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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Arden Reinsurance Company Ltd.

We have audited the accompanying condensed financial statements of Arden Reinsurance Company Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2020 and December 31, 2019, and the related condensed statements of income for the years then ended, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the condensed financial statements based on our audits. We conducted our audits 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 December 31, 2019, or the results of its operations or its cash flows for the years then ended.

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 Arden Reinsurance Company Ltd. as of December 31, 2020 and December 31, 2019, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Legislation described in Note 3.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
April 23, 2021

CONDENSED BALANCE SHEET

Arden Reinsurance Company Ltd.

As at **December 31, 2020**

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

LINE No.	2020	2019
1. CASH AND CASH EQUIVALENTS	151,433	17,930
2. QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity		
ii. Other	20,533	57,918
(b) Total Bonds and Debentures	20,533	57,918
(c) Equities		
i. Common stocks		
ii. Preferred stocks		
iii. Mutual funds		
(d) Total equities	-	-
(e) Other quoted investments		
(f) Total quoted investments	20,533	57,918
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	108	266
(f) Total unquoted investments	108	266
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		
(h) Total investments in and advances to affiliates	-	-
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	76	154
10. ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a) In course of collection	20,395	68,158
(b) Deferred - not yet due	95,393	89,429
(c) Receivables from retrocessional contracts		
(d) Total accounts and premiums receivable	115,788	157,587
11. REINSURANCE BALANCES RECEIVABLE:		
(a) Foreign affiliates		
(b) Domestic affiliates		
(c) Pools & associations		
(d) All other insurers		
(e) Total reinsurance balance receivable	-	-
12. FUNDS HELD BY CEDING REINSURERS	75	75

CONDENSED BALANCE SHEET

Arden Reinsurance Company 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	3,689	2,475
(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	3,689	2,475
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	291,704	236,406
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	46,595	42,136
(b)	Less: Ceded unearned premium reserve		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other insurers		
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	46,595	42,136
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	105,491	119,703
(b)	Less: Reinsurance recoverable balance		
	i. Foreign affiliates		
	ii. Domestic affiliates		
	iii. Pools & associations		
	iv. All other reinsurers	25,511	41,922
(c)	Total reinsurance recoverable balance	25,511	41,922
(d)	Net loss and loss expense provisions	79,980	77,781
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	126,575	119,917
	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	-	-
(d)	Total Net Long-Term Business Insurance Reserves	-	-
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	11,764	59,983

CONDENSED BALANCE SHEET

Arden Reinsurance Company Ltd.

As at **December 31, 2020**

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

LINE No.		2020	2019
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE	39,850	
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	93	215
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	407	64
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	75	75
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	-	-

CONDENSED BALANCE SHEET

Arden Reinsurance Company Ltd.

As at **December 31, 2020**expressed in ('000s) **United States Dollars**

LINE No.		2020	2019
38.	TOTAL OTHER LIABILITIES	52,189	60,338
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	178,764	180,255
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	112,939	56,152
41.	TOTAL	291,704	236,406

CONDENSED STATEMENT OF INCOME

Arden Reinsurance Company Ltd.
As at **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	38	178
(b) Assumed gross premiums written	95,843	95,525
(c) Total gross premiums written	95,881	95,703
2.	68	178
REINSURANCE PREMIUMS CEDED		
3.	95,813	95,525
NET PREMIUMS WRITTEN		
4.	(4,459)	1,749
INCREASE (DECREASE) IN UNEARNED PREMIUMS		
5.	91,354	97,004
NET PREMIUMS EARNED		
6.		
OTHER INSURANCE INCOME		
7.	91,354	97,004
TOTAL GENERAL BUSINESS UNDERWRITING INCOME		
GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	47,097	47,636
NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED		
9.	31,159	39,335
COMMISSIONS AND BROKERAGE		
10.	78,256	86,971
TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES		
11.	13,098	10,034
NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS		
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		
(d) Total increase (decrease) in policy reserves	-	-
27.	-	-
TOTAL LONG-TERM BUSINESS EXPENSES		
28.	-	-
NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS		

