



April 28, 2021

Report of Independent Auditors

To the Board of Directors of OmegaCat Reinsurance Ltd.

We have audited the accompanying condensed financial statements of OmegaCat Reinsurance Ltd., which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2020 and 2019, and the related condensed statements of income for the year ended December 31, 2020 and the period from November 15, 2018 (Commencement of Operations) to December 31, 2019, and the related notes to the condensed financial statements.

Management's responsibility for the condensed financial statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the 'Legislation'). Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the condensed financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the condensed financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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



Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the “Basis for adverse opinion on U.S. generally accepted accounting principles” paragraph, the condensed financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2020 and 2019, or the results of its operations or its cash flows for the year ended December 31, 2020 and the period from November 15, 2018 (Commencement of Operations) to December 31, 2019.

Opinion on regulatory basis of accounting

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of OmegaCat Reinsurance Ltd. as of December 31, 2020 and 2019, and the results of its operations for the year ended December 31, 2020 and the period from November 15, 2018 (Commencement of Operations) to December 31, 2019 in accordance with the financial reporting provisions of the Legislation described in Note 3.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

CONDENSED BALANCE SHEET

OmegaCat Reinsurance Ltd.

As at **December 31, 2020**

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

LINE No.		2020	2019
1.	CASH AND CASH EQUIVALENTS	3,656,599	1,812,082
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	89,796	209,500
(h)	Total investments in and advances to affiliates	89,796	209,500
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	-	2,320
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	65,762	42,746
(b)	Deferred - not yet due	27,308	6,700
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	93,070	49,446
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers	20,000	
(e)	Total reinsurance balance receivable	20,000	-
12.	FUNDS HELD BY CEDING REINSURERS		

CONDENSED BALANCE SHEET

OmegaCat Reinsurance Ltd.

As at **December 31, 2020**

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

LINE No.		2020	2019
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs	6,309	3,054
(g)	Net receivables for investments sold		
(h)	Other Sundry Assets (Specify)		
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	6,309	3,054
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	3,865,774	2,076,402
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	65,330	26,247
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers	1,179	3,644
(c)	Total ceded unearned premium reserve	1,179	3,644
(d)	Net unearned premium reserve	64,151	22,603
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	705,489	215,512
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers	-	20,000
(c)	Total reinsurance recoverable balance	-	20,000
(d)	Net loss and loss expense provisions	705,489	195,512
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	769,640	218,115
	LONG-TERM BUSINESS INSURANCE RESERVES		
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates		
	(ii) Domestic Affiliates		
	(iii) Pools and Associations		
	(iv) All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-

CONDENSED BALANCE SHEET

OmegaCat Reinsurance Ltd.

As at **December 31, 2020**

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

LINE No.		2020	2019
(d)	Total Net Long-Term Business Insurance Reserves	-	-
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	10,700	7,639
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE	3,023,863	1,667,782
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	60,478	181,752
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	93	113
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	3,095,134	1,857,287
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	3,864,774	2,075,402
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	1,000	1,000
41.	TOTAL	3,865,774	2,076,402
		TRUE	TRUE

CONDENSED STATEMENT OF INCOME

OmegaCat Reinsurance Ltd.

For the year ending **December 31, 2020**
expressed in ['000s] **United States Dollars**

LINE No.	2020	2019
GENERAL BUSINESS UNDERWRITING INCOME		
1. GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	684,729	454,032
(b) Assumed gross premiums written		
(c) Total gross premiums written	684,729	454,032
2. REINSURANCE PREMIUMS CEDED	30,530	33,670
3. NET PREMIUMS WRITTEN	654,199	420,362
4. INCREASE (DECREASE) IN UNEARNED PREMIUMS	(41,548)	(22,603)
5. NET PREMIUMS EARNED	612,651	397,759
6. OTHER INSURANCE INCOME		
7. TOTAL GENERAL BUSINESS UNDERWRITING INCOME	612,651	397,759
GENERAL BUSINESS UNDERWRITING EXPENSES		
8. NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	491,413	198,210
9. COMMISSIONS AND BROKERAGE	68,615	37,301
10. TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	560,028	235,511
11. NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	52,623	162,248
LONG-TERM BUSINESS INCOME		
12. GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Direct gross premiums and other considerations		
(b) Assumed gross premiums and other considerations		
(c) Total gross premiums and other considerations	-	-
13. PREMIUMS CEDED		
14. NET PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Life		
(b) Annuities		
(c) Accident and health		
(d) Total net premiums and other considerations	-	-
15. OTHER INSURANCE INCOME		
16. TOTAL LONG-TERM BUSINESS INCOME	-	-
LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17. CLAIMS - LIFE		
18. POLICYHOLDERS' DIVIDENDS		
19. SURRENDERS		
20. MATURITIES		
21. ANNUITIES		
22. ACCIDENT AND HEALTH BENEFITS		
23. COMMISSIONS		
24. OTHER		
25. TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26. INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
(a) Life		
(b) Annuities		
(c) Accident and health		

CONDENSED STATEMENT OF INCOME

OmegaCat Reinsurance Ltd.

