

ARCH REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in thousands, except share data)

	(Unaudited) September 30, 2020	December 31, 2019
Assets		
Investments:		
Fixed maturities available for sale, at fair value (amortized cost: \$17,927,514 and \$16,593,210); net of allowance for credit losses: \$3,933 at September 30, 2020)	\$ 18,424,888	\$ 16,888,927
Short-term investments available for sale, at fair value (amortized cost: \$2,015,224 and \$957,085); net of allowance for credit losses: \$0 at September 30, 2020)	2,016,077	956,353
Collateral received under securities lending, at fair value (amortized cost: \$64,251 and \$388,366)	64,259	388,376
Equity securities, at fair value	1,502,015	838,925
Investments accounted for using the fair value option	3,749,575	3,663,477
Investments accounted for using the equity method	1,883,702	1,660,396
Total investments	27,640,516	24,396,454
Cash	924,696	631,536
Accrued investment income	106,932	117,920
Securities pledged under securities lending, at fair value (amortized cost: \$62,662 and \$378,910)	62,749	379,868
Premiums receivable (net of allowance for credit losses: \$37,100 and \$21,003)	2,225,311	1,778,717
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses (net of allowance for credit losses: \$13,994 and \$1,364)	4,621,937	4,346,816
Contractholders receivables (net of allowance for credit losses: \$5,902 and \$0)	2,185,614	2,119,460
Ceded unearned premiums	1,450,200	1,234,683
Deferred acquisition costs	750,901	633,400
Receivable for securities sold	158,674	24,133
Goodwill and intangible assets	713,777	738,083
Other assets	1,668,886	1,281,833
Total assets	\$ 42,510,193	\$ 37,682,903
Liabilities		
Reserve for losses and loss adjustment expenses	\$ 15,900,526	\$ 13,891,842
Unearned premiums	5,062,052	4,339,549
Reinsurance balances payable	873,067	667,072
Contractholder payables	2,191,515	2,119,460
Collateral held for insured obligations	221,957	206,698
Senior notes	1,575,026	1,574,372
Revolving credit agreement borrowings	210,687	484,287
Securities lending payable	64,251	388,366
Payable for securities purchased	382,236	87,579
Other liabilities	1,617,593	1,453,970
Total liabilities	28,098,910	25,213,195
Commitments and Contingencies		
Redeemable noncontrolling interests	57,835	55,404
Shareholder's Equity		
Common shares (\$1.00 par, shares authorized: 2,625,000, issued: 2,560,423)	2,560	2,560
Additional paid-in capital	5,162,087	4,138,555
Retained earnings	8,047,653	7,299,888
Accumulated other comprehensive income (loss), net of deferred income tax	383,228	210,524
Total shareholder's equity available to Arch	13,595,528	11,651,527
Non-redeemable noncontrolling interests	757,920	762,777
Total shareholder's equity	14,353,448	12,414,304
Total liabilities, noncontrolling interests and shareholder's equity	\$ 42,510,193	\$ 37,682,903

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ARCH REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(U.S. Dollars in thousands, except share data)

	(Unaudited)	
	Nine Months Ended	
	September	
	2020	2019
Revenues		
Net premiums written	\$ 5,679,701	\$ 4,583,614
Change in unearned premiums	(498,811)	(312,998)
Net premiums earned	5,180,890	4,270,616
Net investment income	403,562	475,736
Net realized gains (losses)	469,934	322,413
Other underwriting income	18,932	18,104
Equity in net income (loss) of investment funds accounted for using the equity method	57,407	96,533
Other income	6,654	4,183
Total revenues	6,137,379	5,187,585
Expenses		
Losses and loss adjustment expenses	3,562,214	2,288,530
Acquisition expenses	750,014	619,057
Other operating expenses	668,753	606,824
Amortization of intangible assets	49,835	60,214
Interest expense	79,651	73,760
Net foreign exchange (gains) losses	11,029	(31,829)
Total expenses	5,121,496	3,616,556
Income before income taxes	1,015,883	1,571,029
Income tax expense	(77,573)	(128,227)
Net income (loss)	\$ 938,310	\$ 1,442,802
Net (income) loss attributable to noncontrolling interests	(4,420)	(70,597)
Net income available to Arch	\$ 933,890	\$ 1,372,205

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