HAMILTON

# Hamilton Re, Ltd.

## Consolidated Financial Statements

## For the Year Ended December 31, 2022

# Hamilton Re, Ltd.

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# Report of Independent Auditors

The Shareholder
Hamilton Re, Ltd.

**Opinion**

We have audited the consolidated financial statements of Hamilton Re, Ltd. (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and November 30, 2021, and the related consolidated statements of operations, shareholder's equity and cash flows for the years ended December 31, 2022, November 30, 2021 and November 30, 2020, and for the one month period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and November 30, 2021, and the results of its operations and its cash flows for the years ended December 31, 2022, November 30, 2021, and November 30, 2020 and for the one month period ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the 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 that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control 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 financial statements.
- Conclude whether, in our judgment, 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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the incurred losses and allocated loss adjustment expenses, net of reinsurance for the years ending 2021 and prior, and the average annual percentage payout of incurred losses by age, net of reinsurance which are on pages 24 through to 26 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst + Young Ltd.

Ernst & Young Ltd.
March 10, 2023

# Hamilton Re, Ltd.
## Consolidated Balance Sheets

| *(Expressed in thousands of U.S. Dollars, except share information)* | December 31, 2022 | November 30, 2021 |
|---|---|---|
| **Assets** | | |
| Fixed maturity investments, at fair value (amortized cost 2022: $633,561; 2021: $603,380) | $ 585,931 | $ 597,841 |
| Short-term investments, at fair value (amortized cost 2022: $263,159; 2021: $629,610) | 264,104 | 628,924 |
| Investments in Two Sigma Funds, at fair value (cost 2022: $731,100; 2021: $624,379) | 740,736 | 765,388 |
| Total investments | 1,590,771 | 1,992,153 |
| Cash and cash equivalents | 893,955 | 585,551 |
| Restricted cash | 48,654 | 57,485 |
| Premiums receivable | 889,838 | 605,297 |
| Paid losses recoverable | 15,061 | 22,610 |
| Deferred acquisition costs | 108,104 | 107,361 |
| Unpaid losses and loss adjustment expenses recoverable | 291,715 | 244,122 |
| Prepaid reinsurance | 26,046 | 30,569 |
| Receivables for investments sold | 225 | 56,158 |
| Receivables from related parties | 79 | 7,312 |
| Other assets | 20,112 | 4,550 |
| **Total assets** | $ 3,884,560 | $ 3,713,168 |
| | | |
| **Liabilities, non-controlling interest, and shareholder's equity** | | |
| **Liabilities** | | |
| Reserve for losses and loss adjustment expenses | $ 1,703,947 | $ 1,284,311 |
| Unearned premiums | 492,175 | 437,475 |
| Reinsurance balances payable | 52,351 | 56,679 |
| Payables for investments purchased | 48,095 | 145,440 |
| Accounts payable and accrued expenses | 3,654 | 11,743 |
| Payables to related parties | 4,516 | 33,496 |
| **Total liabilities** | 2,304,738 | 1,969,144 |
| | | |
| **Non-controlling interest – TS Hamilton Fund** | 119 | 150 |
| | | |
| **Shareholder's equity** | | |
| Common shares: | | |
| Par value $0.01; authorized, issued and outstanding 100,000,000 common shares | 1,000 | 1,000 |
| Additional paid-in capital | 918,553 | 917,573 |
| Retained earnings | 660,150 | 825,301 |
| **Total shareholder's equity** | 1,579,703 | 1,743,874 |
| | | |
| **Total liabilities, non-controlling interest, and shareholder's equity** | $ 3,884,560 | $ 3,713,168 |

See accompanying notes to the consolidated financial statements.

## Hamilton Re, Ltd.
### Consolidated Statements of Operations

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Gross premiums written | $ 1,171,572 | $ 79,303 | $ 1,048,996 | $ 734,030 |
| Reinsurance premiums ceded | (127,341) | (4,197) | (109,648) | (161,041) |
| Net premiums written | 1,044,231 | 75,106 | 939,348 | 572,989 |
| Net change in unearned premiums | (65,516) | 6,293 | (132,692) | (77,692) |
| Net premiums earned | 978,715 | 81,399 | 806,656 | 495,297 |
| Net investment income (loss) | 100,513 | (36,518) | 321,547 | (39,225) |
| Other income (loss) | (564) | 765 | 342 | (95) |
| Net foreign exchange gains (losses) | 8,272 | 508 | 3,702 | (7,632) |
| **Total revenues** | 1,086,936 | 46,154 | 1,132,247 | 448,345 |
| **Expenses** | | | | |
| Losses and loss adjustment expenses | 704,216 | 48,522 | 539,524 | 390,059 |
| Acquisition costs | 248,425 | 22,626 | 216,237 | 124,956 |
| General and administrative expenses | 55,708 | 3,530 | 37,341 | 33,885 |
| Interest expense | 5,590 | 480 | 5,911 | 5,832 |
| **Total expenses** | 1,013,939 | 75,158 | 799,013 | 554,732 |
| Income (loss) before income tax | 72,997 | (29,004) | 333,234 | (106,387) |
| Income tax expense | 2,940 | 1,143 | 10,063 | 9,425 |
| **Net income (loss)** | 70,057 | (30,147) | 323,171 | (115,812) |
| Net income (loss) attributable to non-controlling interest | 68,064 | (3) | 61,659 | 24,931 |
| **Net income (loss) attributable to common shareholder** | $ 1,993 | $ (30,144) | $ 261,512 | $ (140,743) |

See accompanying notes to the consolidated financial statements.

# Hamilton Re, Ltd.
## Consolidated Statements of Shareholder's Equity

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| **Common shares** | | | | |
| **Balance, beginning of year** | $ 1,000 | $ 1,000 | $ 1,000 | $ 1,000 |
| Issuance of common shares | — | — | — | — |
| **Balance, end of year** | 1,000 | 1,000 | 1,000 | 1,000 |
| **Additional paid-in capital** | | | | |
| **Balance, beginning of year** | 917,573 | 917,573 | 917,000 | 917,000 |
| Capital contribution | 980 | — | 573 | — |
| **Balance, end of year** | 918,553 | 917,573 | 917,573 | 917,000 |
| **Retained earnings** | | | | |
| **Balance, beginning of year** | 795,157 | 825,301 | 593,789 | 758,810 |
| Net income (loss) | 70,057 | (30,147) | 323,171 | (115,812) |
| Dividends declared | (137,000) | — | (30,000) | (24,278) |
| Net income attributable to non-controlling interest | (68,064) | 3 | (61,659) | (24,931) |
| **Balance, end of year** | 660,150 | 795,157 | 825,301 | 593,789 |
| **Total shareholder's equity** | $ 1,579,703 | $ 1,713,730 | $ 1,743,874 | $ 1,511,789 |

See accompanying notes to the consolidated financial statements.

# Hamilton Re, Ltd.
## Consolidated Statements of Cash Flows

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net income (loss) | $ 70,057 | $ (30,147) | $ 323,171 | $ (115,812) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 961 | 105 | 2,005 | 3,256 |
| Interest accretion | 1,586 | 332 | 3,494 | 2,585 |
| Net realized (gains) losses on investments | (256,823) | (14,327) | (276,299) | 23,237 |
| Net unrealized (gains) losses on investments | 124,461 | 47,230 | (86,120) | (19,561) |
| Other items | 5,689 | (46) | 1,508 | (2,702) |
| Change in: | | | | |
| Premiums receivable | (255,075) | (29,466) | (159,253) | (63,977) |
| Paid losses recoverable | 9,981 | (2,433) | (11,000) | (2,147) |
| Deferred acquisition costs | (2,035) | 1,291 | (35,611) | (22,820) |
| Unpaid losses and loss adjustment expenses recoverable | (59,165) | 11,571 | 75,536 | 117,479 |
| Prepaid reinsurance | (462) | 4,986 | 11,743 | 1,380 |
| Receivables from related parties | 7,139 | (2) | 7,766 | (12,782) |
| Other assets | (16,552) | (627) | 338 | 1,607 |
| Reserve for losses and loss adjustment expenses | 400,272 | 19,363 | 169,210 | (50,028) |
| Unearned premiums | 65,978 | (11,279) | 120,949 | 76,312 |
| Reinsurance balances payable | (7,063) | 2,736 | (93,051) | 7,201 |
| Accounts payable and accrued expenses | (8,546) | 459 | (5,155) | 1,322 |
| Payables to related parties | (32) | (28,851) | 33,115 | (2,291) |
| **Net cash provided by (used in) operating activities** | 80,371 | (29,105) | 82,346 | (57,741) |
| **Investing activities** | | | | |
| Proceeds from redemptions from Two Sigma Funds | 2,592,289 | 184,480 | 2,113,989 | 2,135,985 |
| Contributions to Two Sigma Funds | (2,464,902) | (137,453) | (1,870,057) | (2,131,410) |
| Purchases of fixed maturity investments | (232,885) | (59,475) | (561,669) | (625,301) |
| Proceeds from sales, redemptions and maturity of fixed maturity investments | 212,086 | 51,370 | 347,418 | 520,573 |
| Purchases of short-term investments | (1,537,843) | (360,184) | (2,028,858) | (2,777,196) |
| Proceeds from sale of short-term investments | 1,838,387 | 413,054 | 2,163,920 | 2,845,058 |
| Receivables for investments sold | (225) | 56,158 | 22,240 | (33,362) |
| Payables for investments purchased | 13,180 | (110,525) | 10,739 | 61,306 |
| Other | 574 | (24) | (486) | (1,465) |
| **Net cash provided by (used in) investing activities** | 420,661 | 37,401 | 197,236 | (5,812) |
| **Financing activities** | | | | |
| Contribution of additional paid-in capital | 980 | — | 573 | — |
| Withdrawal of non-controlling interest | (68,069) | (23) | (61,629) | (24,988) |
| Dividends paid | (137,000) | — | (30,000) | (24,278) |
| **Net cash provided by (used in) financing activities** | (204,089) | (23) | (91,056) | (49,266) |
| **Effect of exchange rate changes on cash and cash equivalents** | (5,689) | 46 | (1,508) | 2,702 |
| Net increase (decrease) in cash and cash equivalents | 291,254 | 8,319 | 187,018 | (110,117) |
| Cash and cash equivalents and restricted cash, beginning of year | 651,355 | 643,036 | 456,018 | 566,135 |
| **Cash and cash equivalents and restricted cash, end of year** | $ 942,609 | $ 651,355 | $ 643,036 | $ 456,018 |
| Income taxes paid | $ 10,047 | $ — | $ 9,783 | $ 8,247 |
| Interest paid | $ 6,813 | $ 382 | $ 5,451 | $ 5,835 |

See accompanying notes to the consolidated financial statements.

## 1. Organization

Hamilton Re, Ltd. ("Hamilton Re") was incorporated in Bermuda on June 8, 2012, and is a wholly-owned subsidiary of Hamilton Insurance Group, Ltd. ("Hamilton Group"), a Bermuda domiciled holding company.