For the year ending **December 31, 2020**
expressed in ['000s] **United States Dollars**

LINE No.	2020	2019
(d) Total increase (decrease) in policy reserves	-	-
27. TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28. NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	-	-
29. COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	52,623	162,248
UNDERNOTED ITEMS		
30. COMBINED OPERATING EXPENSE		
(a) General and administration	572	437
(b) Personnel cost		
(c) Other - Forex	(795)	45
(d) Total combined operating expenses	(223)	481
31. COMBINED INVESTMENT INCOME - NET	7,060	19,549
32. COMBINED OTHER INCOME (DEDUCTIONS)	572	437
33. COMBINED INCOME BEFORE TAXES	60,478	181,752
34. COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current		
(b) Deferred		
(c) Total	-	-
35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	60,478	181,752
36. COMBINED REALIZED GAINS (LOSSES)		
37. COMBINED INTEREST CHARGES	60,478	181,752
38. NET INCOME	(0)	(0)

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

OmegaCat Reinsurance Ltd.

For the year ending **December 31, 2020**
expressed in ['000s] **United States Dollars**

LINE No.		2020	2019
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 120,000 shares of par	120	120
	value \$ 1,000 each issued and		
	fully paid 120,000 shares		
	(ii)		
	(A) Preferred shares:		
	authorized 880,000 shares of par	880	880
	value \$ 1,000 each issued and		
	fully paid 880,000 shares		
	aggregate liquidation value for –		
	2020 		
	2019 		
	(B) Preferred shares issued by a subsidiary:		
	authorized shares of par		
	value each issued and		
	fully paid shares		
	aggregate liquidation value for –		
	2020 		
	2019 		
	(iii) Treasury Shares		
	repurchased shares of par		
	value each issued		
(b)	Contributed surplus		
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	<u>1,000</u>	<u>1,000</u>
2.	SURPLUS:		
(a)	Surplus - Beginning of Year		
(b)	Add: Income for the year	(0)	(0)
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	<u>(0)</u>	<u>(0)</u>
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	<u><u>1,000</u></u>	<u><u>1,000</u></u>

OMEGACAT REINSURANCE LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

(All numbers are expressed in '000)

Part I – General Notes to the Financial Statements

1. OmegaCat Reinsurance Ltd. (the "Company"), incorporated on November 15, 2018, is registered in Bermuda as a Class 3A insurer under The Insurance Act 1978 (the "Insurance Act"). The voting common shares of the Company are wholly-owned by OmegaCat Holdings Ltd. a Bermuda exempted company, and in turn, all of the issued and outstanding shares (i.e. shares which are not held in treasury) of OmegaCat Holdings Ltd. are registered in the name of Ocorian Services (Bermuda) Ltd. as trustee of the OmegaCat Purpose Trust, pursuant to a declaration of trust dated November 14, 2018. AlphaCat Managers Ltd. ("AlphaCat") holds non-voting preference shares of the Company and is the underwriter of the Company.
2. The Company offers fully collateralized short-tail reinsurance and retrocession coverage on a global basis over Property Catastrophe and Specialty lines of business. Reinsurance and retrocession policies are assumed from unrelated third parties and affiliates of which the policy obligations are fully collateralized by way of reinsurance trust accounts established to the benefit of each cedent. Funding for the collateral is obtained from the issuance of Variable Funding Notes (the "Notes") issued by the Company to AlphaCat Diversified Fund Ltd., AlphaCat Advantage Fund Ltd., AlphaCat Prima Fund Ltd., AlphaCat Soteria Fund Ltd., AlphaCat Opportunities II Ltd. and AlphaCat Opportunities Ltd., as well as to a separately managed account (collectively, the "AlphaCat Funds").
3. These condensed general-purpose financial statements are prepared in accordance with financial reporting provisions of the Insurance Act, amendments thereto and the Insurance Accounts Rules 2016 with respect to condensed general purpose financial statements (the "Legislation"). The recognition and measurement principles applied are in line with accounting principles generally accepted in the United States of America ("US GAAP"). The Legislation differs from US GAAP in certain respects as follows:
 - The format of the statements is prescribed by schedules IX and X of the Insurance Account Rules 2016;
 - Statement of cash flows or equivalent is not included;
 - Certain disclosures required by US GAAP are not included; and
 - Comprehensive income and its components are not presented in the condensed statement of income

The effects of the foregoing variances from US GAAP on the accompanying condensed general purpose financial statements have not been determined but are presumed to be material.