CONDENSED STATEMENT OF INCOMEArden Reinsurance Company Ltd.
As at **December 31, 2020**
expressed in ['000s] **United States Dollars**

LINE No.		2020	2019
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	<u>13,098</u>	<u>10,034</u>
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	11,084	8,157
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	<u>11,084</u>	<u>8,157</u>
31.	COMBINED INVESTMENT INCOME - NET	<u>6,512</u>	<u>9,107</u>
32.	COMBINED OTHER INCOME (DEDUCTIONS)	<u>(401)</u>	<u>(495)</u>
33.	COMBINED INCOME BEFORE TAXES	<u>8,125</u>	<u>10,489</u>
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current		
	(b) Deferred		
	(c) Total	<u>-</u>	<u>-</u>
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	<u>8,125</u>	<u>10,489</u>
36.	COMBINED REALIZED GAINS (LOSSES)	<u>460</u>	<u>50</u>
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	<u>8,585</u>	<u>10,539</u>

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Arden Reinsurance Company Ltd.
 As at **December 31, 2020**
 expressed in ['000s] **United States Dollars**

LINE No.		2020	2019
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	120,000	120,000
	value	\$ 1,000	
	fully paid	120,000	
		shares of par	each issued and
		each issued and	shares
	(ii)		
	(A) Preferred shares:		
	authorized		
	value		
	fully paid		
		shares of par	each issued and
		each issued and	shares
	aggregate liquidation value for –		
	2020		
	2019		
	(B) Preferred shares issued by a subsidiary:		
	authorized		
	value		
	fully paid		
		shares of par	each issued and
		each issued and	shares
	aggregate liquidation value for –		
	2020		
	2019		
	(iii) Treasury Shares		
	repurchased		
	value		
		shares of par	each issued
		each issued	
(b)	Contributed surplus	90,880	42,880
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	91,000	43,000
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	13,152	2,615
(b)	Add: Income for the year	8,585	10,539
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	203	(2)
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	21,940	13,152
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	112,939	56,152

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

GENERAL NOTE TO THE FINANCIAL STATEMENTS

1. General

Arden Reinsurance Company Ltd., formerly known as Ariel Reinsurance Company Ltd. (“Arden Re” or the “Company”) was incorporated on November 4, 2005 under the laws of Bermuda. The ultimate holding company as at the balance sheet date was Enstar Group Limited (“Enstar”). On 14 August 2020, Enstar announced an exchange transaction with Stone Point Capital LLC, involving Arden Re. The transaction was completed on 1 January 2021 which transferred direct ownership of the company to Northshore Holdings Limited.

Effective May 1, 2013, pursuant to Section 4 of the Insurance Act 1978, the Company was registered as a Class 3A Insurer by the Bermuda Monetary Authority.

During 2020, the Company was approved as a Third Party Funds at Lloyd’s provider, procuring capital to support SGL1 Limited (“SGL1”) and Atrium Corporate Capital Limited (“ACCL”) participation on Syndicate 609.

2. Business underwritten

The Company’s operations are principally focused on property, casualty, marine and aviation reinsurance business. The majority of company’s business is written through a quota share agreement with SGL1.

On March 11, 2010 Arden reestablished a representative office in Brazil, Ariel Reinsurance Company Escritório de Representação no Brasil Ltda. This office was opened to facilitate the underwriting of credit and surety lines of business. The office was closed in 2013; Arden Re’s license to write business was suspended in 2014.

