

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
May 15, 2020 (May 15, 2020)

MAIDEN HOLDINGS, LTD.
(Exact name of registrant as specified in its charter)

Bermuda

001-34042

98-0570192

(State or other jurisdiction
of incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

94 Pitts Bay Road, Pembroke HM08, Bermuda

(Address of principal executive offices and zip code)

(441) 298-4900

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

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

Title of Each Class	Trading symbol(s)	Name of Each Exchange on Which Registered
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

Item 2.02 Results of Operations and Financial Condition.

On May 15, 2020, the Company issued a press release announcing its results of operations for the three months ended March 31, 2020. A copy of the press release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Item 2.02 and in the accompanying exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

Exhibit

<u>No.</u>	<u>Description</u>
99.1	Press Release of Maiden Holdings, Ltd., dated May 15, 2020

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.

Date: May 15, 2020

MAIDEN HOLDINGS, LTD.

By: /s/ Denis M. Butkovic

Denis M. Butkovic

Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

Exhibit

No. **Description**

99.1 Press Release of Maiden Holdings, Ltd., dated May 15, 2020



PRESS RELEASE

Maiden Holdings, Ltd. Announces First Quarter of 2020 Financial Results

PEMBROKE, Bermuda, May 15, 2020 - Maiden Holdings, Ltd. (NASDAQ: MHL) ("Maiden" or the "Company") today reported first quarter 2020 net income of \$20.9 million or \$0.25 per diluted common share, compared to a net loss of \$36.6 million or \$0.44 per diluted common share in the first quarter of 2019.

Non-GAAP operating earnings⁽⁵⁾ were \$3.1 million or \$0.04 per diluted common share for the three months ended March 31, 2020, compared to a non-GAAP operating loss of \$27.6 million or \$0.33 per diluted common share for the same period in 2019.

Maiden's book value per common share⁽¹⁾ was \$0.24 at March 31, 2020 compared to \$0.51 at December 31, 2019. On a non-GAAP basis, adjusted for the unamortized deferred gain on retroactive reinsurance recognized as of March 31, 2020 of \$113.0 million, the adjusted book value per common share⁽²⁾ was \$1.59 at March 31, 2020. Book value per common share on both a GAAP and non-GAAP basis was adversely affected by \$44.1 million or \$0.53 per share in unrealized losses on fixed income investments during the first quarter 2020, largely the result of elevated volatility in the financial markets brought about by the global COVID-19 pandemic.

Commenting on the first quarter of 2020 financial results, Lawrence F. Metz, Maiden's President and Co-Chief Executive Officer said, "We are pleased to report our first quarterly profit in two years. As our loss experience continues to moderate and we continue to reduce our operating expenses, we remain focused on sustaining and increasing Maiden's profitability. We are fortunate in these turbulent times that the application of government restrictions in the United States, Bermuda and Europe have not substantially affected our operations. We believe that we have immaterial exposure to claims from the COVID-19 pandemic, and we have taken all necessary actions to ensure the safety and security of our employees as our contingency plans have allowed us to operate effectively in a virtual environment."

Patrick J. Haveron, Maiden's Co-Chief Executive Officer and Chief Financial Officer added, "We are pleased to have completed our first quarter on a strong note after the re-domestication of Maiden Reinsurance Ltd. from Bermuda to Vermont. We were able to capture realized investment gains ahead of the market volatility in March which both contributed to the strong quarterly result and reduced the impact to book value from COVID-19 related market volatility. Prior year loss experience was benign during the first quarter and while the loss development of our run-off portfolio will require further maturity to fully emerge, recent trends have been less adverse, although there is no guarantee these trends will persist. We remain comfortable that the amount of limit available in our LPT/ADC with Enstar is sufficient and with nearly \$2.6 billion in investable assets and a strong capital position now restored, we are working to identify strategies to deploy those assets and capital to create value for our shareholders."

