



MAIDEN HOLDINGS, LTD

May 7, 2014

## **Maiden Holdings, Ltd. Announces Net Income of \$2.1 Million, Record Quarterly Net Operating Earnings(1) of \$25.6 Million and Operating Return on Common Equity(1) of 12.6%**

### **Highlights for the quarter ended March 31, 2014**

- Annualized operating return on common equity<sup>(1)</sup> of 12.6% compared to 9.8% in the first quarter of 2013;
- Record net operating earnings<sup>(1)</sup> of \$25.6 million, or \$0.34 per diluted common share compared with net operating earnings of \$21.1 million, or \$0.29 per diluted common share in the first quarter of 2013;
- Net premiums written increased 3.0% to \$709.9 million for the first quarter of 2014 compared to the same period last year; excluding the cancelled National General Holdings Quota Share, the underlying growth rate was 16.0%;
- Combined ratio<sup>(11)</sup> of 97.7% compared to 97.5% in the first quarter of 2013;
- Net investment income was \$27.8 million, an increase of 26.7% compared to the first quarter of 2013;
- Book value per common share<sup>(4)</sup> of \$11.47, increased 3.0% versus December 31, 2013 reflecting the impact of lower interest rates on Maiden's fixed income investment portfolio at the end of the quarter; and
- On January 15, 2014, Maiden redeemed all outstanding 14% coupon junior subordinated debt ("TRUPs"); the redemption reduced net income by a one-time non-cash charge of \$28.2 million.

HAMILTON, Bermuda, May 7, 2014 (GLOBE NEWSWIRE) -- Maiden Holdings, Ltd. (Nasdaq: MHL) ("Maiden" or "the Company") today reported record first quarter 2014 net operating earnings<sup>(1)</sup> of \$25.6 million, or \$0.34 per diluted common share compared with \$21.1 million, or \$0.29 per diluted common share in the first quarter of 2013. In the first quarter of 2014, net income was \$2.1 million compared to net income of \$28.1 million in the first quarter of 2013, impacted by a non-recurring non-cash charge of \$28.2 million, representing the accelerated amortization of both the original issue discount and issuance costs associated with the TRUPs.

Commenting on the Company's results, Art Raschbaum, Chief Executive Officer of Maiden, said: "Maiden's record operating profit in the first quarter of 2014 clearly demonstrates the Company's enhanced earnings power following the redemption of the 14% TRUPs in mid-January. Net investment income was also a quarterly record for Maiden as our invested asset base reflects continued growth. Written premium growth in our Diversified and AmTrust segments for the quarter was strong and notwithstanding the elevated level of non-cat property losses in the first quarter from our U.S. Diversified segment, underwriting results remain solidly profitable. On balance, we are pleased with business performance for the quarter. Importantly, we remain true to our specialist, lower volatility, non-catastrophe oriented reinsurance business model, which is uniquely designed to serve the reinsurance capital needs of small to mid-sized insurers."

### **Results for the quarter ended March 31, 2014**

Net operating earnings<sup>(1)</sup> for the first quarter of 2014 were \$25.6 million, or \$0.34 per diluted common share compared with \$21.1 million, or \$0.29 per diluted common share in the first quarter of 2013. Net income was \$2.1 million compared to net income of \$28.1 million in the first quarter of 2013.

In the first quarter of 2014, net premiums written totaled \$709.9 million, an increase of 3.0% compared to the first quarter of 2013. The Diversified Reinsurance segment's net premiums written totaled \$291.6 million, an increase of 9.0% versus the first quarter of 2013. The growth in the Diversified Reinsurance segment's premium was the result of expanding existing client relationships as well as increased new business. In the AmTrust Quota Share Reinsurance segment, net premiums written increased by 21.5% to \$419.0 million compared to the first quarter of 2013, driven primarily by worker's compensation, which continues to experience a strong rate environment and increased payrolls. The limited net premiums written in the NGHC Quota Share segment reflects the cancellation of that contract as of August 1, 2013.

