Hamilton Insurance Group, Ltd.

Consolidated Financial Statements

For the Year Ended November 30, 2021

Hamilton Insurance Group, Ltd.

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Report of Independent Auditors

The Shareholders
Hamilton Insurance Group, Ltd.

We have audited the accompanying consolidated financial statements of Hamilton Insurance Group, Ltd. (the Company), which comprise the consolidated balance sheets as of November 30, 2021 and 2020, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended November 30, 2021, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hamilton Insurance Group, Ltd. at November 30, 2021 and 2020, and the consolidated results of its operations and its cash flows for each of the three years in the period ended November 30, 2021, in conformity with U.S. generally accepted accounting principles.

Required Supplementary Information

Accounting principles generally accepted in the United States require that the incurred losses and allocated loss adjustment expenses, net of reinsurance and cumulative paid losses and allocated loss adjustment expenses, net of reinsurance for the years ending 2020 and prior, and the average annual percentage payout of incurred losses by age, net of reinsurance which are on pages 27 through 32 be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Ernst & Young Ltd.

Ernst & Young Ltd.
February 11, 2022

Hamilton Insurance Group, Ltd.
Consolidated Balance Sheets

(Expressed in thousands of United States Dollars, except share information)	November 30, 2021	November 30, 2020
Assets		
Fixed maturity investments, at fair value (amortized cost 2021: $1,064,615; 2020: $812,253)	$ 1,055,372	$ 829,378
Short-term investments, at fair value (amortized cost 2021: $644,432; 2020: $711,415)	643,862	711,514
Investments in Two Sigma Funds, at fair value (cost 2021: $624,379; 2020: $594,507)	765,388	633,694
Total investments	2,464,622	2,174,586
Cash and cash equivalents	889,883	642,838
Restricted cash	65,045	17,241
Premiums receivable	470,996	457,602
Paid losses recoverable	76,077	28,101
Deferred acquisition costs	96,085	55,350
Unpaid losses and loss adjustment expenses recoverable	1,118,273	1,076,063
Receivables for investments sold	58,438	78,616
Prepaid reinsurance	151,947	160,540
Goodwill and intangible assets	117,012	115,753
Other assets	103,229	98,673
Total assets	$ 5,611,607	$ 4,905,363
Liabilities, non-controlling interest, and shareholders' equity		
Liabilities		
Reserve for losses and loss adjustment expenses	$ 2,379,027	$ 2,054,628
Unearned premiums	620,994	479,529
Reinsurance balances payable	314,279	338,092
Payables for investments purchased	149,216	137,402
Term loan, net of issuance costs	149,875	149,682
Accounts payable and accrued expenses	181,747	149,161
Payables to related parties	28,874	—
Total liabilities	3,824,012	3,308,494
Non-controlling interest – TS Hamilton Fund	150	119
Shareholders' equity		
Common shares:		
Class A, authorized (2021 and 2020: 53,793,690), par value $0.01; issued and outstanding (2021 and 2020: 30,320,078)	303	303
Class B, authorized (2021: 46,898,612 and 2020: 81,206,310), par value $0.01; issued and outstanding (2021: 37,912,993 and 2020: 72,134,229)	379	721
Class C, authorized (2021: 34,307,698 and 2020: nil), par value $0.01; issued and outstanding (2021: 34,307,698 and 2020: nil)	343	—
Additional paid-in capital	1,109,205	1,104,803
Accumulated other comprehensive loss	(4,441)	(4,441)
Retained earnings	681,656	495,364
Total shareholders' equity	1,787,445	1,596,750
Total liabilities, non-controlling interest, and shareholders' equity	$ 5,611,607	$ 4,905,363

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Years Ended November 30, 2021, 2020 and 2019

