.7% primarily due to the Partial Termination Amendment with AmTrust on a cut-off basis and the termination of the remaining business under both quota share contracts with AmTrust which are now in run-off as of January 1, 2019. Reinsurance balances receivable increased by 242.5% primarily due to \$17.8 million of premiums receivable not yet due from European Hospital Liability Quota Share that was recognized during the third quarter of 2021.

Accrued expenses and other liabilities increased by 36.6% as at September 30, 2021 compared to December 31, 2020 due to reinsurance balances payable as a result of claims incurred under the run-off of AmTrust reinsurance contracts. The Company's reserve for loss and LAE decreased by 17.2% primarily due to the payment of prior year loss claims as well as favorable loss development recognized for the AmTrust Reinsurance segment.

The decrease in the deferred gain on retroactive reinsurance for the nine months ended September 30, 2021 by 32.4% is attributable to \$24.3 million in loss and LAE recognized as favorable loss development in the Company's GAAP income statement that are covered by the LPT/ADC Agreement. This also impacted the reinsurance recoverable on unpaid losses which decreased by \$30.9 million or 5.2% as at September 30, 2021 compared to December 31, 2020.

Capital Resources

Capital resources consist of funds deployed in support of our operations. In the nine months ended September 30, 2021, our total capital resources decreased by \$144.6 million, or 18.3% compared to December 31, 2020 primarily due to repurchases of our preference shares and unrealized losses on our fixed maturity investment portfolio partially offset by net income attributable to common shareholders.

During the three months ended September 30, 2021, book value per common share decreased by 3.1% to \$2.50 and diluted book value per common share decreased by 3.1% to \$2.48, compared to June 30, 2021. This was largely due to a net loss of \$3.1 million and net decrease in AOCI of \$10.6 million during the three months ended September 30, 2021, which was partially offset by the gain of \$6.0 million on the 2021 Preference Share Repurchase Program during the third quarter.

During the nine months ended September 30, 2021, book value per common share increased by 59.2% to \$2.50 and diluted book value per common share increased by 60.0% to \$2.48, compared to December 31, 2020. This was primarily due to the gain of \$87.2 million on the 2021 Preference Share Repurchase Program which increased book value by \$1.01 per common share. Book value also increased due to net income of \$14.3 million during the nine months ended September 30, 2021, partially offset by a net decrease in AOCI of \$28.7 million for the nine months ended September 30, 2021.

The following table shows the movement in total capital resources at September 30, 2021 and December 31, 2020:

(\$ in thousands)	September 30, 2021	December 31, 2020	Change	Change %
Preference shares	\$ 167,418	\$ 394,310	\$ (226,892)	(57.5)%
Common shareholders' equity	215,756	133,506	82,250	61.6 %
Total shareholders' equity	383,174	527,816	(144,642)	(27.4)%
Senior Notes - principal amount	262,500	262,500	—	— %
Total capital resources	\$ 645,674	\$ 790,316	\$ (144,642)	(18.3)%

The net decrease in total capital resources was due to the decline in total shareholders' equity at September 30, 2021 which decreased by \$144.6 million, or 27.4% compared to December 31, 2020 due to the following:

- net decrease of \$132.2 million from the 2021 Preference Share Repurchase Program composed of a decline in preference share capital of \$226.9 million partly offset by: (1) a gain on repurchase of preference shares of \$87.2 million for the nine months ended September 30, 2021 which increased retained earnings; and (2) a net increase in additional paid-in capital of \$7.5 million relating to proportionate share in issuance costs of preference shares repurchased, which was previously recognized as a reduction in additional paid-in capital;

- net decrease in AOCI of \$28.7 million which arose due to: (1) net unrealized losses on investment of \$42.3 million resulting largely from the net decrease in the fair value of \$34.9 million for our fixed income investment portfolio relating to market price movements due to rising interest rates during the nine months ended September 30, 2021 and \$7.5 million related to equity method investments; less (2) an increase in cumulative translation adjustments of \$13.6 million due to the strengthening of the U.S. dollar on the remeasurement of net insurance-related liabilities denominated in euro during the nine months ended September 30, 2021; partly offset by:
- net income attributable to Maiden of \$14.3 million for the nine months ended September 30, 2021; and
- net increase due to share-based compensation of \$2.0 million.

Please refer to "Notes to Consolidated Financial Statements Note 13. Shareholders' Equity" included under Part II Item 8. "Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for a discussion of the equity instruments issued by the Company as at December 31, 2020.

