Hamilton Insurance Group, Ltd.

Consolidated Financial Statements

For the Year Ended December 31, 2022

Hamilton Insurance Group, Ltd.

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Report of Independent Auditors

The Shareholders
Hamilton Insurance Group, Ltd.

Opinion

We have audited the consolidated financial statements of Hamilton Insurance Group, 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 and comprehensive income (loss), shareholders' 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.

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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 31 through to 36 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

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Hamilton Insurance Group, 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: $1,348,684; 2021: $1,064,615)	$ 1,259,476	$ 1,055,372
Short-term investments, at fair value (amortized cost 2022: $285,130; 2021: $644,432)	286,111	643,862
Investments in Two Sigma Funds, at fair value (cost 2022: $731,100; 2021: $624,379)	740,736	765,388
Total investments	2,286,323	2,464,622
Cash and cash equivalents	1,076,420	797,793
Restricted cash	130,783	157,135
Premiums receivable	522,670	470,996
Paid losses recoverable	90,655	76,077
Deferred acquisition costs	115,147	96,085
Unpaid losses and loss adjustment expenses recoverable	1,177,863	1,118,273
Receivables for investments sold	371	58,438
Prepaid reinsurance	164,313	151,947
Goodwill and intangible assets	86,958	117,012
Other assets	167,462	103,229
Total assets	$ 5,818,965	$ 5,611,607
Liabilities, non-controlling interest, and shareholders' equity		
Liabilities		
Reserve for losses and loss adjustment expenses	$ 2,856,275	$ 2,379,027
Unearned premiums	718,188	620,994
Reinsurance balances payable	244,320	314,279
Payables for investments purchased	48,095	149,216
Term loan, net of issuance costs	149,715	149,875
Accounts payable and accrued expenses	138,050	181,747
Payables to related parties	20	28,874
Total liabilities	4,154,663	3,824,012
Non-controlling interest – TS Hamilton Fund	119	150
Shareholders' equity		
Common shares:		
Class A, authorized (2022: 53,993,690 and 2021: 53,793,690), par value $0.01; issued and outstanding (2022: 30,520,078 and 2021: 30,320,078)	305	303
Class B, authorized (2022: 50,480,684 and 2021: 46,898,612), par value $0.01; issued and outstanding (2022: 42,042,155 and 2021: 37,912,993)	420	379
Class C, authorized (2022: 30,525,626 and 2021: 34,307,698), par value $0.01; issued and outstanding (2022: 30,525,626 and 2021: 34,307,698)	305	343
Additional paid-in capital	1,120,242	1,109,205
Accumulated other comprehensive loss	(4,441)	(4,441)
Retained earnings	547,352	681,656
Total shareholders' equity	1,664,183	1,787,445
Total liabilities, non-controlling interest, and shareholders' equity	$ 5,818,965	$ 5,611,607

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in thousands of U.S. Dollars, except per share information)	Year Ended December 31, 2022	Month Ended December 31, 2021	Years Ended November 30, 2021	Years Ended November 30, 2020
Revenues				
Gross premiums written	$ 1,646,673	$ 121,813	$ 1,446,551	$ 1,086,540
Reinsurance premiums ceded	(424,809)	(23,892)	(361,123)	(357,217)
Net premiums written	1,221,864	97,921	1,085,428	729,323
Net change in unearned premiums	(78,150)	710	(142,879)	(21,862)
Net premiums earned	1,143,714	98,631	942,549	707,461
Net investment income (loss)	64,870	(36,748)	308,976	(32,899)
Net gain on sale of equity method investment	6,991	—	54,557	—
Other income (loss)	11,316	2,131	21,011	15,722
Net foreign exchange gains (losses)	6,137	16	6,442	(9,540)
Total revenues	1,233,028	64,030	1,333,535	680,744
Expenses				
Losses and loss adjustment expenses	758,333	56,650	640,560	505,269
Acquisition costs	271,189	23,992	229,213	168,327
General and administrative expenses	177,682	15,682	172,294	149,774
Impairment of goodwill	24,082	—	936	—
Amortization of intangible assets	12,832	1,200	13,431	12,489
Interest expense	15,741	1,061	14,897	18,910
Total expenses	1,259,859	98,585	1,071,331	854,769
Income (loss) before income tax	(26,831)	(34,555)	262,204	(174,025)
Income tax expense	3,104	1,335	12,365	11,492
Net income (loss)	(29,935)	(35,890)	249,839	(185,517)
Net income (loss) attributable to non-controlling interest	68,064	(3)	61,660	24,930
Net income (loss) and other comprehensive income (loss) attributable to common shareholders	$ (97,999)	$ (35,887)	$ 188,179	$ (210,447)
Per share data				
Basic income (loss) per share attributable to common shareholders	$ (0.95)	$ (0.35)	$ 1.83	$ (2.05)
Diluted income (loss) per share attributable to common shareholders	$ (0.95)	$ (0.35)	$ 1.82	$ (2.05)

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Shareholders' 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 period	$ 1,025	$ 1,025	$ 1,024	$ 1,022
Issuance of common shares	7	—	5	5
Repurchases of common shares	(2)	—	(4)	(3)
Balance, end of period	1,030	1,025	1,025	1,024
Additional paid-in capital				
Balance, beginning of period	1,110,248	1,109,205	1,104,803	1,098,131
Issuance of common shares	308	—	1,008	2,132
Repurchases of common shares	(1,098)	—	(5,489)	(2,628)
Share compensation expense	10,784	1,043	8,883	7,168
Balance, end of period	1,120,242	1,110,248	1,109,205	1,104,803
Accumulated other comprehensive income (loss)				
Balance, beginning and end of period	(4,441)	(4,441)	(4,441)	(4,441)
Retained earnings				
Balance, beginning of period	645,769	681,656	495,364	707,053
Net income (loss)	(29,935)	(35,890)	249,839	(185,517)
Net income attributable to non-controlling interest	(68,064)	3	(61,660)	(24,930)
Repurchases of common shares	(418)	—	(1,887)	(1,242)
Balance, end of period	547,352	645,769	681,656	495,364
Total shareholders' equity	$ 1,664,183	$ 1,752,601	$ 1,787,445	$ 1,596,750

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, 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)	$ (29,935)	$ (35,890)	$ 249,839	$ (185,517)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	14,994	961	13,898	13,986
Share compensation expense	10,784	1,043	8,883	7,168
Net realized (gains) losses on investments	(252,420)	(11,302)	(278,691)	19,349
Change in net unrealized (gains) losses on investments	163,732	44,827	(73,503)	(25,050)
Impairment of goodwill	24,082	—	936	—
Net gain on sale of equity method investment	(6,991)	—	(54,557)	—
Other items	11,771	(109)	7,104	2,590
Change in:				
Premiums receivable	(60,397)	8,723	(13,394)	49,520
Paid losses recoverable	(11,408)	(3,170)	(47,976)	(8,885)
Deferred acquisition costs	(16,323)	(2,739)	(40,735)	(16,229)
Prepaid reinsurance	(11,764)	(603)	8,593	56,174
Unpaid losses and loss adjustment expenses recoverable	(65,320)	5,730	(42,210)	11,556
Other assets	(41,894)	(21,457)	(14,855)	(44,361)
Reserve for losses and loss adjustment expenses	440,784	36,464	324,399	96,639
Unearned premiums	96,733	461	141,465	(25,821)
Reinsurance balances payable	(42,476)	(27,483)	(23,813)	35,647
Accounts payable and accrued expenses and other	(36,079)	(29,369)	61,146	15,924
Net cash provided by (used in) operating activities	187,873	(33,913)	226,529	2,690
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)
Net proceeds from sale of equity method investment	—	—	57,428	—
Purchases of fixed maturity investments	(705,144)	(54,445)	(655,693)	(785,829)
Proceeds from sales, redemptions and maturity of fixed maturity investments	420,702	51,370	347,418	520,464
Purchases of short-term investments	(1,551,834)	(357,857)	(2,035,529)	(2,775,444)
Proceeds from sales of short-term investments	1,843,007	413,054	2,163,920	2,845,058
Change in receivables for investments sold	(345)	58,412	20,178	(32,900)
Change in payables for investments purchased	12,920	(114,041)	11,814	63,628
Other	(10,537)	(432)	(15,644)	(19,677)
Net cash provided by (used in) investing activities	136,156	43,088	137,824	(180,125)
Financing activities				
Issuance of common shares	7	—	5	5
Repurchases of common shares and options	(1,518)	—	(7,380)	(3,873)
Contribution of additional paid-in capital	308	—	1,008	2,132
Term loan renewal costs	(345)	—	—	—
Withdrawal of non-controlling interest	(68,069)	(23)	(61,629)	(24,988)
Net cash provided by (used in) financing activities	(69,617)	(23)	(67,996)	(26,724)
Effect of exchange rate changes on cash and cash equivalents	(11,335)	46	(1,508)	2,702
Net increase (decrease) in cash and cash equivalents	243,077	9,198	294,849	(201,457)
Cash and cash equivalents and restricted cash, beginning of period	964,126	954,928	660,079	861,536
Cash and cash equivalents and restricted cash, end of period	$ 1,207,203	$ 964,126	$ 954,928	$ 660,079
Net income taxes paid	$ 9,971	$ 170	$ 12,344	$ 8,114
Interest paid	$ 15,655	$ 475	$ 11,803	$ 17,235

See accompanying notes to the consolidated financial statements.