Net premiums earned of \$519.2 million increased 6.3%, or \$30.8 million compared to the first quarter of 2013. Earned premiums increased 1.6% in the Diversified Reinsurance segment to \$199.3 million compared to the first quarter of 2013. The AmTrust Quota Share Reinsurance segment earned premiums were up \$84.6 million or 38.4% to \$304.9 million compared to the first quarter of 2013. The NGHC Quota Share segment net premiums earned were \$15.0 million in the first quarter of 2014, down 79.2% compared to the first quarter of 2013, reflecting the mutually agreed cancellation of the NGHC quota share reinsurance contract as of August 1, 2013.

Net investment income of \$27.8 million in the first quarter of 2014 increased 26.7% compared to the first quarter of 2013. The average yield on the fixed income portfolio (excluding cash) is 3.57% with an average duration of 4.8 years.

Net loss and loss adjustment expenses of \$351.3 million were up \$16.4 million compared to the first quarter of 2013. The loss ratio<sup>(7)</sup> decreased by 0.8 percentage points to 67.0% versus the first quarter of 2013.

Commission and other acquisition expenses including general and administrative expenses increased \$14.6 million to \$161.0 million in the first quarter of 2014, compared to the year ago quarter, while the total expense ratio<sup>(10)</sup> rose to 30.7% for the first quarter of 2014 compared with 29.7% in the same quarter last year, with business mix attributable to the difference. General and administrative expenses for the first quarter of 2014 totaled \$14.9 million compared with \$14.1 million in the first quarter of 2013. The general and administrative expense ratio<sup>(9)</sup> dropped to 2.8% in the first quarter of 2014 versus 2.9% in the first quarter of 2013.

The combined ratio<sup>(11)</sup> for the first quarter of 2014 totaled 97.7% compared with 97.5% in the first quarter of 2013. The Diversified Reinsurance segment experienced an unusual frequency of unrelated non-catastrophe property losses during the quarter, which drove the combined ratio in that segment to increase to 99.4% compared to 97.5% in the first quarter of 2013. The AmTrust Quota Share Reinsurance segment reported a combined ratio of 95.3% in the first quarter of 2014 compared to 95.9% in the first quarter of 2013.

Total assets increased 3.3% to \$4.9 billion at March 31, 2014 compared to \$4.7 billion at year-end 2013. Shareholders' equity was \$1.2 billion, up 2.3% compared to December 31, 2013. Book value per common share was \$11.47 at the end of the first quarter of 2014 or 3.0% higher than at December 31, 2013.

During the first quarter of 2014, the Board of Directors declared dividends of \$0.11 per common share, \$0.515625 per Series A preference share and \$0.90625 per Series B preference share.

(1)(4) 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.

(7)(9)(10)(11) Loss ratio, general and administrative expense ratio, expense ratio and combined ratio are operating metrics. Please see the additional information on these measures under Segment information tables.

#### Conference Call

Maiden's CEO Art Raschbaum and CFO John Marshaleck will review these results tomorrow morning via teleconference and live audio webcast beginning at 8:30 a.m. ET.

To participate in the conference call, please access one of the following at least five minutes prior to the start time:

U.S. Callers: 1.877.734.5373

Outside U.S. Callers: 1.973.200.3059

Passcode: 30737359

Webcast: [http://www.maiden.bm/presentations\\_conferences](http://www.maiden.bm/presentations_conferences)

A replay of the conference call will be available beginning at 11:30 a.m. ET on May 8, 2014 through midnight on May 15, 2014. To listen to the replay, please dial toll free: 1.855.859.2056 (U.S. Callers) or toll: 1.404.537.3406 (callers outside the U.S.) and enter the Passcode: 30737359; or access [http://www.maiden.bm/presentations\\_conferences](http://www.maiden.bm/presentations_conferences)

#### About Maiden Holdings, Ltd.

Maiden Holdings, Ltd. is a Bermuda-based holding company formed in 2007. Through its subsidiaries, which are each A- rated (excellent) by A.M. Best, the Company is focused on providing non-catastrophic, customized reinsurance products and services to small and mid-size insurance companies in the United States and Europe. As of March 31, 2014, Maiden had \$4.9 billion in assets and shareholders' equity of \$1.2 billion.