4. The Financial Statements are denominated in U.S. dollars. All estimates are subjective in nature and could materially influence the financial statements. Accordingly, management makes these estimates and assessments on an ongoing basis according to past experience and various factors that are deemed reasonable and which constitute the basis for these assessments. The amounts shown in the Company's future financial statements are likely to differ from these estimates in accordance with changes in assumptions or different conditions. It is believed that the estimates utilized in preparing these financial statements are reasonable; however, actual results could differ from these estimates and such differences could be material.

The following are the significant accounting policies adopted by the Company:

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments, including amounts held in trust accounts, with a maturity of three months or less at the date of purchase. The carrying value approximates fair value because of the short-term nature and high liquidity of these assets.

b) Foreign currency

The Company's functional currency is the U.S. dollar. Transactions in foreign currencies are recorded in U.S. dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies are translated at the exchange rates in effect at the reporting date and foreign exchange gains and losses are included in the statement of income.

c) Revenue recognition and acquisition costs

Gross premiums written are recorded at the inception of the policy. Premiums written and reinsurance premiums assumed relating to underwriting risks are recorded on an accrual basis and earned on a pro-rated basis over

OMEGACAT REINSURANCE LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

(All numbers are expressed in '000)

policy periods. The portion of the premiums written applicable to the unexpired terms of the underlying contracts and policies in force are recorded as unearned premiums.

d) Reinsurance premiums ceded

The Company seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk assumed in various areas of exposure with other insurers or reinsurers. Reinsurance premiums ceded are presented as a reduction to gross premiums written and are calculated on a pro-rata basis over the period the reinsurance coverage is provided. Prepaid reinsurance premiums represent the portion of premiums ceded applicable to the unexpired term of policies in force.

The Company has a receivable from AlphaCat of which \$89,796 (2019:\$209,500) represents hedging credit for collateral required through the purchase of derivative contracts triggered by industry-wide insurance losses (referred to collectively as "ILWs") and stop loss contract and applied to the fronting arrangement with Validus Reinsurance Ltd. ("Validus Re").

e) Commission and brokerage

Commission and brokerage expenses consist principally of costs that vary with, and are directly related to, the production of new and renewal business. These expenses are calculated on a pro-rata basis over the period of the insurance coverage is provided. The portion of the commission and brokerage applicable to the unexpired term of the underlying contracts and policies in force are recorded as deferred acquisition costs.

f) Losses reserves

The loss and loss expenses provision includes reserves for unpaid reported losses ("case") and for losses incurred but not reported ("IBNR"). The case reserve is established by management based on reports from brokers, ceding companies and insureds and represents the estimated ultimate cost of events or conditions that have been reported to, or specifically identified by the Insurer. The reserve for IBNR is established by management based on actuarially determined estimates of ultimate losses and loss expenses. Inherent in the estimate 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 statutory 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, will be recorded in the earnings in the period in which they become known. Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves incurred in previous calendar years.

The preparation of the Condensed GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

g) Investment / Interest income

Interest income on trust account balances are earned on accrual basis.

h) Taxation

Under current Bermuda Law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of such taxes being imposed, the Company will be exempted from taxation until the year 2035. However, certain U.S dividend income and interest income may be subject to a maximum 30% withholding tax. Further, certain U.S dividend income may be subject to a tax at a prevailing treaty or standard withholding rates with applicable country or local jurisdiction.

5. Refer Part I, Note 4.

6. Refer Part I, Note 4

7. Not Applicable

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

8. Not Applicable
9. Not Applicable
10. Not Applicable
11. Not Applicable
12. Not Applicable
13. Not Applicable
14. Not Applicable
15. Reinsurance and retrocession policies are assumed from unrelated third parties and affiliates of which the policy obligations are fully collateralized by way of reinsurance trust accounts established to the benefit of each cedent. Funding for the collateral is obtained from the issuance of the Notes issued by the Company to the AlphaCat Funds.
16. Not Applicable
17. The Company entered into the Novation Agreement with Validus Reinsurance, Ltd., Validus Reinsurance, (Switzerland) Ltd., AlphaCat Reinsurance Ltd. Upon execution of the Agreements, all business ceded to AlphaCat Reinsurance Ltd. by Validus Re. and Validus Reinsurance, (Switzerland) Ltd. will be fully novated to the Company, effective January 1, 2021

OMEGACAT REINSURANCE LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

PART II – Matters to be set forth in Notes to the Statement of Capital and Surplus

- 1.a) i) Common stock,
Authorized – 120,000 shares of par value of \$ 1 each.
Issued and Fully paid – 120,000 shares of par value of \$1 each.
- 1.a) ii) Preferred Shares
Authorized – 880,000 shares of par value of \$1 each.
Issued and fully paid – 880,000 shares of par value of \$1 each.
- 1.b) Not Applicable.
- 2.c) No dividends were declared or paid in 2020 and 2019.