Book value and diluted book value per common share at September 30, 2021 and December 31, 2020 were computed as follows:

(\$ in thousands except share and per share data)

	September 30, 2021	December 31, 2020
Ending common shareholders' equity	\$ 215,756	\$ 133,506
Proceeds from assumed conversion of dilutive options	10	10
Numerator for diluted book value per common share calculation	<u>\$ 215,766</u>	<u>\$ 133,516</u>
Common shares outstanding	86,443,757	84,801,161
Shares issued from assumed conversion of dilutive options and restricted shares	510,577	1,489,064
Denominator for diluted book value per common share calculation	<u>86,954,334</u>	<u>86,290,225</u>
Book value per common share	\$ 2.50	\$ 1.57
Diluted book value per common share	2.48	1.55

Common Shares

On February 21, 2017, the Company's Board of Directors approved the repurchase of up to \$100.0 million of the Company's common shares from time to time at market prices. During the nine months ended September 30, 2021, the Company did not repurchase any common shares under its share repurchase authorization as it is precluded from repurchasing its common shares due to its failure to pay dividends on its preference shares. Until such time as dividends on preference shares are paid, the Company will not be able to repurchase or pay dividends on its common shares. At September 30, 2021, the Company had a remaining authorization of \$74.2 million for share repurchases.

On October 25, 2019, the Company transferred the listing of its common shares from the NASDAQ Global Select Market to the NASDAQ Capital Market. The NASDAQ Capital Market is a continuous trading market that operates in substantially the same manner as the NASDAQ Global Select Market and listed companies must meet certain financial requirements and comply with the NASDAQ Stock Market LLC's ("NASDAQ") corporate governance requirements. The Company's common shares trade under the symbol "MHLD". On April 17, 2020, the Company received a letter from NASDAQ stating that the Company had not regained compliance during the compliance period and that the Company's securities would be delisted from the NASDAQ Capital Market by the opening of business on April 28, 2020 unless the Company requests an appeal of NASDAQ's determination to a Hearings Panel. On April 24, 2020, the Company filed a Hearing Request Form to appeal NASDAQ's determination with the Hearings Panel. On June 2, 2020, the Company issued a press release announcing it had regained compliance with NASDAQ's minimum bid price and all applicable listing requirements for continued listing, and the appeal hearing was canceled. Accordingly, the Company's common shares continue to be listed on the NASDAQ Capital Market.

Preference Shares

As part of the capital management pillar of our strategy, pursuant to the cash tender offer on December 24, 2020, Maiden Reinsurance accepted for purchase (i) 545,218 shares of the Company's 8.25% Non-Cumulative Preference Shares Series A, (ii) 1,203,466 shares of the Company's 7.125% Non-Cumulative Preference Shares Series C and (iii) 1,078,911 shares of the Company's 6.7% Non-Cumulative Preference Shares Series D (collectively referred to as the "2020 Tender Offer"). The acquisition by Maiden Reinsurance of the preference shares pursuant to the tender offer was made in compliance with Maiden Reinsurance's investment policy previously approved by the Vermont DFR. Maiden Reinsurance used unrestricted cash of \$29.7 million to repurchase the preference shares pursuant to the 2020 Tender Offer.

On March 3, 2021, the Company's Board approved the repurchase, including the repurchase by Maiden Reinsurance within its investment guidelines, of up to \$100.0 million of the Company's preference shares. On May 6, 2021, the Company's Board of Directors approved the additional repurchase, including the repurchase by Maiden Reinsurance in accordance with its investment guidelines (as may be amended), of up to \$50.0 million of the Company's preference shares from time to time at market prices in open market purchases or as may be privately negotiated. The authorizations that were approved on March 3, 2021 and May 6, 2021 are collectively referred to as the "2021 Preference Share Repurchase Program".

The principal purpose of the 2020 Tender Offer and 2021 Preference Share Repurchase Program is to adjust our capital structure to reflect current operations and the amount of capital required to operate Maiden Reinsurance. The Board has not

declared or paid a dividend on the preference shares since the fourth quarter of 2018 and there can be no assurance that it will declare and pay dividends on the preference shares in the future. The preference shares are perpetual and there is no fixed date on which we are required to redeem or otherwise repurchase them.