3. Accounting Standards

These condensed general purpose financial statements are prepared in accordance with financial reporting provisions of the Insurance Act 1978, 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 presentation of these financial statements in accordance with the guidance prescribed under the legislation differs from US GAAP in certain respects as follows:

- The format of the financial statements is prescribed by schedules IX and X of the Insurance Accounts Rules 2016.
- Statement of Cash Flows or equivalent is not included.
- Certain disclosures required by US GAAP are not included.
- Comprehensive income and its components are not presented in the condensed statement of income.
- Reserves for loss and loss adjustment expenses and unearned premiums are to be reported net of reinsured amounts.

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

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 immaterial.

4. Significant accounting policies

a) Use of estimates in financial statements

The preparation of the financial statements in conformity with guidance prescribed under the legislation requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results may differ from estimates.

b) Net premiums written and earned and acquisition costs

Premiums written and ceded are recorded in accordance with the terms of the underlying policies and contracts of insurance and reinsurance. Premiums written and ceded are recorded at the inception of the policy and are estimated based upon information received from insured's, ceding companies and their brokers. Subsequent differences arising on such estimates are recorded in the period in which they are determined.

Premiums written and ceded are earned on a pro-rata basis over the period for which coverage is provided ("risk period"). The reserve for unearned premiums represents the portion of premiums written and ceded applicable to the unexpired risk period of policies and contracts of insurance and reinsurance in force. Acquisition costs are not deducted when calculating the amount of unearned premium.

For contracts and policies written on a losses occurring basis, the risk period is generally the same as the contract or policy term. For contracts written on a risks attaching basis, the risk period is based on the terms of the underlying contracts and policies.

Reinstatement premiums that reinstate coverage are estimated based on loss experience and are recorded in accordance with the contract terms based upon the ultimate loss estimate associated with each contract. Reinstatement premiums are generally written and earned at the time the associated loss event occurs.

In the normal course of business, the Company may seek to mitigate underwriting risk that could cause unfavorable results by reinsuring certain amounts of risk with other reinsurers. Reinsurance premiums ceded are expensed on a pro-rata basis over the period the reinsurance coverage is provided. Prepaid reinsurance premiums represent the portion of premiums ceded on the unexpired term of the policies purchased.

Acquisition expenses are costs that vary with, and are directly related to, the production of new and renewal business and consist principally of commissions and brokerage expenses incurred at the time a contract or policy is issued.

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

c) Loss and loss expense provisions

Loss and loss expense provisions include estimates for unpaid claims and claim expenses on reported losses as well as an estimate of losses incurred but not reported. The reserve is based on individual claims, case reserves and other reserve estimates reported by insureds and ceding companies as well as management estimates of ultimate losses. Inherent in the estimates of ultimate losses are expected trends in claim severity and frequency and other factors which could vary significantly as claims are settled.

Ultimate losses may vary materially from the amounts provided in the Condensed general purpose 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 the Condensed general purpose statement of income in the period in which they become known and are accounted for as changes in estimates.

Reinsurance recoverables are based on contracts in force and are presented on the Condensed general purpose balance sheet net of any reserves for uncollectible reinsurance. The method for determining the reinsurance recoverable on unpaid losses and loss adjustment expenses involves actuarial estimates in a manner consistent with the determination of unpaid losses and loss adjustment expenses. Any reserve for uncollectible reinsurance is based on an estimate of the amount of the reinsurance recoverable balance that will ultimately not be recovered due to reinsurer insolvency, contractual dispute or some other reason. The valuation of this reserve for uncollectible reinsurance includes several processes including a review of the credit ratings of the reinsurance recoverables by reinsurer, an analysis of default probabilities as well as coverage issues. These factors require considerable management judgment and the factors are reviewed in detail on a quarterly basis with any resulting adjustments recorded in earnings in the period that collection issues are identified.

d) Quoted Investments and Investment income

The Company's quoted investments classified as trading are carried at fair market value with unrealized gains (losses) recognized through the Condensed Statement of Income. Realized gains (losses) are determined on the basis of identified cost.