The Maiden Holdings, Ltd. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5006>

#### Forward Looking Statements

This release contains "forward-looking statements" which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that actual developments will be those anticipated by the Company. Actual results may differ materially from those projected as a result of significant risks and uncertainties, including non-receipt of the expected payments, changes in interest rates, effect of the performance of financial markets on investment income and fair values of investments, developments of claims and the effect on loss reserves, accuracy in projecting loss reserves, the impact of competition and pricing environments, changes in the demand for the Company's products, the effect of general economic conditions and unusual frequency of storm activity, adverse state and federal legislation, regulations and regulatory investigations into industry practices, developments relating to existing agreements, heightened competition, changes in pricing environments, and changes in asset valuations. Additional information about these risks and uncertainties, as well as others that may cause actual results to differ materially from those projected is contained in Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 as updated in periodic filings with the SEC. The Company undertakes no obligation to publicly update any forward-looking statements, except as may be required by law.

**Maiden Holdings, Ltd.**

**Balance Sheet**

(in thousands (000's), except per share data)

	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)
<b>Assets</b>		
Fixed maturities, available-for-sale, at fair value ( <i>Amortized cost 2014: \$3,096,675; 2013: \$3,127,792</i> )	\$ 3,168,819	\$ 3,162,067
Other investments, at fair value ( <i>Cost 2014: \$5,083; 2013: \$4,522</i> )	5,773	5,092
<b>Total investments</b>	<b>3,174,592</b>	<b>3,167,159</b>
Cash and cash equivalents	72,038	139,833
Restricted cash and cash equivalents	151,212	77,360
Accrued investment income	25,268	25,238
Reinsurance balances receivable, net	675,219	560,145
Prepaid reinsurance premiums	31,870	39,186
Reinsurance recoverable on unpaid losses	83,350	84,036
Loan to related party	167,975	167,975
Deferred commission and other acquisition expenses	348,716	304,908
Goodwill and intangible assets, net	89,794	90,613
Other assets	48,522	56,926
<b>Total Assets</b>	<b>\$ 4,868,556</b>	<b>\$ 4,713,379</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Reserve for loss and loss adjustment expenses	\$ 2,035,840	\$ 1,957,835
Unearned premiums	1,218,519	1,034,754
Accrued expenses and other liabilities	103,565	110,114
Senior notes	360,000	360,000
Junior subordinated debt	--	126,381
<b>Total Liabilities</b>	<b>3,717,924</b>	<b>3,589,084</b>
<b>Equity</b>		
Preference Shares	315,000	315,000
Common shares	738	736
Additional paid-in capital	575,201	574,522
Accumulated other comprehensive income	63,578	25,784
Retained earnings	199,506	211,602
Treasury stock, at cost	(3,867)	(3,801)

<b>Total Maiden Shareholders' Equity</b>	<b>1,150,156</b>	<b>1,123,843</b>
<b>Noncontrolling interest in subsidiaries</b>	<b>476</b>	<b>452</b>
<b>Total Equity</b>	<b>1,150,632</b>	<b>1,124,295</b>
<b>Total Liabilities and Equity</b>	<b>\$ 4,868,556</b>	<b>\$ 4,713,379</b>
<b>Book value per common share<sup>(4)</sup></b>	<b>\$ 11.47</b>	<b>\$ 11.14</b>
<b>Common shares outstanding</b>	<b>72,828,662</b>	<b>72,633,561</b>

