



April 27, 2022

## Report of Independent Auditors

To the Board of Directors of Alstead Reinsurance Ltd.

### Opinions

We have audited the accompanying condensed financial statements of Alstead Reinsurance Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2021 and December 31, 2020, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the "condensed financial statements").

#### *Unmodified opinion on regulatory basis of accounting*

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

#### *Adverse opinion on U.S. generally accepted accounting principles*

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and December 31, 2020, or the results of its operations for the years then ended.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the condensed financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Basis for adverse opinion on U.S. generally accepted accounting principles*

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.



### **Responsibilities of management for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the condensed financial statements are available to be issued.

### **Auditors' responsibilities for the audit of the condensed financial statements**

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the condensed financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers Ltd.' in a cursive script.

**Chartered Professional Accountants**

**CONDENSED CONSOLIDATED BALANCE SHEET**

Aistead Reinsurance Ltd.

As at **December 31, 2021**

expressed in ['000s] **United States Dollars**

| LINE No. |  | 2021  | 2020  |
|----------|--|-------|-------|
| 1.       | CASH AND CASH EQUIVALENTS                            | 554   | 105   |
| 2.       | QUOTED INVESTMENTS:                                  |       |       |
| (a)      | Bonds and Debentures                                 |       |       |
|          | i. Held to maturity                                  |       |       |
|          | ii. Other  | 4,432 | 4,442 |
| (b)      | Total Bonds and Debentures                           | 4,432 | 4,442 |
| (c)      | Equities   |       |       |
|          | i. Common stocks                                     |       |       |
|          | ii. Preferred stocks                                 |       |       |
|          | iii. Mutual funds                                    |       |       |
| (d)      | Total equities                                       | -     | -     |
| (e)      | Other quoted investments                             |       |       |
| (f)      | Total quoted investments                             | 4,432 | 4,442 |
| 3.       | UNQUOTED INVESTMENTS:                                |       |       |
| (a)      | Bonds and Debentures                                 |       |       |
|          | i. Held to maturity                                  |       |       |
|          | ii. Other  |       |       |
| (b)      | Total Bonds and Debentures                           | -     | -     |
| (c)      | Equities   |       |       |
|          | i. Common stocks                                     |       |       |
|          | ii. Preferred stocks                                 |       |       |
|          | iii. Mutual funds                                    |       |       |
| (d)      | Total equities                                       | -     | -     |
| (e)      | Other unquoted investments                           |       |       |
| (f)      | Total unquoted investments                           | -     | -     |
| 4.       | INVESTMENTS IN AND ADVANCES TO AFFILIATES            |       |       |
| (a)      | Unregulated entities that conduct ancillary services |       |       |
| (b)      | Unregulated non-financial operating entities         |       |       |
| (c)      | Unregulated financial operating entities             |       |       |
| (d)      | Regulated non-insurance financial operating entities |       |       |
| (e)      | Regulated insurance financial operating entities     |       |       |
| (f)      | Total investments in affiliates                      | -     | -     |
| (g)      | Advances to affiliates                               |       |       |
| (h)      | Total investments in and advances to affiliates      | -     | -     |
| 5.       | INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:        |       |       |
| (a)      | First liens  |       |       |
| (b)      | Other than first liens                               |       |       |
| (c)      | Total investments in mortgage loans on real estate   | -     | -     |
| 6.       | POLICY LOANS   |       |       |
| 7.       | REAL ESTATE:   |       |       |
| (a)      | Occupied by the company (less encumbrances)          |       |       |
| (b)      | Other properties (less encumbrances)                 |       |       |
| (c)      | Total real estate                                    | -     | -     |
| 8.       | COLLATERAL LOANS                                     |       |       |
| 9.       | INVESTMENT INCOME DUE AND ACCRUED                    | 35    | 34    |
| 10.      | ACCOUNTS AND PREMIUMS RECEIVABLE:                    |       |       |
| (a)      | In course of collection                              | 17    | -     |
| (b)      | Deferred - not yet due                               | 2,056 | -     |
| (c)      | Receivables from retrocessional contracts            |       |       |
| (d)      | Total accounts and premiums receivable               | 2,073 | -     |
| 11.      | REINSURANCE BALANCES RECEIVABLE:                     |       |       |
| (a)      | Foreign affiliates                                   |       |       |
| (b)      | Domestic affiliates                                  |       |       |
| (c)      | Pools & associations                                 |       |       |
| (d)      | All other insurers                                   |       |       |
| (e)      | Total reinsurance balance receivable                 | -     | -     |
| 12.      | FUNDS HELD BY CEDING REINSURERS                      | 2,218 | 511   |

**CONDENSED CONSOLIDATED BALANCE SHEET**

Aistead Reinsurance Ltd.