Please refer to "Notes to Consolidated Financial Statements - Note 6. Shareholders' Equity and Note 14. Subsequent Events" under Part 1 Item 1 "Financial Information" of this Quarterly Report on Form 10-Q for further information on our preference shares, including a summary of repurchases made of the Company's preference shares during the three and nine months ended September 30, 2021 as well as those made subsequent to September 30, 2021. The Company has a remaining authorization of \$17.3 million for preference share repurchases.

Senior Notes

There were no changes in the Company's Senior Notes at September 30, 2021 compared to December 31, 2020 and the Company did not enter into any short-term borrowing arrangements during the nine months ended September 30, 2021. Please refer to "Notes to Condensed Consolidated Financial Statements (unaudited) Note 7. Long Term Debt" included under Part I Item 1 "Financial Information" of this Form 10-Q for a discussion of the Company's Senior Notes.

The ratio of Debt to Total Capital Resources at September 30, 2021 and December 31, 2020 was computed as follows:

(\$ in thousands)	September 30, 2021	December 31, 2020
Senior notes - principal amount	\$ 262,500	\$ 262,500
Maiden shareholders' equity	383,174	527,816
Total capital resources	\$ 645,674	\$ 790,316
Ratio of debt to total capital resources	40.7 %	33.2 %

Off-Balance Sheet Arrangements

Certain of the Company's investments in limited partnerships are related to real estate joint ventures with interests in multi-property projects with varying strategies ranging from the development of properties to the ownership of income-producing properties. In certain of these joint ventures, the Company has provided certain indemnities, guarantees and commitments to certain parties such that it may be required to make payments now or in the future as further described in the "Notes to Condensed Consolidated Financial Statements (unaudited) Note 11. Commitments, Contingencies and Guarantees" included under Part I Item 1 "Financial Information" of this Form 10-Q.

Any loss for which the Company could be liable would be contingent on the default of a loan by the real estate joint venture entity for which the Company provided a financial guarantee to a lender. While the Company has committed to aggregate limits as to the amount of guarantees it will provide as part of its limited partnerships, guarantees are only provided on an individual transaction basis and are subject to the terms and conditions of each transaction mutually agreed by the parties involved. The Company is not bound to such guarantees without its express authorization.

As discussed above, at September 30, 2021, guarantees of \$33.2 million have been provided to lenders by the Company on behalf of the real estate joint venture, however, the likelihood of the Company incurring any losses pertaining to project level financing guarantees was determined to be remote. Therefore, no liability has been accrued under ASC 450-20.

Non-GAAP Measures

As defined and described in the *Key Financial Measures* section, management uses certain key financial measures, some of which are non-GAAP measures, to evaluate the Company's financial performance and the overall growth in value generated for the Company's common shareholders. Management believes that these measures, which may be defined differently by other companies, explain the Company's results to investors in a manner that allows for a more complete understanding of the underlying trends in the Company's business. The calculation, reconciliation to nearest GAAP measure and discussion of relevant non-GAAP measures used by management are as follows:

Non-GAAP operating loss were \$3.1 million for the three months ended September 30, 2021 compared to non-GAAP operating loss of \$2.3 million for the same period in 2020. The Company's non-GAAP operating results included a non-GAAP underwriting loss of \$7.3 million for the three months ended September 30, 2021 compared to an underwriting loss of \$4.4 million for the same period in 2020, due to underwriting results not covered by the LPT/ADC Agreement, specifically the run-off of the AmTrust Quota Share with losses occurring after December 31, 2018 (including the additional ceding commission paid under the Partial Termination Amendment) as well as claims related to the European Hospital Liability Quota Share. The deterioration in underwriting results are due primarily to higher loss ratios on the run-off of unearned premium for terminated reinsurance contracts in the AmTrust Reinsurance segment for the three months ended September 30, 2021 as well as higher expense ratios caused by a significant decrease in earned premium.

Non-GAAP operating earnings were \$58.1 million for the nine months ended September 30, 2021, compared to a non-GAAP operating earnings of \$2.0 million for the same period in 2020. The Company's non-GAAP operating results included a non-GAAP underwriting loss of \$17.9 million for the nine months ended September 30, 2021 compared to a non-GAAP underwriting loss of \$9.6 million for the same period in 2020, due to underwriting results not covered by the LPT/ADC Agreement, specifically the run-off of the AmTrust Quota Share with losses occurring after December 31, 2018 (including the additional ceding commission paid under the Partial Termination Amendment) and claims related to the European Hospital Liability Quota Share. The deterioration in underwriting results are due primarily to higher loss ratios on the run-off of

unearned premium for terminated reinsurance contracts in the AmTrust Reinsurance segment for the nine months ended September 30, 2021 as well as higher expense ratios caused by a significant decrease in earned premium.