**Maiden Holdings, Ltd.**  
**Income Statement**  
(in thousands (000's), except per share data)  
(Unaudited)

	<b>For the Three Months Ended March 31, 2014</b>	<b>For the Three Months Ended March 31, 2013</b>
<b>Revenues:</b>		
Gross premiums written	<u>\$ 722,382</u>	<u>\$ 714,720</u>
Net premiums written	<u>\$ 709,892</u>	<u>\$ 689,059</u>
Change in unearned premiums	<u>(190,662)</u>	<u>(200,617)</u>
<b>Net premiums earned</b>	519,230	488,442
Other insurance revenue	5,162	5,215
Net investment income	27,842	21,979
Net realized gains on investment	<u>88</u>	<u>3,283</u>
<b>Total revenues</b>	<u>552,322</u>	<u>518,919</u>
<b>Expenses:</b>		
Net loss and loss adjustment expenses	351,344	334,895
Commission and other acquisition expenses	146,082	132,330
General and administrative expenses	<u>14,924</u>	<u>14,095</u>
<b>Total expenses</b>	<u>512,350</u>	<u>481,320</u>
<b>Income from operations<sup>(2)</sup></b>	<u><b>39,972</b></u>	<u><b>37,599</b></u>
<b>Other expenses</b>		
Amortization of intangible assets	(819)	(945)
Foreign exchange and other gains	138	1,547
Interest and amortization expenses	(8,064)	(9,570)
Accelerated amortization of junior subordinated debt discount and issuance cost	<u>(28,240)</u>	<u>--</u>
<b>Total other expenses</b>	<u>(36,985)</u>	<u>(8,968)</u>
<b>Income before income taxes</b>	<b>2,987</b>	<b>28,631</b>
Income tax expense	<u>926</u>	<u>524</u>
<b>Net income</b>	<b>2,061</b>	<b>28,107</b>
Less: income attributable to noncontrolling interest	<u>(39)</u>	<u>(27)</u>
<b>Net income attributable to Maiden</b>	<b>2,022</b>	<b>28,080</b>
Dividends on preference shares	<u>(6,084)</u>	<u>(3,094)</u>
<b>Net income (loss) attributable to Maiden common shareholders</b>	<u><b>\$ (4,062)</b></u>	<u><b>\$ 24,986</b></u>

Net operating earnings attributable to Maiden common shareholders <sup>(1)</sup>	<u>\$ 25,553</u>	<u>\$ 21,052</u>
Basic earnings (loss) per common share attributable to Maiden shareholders	<u>\$ (0.06)</u>	<u>\$ 0.35</u>
Diluted earnings (loss) per common share attributable to Maiden shareholders <sup>(6)</sup>	<u>\$ (0.06)</u>	<u>\$ 0.34</u>
Basic operating earnings per common share attributable to Maiden shareholders	<u>\$ 0.35</u>	<u>\$ 0.29</u>
Diluted operating earnings per common share attributable to Maiden shareholders	<u>\$ 0.34</u>	<u>\$ 0.29</u>
Dividends declared per common share	<u>\$ 0.11</u>	<u>\$ 0.09</u>
Weighted average number of common shares - basic	72,708,113	72,417,358
Adjusted weighted average number of common shares and assumed conversions - diluted <sup>(6)</sup>	84,600,741	73,440,372
Net loss and loss adjustment expense ratio <sup>(7)</sup>	<u>67.0%</u>	<u>67.8%</u>
Commission and other acquisition expense ratio <sup>(8)</sup>	27.9%	26.8%
General and administrative expense ratio <sup>(9)</sup>	<u>2.8%</u>	<u>2.9%</u>
Expense ratio <sup>(10)</sup>	<u>30.7%</u>	<u>29.7%</u>
Combined ratio <sup>(11)</sup>	<u>97.7%</u>	<u>97.5%</u>
Annualized return on common equity	(2.0%)	11.6%
Annualized operating return on common equity	12.6%	9.8%

Maiden Holdings, Ltd.  
Non - GAAP Financial Measure  
(in thousands (000's), except per share data)  
(Unaudited)