As at **December 31, 2021**

expressed in ['000s] **United States Dollars**

| LINE No. |  | 2021  | 2020  |
|----------|--|-------|-------|
| 13.      | SUNDRY ASSETS:   |       |       |
| (a)      | Derivative instruments   |       |       |
| (b)      | Segregated accounts companies - long-term business - variable annuities              |       |       |
| (c)      | Segregated accounts companies - long-term business - other                           |       |       |
| (d)      | Segregated accounts companies - general business                                     |       |       |
| (e)      | Deposit assets   |       |       |
| (f)      | Deferred acquisition costs   | 571   | 64    |
| (g)      | Net receivables for investments sold   |       |       |
| (h)      | Prepays  | 17    | 16    |
| (i)      | Other Sundry Assets (Specify)  |       |       |
| (j)      | Other Sundry Assets (Specify)  |       |       |
| (k)      | Total sundry assets  | 588   | 80    |
| 14.      | LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS                                  |       |       |
| (a)      | Letters of credit  |       |       |
| (b)      | Guarantees   |       |       |
| (c)      | Other instruments  |       |       |
| (e)      | Total letters of credit, guarantees and other instruments                            | -     | -     |
| 15.      | TOTAL  | 9,900 | 5,172 |
|          | <b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b> |       |       |
| 16.      | UNEARNED PREMIUM RESERVE   |       |       |
| (a)      | Gross unearned premium reserves  | 2,208 | 279   |
| (b)      | Less: Ceded unearned premium reserve   |       |       |
|          | i. Foreign affiliates  |       |       |
|          | ii. Domestic affiliates  |       |       |
|          | iii. Pools & associations  |       |       |
|          | iv. All other insurers   |       |       |
| (c)      | Total ceded unearned premium reserve   | -     | -     |
| (d)      | Net unearned premium reserve   | 2,208 | 279   |
| 17.      | LOSS AND LOSS EXPENSE PROVISIONS:  |       |       |
| (a)      | Gross loss and loss expense provisions   | 3,222 | 281   |
| (b)      | Less: Reinsurance recoverable balance  |       |       |
|          | i. Foreign affiliates  |       |       |
|          | ii. Domestic affiliates  |       |       |
|          | iii. Pools & associations  |       |       |
|          | iv. All other reinsurers   |       |       |
| (c)      | Total reinsurance recoverable balance  | -     | -     |
| (d)      | Net loss and loss expense provisions   | 3,222 | 281   |
| 18.      | OTHER GENERAL BUSINESS INSURANCE RESERVES  |       |       |
| 19.      | TOTAL GENERAL BUSINESS INSURANCE RESERVES  | 5,430 | 560   |
|          | <b>LONG-TERM BUSINESS INSURANCE RESERVES</b>   |       |       |
| 20.      | RESERVE FOR REPORTED CLAIMS  |       |       |
| 21.      | RESERVE FOR UNREPORTED CLAIMS  |       |       |
| 22.      | POLICY RESERVES - LIFE   |       |       |
| 23.      | POLICY RESERVES - ACCIDENT AND HEALTH  |       |       |
| 24.      | POLICYHOLDERS' FUNDS ON DEPOSIT  |       |       |
| 25.      | LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS  |       |       |
| 26.      | OTHER LONG-TERM BUSINESS INSURANCE RESERVES  |       |       |
| 27.      | TOTAL LONG-TERM BUSINESS INSURANCE RESERVES  |       |       |
| (a)      | Total Gross Long-Term Business Insurance Reserves                                    | -     | -     |
| (b)      | Less: Reinsurance recoverable balance on long-term business                          |       |       |
|          | (i) Foreign Affiliates   |       |       |
|          | (ii) Domestic Affiliates   |       |       |
|          | (iii) Pools and Associations   |       |       |
|          | (iv) All Other Insurers  |       |       |
| (c)      | Total Reinsurance Recoverable Balance  | -     | -     |

**CONDENSED CONSOLIDATED BALANCE SHEET**

Aistead Reinsurance Ltd.