1. Organization

Hamilton Insurance Group, Ltd. ("Hamilton Group", the "Group" or the "Company"), the ultimate group holding company, was incorporated on September 4, 2013, under the laws of Bermuda.

Our Bermuda operations are led by Hamilton Re, Ltd. ("Hamilton Re"), a registered Class 4 insurer incorporated in Bermuda. Hamilton Re 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.

Ada Capital Management Limited (“ACML”), a wholly owned insurance agent incorporated and regulated in Bermuda, is authorized to underwrite on behalf of Ada Re, Ltd. (“Ada Re”).

Our London operations are comprised of Hamilton Managing Agency Limited (“HMA”), a Lloyd’s managing agency, which manages our wholly aligned Syndicate 4000 and certain other third-party funded Lloyd’s Syndicates. Syndicate 4000 operates in the Lloyd’s market and underwrites property, casualty and specialty insurance and reinsurance business on a subscription basis. Syndicate 3334, which was managed by HMA, was closed by way of a Reinsurance to Close (“RITC”) into Syndicate 4000 at the end of December 31, 2021.

Our Dublin operations are comprised of Hamilton Insurance Designated Activity Company ("HIDAC"), a Dublin-based insurer with a U.K. branch and extensive licensing in the United States, including excess and surplus lines and reinsurance in all 50 states.

Hamilton Managing General Agency Americas LLC ("HMGA Americas") is licensed throughout the United States and underwrites on behalf of the Group's London, Dublin and Bermuda operations solely in respect of Hamilton Re US, providing access from the U.S. to the Lloyd's market, the Group's rated Irish carrier and the Group's Bermuda balance sheet, respectively.

Hamilton Select Insurance Inc. ("Hamilton Select") is a U.S. domestic excess and surplus lines carrier incorporated in Delaware and authorized to write excess and surplus business in all 50 states.

Two Sigma Hamilton Fund, LLC ("TS Hamilton Fund"), is 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 registered investment adviser specializing in quantitative analysis (see Note 3, *Investments* for further details).

Unconsolidated Related Parties

Ada Re is a special purpose insurer funded by third party investors and formed to provide fully collateralized reinsurance and retrocession to both the wholly-owned operating platforms of Hamilton Group and third-party cedants.

Turing Re Ltd. ("Turing Re"), a Bermuda special purpose insurer funded by third party investors, provides collateralized reinsurance capacity for Hamilton Re’s property treaty business.

Easton Re is an industry loss index-triggered catastrophe bond that 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.

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 Group, Hamilton Re, Hamilton U.K. Holdings Limited, Hamilton Select, HMGA Americas, ACML, 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, premiums written, 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 and Comprehensive Income, Statements of Shareholders' 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 and 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 8, *Reinsurance*, for further details.

Retroactive reinsurance agreements are reinsurance agreements under which a reinsurer agrees to reimburse the Company as a result of past insurable events. For these agreements, the excess of the amounts ultimately collectible under the agreement over the consideration paid is recognized as a deferred gain liability which is amortized into income as a reduction of losses and loss adjustment expenses over the estimated ceded reserve settlement period. The amount of the deferred gain is recalculated each period based on actual loss payments and updated estimates of ultimate losses. If cumulative adverse development occurs subsequent to signing of a retroactive reinsurance agreement, it may result in significant losses from operations until periods when the recalculated deferred gain is recognized as a benefit to earnings. If the consideration paid for a retroactive reinsurance agreement exceeds the ultimate losses collectible under the agreement, the net loss on the retroactive reinsurance agreement is recognized within income immediately.

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 and comprehensive income (loss).

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 8, *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 9, *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 typically 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

Monetary assets and liabilities denominated in foreign currencies are revalued into the functional currency of each entity 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.

The Company's reporting currency as at December 31, 2022 is the U.S. dollar ("USD"). The functional currency of the Company's U.K. subsidiaries changed from GBP to USD on January 1, 2017. The accumulated other comprehensive loss recorded prior to the change in functional currency will remain on the balance sheet until such time as the U.K. operations are sold, or substantially liquidated.

l. Stock-Based Compensation

The Company 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. Long-Term Incentive Compensation

Compensation benefits include employee participation in a plan known as the Value Appreciation Pool ("VAP"). The VAP is intended to align long-term Company and shareholder interests by rewarding employees with 10% of any increase in the multiple of the Company's estimated fair market value to GAAP shareholders' equity between the December 1, 2020 VAP inception date, and either an interim trigger event or ultimate plan maturity on November 30, 2025. The VAP will settle in two tranches: the first settlement upon either plan maturity or the occurrence of a trigger event, and the second twelve months later. The fair value of the compensation cost is estimated at each reporting date and the resulting intrinsic value expensed over the period for which the employee is required to provide services in exchange for the award, with any changes in the intrinsic value recorded in compensation expense by a cumulative catch-up adjustment. The VAP is subject to graded vesting of its two settlement tranches. Forfeitures are recognized as they occur. As of December 31, 2022, no expense has been recognized related to the VAP.

n. Goodwill and Intangible Assets

The Company accounts for goodwill and other intangible assets that arise from business combinations in accordance with FASB ASC Topic *Intangibles - Goodwill and Other*. A purchase price that is in excess of the fair value of the net assets acquired arising from a business combination is recorded as goodwill or other intangible assets, according to their nature. Goodwill and other intangible assets with indefinite useful lives are not amortized. Other intangible assets with a finite life are amortized over the estimated useful lives of the assets.

Goodwill and other indefinite life intangible assets are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. For purposes of the annual impairment evaluation, goodwill is evaluated at the applicable reporting unit of the acquired entities giving rise to the goodwill.

As part of the annual impairment test, the Company has the option to first assess qualitative factors to determine whether is is necessary to perform the quantitative goodwill impairment test. Under this option, the Company would not be required to calculate the fair value of a reporting unit unless the Company determines, based on its qualitative assessment, that it is more likely than not that a reporting unit's fair value is less than its carrying amount. If goodwill or other 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.

o. 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.

p. 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 Entities*, for further details.

q. 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.

r. 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 by recording a gross-up of the balance sheet in recognition of an operating lease liability for future lease payments and the associated right-of-use asset for the right to use the underlying asset over the lease term. This guidance 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	$ 498,841	$ 99	$ (27,089)	$ 471,851
U.S. states, territories and municipalities	4,741	—	(434)	4,307
Non-U.S. sovereign governments and supranationals	14,191	363	(1,602)	12,952
Corporate	690,900	363	(43,786)	647,477
Residential mortgage-backed securities - Agency	111,234	—	(14,824)	96,410
Residential mortgage-backed securities - Non-agency	5,147	—	(772)	4,375
Commercial mortgage-backed securities - Non-agency	10,283	—	(1,064)	9,219
Other asset-backed securities	13,347	1	(463)	12,885
Total fixed maturities	1,348,684	826	(90,034)	1,259,476
Short-term investments	285,130	986	(5)	286,111
Total	$ 1,633,814	$ 1,812	$ (90,039)	$ 1,545,587

	2021			
(Expressed in thousands of U.S. Dollars)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities:				
U.S. government treasuries	$ 310,045	$ 1,254	$ (2,918)	$ 308,381
U.S. states, territories and municipalities	4,774	—	(16)	4,758
Non-U.S. sovereign governments and supranationals	19,284	92	(277)	19,099
Corporate	534,019	2,151	(7,703)	528,467
Residential mortgage-backed securities - Agency	179,331	416	(2,307)	177,440
Residential mortgage-backed securities - Non-agency	8,746	37	(66)	8,717
Commercial mortgage-backed securities - Non-agency	988	—	(1)	987
Other asset-backed securities	7,428	104	(9)	7,523
Total fixed maturities	1,064,615	4,054	(13,297)	1,055,372
Short-term investments	644,432	149	(719)	643,862
Total	$ 1,709,047	$ 4,203	$ (14,016)	$ 1,699,234

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.