The Company's quoted investments classified as available-for-sale are carried at fair value, with unrealized gains and losses excluded from net income and reported as a separate component of Condensed Statement of Capital and Surplus. Realized gains and losses on sales of investments classified as available-for-sale are recognized in the statements of earnings.

Investment income is stated net of investment management and custody fees. Interest income is recognized on the accrual basis.

e) Unquoted Investments

Unquoted investments include investments in limited partnerships and limited liability companies which value their investments at fair value. The Company has no significant influence and does not participate in the management of these investments. Unquoted investments are accounted for at estimated fair values, determined by the Company's proportionate share of the net asset value of the investee reduced by any impairment charges. The Company records movement in the value of its unquoted investments through

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

Income as part of Combined Investment Income - Net. Estimates are involved in the valuation of unquoted investments. Due to the inherent uncertainty of valuation, the estimates of fair value may differ from the values that would have been used had a ready market for the unquoted investments existed. The differences are unlikely to be material or significant.

f) Foreign Currency

Transactions denominated in foreign currencies are recorded at the rates of exchange in effect at the dates of the transactions. At the balance sheet date, monetary assets and liabilities are translated at the period end rates of exchange. Exchange profits or losses arising from transactions are taken to Line 32 of the Statement of Income. The Company incurred exchange (losses)/gains of \$(0.3 million) for the year ended December 31, 2020, \$(0.5 million) December 31, 2019 (See Notes to Statement of Income, Note 32).

g) Cash and time deposits

Cash and time deposits represent cash in banks and deposits with financial institutions with original maturities of less than three months.

5. Recognition of premium, investment and commission income

See Notes 4 (b), (d) and (e)

6. Transactions denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been translated to U.S. dollars at the rates of exchange prevailing at the balance sheet date. Income and expense transactions originating in foreign currencies are translated at the rates of exchange prevailing on the date of the transaction. Gains and losses on foreign currency translation are included in the condensed statement of income.

7. Foreign Exchange Restrictions

Not applicable

8. Contingencies and commitments

(a) Concentration of credit risk

As at December 31, 2020, one reinsurer accounted for 99% of the reinsurance balances recoverable (2019: 88%). This reinsurance recoverable balance is 91% collateralized by cash and investments held in a trust under the terms of the loss portfolio transfer reinsurance agreement with Ariel Re Bda Limited ("Ariel") (2019: 100%). Another two reinsurers account for 2% (2019: 12%) of the reinsurance balances recoverable, all of these reinsurers are either rated A- or better by A.M. Best or fully collateralized.

The Company sources its business through certain major brokers. The Company is exposed to the credit risk of the brokers in respect of premium income due from policy holders that are remitted via the brokers.

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

(b) Pledged assets

Cash of \$139.7 million (2019: \$nil) is used to provide funds at Lloyds in support of SGL1 and ACCL's participation on Syndicate 609 .

Cash of \$5.0 million (2019: \$5.0 million) is held on deposit to comply with the Brazilian regulatory authorities' requirements.

Cash of \$0.9 million (2019: \$0.8 million) is restricted to cover the Ariel business.

Cash and investments of \$0.2 million (2019: \$3.4 million) were restricted to cover the credit and surety business with Arch Reinsurance Limited ("Arch Re"). Under the terms of the reinsurance agreements with Arch Re, Arden Re has deposited investments of \$3.4 million (2019: \$nil) in a trust for the benefit of Arch Re.

Cash of \$0.3 million (2019: \$0.3 million) is restricted to cover the Valiant business. Under the terms of the reinsurance agreements with Valiant Insurance Company and Valiant Specialty Insurance Company ("Valiant"), Arden Re has deposited investments of \$17.0 million (2019: \$15.9 million) in a trust for the benefit of Valiant.