Hamilton Re is licensed as a Class 4 insurer in Bermuda and writes property, casualty and specialty insurance and reinsurance on a global basis.

Hamilton Reinsurance - U.S. Branch ("Hamilton Re US") is a tax partnership that was formed pursuant to an arrangement between Hamilton Re and its Bermuda-incorporated affiliate, Hamilton ILS Holdings Limited. The tax partnership is treated as a U.S. corporation for U.S. tax purposes and is registered with the U.S. Internal Revenue Service, such that capital and profits allocated to Hamilton Re US are subject to applicable U.S. taxation. Hamilton Managing General Agency Americas, LLC ("HMGA Americas") is licensed throughout the United States and is authorized to underwrite certain U.S. property and casualty reinsurance on behalf of Hamilton Re, solely in respect of Hamilton Re US.

Hamilton Insurance Services (Bermuda), Ltd. ("HBS") is licensed as an agent in Bermuda and provides services to Hamilton Re and its related parties.

Two Sigma Hamilton Fund, LLC ("TS Hamilton Fund"), a Delaware limited liability company. In 2013, Hamilton Re entered into a limited liability company agreement with TS Hamilton Fund and Two Sigma Principals, LLC (the "Managing Member") as the managing member of TS Hamilton Fund, under which Hamilton Re has committed that its investment in TS Hamilton Fund will equal a minimum of 95% of the consolidated net tangible assets of Hamilton Group. TS Hamilton Fund has engaged Two Sigma Investments, LP ("Two Sigma"), a related party Delaware limited partnership, to serve as its investment manager. Two Sigma is a United States Securities and Exchange Commission ("SEC") registered investment adviser specializing in quantitative analysis (see Note 3, *Investments* for further details).

## 2. Summary of Significant Accounting Policies

### (a) Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These financial statements include the accounts of Hamilton Re, HBS, and TS Hamilton Fund (collectively, the "Company"). All significant intercompany transactions and balances have been eliminated on consolidation. Certain comparative information has been reclassified to conform to the current year presentation.

### (b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates recorded in the Company's financial statements include, but are not limited to, estimates of written and earned premiums, provisions for estimated future credit losses, the reserve for losses and loss adjustment expenses and the fair value of investments.

### (c) Change in Year End

On January 17, 2022, the Company changed its fiscal year from November 30 to December 31. The current year consolidated financial statements and accompanying footnotes cover the calendar year ended December 31, 2022. As a result, our comparative prior periods consist of the one-month transition period ended December 31, 2021, and the twelve month periods from December 1, 2020 to November 30, 2021 and December 1, 2019 to November 30, 2020. The transition period has been separately disclosed in our Statements of Operations, Statements of Shareholder's Equity, Statements of Cash Flows and throughout the footnotes.

As a result of the change in the Company’s fiscal year end, the annual and quarterly periods of its newly adopted fiscal year do not coincide with the historical annual or quarterly periods previously reported. Subsequent to November 30, 2021, the Company's first, second, third and fourth fiscal quarters refer to the three months ended March 31, June 30, September 30, and December 31, respectively. All references herein to a fiscal year prior to November 30, 2021 refer to the twelve months ended November 30 of such year, and references to the first, second, third and fourth fiscal quarters ended prior to November 30, 2021 refer to the three months ended February 28, May 31, August 31, and November 30, respectively.

**(d) Fair Value Measurements**

*Financial Instruments Subject to Fair Value Measurements*

Accounting guidance over fair value measurements requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best information available. Assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and/or the risks inherent in the inputs to the model. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the “exit price”). Instruments that the Company owns are marked to bid prices. Fair value measurements are not adjusted for transaction costs.

*Basis of Fair Value Measurements*

Fair value measurement accounting guidance also establishes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset or liability’s classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The three levels of the fair value hierarchy are:

- **Level 1** - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

- **Level 3** - Inputs that are both significant to the fair value measurement and unobservable.

Details on assets and liabilities that have been included under the requirements of authoritative guidance on fair value measurements to illustrate the bases for determining the fair values of these items held by the Company are included in each respective section of this significant accounting policies note.

The Company’s fixed maturity and short-term investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing, however models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index.

In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies used include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding; however, they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets. The Company considers these Level 2 inputs as they are corroborated with other market observable inputs.

**(e) Premiums and Acquisition Costs**

Premiums written and ceded on a losses occurring basis are earned pro-rata over the terms of the related contracts and policies. For contracts written on a risks attaching basis, premiums written and ceded are earned over the terms of the underlying contracts and policies. Premiums written and ceded include estimates based on information received from insureds, brokers and ceding companies, and any subsequent differences arising on such estimates are recorded in the periods in which they are determined. The portion of the premiums written and ceded applicable to the unexpired terms of the underlying contracts and policies are recorded as unearned premiums and prepaid reinsurance premiums, respectively. Amounts are computed by pro-rata methods based on statistical data or reports received from insureds, brokers or ceding companies. Reinstatement premiums are estimated after the occurrence of a significant loss and are recorded in accordance with the contract terms based upon paid losses and case reserves. Reinstatement premiums are earned when written.

Acquisition expenses are costs that vary with and are directly related to the successful acquisition of new or renewal business, and consist principally of commissions, brokerage and premium tax expenses. These costs are deferred and amortized over the periods in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value based on the related unearned premiums. Anticipated losses and loss expenses, based on historical and current experience, and anticipated net investment income related to the premiums are considered in determining the recoverability of deferred acquisition costs.

**(f) Reinsurance**

In the normal course of business, the Company seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk with other reinsurers. Ceded reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Prepaid reinsurance represents the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in place. Amounts recoverable from reinsurers are estimated based on the terms and conditions of the reinsurance contracts, in a manner consistent with the underlying liabilities insured or reinsured by the Company. If the Company determines that adjustments to earlier estimates are appropriate, such adjustments are recorded in the periods in which they are determined. Amounts recoverable from reinsurers are recorded net of an allowance for expected credit losses. See Note 6, *Reinsurance*, for further details.

**(g) Credit Loss Provisions**

We routinely evaluate our premiums receivable and paid and unpaid losses recoverable for potential specific credit or collection issues that might indicate an impairment. Premiums receivable and paid and unpaid losses recoverable are presented net of the resulting credit provisions, with the corresponding debits offset against gross premiums written or losses and loss adjustment expenses, as applicable, in the statement of operations.

The method for calculating the best estimate of losses depends on the size, nature, and risk characteristics of the related underwriting receivable. Such an estimate requires consideration of historical loss experience, current economic conditions, and judgments about the probable effects of relevant observable data, including historical information, counterparty financial strength ratings and the extent of collateralization. The underlying assumptions, estimates and assessments are updated periodically to reflect the Company's view of current conditions. Changes in estimates may significantly affect the allowance and provision for losses. It is possible that the Company's actual credit loss experience will differ materially from current estimates. Adjustments, if any, are recorded in earnings in the periods in which they become known. See Note 6, *Reinsurance*, for further details.

**(h) Reserve for Losses and Loss Adjustment Expenses**

The reserve for losses and loss adjustment expenses includes reserves for unpaid reported losses and for losses incurred but not reported ("IBNR"). The reserve for unpaid reported losses and loss expenses is established by management based on reports from insureds, brokers and ceding companies, and represents the estimated ultimate cost of events or conditions that have been reported to or specifically identified by the Company. The reserve for IBNR losses and loss expenses is established by management based on estimates of ultimate losses and loss expenses.

Inherent in the estimates of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors, which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, are recorded in earnings in the periods in which they become known. See Note 7, *Reserve for Losses and Loss Adjustment Expenses*, for further details.

**(i) Cash and Cash Equivalents and Restricted Cash**

Cash and cash equivalents include money market funds and highly liquid short-term deposits and securities with maturities of 90 days or less at the time of purchase. Bank deposits are not considered to be fair value measurements and as such are not subject to the authoritative guidance on fair value measurement disclosures. Money market funds are classified as Level 1 as these instruments are considered actively traded; however, certificates of deposit are classified as Level 2.

Restricted cash primarily relates to funds held in trust supporting a portion of the Lloyd's capital requirements and other underwriting obligations. See Note 3, *Investments*, for further details.

**(j) Investments**

*Investments - Trading*

The Company elects the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using specialized investment company accounting as noted below). All changes in the fair value of investments are recorded within net investment income in the consolidated statements of operations.

All investment transactions are recorded on a trade date basis and are valued using pricing data received from third parties. Realized gains or losses on sales of investments are determined on a weighted average basis. Investment income is recognized when earned and includes interest and dividend income, recorded as of the ex-dividend date, together with the amortization of premium and discount on fixed maturities and short-term investments computed using the effective yield method. Net investment income includes related investment expenses.

*Short-Term Investments*

Short-term investments comprise securities with a maturity greater than three months but less than one year from the date of purchase.

*Investments in Two Sigma Funds*

TS Hamilton Fund invests in Two Sigma Funds ("Two Sigma Funds"), which are stated at their estimated fair values, which generally represent the Company’s proportionate interest in the members’ equity of the Two Sigma Funds as reported by the respective funds based on the net asset value ("NAV") provided by the fund administrator. The Company accounts for its investment in Two Sigma Funds under the variable interest model at NAV as a practical expedient for fair value in the consolidated balance sheets. Increases or decreases in such fair values are recorded within net investment income in the consolidated statements of operations. Realized gains or losses upon any redemptions of investments in the Two Sigma Funds are calculated using the weighted average method. The assets and liabilities of the Two Sigma Funds are recorded at fair value, or at amounts approximating fair value. The Company records contributions and withdrawals related to its investments in the Two Sigma Funds on the transaction date. The specialized investment company accounting, as described above is retained in the Company’s consolidated financial statements upon consolidation of TS Hamilton Fund.

**(k) Foreign Exchange**

The Company's functional currency is the U.S. Dollar. Monetary assets and liabilities denominated in foreign currencies are revalued into the functional currency using the exchange rates in effect at the balance sheet date with the resulting foreign exchange gains and losses included in earnings. Revenues and expenses denominated in foreign currencies are revalued at the exchange rates in effect on the transaction date.

**(l) Stock-Based Compensation**

Hamilton Group issues restricted stock units, performance stock units, restricted stock, warrants and options, and may issue other equity-based awards to its employees. The fair value of the compensation cost is measured at the grant date and expensed over the period for which the employee is required to provide services in exchange for the award. For awards subject to graded vesting, the awards are separated into vesting tranches, which are amortized over their respective vesting periods. The fair value of awards with performance conditions is remeasured at each reporting period with any changes in the expected outcome of the performance conditions recorded in compensation expense by a cumulative catch-up adjustment to apply the revised estimate. Forfeitures are recognized as they occur.