As at **December 31, 2021**

expressed in ['000s] **United States Dollars**

| LINE No. |   | 2021  | 2020  |
|----------|---|-------|-------|
| (d)      | <b>Total Net Long-Term Business Insurance Reserves</b>    | -     | -     |
|          | <b>OTHER LIABILITIES</b>                                  |       |       |
| 28.      | INSURANCE AND REINSURANCE BALANCES PAYABLE                | 87    | 111   |
| 29.      | COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE             |       |       |
| 30.      | LOANS AND NOTES PAYABLE                                   |       |       |
| 31.      | (a) INCOME TAXES PAYABLE                                  |       |       |
|          | (b) DEFERRED INCOME TAXES                                 |       |       |
| 32.      | AMOUNTS DUE TO AFFILIATES                                 | 1     | 1     |
| 33.      | ACCOUNTS PAYABLE AND ACCRUED LIABILITIES                  | 62    | 68    |
| 34.      | FUNDS HELD UNDER REINSURANCE CONTRACTS:                   |       |       |
| 35.      | DIVIDENDS PAYABLE   |       |       |
| 36.      | SUNDRY LIABILITIES:                                       |       |       |
| (a)      | Derivative instruments                                    |       |       |
| (b)      | Segregated accounts companies                             |       |       |
| (c)      | Deposit liabilities                                       |       |       |
| (d)      | Net payable for investments purchased                     |       |       |
| (e)      | Other sundry liabilities (specify)                        |       |       |
| (f)      | Other sundry liabilities (specify)                        |       |       |
| (g)      | Other sundry liabilities (specify)                        |       |       |
| (h)      | Total sundry liabilities                                  | -     | -     |
| 37.      | LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:      |       |       |
| (a)      | Letters of credit   |       |       |
| (b)      | Guarantees  |       |       |
| (c)      | Other instruments   |       |       |
| (d)      | Total letters of credit, guarantees and other instruments | -     | -     |
| 38.      | TOTAL OTHER LIABILITIES                                   | 150   | 180   |
| 39.      | TOTAL INSURANCE RESERVES AND OTHER LIABILITIES            | 5,580 | 740   |
|          | <b>CAPITAL AND SURPLUS</b>                                |       |       |
| 40.      | TOTAL CAPITAL AND SURPLUS                                 | 4,320 | 4,432 |
| 41.      | TOTAL   | 9,900 | 5,172 |
|          |   | TRUE  | TRUE  |
|          |   | -     | -     |

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Aistead Reinsurance Ltd.