Consolidated Results for the Quarter Ended March 31, 2020

Net income for the three months ended March 31, 2020 was \$20.9 million compared to a net loss of \$36.6 million for the same period in 2019. The net improvement in results for the three months ended March 31, 2020 compared to the same period in 2019 was primarily due to the following:

- net income from continuing operations of \$20.9 million compared to net loss from continuing operations of \$33.9 million for the same period in 2019 largely due to the following factors:
 - underwriting loss⁽⁴⁾ of \$3.7 million compared to \$42.7 million in the same period in 2019. The reduction in the underwriting loss was due to:
 - the impact of lower loss ratios combined with lower current year premiums earned during the three months ended March 31, 2020 compared to the same period in 2019; and
 - favorable prior year loss development of \$0.5 million in the first quarter of 2020 compared to adverse prior year loss development of \$7.3 million during the same period in 2019 which had been incurred primarily within the

AmTrust Reinsurance segment.

- realized gains on investment of \$11.0 million for the three months ended March 31, 2020 compared to realized losses of \$11.1 million for the same period in 2019; and
- foreign exchange and other gains of \$8.2 million for the three months ended March 31, 2020 compared to foreign exchange and other gains of \$5.0 million for the same period in 2019.
- no net income or loss from discontinued operations for the three months ended March 31, 2020 compared to a net loss from discontinued operations of \$2.7 million for the same period in 2019.

Net premiums written for the three months ended March 31, 2020 were \$10.4 million compared to net premiums written of \$(561.5) million in the same respective period in 2019. Premiums written in the Diversified Reinsurance segment decreased by \$4.6 million or 30.6% for the three months ended March 31, 2020 compared to the same period in 2019 due to lower premiums written in German Auto programs within our IIS business. There were no new 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. For the three months ended March 31, 2019, the negative premiums written were primarily the result of the Partial Termination Amendment which resulted in Maiden Reinsurance Ltd. ("Maiden Reinsurance") returning approximately \$648.0 million in unearned premium to AmTrust International Insurance, Ltd., or \$436.8 million net of applicable ceding commission and brokerage.

Net premiums earned decreased by \$151.9 million or 83.0% for the three months ended March 31, 2020 compared to the same period in 2019 due to the combined impact of the terminated quota share contracts within the AmTrust Reinsurance segment, non-renewals in Maiden Reinsurance's European Capital Solutions business and a reduction in the German Auto programs produced by our IIS unit within its Diversified Reinsurance segment.

Net investment income decreased by \$14.1 million or 43.9% for the three months ended March 31, 2020 compared to the same respective period in 2019, primarily due to the decline in average investable assets of 34.4% in those same periods. The decline in investable assets is largely due to the cessation of active reinsurance underwriting and other initiatives resulting from the Strategic Review that was commenced in 2018 and has been responsible for significant negative operating cash flows as we run-off our existing reinsurance liabilities. Lower investment income was also impacted by the decline in average book yields to 2.7% for the three months ended March 31, 2020 compared to 3.1% for the same period in 2019. Net realized gains on investment were \$11.0 million for the three months ended March 31, 2020, compared to net realized losses of \$11.1 million for the same respective period in 2019. The realized gains for the three months ended March 31, 2020 were primarily due to sales of corporate bonds during the first quarter of 2020 for the settlement of claim payments to AmTrust.

Net loss and LAE decreased by \$131.6 million during the three months ended March 31, 2020 compared to the same respective period in 2019 largely due to the termination of the AmTrust Reinsurance quota share agreements effective January 1, 2019. Net loss and LAE for the first quarter of 2020 was impacted by net favorable prior year reserve development of \$0.5 million compared to net adverse prior year reserve development of \$7.3 million during the same period in 2019. Commission and other acquisition expenses decreased by \$57.6 million or 82.8% for the three months ended March 31, 2020, compared to the same respective period in 2019 due to significantly lower earned premiums in both of our reportable segments. The commission and other acquisition expense in the first quarters of 2020 and 2019 includes \$0.9 million and \$7.7 million, respectively, of additional ceding commission agreed under the Partial Termination Amendment.

Total general and administrative expenses decreased by \$8.1 million, or 48.6% for the three months ended March 31, 2020, compared to the same period in 2019 largely due to continued decrease in salary, benefits and other corporate expenses associated with the Strategic Review and related headcount reductions since 2018. The Company estimates that it incurred operating expenses of approximately \$0.7 million during the three months ended March 31, 2020 which it believes will not recur in future periods.