**(m) Intangible Assets**

The Company accounts for intangible assets in accordance with FASB ASC Topic *Intangibles - Goodwill and Other*. Intangible assets with indefinite useful lives are not amortized. Intangible assets with a finite life are amortized over the estimated useful lives of the assets. Intangible assets are included in other assets in the Company's consolidated balance sheets.

Finite lived intangible assets are reviewed for indicators of impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable, and tested for impairment if appropriate. The Company has established the beginning of the fourth quarter as the date for performing its annual impairment tests. If intangible assets are impaired, they are written down to their estimated fair value, with a corresponding expense recorded in the Company's consolidated statement of operations.

**(n) Variable Interest Entities**

The Company accounts for variable interest entities ("VIE") in accordance with GAAP guidance, which requires the consolidation of all VIEs by the primary beneficiary, that being the investor that has the power to direct the activities of the VIE and will absorb a majority of the VIE's expected losses or residual returns. The Company determines whether it is the primary beneficiary of a VIE by performing an analysis that principally considers: (i) the VIE's purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders; (ii) the VIE's capital structure; (iii) the terms between the VIE and its variable interest holders and other parties involved with the VIE; (iv) which variable interest holders have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; (v) which variable interest holders have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE; and (vi) related party relationships. The Company reassesses its initial evaluation of an entity as a VIE upon the occurrence of certain reconsideration events. The Company also reassesses its determination of whether the Company is the primary beneficiary of a VIE upon changes in facts and circumstances that could potentially alter the Company's assessment.

**(o) Non-Controlling Interest**

The share classes related to the redeemable non-controlling interest portion of TS Hamilton Fund are not considered liabilities in accordance with GAAP and have redemption features that are not solely within the control of TS Hamilton Fund. Therefore, the redeemable non-controlling interest in TS Hamilton Fund is presented in the mezzanine section on the Company's consolidated balance sheets. The net income or loss attributable to non-controlling interest is presented separately in the Company's consolidated statements of operations. See Note 4, *Variable Interest Entity,* for further details.

**(p) Income Taxes**

The Company records deferred income taxes that reflect the tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the fiscal period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is not more likely than not that all, or some portion, of the benefits related to deferred tax assets will be realized. The valuation allowance assessment considers tax planning strategies, where applicable.

### (q) Recent Accounting Pronouncements

*Recently Adopted Accounting Pronouncements*

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12 *Simplifying the Accounting for Income Taxes* which simplifies accounting for income taxes, changes the accounting for certain income tax transactions and makes minor improvements to the accounting guidance. The Company adopted this guidance in the first quarter of 2022 and it did not have an impact on the Company’s results of operations, financial position or cash flows.

In August 2018, the FASB issued ASU 2018-15 *Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* which updated accounting guidance on the treatment of fees paid by a customer in a cloud computing arrangement. The guidance specifies that if a license is included in the arrangement, the related costs should be recorded on the balance sheet; if no license is included, the costs should be expensed. The Company adopted this guidance in the first quarter of 2022 and it did not have an impact on the Company’s results of operations, financial position or cash flows.

In February 2016, the FASB issued ASU 2016-02 *Leases* (as subsequently clarified in various Updates) which updated accounting guidance that applies to any entity that enters into a lease that does not meet certain scope exceptions. The guidance requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The Company adopted this guidance in the first quarter of 2022 and it did not have a material impact on the Company’s results of operations, financial position, cash flows or disclosures.

In June 2016, the FASB issued ASU 2016-13 *Measurement of Credit Losses on Financial Instruments* (as subsequently clarified in various Updates), which replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to record credit loss estimates. This guidance is effective for annual periods beginning after December 15, 2022 for private companies and early adoption is permitted. The Company elected to adopt this guidance in the first quarter of 2022. This guidance did not have a material impact on the Company’s results of operations, financial position, or cash flows and therefore we did not record a cumulative effective adjustment to opening retained earnings as of January 1, 2022.

## 3. Investments

*Fixed Maturity and Short-Term Investments - Trading*

The Company’s fixed maturity and short-term investments at December 31, 2022 and November 30, 2021 are as follows:

| | 2022 | | | |
|---|---|---|---|---|
| *(Expressed in thousands of U.S. Dollars)* | **Amortized Cost** | **Gross Unrealized Gains** | **Gross Unrealized Losses** | **Fair Value** |
| Fixed maturities: | | | | |
| U.S. government treasuries | $ 324,770 | $ 20 | $ (21,342) | $ 303,448 |
| Corporate | 207,419 | 34 | (13,187) | 194,266 |
| Residential mortgage-backed securities - Agency | 83,705 | — | (11,140) | 72,565 |
| Residential mortgage-backed securities - Non-agency | 4,816 | — | (758) | 4,058 |
| Commercial mortgage-backed securities - Non-agency | 10,283 | — | (1,064) | 9,219 |
| Other asset-backed securities | 2,568 | — | (193) | 2,375 |
| Total fixed maturities | 633,561 | 54 | (47,684) | 585,931 |
| Short-term investments - fixed income | 263,159 | 945 | — | 264,104 |
| Total | $ 896,720 | $ 999 | $ (47,684) | $ 850,035 |

| *(Expressed in thousands of U.S. Dollars)* | 2021 Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| Fixed maturities: | | | | |
| U.S. government treasuries | $ 228,155 | $ 1,253 | $ (2,196) | $ 227,212 |
| Non-U.S. sovereign governments | 2,577 | 28 | (3) | 2,602 |
| Corporate | 224,183 | 241 | (3,639) | 220,785 |
| Residential mortgage-backed securities - Agency | 137,688 | 277 | (1,468) | 136,497 |
| Residential mortgage-backed securities - Non-agency | 7,470 | 19 | (60) | 7,429 |
| Commercial mortgage-backed securities - Non-agency | 988 | — | (1) | 987 |
| Other asset-backed securities | 2,319 | 15 | (5) | 2,329 |
| Total fixed maturities | 603,380 | 1,833 | (7,372) | 597,841 |
| Short-term investments - fixed income | 629,610 | 21 | (707) | 628,924 |
| Total | $ 1,232,990 | $ 1,854 | $ (8,079) | $ 1,226,765 |

The Company's fixed maturity and short-term investments are considered to be Level 2 in the fair value hierarchy.

*Contractual Maturities Summary*

The following table presents contractual maturities of fixed maturity securities at December 31, 2022. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

| *(Expressed in thousands of U.S. Dollars)* | 2022 Amortized Cost | Fair Value |
|---|---|---|
| Due less than one year | $ 315,335 | $ 315,665 |
| Due after one through five years | 404,562 | 376,235 |
| Due after five through ten years | 71,246 | 66,893 |
| Due after ten years | 4,205 | 3,025 |
| Mortgage backed | 98,804 | 85,842 |
| Asset backed | 2,568 | 2,375 |
| Total | $ 896,720 | $ 850,035 |

*Investments in Two Sigma Funds*

The Company's investments in Two Sigma Funds at December 31, 2022 and November 30, 2021 are as follows:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| *(Expressed in thousands of U.S. Dollars)* | Cost | Unrealized Gains (Losses) | Fair Value | Cost | Unrealized Gains (Losses) | Fair Value |
| Two Sigma Futures Portfolio, LLC (FTV) | $ 438,625 | $ (95,213) | $ 343,412 | $ 256,633 | $ 76,953 | $ 333,586 |
| Two Sigma Spectrum Portfolio, LLC (STV) | 171,135 | 57,982 | 229,117 | 247,391 | 27,937 | 275,328 |
| Two Sigma Equity Spectrum Portfolio, LLC (ESTV) | 121,340 | 46,867 | 168,207 | 120,355 | 36,119 | 156,474 |
| Total | $ 731,100 | $ 9,636 | $ 740,736 | $ 624,379 | $ 141,009 | $ 765,388 |

The Company, through its investments in FTV, STV and ESTV, seeks to achieve absolute dollar-denominated returns on a substantial capital base primarily by combining multiple hedged and leveraged systematic investment strategies with proprietary risk management and execution techniques. These systematic strategies include, but are not limited to, technical and statistically-based, fundamental-based, event-based, market condition-based and spread-based strategies as well as contributor-based and/or sentiment-based strategies and blended strategies. FTV primarily trades equity securities, exchange traded funds, exchange memberships, government debt securities, money market funds, option contracts, swap contracts, futures and forward contracts. STV primarily trades equity securities, exchange traded funds, swap contracts and money market funds. ESTV primarily trades equity securities, money market funds, government debt securities, swap contracts, and forward contracts. At December 31, 2022, the Company owns an 18.7%, 14.5% and 7.6% interest in each of the FTV, STV and ESTV funds respectively.

The following table summarizes certain investments of FTV, STV and ESTV where TS Hamilton Fund's proportionate share of the fair value of the investment represents more than 5% of TS Hamilton Fund's members' equity at December 31, 2022:

| *(Expressed in thousands of U.S. Dollars)* | Principal/ Shares (1) | Fair Value (1) | % of Members' Equity |
|---|---|---|---|
| U.S. Treasury Securities, 0.0000% - 4.1250%, due 1/26/2023 - 11/15/2032 | $ 392,492 | $ 387,891 | 24.1 % |
| State Street Treasury Obligations Money Market Fund | 259,929 | 259,929 | 16.1 % |
| Federated Hermes Treasury Obligations Fund | 115,061 | 115,061 | 7.1 % |
| UBS Select Treasury Institutional Fund | 93,614 | 93,614 | 5.8 % |
| Invesco Short-Term Treasury Portfolio | 86,762 | 86,762 | 5.4 % |
| U.S. Treasury Securities, 3.8750% - 4.2500%, due 12/31/2024 - 11/15/2052 | (64,842) | (64,625) | (4.0)% |

*(1) Values represent TS Hamilton Fund's proportionate share of the aggregate of FTV, STV and ESTV total holdings.*

The components of net investment income (loss) are as follows:

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30 2021 | Years Ended November 30 2020 |
|---|---|---|---|---|
| Investment income (loss): | | | | |
| Net realized gains (losses) on investments | $ 256,823 | $ 14,327 | $ 276,299 | $ (23,237) |
| Change in net unrealized gains (losses) on investments | (124,461) | (47,230) | 86,120 | 19,561 |
| Interest | 22,938 | 844 | 9,338 | 14,859 |
| Total investment income (loss) | 155,300 | (32,059) | 371,757 | 11,183 |
| Investment expenses: | | | | |
| Management fees | (53,794) | (4,376) | (49,334) | (49,919) |
| Other expenses | (993) | (83) | (876) | (489) |
| Total expenses | (54,787) | (4,459) | (50,210) | (50,408) |
| Net investment income (loss) | $ 100,513 | $ (36,518) | $ 321,547 | $ (39,225) |

Two Sigma and the Managing Member are related parties to the Company as described further in Note 1, *Organization*. The investment management agreement with Two Sigma requires TS Hamilton Fund to incur a management fee of 3% of the non-managing members' equity in the net asset value of the TS Hamilton Fund per annum. The management fee for the year ended December 31, 2022, the month ended December 31, 2021, and the years ended November 30, 2021 and 2020 were $53.1 million, $4.3 million, $48.7 million and $49.5 million, respectively. Under the terms of the limited liability company agreement between Hamilton Re and the Managing Member, the Managing Member is entitled to an incentive allocation equal to 30% of TS Hamilton Fund's net profits, subject to high watermark provisions, and adjusted for withdrawals, and any incentive allocation to the Managing Member.

