

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

	(Unaudited) June 30, 2020	December 31, 2019
Assets		
Investments:		
Fixed maturities available for sale, at fair value (amortized cost: \$16,731,493 and \$16,593,210); net of allowance for credit losses: \$5,869 at June 30, 2020	\$ 17,205,732	\$ 16,888,927
Short-term investments available for sale, at fair value (amortized cost: \$2,271,694 and \$957,085); net of allowance for credit losses: \$0 at June 30, 2020	2,273,147	956,353
Collateral received under securities lending, at fair value (amortized cost: \$473,783 and \$388,366)	473,790	388,376
Equity securities, at fair value	1,257,317	838,925
Investments accounted for using the fair value option	3,520,771	3,663,477
Investments accounted for using the equity method	1,727,302	1,660,396
Total investments	26,458,059	24,396,454
Cash	764,900	631,536
Accrued investment income	102,061	117,920
Securities pledged under securities lending, at fair value (amortized cost: \$460,760 and \$378,910)	464,503	379,868
Premiums receivable (net of allowance for credit losses: \$36,054 and \$21,003)	2,203,753	1,778,717
Reinsurance recoverable on unpaid and paid losses and loss adjustment expenses (net of allowance for credit losses: \$13,595 and \$1,364)	4,363,507	4,346,816
Contractholders receivables (net of allowance for credit losses: \$6,290 and \$0)	2,179,124	2,119,460
Ceded unearned premiums	1,364,603	1,234,683
Deferred acquisition costs	714,531	633,400
Receivable for securities sold	167,281	24,133
Goodwill and intangible assets	688,490	738,083
Other assets	1,528,968	1,281,833
Total assets	\$ 40,999,780	\$ 37,682,903
Liabilities		
Reserve for losses and loss adjustment expenses	\$ 15,044,874	\$ 13,891,842
Unearned premiums	4,827,445	4,339,549
Reinsurance balances payable	793,467	667,072
Contractholder payables	2,185,414	2,119,460
Collateral held for insured obligations	208,449	206,698
Senior notes	1,574,806	1,574,372
Revolving credit agreement borrowings	335,587	484,287
Securities lending payable	473,783	388,366
Payable for securities purchased	275,257	87,579
Other liabilities	1,421,666	1,453,970
Total liabilities	27,140,748	25,213,195
Commitments and Contingencies		
Redeemable noncontrolling interests	55,986	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	5,152,961	4,138,555
Retained earnings	7,620,953	7,299,888
Accumulated other comprehensive income (loss), net of deferred income tax	347,483	210,524
Total shareholder's equity available to Arch	13,123,957	11,651,527
Non-redeemable noncontrolling interests	679,089	762,777
Total shareholder's equity	13,803,046	12,414,304
Total liabilities, noncontrolling interests and shareholder's equity	\$ 40,999,780	\$ 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)	
	Six Months Ended	
	June	
	2020	2019
Revenues		
Net premiums written	\$ 3,805,557	\$ 2,970,157
Change in unearned premiums	(395,759)	(137,564)
Net premiums earned	3,409,798	2,832,593
Net investment income	276,787	315,743
Net realized gains (losses)	189,619	261,026
Other underwriting income	13,519	14,778
Equity in net income (loss) of investment funds accounted for using the equity method	(69,328)	79,403
Other income	5,614	2,694
Total revenues	3,826,009	3,506,237
Expenses		
Losses and loss adjustment expenses	2,345,941	1,486,075
Acquisition expenses	502,072	407,937
Other operating expenses	450,281	407,138
Amortization of intangible assets	33,120	40,211
Interest expense	52,894	47,765
Net foreign exchange (gains) losses	(33,624)	1,250
Total expenses	3,350,684	2,390,376
Income before income taxes	475,325	1,115,861
Income tax expense	(54,024)	(90,274)
Net income (loss)	\$ 421,301	\$ 1,025,587
Net (income) loss attributable to noncontrolling interests	65,223	(63,861)
Net income available to Arch	\$ 486,524	\$ 961,726

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