	2022	
(Expressed in thousands of U.S. Dollars)	**Amortized Cost**	**Fair Value**
Due less than one year	$ 95,866	$ 93,786
Due after one through five years	928,450	870,874
Due after five through ten years	180,152	168,901
Due after ten years	4,205	3,026
Mortgage-backed	126,664	110,004
Asset-backed	13,347	12,885
Total	$ 1,348,684	$ 1,259,476

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**	**Net Unrealized Gains (Losses)**	**Fair Value**	**Cost**	**Net 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, exchanged traded funds, exchange memberships, government debt securities, money market funds, option contracts, swap contracts, futures and forward contracts. STV primarily trades equity securities, exchanged 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 a 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	$ 252,420	$ 11,302	$ 278,691	$ (19,349)
Change in net unrealized gains (losses) on investments	(163,732)	(44,827)	73,503	25,050
Loss on equity method investment	—	—	(7,285)	(8,987)
Interest and other	31,846	1,311	15,127	21,569
Total investment income (loss)	120,534	(32,214)	360,036	18,283
Investment expenses:				
Management fees	(54,578)	(4,442)	(49,928)	(50,079)
Other expenses	(1,086)	(92)	(1,132)	(1,103)
Total expenses	(55,664)	(4,534)	(51,060)	(51,182)
Net investment income (loss)	$ 64,870	$ (36,748)	$ 308,976	$ (32,899)

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 was $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 was $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 $359.4 million, respectively, securing a portion of the capital requirements for business written at Lloyd's and $39.0 million and $23.9 million, respectively, held in trust accounts for the benefit of U.S. state regulatory authorities. In addition, certain investments were pledged as security for letter of credit facilities as described further in Note 10, *Debt and Credit Facilities*.

At December 31, 2022 and November 30, 2021, restricted cash balances were comprised of $126.8 million and $141.2 million, respectively, securing other underwriting obligations, $2.1 million and $7.1 million, respectively, securing a portion of the capital requirements for business written at Lloyd's, $1.3 million and $1.3 million, respectively, in trust accounts for the benefit of U.S. state regulatory authorities, and $0.6 million and $7.6 million, respectively, of escrow funds.

4. Variable Interest Entities

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 - beginning of period	$ 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 - end of period	$ 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 a redemption of $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. Derivative Instruments

On June 21, 2022, the Company entered into a foreign currency forward contract to mitigate the impact of foreign exchange volatility on earnings. The contract provided for the purchase of £26.4 million for $33.0 million and settled in six equal monthly tranches between July 2022 and December 2022. It was recorded on the balance sheet at fair value. The fair value of the resulting asset or liability was determined with reference to observable market inputs and was classified as Level 2 in the fair value hierarchy.

The Company did not elect to apply hedge accounting. Therefore, the gains or losses resulting from fair value remeasurement at each quarter end were recorded through income in the period to which they related. As at December 31, 2022, the Company had discharged all obligations under the contact and recorded a loss of $1.9 million in "Net foreign exchange gains (losses)" in the Statements of Operations and Comprehensive Income (Loss) for the year ended December 31, 2022. The net cash flows related to these settlements were recorded through the change in "Accounts payable and accrued expenses and other" in the Statements of Cash Flows.

6. 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 and Comprehensive Income (Loss), Statements of Cash Flows and Statements of Shareholders' 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 and Comprehensive Income (Loss) for the one month period ended December 31, 2021 and 2020 are as follows:

(Expressed in thousands of U.S. Dollars, except per share information)	2021	2020
Revenues		
Net premiums earned	$ 98,631	$ 67,498
Net investment income (loss), net of income attributable to non-controlling interest	(36,745)	72,048
Other income (loss)	2,147	3,757
Total revenues	64,033	143,303
Expenses		
Losses and loss adjustment expenses	56,650	44,925
Acquisition costs	23,992	17,534
General and administrative expenses	15,682	15,189
Other expenses	2,261	1,570
Total expenses	98,585	79,218
Income (loss) before income tax	(34,552)	64,085
Income tax expense	1,335	664
Net income (loss) attributable to common shareholders	$ (35,887)	$ 63,421
Per share data		
Basic earnings (loss) per share attributable to common shareholders	$ (0.35)	$ 0.62
Diluted earnings (loss) per share attributable to common shareholders	$ (0.35)	$ 0.61

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 used in operating activities	$ (33,913)	$ (20,765)
Net cash from investing activities	43,088	2,141
Net cash used in financing activities	(23)	(53)
Effect of exchange rate changes on cash and cash equivalents	46	1,409
Net increase (decrease) in cash and cash equivalents	9,198	(17,268)
Cash and cash equivalents and restricted cash, beginning of period	954,928	660,079
Cash and cash equivalents and restricted cash, end of period	$ 964,126	$ 642,811

The Statements of Shareholders' 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	$ 1,025	$ 1,024
Additional paid-in capital		
Balance, beginning of period	1,109,205	1,104,803
Repurchases of common shares	—	(34)
Share compensation expense	1,043	830
Balance, end of period	1,110,248	1,105,599
Accumulated other comprehensive loss		
Balance, beginning and end of period	(4,441)	(4,441)
Retained earnings		
Balance, beginning of period	681,656	495,364
Net income (loss)	(35,890)	78,616
Net income attributable to non-controlling interest	3	(15,195)
Repurchases of common shares	—	(18)
Balance, end of period	645,769	558,767
Total shareholders' equity	$ 1,752,601	$ 1,660,949

7. Goodwill and Intangible Assets

The following table provides a summary of the Company's goodwill and intangible assets:

(Expressed in thousands of U.S. Dollars)	Goodwill	Intangible assets subject to amortization	Intangible assets not subject to amortization	Total
Net balance, November 30, 2020	$ 21,809	$ 56,736	$ 37,208	$ 115,753
Plus: additions	4,011	11,615	—	15,626
Less: impairment	(936)	—	—	(936)
Less: amortization	—	(13,431)	—	(13,431)
Net balance, November 30, 2021	24,884	54,920	37,208	117,012
Plus: additions	—	800	—	800
Less: amortization	—	(1,200)	—	(1,200)
Net balance, December 31, 2021	24,884	54,520	37,208	116,612
Plus: additions	(802)	8,062	—	7,260
Less: impairment	(24,082)	—	—	(24,082)
Less: amortization	—	(12,832)	—	(12,832)
Net balance, December 31, 2022	$ —	$ 49,750	$ 37,208	$ 86,958
Gross balance, December 31, 2022	$ —	$ 94,901	$ 37,208	$ 132,109
Accumulated amortization	—	(45,151)	—	(45,151)
Net balance, December 31, 2022	$ —	$ 49,750	$ 37,208	$ 86,958

In the year ended December 31, 2022, the Company conducted its annual evaluation of recorded goodwill for impairment using both a market model and an income model and concluded that the associated reporting units’ fair value did not exceed their carrying value, and consequently recorded an impairment to goodwill of $24.1 million.

In the year ended November 30, 2021, the Company sold a reporting unit and impaired $0.9 million of associated goodwill because the consideration received was lower than its carried value.

The impairment charges of $24.1 million and $0.9 million are recorded in the statement of operations in the line "Impairment of goodwill" for the years ended December 31, 2022 and November 30, 2021, respectively.

The following tables present the components of goodwill and intangible assets at December 31, 2022 and November 30, 2021:

	2022		
(Expressed in thousands of U.S. Dollars)	**Gross Balance**	**Accumulated Amortization and Impairment**	**Net Balance**
Goodwill	$ —	$ —	$ —
Intangible assets subject to amortization			
Coverholder and broker relationships	44,515	(14,804)	29,711
Internally developed software	29,698	(10,293)	19,405
Value of business acquired	13,309	(12,675)	634
Managing general agency contracts	7,379	(7,379)	—
Intangible assets not subject to amortization			
Lloyd's syndicate capacity	35,583	—	35,583
Licenses	1,625	—	1,625
	$ 132,109	$ (45,151)	$ 86,958

	2021		
(Expressed in thousands of U.S. Dollars)	**Gross Balance**	**Accumulated Amortization and Impairment**	**Net Balance**
Goodwill	$ 25,820	$ (936)	$ 24,884
Intangible assets subject to amortization			
Coverholder and broker relationships	44,515	(10,016)	34,499
Internally developed software	28,121	(13,772)	14,349
Value of business acquired	13,309	(8,556)	4,753
Managing general agency contracts	7,379	(6,060)	1,319
Intangible assets not subject to amortization			
Lloyd's syndicate capacity	35,583	—	35,583
Licenses	1,625	—	1,625
	$ 156,352	$ (39,340)	$ 117,012

The Company's finite-lived intangible assets are amortized on a straight-line basis over their useful lives. As of December 31, 2022, the estimated weighted average amortization period by class consisted of coverholder and broker relationships (10 years), internally-developed software (5 years), and VOBA (3.5 years). Costs incurred to renew or extend the assets' useful lives are expensed straight-line over the remaining life of the related asset or asset class. The weighted-average amortization period is 3.3 years and the estimated amortization expense for each of the five succeeding fiscal years and thereafter related to these assets is as follows:

(Expressed in thousands of U.S. Dollars) **Year Ending December 31,**	**Estimated Amortization Expense**
2023	$ 9,871
2024	9,720
2025	8,826
2026	6,876
2027	6,422
Thereafter	8,035
Total	$ 49,750

Intangible assets not subject to amortization consist of Lloyd's syndicate capacity and insurance licenses. The Company did not recognize any impairment losses as a result of the annual impairment review of indefinite-lived assets for the year ended December 31, 2022, the month ended December 31, 2021 or the years ended November 30, 2021 and 2020.