Non-GAAP operating (loss) earnings and Non-GAAP diluted operating (loss) earnings per share attributable to common shareholders

Non-GAAP operating (loss) earnings and non-GAAP diluted operating (loss) earnings per share attributable to common shareholders can be reconciled to the nearest U.S. GAAP financial measure as follows:

For the Three Months Ended September 30,	2021	2020
	(\$ in thousands except per share data)	
Net income available to Maiden common shareholders	\$ 2,864	\$ 2,162
<i>Add (subtract):</i>		
Net realized and unrealized losses (gains) on investment	937	(4,287)
Total other-than-temporary impairment losses	—	962
Foreign exchange and other (gains) losses	(4,116)	6,536
Interest in loss of equity method investments	810	154
Favorable prior year loss development subject to LPT/ADC Agreement	(3,609)	(7,840)
Non-GAAP operating loss	\$ (3,114)	\$ (2,313)
Diluted earnings per share attributable to common shareholders	\$ 0.03	\$ 0.03
<i>Add (subtract):</i>		
Net realized and unrealized losses (gains) on investment	0.01	(0.05)
Total other-than-temporary impairment losses	—	0.01
Foreign exchange and other (gains) losses	(0.05)	0.07
Interest in loss of equity method investments	0.01	—
Favorable prior year loss development subject to LPT/ADC Agreement	(0.04)	(0.09)
Non-GAAP diluted operating loss per share available to common shareholders	\$ (0.04)	\$ (0.03)
For the Nine Months Ended September 30,	2021	2020
	(\$ in thousands except per share data)	
Net income available to Maiden common shareholders	\$ 101,426	\$ 32,235
<i>Add (subtract):</i>		
Net realized and unrealized gains on investment	(8,013)	(24,200)
Total other-than-temporary impairment losses	—	2,468
Foreign exchange and other (gains) losses	(6,070)	634
Favorable prior year loss development subject to LPT/ADC Agreement	(24,296)	(9,250)
Interest in (income) loss of equity method investments	(4,912)	154
Non-GAAP operating earnings	\$ 58,135	\$ 2,041
Diluted earnings per share attributable to common shareholders	\$ 1.17	\$ 0.38
<i>Add (subtract):</i>		
Net realized and unrealized gains on investment	(0.09)	(0.29)
Total other-than-temporary impairment losses	—	0.03
Foreign exchange and other (gains) losses	(0.07)	0.01
Favorable prior year loss development subject to LPT/ADC Agreement	(0.28)	(0.11)
Interest in (income) loss of equity method investments	(0.06)	—
Non-GAAP diluted operating earnings per share attributable to common shareholders	\$ 0.67	\$ 0.02

Non-GAAP Operating ROACE

Non-GAAP Operating ROACE for the three and nine months ended September 30, 2021 and 2020 was computed as follows:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Non-GAAP operating loss	\$ (3,114)	\$ (2,313)	\$ 58,135	\$ 2,041
Opening adjusted common shareholders' equity	277,082	177,279	208,447	155,668
Ending adjusted common shareholders' equity	273,565	153,081	273,565	153,081
Average adjusted common shareholders' equity	275,324	165,180	241,006	154,375
Non-GAAP Operating ROACE	(4.5)%	(5.6)%	32.3 %	1.8 %

Non-GAAP Underwriting Results and Combined Ratio

The following summarizes our non-GAAP underwriting results for the three and nine months ended September 30, 2021 and 2020:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Gross premiums written	\$ 6,821	\$ 3,517	\$ 7,865	\$ 20,233
Net premiums written	\$ 6,953	\$ 3,031	\$ 7,518	\$ 17,493
Net premiums earned	\$ 15,030	\$ 24,305	\$ 40,106	\$ 76,828
Other insurance revenue	138	261	946	919
Non-GAAP net loss and LAE ⁽¹⁾	(14,123)	(16,905)	(31,842)	(50,409)
Commission and other acquisition expenses	(6,313)	(9,651)	(19,154)	(29,778)
General and administrative expenses	(1,990)	(2,448)	(7,975)	(7,118)
Non-GAAP underwriting loss⁽¹⁾	\$ (7,258)	\$ (4,438)	\$ (17,919)	\$ (9,558)
Ratios:				
Non-GAAP net loss and LAE ratio ⁽¹⁾	93.1 %	68.8 %	77.6 %	64.8 %
Commission and other acquisition expense ratio	41.6 %	39.3 %	46.6 %	38.3 %
General and administrative expense ratio	43.9 %	33.2 %	72.0 %	33.4 %
Expense ratio	85.5 %	72.5 %	118.6 %	71.7 %
Non-GAAP combined ratio ⁽¹⁾	178.6 %	141.3 %	196.2 %	136.5 %