	For the Three Months Ended March 31, 2014	For the Three Months Ended March 31, 2013
<b>Reconciliation of net income (loss) attributable to Maiden common shareholders to net operating earnings:</b>		
Net income (loss) attributable to Maiden common shareholders	\$ (4,062)	\$ 24,986
Add (subtract)		
Net realized gains on investment	(88)	(3,283)
Foreign exchange and other gains	(138)	(1,547)
Amortization of intangible assets	819	945
Interest expense incurred related to 7.75% senior notes prior to actual redemption of the junior subordinated debt	492	--
Accelerated amortization of junior subordinated debt discount and issuance cost	28,240	--
Non-cash deferred tax expense (benefit)	290	(49)
Net operating earnings attributable to Maiden common shareholders <sup>(1)</sup>	<u>\$ 25,553</u>	<u>\$ 21,052</u>
<b>Operating earnings per common share attributable to Maiden shareholders:</b>		
Basic earnings per common share attributable to Maiden shareholders	\$ 0.35	\$ 0.29
Diluted earnings per common share attributable to Maiden shareholders	\$ 0.34	\$ 0.29

**Reconciliation of net income attributable to Maiden to income from operations:**

Net income attributable to Maiden	\$ 2,022	\$ 28,080
Add (subtract)		
Foreign exchange and other gains	(138)	(1,547)
Amortization of intangible assets	819	945
Interest and amortization expenses	8,064	9,570
Accelerated amortization of junior subordinated debt discount and issuance cost	28,240	--
Income tax expense	926	524
Income attributable to noncontrolling interest	39	27
Income from operations <sup>(2)</sup>	<u>\$ 39,972</u>	<u>\$ 37,599</u>

	March 31, 2014	December 31, 2013
<b>Investable assets:</b>		
Total investments	\$ 3,174,592	\$ 3,167,159
Cash and cash equivalents	72,038	139,833
Restricted cash and cash equivalents	151,212	77,360
Loan to related party	167,975	167,975
Total investable assets <sup>(3)</sup>	<u>\$ 3,565,817</u>	<u>\$ 3,552,327</u>

	March 31, 2014	December 31, 2013
<b>Capital:</b>		
Preference shares	\$ 315,000	\$ 315,000
Common shareholders' equity	<u>835,156</u>	<u>808,843</u>
<b>Total Maiden shareholders' equity</b>	1,150,156	1,123,843
2011 Senior Notes	107,500	107,500
2012 Senior Notes	100,000	100,000
2013 Senior Notes	152,500	152,500
Junior Subordinated Debt	<u>--</u>	<u>126,381</u>
<b>Total capital resources<sup>(5)</sup></b>	<u>\$ 1,510,156</u>	<u>\$ 1,610,224</u>

(1) Net operating earnings is a non-GAAP financial measure defined by the Company as net income (loss) attributable to Maiden common shareholders excluding realized and unrealized investment gains and losses, foreign exchange and other gains and losses, amortization of intangible assets, interest expense incurred related to 7.75% senior notes prior to actual redemption of the junior subordinated debt, accelerated amortization of junior subordinated debt discount and issuance cost and non-cash deferred tax charge and should not be considered as an alternative to net income. The Company's management believes that net operating earnings is a useful indicator of trends in the Company's underlying operations. The Company's measure of net operating earnings may not be comparable to similarly titled measures used by other companies.

(2) Income from Operations is a non-GAAP financial measure defined by the Company as net income attributable to Maiden excluding foreign exchange and other gains and losses, amortization of intangible assets, interest and amortization expenses, accelerated amortization of junior subordinated debt and issuance cost, income tax expense and income or loss attributable to noncontrolling interest and should not be considered as an alternative to net income. The Company's management believes that income from operations is a useful measure of the Company's underlying earnings fundamentals based on its underwriting and investment income before financing costs. This income from operations enables readers of this information to more clearly understand the essential operating results of the Company. The Company's measure of income from operations may not be comparable to similarly titled measures used by other companies.

(3) Investable assets is the total of the Company's investments, cash and cash equivalents and loan to a related party.

(4) Calculated by dividing total Maiden shareholders' equity less the preference shares by total common shares outstanding.

(5) Capital is the total of the Company's senior notes, junior subordinated debt and Maiden shareholders' equity.

(6) In calculating the diluted loss per common share for the three months ended March 31, 2014, the weighted average number of common

shares - basic was used as the effect of share options, restricted shares units and convertible preference shares were anti-dilutive.