Non-GAAP Operating Results for the three months ended March 31, 2020

Non-GAAP operating earnings⁽⁵⁾ was \$3.1 million or \$0.04 per diluted common share for the three months ended March 31, 2020, compared to a non-GAAP operating loss of \$27.6 million or \$(0.33) per diluted common share for the same period in 2019.

In addition to other adjustments, management has adjusted the GAAP net operating loss and underwriting results by recognizing the unamortized deferred gain arising from the LPT/ADC Agreement which is fully recoverable from Cavello to show the ultimate economic benefit of the LPT/ADC Agreement to Maiden. The amount recognized as an unamortized deferred gain liability pursuant to this agreement was \$113.0 million as of March 31, 2020, remained unchanged from December 31, 2019.

For the three months ended March 31, 2020, the non-GAAP operating results are primarily the result of underwriting results not covered by the LPT/ADC Agreement, specifically the run-off of AmTrust quota share business 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. In addition, as previously noted, the Company estimates that it incurred operating expenses of approximately \$0.7 million during the three months ended March 31, 2020, which it believes will not recur in future periods.

Similar to the reported GAAP result, the improvement in the non-GAAP operating results for the three months ended March 31, 2020 compared to the same period in 2019 primarily reflects the improved underwriting results described above.

Quarterly Report on Form 10-Q for the Three Months Ended March 31, 2020 and Other Financial Matters

The Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2020 was filed with the U.S. Securities and Exchange Commission on May 15, 2020. Additional information on the matters reported in this news release along with other required disclosures including risk factors related to COVID-19 can be found in that filing.

Total assets were \$3.3 billion at March 31, 2020, compared to \$3.6 billion at December 31, 2019. Shareholders' equity was \$485.0 million at March 31, 2020, compared to \$507.7 million at December 31, 2019. Adjusted shareholders' equity⁽²⁾ was \$597.9 million at March 31, 2020, compared to adjusted shareholders' equity of \$620.7 million at December 31, 2019 reflecting the unamortized deferred gain on retroactive reinsurance of \$113.0 million.

The Company has discontinued the presentation of certain non-GAAP measures such as combined ratio and its related components in this news release, as it believes that as the run-off of its reinsurance portfolios progresses, such ratios are increasingly not meaningful and of less value to readers as they evaluate the financial results of the Company. The Company has, for the time being, continued to utilize such non-GAAP measures on a quarterly basis in its Quarterly Report on Form 10-Q for the three months ended March 31, 2020.

Quarterly Dividends

The Company's Board of Directors did not authorize any quarterly dividends related to either its common shares or any series of its preferred shares.

About Maiden Holdings, Ltd.

Maiden Holdings, Ltd. is a Bermuda-based holding company formed in 2007.

(1)(2)(4)(5) Please see the Non-GAAP Financial Measures table for additional information on these non-GAAP financial measures and reconciliation of these measures to GAAP measures.

Special Note about Forward Looking Statements

Certain statements in this press release, other than purely historical information, including estimates, projections, statements relating to the Company's business plans, objectives and expected operating results and the assumptions upon which those statements are based are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include general statements both with respect to the Company and the insurance industry and generally are identified with the words "anticipate", "believe", "expect", "predict", "estimate", "intend", "plan", "project", "seek", "potential", "possible", "could", "might", "may", "should", "will", "would", "will be", "will continue", "will likely result" and similar expressions. In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion of such statements in this press release should not be considered as a representation by the Company or any other person that the Company's objectives or plans or other matters described in any forward-looking statement will be achieved. These statements are based on current plans, estimates, assumptions and expectations. Actual results may differ materially from those projected in such forward-looking statements and therefore, you should not place undue reliance on them. Important factors that could cause actual results to differ materially from those in such forward-looking statements are set forth in Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. Circumstances caused by the COVID-19 pandemic are complex, uncertain and rapidly evolving. We therefore may not be able to accurately predict the longer-term effects that the COVID-19 pandemic may have on our financial condition or results of operations. To the extent the COVID-19 pandemic adversely affects our financial condition or results of operations, it may also have the effect of heightening additional risks described in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K for the year ended December 31, 2019.