(1) Non-GAAP underwriting loss, non-GAAP net loss and LAE, non-GAAP net loss and LAE ratio, and non-GAAP combined ratio for the three and nine months ended September 30, 2021 include the impact of prior year reserve development subject to the LPT/ADC Agreement. Please see the "Key Financial Measures" section for definitions of Non-GAAP underwriting loss, net loss and LAE, non-GAAP net loss and LAE ratio, and non-GAAP combined ratio.

The non-GAAP underwriting results as well as the non-GAAP loss and LAE and ratios and non-GAAP combined ratios include the impact of prior year loss reserve development related to the AmTrust Quota Share which is fully recoverable from Cavello and subject to the LPT/ADC Agreement to show the ultimate economic benefit to the Company.

As shown in the table above, adjusted for the impact of favorable prior year reserve development subject to the LPT/ADC Agreement of \$3.6 million and \$24.3 million during the three and nine months ended September 30, 2021, respectively, the non-GAAP underwriting loss was \$7.3 million and \$17.9 million, respectively. This compared to a non-GAAP underwriting loss of \$4.4 million and \$9.6 million for the same respective periods in 2020 when adjusted for the impact of favorable prior year reserve development subject to the LPT/ADC Agreement of \$7.8 million and \$9.3 million during the three and nine months ended September 30, 2020, respectively.

The non-GAAP underwriting results above were due to underwriting results in the AmTrust Reinsurance segment not covered by the LPT/ADC Agreement, specifically the run-off of the AmTrust Quota Share with losses occurring after December 31, 2018 (including the additional ceding commission paid under the Partial Termination Amendment) as well as claims related to the European Hospital Liability Quota Share. Results in the Diversified Reinsurance segment during the three and nine months ended September 30, 2021 and 2020 were generally stable.

The non-GAAP combined ratio during the three and nine months ended September 30, 2021 was 178.6% and 196.2%, respectively, compared to 141.3% and 136.5% during the same respective periods in 2020 as shown in the table below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Combined ratio	154.8 %	109.4 %	137.0 %	124.6 %
Less: Favorable prior year loss development subject to LPT/ADC Agreement	(23.8) %	(31.9)%	(59.2)%	(11.9)%
Non-GAAP combined ratio	178.6 %	141.3 %	196.2 %	136.5 %

Non-GAAP Net Loss and LAE

Adjusted for the impact of favorable prior year loss development on AmTrust reserves subject to the LPT/ADC Agreement, non-GAAP net loss and LAE for the three and nine months ended September 30, 2021 increased by \$3.6 million and \$24.3 million, respectively, as these amounts are ultimately recoverable from Cavello. In comparison, adjusted for the impact of favorable prior year loss development on AmTrust reserves subject to the LPT/ADC Agreement during the three and nine months ended September 30, 2020, the non-GAAP net loss and LAE increased by \$7.8 million and \$9.3 million, respectively, as these reserves are ultimately recoverable from Cavello.

This adjustment is reflected in the calculation of non-GAAP Loss and LAE as shown below:

(\$ in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Net loss and LAE	\$ 10,514	\$ 9,065	\$ 7,546	\$ 41,159
Less: Favorable prior year loss development subject to LPT/ADC Agreement	(3,609)	(7,840)	(24,296)	(9,250)
Non-GAAP net loss and LAE	\$ 14,123	\$ 16,905	\$ 31,842	\$ 50,409

Adjusted for the impact of favorable prior year loss development on AmTrust reserves subject to the LPT/ADC Agreement of \$3.6 million and \$24.3 million during the three and nine months ended September 30, 2021, respectively, non-GAAP net loss and LAE was \$14.1 million and \$31.8 million, respectively, as shown in the table above. Adjusted for the impact of favorable prior year loss development on AmTrust reserves subject to the LPT/ADC Agreement of \$7.8 million and \$9.3 million during the three and nine months ended September 30, 2020, respectively, the non-GAAP loss and LAE was \$16.9 million and \$50.4 million, respectively.