As at **December 31, 2021**  
expressed in ['000s] **United States Dollars**

| LINE No.  | 2021    | 2020 |
|---|---------|------|
| <b>GENERAL BUSINESS UNDERWRITING INCOME</b>                     |         |      |
| 1.  |         |      |
| GROSS PREMIUMS WRITTEN  |         |      |
| (a) Direct gross premiums written                               | 8,991   | 461  |
| (b) Assumed gross premiums written                              |         |      |
| (c) Total gross premiums written                                | 8,991   | 461  |
| 2.  |         |      |
| REINSURANCE PREMIUMS CEDED                                      |         |      |
| 3.  | 8,991   | 461  |
| NET PREMIUMS WRITTEN  |         |      |
| 4.  | (1,929) | 32   |
| INCREASE (DECREASE) IN UNEARNED PREMIUMS                        |         |      |
| 5.  | 7,062   | 493  |
| NET PREMIUMS EARNED   |         |      |
| 6.  |         |      |
| OTHER INSURANCE INCOME  |         |      |
| 7.  | 7,062   | 493  |
| TOTAL GENERAL BUSINESS UNDERWRITING INCOME                      |         |      |
| <b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>                   |         |      |
| 8.  | 5,367   | 267  |
| NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED              |         |      |
| 9.  | 2,012   | 231  |
| COMMISSIONS AND BROKERAGE                                       |         |      |
| 10.   | 7,379   | 498  |
| TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES                    |         |      |
| 11.   | (317)   | (5)  |
| <b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>        |         |      |
| <b>LONG-TERM BUSINESS INCOME</b>                                |         |      |
| 12.   |         |      |
| GROSS PREMIUMS AND OTHER CONSIDERATIONS:                        |         |      |
| (a) Direct gross premiums and other considerations              |         |      |
| (b) Assumed gross premiums and other considerations             |         |      |
| (c) Total gross premiums and other considerations               | -       | -    |
| 13.   |         |      |
| PREMIUMS CEDED  |         |      |
| 14.   |         |      |
| NET PREMIUMS AND OTHER CONSIDERATIONS:                          |         |      |
| (a) Life  |         |      |
| (b) Annuities   |         |      |
| (c) Accident and health   |         |      |
| (d) Total net premiums and other considerations                 | -       | -    |
| 15.   |         |      |
| OTHER INSURANCE INCOME  |         |      |
| 16.   | -       | -    |
| TOTAL LONG-TERM BUSINESS INCOME                                 |         |      |
| <b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>               |         |      |
| 17.   |         |      |
| CLAIMS - LIFE   |         |      |
| 18.   |         |      |
| POLICYHOLDERS' DIVIDENDS  |         |      |
| 19.   |         |      |
| SURRENDERS  |         |      |
| 20.   |         |      |
| MATURITIES  |         |      |
| 21.   |         |      |
| ANNUITIES   |         |      |
| 22.   |         |      |
| ACCIDENT AND HEALTH BENEFITS                                    |         |      |
| 23.   |         |      |
| COMMISSIONS   |         |      |
| 24.   |         |      |
| OTHER   |         |      |
| 25.   | -       | -    |
| TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES                |         |      |
| 26.   |         |      |
| INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES): |         |      |
| (a) Life  |         |      |
| (b) Annuities   |         |      |

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Aistead Reinsurance Ltd.

As at **December 31, 2021**  
expressed in ['000s] **United States Dollars**

| LINE No.   | 2021  | 2020 |
|--|-------|------|
| (c) Accident and health  |       |      |
| (d) Total increase (decrease) in policy reserves                         | -     | -    |
| 27. TOTAL LONG-TERM BUSINESS EXPENSES                                    | -     | -    |
| 28. <b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>           | -     | -    |
| 29. <b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b> | (317) | (5)  |
| <b>UNDERNOTED ITEMS</b>  |       |      |
| 30. COMBINED OPERATING EXPENSE   |       |      |
| (a) General and administration   | 190   | 207  |
| (b) Personnel cost   |       |      |
| (c) Other  |       |      |
| (d) Total combined operating expenses                                    | 190   | 207  |
| 31. COMBINED INVESTMENT INCOME - NET                                     | 98    | 115  |
| 32. COMBINED OTHER INCOME (DEDUCTIONS)                                   | 3     | 26   |
| 33. COMBINED INCOME BEFORE TAXES   | (406) | (71) |
| 34. COMBINED INCOME TAXES (IF APPLICABLE):                               |       |      |
| (a) Current  |       |      |
| (b) Deferred   |       |      |
| (c) Total  | -     | -    |
| 35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)                       | (406) | (71) |
| 36. COMBINED REALIZED GAINS (LOSSES)                                     | (3)   |      |
| 37. COMBINED INTEREST CHARGES  |       |      |
| 38. NET INCOME   | (409) | (71) |

**CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS**

Alstead Reinsurance Ltd.