**Maiden Holdings, Ltd.**  
**Supplemental Financial Data - Segment Information**  
(in thousands (000's))  
(Unaudited)

	Diversified	AmTrust Quota Share	NGHC Quota Share	Total
	Reinsurance	Reinsurance		
<b>For the Three Months Ended March 31, 2014</b>				
Net premiums written	\$ 291,619	\$ 419,010	\$ (737)	\$ 709,892
Net premiums earned	\$ 199,316	\$ 304,922	\$ 14,992	\$ 519,230
Other insurance revenue	5,162	--	--	5,162
Net loss and loss adjustment expenses	(141,364)	(199,544)	(10,436)	(351,344)
Commissions and other acquisition expenses	(50,841)	(90,485)	(4,756)	(146,082)
General and administrative expenses	(10,990)	(548)	(199)	(11,737)
<b>Underwriting income (loss)</b>	<u>\$ 1,283</u>	<u>\$ 14,345</u>	<u>\$ (399)</u>	<u>\$ 15,229</u>

**Reconciliation to net income**

Net investment income and realized gains on investment				27,930
Amortization of intangible assets				(819)
Foreign exchange and other gains				138
Interest and amortization expenses				(8,064)
Accelerated amortization of junior subordinated debt discount and issuance cost				(28,240)
Other general and administrative expenses				(3,187)
Income tax expense				(926)
<b>Net income</b>				<u>\$ 2,061</u>

Net loss and loss adjustment expense ratio <sup>(7)</sup>	69.1%	65.4%	69.6%	67.0%
Commission and other acquisition expense ratio <sup>(8)</sup>	24.9%	29.7%	31.7%	27.9%
General and administrative expense ratio <sup>(9)</sup>	5.4%	0.2%	1.4%	2.8%
<b>Combined ratio<sup>(11)</sup></b>	<u>99.4%</u>	<u>95.3%</u>	<u>102.7%</u>	<u>97.7%</u>

	Diversified	AmTrust Quota Share	NGHC Quota Share	Total
	Reinsurance	Reinsurance		
<b>For the Three Months Ended March 31, 2013</b>				
Net premiums written	\$ 267,610	\$ 344,818	\$ 76,631	\$ 689,059
Net premiums earned	\$ 196,249	\$ 220,288	\$ 71,905	\$ 488,442
Other insurance revenue	5,215	--	--	5,215
Net loss and loss adjustment expenses	(140,763)	(145,645)	(48,487)	(334,895)
Commissions and other acquisition expenses	(44,782)	(65,132)	(22,416)	(132,330)
General and administrative expenses	(10,798)	(489)	(174)	(11,461)
<b>Underwriting income</b>	<u>\$ 5,121</u>	<u>\$ 9,022</u>	<u>\$ 828</u>	<u>\$ 14,971</u>

**Reconciliation to net income**

Net investment income and realized gains on investment	25,262
Amortization of intangible assets	(945)
Foreign exchange and other gains	1,547
Interest and amortization expenses	(9,570)
Other general and administrative expenses	(2,634)
Income tax expense	<u>(524)</u>
<b>Net income</b>	<b><u><u>\$ 28,107</u></u></b>

Net loss and loss adjustment expense ratio <sup>(7)</sup>	69.9%	66.1%	67.4%	67.8%
Commission and other acquisition expense ratio <sup>(8)</sup>	22.2%	29.6%	31.2%	26.8%
General and administrative expense ratio <sup>(9)</sup>	<u>5.4%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>2.9%</u>
<b>Combined ratio<sup>(11)</sup></b>	<b><u><u>97.5%</u></u></b>	<b><u><u>95.9%</u></u></b>	<b><u><u>98.8%</u></u></b>	<b><u><u>97.5%</u></u></b>

(7) Calculated by dividing net loss and loss adjustment expenses by the sum of net premiums earned and other insurance revenue.

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

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

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

(11) Calculated by adding together the net loss and loss adjustment expense ratio and expense ratio.

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