However, in the event there is a net loss during a quarter and a net profit during any subsequent quarter, the Managing Member is entitled to a modified incentive allocation whereby the regular incentive allocation will be reduced by 50% until subsequent cumulative net profits are credited in an amount equal to 200% of the previously allocated net losses.

The Managing Member is also entitled to receive an additional incentive allocation as of the end of each fiscal year (or on any date Hamilton Re withdraws all or a portion of its capital), in an amount equal to 20% of the Excess Profits. “Excess Profits” for any given fiscal year (or other such accounting period) means the net profits over 15% for such fiscal year, net of management fees and expenses and gross of incentive allocations, but only after recouping previously unrecouped net losses. To the extent Hamilton Re contributes capital other than at the beginning of a fiscal year or withdraws capital other than at the end of a fiscal year, the additional incentive allocation hurdle with respect to such capital is prorated.

The aggregate incentive allocation (inclusive of the additional incentive allocation) for the year ended December 31, 2022, the month ended December 31, 2021, and the years ended November 30, 2021 and 2020 were $68.0 million, $Nil, $61.6 million and $24.9 million, respectively.

Hamilton Re has a commitment with TS Hamilton Fund to maintain approximately 93% of its investable assets in TS Hamilton Fund for a period (the "Commitment Period"), subject to certain circumstances and the liquidity options described below, with the Commitment Period ending on December 31, 2025. The Commitment Period consists of a 3-year rolling term that automatically renews on an annual basis unless Hamilton Re or the Managing Member provide advance notice of non-renewal. The commitment is subject to a waiver that permits Hamilton Re to maintain an investment in TS Hamilton Fund equal to a minimum of 95% of the consolidated net tangible assets of Hamilton Group. The waiver is applicable to December 31, 2023, is intended to automatically renew annually, and may be revoked by the Managing Member in its sole discretion upon 90 days' prior written notice. The TS Hamilton Fund generally has two liquidity options, subject to Hamilton Re's minimum investment commitment, which are as follows:

- Monthly liquidity - Subject to certain conditions, Hamilton Re may request a whole or partial withdrawal of its capital account, no later than fifteen days prior to the end of a calendar month, effective as of the last day of such calendar month.

- Daily liquidity - Subject to certain limited circumstances, including the need to meet obligations pursuant to Hamilton Re's underwriting operations, Hamilton Re may request a withdrawal of all or a portion of its capital account upon at least one business day's written notice of such withdrawal request date to the Managing Member.

At its discretion, the Managing Member may permit or require Hamilton Re to withdraw all or any portion of its respective capital account at other times, or waive or reduce certain notice periods, or allow a notice to be revoked. The Managing Member may withdraw all or any portion of its capital account at any time.

*Pledged Assets*

At December 31, 2022 and November 30, 2021, pledged investments at fair value were comprised of $274.0 million and $327.1 million, respectively, securing a portion of the capital requirements for related party business written at Lloyd's. In addition, certain investments were pledged as security for letter of credit facilities as described further in Note *8. Letter of Credit Facilities.*

At December 31, 2022 and November 30, 2021, restricted cash balances were comprised of $2.1 million and $7.1 million, respectively, securing a portion of the capital requirements for related party business written at Lloyd's, and $46.6 million and $50.4 million, respectively, securing other underwriting obligations.

## 4. Variable Interest Entity

*Two Sigma Hamilton Fund*

TS Hamilton Fund meets the definition of a VIE principally because the Managing Member does not hold substantive equity at risk in the entity but controls all of the decision making authority over it. Therefore, the Company assessed its ownership in the VIE to determine if it is the primary beneficiary. A quantitative assessment of the VIE's expected losses and expected residual returns was not applied because the Managing Member is a related party to the Company and collectively they hold all of the variable interest. The Company performed a qualitative assessment of all relevant facts and circumstances and determined that it is the entity within the related party group that is most closely related to the VIE. As a result, the Company concluded that it is the primary beneficiary of TS Hamilton Fund.

Activity in the non-controlling interest of TS Hamilton Fund was as follows:

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| Non-controlling interest - balance at beginning of year | $ 124 | $ 150 | $ 119 | $ 177 |
| Withdrawals | (68,069) | (23) | (61,629) | (24,988) |
| Equity in earnings | 14 | (3) | 31 | (1) |
| Incentive allocation | 68,050 | — | 61,629 | 24,931 |
| Non-controlling interest - balance at end of year | $ 119 | $ 124 | $ 150 | $ 119 |

The following table represents the total assets and total liabilities of TS Hamilton Fund at December 31, 2022 and November 30, 2021. Creditors or beneficial interest holders of TS Hamilton Fund have no recourse to the general credit of the Company, as the Company's obligation is limited to the amount of its committed investment.

| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 800,239 | $ 473,461 |
| Short-term investments | 264,104 | 600,268 |
| Investments in Two Sigma Funds, at fair value | 740,736 | 765,388 |
| Receivables for investments sold | — | 55,094 |
| Interest and dividends receivable | 2,076 | 535 |
| **Total assets** | $ 1,807,155 | $ 1,894,746 |
| | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 291 | $ 169 |
| Withdrawal payable | 145,738 | 28,874 |
| Payable for investments purchased | 48,095 | 138,319 |
| **Total liabilities** | 194,124 | 167,362 |
| **Total net assets managed by TS Hamilton Fund** | $ 1,613,031 | $ 1,727,384 |

The withdrawal payable of $145.7 million and $28.9 million at December 31, 2022 and November 30, 2021, respectively, includes $145.7 million and $Nil, respectively, due to Hamilton Re. The net balance is reported on the Company's balance sheet in "Payables to related parties".

### 5. Change in Fiscal Year End Comparative Reporting

The Company changed its fiscal year end as discussed in Note 2, *Summary of Significant Accounting Policies*. The following Statements of Operations, Statements of Cash Flows and Statements of Shareholder's Equity present the resulting one month transition period ended December 31, 2021 and the comparative results for the one month ended December 31, 2020.

The condensed consolidated Statements of Operations for the one month period ended December 31, 2021 and 2020 are as follows:

| *(Expressed in thousands of U.S. Dollars)* | 2021 | 2020 |
|---|---|---|
| **Revenues** | | |
| Net premiums earned | $ 81,399 | $ 48,218 |
| Net investment income (loss), net of income attributable to non-controlling interest | (36,515) | 70,811 |
| Other income (loss) | 1,273 | (1,913) |
| **Total revenues** | 46,157 | 117,116 |
| **Expenses** | | |
| Losses and loss adjustment expenses | 48,522 | 24,496 |
| Acquisition costs | 22,626 | 12,737 |
| General and administrative expenses | 3,530 | 3,122 |
| Other expenses | 480 | 467 |
| **Total expenses** | 75,158 | 40,822 |
| Income (loss) before income tax | (29,001) | 76,294 |
| Income tax expense | 1,143 | 980 |
| **Net income (loss) attributable to common shareholders** | $ (30,144) | $ 75,314 |

The condensed consolidated Statements of Cash Flows for the one month period ended December 31, 2021 and 2020 are as follows:

| *(Expressed in thousands of U.S. Dollars)* | 2021 | 2020 |
|---|---|---|
| **Net cash provided by (used in) operating activities** | $ (29,105) | $ 1,501 |
| **Net cash provided by (used in) investing activities** | 37,401 | 6,134 |
| **Net cash provided by (used in) financing activities** | (23) | 285 |
| **Effect of exchange rate changes on cash and cash equivalents** | 46 | 1,408 |
| Net increase (decrease) in cash and cash equivalents | 8,319 | 9,328 |
| Cash and cash equivalents and restricted cash, beginning of period | 643,036 | 456,018 |
| **Cash and cash equivalents and restricted cash, end of period** | $ 651,355 | $ 465,346 |

The Statements of Shareholder's Equity for the one month period ended December 31, 2021 and 2020 are as follows:

| *(Expressed in thousands of US Dollars)* | 2021 | 2020 |
|---|---|---|
| **Common shares** | | |
| **Balance, beginning and end of period** | $ 1,000 | $ 1,000 |
| | | |
| **Additional paid-in capital** | | |
| **Balance, beginning of period** | 917,573 | 917,000 |
| Capital contribution | — | 285 |
| **Balance, end of period** | 917,573 | 917,285 |
| | | |
| **Retained earnings** | | |
| **Balance, beginning of period** | 825,301 | 593,789 |
| Net income (loss) | (30,147) | 90,509 |
| Net income attributable to non-controlling interest | 3 | (15,195) |
| **Balance, end of period** | 795,157 | 669,103 |
| | | |
| **Total shareholder's equity** | $ 1,713,730 | $ 1,587,388 |

**6. Reinsurance**

The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. Amounts recoverable under reinsurance contracts are recorded as assets. The Company remains liable to the extent that any reinsurance company fails to meet its obligations.

The following tables set forth the effect of reinsurance and retrocessional activity on premiums written and earned and on losses and loss adjustment expenses incurred during the year ended December 31, 2022, month ended December 31, 2021 and years ended November 30, 2021 and 2020:

| | Premiums written | | | |
|---|---|---|---|---|
| | Year Ended December 31, | Month Ended December 31, | Years Ended November 30, | |
| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 | 2021 | 2020 |
| Assumed | $ 1,071,637 | $ 69,532 | $ 961,491 | $ 648,095 |
| Direct | 99,935 | 9,771 | 87,505 | 85,935 |
| Ceded | (127,341) | (4,197) | (109,648) | (161,041) |
| Net | $ 1,044,231 | $ 75,106 | $ 939,348 | $ 572,989 |

| | Premiums earned | | | |
|---|---|---|---|---|
| | Year Ended December 31, | Month Ended December 31, | Years Ended November 30, | |
| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 | 2021 | 2020 |
| Assumed | $ 1,011,784 | $ 83,573 | $ 839,738 | $ 576,431 |
| Direct | 93,810 | 7,008 | 88,182 | 81,286 |
| Ceded | (126,879) | (9,182) | (121,264) | (162,420) |
| Net | $ 978,715 | $ 81,399 | $ 806,656 | $ 495,297 |

| | Losses and loss adjustment expenses | | | |
|---|---|---|---|---|
| | Year Ended December 31, | Month Ended December 31, | Years Ended November 30, | |
| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 | 2021 | 2020 |
| Gross losses and loss adjustment expenses | $ 807,020 | $ 51,743 | $ 556,037 | $ 382,247 |
| Losses and loss adjustment expense ceded | (102,804) | (3,221) | (16,513) | 7,812 |
| Net | $ 704,216 | $ 48,522 | $ 539,524 | $ 390,059 |

*Allowance for Expected Credit Losses*

Premiums receivable and paid and unpaid losses recoverable comprise the Company's most significant credit exposures not carried at fair value. The Company has not historically experienced significant credit losses. In determining an allowance for these reinsurance assets, the Company considers historical information in combination with counterparty financial strength ratings and the extent to which they are collateralized. The Company assesses the risk of future default by evaluating current market conditions for the likelihood of default and calculates its provision for current expected credit losses under the probability of default and loss given default methodology.