As at **December 31, 2021**  
expressed in ['000s] **United States Dollars**

| LINE No. |  | 2021  | 2020    |
|----------|--|-------|---------|
| 1.       | <b>CAPITAL:</b>  |       |         |
| (a)      | Capital Stock  |       |         |
|          | (i) Common Shares  |       |         |
|          | authorized 1,200,000 shares of par   | 120   | 120     |
|          | value \$ 1,000 each issued and   |       |         |
|          | fully paid 120,000 shares  |       |         |
|          | (ii)   |       |         |
|          | (A) Preferred shares:  |       |         |
|          | authorized 500 shares of par   |       |         |
|          | value \$ 1,000 each issued and   |       |         |
|          | fully paid 500 shares  |       |         |
|          | aggregate liquidation value for –  |       |         |
|          | 2021   |       |         |
|          | 2020   |       |         |
|          | (B) Preferred shares issued by a subsidiary:                                 |       |         |
|          | authorized   |       |         |
|          | value  |       |         |
|          | fully paid   |       |         |
|          | aggregate liquidation value for –  |       |         |
|          | 2021   |       |         |
|          | 2020   |       |         |
|          | (iii) Treasury Shares  |       |         |
|          | repurchased  |       |         |
|          | value  |       |         |
| (b)      | Contributed surplus  | 5,069 | 4,772   |
| (c)      | Any other fixed capital  |       |         |
|          | (i) Hybrid capital instruments   |       |         |
|          | (ii) Guarantees and others   | -     | -       |
|          | (iii) Total any other fixed capital  | -     | -       |
| (d)      | Total Capital  | 5,189 | 4,892   |
| 2.       | <b>SURPLUS:</b>  |       |         |
| (a)      | Surplus - Beginning of Year  | (460) | 1,757   |
| (b)      | Add: Income for the year   | (409) | (71)    |
| (c)      | Less: Dividends paid and payable   | -     | (2,223) |
| (d)      | Add (Deduct) change in unrealized appreciation (depreciation) of investments | -     | 77      |
| (e)      | Add (Deduct) change in any other surplus                                     | -     | -       |
| (f)      | Surplus - End of Year  | (869) | (460)   |
| 3.       | <b>MINORITY INTEREST</b>   |       |         |
| 4.       | <b>TOTAL CAPITAL AND SURPLUS</b>   | 4,320 | 4,432   |



## NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

### ALSTEAD REINSURANCE LTD.

DECEMBER 31, 2021

(Expressed in thousands of U.S. Dollars)

#### Matters to set forth in a General Note to the Financial Statements

1. Alstead Reinsurance Ltd., (the “Insurer”) was incorporated under the laws of Bermuda on June 28, 2013 and is registered as a segregated accounts company under the Segregated Accounts Company Act 2000, as amended (the “SAC Act”). The Insurer is licensed as a Class 3A insurance company under the Bermuda Insurance Act 1978, amendments thereto and Related Regulations, (“the Act”). The Insurer is directly owned by SiriusPoint Bermuda Insurance Company Ltd. (effective May 27<sup>th</sup>, 2021, it changed its name from Sirius Bermuda Insurance Company Ltd.), and its ultimate owner is SiriusPoint Ltd. On February 26, 2021, Third Point Reinsurance Ltd. completed the acquisition of Sirius International Insurance Group, Ltd and its subsidiaries including the Insurer and Sirius Bermuda Insurance Company Ltd. (“Sirius Group”) and changed its name from Third Point Reinsurance Ltd. to SiriusPoint Ltd. (“SiriusPoint”).
2. The Company began writing accident and health reinsurance on a quota share basis from affiliated entities, effective October 1, 2015.

#### 3. Significant accounting policies and basis of presentation

The condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to the condensed general purpose financial statements (the “Legislation”). The condensed general purpose financial statements are based upon accounting principles generally accepted in the United States of America (“US GAAP”) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP. The more significant variances are as follows:

- A statement of cash flows is not included;
- A statement of comprehensive income is not included;
- The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP; and
- The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain disclosures required under US GAAP.

The presentation of the condensed financial statements in conformity with the Legislation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements. The most significant item on the balance sheet that involves accounting estimates and actuarial determinants are reserves for losses and loss expenses. The recorded amounts of revenues and expenses during the reporting period are based on information currently available, and actual results could differ from these estimates. Management believes the amounts recorded are reasonable. The significant accounting policies are summarised as follows:

#### Premiums

Premiums are earned on a pro rata basis over the terms of the policies. Premiums applicable to future periods, if any, are deferred as unearned premium in the balance sheet.

#### Commissions

Commissions are deferred and amortized over the periods in which the related premiums are earned.

#### Losses and loss adjustment expenses

The liability for losses and loss adjustment expenses represents estimates of the ultimate cost of all losses incurred but not paid through to the balance sheet date. These estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. Inherent in the estimates of losses are expected trends of frequency, severity and other factors that could vary significantly

**Alstead Reinsurance Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2021**

as claims are settled. Accordingly, ultimate losses could vary from the amounts provided in these financial statements. Any subsequent differences arising are recorded in the period in which they are determined.