8. 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:

	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	$ 788,045	$ 42,997	$ 689,179	$ 579,425
Direct	858,628	78,816	757,372	507,115
Ceded	(424,809)	(23,892)	(361,123)	(357,217)
Net	$ 1,221,864	$ 97,921	$ 1,085,428	$ 729,323

	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	$ 741,738	$ 64,744	$ 646,583	$ 554,962
Direct	815,022	57,177	665,554	565,890
Ceded	(413,046)	(23,290)	(369,588)	(413,391)
Net	$ 1,143,714	$ 98,631	$ 942,549	$ 707,461

	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	$ 1,133,469	$ 78,691	$ 768,255	$ 630,073
Losses and loss adjustment expenses ceded	(375,136)	(22,041)	(127,695)	(124,804)
Net	$ 758,333	$ 56,650	$ 640,560	$ 505,269

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 $2.9 million, was $522.7 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 allowance	2,856
Ending balance	$ 2,856

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 $90.7 million and $1.2 billion, respectively, with a total corresponding provision for current expected credit losses of $0.8 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 allowance	777
Ending balance	$ 777

Loss Portfolio Transfer

On February 6, 2020, the Company entered into a loss portfolio transfer agreement (the "LPT"), under which the insurance liabilities arising from certain casualty risks for the Lloyd's Years of Account ("YOA") 2016, 2017 and 2018 were retroceded to a third party in exchange for total premium of $72.1 million. This transaction was accounted for as retroactive reinsurance under which cumulative ceded losses exceeding the LPT premium are recognized as a deferred gain liability and amortized into income over the settlement period of the ceded reserves in proportion to cumulative losses collected over the estimated ultimate reinsurance recoverable. The amount of the deferral is recalculated each reporting period based on updated ultimate loss estimates. Consequently, cumulative adverse development subsequent to the signing of the LPT may result in significant losses from operations until periods when the deferred gain is recognized as a benefit to earnings.

The balance of reinsurance recoverable on unpaid losses due under this LPT was $59.2 million and $93.9 million as at December 31, 2022 and November 30, 2021, respectively. Amortization of the deferred gain was income of $1.9 million, $0.4 million, $18.0 million and $6.3 million in the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020, respectively, and was recorded through losses and loss adjustment expenses in accordance with the actual loss payments and updated estimates of ultimate losses of the subject business.

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 $6.3 million, $Nil and $7.8 million in the year ended December 31, 2022, the month ended December 31, 2021 and the year ended November 30, 2021, respectively.

9. Reserve for Losses and Loss Adjustment Expenses

The following table presents a reconciliation of unpaid losses and loss adjustment expenses ("LAE"):

	Year Ended	Month Ended	Years Ended	
	December 31,	December 31,	November 30,	
(Expressed in thousands of U.S. Dollars)	2022	2021	2021	2020
Gross unpaid losses and loss expenses, beginning of period	$ 2,415,491	$ 2,379,027	$ 2,054,628	$ 1,957,989
Reinsurance recoverable on unpaid losses	1,112,543	1,118,273	1,076,063	1,087,619
Net unpaid losses and loss expenses, beginning of period	1,302,948	1,260,754	978,565	870,370
Net losses and loss expenses incurred in respect of losses occurring in:				
Current year	778,936	56,650	628,781	546,250
Prior years	(20,603)	—	11,779	(40,981)
Total incurred	758,333	56,650	640,560	505,269
Net losses and loss expenses paid in respect of losses occurring in:				
Current year	61,649	3,767	55,979	67,774
Prior years	315,537	11,082	255,543	253,038
Total paid	377,186	14,849	311,522	320,812
Retroactive reinsurance recoverable	—	—	—	(93,179)
Foreign currency revaluation and other	(5,683)	393	(46,849)	16,917
Net unpaid losses and loss expenses, end of period	1,678,412	1,302,948	1,260,754	978,565
Reinsurance recoverable on unpaid losses	1,177,863	1,112,543	1,118,273	1,076,063
Gross unpaid losses and loss expenses, end of period	$ 2,856,275	$ 2,415,491	$ 2,379,027	$ 2,054,628

Net favorable prior year development of $20.6 million for the year ended December 31, 2022 was comprised of $17.4 million and $3.2 million of favorable prior year development on catastrophe and attritional losses, respectively. See below for further details:

- Net favorable development of $36.9 million on specialty contracts, driven by reductions in loss estimates across multiple classes;
- Net favorable development of $0.4 million on property contracts, related to $9.5 million of favorable development on Hurricane Ida that was partially offset by $7.0 million of unfavorable attritional loss development and $2.1 million of unfavorable development on various other catastrophes; partially offset by
- Net unfavorable development of $23.7 million on casualty lines of business, primarily related to discontinued business.

In addition, casualty business protected by the LPT discussed in Note 8, *Reinsurance,* recorded favorable gross development which was partially offset by amortization of the associated deferred gain, resulting in a net positive earnings impact of $7.0 million.

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

Net unfavorable prior year development of $11.8 million for the year ended November 30, 2021 was comprised of $19.9 million of unfavorable prior year development on catastrophe losses, partially offset by $8.1 million of favorable prior year development on attritional losses. See below for further details:

- Net unfavorable development of $23.2 million on property contracts, driven by increases in loss estimates for Covid-19 and Hurricanes Laura, Sally, and Zeta;
- Net unfavorable development of $15.2 million on casualty contracts, driven by increased loss estimates; partially offset by
- Net favorable development of $33.4 million on specialty contracts, driven by lower than expected loss experience; and
- Net favorable development of $7.8 million on loss adjustment reserves related to the 2019 business acquisition.

In addition, casualty business protected by the LPT discussed in Note 8, *Reinsurance,* recorded unfavorable gross development which was partially offset by amortization of the associated deferred gain, resulting in a net negative earnings impact of $14.6 million.

Net favorable prior year development of $41.0 million for the year ended November 30, 2020 was primarily comprised of $24.9 million and $16.1 million of favorable prior year development on attritional and catastrophe losses, respectively. See below for further details:

- Net favorable development of $22.5 million on specialty contracts as a result of lower than expected loss experience;
- Net favorable development of $20.2 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; partially offset by
- Net unfavorable development of $1.7 million on casualty contracts, net of amortization of the gain on the loss portfolio transfer referenced below.

Reinsurance recoverable on unpaid losses related to the LPT discussed in Note 8, *Reinsurance* was recognized for the year ended December 31, 2022 in the reconciliation of beginning and ending gross and net loss and LAE reserves presented above.

The Company amortized acquisition costs of $271.2 million, $24.0 million, $229.2 million and $168.3 million for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 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 $79.3 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 $39.0 million and $59.6 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 following tables.

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 may change 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:

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

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

	For the years ended										As of December 31, 2022	
	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 (1)	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	12,653	12,192	7,827	6,494	6,468	6,439	—	41
2016				56,248	38,990	37,658	36,065	35,206	36,424	35,695	14	107
2017					100,808	98,162	93,383	81,054	79,495	83,424	546	271
2018						74,381	85,136	80,040	79,676	74,477	1,517	233
2019							30,184	51,466	59,615	59,190	3,627	140
2020								113,075	121,358	125,985	29,733	270
2021									146,217	161,350	35,011	192
2022										179,681	88,714	128
									Total	$752,971	$159,162	1,464

(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			1,775	4,664	5,163	5,297	5,417	5,608	5,630	5,646
2016				12,840	25,596	29,623	31,685	32,882	33,985	34,609
2017					24,533	90,864	71,190	82,940	71,795	75,524
2018						12,631	71,557	85,660	67,547	65,583
2019							2,401	32,433	38,002	46,504
2020								13,253	48,246	75,445
2021									16,080	71,293
2022										35,261
									Total	$436,515
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance									$316,456

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)

Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)	9 (unaudited)
	17 %	47 %	9 %	2 %	(5)%	4 %	1 %	— %	— %