Premiums Receivable

Premiums receivable are estimated based on policy terms and reports received from the underlying counterparties, supplemented by management's judgment. Due to the nature of the reinsurance business, the Company routinely receives reports and premiums subsequent to the inception of the coverage period. At December 31, 2022, the Company’s premiums receivable balance, net of credit provisions of $0.6 million, was $889.8 million. The following table provides a roll forward of the provision for current expected credit losses on premiums receivable:

| *(Expressed in thousands of U.S. Dollars)* | December 31, 2022 |
|---|---|
| Beginning balance | $ — |
| Provision for current expected credit losses on receivables | 564 |
| Ending balance | $ 564 |

Reinsurance Balances Recoverable

Reinsurance balances recoverable is comprised of amounts due from reinsurers based on the claim liabilities associated with the reinsured policy. The Company accrues amounts due from reinsurers based on estimated ultimate contract losses.

At December 31, 2022, the Company’s paid and unpaid reinsurance recoverable balances net of credit provisions were $15.1 million and $291.7 million, respectively, with a total corresponding provision for current expected credit losses of $0.3 million. The following table provides a roll forward of the provision for current expected credit losses of the Company’s reinsurance recoverable:

| *(Expressed in thousands of U.S. Dollars)* | December 31, 2022 |
|---|---|
| Beginning balance | $ — |
| Provision for current expected credit losses on recoverables | 272 |
| Ending balance | $ 272 |

*Catastrophe Bond Reinsurance*

In 2021, Hamilton Group sponsored an industry loss index-triggered catastrophe bond through the issuance of Series 2020-1 Class A Principal-at-Risk Variable Rate Notes by Easton Re Pte, Ltd. (“Easton Re”). Easton Re provides the Company's operating platforms with multi-year risk transfer capacity of $150 million to protect against named storm and earthquake risk in the United States. The risk period for Easton Re is from January 1, 2021 to December 31, 2023. The Company recorded reinsurance premiums ceded of $5.1 million, $Nil and $4.4 million in the year ended December 31, 2022, the month ended December 31, 2021 and the year ended November 30, 2021, respectively.

## 7. Reserve for Losses and Loss Adjustment Expenses

The following table presents a reconciliation of unpaid losses and loss adjustment expenses ("LAE") for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021, and November 30, 2020:

| | Year Ended December 31, | Month Ended December 31, | Years Ended November 30, | |
|---|---|---|---|---|
| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 | 2021 | 2020 |
| Gross unpaid losses and loss expenses, beginning of year | $ 1,303,674 | $ 1,284,311 | $ 1,115,101 | $ 1,165,129 |
| Reinsurance recoverable on unpaid losses | (232,550) | (244,122) | (319,658) | (437,137) |
| Net unpaid losses and loss expenses, beginning of year | 1,071,124 | 1,040,189 | 795,443 | 727,992 |
| | | | | |
| Net losses and loss expenses incurred in respect of losses occurring in: | | | | |
| Current year | 721,131 | 48,522 | 526,062 | 426,845 |
| Prior years | (16,915) | — | 13,462 | (36,786) |
| Total incurred | 704,216 | 48,522 | 539,524 | 390,059 |
| | | | | |
| Net losses and loss expenses paid in respect of losses occurring in: | | | | |
| Current year | 58,562 | 2,262 | 50,685 | 64,817 |
| Prior years | 295,026 | 15,372 | 233,343 | 268,979 |
| Total paid | 353,588 | 17,634 | 284,028 | 333,796 |
| Foreign currency revaluation and other | (9,520) | 47 | (10,750) | 11,188 |
| Net unpaid losses and loss expenses, end of year | 1,412,232 | 1,071,124 | 1,040,189 | 795,443 |
| Reinsurance recoverable on unpaid losses | 291,715 | 232,550 | 244,122 | 319,658 |
| Gross unpaid losses and loss expenses, end of year | $ 1,703,947 | $ 1,303,674 | $ 1,284,311 | $ 1,115,101 |

Net favorable prior year development of $16.9 million for the year ended December 31, 2022 was comprised of $17.8 million of favorable prior year development on catastrophe losses and $0.9 million of unfavorable prior year development due to attritional losses. See below for further details:

- Net favorable development of $35.4 million on specialty contracts, driven by reductions in loss estimates across multiple classes;
- Net favorable development of $0.1 million on property contracts; offset by
- Net unfavorable development of $18.6 million on casualty lines of business, primarily related to discontinued business.

There was no prior year development for the month ended December 31, 2021.

Net unfavorable prior year development of $13.5 million for the year ended November 30, 2021 was comprised of $16.5 million of unfavorable prior year development on catastrophe losses, partially offset by $3.0 million of favorable prior year development on attritional losses. See below for further details:

- Net unfavorable development of $19.5 million on property contracts, driven by increases in loss estimates for Covid-19 business interruption losses and Hurricanes Laura, Sally and Zeta;
- Net unfavorable development of $26.6 million on casualty contracts, driven by increased loss estimates; offset by
- Net favorable development of $32.6 million on specialty contracts, driven by lower than expected loss experience.

Net favorable prior year development of $36.8 million for the year ended November 30, 2020 was comprised of $14.5 million and $22.3 million of favorable prior year development on catastrophe and attritional losses, respectively. See below for further details:

- Net favorable development of $22.4 million on specialty contracts as a result of lower than expected loss experience;
- Net favorable development of $18.9 million on property contracts as a result of reductions in loss estimates for Hurricanes Harvey, Irma and Maria and other catastrophe events, along with lower than expected attritional losses; offset by
- Net unfavorable development of $4.5 million on casualty contracts.

The Company amortized acquisition costs of $248.4 million, $22.6 million, $216.2 million, and $125.0 million in the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021, and November 30, 2020, respectively.

*Ukraine Conflict*

The estimate of net reserves for losses and loss adjustment expenses related to the ongoing Ukraine conflict is subject to significant uncertainty. As at December 31, 2022 and November 30, 2021, our recorded reserves relating to the Ukraine conflict totaled $75.1 million and $Nil, respectively.

*Covid-19*

Our Covid-19 losses also remain subject to significant uncertainty and review. Actual ultimate losses for these events may differ materially from the Company's current estimates. As at December 31, 2022 and November 30, 2021, our recorded reserves relating to Covid-19 totaled $37.5 million and $55.4 million, respectively.

While the Company believes, based on current facts and circumstances, that its estimates of net reserves for losses and loss expenses is adequate for losses and loss adjustment expenses that have been incurred at December 31, 2022, the Company will continue to monitor its assumptions as new information becomes available and will adjust its estimate of net reserves for losses and loss adjustment expenses as appropriate. Actual ultimate losses for these events may differ materially from the Company's current estimates.

*Reserving*

The Company's reserve for losses and loss expenses consists of case reserves and IBNR reserves. Case reserves are reserves for reported losses and loss expenses that have not yet been settled. IBNR are reserves for incurred but not reported losses and loss expenses, and include reserves for reported losses in excess of case reserves.

**Case Reserves**

For reinsurance business, the Company typically receives loss notifications from its cedants in the form of loss bordereaux or individual loss notifications. These notifications generally include varying amounts of information about the nature and quantum of the loss, including paid amounts and estimates of outstanding loss. The Company records the estimates of outstanding loss from its cedants as case reserves. Typically there is a timing lag between the cedant establishing a reserve and notifying the loss to the Company. In addition, different cedants have different claims handling practices which result in case reserve estimates that vary in the level of embedded prudence.

For insurance business, the Company records a case reserve for the estimated amount of settlement. This amount is based on the judgment of the Company’s claims team and takes into account the class of business, nature of the claim and if appropriate, the advice of specialist legal counsel and external loss adjusters, and includes the estimated expenses of settling the claim such as legal and other fees. The Company may sometimes use third party claims administrators to handle claims and set case reserves, within defined authority levels and service level agreements. In syndicated markets such as Lloyd’s, the Company’s case reserve will be based in part on information provided by the lead insurer, where the Company is not an agreement party. Any adjustments to case reserves are accounted for as changes in estimates and recorded in the period in which such changes are identified.

**IBNR Reserves**

The Company establishes IBNR reserves for large events based on a number of different factors, including discussions with brokers and cedants, proprietary loss modelling and pricing software, estimates of market loss and market share, experience from historical large events and other information that can guide the estimates of loss reserves. These estimates are reviewed periodically as new information emerges.

IBNR reserves for attritional losses are established using actuarial loss reserving techniques. These techniques include the loss development factor method, Bornheutter Ferguson method, the Initial Expected Loss Ratio method, and other techniques. These techniques rely on estimates of paid and reported loss development patterns and estimates of the loss ratio at the inception of the contract. The Company's actuaries review the estimates of IBNR reserves on a quarterly basis and adjust the estimates as new information becomes available. Any such adjustments are accounted for as changes in estimates and recorded in the periods in which they become known.

To establish IBNR reserves for attritional losses, contracts are grouped into cohorts, or reserving classes, that have similar coverage, inception period and loss reporting characteristics. The paid and reported losses for these reserving classes are tracked over time against expectations and against the actuarial loss reserving indications and IBNR reserve selected for each cohort.

**Claims Development and Frequency**

For incurred and paid accident year claims denominated in foreign currency, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.

In determining the cumulative number of reported claims, the Company measures claim counts on its insurance business by individual claimant where information is available. The claim counts include all claims reported where the Company has identified a potential liability for the claim even if there is no existing reserve. Reinsurance business is typically written under either proportional (quota share arrangements) or non-proportional arrangements (excess of loss or other facultative covers).

The Company typically does not have direct access to claim frequency information underlying its assumed quota share arrangements, given the nature of that business. In addition, multiple claims are often aggregated by the ceding company before being reported to the Company. The Company generally does not use claim frequency information in the determination of loss reserves or for other internal purposes relating to proportional business. In addition, the nature, size, terms and conditions of contracts entered into by the Company changes from one accident year to the next and the quantum of contractual or policy limits, and accordingly, the potential amount of losses and loss adjustment expenses associated with a reported claim can range from nominal to significant, and therefore the Company does not believe providing claims frequency information is practicable as it relates to its proportional business.