**Funds withheld**

Under the terms of the reinsurance agreements, the ceding reinsurer retains a portion of the net premiums to provide security against future loss payments. The funds withheld are generally invested by the ceding reinsurer and attract interest credits. Interest earned on funds withheld is recorded as other income.

**Investments**

Investments at December 31, 2021 consist of fixed maturity investments. The Insurer's portfolio of fixed maturity investments held for general investment purposes are classified as trading and are reported at fair value as of the balance sheet date. Changes in unrealized gains and losses are recorded as change in unrealized appreciation (depreciation) of investments as a separate component of statutory surplus.

Premiums and discounts on all fixed maturity investments are amortized and/or accreted over the anticipated life of the related investment. Interest income is recognized when earned in combined investment income - net on the Condensed Statement of Income. Realized gains and losses are included in combined realized gains (losses) on the Condensed Statement of Income and are derived using the specific identification method for determining the cost of investments sold.

**Cash and cash equivalents**

Cash and cash equivalents comprise of amounts held at banks.

4-5. See Note 3 above.

**6. Translation of foreign currencies**

The reporting and functional currency of the insurer is USD. Monetary assets and liabilities denominated in currencies other than the functional currency are revalued at period end rates of exchange, with resulting gains and losses included in income. Revenues and expenses denominated in foreign currencies are translated at average rates of exchange for the period. Gains and losses resulting from foreign currency transactions are recorded on line 32, combined other income/ (deductions).

7. There are no foreign exchange control restrictions affecting any of the Insurer's assets.

8-12. N/A

**13. Fair Value of Investments**

Fair value measurements are categorized into a hierarchy that distinguishes between inputs based on market data from independent sources ("observable inputs") and a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable ("unobservable inputs"). Quoted prices in an active markets for identical assets or liabilities have the highest priority ("Level 1"), followed by observable inputs other than quoted prices, included prices for similar but not identical assets or liabilities ("Level 2") and unobservable inputs, including the reporting entity's estimates of the assumptions that market participants would use, having the lowest priority ("Level 3").

**Alstead Reinsurance Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2021**

The following tables summarize the Insurer's fair value measurements for investments as of December 31, 2021 by level.

|                            | Quoted prices<br>in active markets<br>for identified assets<br>(Level 1) | Significant<br>other observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) | Total    |
|----------------------------|--|--|--|----------|
| Fixed maturity securities: |  |  |  |          |
| Asset-backed securities    | \$ —   | \$ 3,979   | \$ —   | \$ 3,979 |
| Short-term investments     | 453  | —  | —  | 453      |
|                            | _____  | _____  | _____  | _____    |
| Total                      | \$ 453   | \$ 3,979   | \$ —   | \$ 4,432 |
|                            | =====  | =====  | =====  | =====    |

14. The fair value amounts for fixed maturity securities held at December 31, 2021 are shown below by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

|                   | Fair<br>Value |
|-------------------|---------------|
| Within one year   | \$ 453        |
| One to five years | —             |
| Five to ten years | 3,979         |
| 10+ years         | —             |
|                   | _____         |
|                   | \$ 4,432      |
|                   | =====         |

15. SiriusPoint Bermuda Insurance Company Ltd. provides general management services to the Insurer. The Insurer incurred management fees of \$75 in 2021 (2020 - \$75). As of December 31, 2021, the Insurer owed \$nil under this arrangement.

Sirius Investment Advisors ("SIA"), a SiriusPoint Group company, provides investment advisory and management services to the Insurer under an Investment Advisory Services Agreement. The Insurer incurred \$1 of investment fees during 2021 (2020 -\$4) for services provided directly by SIA. As of December 31, 2021, the Insurer owed \$nil to SIA under this arrangement.