The Company cautions that the list of important risk factors in its Quarterly Report on Form 10-Q for the three months ended March 31, 2020 is not intended to be and is not exhaustive. The Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law, and all subsequent written and oral forward-looking statements attributable to the Company or individuals acting on the Company's behalf are expressly qualified in their entirety by this paragraph. If one or more risks or uncertainties materialize, or if the Company's underlying assumptions prove to be incorrect, the Company's actual results may vary materially from what was projected. Any forward-looking statements in this press release reflect the Company's current view with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth, strategy and liquidity. Readers are cautioned not to place undue reliance on the forward-looking statements which speak only as of the dates of the documents in which such statements were made.

CONTACT:

Sard Verbinnen & Co.

Maiden-SVC@sardverb.com

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

	March 31, 2020	December 31, 2019
	Unaudited	Audited
ASSETS		
<i>Investments:</i>		
Fixed maturities, available-for-sale, at fair value (amortized cost 2020 - \$1,530,689; 2019 - \$1,813,426)	\$ 1,508,544	\$ 1,835,518
Other investments	34,088	31,748
Total investments	1,542,632	1,867,266
Cash and cash equivalents	60,059	48,197
Restricted cash and cash equivalents	117,903	59,081
Accrued investment income	19,897	18,331
Reinsurance balances receivable, net	14,560	12,181
Reinsurance recoverable on unpaid losses	620,882	623,422
Loan to related party	167,975	167,975
Deferred commission and other acquisition expenses, net	69,109	77,356
Funds withheld receivable	696,076	684,441
Other assets	12,664	9,946
Total assets	\$ 3,321,757	\$ 3,568,196
LIABILITIES		
Reserve for loss and loss adjustment expenses	\$ 2,249,045	\$ 2,439,907
Unearned premiums	197,094	220,269
Deferred gain on retroactive reinsurance	112,950	112,950
Accrued expenses and other liabilities	22,708	32,444
Senior notes - principal amount	262,500	262,500
Less: unamortized debt issuance costs	7,538	7,592
Senior notes, net	254,962	254,908
Total liabilities	2,836,759	3,060,478
<i>Commitments and Contingencies</i>		
EQUITY		
Preference shares	465,000	465,000
Common shares	890	882
Additional paid-in capital	751,862	751,327
Accumulated other comprehensive (loss) income	(26,288)	17,836
Accumulated deficit	(674,933)	(695,794)
Treasury shares, at cost	(31,533)	(31,533)
Total Equity	484,998	507,718
Total Liabilities and Equity	\$ 3,321,757	\$ 3,568,196
Book value per common share⁽¹⁾	\$ 0.24	\$ 0.51
Common shares outstanding	83,969,991	83,148,458

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

	For the Three Months Ended March 31,	
	2020	2019
Revenues:		
Gross premiums written	\$ 11,734	\$ (561,139)
Net premiums written	\$ 10,372	\$ (561,530)
Change in unearned premiums	20,843	744,632
Net premiums earned	31,215	183,102
Other insurance revenue	408	812
Net investment income	17,964	32,022
Net realized gains (losses) on investment	11,038	(11,101)
Total other-than-temporary impairment losses	(1,506)	—
Total revenues	59,119	204,835
Expenses:		
Net loss and loss adjustment expenses	21,086	152,689
Commission and other acquisition expenses	11,973	69,617
General and administrative expenses	8,550	16,619
Total expenses	41,609	238,925
Other expenses		
Interest and amortization expenses	4,831	4,829
Foreign exchange and other gains	(8,197)	(4,979)
Total other expenses	(3,366)	(150)
Income (loss) before income taxes	20,876	(33,940)
Less: income tax expense (benefit)	15	(38)
Net income (loss) from continuing operations	20,861	(33,902)
Loss from discontinued operations, net of income tax	—	(2,734)
Net income (loss)	\$ 20,861	\$ (36,636)
Basic and diluted earnings (loss) from continuing operations per share attributable to Maiden common shareholders⁽⁹⁾	\$ 0.25	\$ (0.41)
Basic and diluted loss from discontinued operations per share attributable to Maiden common shareholders⁽⁹⁾	—	(0.03)
Basic and diluted earnings (loss) per share attributable to Maiden common shareholders⁽⁹⁾	\$ 0.25	\$ (0.44)
Annualized return on average common equity	267.6%	(142.5)%
Weighted average number of common shares - basic and diluted⁽⁹⁾	83,256,223	82,965,156