(1) Unaudited supplementary information

Bermuda Casualty

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

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

	For the years ended										As of December 31, 2022	
	November 30,									December 31,		Cumulative Number of Reported Claims
Accident year	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022	IBNR (1)	
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				44,749	49,940	54,318	54,682	56,924	56,405	60,392	10,257	7
2017					84,837	96,428	101,569	105,642	113,664	126,268	18,135	35
2018						101,456	115,700	123,194	121,754	131,788	40,801	24
2019							85,424	96,091	101,499	100,652	46,126	14
2020								81,650	84,233	88,184	54,276	19
2021									69,689	79,033	61,488	7
2022										110,285	106,171	3
									Total	$767,292	$347,013	148

(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	12,678	20,504	27,103	35,482	39,381
2017					3,792	10,961	22,829	50,471	70,548	91,855
2018						3,782	22,800	50,903	66,889	70,939
2019							3,965	11,094	23,445	36,161
2020								5,415	14,493	19,712
2021									1,934	4,523
2022										696
									Total	$314,955
									Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance	$452,337

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)

Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)	9 (unaudited)
	3 %	8 %	12 %	15 %	10 %	14 %	10 %	13 %	6 %

(1) Unaudited supplementary information

Bermuda 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 [1]	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	26,686	19,343	19,237	17,465	16,820	15,383	15,672	143	38
2016				38,154	34,874	28,962	23,201	19,849	16,860	15,845	641	56
2017					57,589	44,200	36,282	29,613	24,478	26,821	1,031	72
2018						58,780	52,596	48,410	45,130	38,665	2,465	88
2019							62,269	56,106	48,836	49,031	(1,376)	99
2020								63,214	56,809	52,160	9,458	88
2021									53,754	46,017	33,638	9
2022										117,554	111,677	16
									Total	$370,921	$157,711	488

(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	8,638	13,136	13,115	14,192	14,397	14,432	14,767
2016				2,938	8,661	5,632	10,814	13,116	13,589	13,810
2017					2,217	10,194	14,114	16,417	17,726	22,638
2018						7,607	19,326	25,826	28,223	27,789
2019							6,373	20,505	29,083	36,472
2020								9,160	25,585	32,653
2021									3,862	7,248
2022										3,465
									Total	$167,742
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance									$203,179

Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[1]

Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)	9 (unaudited)
	11 %	28 %	13 %	11 %	5 %	8 %	1 %	4 %	1 %

(1) Unaudited supplementary information

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

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	For the years ended								As of December 31, 2022	
	November 30,							December 31,		
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022	IBNR (1)	Cumulative Number of Reported Claims
2015	$1	$1	$1	$—	$—	$—	$—	$—	$—	—
2016		7,527	6,551	6,212	6,351	6,011	7,155	7,261	17	903
2017			38,379	42,986	44,911	41,819	41,260	41,224	25	992
2018				24,037	26,191	24,873	24,537	24,542	237	1,116
2019					32,695	33,895	36,609	36,672	7,949	1,206
2020						134,743	144,201	143,676	16,028	1,958
2021							113,813	124,917	35,490	1,446
2022								81,324	46,579	598
							Total	$459,616	$106,325	8,219

(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	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022
2015	$—	$—	$—	$—	$—	$—	$—	$—
2016		171	3,428	4,567	6,668	7,049	6,891	7,003
2017			9,249	29,283	34,363	40,193	39,984	40,832
2018				1,322	12,036	17,340	20,053	20,905
2019					8,307	21,106	20,940	25,818
2020						24,365	90,859	115,587
2021							23,564	63,784
2022								9,996
							Total	$283,925
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance							$175,691

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)						
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)
	17 %	41 %	14 %	14 %	1 %	1 %	2 %

(1) Unaudited supplementary information

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

The following table discloses losses incurred, losses paid and claims data excluding the impact of the loss portfolio transfer discussed in further detail in Note 8, *Reinsurance.*

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	For the years ended								As of December 31, 2022	
	November 30,							December 31,		
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022	IBNR (1)	Cumulative Number of Reported Claims
2015	$—	$—	$—	$—	$—	$—	$—	$—	$—	—
2016		171	278	243	342	342	342	388	—	32
2017			648	5,187	7,354	6,332	5,857	5,121	562	73
2018				302	5,276	4,926	4,342	3,714	303	338
2019					18,243	15,759	15,099	13,178	2,623	2,107
2020						24,285	21,604	15,785	3,749	2,251
2021							94,633	105,005	80,112	2,249
2022								134,985	127,597	1,518
							Total	$278,176	$214,946	8,568

(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	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022
2015	$—	$—	$—	$—	$—	$—	$—	$—
2016		—	—	82	—	—	—	—
2017			—	22	629	2,285	2,406	3,964
2018				35	384	1,787	2,670	3,286
2019					57	1,097	3,969	9,943
2020						3,226	8,121	11,400
2021							641	9,493
2022								2,804
							Total	$40,890
					Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance			$237,286

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)						
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)
	2 %	11 %	22 %	38 %	8 %	28 %	— %

(1) Unaudited supplementary information

International Specialty

(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	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022	IBNR [1]	Cumulative Number of Reported Claims
2015	$—	$93	$138	$218	$212	$144	$149	$94	$—	65
2016		2,534	4,771	5,383	5,232	5,370	3,668	3,367	46	766
2017			22,378	17,430	16,943	15,256	22,030	25,397	694	1,300
2018				32,119	31,221	29,935	33,727	38,471	1,291	2,032
2019					109,674	113,410	107,784	102,711	12,555	3,371
2020						124,196	118,761	108,859	14,753	2,504
2021							131,761	141,006	72,956	2,799
2022								138,981	114,131	1,465
							Total	$558,886	$216,426	14,302

(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	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021 (unaudited)	2022
2015	$—	$16	$62	$119	$147	$150	$150	$94
2016		248	2,141	4,000	3,098	3,446	3,600	3,265
2017			2,427	8,992	16,986	21,763	21,256	23,043
2018				2,054	17,209	31,130	31,337	36,128
2019					14,196	60,774	80,376	82,196
2020						12,355	53,723	85,944
2021							9,897	47,587
2022								9,426
							Total	$287,683
							Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance	$271,203

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[1]						
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)
	9 %	36 %	27 %	4 %	7 %	7 %	(10)%

(1) Unaudited supplementary information

Reconciliation

(Expressed in thousands of U.S. Dollars)		December 31, 2022
Net outstanding liabilities		
Bermuda - Property	$	316,456
Bermuda - Casualty		452,337
Bermuda - Specialty		203,179
International - Property		175,691
International - Casualty		237,286
International - Specialty		271,203
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance		1,656,152
Reinsurance recoverable on unpaid claims		
Bermuda - Property		67,328
Bermuda - Casualty		153,053
Bermuda - Specialty		71,335
International - Property		86,890
International - Casualty		642,250
International - Specialty		157,007
Total reinsurance recoverable on unpaid claims		1,177,863
Other insurance lines		(1,738)
Unallocated loss adjustment expenses		23,998
		22,260
Total gross liability for unpaid losses and loss adjustment expenses	**$**	**2,856,275**

10. Debt and Credit Facilities

Debt

On June 23, 2022, Hamilton Group renewed its unsecured $150 million term loan credit arrangement, as amended from time to time (the "Facility"), with various lenders as arranged by Wells Fargo Securities, LLC. All or a portion of the loan issued under the renegotiated Facility bears interest at either (a) the Base Rate plus the Applicable Margin or (b) the Adjusted Term SOFR rate plus the Applicable Margin, at Hamilton Group's discretion. In the event of default, an additional 2% interest in excess of (a) or (b) will be levied, not to exceed the highest rate permissible under applicable law, and certain types of loans may not be available for borrowing by Hamilton Group under the Facility. The Facility matures on June 23, 2025, unless accelerated pursuant to the terms of the Facility, and it contains usual and customary representations, warranties, conditions and covenants for bank loan facilities of this type. The Facility also contains certain financial covenants which cap the ratio of consolidated debt to capital and require that Hamilton Group maintain a certain minimum consolidated net worth. The net worth requirement is recalculated effective as of the end of each fiscal quarter. As of December 31, 2022, the outstanding loan balance was $150.0 million, the unamortized issuance costs were $0.3 million and the Company was in compliance with all covenants.

Debt issuance costs are amortized over the period of time during which the Facility is outstanding, as an offset to investment income. The Company amortized debt issuance costs of $0.2 million or less in each of the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020.

Credit Facilities

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

On June 23, 2022, Hamilton Group and Hamilton Re amended and restated their unsecured 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 Hamilton Re, 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, National Association, Truist Bank, BMO Harris Bank N.A., Commerzbank AG, New York Branch, HSBC Bank USA, N. A., 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. At December 31, 2022, there were no loan amounts outstanding under this facility.

On August 13, 2021, Hamilton Re and HIDAC 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 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 Funds at Lloyd's ("FAL") ("FAL LOC Facility") to support the FAL requirements of Syndicate 4000. Capacity is provided by Barclays Bank PLC, ING Bank N.V., London Branch, and Bank of Montreal, London Branch.