The non-GAAP net loss and LAE ratio was 93.1% and 77.6% for the three and nine months ended September 30, 2021, respectively, compared to 68.8% and 64.8% for the same respective periods in 2020.

Adjusted Shareholders' Equity, Adjusted Total Capital Resources, Adjusted Book Value per Common Share, and Ratio of Debt to Total Adjusted Capital Resources

The Adjusted Shareholders' Equity, Adjusted Total Capital Resources and Adjusted Book Value per Common Share at September 30, 2021 and December 31, 2020 reflect the addition of the unamortized deferred gain on retroactive reinsurance to the GAAP shareholders' equity as depicted in the computations below. The estimated deferred gain of \$50.6 million at September 30, 2021 and \$74.9 million at December 31, 2020 arises from the LPT/ADC Agreement with Cavello relating to losses subject to that agreement which are fully recoverable from Cavello.

The decrease in the unamortized deferred gain on retroactive reinsurance for the nine months ended September 30, 2021 is attributable to \$24.3 million in loss and LAE recognized as favorable loss development in the Company's GAAP income statement that are subject to the LPT/ADC Agreement. We believe the inclusion of the unamortized deferred gain in these metrics better reflects the ultimate economic benefit of the LPT/ADC Agreement, which will improve the Company's shareholders' equity over the settlement period under the terms of the agreement.

The Adjusted Shareholders' Equity, Adjusted Total Capital Resources and Adjusted Book Value per Common Share at September 30, 2021 also excludes the LP Investment Adjustment, which pertains to the equity accounting related to the fair value of certain hedged liabilities within an equity method investment held by the Company wherein the ultimate realizable value of the asset supporting the hedged liabilities cannot currently be recognized at fair value. We believe that this adjustment recognizes future realizable value and reflects the ultimate economic benefit of this investment which will improve the Company's shareholders' equity over the hedged contract period within the investment.

Reconciliation of shareholders' equity to Adjusted shareholders' equity and Adjusted Total Capital Resources

The following table computes adjusted shareholders' equity and adjusted total capital resources by recognizing the unamortized deferred gain on retroactive reinsurance as well as the LP Investment Adjustment for realizable value of intangible asset in limited partnership investment at September 30, 2021 and December 31, 2020:

(\$ in thousands)	September 30, 2021	December 31, 2020	Change	Change %
Preference shares	\$ 167,418	\$ 394,310	\$ (226,892)	(57.5)%
Common shareholders' equity	215,756	133,506	82,250	61.6 %
Total shareholders' equity	383,174	527,816	(144,642)	(27.4)%
LP Investment Adjustment	7,164	—	7,164	NM
Unamortized deferred gain on retroactive reinsurance	50,645	74,941	(24,296)	(32.4)%
Adjusted shareholders' equity	440,983	602,757	(161,774)	(26.8)%
Senior Notes - principal amount	262,500	262,500	—	— %
Adjusted total capital resources	\$ 703,483	\$ 865,257	\$ (161,774)	(18.7)%

NM - non meaningful

Reconciliation of Book Value per Common Share to Adjusted Book Value per Common Share

The adjusted book value per common share, as reconciled for the recognition of the unamortized deferred gain on retroactive reinsurance as well as the LP Investment Adjustment for realizable value of intangible asset in limited partnership investment at September 30, 2021 and December 31, 2020, was computed as follows:

	September 30, 2021	December 31, 2020
Book value per common share	\$ 2.50	\$ 1.57
LP Investment Adjustment	0.08	—
Unamortized deferred gain on retroactive reinsurance	0.58	0.89
Adjusted book value per common share	\$ 3.16	\$ 2.46

Ratio of Debt to Adjusted Total Capital Resources

Management uses this non-GAAP measure to monitor the financial leverage of the Company. This measure is calculated using the total principal amount of debt divided by the sum of adjusted total capital resources as computed in the table above. The ratio of Debt to Adjusted Total Capital Resources at September 30, 2021 and December 31, 2020 was computed as follows:

(\$ in thousands)	September 30, 2021	December 31, 2020
Senior notes - principal amount	\$ 262,500	\$ 262,500
Adjusted shareholders' equity	440,983	602,757
Adjusted total capital resources	\$ 703,483	\$ 865,257
Ratio of debt to adjusted total capital resources	37.3 %	30.3 %