9 - 12. Not applicable

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

13. Fair Value Investments

	December 31, 2020		
	Quoted Prices in Active Markets for Identical Assets Level 2	Based on NAV as Practical Expedient	Total Fair Value
USD '000			
Long Term:			
Corporate	\$ 3,712	\$ -	\$ 3,712
Municipal	4,361	-	4,361
Residential mortgage-backed	247	-	247
Asset-backed	3,114	-	3,114
U.S. government and agency	9,099	-	9,099
Long Term Total	\$ 20,533	\$ -	\$ 20,533
Other investments:			
Other investments measured at NAV as practical expedient	-	108	108
Other investments Total	\$ -	\$ 108	\$ 108
Grand Total	\$ 20,533	\$ 108	\$ 20,641

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

	December 31, 2019		
USD '000	Quoted Prices in Active Markets for Identical Assets Level 2	Based on NAV as Practical Expedient	Total Fair Value
Long Term:			
Corporate	\$ 9,781	\$ -	\$ 9,781
Municipal	4,533	-	4,533
Residential mortgage-backed	5,162	-	5,162
Asset-backed	5,941	-	5,941
U.S. government and agency	893	-	893
Long Term Total	\$ 26,310	\$ -	\$ 26,310
Other investments:			
Fixed income fund	\$ 31,608	\$ -	\$ 31,608
Other investments measured at NAV as practical expedient	-	266	266
Other investments Total	\$ 31,608	\$ 266	\$ 31,874
Grand Total	\$ 57,918	\$ 266	\$ 58,184

14. Contractual Maturity Profile

USD '000	Book Value	Unrealized Gain	Unrealized Loss	Market Value
One year or less	-	-	-	-
More than one year through two years	5,701	18	-	5,719
More than two years through five years	4,804	231	-	5,035
More than five years through ten years	1,829	131	-	1,960
More than ten years	545	15	-	560
Residential mortgage-backed	4,057	88	-	4,145
Commercial mortgage-backed	-	-	-	-
Asset-backed	3,011	118	(15)	3,114
Total	19,947	601	(15)	20,533

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

15. Related Party Transactions

Effective January 1, 2020, the company entered into a reinsurance agreement with SGL1, a wholly owned subsidiary of Enstar, under which Arden Re assumes a 65% quota share of all insurance and reinsurance risks earned by SGL1 in respect of its participation in Lloyd's Syndicate 609 ("Syndicate 609"). SGL1 assumed Atrium's capacity on Syndicate 609 for the 2020 year of account. In addition to the insurance and reinsurance risks, Arden Re assumed 65% of the foreign exchange gains or losses, investment returns and operating expenses. The Company pays SGL1 a 2.25% commission on all amounts ceded as well as a 25% profit commission. For the year ended December 31, 2020, SGL1 ceded \$95.3 million of premiums written and earned (2019: \$95.5million) and losses of \$42.9 million were incurred (2019: \$49.9 million), there was reinsurance receivables of \$110.3 million (2019: \$150.5 million), deferred acquisition costs of \$3.7 million (2019: \$2.5million), gross unearned premium reserves of \$46.6 million (2019: \$42.1million), gross loss and LAE expense provisions of \$61.0 million (2019: \$62.2million) and reinsurance balances payable of \$5.8 million (2019: \$52.7million) under these quota share agreements.

During the year the Company entered into a FAL Contributors Agreement with Kenmare Holdings Ltd ("Kenmare") and SGL1. The agreement sets out how the capital requirement for SGL1's participation on Syndicate 609 for the 2018, 2019 and 2020 years of account is calculated and which entity will procure the capital to Lloyd's.

16. Subsequent Events

The ultimate holding company as at the balance sheet date was Enstar. On 14 August 2020, Enstar announced an exchange transaction with Stone Point Capital LLC, involving Arden Re. The transaction was completed on 1 January 2021 which transferred ultimate ownership of the company to Northshore Holdings Limited.

With effect from 1 January 2021, Arden Re entered into a Loss Portfolio Retrocession Agreement with Starstone Insurance Bermuda Limited ("SIBL"). Under the terms of the agreement all losses arising from the company's non-life run off business from 1 January 2021 onwards will be reinsured with SIBL.