The Company has developed claims frequency information associated with its non-proportional reinsurance contracts. In determining claims frequency for its excess-of-loss reinsurance contracts, claims counts include all claims reported by each insured where a reserve for losses and loss adjustment expenses has been recorded. The Company has assumed that claims below the loss layer of a contract are excluded; if an insured's claim impacts multiple layers of a contract, the Company considers each impact to be a separate claim, and for an insured loss impacting more than one operating subsidiary, each impact is considered a separate claim.

*Claims Development*

The information provided herein about incurred and paid accident year claims development, net of reinsurance, for the periods ended prior to December 31, 2022 and the annual percentage payouts of incurred claims by age, net of reinsurance, is presented as supplementary information. The following tables show the paid and incurred loss development by broad classification based on groupings of contracts that are similar in coverage and duration:

***Property***
*(Expressed in thousands of* U.S. *Dollars, except claim count)*

| | Incurred losses and allocated loss adjustment expenses, net of reinsurance | | | | | | | | | | As of December 31, 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the years ended November 30, | | | | | | | | | December 31, | | |
| Accident Year | 2013 (unaudited) | 2014 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2017 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2022 | IBNR | Cumulative Number of Reported Claims |
| 2013 | $ 15,447 | $ 14,779 | $ 12,065 | $ 10,948 | $ 9,567 | $ 9,476 | $ 9,391 | $ 9,392 | $ 9,362 | $ 9,289 | $ — | 33 |
| 2014 | — | 19,416 | 20,563 | 19,374 | 17,946 | 17,757 | 17,758 | 17,685 | 17,426 | 17,441 | — | 49 |
| 2015 | — | — | 29,519 | 17,011 | 12,654 | 12,193 | 7,827 | 6,494 | 6,468 | 6,439 | — | 41 |
| 2016 | — | — | — | 61,893 | 43,903 | 42,316 | 40,828 | 39,714 | 41,790 | 41,081 | 607 | 1,010 |
| 2017 | — | — | — | — | 129,592 | 130,401 | 127,066 | 112,418 | 110,440 | 114,363 | 808 | 1,263 |
| 2018 | — | — | — | — | — | 92,409 | 104,779 | 98,695 | 98,078 | 92,881 | 4,189 | 1,349 |
| 2019 | — | — | — | — | — | — | 42,444 | 64,177 | 73,343 | 72,930 | 5,552 | 1,346 |
| 2020 | — | — | — | — | — | — | — | 204,026 | 218,694 | 223,227 | 45,566 | 2,228 |
| 2021 | — | — | — | — | — | — | — | — | 214,505 | 231,602 | 58,464 | 1,638 |
| 2022 | — | — | — | — | — | — | — | — | — | 249,383 | 149,808 | 726 |
| | | | | | | | | | Total | $ 1,058,636 | $ 264,994 | 9,683 |

(1) *Total of incurred but not reported liabilities plus expected development on reported claims.*

| | Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | For the years ended November 30, | | | | | | | | | December 31, |
| Accident Year | 2013 (unaudited) | 2014 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2017 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2022 |
| 2013 | $ 4,295 | $ 6,136 | $ 8,345 | $ 8,874 | $ 9,036 | $ 9,115 | $ 9,163 | $ 9,226 | $ 9,238 | $ 9,246 |
| 2014 | — | 8,047 | 14,310 | 15,920 | 16,592 | 17,005 | 17,240 | 17,313 | 17,377 | 17,404 |
| 2015 | — | — | 1,776 | 4,664 | 5,164 | 5,298 | 5,417 | 5,608 | 5,630 | 5,646 |
| 2016 | — | — | — | 12,969 | 28,167 | 33,048 | 36,686 | 38,169 | 39,153 | 39,401 |
| 2017 | — | — | — | — | 31,470 | 112,826 | 96,963 | 113,085 | 101,783 | 106,201 |
| 2018 | — | — | — | — | — | 13,622 | 80,584 | 98,664 | 82,586 | 81,315 |
| 2019 | — | — | — | — | — | — | 5,516 | 40,348 | 45,854 | 58,318 |
| 2020 | — | — | — | — | — | — | — | 29,699 | 109,576 | 156,855 |
| 2021 | — | — | — | — | — | — | — | — | 30,218 | 118,093 |
| 2022 | — | — | — | — | — | — | — | — | — | 43,869 |
| | | | | | | | | | Total | $ 636,348 |
| | | | | | | | | | Liabilities for Claims and Claim adjustment expenses, net of reinsurance | $ 422,288 |

| | Average annual percentage payout of incurred losses by age, met of reinsurance (1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Years | 1 (unaudited) | 2 (unaudited) | 3 (unaudited) | 4 (unaudited) | 5 (unaudited) | 6 (unaudited) | 7 (unaudited) | 8 (unaudited) | 9 (unaudited) | 10 (unaudited) |
| | 17 % | 46 % | 16 % | 11 % | (1)% | 4 % | 2 % | 1 % | 2 % | — % |

(1) *Unaudited supplementary information*

***Casualty***

*(Expressed in thousands of* U.S. *Dollars, except claim count)*

| | Incurred losses and allocated loss adjustment expenses, net of reinsurance | | | | | | | | | | As of December 31, 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the years ended November 30, | | | | | | | | | December 31, | | |
| Accident Year | 2013 (unaudited) | 2014 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2017 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2022 | IBNR | Cumulative Number of Reported Claims |
| 2013 | $ 2,201 | $ 2,758 | $ 2,911 | $ 2,501 | $ 3,613 | $ 4,356 | $ 4,339 | $ 4,373 | $ 4,627 | $ 4,614 | $ 473 | 1 |
| 2014 | — | 13,350 | 13,408 | 18,549 | 12,726 | 18,046 | 19,772 | 16,296 | 16,381 | 16,471 | 2,492 | 4 |
| 2015 | — | — | 19,729 | 18,378 | 31,615 | 30,393 | 38,660 | 39,400 | 50,637 | 49,605 | 6,794 | 34 |
| 2016 | — | — | — | 44,878 | 50,148 | 54,501 | 54,938 | 57,180 | 56,662 | 60,656 | 10,521 | 39 |
| 2017 | — | — | — | — | 85,323 | 100,318 | 107,085 | 110,391 | 118,057 | 130,531 | 19,328 | 108 |
| 2018 | — | — | — | — | — | 101,682 | 119,656 | 126,889 | 125,011 | 134,934 | 41,444 | 362 |
| 2019 | — | — | — | — | — | — | 92,265 | 102,001 | 107,162 | 105,974 | 45,108 | 2,121 |
| 2020 | — | — | — | — | — | — | — | 93,186 | 94,495 | 97,416 | 56,988 | 2,270 |
| 2021 | — | — | — | — | — | — | — | — | 126,468 | 137,648 | 112,530 | 2,256 |
| 2022 | — | — | — | — | — | — | — | — | — | 225,977 | 224,854 | 1,521 |
| | | | | | | | | | Total | $ 963,826 | $ 520,532 | 8,716 |

*(1) Total of incurred but not reported liabilities plus expected development on reported claims.*

| | Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | For the years ended November 30, | | | | | | | | | December 31, |
| Accident Year | 2013 (unaudited) | 2014 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2017 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2022 |
| 2013 | $ 55 | $ 229 | $ 572 | $ 958 | $ 1,872 | $ 2,243 | $ 2,607 | $ 2,890 | $ 3,587 | $ 3,644 |
| 2014 | — | 776 | 2,026 | 3,330 | 4,687 | 6,223 | 10,512 | 12,847 | 13,336 | 13,846 |
| 2015 | — | — | 708 | 2,111 | 3,569 | 11,246 | 16,953 | 18,828 | 25,671 | 34,198 |
| 2016 | — | — | — | 1,541 | 5,169 | 12,740 | 20,504 | 27,103 | 35,482 | 39,381 |
| 2017 | — | — | — | — | 3,792 | 10,978 | 23,300 | 52,185 | 72,352 | 94,924 |
| 2018 | — | — | — | — | — | 3,808 | 23,089 | 52,244 | 68,892 | 73,442 |
| 2019 | — | — | — | — | — | — | 3,986 | 11,506 | 24,934 | 42,501 |
| 2020 | — | — | — | — | — | — | — | 6,947 | 18,351 | 26,232 |
| 2021 | — | — | — | — | — | — | — | — | 2,319 | 12,096 |
| 2022 | — | — | — | — | — | — | — | — | — | 3,111 |
| | | | | | | | | | Total | $ 343,375 |
| | | | | | | | | | Liabilities for Claims and Claim adjustment expenses, net of reinsurance | $ 620,451 |

| | Average annual percentage payout of incurred losses by age, met of reinsurance (1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Years | 1 (unaudited) | 2 (unaudited) | 3 (unaudited) | 4 (unaudited) | 5 (unaudited) | 6 (unaudited) | 7 (unaudited) | 8 (unaudited) | 9 (unaudited) | 10 (unaudited) |
| | 3 % | 9 % | 13 % | 15 % | 10 % | 12 % | (1)% | 10 % | 11 % | — % |

*(1) Unaudited supplementary information*

***Specialty***

*(Expressed in thousands of* U.S. *Dollars, except claim count)*

| | Incurred losses and allocated loss adjustment expenses, net of reinsurance | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the years ended November 30, | | | | | | | | | December 31, | As of December 31, 2022 | |
| Accident Year | 2013 (unaudited) | 2014 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2017 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2022 | IBNR | Cumulative Number of Reported Claims |
| 2013 | $1,742 | $2,284 | $827 | $571 | $819 | $781 | $709 | $674 | $654 | $616 | $6 | 3 |
| 2014 | — | 11,857 | 12,478 | 10,293 | 8,377 | 9,123 | 8,865 | 8,730 | 8,612 | 8,540 | 28 | 19 |
| 2015 | — | — | 27,712 | 26,756 | 19,446 | 19,401 | 17,625 | 16,927 | 15,494 | 15,774 | 177 | 103 |
| 2016 | — | — | — | 40,055 | 38,452 | 32,999 | 27,126 | 23,877 | 19,611 | 18,543 | 1,724 | 822 |
| 2017 | — | — | — | — | 74,372 | 57,272 | 48,989 | 41,055 | 41,001 | 43,939 | 756 | 1,372 |
| 2018 | — | — | — | — | — | 82,869 | 76,012 | 70,861 | 70,426 | 64,800 | 1,207 | 2,120 |
| 2019 | — | — | — | — | — | — | 103,396 | 98,635 | 89,255 | 88,552 | 6,526 | 3,470 |
| 2020 | — | — | — | — | — | — | — | 122,207 | 113,220 | 106,820 | 12,434 | 2,592 |
| 2021 | — | — | — | — | — | — | — | — | 132,811 | 126,709 | 76,974 | 2,808 |
| 2022 | — | — | — | — | — | — | — | — | — | 236,673 | 222,678 | 1,481 |
| | | | | | | | | | Total | $ 710,966 | $ 322,510 | 14,790 |