The Company's obligations under its credit facilities require Hamilton Group, Hamilton Re and the other parties thereto to comply with various financial and reporting covenants. All applicable entities were 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	$	885,477
Available letter of credit and revolving loan facilities - in use		654,412
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 debt and credit facilities of $15.7 million, $1.1 million, $14.9 million and $18.9 million for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020, respectively.

11. Share Capital

Authorized and Issued

Hamilton Group's share capital at December 31, 2022 and November 30, 2021, is comprised as follows:

(Expressed in thousands of U.S. Dollars, except share information)

Authorized:

135,000,000 common shares of $0.01 par value each

Issued, outstanding and fully paid:	**2022**	**2021**
Class A common shares (2022: 30,520,078 and 2021: 30,320,078)	$ 305	$ 303
Class B common shares (2022: 42,042,155 and 2021: 37,912,993)	420	379
Class C common shares (2022: 30,525,626 and 2021: 34,307,698)	305	343
Total	$ 1,030	$ 1,025

The following is a summary of the activity related to common shares authorized for the year ended December 31, 2022:

	2022			
	Class A	**Class B**	**Class C**	**Total**
Common shares - beginning of period	53,793,690	46,898,612	34,307,698	135,000,000
Share class conversions	200,000	3,582,072	(3,782,072)	—
Common shares - end of period	53,993,690	50,480,684	30,525,626	135,000,000

There was no activity related to common shares authorized for the month ended December 31, 2021.

The following is a summary of the activity related to common shares issued and outstanding for the year ended December 31, 2022:

	2022			
	Class A	**Class B**	**Class C**	**Total**
Common shares - beginning of period	30,320,078	37,935,266	34,307,698	102,563,042
Share class conversions	200,000	3,582,072	(3,782,072)	—
Vesting of awards	—	580,935	—	580,935
Employee and director share purchases	—	22,750	—	22,750
Director share awards granted	—	25,805	—	25,805
Share repurchases	—	(104,673)	—	(104,673)
Common shares - end of period	30,520,078	42,042,155	30,525,626	103,087,859

The following is a summary of the activity related to common shares issued and outstanding for the month ended December 31, 2021:

	2021			
	Class A	**Class B**	**Class C**	**Total**
Common shares - beginning of period	30,320,078	37,912,993	34,307,698	102,540,769
Director share awards granted	—	22,273	—	22,273
Common shares - end of period	30,320,078	37,935,266	34,307,698	102,563,042

In general, holders of Class A common shares and Class B common shares have one vote for each common share held. However, each holder of Class A common shares and Class B common shares is limited to voting (directly, indirectly or constructively, as determined for U.S. federal income tax purposes) that number of common shares equal to 9.5% of the total combined voting power of all classes of shares of Hamilton Group. In addition, the Board of Directors may limit a shareholder's voting rights when it deems it appropriate to do so to avoid certain material adverse tax, legal or regulatory consequences to the Company or any direct or indirect shareholder or its affiliates. The Company Bye-laws provide for the redesignation of shares from (i) Class C common shares to Class B common shares and from (ii) Class A common shares and Class B common shares to Class C common shares at the request of the transferring shareholder and subject to approval by a Simple Majority of the Board. With the exception of the right to receive notice of, attend, or vote at any general meeting of the Company, the Class C common shares retain all rights associated with the Class B common shares, as described below.

Certain of Hamilton Group's shareholders that own an aggregate of 62.0 million Class A, Class B and Class C common shares at December 31, 2022 have liquidity rights stipulating that on either December 23, 2023, or at the end of each three-year period thereafter, or upon the occurrence of a Trigger Event (as such term is defined in the Second Amended and Restated Shareholders' Agreement), such shareholders may cause, at the Company's election, for the Company to either repurchase all or any portion of the exercised common shares held by such shareholder(s) at diluted book value or require an auction for a cash sale of the Company, at the Company's option. For purposes of these liquidity rights a Trigger Event includes any of the following: (i) various adverse tax determinations, including if the Company is determined to be a "passive foreign investment company" for U.S. federal income tax purposes; (ii) various changes in law that have material adverse consequences to either the Company or the applicable shareholder's interests in the Company; (iii) a downgrade in any material subsidiary's financial strength rating to any level below A- by A.M. Best Company; or (iv) one or more changes in law (including regulatory requirements) that in the aggregate result in (a) a reduction in the investable assets of the Company invested with Two Sigma specifically, or alternative investment managers employing similar strategies generally, such that 75% or less of the Company's investable assets will be invested with Two Sigma or such alternative investment managers or (b) Two Sigma specifically, or alternative investment managers employing similar strategies generally, being required to adopt a materially different investment strategy with respect to the investable assets of the Company. Should the Company elect to repurchase all or a portion of the common shares held by such exercising shareholder(s), such repurchase is subject to (i) applicable law and (ii) reasonable determination by the Board of Directors that A.M. Best Company will not downgrade or take any ratings action with respect to Hamilton Re's financial strength rating as a result.

12. Stock Incentive Plans

Employees, directors, and consultants of the Company may be granted restricted stock units ("RSUs"), performance stock units ("PSUs"), restricted stock awards ("RSAs"), warrants, options, stock appreciation rights, and stock bonus awards under the Hamilton Insurance Group, Ltd. 2013 Equity Incentive Plan (the "Plan"). The Plan initially reserved a total of 7,500,000 Class B common shares for issuance of awards of all types. The following table outlines the number of shares currently available for grant under the Plan:

	Year Ended December 31, 2022	Month Ended December 31, 2021
Shares available for grant - beginning of period	2,350,397	2,372,670
Awards granted	(1,234,259)	(22,273)
Awards canceled / expired	175,091	—
Shares repurchased and canceled	4,766	—
Shares available for grant - end of period	1,295,995	2,350,397

The following table presents the compensation expense relating to each award type that was recognized in earnings:

(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
Share-based compensation expense:				
RSUs	$ 10,884	$ 911	$ 8,068	$ 8,098
PSUs	(100)	132	815	(930)
Total share-based compensation expense:	10,784	1,043	8,883	7,168
Tax benefit	(1,074)	(76)	(621)	(717)
Share-based compensation expense, net of taxes:	$ 9,710	$ 967	$ 8,262	$ 6,451

The following table presents the unrecognized compensation expense relating to each award type as at December 31, 2022 and the weighted-average period in years over which it is expected to be recognized.

(Expressed in thousands of U.S. Dollars, except for weighted-average recognition period)	December 31, 2022 Unrecognized share-based compensation expense	December 31, 2022 Weighted-average recognition period in years
Unrecognized share-based compensation expense:		
RSUs	$ 5,527	1.8
PSUs	2,120	1.9
Total unrecognized share-based compensation expense:	$ 7,647	

Restricted Stock Units

During the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020, the Company granted RSUs with a total estimated fair value of $11.8 million, $Nil, $9.6 million and $8.8 million, respectively, to employees and directors which generally vest over a three-year period.

The following table presents a roll forward of the Company's RSUs based upon expected vesting:

	Year Ended December 31, 2022		Month Ended December 31, 2021	
	Number of RSUs	Weighted-Average Grant Date Fair Value	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested RSUs, beginning of period	1,182,380	$15.29	1,182,380	$15.29
Granted	796,122	$14.78	—	—
Vested	(545,140)	$15.99	—	—
Forfeited/ canceled	(72,593)	$14.57	—	—
Unvested RSUs, end of period	1,360,769	$14.75	1,182,380	$15.29

Performance Stock Units

During the year ended December 31, 2022 and the years ended November 30, 2021 and 2020, the Company granted PSUs that vest and settle on the third January 1st following their grant dates and entitle participants to between 0-200% of the target award. Settlement of the PSUs is subject to achievement of defined performance metrics and to each participant's continued employment through each vesting date. The Performance Payout calculation is subject to specified adjustments and is ultimately adjustable at the discretion of the Compensation Committee.

During the year ended November 30, 2018, the Company also granted PSUs that vest in equal installments on the third, fourth and fifth January 1st following their respective grant dates, subject to achievement of defined performance metrics and the participant's continued employment through each vesting date. All other significant terms and conditions are consistent with the PSUs described above.

There were no PSUs granted during the month ended December 31, 2021.