Effective 1 January 2021, Arden Re entered into a Quota Share agreement with ACCL and Atrium Underwriters Limited. Under the terms of the agreement, Arden Re will indemnify ACCL for 65% of all insurance and reinsurance risks, liabilities operating expenses, foreign exchange gains or losses and investment return arising in respect of reinsured business relating to the 2021 year of account of Syndicate 609.

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

17. Other Information

(a) Taxation

The Company provides for income taxes based upon amounts reported in the financial statements and the provisions of currently enacted tax laws. The Company is registered in Bermuda and is subject to Bermuda law with respect to taxation. Under current Bermuda law, the Company is not taxed on any Bermuda income or capital gains taxes and has received an undertaking from the Bermuda Minister of Finance that, in the event of any Bermuda income or capital gains taxes being imposed, the Company will be exempt from those taxes until March 2035.

(b) Covid-19

COVID-19 and the subsequent societal, government and market response to the global pandemic had a substantial impact on the world in 2020. The impact on the Arden Re affected multiple risk categories. The Company has established reserves of \$9.4 million in relation to COVID-19. \$8.9 million was recognized as earned reserves as at 31December 2020. There were contributions from several classes of business, but the largest impact relates to event cancellation exposures. As with any event, particularly with one that is unprecedented, there is uncertainty around what the ultimate loss will be. However, we are not aware of any particular uncertainties such as reinsurance disputes or legal cases that present enhanced uncertainty. In addition, the lockdowns and recessionary impacts have led to some reduction in premiums over 2020 across multiple classes.

The Company's growth plans are not materially impacted by COVID-19.

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020

(Expressed in United States dollars)

NOTES TO THE CONDENSED GENERAL PURPOSE STATEMENT OF CAPITAL AND SURPLUS

1(a) Capital Stock

(a) Authorized Capital

Ordinary Shares:

Authorized, Issued, and Fully Paid

120,000 shares of par value \$1	\$120,000
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1(b) Contributed surplus

During the year an additional \$48.0 million was paid into the company by Northshore Holdings Limited to support underwriting by Arden Re (2019: \$nil).

2(c) Dividends paid and payable

No dividends were declared in the period.

(a) – ((c) i) ii).	Not applicable
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ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Expressed in United States dollars)

NOTES TO THE CONDENSED GENERAL PURPOSE BALANCE SHEET

1. Cash and time deposits

Cash at December 31, 2020 of \$146.1 million (2019: \$9.5 million) is considered to be restricted. See General Note to the Financial Statements, Note 8 (b) for further details.

2-3. Investments

The Company's quoted investments are carried at fair market value with unrealized holding gains (losses) recognized through Income for those investments classified as trading and through Statement of Capital/Surplus for those investments classified as available-for-sale. Realized gains (losses) are determined on the basis of identified cost and are included on Line 36 of the Condensed general purpose Statement of Income. (See General Note to the Financial Statements, Note 4 (d) and Note 13).

Investments at December 31, 2020 of \$20.4 million (2019: \$15.9 million) are considered to be restricted. (See General Notes to the Financial Statements, Note 8 (b)).

The Company's quoted investments fair market value as of December 31, 2020 was \$20.5 million (2019: \$57.9 million).

4. Not applicable.

5-8. Not applicable.

9. Investment income due and accrued

Investment income due and accrued of \$75,754 (2019: \$154,469) includes \$71,891 (2019: \$92,528) related to restricted investments. (See General Note to the Financial Statements, Note 8 (b)).

10. Accounts and premium receivable

(a) Not applicable

(b) \$110.4 million is due from SGL1 (2019:\$150.4 million)

11. Not applicable

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Expressed in United States dollars)

12. Funds Held by Ceding Reinsurers

Funds held by ceding reinsurers are balances that are 100% assumed and ceded by Arden Re. As at December 31, 2020 \$0.1 million (2019: \$0.1 million) was held as Funds held from Arch Re.