OMEGACAT REINSURANCE LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

(All numbers are expressed in '000)

Part III – Notes to the Balance Sheet

1. As at December 31, 2020, cash and cash equivalents was \$3,656,599 (2019: 1,812,082). It consists of balances held with Wilmington Trust, Wells Fargo, Citibank, Bank of New York and HSBC Bermuda. The Company has insurance trusts, held by Wilmington Trust, Wells Fargo, Citibank and Bank of New York with cash and deposits amounting to \$3,655,598 (2019: \$1,811,082) whose withdrawal is subject to the terms of the individual trust agreements.
2. Not Applicable
3. Not Applicable
4. The balance due from AlphaCat Funds is non-interest bearing, unsecured and is repayable on demand.
- 5-8. Not Applicable
9. Investment income due and accrued of \$Nil as at December 31, 2020 (2019: \$2,320) is interest accrued on the balances with banks.
10. Not Applicable
11. As at December 31, 2020, the reinsurance balance receivable on paid losses was \$20,000 (2019: nil).
12. Not Applicable
13. Deferred acquisition costs of \$6,309 as at December 31, 2020 (2019: \$3,054), relating to commissions and taxes paid on reinsurance and retrocession contracts are recognized as an asset.
14. Not Applicable
15. Not Applicable
16. Unearned premiums are computed on the pro-rated method. The unearned premiums, net of reinsurance, of \$64,151 as at December 31, 2020 (2019: \$22,603).

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

(All numbers are expressed in '000)

17. The liability for losses and loss adjustment expenses comprises:

		2020		2019
Outstanding losses	\$	98,610	\$	639
ULAE		500		500
Losses incurred but not reported		606,379		214,373
Gross loss and loss expense provisions at end of year	\$	705,489	\$	215,512

Activity in the liability for losses and loss adjustment expense comprise:

General Business Reserves		2020		2019
Gross loss and loss expense provisions at beginning of year	\$	215,512	\$	-
Less: Reinsurance recoverable at beginning of year		20,000		-
Net loss and loss expense provisions at beginning of year		195,512		-
Net losses incurred and net loss expenses incurred related to:				
(a) Current year		510,983		198,210
(b) Prior years		(19,581)		-
Total net losses incurred and net loss expenses incurred		491,402		198,210
Less: Losses and loss expenses paid or payable related to:				
(a) Current year		(712)		(2,774)
(b) Prior years		18,312		-
Total losses and loss expenses paid or payable		17,600		(2,774)
Foreign exchange and other		975		76
Net loss and loss expense provisions at end of year		705,489		195,512
Add: Reinsurance recoverable at end of year		-		20,000
Gross loss and loss expense provisions at end of year	\$	705,489	\$	215,512

The change in prior year ultimate was primarily due to favorable development on non-event losses associated with the 2019 accident year.

OMEGACAT REINSURANCE LTD.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020 and THE PERIOD NOVEMBER 15, 2018 (Commencement of Operations) to DECEMBER 31, 2019

(All numbers are expressed in '000)

Management believes that the assumptions used establishing its provision for loss and loss adjustment expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2020 and 2019. However, these assumptions are subject to change and the Company continually reviews and adjusts its reserve estimates taking into account all currently known information and updated assumptions related to unknown information. While management believes it has made a reasonable estimate of loss expenses occurring up to the balance sheet date, the ultimate costs of claims incurred could exceed the Company's reserves and have a materially adverse effect on its future results of operations and financial condition.

20 & 21. Not Applicable

22 – 27. Not Applicable

28. Insurance and reinsurance balances payable of \$10,700 (2019:\$7,639) represent reinsurance balances due to third parties.

29. Not Applicable

30. Funding for the collateral is obtained from the issuance of the Notes issued by the Company to AlphaCat Funds as well as other third-party investors on a direct basis

31. a) Under current Bermuda law the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda that in the event of any such taxes being imposed the Company will be exempted from taxation until the year 2035.

31. b) Not Applicable

32. The due to affiliates balance due are non-interest bearing and payable on demand.

33. Account payable and accrued liabilities of \$93 (2019:\$113) represent accruals and services due to third parties and directors fee.

34 - 37. Not Applicable

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(All numbers are expressed in '000)

Part IV – Notes to the Statement of Income

6. Not Applicable

15. Not Applicable

32. The management fee, consisting of reimbursement for the operating expenses, amounts to \$572 (2019:\$437) from AlphaCat for the year ended December 31, 2020.

36. Not Applicable

37. The earnings of the company are attributable to the Notes holders and as at December 31, 2020, the amount of \$60,478 (2019:\$181,752) is attributed and allocated to the Notes holders.