(Expressed in thousands of United States Dollars, except per share information)	2021	2020	2019
Revenues			
Gross premiums written	$ 1,446,551	$ 1,086,540	$ 730,941
Reinsurance premiums ceded	(361,123)	(357,217)	(241,474)
Net premiums written	1,085,428	729,323	489,467
Net change in unearned premiums	(142,879)	(21,862)	(32,076)
Net premiums earned	942,549	707,461	457,391
Net investment income (loss)	308,976	(32,899)	204,247
Net gain on sale of equity method investment	54,557	—	—
Other income	21,011	15,722	3,375
Net foreign exchange gains (losses)	6,442	(9,540)	(99)
Total revenues	1,333,535	680,744	664,914
Expenses			
Losses and loss adjustment expenses	640,560	505,269	390,416
Acquisition costs	229,213	168,327	108,277
General and administrative expenses	172,294	149,774	105,143
Amortization of intangible assets	14,367	12,489	7,336
Interest expense	14,897	18,910	11,448
Total expenses	1,071,331	854,769	622,620
Income (loss) before income tax	262,204	(174,025)	42,294
Income tax expense	12,365	11,492	6,897
Net income (loss)	249,839	(185,517)	35,397
Net income attributable to non-controlling interest	61,660	24,930	67,825
Net income (loss) and other comprehensive income (loss) attributable to common shareholders	188,179	(210,447)	(32,428)
Per share data			
Basic earnings (loss) per share attributable to common shareholders	$ 1.83	$ (2.05)	$ (0.32)
Diluted earnings (loss) per share attributable to common shareholders	$ 1.82	$ (2.05)	$ (0.32)

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Shareholders' Equity
For the Years Ended November 30, 2021, 2020 and 2019

(Expressed in thousands of United States Dollars)	2021	2020	2019
Common shares			
Balance, beginning of year	$ 1,024	$ 1,022	$ 1,017
Issuance of common shares	5	5	6
Repurchases of common shares	(4)	(3)	(1)
Balance, end of year	1,025	1,024	1,022
Additional paid-in capital			
Balance, beginning of year	1,104,803	1,098,131	1,085,733
Issuance of common shares	1,008	2,132	5,414
Repurchases of common shares	(5,489)	(2,628)	(1,134)
Share compensation expense	8,883	7,168	8,118
Balance, end of year	1,109,205	1,104,803	1,098,131
Accumulated other comprehensive loss			
Balance, beginning and end of year	(4,441)	(4,441)	(4,441)
Retained earnings			
Balance, beginning of year	495,364	707,053	740,260
Net income (loss)	249,839	(185,517)	35,397
Net income attributable to non-controlling interest	(61,660)	(24,930)	(67,825)
Repurchases of common shares	(1,887)	(1,242)	(779)
Balance, end of year	681,656	495,364	707,053
Total shareholders' equity	$ 1,787,445	$ 1,596,750	$ 1,801,765

See accompanying notes to the consolidated financial statements.

Hamilton Insurance Group, Ltd.
Consolidated Statements of Cash Flows
For the Years Ended November 30, 2021, 2020 and 2019

