

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

(\$'000)	31-Aug-22	30-Nov-21
ASSETS		
Cash and cash equivalents	181,743	199,499
Investments at fair value	726,744	805,820
Other investments	127,424	126,055
Restricted assets	388,548	295,861
Investment sales pending settlement	4,198	11,075
Accrued investment income	3,895	5,069
Losses recoverable from reinsurers	273,267	251,088
Accounts receivable	317,631	283,907
Funds withheld	69,777	75,777
Prepaid reinsurance premiums	74,057	55,545
Deferred acquisition costs	74,471	72,732
Other assets	1,573	774
Total assets	2,243,328	2,183,202
LIABILITIES		
Outstanding losses and loss expenses	1,152,543	1,027,491
Unearned premiums	364,583	341,384
Investment purchases pending settlement	6,015	36,684
Loan payable	131,981	131,893
Reinsurance premium payable	80,847	47,127
Amounts due to affiliates	5,180	3,063
Accounts payable	140,206	122,105
Total liabilities	1,881,355	1,709,747
SHAREHOLDERS' EQUITY		
Common shares	310	300
Retained earnings	361,663	473,155
Total shareholders' equity	361,973	473,455
Total liabilities and shareholders' equity	2,243,328	2,183,202



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

(\$'000)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
INCOME				
Gross premiums written	191,311	188,135	498,801	510,257
Change in unearned premiums written	(34,370)	(29,323)	(23,198)	(69,855)
Premiums earned	156,941	158,812	475,603	440,402
Premiums ceded	(76,353)	(78,819)	(111,644)	(107,374)
Change in prepaid reinsurance premiums	44,918	50,143	18,513	24,923
Net premiums earned	125,506	130,136	382,472	357,951
Losses and loss expenses incurred, net of reinsurance	(115,200)	(119,926)	(314,892)	(282,012)
Commission and brokerage fees, net	(31,875)	(33,068)	(96,348)	(92,439)
Net underwriting (loss) income	(21,569)	(22,858)	(28,768)	(16,500)
Interest income	4,101	3,862	9,377	12,133
Net (losses) gains on investments	(18,049)	7,412	(61,438)	34,662
Dividend income	169	115	877	723
Investment advisory and custodian fees	(925)	(1,050)	(2,923)	(2,864)
Interest expenses	(2,988)	(3,039)	(8,838)	(8,784)
Net investment (loss) income	(17,692)	7,300	(62,945)	35,870
General and administrative expenses	(7,335)	(6,103)	(20,036)	(16,916)
Net (loss) Income before income taxes	(46,596)	(21,661)	(111,749)	2,454
Income tax benefit (expense)	(123)	-	257	-
Net (loss) Income	(46,719)	(21,661)	(111,492)	2,454

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

(\$'000)	31-Aug-22
CAPITAL	
Common shares at beginning of period	300
Shares issued in period	10
Shares redeemed in period	(0)
Common shares outstanding at end of period	310
RETAINED EARNINGS	
Retained earnings at beginning of period	473,155
Net loss for period	(111,492)
Retained earnings at end of period	361,663
Total shareholders' equity	361,973

INSURANCE OPERATIONS

Premiums written for the nine-month period ended August 31, 2022 decreased to \$498.8 million from \$510.3 million in the comparative period. Net premiums earned for the nine-month period ended August 31, 2022 increased to \$382.5 million from \$358.0 million in the comparative period. The decrease in premiums written was primarily due to a decline in the assumed reinsurance business written during the period in line with the Company's business plan to reduce exposure to natural catastrophes. The increase in net premium earned was primarily due to prior year growth in assumed reinsurance business written.

Premiums written for the three-month period ended August 31, 2022 increased to \$191.3 million from \$188.1 million in the comparative period. The increase in premiums written during this three-month period was primarily due to an increase in premiums written on the Company's direct books of business. Net premiums earned for the three-month period ended August 31, 2022 decreased to \$125.5 million from \$130.1 million in the comparative period. The decrease in net premium earned for the three-month period ended August 31, 2022 was primarily due to the reduction in written premium during the current year on the Company's assumed reinsurance book of business due to the downsizing of natural catastrophe exposures

During the nine-month period ended August 31, 2022, losses and loss expenses incurred of \$314.9 million primarily related to: (i) net case and IBNR reserves totaling \$219.2 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$79.1 million on the direct liability and property books of business; and (iii) net reserves on the Company's Lloyd's corporate member business of \$16.6 million.

During the three-month period ended August 31, 2022, losses and loss expenses incurred of \$115.2 million primarily related to: (i) net case and IBNR reserves totaling \$81.6 million on the assumed reinsurance book of business; (ii) net case and IBNR reserves (including LAE) totaling \$26.4 million on the direct liability and property books of business; and (iii) net reserves on the Company's Lloyd's corporate member business of \$7.2 million.

INVESTMENTS

During the nine-month period ended August 31, 2022, the Company's bond and equity portfolios posted negative returns of 5.28% and 12.91%, respectively, driven by volatility in the global equity markets and unrealized investment losses as a result of interest rate increases. The fund of hedge funds portfolio posted a positive return of 1.09% over the nine-month period. Including cash and insurance trust assets, the Company's total invested assets had a negative return of 3.73% over the nine-month period.

During the three-month period ended August 31, 2022, the Company's bond and equity portfolios posted negative returns of 1.10% and 7.40%, respectively. The fund of hedge funds portfolio posted a positive return of 1.47% over the three-month period. Including cash and insurance trust assets, the Company's total invested assets had a negative return of 1.03% over the three-month period.

NET (LOSS) INCOME

During the nine-month period ended August 31, 2022, the Company recorded a net loss of \$(111.5) million compared to net income of \$2.5 million in the comparative period. The net loss for the period was primarily driven by an underwriting loss of (\$28.9) million, a net investment loss of (\$62.9) million, and general and administrative expenses of (\$20.0) million.

During the three-month period ended August 31, 2022, the Company recorded a net loss of \$(46.7) million compared to net income of \$(21.7) million in the comparative period. The net loss for the period was primarily driven by an underwriting loss of (\$21.6) million, a net investment loss of (\$17.7) million, and general and administrative expenses of (\$7.3) million.