13. Sundry Assets

Included in sundry assets is Deferred Acquisition Costs of \$3.7 million (2019 \$2.5 million) from SGL1. These are amortized over the same period as related premiums are earned.

14. Not applicable

16. Unearned Premium

See General Note to the Financial Statements, Note 4 (b).

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Expressed in United States dollars)

17. Loss and loss expense provisions

Reserve activity for loss and loss adjustment expenses is summarized below:

USD '000

General Business Reserves	2020	2019
Gross loss and loss expense provisions at beginning of year	\$119,703	\$128,583
Less: Reinsurance recoverable at the beginning of year	(41,922)	(46,533)
Net loss and loss expense provisions at beginning of year	77,781	82,050
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	54,933	52,414
(b) Prior year	(7,836)	(4,778)
Total net losses incurred and net loss expenses incurred	47,097	47,636
Less : Losses and loss expenses paid or payable related to:		
(a) Current year	(18,786)	(24,300)
(b) Prior year	(27,383)	(30,586)
Total losses and loss expenses paid or payable	(46,169)	(54,886)
Foreign exchange and other	1,270	(2,981)
Net loss and loss expense provisions at end of year	79,979	77,781
Add: Reinsurance recoverable at end of year	25,512	41,922
Total gross reserves end of year	\$105,491	\$119,703

The net incurred losses and LAE for the current year of \$54.9million (2019: \$52.4million) primarily relates to reinsuring of the 2020 calendar year from Atrium.

The net incurred losses and LAE from prior years of (\$7.8million), (2019: (\$4.8million)) primarily relates to adverse/(favourable) development on the Atrium business.

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Expressed in United States dollars)

See General Note to the Financial Statements, Note 4 (c) for full discussion of the estimation methods and significant uncertainties associated with Loss and Loss Expense Provisions.

The net incurred losses and LAE for the year ended December 31, 2020 of \$47.1million (2019: \$47.6 million) included net losses and LAE of \$54.9 million (2019: \$52.4million) related to current period net earned premium of \$37.5million (2019: \$34.8million) for the business assumed from SGL 1.

Foreign exchange and other of \$1.3 million (2019: (\$3.0million)) relates to foreign exchange movement on reserves.

20-27. Not applicable

28. Insurance and reinsurance balances payable

Reinsurance balances payable included \$5.8million (2019: \$52.7 million) due to SGL 1.

29- 30. Not applicable

31 Loans and Notes Payable

On 25 November 2020, the company borrowed \$40 million until 25 May 2021 at a rate of 3.37%. Interest is paid half-yearly. The net proceeds have been used to provide Funds at Lloyds to support SGL1 and ACCL underwriting participation on Syndicate 609.

32. Amount due to affiliates

As of December 31, 2020, the Company had accrued liabilities due to various affiliate companies of \$0.1million (2019: \$0.2million) in respect of management and professional fees incurred on behalf of the Company. The amount due is unsecured and interest free.

33. Accounts payable and accrued liabilities

As of December 31, 2020, the Company had accrued liabilities of \$0.3 million (2019: \$0.1 million) in respect of professional fees incurred on behalf of the company.

34-37. Not applicable

ARDEN REINSURANCE COMPANY LTD.
NOTES TO CONDENSED GENERAL PURPOSE
FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Expressed in United States dollars)

NOTES TO THE CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

6-15. Not applicable

32. Other (deduction) income

As of December 31, 2020 the Company recognized (\$0.4 million), made up of foreign exchange related and other (deductions)/income (2019: \$0.5 million deductions). (See General Note to the Financial Statements, See Part I Note 4 (d)).

36. Realized gains (losses)

For 2020 and 2019 realized gains include realized gains and losses on the sale of Investments. (See General Note to the Financial Statements, Note 4 (d)).