Currency and Foreign Exchange

We conduct business in a variety of foreign (non-U.S.) currencies, the principal exposures being the euro and the British pound. Assets and liabilities denominated in foreign currencies are exposed to changes in currency exchange rates. Our reporting currency is the U.S. dollar, and exchange rate fluctuations relative to the U.S. dollar may materially impact our results and financial position. Our principal exposure to foreign currency risk is our obligation to settle claims in foreign currencies. In addition, in order to minimize this risk, we maintain and expect to continue to maintain a portion of our investment portfolio in investments denominated in currencies other than the U.S. dollar. We may employ various strategies (including hedging) to manage our exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, our results of operations or equity may be adversely affected. At September 30, 2021, no such hedges or hedging strategies were in force or had been entered into. We measure monetary assets and liabilities denominated in foreign currencies at period end exchange rates, with the resulting foreign exchange gains and losses recognized in the unaudited Condensed Consolidated Statements of Income. Revenues and expenses in foreign currencies are converted at average exchange rates during the period. The effect of the translation adjustments for foreign operations is included in AOCI.

Net foreign exchange gains of \$4.1 million and \$6.3 million were generated during the three and nine months ended September 30, 2021, respectively, compared to net foreign exchange losses of \$6.5 million and \$0.2 million for the three and nine months ended September 30, 2020, respectively.

Effects of Inflation

The anticipated effects of inflation are considered explicitly in the pricing of the insured exposures, which are used as the initial estimates of reserves for loss and LAE. In addition, inflation is also implicitly accounted for in subsequent estimates of loss and LAE reserves, as the expected rate of emergence is in part predicated upon the historical levels of inflation that impact ultimate claim costs. To the extent inflation causes these costs, particularly medical treatments and litigation costs, to vary from the assumptions made in the pricing or reserving estimates, the Company will be required to change the reserve for loss and LAE with a corresponding change in its earnings in the period in which the variance is identified. The actual effects of inflation on the results of operations of the Company cannot be accurately known until claims are ultimately settled.

Off-Balance Sheet Arrangements

At September 30, 2021, we did not have any off-balance sheet arrangements as defined by Item 303(a) (4) of Regulation S-K.

Recent Accounting Pronouncements

See "Part I, Item 1 - Notes to Condensed Consolidated Financial Statements (unaudited) Note 2. Significant Accounting Policies" for a discussion on recently issued accounting pronouncements not yet adopted.

Item 4. Controls and Procedures

Our management, with the participation and under the supervision of our Co-Chief Executive Officers and Chief Financial Officer, have evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by SEC rules and forms and that such information is accumulated and communicated to management, including our Co-Chief Executive Officers and Chief Financial Officer, to allow for timely decisions regarding required disclosures. Our Co-Chief Executive Officers and Chief Financial Officer have concluded that, as of the end of the period covered by this report, such disclosure controls and procedures were effective. Our management, including our Co-Chief Executive Officers and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide an absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

During the most recent fiscal quarter, there were no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "Part I, Item 1 - Notes to Condensed Consolidated Financial Statements (unaudited) Note 11. Commitments and Contingencies" for an update on legal matters. Except as disclosed above, there are no material changes from the legal proceedings previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 1A. Risk Factors

Our business is subject to a number of risks, including those identified in Item 1A. of Part I of our Annual Report on Form 10-K for the year ended December 31, 2020, that could have a material adverse effect on our business, results of operations, financial condition and/or liquidity and that could cause our operating results to vary significantly from period to period. The risks described in our 2020 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could have a material adverse effect on our business, results of operations, financial condition and/or liquidity.

There are no material changes from the risk factors previously disclosed in "Part I - Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. Unregistered Sales of Equity and Use of Proceeds

Items 2. (a) and (b) are not applicable.

2. (c) Share Repurchases

Common Shares

On February 21, 2017, the Company's Board of Directors approved the repurchase of up to \$100.0 million of the Company's common shares from time to time at market prices. The Company has a remaining authorization of \$74,245 for share repurchases at September 30, 2021. There were no share repurchases during the three months ended September 30, 2021 under the share repurchase authorization.

Subsequent to the three months ended September 30, 2021 and through the period ended November 9, 2021, the Company did not repurchase any additional common shares which represent tax withholding in respect of tax obligations on the vesting of performance based shares.