(Expressed in thousands of United States Dollars)	2021	2020	2019
Operating activities			
Net income (loss)	$ 249,839	$ (185,517)	35,397
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	14,834	13,986	12,239
Share compensation expense	8,883	7,168	8,118
Net realized (gains) losses on investments	(278,691)	19,349	(444,410)
Change in net unrealized (gains) losses on investments	(73,503)	(25,050)	200,534
Net gain on sale of equity method investment	(54,557)	—	—
Loss on equity method investment	7,285	8,987	6,946
Other items	(181)	(6,397)	(4,061)
Change in:			
Premiums receivable	(13,394)	49,520	(46,975)
Paid losses recoverable	(47,976)	(8,885)	76,817
Deferred acquisition costs	(40,735)	(16,229)	(9,243)
Prepaid reinsurance	8,593	56,174	38,882
Unpaid losses and loss adjustment expenses recoverable	(42,210)	11,556	(136,773)
Intangible assets	(4,011)	—	—
Other assets	(10,844)	(44,361)	(8,524)
Reserve for losses and loss adjustment expenses	324,399	96,639	334,502
Unearned premiums	141,465	(25,821)	(6,806)
Reinsurance balances payable	(23,813)	35,647	(34,799)
Accounts payable and accrued expenses and other	61,146	15,924	(117,984)
Net cash from (used in) operating activities	226,529	2,690	(96,140)
Investing activities			
Proceeds from redemptions from Two Sigma Funds	2,113,989	2,135,985	2,224,760
Contributions to Two Sigma Funds	(1,870,057)	(2,131,410)	(1,944,418)
Net proceeds from sale of equity method investment	57,428	—	—
Purchase of subsidiaries, net of cash acquired	—	—	(56,173)
Purchases of fixed maturity investments	(655,693)	(785,829)	(764,819)
Proceeds from sales, redemptions and maturity of fixed maturity investments	347,418	520,464	508,857
Purchases of short-term investments	(2,035,529)	(2,775,444)	(2,734,957)
Proceeds from sales of short-term investments	2,163,920	2,845,058	3,120,797
Receivables for investments sold	20,178	(32,900)	(22,041)
Payables for investments purchased	11,814	63,628	(3,721)
Contributions to equity method investment	(3,500)	(8,333)	(9,167)
Purchases of fixed assets and development of intangible assets	(12,023)	(8,747)	(4,625)
Other	(121)	(2,597)	66
Net cash from (used in) investing activities	137,824	(180,125)	314,559
Financing activities			
Issuance of common shares	5	5	6
Repurchases of common shares and options	(7,380)	(3,873)	(1,914)
Contribution of additional paid-in capital	1,008	2,132	5,414
Term loan, net of issuance costs	—	—	149,420
Withdrawal of non-controlling interest	(61,629)	(24,988)	(68,033)
Net cash from (used in) financing activities	(67,996)	(26,724)	84,893
Effect of exchange rate changes on cash and cash equivalents	(1,508)	2,702	(86)
Net increase (decrease) in cash and cash equivalents	294,849	(201,457)	303,226
Cash and cash equivalents and restricted cash, beginning of year	660,079	861,536	558,310
Cash and cash equivalents and restricted cash, end of year	$ 954,928	$ 660,079	$ 861,536
Net income taxes paid	$ 12,344	$ 8,114	$ 10,191
Interest paid	$ 11,803	$ 17,235	$ 9,764

See accompanying notes to the consolidated financial statements.

1. Organization

Hamilton Insurance Group, Ltd. ("Hamilton Group", the "Group" or the "Company"), the ultimate group holding company, was incorporated on September 4, 2013, under the laws of Bermuda.

Our Bermuda operations are led by Hamilton Re, Ltd. ("Hamilton Re"), a registered Class 4 insurer incorporated in Bermuda on June 8, 2012. Hamilton Re writes property, casualty, and specialty insurance and reinsurance on a global basis.

Hamilton Reinsurance - U.S. Branch ("Hamilton Re US") is a tax partnership that was formed pursuant to an arrangement between Hamilton Re and its Bermuda-incorporated affiliate, Hamilton ILS Holdings Limited. The tax partnership is treated as a U.S. corporation for U.S. tax purposes and is registered with the U.S. Internal Revenue Service, such that capital and profits allocated to Hamilton Re US are subject to applicable U.S. taxation. HMGA Americas (as defined below) is authorized to underwrite certain U.S. property and casualty reinsurance on behalf of Hamilton Re, solely in respect of Hamilton Re US.

Turing Re Ltd. ("Turing Re"), a Bermuda special purpose insurer funded by third party investors, provides collateralized reinsurance capacity for Hamilton Re's property treaty business.