(1) *Total of incurred but not reported liabilities plus expected development on reported claims.*

| | Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | For the years ended November 30, | | | | | | | | | December 31, |
| Accident Year | 2013 (unaudited) | 2014 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2017 (unaudited) | 2018 (unaudited) | 2019 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2022 |
| 2013 | $ 14 | $ 438 | $ 406 | $ 425 | $ 517 | $ 583 | $ 590 | $ 589 | $ 587 | $ 587 |
| 2014 | — | 2,218 | 7,196 | 6,767 | 6,362 | 7,454 | 7,503 | 7,519 | 8,208 | 8,313 |
| 2015 | — | — | 3,330 | 8,650 | 13,182 | 13,204 | 14,302 | 14,510 | 14,545 | 14,834 |
| 2016 | — | — | — | 3,124 | 10,267 | 8,632 | 13,138 | 15,701 | 16,290 | 15,426 |
| 2017 | — | — | — | — | 4,038 | 16,937 | 26,853 | 32,739 | 33,668 | 40,031 |
| 2018 | — | — | — | — | — | 9,147 | 32,233 | 49,174 | 51,725 | 55,182 |
| 2019 | — | — | — | — | — | — | 11,697 | 43,295 | 59,224 | 68,091 |
| 2020 | — | — | — | — | — | — | — | 15,029 | 51,104 | 84,336 |
| 2021 | — | — | — | — | — | — | — | — | 9,801 | 44,605 |
| 2022 | — | — | — | — | — | — | — | — | — | 11,582 |
| | | | | | | | | | Total | $ 342,987 |
| | | | | | | | | | Liabilities for Claims and Claim adjustment expenses, net of reinsurance | $ 367,979 |

| | Average annual percentage payout of incurred losses by age, met of reinsurance (1) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Years | 1 (unaudited) | 2 (unaudited) | 3 (unaudited) | 4 (unaudited) | 5 (unaudited) | 6 (unaudited) | 7 (unaudited) | 8 (unaudited) | 9 (unaudited) | 10 (unaudited) |
| | 10 % | 35 % | 26 % | 6 % | 6 % | 7 % | (3)% | 7 % | 2 % | — % |

(1) *Unaudited supplementary information*

***Reconciliation***

| *(Expressed in thousands of U.S. Dollars)* | December 31, 2022 |
|---|---|
| Net outstanding liabilities | |
| Property | $ 422,288 |
| Casualty | 620,451 |
| Specialty | 367,979 |
| Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance | 1,410,718 |
| | |
| Reinsurance recoverable on unpaid claims | |
| Property | 67,328 |
| Casualty | 153,053 |
| Specialty | 71,334 |
| Total reinsurance recoverable on unpaid claims | 291,715 |
| | |
| Other insurance lines | 3,914 |
| Unallocated loss adjustment expenses | 6,262 |
| Other (i.e. discounting; provision for uncollectible reinsurance, etc) | (8,662) |
| | 1,514 |
| | |
| **Total gross liability for unpaid losses and loss adjustment expenses** | **$ 1,703,947** |

**8. Letter of Credit Facilities**

The Company has several available letter of credit facilities provided by commercial banks. These facilities are utilized to provide collateral to reinsureds of Hamilton Re and its affiliates to the extent required under reinsurance agreements and to support the capital requirements of the Company's affiliated Lloyd's operations.

On August 13, 2021, Hamilton Re and an affiliate entered into a committed letter of credit facility agreement with Bank of Montreal ("BMO"), with Hamilton Group as guarantor, under which BMO agreed to make available a secured letter of credit facility of $50 million for a term that will expire on August 13, 2023.

On June 23, 2022, Hamilton Re and Hamilton Group amended and restated their unsecured letter of credit agreement with a syndication of lenders (the "Unsecured Facility"). Under the Unsecured Facility, the lenders have agreed to provide up to an aggregate of $415 million of letter of credit capacity for the Company, up to $150 million of which may be utilized for revolving loans to be issued to Hamilton Group. To the extent such loans are issued, the available letter of credit capacity shall decrease proportionally, such that the aggregate credit exposure for the lenders under the credit agreement is $415 million. Capacity is provided by Wells Fargo Bank, National Association, Truist Bank, BMO Harris Bank N.A., Commerzbank AG, New York Branch, HSBC Bank USA, National Association and Barclays Bank Plc. Unless renewed or otherwise terminated in accordance with its terms, the Unsecured Facility is scheduled to terminate on June 23, 2025.

On October 27, 2022, Hamilton Re amended its letter of credit facility agreement with UBS AG ("UBS") under which UBS and certain of its affiliates agreed to make available to Hamilton Re a secured letter of credit facility of $100 million for a term that will expire on October 27, 2023.

In addition, Hamilton Re is the borrower under a $205 million unsecured letter of credit facility agreement that it utilizes to provide FAL ("FAL LOC Facility") to support the requirements of Syndicate 4000. See Note 11, *Commitments and Contingencies* for further details. Capacity is provided by Barclays Bank PLC, ING Bank N.V., London Branch and Bank of Montreal, London Branch.

The Company's obligations under the Letter of Credit facilities require Hamilton Re and Hamilton Group to comply with various financial and reporting covenants. The Company was in compliance with all such covenants at December 31, 2022.

Certain of the Company's credit facilities are secured by pledged interests in the TS Hamilton Fund or the Company's fixed income security portfolio or cash. The Company's credit facilities at December 31, 2022, and associated securities pledged, were as follows:

| *(Expressed in thousands of U.S. Dollars)* | | **2022** |
|---|---|---|
| Available letter of credit and revolving loan facilities - commitments | $ | 870,397 |
| Available letter of credit and revolving loan facilities - in use | | 639,332 |
| | | |
| Security pledged under letter of credit and revolving loan facilities: | | |
| Pledged interests in TS Hamilton Fund | $ | 239,087 |
| Pledged interests in fixed income portfolio | | 182,313 |
| Cash | | 5,364 |

The Company has recognized interest expense related to the above credit facilities of $5.6 million, $0.5 million, $5.9 million, and $5.8 million for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020, respectively.

**9. Stock Incentive Plans**

Hamilton Group has a stock incentive plan under which employees, directors, and consultants of Hamilton Group may be granted restricted stock units, performance stock awards, restricted stock awards, warrants, options, stock appreciation rights, and stock bonus awards. The Company was recharged by Hamilton Group for amounts related to the stock incentive plan in the amounts of $4.0 million, $0.3 million, $2.6 million and $1.2 million for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020, respectively.

## 10. Income Taxes

Hamilton Re is domiciled in Bermuda and is not subject to Bermuda income tax under current Bermuda law. In the event there is a change in the current law and taxes are imposed, Hamilton Re would be exempt from tax until 2035, pursuant to the Exempted Undertakings Tax Protection Act of 1966 of Bermuda, as amended. Hamilton Re US began operations in December 2020. Hamilton Re US operates in and is subject to tax in the United States.

Net income (loss) before taxes by tax jurisdiction for the year ended December 31, 2022, the month ended December 31, 2021, and the years ended November 30, 2021 and 2020 are as follows:

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| Jurisdiction: | | | | |
| Bermuda | $ 94,310 | $ (29,530) | $ 335,261 | $ (106,387) |
| United States | (21,313) | 526 | (2,027) | — |
| Income (loss) before income tax | $ 72,997 | $ (29,004) | $ 333,234 | $ (106,387) |

Income tax expense (benefit) consists of the following components:

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| Current - Bermuda | $ 2,625 | $ 1,033 | $ 10,489 | $ 9,425 |
| Current - United States | — | — | — | — |
| Total current tax | 2,625 | 1,033 | 10,489 | 9,425 |
| | | | | |
| Deferred - United States | 315 | 110 | (426) | — |
| Total deferred tax | 315 | 110 | (426) | — |
| Total income tax expense | $ 2,940 | $ 1,143 | $ 10,063 | $ 9,425 |

The following table presents a reconciliation of taxes calculated using the 0% Bermudian statutory rate (the tax rate at which the majority of Hamilton Group's worldwide operations are taxed) to the income tax expense (benefit) on pre-tax income (loss):

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Years Ended November 30, 2021 | Years Ended November 30, 2020 |
|---|---|---|---|---|
| Expected tax provision at Bermuda statutory tax rate of 0% | $ — | $ — | $ — | $ — |
| Permanent differences: | | | | |
| Taxes on earnings subject to rate other than Bermuda | (4,476) | — | (426) | — |
| Change in valuation allowance | 4,791 | 110 | — | — |
| Other prior year adjustments | — | — | — | — |
| Withholding tax | 2,625 | 1,033 | 10,489 | 9,425 |
| Total income tax expense | $ 2,940 | $ 1,143 | $ 10,063 | $ 9,425 |

Withholding taxes on investment income from TS Hamilton Fund represent substantially all of the cash taxes paid by Hamilton Re in the amount of $2.6 million, $1.0 million, $10.5 million, and $9.4 million for the year ended December 31, 2022, the month ended December 31, 2021, and the years ended November 30, 2021 and 2020, respectively.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The following table presents Hamilton Re US deferred tax assets and liabilities for the years ended December 31, 2022 and November 30, 2021:

| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 |
|---|---|---|
| Deferred tax assets: | | |
| U.S. net operating loss carryforwards | $ 3,630 | $ 691 |
| Unearned Premium Reserve | 1,794 | 940 |
| Unrealized gains/losses | 1,163 | — |
| Other | 683 | 149 |
| Total deferred tax assets | 7,270 | 1,780 |
| Deferred tax liabilities: | | |
| Deferred acquisition costs | (2,478) | (1,354) |
| Market discount | — | — |
| Total deferred tax liabilities | (2,478) | (1,354) |
| Net deferred tax asset (liability) before valuation allowance | $ 4,792 | $ 426 |
| Valuation allowance | (4,792) | — |
| Net deferred tax asset (liability) | $ — | $ 426 |

The Company records a valuation allowance against deferred tax assets if it becomes more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in income tax expense in the period of change. When evaluating the Company’s ability to realize the benefit of its deferred tax assets and liabilities, the Company considers the relevant impact of all available positive and negative evidence, including historical operating results and forecasts of future taxable income. A significant piece of objectively verifiable negative evidence considered in the Company’s evaluation is current period pre-tax loss. Based on all available evidence, management has concluded that a valuation allowance of $4.8 million should be recorded as of December 31, 2022. Future realization of the Company’s deferred tax asset will ultimately depend on the existence of objectively verifiable positive evidence including sufficient taxable income of the appropriate character (ordinary income versus capital gains) within the applicable carry-forward periods provided under the tax law.