MAIDEN HOLDINGS, LTD.
SUPPLEMENTAL FINANCIAL DATA - SEGMENT INFORMATION (Unaudited)
(in thousands of U.S. dollars)

For the Three Months Ended March 31, 2020	Diversified Reinsurance	AmTrust Reinsurance	Other	Total
Gross premiums written	\$ 11,734	\$ —	\$ —	\$ 11,734
Net premiums written	\$ 10,372	\$ —	\$ —	\$ 10,372
Net premiums earned	\$ 12,531	\$ 18,684	\$ —	\$ 31,215
Other insurance revenue	408	—	—	408
Net loss and loss adjustment expenses ("loss and LAE")	(7,041)	(14,045)	—	(21,086)
Commission and other acquisition expenses	(4,979)	(6,994)	—	(11,973)
General and administrative expenses ⁽³⁾	(1,613)	(644)	—	(2,257)
Underwriting loss⁽⁴⁾	\$ (694)	\$ (2,999)	\$ —	\$ (3,693)
Reconciliation to net income from continuing operations				
Net investment income and realized gains on investment				29,002
Total other-than-temporary impairment losses				(1,506)
Interest and amortization expenses				(4,831)
Foreign exchange and other gains				8,197
Other general and administrative expenses ⁽³⁾				(6,293)
Income tax expense				(15)
Net income from continuing operations				\$ 20,861

For the Three Months Ended March 31, 2019	Diversified Reinsurance	AmTrust Reinsurance	Other	Total
Gross premiums written	\$ 15,338	\$ (576,477)	\$ —	\$ (561,139)
Net premiums written	\$ 14,947	\$ (576,477)	\$ —	\$ (561,530)
Net premiums earned	\$ 25,292	\$ 157,810	\$ —	\$ 183,102
Other insurance revenue	812	—	—	812
Net loss and LAE	(14,391)	(138,070)	(228)	(152,689)
Commission and other acquisition expenses	(9,261)	(60,356)	—	(69,617)
General and administrative expenses ⁽³⁾	(3,031)	(1,266)	—	(4,297)
Underwriting loss⁽⁴⁾	\$ (579)	\$ (41,882)	\$ (228)	\$ (42,689)
Reconciliation to net loss from continuing operations				
Net investment income and realized losses on investment				20,921
Interest and amortization expenses				(4,829)
Foreign exchange and other gains				4,979
Other general and administrative expenses ⁽³⁾				(12,322)
Income tax benefit				38
Net loss from continuing operations				\$ (33,902)

MAIDEN HOLDINGS, LTD.
NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	For the Three Months Ended March 31,	
	2020	2019
Non-GAAP operating earnings (loss)⁽⁵⁾	\$ 3,132	\$ (27,552)
Non-GAAP basic and diluted operating earnings (loss) per common share attributable to Maiden shareholders	\$ 0.04	\$ (0.33)
Annualized non-GAAP operating return on average common equity⁽⁶⁾	40.2%	(107.2)%
Reconciliation of Net income (loss) to Non-GAAP operating earnings (loss)		
Net income (loss)	\$ 20,861	\$ (36,636)
<i>Add (subtract):</i>		
Net realized (gains) losses on investment	(11,038)	11,101
Total other-than-temporary impairment losses	1,506	—
Foreign exchange and other gains	(8,197)	(4,979)
Loss from NGHC Quota Share run-off	—	228
Loss from discontinued operations, net of income tax	—	2,734
Non-GAAP operating earnings (loss)⁽⁵⁾	\$ 3,132	\$ (27,552)
Weighted average number of common shares - basic and diluted	83,256,223	82,965,156
Reconciliation of diluted earnings (loss) per share attributable to Maiden common shareholders to Non-GAAP diluted operating earnings (loss) per share attributable to Maiden common shareholders:		
Diluted earnings (loss) per share attributable to Maiden common shareholders	\$ 0.25	\$ (0.44)
<i>Add (subtract):</i>		
Net realized (gains) losses on investment	(0.13)	0.13
Total other-than-temporary impairment losses	0.02	—
Foreign exchange and other gains	(0.10)	(0.06)
Loss from NGHC Quota Share run-off	—	0.01
Loss from discontinued operations, net of income tax	—	0.03
Non-GAAP diluted operating earnings (loss) per share attributable to Maiden common shareholders	\$ 0.04	\$ (0.33)
	March 31, 2020	December 31, 2019
Reconciliation of total shareholders' equity to adjusted shareholders' equity		
Total Shareholders' Equity	\$ 484,998	\$ 507,718
Unamortized deferred gain on retroactive reinsurance	112,950	112,950
Adjusted shareholders' equity⁽²⁾	\$ 597,948	\$ 620,668
Reconciliation of book value per common share to adjusted book value per common share		
Book value per common share	\$ 0.24	\$ 0.51
Add: Unamortized deferred gain on retroactive reinsurance	1.35	1.36
Adjusted book value per common share⁽²⁾	\$ 1.59	\$ 1.87