Preference Shares

On March 3, 2021, our Board approved the repurchase (including the repurchase by Maiden Reinsurance in accordance with its investment guidelines) of up to \$100.0 million of our preference shares from time to time at market prices in open market purchases or as may be privately negotiated.

On May 6, 2021, the Company's Board of Directors approved the additional repurchase, including the repurchase by Maiden Reinsurance in accordance with its investment guidelines (as may be amended), of up to \$50,000 of the Company's preference shares from time to time at market prices in open market purchases or as may be privately negotiated.

The following table shows the summary of repurchases made of the Company's preference shares pursuant to the 2021 Preference Share Repurchase Program during the three and nine months ended September 30, 2021:

	For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2021	
	Number of shares purchased	Average price of shares purchased	Number of shares purchased	Average price of shares purchased
Series A	135,353	\$ 13.51	3,519,093	\$ 14.74
Series C	241,466	13.42	2,917,244	14.44
Series D	181,817	13.34	2,639,336	14.45
Total	<u>558,636</u>	<u>13.42</u>	<u>9,075,673</u>	<u>14.56</u>
Total price paid (in millions)	<u>\$ 7.5</u>		<u>\$ 132.2</u>	
Gain on purchase (in millions)	<u>\$ 6.0</u>		<u>\$ 87.2</u>	

As of September 30, 2021, the Company had a remaining authorization of \$17.8 million for preference share repurchases.

Subsequent to September 30, 2021, under the Rule 10b5-1 plan, the Company repurchased via the open market (i) 29,502 shares of the Company's 7.125% Non-Cumulative Preference Shares Series C at an average price of \$12.33 per share, and (ii) 14,637 shares of the Company's 6.7% Non-Cumulative Preference Shares Series D at an average price of \$12.33 per share for a total amount of \$544. The acquisition by Maiden Reinsurance of these preference shares were made in compliance with the Company's investment guidelines previously approved by the Vermont DFR. These purchases will result in a gain on purchase

of approximately \$0.5 million in the fourth quarter of 2021. The Company has a remaining authorization of \$17.3 million for preference share repurchases.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Executive Ownership and Sales

From time to time, some of the Company's directors and executives may determine that it is advisable to diversify their investments for personal financial planning reasons, or may seek liquidity for other reasons, and may sell common shares of the Company in the open market, in private transactions or to the Company. To effect such sales, some of the Company's directors and executives have previously entered into, and may in the future enter into, trading plans designed to comply with the Company's Insider Trading and Outside Investments Policy and the provisions of Rule 10b5-1 under the Securities Exchange Act of 1934. The trading plans will not reduce any of the executives' ownership of the Company's shares below the applicable executive stock ownership guidelines. The Company does not undertake any obligation to report Rule 10b5-1 plans that may be adopted by any employee or director of the Company in the future, or to report any modifications or termination of any publicly announced plan.

Item 6. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
31.1	Section 302 Certification of CEO
31.2	Section 302 Certification of CFO
32.1	Section 906 Certification of CEO
32.2	Section 906 Certification of CFO
101.1	The following materials from Maiden Holdings, Ltd. Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 formatted in Inline XBRL: (i) unaudited Condensed Consolidated Balance Sheets; (ii) unaudited Condensed Consolidated Statements of Income; (iii) unaudited Condensed Consolidated Statements of Comprehensive Income; (iv) unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity; (v) unaudited Condensed Consolidated Statements of Cash Flows; and (vi) Notes to unaudited Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

November 9, 2021

MAIDEN HOLDINGS, LTD.

By:

/s/ Lawrence F. Metz

Lawrence F. Metz
President and Co-Chief Executive Officer

/s/ Patrick J. Haveron

Patrick J. Haveron
Co-Chief Executive Officer and Chief Financial Officer

CERTIFICATION

I, Lawrence F. Metz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Maiden Holdings, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2021

/s/ Lawrence F. Metz

Lawrence F. Metz
President and Co-Chief Executive Officer

CERTIFICATION

I, Patrick J. Haveron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Maiden Holdings, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2021

/s/ Patrick J. Haveron

Patrick J. Haveron
Co-Chief Executive Officer and Chief Financial Officer

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Maiden Holdings, Ltd. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2021

By: /s/ Lawrence F. Metz

Lawrence F. Metz
President and Co-Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report.