16-17. N/A

**Matters to be set forth in Notes to the Statement of Capital and Surplus**

1(a) Capital Stock

|             |  |
|-------------|--|
| Authorized: | 1,200,000 voting common shares of \$1 each<br>500 preferred redeemable non-voting shares of \$1 each               |
| Issued:     | 120,000 voting common shares of \$1 each \$120,000<br>500 preferred redeemable non-voting shares of \$1 each \$500 |

**Alstead Reinsurance Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2021**

The Preference Shareholder, as an account owner of the Segregated Account, is entitled to receive, subject to and in accordance with the Subscription Agreement and provisions of Bermuda law, including without limitation the Insurance Act and the SAC Act, distributions out of the assets of the Segregated Account legally available therefor, only as declared by the Board (or the officers to whom the Board lawfully delegates such power) from time to time in accordance with the By-Laws, the Insurance Act, the SAC Act and the Subscription Agreement.

1(b) Contributed surplus

(i) Preferred Redeemable Shares

The Preference Shareholders contributed \$297 to the Insurer during 2021 (2020 - \$61).

The Insurer made capital distributions of \$Nil during 2021 (2020 - \$185).

2(c) Dividends paid and payable

The Insurer did not pay any dividends in 2021 (2020 - \$2,223) to qualifying Preference Shareholders.

In 2021, the Insurer issued 200 preferred shares for a cash consideration of \$200, and redeemed 100 preferred shares for \$100.

**Alstead Reinsurance Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2021**

**Matters to be set forth in Notes to the Balance Sheet**

1. N/A
2. There is no encumbrances on quoted investments. See note 3 of the Matters to be set forth in a General Note to the Financial Statements for details of method of valuation.
- 3-8. N/A
9. Accrued investment income relates to interest due on investments and funds withheld.
10. Accounts and premiums receivable is due from affiliates and \$2,056 is held as collateral.
11. N/A
12. Under the terms of the reinsurance agreements, the ceding reinsurers retain a portion of the net premiums to provide security against future loss payments. An amount of \$2,218 is due from affiliates.
13. Sundry assets relate to deferred acquisition costs (\$571) and prepaid general and administration expenses (\$17).
14. N/A
16. Unearned premium reserves represent the portion of premiums written that are applicable to future reinsurance coverage provided by policies in force, and are calculated on a pro-rata basis.
17. Loss and loss expense provisions
  - (a) The reconciliation of unpaid loss and loss expense provision for the year ended December 31, 2021 is as follows:

|  | <b>2021</b> | <b>2020</b> |
|--|-------------|-------------|
| Gross loss and loss expense provisions at beginning of period  | 281         | 477         |
| Less: Reinsurance recoverable at beginning of year             | -           | -           |
| Net loss and loss expense provisions at beginning of year      | 281         | 477         |
| Net losses incurred and net loss expenses incurred related to: |             |             |
| Current year   | 4,814       | 61          |
| Prior years  | 550         | 206         |
| Total net incurred losses and loss expenses                    | 5,364       | 267         |
| Net losses and loss expenses paid or payable related to:       |             |             |
| Current year   | (2,231)     | (14)        |
| Prior years  | (194)       | (451)       |
| Total losses and loss expenses paid or payable                 | (2,425)     | (465)       |
| Foreign exchange and other                                     | 2           | 2           |
| Net loss and loss expense provisions at end of year            | 3,222       | 281         |
| Add: Reinsurance recoverable at end of year                    | -           | -           |
| Gross loss and loss expense provisions at end of year          | 3,222       | 477         |

**Alstead Reinsurance Ltd.**  
**Notes to the Condensed General Purpose Financial Statements**  
**December 31, 2021**

- (b) The change in net loss and expenses incurred related to prior year was due to some negative development on certain claims. No additional premiums or return premiums have been accrued as a result of prior year effects.
- (c) As at December 31, 2021, there was \$4,274 of restricted assets held by ceding reinsurers as collateral against liabilities, (refer to note 10 and 12). The amount of the gross loss and loss expense provision which is unsecured is \$Nil.

20-27. N/A

28. The reinsurance balance due to affiliates in 2021 was \$Nil.

29-31. N/A

32. Amounts due to affiliates are non-collateralised, payable on demand, and non- interest bearing.

33. Accounts payable and accrued liabilities relate to audit and actuarial fees.

34-37. N/A

**Matters to be set forth in Notes to the Statement of Income**

6. N/A

15. N/A

32. Other deductions relate to interest of funds withheld and the net unrealized losses on the translation of foreign currencies

36. N/A