Hamilton Re US had the following net operating loss carry-forwards, inclusive of cumulative currency translation adjustments, as of December 31, 2022:

*(Expressed in thousands of U.S. Dollars)*

| Tax jurisdiction | carried forward | Tax effect | Expiration |
|---|---|---|---|
| United States | $ 17,284 | $ 3,630 | 2040 - 2042 |

Recognition of the benefit of a given tax position is based upon whether a company determines that it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. At December 31, 2022, the Company believes that it has no uncertain tax positions that, if challenged on technical merits, would cause a material effect on the Company's consolidated financial statements.

The Company classifies all interest and penalties on unrecognized tax benefits as part of income tax expense. During the year ended December 31, 2022, the month ended December 31, 2021, and the years ended November 30, 2021 and 2020 the Company did not recognize any net interest income or expense on unrecognized tax benefits. There was no accrued interest as of December 31, 2022. Hamilton Re is no longer subject to tax examinations by U.S. federal before 2019.

## 11. Commitments and Contingencies

*Concentrations of Credit Risks*

Credit risk arises out of the failure of a counterparty to perform according to the terms of the contract. The Company underwrites most of its insurance and reinsurance business through brokers and credit risk exists should any of these brokers be unable to fulfill their contractual obligations with respect to the payments of insurance and reinsurance balances to the Company. During the year ended December 31, 2022 and the years ended November 30, 2021 and 2020 gross premiums written generated from or placed by the below organizations individually accounted for more than 10% of the Company's consolidated gross written premiums, as follows:

| *(Percentage of consolidated gross premiums written)* | 2022 | 2021 | 2020 |
|---|---|---|---|
| Related party | 39 % | 47 % | 42 % |
| Marsh & McLennan Companies, Inc. | 25 % | 22 % | 22 % |
| Aon plc | 18 % | 17 % | 21 % |
| All Others/Direct | 18 % | 14 % | 15 % |
| Total | 100 % | 100 % | 100 % |

The Company believes that the brokers will meet all of their obligations. The Company's credit risk is generally reduced by the contractual right to offset loss obligations against premiums receivable.

*Lloyd's Capital Requirements*

Lloyd's bases the capital funding requirements of Hamilton Group's corporate member, Hamilton Corporate Member Limited ("HCML"), on their latest approved Economic Capital Assessments which are determined by reference to their business plans, internal capital models, and actual performance, among other factors, as well as any other relevant corporate member obligations or receivables. Capital is in the form of Funds at Lloyd's ("FAL"), which is generally available to settle the obligations of the corporate members.

Syndicate 4000 is solely supported by HCML for the 2020 underwriting years of account ("YOA") and all years thereafter. For the 2020 underwriting YOA onwards, Hamilton Group's Lloyd's operations consist of a managing agent, Hamilton Managing Agency Limited, which manages the affairs of Syndicate 4000 on behalf of HCML.

At December 31, 2022, the total available capital in support of the capital requirements for Syndicate 4000, provided by Hamilton Re is comprised of the following FAL:

| *(Expressed in thousands of U.S. Dollars)* | 2022 |
|---|---|
| Unsecured LOC capacity | $ 205,000 |
| Fixed income securities | 273,983 |
| Cash | 2,104 |
| Total | $ 481,087 |

Notwithstanding the above, the corporate member and Hamilton Managing Agency Limited have received approval from Lloyd's for the FAL provided by the Company (and other forms of FAL otherwise made available to the corporate members in support of their capital obligations) to be made interavailable, subject to any requirements or restrictions from Lloyd's from time to time.

*Indemnifications*

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications. Future events could occur that lead to the execution of these provisions against the Company. Management currently believes that the likelihood of such an event is remote.

## 12. Related Party Transactions

Receivables from related parties as at December 31, 2022 and November 30, 2021 were $0.1 million and $7.3 million, respectively. These amounts represent balances due from affiliates that are unsecured, non interest bearing and due on demand.

Payables to related parties as at December 31, 2022 and November 30, 2021 were comprised of $4.5 million and $4.6 million, respectively, representing balances due to affiliates that are unsecured, non interest bearing and due on demand and withdrawals payable representing withdrawals made by the Managing Member of TS Hamilton Fund at November 30 2021 of $28.9 million which were paid in December 2021.

Hamilton Re provides reinsurance to related parties. The following table summarizes the impact of related party transactions for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020:

| | Year Ended December 31, | Month Ended December 31, | Years Ended November 30, | |
|---|---|---|---|---|
| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 | 2021 | 2020 |
| Gross premiums written | $ 458,140 | $ 44,784 | $ 494,737 | $ 309,031 |
| Net premiums earned | 458,048 | 45,140 | 421,246 | 204,793 |
| Losses and loss adjustment expenses | (281,367) | (25,761) | (251,823) | (156,237) |
| Acquisition costs | (141,777) | (15,492) | (139,686) | (66,897) |
| Net foreign exchange gains (losses) | 4,510 | — | — | — |
| General and administrative expenses | (8,724) | — | — | — |
| Net income (loss) on related party reinsurance | $ 30,690 | $ 3,887 | $ 29,737 | $ (18,341) |

Included in the Company's balance sheet as at December 31, 2022 and November 30, 2021 are the following balances arising from related party transactions:

| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 |
|---|---|---|
| Premiums receivable | $ 620,771 | $ 417,326 |
| Deferred acquisition costs | 60,760 | 74,664 |
| Reserve for losses and loss adjustment expenses | 430,082 | 276,524 |
| Unearned premiums | 227,241 | 227,504 |

In 2017 Hamilton Re established a special purpose insurer, Turing Re Ltd. ("Turing Re"), funded by third party investors to provide collateralized reinsurance capacity for Hamilton Re's property treaty business. In 2020 Hamilton Group established Ada Capital Management Limited ("ACML"). ACML is an insurance agent incorporated and regulated in Bermuda authorized to underwrite on behalf of Ada Re, Ltd. ("Ada Re"). Ada Re is a special purpose insurer funded by third party investors and formed to provide fully collateralized reinsurance and retrocession to both wholly-owned operating platforms of Hamilton Group and third-party cedants.

The following table summarizes the impact of the business ceded to Turing Re for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020:

| | Year Ended December 31, | Month Ended December 31, | Years Ended November 30, | |
|---|---|---|---|---|
| *(Expressed in thousands of U.S. Dollars)* | 2022 | 2021 | 2021 | 2020 |
| Reinsurance premiums ceded | $ (208) | $ (79) | $ (556) | $ (17,348) |
| Net premiums earned | (208) | (79) | (2,095) | (18,404) |
| Losses and loss adjustment expenses | (888) | 16 | (7,935) | (866) |
| Acquisition costs | (30) | 13 | 664 | 3,550 |
| Net income (loss) on related party reinsurance | $ (1,126) | $ (50) | $ (9,366) | $ (15,720) |

The following table summarizes the impact of the business ceded to Ada Re for the year ended December 31, 2022, the month ended December 31, 2021 and the year ended November 30, 2021:

| *(Expressed in thousands of U.S. Dollars)* | Year Ended December 31, 2022 | Month Ended December 31, 2021 | Year Ended November 30, 2021 |
|---|---|---|---|
| Reinsurance premiums ceded | $ (9,245) | $ 1 | $ (13,553) |
| Net premiums earned | (7,026) | (1,124) | (12,428) |
| Losses and loss adjustment expenses | 4,088 | 841 | 9,015 |
| Acquisition costs | 1,194 | 206 | 2,144 |
| Net income (loss) on related party reinsurance | $ (1,744) | $ (77) | $ (1,269) |

No business was ceded to Ada Re for the year ended November 30, 2020.

**13. Statutory Requirements**

The statutory net income (loss) for the Company for the year ended December 31, 2022 and the years ended November 30, 2021 and 2020, was $2.0 million; $261.5 million and $(140.7) million, respectively.

At December 31, 2022 the primary difference between statutory financial statements and statements prepared in accordance with GAAP is that statutory financial statements do not reflect prepaid expenses or the net income (loss) attributable to non-controlling interest.

Under the Insurance Act 1978, amendments thereto and Related Regulations of Bermuda (the "Insurance Act"), Hamilton Re is required to prepare statutory financial statements and to file with the Bermuda Monetary Authority ("BMA") a statutory financial return. As a Class 4 (re)insurer, Hamilton Re must maintain capital at the greater of a minimum solvency margin ("MSM") and its Enhanced Capital Requirement ("ECR"), which are established by reference to the Bermuda Solvency Capital Requirement ("BSCR") model. The BSCR model is a risk-based capital model for determining a (re)insurer's statutory capital and surplus requirements by weighting the risk characteristics of various aspects of the (re)insurer's business. The Insurance Act also requires Hamilton Re to maintain certain measures of solvency and liquidity. The MSM to be maintained by a Class 4 insurer with respect to its general business is the greater of (i) $100 million, or (ii) 50% of net premiums written (with a credit for reinsurance premiums ceded up to 25% of gross premiums written) or (iii) 15% of net discounted aggregate loss and loss expense provisions and other insurance reserves.

The BSCR for Hamilton Re for the year ended December 31, 2022 will not be filed with the BMA until April 2023. As a result, the required statutory capital and surplus disclosed as at December 31, 2022 is based on the MSM. At December 31, 2022, the actual statutory capital and surplus of Hamilton Re was $1.6 billion and the MSM was $522.1 million.

The BMA uses the economic balance sheet ("EBS") framework as the basis for determining Hamilton Re's ECR. Under the EBS, assets and liabilities are mainly assessed and reported at fair value, using the (re)insurer's GAAP balance sheet as the starting point. The model also requires insurers to estimate insurance technical provisions, which consist of the insurer's insurance-related balances valued based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate, with the addition of a risk margin to reflect the uncertainty of the underlying cash flows.

Independent of the Insurance Act, the BMA has also established a target capital level ("TCL") for Class 4 (re)insurers, equal to 120% of their ECR. The TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased regulatory oversight. Hamilton Re's actual capital and surplus levels are expected to exceed the TCL at  December 31, 2022.

Hamilton Re received approval from the BMA to treat its investment in TS Hamilton Fund as a "Relevant Asset" for the purpose of computing its "Liquidity Ratio" (under which relevant assets must be maintained at not less than 75% of relevant liabilities) in respect of  2023 and 2022. Hamilton Re is in compliance with the Liquidity Ratio at December 31, 2022.

Under the Insurance Act, Hamilton Re is restricted as to the payment of dividends and/or distributions for amounts greater than 25% of the prior year’s statutory capital and surplus. In addition, before reducing its total statutory capital by 15% or more (as set out in its previous year's statutory financial statements), a Class 4 Bermuda insurance subsidiary must make application to the BMA for permission to do so. For the year ended December 31, 2022, Hamilton Re had capacity to pay dividends of $435.7 million without prior approval under Bermuda law, of which $137.0 million of dividends were paid during the year. It is estimated that Hamilton Re will have capacity to pay dividends of $394.9 million in 2023.

**14. Subsequent Events**

The Company has evaluated subsequent events through March 10, 2023, the date these financial statements were available to be issued, and concluded that there are no subsequent events requiring recognition or disclosure.