MAIDEN HOLDINGS, LTD.
NON-GAAP FINANCIAL MEASURES (Unaudited)
(In thousands of U.S. dollars, except share and per share data)

	March 31, 2020	December 31, 2019
Investable assets:		
Total investments	\$ 1,542,632	\$ 1,867,266
Cash and cash equivalents	60,059	48,197
Restricted cash and cash equivalents	117,903	59,081
Loan to related party	167,975	167,975
Funds withheld receivable	696,076	684,441
Total investable assets⁽⁷⁾	\$ 2,584,645	\$ 2,826,960
Capital:		
Preference shares	\$ 465,000	\$ 465,000
Common shareholders' equity	19,998	42,718
Total shareholders' equity	484,998	507,718
2016 Senior Notes	110,000	110,000
2013 Senior Notes	152,500	152,500
Total capital resources⁽⁸⁾	\$ 747,498	\$ 770,218

- (1) 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.
- (2) Adjusted Total Shareholders' Equity and Adjusted Book Value per Common Share: Management has adjusted GAAP shareholders' equity by adding the unamortized deferred gain on retroactive reinsurance arising from the LPT/ADC Agreement relating to losses incurred subject to that agreement to shareholders' equity. As a result, by virtue of this adjustment, management has also computed the Adjusted Book Value per Common Share. The deferred gain represents amounts fully recoverable from Cavello and management believes adjusting for this shows the ultimate economic benefit of the LPT/ADC Agreement. We believe reflecting the economic benefit of this retroactive reinsurance agreement is helpful to understand future trends in our operations, which will improve shareholders' equity over the settlement period.
- (3) Underwriting related general and administrative expenses is a non-GAAP measure and includes expenses which are segregated for analytical purposes as a component of underwriting loss.
- (4) Underwriting 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. 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.
- (5) Non-GAAP operating earnings (loss) is a non-GAAP financial measure defined by the Company as net income (loss) excluding realized investment gains and losses, total other-than-temporary impairment losses, foreign exchange and other gains, loss from discontinued operations (net of income tax), and the loss from NGHC Quota Share run-off that was commuted in November 2019 and should not be considered as an alternative to net income (loss). The Company's management believes that non-GAAP operating earnings (loss) is a useful indicator of trends in its underlying operations. The Company's measure of non-GAAP operating earnings (loss) may not be comparable to similarly titled measures used by other companies.
- (6) Non-GAAP operating return on average common equity is a non-GAAP financial measure. Management uses non-GAAP operating return on average 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) (as defined above) divided by average common shareholders' equity.
- (7) Investable assets is the total of the Company's investments, cash, restricted cash and cash equivalents, loan to a related party and funds withheld receivable.
- (8) Total capital resources is the sum of the Company's principal amount of debt and shareholders' equity.
- (9) During a period of loss, the basic weighted average common shares outstanding is used in the denominator of the diluted loss per common share computation as the effect of including potential dilutive shares would be anti-dilutive.