

Press Release – SEPTEMBER 01, 2016

A.M. Best Upgrades Ratings of Maiden Holdings, Ltd. and Its Subsidiaries

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A.M. Best has upgraded the financial strength rating (FSR) to A (Excellent) from A- (Excellent) and the issuer credit ratings (ICR) to “a” from “a” for Maiden Reinsurance Ltd. and its reinsured affiliate, Maiden Reinsurance North America, Inc. (headquartered in Mount Laurel, NJ) (collectively referred to as Maiden Re). The companies are subsidiaries of Maiden Holdings, Ltd. (Maiden Holdings) [NASDAQ:MHL] All companies are headquartered in Hamilton, Bermuda, unless otherwise specified. A.M. Best also has upgraded the ICRs to “bbb” from “bbb” for Maiden Holdings and its subsidiary, Maiden Holdings North America, Ltd. (MHNA) (Delaware), whose debt is fully and unconditionally guaranteed by Maiden Holdings. The issue and indicative issue ratings of Maiden Holdings and MHNA also have been upgraded. The outlooks have been revised to stable from positive. (See below for a detailed listing of companies and ratings.)

The rating upgrades reflect Maiden Re’s consistently profitable underwriting and operating performance within its niche market segments. Returns have improved in recent years, as the company’s growing book of business has generated results inline with historical levels and as Maiden Holdings has successfully lowered its financing costs. Maiden Re’s business primarily consists of proportional reinsurance in working layers, which affords it a greater ability to price due to the relatively low severity but higher frequency of the losses it assumes. This produces greater accuracy in pricing and reserving. The results also benefit from limited exposure to shock losses, although its combined ratio therefore, has not benefited from the relatively benign catastrophe environment in recent years. The ratings also acknowledge Maiden Re’s strong risk-adjusted capitalization, due, in part, to capital contributions from its ultimate parent, Maiden Holdings, and the operational benefits that Maiden Re derives as a quota share partner with a related party, AmTrust International Insurance, Ltd. (All), the Bermuda reinsurance subsidiary of AmTrust Financial Services, Inc. (AmTrust).

Partially offsetting these positive rating factors is the continued execution risk Maiden Holdings faces in achieving its business plans given the continuing competitive environment in its core reinsurance markets and its client concentration, as the All business accounted for approximately 70% of the group’s

2015 total net premiums written. In addition, the 2015 results of the Diversified Reinsurance segment deteriorated from prior years, driven by adverse development of loss reserves associated with its commercial auto book. The favorable results of the All business offset the impact, and the group posted favorable underwriting results overall, demonstrating the benefits derived from the relationship with All.

Maiden Holdings' adjusted debt-to-total capital, excluding accumulated other comprehensive income (AOCI) of 27.1% and adjusted debt-to-total tangible capital (excluding AOCI) of 28.4% at June 30, 2016, was within A.M. Best's guidelines. Financial leverage will decline following the mandatory conversion of the company's Series A preference shares to common equity in September 2016. Interest coverage also is within A.M. Best's tolerances, although modestly below expectations for the rating level.

Although A.M. Best does not expect positive rating actions in the near term, they could take place in the mid-to-long term if Maiden Re's underwriting and operating results consistently outperform higher-rated peers while maintaining similar or better levels of risk-adjusted capital. Negative rating actions could result from deterioration in the group's operating or underwriting performance; from a change in the group's relationship with its largest client, AmTrust; or from deterioration in the financial condition of the group's ultimate parent, Maiden Holdings.

The FSR has been upgraded to A (Excellent) from A-(Excellent) and the ICRs have been upgraded to "a" from "a-" for **Maiden Reinsurance Ltd.** and **Maiden Reinsurance North America, Inc.**

The ICRs have been upgraded to "bbb" from "bbb-" for **Maiden Holdings, Ltd.** and **Maiden Holdings North America, Ltd.**

The following issue ratings have been upgraded:

Maiden Holdings, Ltd.—

- to "bbb" from "bbb-" on \$110 million 6.625% senior unsecured notes, due 2046
- to "bb+" from "bb" on \$165 million 7.25% preferred stock
- to "bb+" from "bb" on \$165 million 7.125% preferred noncumulative stock
- to "bb+" from "bb" on \$150 million 8.25% preferred stock

Maiden Holdings North America, Ltd.—

- to "bbb" from "bbb-" on \$100 million 8.0% senior unsecured notes, due 2042
- to "bbb" from "bbb-" on \$152.5 million 7.75% senior unsecured notes, due 2043

The following indicative issue ratings have been upgraded:

Maiden Holdings, Ltd.—

- to "bbb" from "bbb-" on senior unsecured debt

— to “bbb” from “bb+” on subordinated debt

— to “bb+” from “bb” on preferred stock

Maiden Holdings North America, Ltd. —

— to “bbb” from “bbb-” on senior unsecured debt

— to “bbb” from “bb+” on senior subordinated debt

— to “bb+” from “bb” on junior subordinated debt

This press release relates to rating(s) that have been published on A.M. Best’s website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see A.M. Best’s Recent Rating Activity web page.

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