The following table presents a grant-date summary of the PSUs awarded to certain employees of the Company:

($ amounts expressed in thousands of U.S. Dollars)	Year Ended December 31, 2022	Month Ended December 31, 2021	Years Ended November 30, 2021	2020	2019	2018
Performance units granted	206,166	—	188,796	228,135	123,207	258,951
Potential maximum share payout	412,332	—	377,592	456,270	246,414	517,902
Aggregate grant date fair value	$ 2,732	$ —	$ 2,502	$ 4,022	$ 2,209	$ 4,161

The following table presents an inception-to-date roll forward of the Company's unvested PSUs based upon expected vesting percentages:

	Grant Period					
	Year Ended December 31, 2022	Month Ended December 31, 2021	Years Ended November 30, 2021	2020	2019	2018
Unvested PSUs at target, grant date	206,166	—	188,796	228,135	123,207	258,951
Vested	—	—	—	—	(10,904)	(49,782)
Forfeited/ canceled	(9,987)	—	(42,729)	(137,109)	(97,245)	(161,240)
Change in expected performance factor	—	—	(109,550)	(86,475)	(15,058)	(23,038)
Unvested PSUs at current expected performance percentage	196,179	—	36,517	4,551	—	24,891

Warrants

The following table presents a summary of the Company's outstanding and exercisable warrants:

(Intrinsic value in thousands of U.S. Dollars)	Number of Warrants	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value	Total Intrinsic Value	Weighted-Average Remaining Contractual Term
Warrants outstanding and exercisable, December 31, 2022	1,152,500	$ 10.00	$ 4.44	$ 4,287	1.3

Each warrant entitles the holder to purchase one common share of Hamilton Group at an exercise price of $10.00.

Board of Directors' Fees

The Company pays a portion of its board of directors fees in shares at each director's option. Expense relating to stock-settled directors' fees for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020 was $0.7 million, less than $0.1 million, $0.7 million and $0.7 million, respectively.

13. Earnings Per Share

The following table sets forth the computation of basic and diluted income (loss) per common share:

(Expressed in thousands of U.S. Dollars, except share information)	Year Ended December 31, 2022	Month Ended December 31, 2021	Years Ended November 30, 2021	Years Ended November 30, 2020
Numerator:				
Net income (loss) attributable to common shareholders	$ (97,999)	$ (35,887)	$ 188,179	$ (210,447)
Denominator:				
Weighted average common shares outstanding - basic	103,062	102,563	102,597	102,557
Effect of dilutive securities	—	—	936	—
Weighted average common shares outstanding - diluted	103,062	102,563	103,533	102,557
Income (loss) per common share - basic:	$ (0.95)	$ (0.35)	$ 1.83	$ (2.05)
Income (loss) per common share - diluted:	$ (0.95)	$ (0.35)	$ 1.82	$ (2.05)

For the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020, common shares available for issuance under share-based compensation plans of 3.0 million, 2.7 million, fewer than 0.1 million and 2.5 million, respectively, were not included in the calculation of diluted income (loss) per share because the assumed exercise or issuance of such shares would be anti-dilutive.

14. Income Taxes

Hamilton Group and its Bermuda domiciled subsidiaries are 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 Group and its Bermuda domiciled subsidiaries would be exempt from tax until 2035, pursuant to the Exempted Undertakings Tax Protection Act of 1966 of Bermuda, as amended. Hamilton Group has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions in which they operate. The jurisdictions in which Hamilton Group’s subsidiaries and branches are subject to tax are the United Kingdom, Ireland and the United States.

Net income (loss) before taxes by tax jurisdiction is 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	$ 66,823	$ (30,921)	$ 312,901	$ (135,632)
United States	(23,540)	470	38,268	(15,546)
United Kingdom	(67,213)	(956)	(85,416)	(22,106)
Ireland	(2,901)	(2,173)	(4,108)	(1,075)
Dubai	—	(975)	559	334
Income (loss) before income tax	$ (26,831)	$ (34,555)	$ 262,204	$ (174,025)

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	$ 10,488	$ 9,426
Current - United States	1,818	165	2,418	—
Current - United Kingdom	48	221	(1,754)	470
Current - Ireland	(122)	—	48	(28)
Total current tax	4,369	1,419	11,200	9,868
Deferred - United States	705	73	(776)	—
Deferred - United Kingdom	(1,927)	(153)	1,984	1,563
Deferred - Ireland	(43)	(4)	(43)	61
Total deferred tax	(1,265)	(84)	1,165	1,624
Total income tax expense	$ 3,104	$ 1,335	$ 12,365	$ 11,492

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 benefit (expense) on pre-tax (loss) income:

(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 statutory rate	(18,077)	(355)	(8,706)	(7,599)
Change in valuation allowance	17,060	1,437	20,458	11,292
Impairment of goodwill	4,161	—	—	—
Other permanent adjustments	(112)	—	294	545
Other prior period adjustments	28	(545)	(93)	(703)
Tax rate changes	(2,655)	—	(10,076)	(1,468)
Withholding tax	2,625	(236)	10,488	9,425
State income tax	74	1,034	—	—
Total income tax expense:	$ 3,104	$ 1,335	$ 12,365	$ 11,492

Withholding taxes on investment income from TS Hamilton Fund represent substantially all of the cash taxes paid by Hamilton Group in the amount of $2.6 million, $(0.2) 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 tax assets and liabilities are valued at the tax rate at which they are expected to be recognized. In June 2021, the U.K enacted a tax rate of 25% to be effective April 1, 2023, an increase from the current corporation tax rate of 19%. Accordingly, for the year ended November 30, 2021, the Company revalued all of its deferred tax assets and liabilities that are expected to reverse after April 1, 2023. Hamilton Group had previously revalued its deferred tax assets and liabilities in the years ended November 30, 2020 and 2019, based on the tax rates of 19% and 17%, respectively, expected to be in effect at the time the financial statements were prepared. The revaluation of the deferred tax assets resulted in a tax benefit of $2.7 million, $Nil, $10.1 million and $1.5 million in the year ended December 31, 2022, the month ended December 31, 2021, and the years ended November 30, 2021 and 2020, respectively. The financial statement impact of the rate changes was offset in each period by a valuation allowance, resulting in a related net tax expense (benefit) after valuation allowance of $(0.2) million, Nil, $3.8 million, and $1.5 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 Group's significant deferred tax assets and liabilities at 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	$ 4,645	$ 1,527
Ireland net operating loss carryforwards	404	249
U.K. net operating loss carryforwards	59,752	53,174
Loss portfolio transfer	5,292	—
Share-based compensation	3,564	3,100
Unearned premium reserve	2,325	—
UK deferred interest	1,731	—
Unrealized investment income	1,454	—
Deferred acquisition costs	830	1,997
Other	3,517	3,752
Total deferred tax assets	83,514	63,799
Deferred tax liabilities:		
Deferred policy acquisition costs	—	—
Intangible assets	(16,431)	(19,359)
Depreciation	(2,421)	—
Other	(1,999)	(2,425)
Total deferred tax liabilities	(20,851)	(21,784)
Net deferred tax asset (liability) before valuation allowance	62,663	42,015
Valuation allowance	(79,095)	(60,597)
Net deferred tax asset (liability)	$ (16,432)	$ (18,582)

Hamilton Group 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 $79.1 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.

The Company 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)	2022		
Tax jurisdiction	**Losses carried forward**	**Tax effect**	**Expiration**
Ireland	$ 3,230	$ 404	No expiry
United States	22,121	4,645	2040-2042
United Kingdom	$ 239,008	$ 59,752	No expiry

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.

Hamilton Group classifies all interest and penalties on unrecognized tax benefits as part of income tax expense. During the year ended December 31, 2022, month ended December 20, 2021 and 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. With few exceptions, Hamilton Group is no longer subject to tax examinations by U.S. federal or state examinations before 2018 or non-U.S. tax examinations before 2019.

15. 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
Marsh & McLennan Companies, Inc.	25 %	24 %	24 %
Aon plc	18 %	19 %	20 %
Willis Towers Watson Public Limited Company	5 %	11 %	10 %
All others/direct	52 %	46 %	46 %
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.

Operating Leases

The Company leases office space under operating leases in Bermuda, the United States, the United Kingdom, and Ireland. These leases expire at various dates through 2027, with a weighted average lease term of 2.3 years. As a result of the Company's January 1, 2022 adoption of ASU 2016-02 *Leases*, the December 31, 2022 balance sheet reflects a $7.8 million right of use asset in "other assets" and a corresponding lease liability in "accounts payable and accrued expenses", calculated with reference to a weighted average discount rate of 3.75%. Leases including renewal options are recorded on the balance sheet when management is reasonably certain the options will be exercised. Operating lease expense for the year ended December 31, 2022, the month ended December 31, 2021 and the years ended November 30, 2021 and 2020 was $3.8 million, $0.3 million, $4.0 million, and $4.3 million, respectively. Future minimum lease payments under the leases are expected to be as follows:

(Expressed in thousands of U.S. Dollars)

Year Ended December 31,	**Minimum Lease Payments**
2023	$ 2,845
2024	2,743
2025	1,676
2026	922
2027	692
Thereafter	—
Total undiscounted lease liabilities	8,878
Less: present value discount	(1,042)
Total recorded lease liability at present value	$ 7,836

Lloyd's Capital Requirements

Lloyd’s bases the capital funding requirements of the Company'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 YOA and all years thereafter. For the 2020 underwriting YOA onwards, the Company'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 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

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.

