

**EVEREN SPECIALTY LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

(\$'000)	31-May-22	30-Nov-21
<b>ASSETS</b>		
Cash and cash equivalents	123,378	199,499
Investments at fair value	761,624	805,820
Other investments	125,582	126,055
Restricted assets	378,500	295,861
Investment sales pending settlement	2,654	11,075
Accrued investment income	4,217	5,069
Losses recoverable from reinsurers	268,943	251,088
Accounts receivable	299,592	283,907
Funds withheld	67,541	75,777
Prepaid reinsurance premiums	29,141	55,545
Deferred acquisition costs	71,472	72,732
Other assets	1,718	774
<b>Total assets</b>	<b>2,134,362</b>	<b>2,183,202</b>
<b>LIABILITIES</b>		
Outstanding losses and loss expenses	1,100,021	1,027,491
Unearned premiums	330,212	341,384
Investment purchases pending settlement	3,813	36,684
Loan payable	131,952	131,893
Reinsurance premium payable	22,132	47,127
Amounts due to affiliates	6,280	3,063
Accounts payable	131,265	122,105
<b>Total liabilities</b>	<b>1,725,675</b>	<b>1,709,747</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common shares	305	300
Retained earnings	408,382	473,155
<b>Total shareholders' equity</b>	<b>408,687</b>	<b>473,455</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,134,362</b>	<b>2,183,202</b>

**EVEREN SPECIALTY LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

(\$'000)	THREE MONTHS ENDED		SIX MONTHS ENDED	
	31-May-22	31-May-21	31-May-22	31-May-21
<b>INCOME</b>				
Gross premiums written	158,672	165,427	307,490	322,122
Change in unearned premiums written	(678)	(23,056)	11,172	(40,532)
Premiums earned	157,994	142,371	318,662	281,590
Premiums ceded	(18,670)	(19,795)	(35,291)	(28,555)
Change in prepaid reinsurance premiums	(9,494)	(10,826)	(26,405)	(25,220)
Net premiums earned	129,830	111,750	256,966	227,815
Losses and loss expenses incurred, net of reinsurance	(98,900)	(70,397)	(199,692)	(162,086)
Commission and brokerage fees, net	(30,945)	(31,099)	(64,473)	(59,371)
<b>Net underwriting (loss) income</b>	(15)	10,254	(7,199)	6,358
Interest income	1,820	3,918	5,276	8,271
Net (losses) gains on investments	(24,153)	17,696	(43,389)	27,250
Dividend income	164	148	708	608
Investment advisory and custodian fees	(984)	(972)	(1,998)	(1,814)
Interest expenses	(2,951)	(2,877)	(5,850)	(5,745)
<b>Net investment (loss) income</b>	(26,104)	17,913	(45,253)	28,570
General and administrative expenses	(6,979)	(5,467)	(12,701)	(10,813)
<b>Net (loss) Income before income taxes</b>	(33,098)	22,700	(65,153)	24,115
Income tax benefit (expense)	228	-	380	-
<b>Net (loss) Income</b>	(32,870)	22,700	(64,773)	24,115

**EVEREN SPECIALTY LTD.**  
**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**  
**(UNAUDITED)**

(\$'000)	31-May-22
<b>CAPITAL</b>	
Common shares at beginning of period	300
Shares issued in period	10
Shares redeemed in period	(5)
Common shares outstanding at end of period	305
<b>RETAINED EARNINGS</b>	
Retained earnings at beginning of period	473,155
Net loss for period	(64,773)
Retained earnings at end of period	408,382
<b>Total shareholders' equity</b>	<b>408,687</b>

## INSURANCE OPERATIONS

Premiums written for the six months ended May 31, 2022, decreased to \$307.5 million from \$322.1 million in the comparative period. Net premiums earned for the six months ended May 31, 2022 increased to \$257.0 million from \$227.8 million in the comparative period.

Premiums written for the three months ended May 31, 2022, decreased to \$158.7 million from \$165.4 million in the comparative period. Net premiums earned for the three months ended May 31, 2022 increased to \$129.8 million from \$111.8 million in the comparative period.

The decreases in premiums written was primarily due to a decline in the premium written on the assumed reinsurance business. The increase in net premium earned, was primarily due to growth in assumed written premium during the prior year.

During the six months ended May 31, 2022, losses and loss expenses incurred of \$199.7 million primarily related to: (i) net case and IBNR reserves totaling \$139.6 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$50.7 million on the direct liability and property books of business; and (iii) net reserves on the Company's Lloyd's corporate member business of \$9.4 million.

During the three months ended May 31, 2022, losses and loss expenses incurred of \$98.9 million primarily related to: (i) net case and IBNR reserves totaling \$62.4 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$30.8 million on the direct liability and property books of business; and (iii) net reserves on the Company's Lloyd's corporate member business of \$5.7 million.

## INVESTMENTS

During the six month period ended May 31, 2022, the Company's bond, equity and fund of hedge funds portfolios all generated negative returns of 4.23%, 5.95% and 0.38%, respectively. Including cash and insurance trust assets, the Company's total invested assets had a negative return of 2.72% over the six month period.

During the three month period ended May 31, 2022, the Company's bond and equity portfolios posted negative returns of 2.45% and 4.70%, respectively. The fund of hedge funds portfolio posted a positive return of 0.43% over the three-month period. Including cash and insurance trust assets, the Company's total invested assets had a negative return of 1.61% over the three month period.

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## NET (LOSS) INCOME

During the six months ended May 31, 2022, the Company recorded a net loss of \$(64.8) million compared to net income of \$24.1 million in the comparative period.

During the three months ended May 31, 2022, the Company recorded a net loss of \$(32.9) million compared to net income of \$22.7 million in the comparative period.