16. Related Party Transactions

In 2017, Hamilton Re established Turing Re, a special purpose insurer, to provide collateralized reinsurance capacity for Hamilton Re's property treaty business. The following table summarizes the impact of the business ceded to Turing Re:

(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
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 gain (loss) on related party reinsurance	$ (1,126)	$ (50)	$ (9,366)	$ (15,720)

In 2020, the Company established ACML, an insurance agent authorized to underwrite on behalf of Ada Re, as more fully described in Note 1, *Organization*. No business was ceded to Ada Re for the year ended November 30, 2020. The following table summarizes the impact of the business ceded to Ada Re:

(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 loss on related party reinsurance	$ (1,744)	$ (77)	$ (1,269)

17. Statutory Requirements

The Company is subject to the laws and statutory requirements of each jurisdiction in which the Company and its subsidiaries operate. These laws establish the Company's applicable minimum required statutory capital and surplus requirements and govern its ability to pay dividends. The minimum required statutory capital and surplus is the amount of statutory capital and surplus necessary to satisfy regulatory requirements based on the Company's current operations. The difference between statutory financial statements and statements prepared in accordance with GAAP varies by jurisdiction; however, the primary difference is that statutory financial statements do not reflect deferred acquisition costs or goodwill and intangible assets.

Group

The Bermuda Monetary Authority ("BMA") is the Company's group supervisor and its group capital and solvency requirements determine the minimum capital thresholds that Hamilton Group must meet. Hamilton Group is dependent on dividends from its subsidiaries to pay its operating and financing expenses.

The actual and minimum required statutory capital and surplus for the Company's principal operating subsidiaries by regulatory jurisdiction at December 31, 2022 and November 30, 2021 were as follows:

	Bermuda [1]		United Kingdom [2]		Ireland [3]		United States[4]	
(Expressed in thousands of U.S. Dollars)	2022	2021	2022	2021	2022	2021	2022	2021
Minimum statutory capital and surplus	$ 522,116	$ 469,674	$ 117,083	$ 121,082	$ 65,077	$ 60,589	$ 11,145	$ —
Actual statutory capital and surplus	$1,579,773	$1,742,355	$ 481,087	$ 571,437	$ 133,320	$ 101,699	$ 58,711	$ —

(1) Minimum statutory capital and surplus at December 31, 2022 for the Bermuda operating subsidiary is required to be maintained at the greater of a minimum solvency margin ("MSM"), as disclosed in the table above, and the Enhanced Capital Requirement ("ECR"), where applicable.

(2) Minimum statutory capital and surplus at December 31, 2022 for the U.K. operating entities is determined by reference to the entities' Solvency Capital Requirement and the Solvency II capital regime. U.K. operations are subject to Lloyd's requirements where underwriting members hold acceptable FAL and/or Syndicates hold acceptable Funds In Syndicate ("FIS") for their own account, in support of the total actual statutory capital and surplus amount. Actual statutory capital and surplus is comprised of an Economic Capital Assessment ("ECA"), derived from an approved Solvency II basis Internal model, plus any accumulated trading deficits calculated on a Solvency II basis.

(3) Our Irish operations are subject to the Solvency II regime, which requires insurance companies to hold assets that cover at least the best estimate of insurance liabilities, a risk margin, plus a risk-based Solvency Capital Requirement designed to protect against extreme stress events.

(4) Minimum statutory capital and surplus at December 31, 2022 represents the Company Action Level Risk-Based Capital level for U.S. operating subsidiaries.

The statutory net income (loss) for the Company's principal operating subsidiaries by regulatory jurisdiction was as follows:

	Year Ended December 31,	Years Ended November 30,	
(Expressed in thousands of U.S. Dollars)	2022	2021	2020
Bermuda	$ 1,993	$ 261,516	$ (140,743)
United Kingdom	25,470	(22,676)	(19,525)
Ireland	(32,331)	(17,383)	(2,545)
United States	$ (9,962)	$ —	$ —

Bermuda Operations

Hamilton Re is subject to the requirements of the Insurance Act 1978, amendments thereto and Related Regulations of Bermuda (the "Insurance Act"). As a Class 4 (re)insurer, Hamilton Re must maintain capital at the greater of their MSM and their ECR, which are established by reference to the Bermuda Solvency Capital Requirement ("BSCR") model. The Insurance Act also requires Hamilton Re to maintain certain measures of solvency and liquidity.

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's BSCR for the year ended December 31, 2022 will not be filed with the BMA until March 2023. As a result, the required statutory capital and surplus disclosed as of 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.

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), as a Class 4 Bermuda insurance subsidiary, Hamilton Re must apply 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.

United Kingdom Operations

A U.K. company's ability to propose and pay dividends is dependent upon U.K. law and may require the approval of a local regulatory body where a minimum capital requirement applies.

As discussed in Note 15, *Commitments and Contingencies*, Lloyd's bases the capital funding requirements of the Company's corporate members on their latest approved Economic Capital Assessments. As of December 31, 2022, actual levels of solvency, liquidity, and capital were in compliance with the Lloyd's requirements.

Following distributions received from Hamilton Syndicate 4000, profits arising in HCML are available for distribution subject to U.K. law. Profits arising in HMA, which is subject to Lloyds' oversight and regulation by both the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), are available for distribution subject to U.K. law and the preservation of a minimum capital requirement calculated with reference to Lloyd's capital tests.

The PRA regulatory requirements impose no explicit restrictions on the U.K. subsidiaries' ability to pay a dividend, but the Company must notify the PRA 28 days prior to any proposed dividend payment. Dividends may only be distributed from profits available for distribution. At December 31, 2022, the Company's U.K. subsidiaries did not have retained profits available for distribution.

Ireland

HIDAC is regulated by the Central Bank of Ireland pursuant to the Insurance Acts 1909 to 2018 (as amended), the Central Bank Acts 1942 to 2018 and all statutory instruments relating to insurance made or adopted under the European Communities Acts 1972 to 2012, including the European Union (Insurance and Reinsurance) Regulations, 2015 (as amended) and the Solvency II regime. HIDAC is required to maintain the Minimum Capital Requirement ("MCR") and the Solvency Capital Requirement ("SCR") at all times. Capital requirements are calculated by reference to Solvency II definitions. If an entity falls below the MCR or SCR, the Central Bank of Ireland is authorized to take action to restore the financial position of the subsidiary. HIDAC was at all times in compliance with these requirements for the year ended December 31, 2022.

The amount of dividends that HIDAC is permitted to distribute is restricted to accumulated realized profits that have not been capitalized or distributed, less accumulated realized losses that have not been written off. The solvency and capital requirements must still be met subsequent to any distribution. As at December 31, 2022, HIDAC did not have retained profits available for distribution.

United States Operations

The Company's U.S. insurance subsidiary are registered in Delaware and subject to restrictions on statutory net income and statutory surplus as determined in accordance with the relevant statutory accounting requirements established by the National Association of Insurance Commissioners, subject to state modifications thereof. They are also required to file annual statements with insurance regulatory authorities prepared in accordance with statutory accounting principles prescribed or permitted by such authorities. The U.S. insurance subsidiary is also generally required to maintain minimum levels of solvency and liquidity as determined by law and regulation, comply with regulatory capital requirements and licensing rules.

Delaware law provides that an insurance company which is a member of an insurance holding company system and is domiciled in the state shall not pay dividends without giving prior notice to the Insurance Commissioner of Delaware and may not pay dividends without the approval of the Insurance Commissioner if the value of the proposed dividend, together with all other dividends and distributions made in the preceding twelve months, exceeds the greater of (1) 10% of statutory surplus or (2) net income, not including realized capital gains, each as reported in the prior year's statutory annual statement. In addition, no dividend may be paid in excess of unassigned earned surplus. As at December 31, 2022, our U.S. insurance subsidiary did not have retained profits available for distribution.

18. Divestitures

Attune

On September 20, 2021, a purchaser acquired for cash certain units of Attune Holdings LLC ("Attune"). $65.2 million of the net consideration was allocated to Class A shares held by the Company. The Company's net gain on sale of $54.6 million was calculated with reference to the post-escrow funds received and was recorded in the statement of operations for the year ended November 30, 2021 as a net gain on sale of equity method investment. Proceeds of sale were settled on closing, with a portion of the balance owing to the Company held in escrow for the benefit of the purchaser pursuant to terms of the escrow agreements.

In the year ended December 31, 2022, escrow funds of $7.0 million were received and recorded in the statement of operations as an incremental net gain on sale of equity method investment. As of December 31, 2022, escrow funds of $0.6 million were recorded in "restricted cash" and "other liabilities" on the balance sheet.

19. 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.