Ada Capital Management Limited ("ACML"), an insurance agent incorporated and regulated in Bermuda, is authorized to underwrite on behalf of Ada Re, Ltd. ("Ada Re"). Ada Re is a special purpose insurer funded by third party investors and formed to provide fully collateralized reinsurance and retrocession to both the wholly-owned operating platforms of Hamilton Group and third-party cedants.

Hamilton U.K. Holdings, Limited is a U.K. holding company and wholly owned subsidiary of Hamilton Group that was incorporated on September 30, 2014. On August 20, 2019, it completed an acquisition that expanded our existing London operations and created our Irish footprint. See Note 5, *Business Combinations*, for further detail.

Prior to the acquisition, Hamilton Underwriting Limited ("HUL"), a former Lloyd's managing agent, managed Lloyd's Syndicate 3334. Following the acquisition, the acquired Lloyd's managing agent was renamed Hamilton Managing Agency Limited ("HMA"). In 2020, HUL was deregistered, Syndicate 3334 was placed into run-off, and all renewal business was written into acquired Syndicate 4000. HMA leads our London operations and writes business on behalf of the wholly aligned Syndicate 4000 and certain managed third-party syndicates.

Our Dublin operations are led by Hamilton Insurance Designated Activity Company ("HIDAC"), a Dublin-based insurer with a U.K. branch and extensive licensing in the United States, including excess and surplus lines and reinsurance in all 50 states.

Hamilton Managing General Agency Americas, LLC ("HMGA Americas") is licensed throughout the United States and underwrites on behalf of the Group's London, Dublin and Bermuda operations solely in respect of Hamilton Re US, providing access from the U.S. to the Lloyd's market, the Group's rated Irish carrier and the Group's Bermuda balance sheet, respectively.

Hamilton Select Insurance Inc. ("Hamilton Select"), a U.S. domestic excess and surplus lines carrier, was incorporated in Delaware on September 2, 2021. Hamilton Select's certificate of authority was issued on December 20, 2021. There was no business written in the year ended November 30, 2021.

In 2021, Hamilton Group sponsored an industry loss index-triggered catastrophe bond, Easton Re, which provides the Company's operating platforms with multi-year risk transfer capacity of $150 million to protect against named storm and earthquake risk in the United States.

Two Sigma Hamilton Fund, LLC ("TS Hamilton Fund"), is a Delaware limited liability company. In 2013, Hamilton Re entered into a limited liability company agreement with TS Hamilton Fund and Two Sigma Principals, LLC (the "Managing Member") as the managing member of TS Hamilton Fund, under which Hamilton Re has committed that its investment in TS Hamilton Fund will equal a minimum of 95% of the consolidated net tangible assets of Hamilton Group. TS Hamilton Fund has engaged Two Sigma Investments, LP ("Two Sigma"), a related party Delaware limited partnership, to serve as its investment manager for a term ending on December 31, 2024. Two Sigma is a United States Securities and Exchange Commission registered investment adviser specializing in quantitative analysis (see Note 3, *Investments* for further details).

2. Summary of Significant Accounting Policies

a. Basis of Presentation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These financial statements include the accounts of Hamilton Group, Hamilton Re, Hamilton U.K. Holdings Limited, HMGA Americas, ACML, and TS Hamilton Fund (collectively the "Company"). The results of operations of the entities acquired on August 20, 2019 been included in these financial statements from that date to November 30, 2021, the reporting date (see Note 5, *Business Combinations*, for further detail). All significant intercompany transactions and balances have been eliminated on consolidation. Certain comparative information has been reclassified to conform to the current year presentation.

b. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported and disclosed amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The major estimates recorded in the Company’s financial statements include, but are not limited to, premiums written, the reserve for losses and loss adjustment expenses and the fair value of investments.

c. Fair Value Measurements

Financial Instruments Subject to Fair Value Measurements

Accounting guidance over fair value measurements requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best information available. Assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and/or the risks inherent in the inputs to the model. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the “exit price”). Instruments that the Company owns are marked to bid prices. Fair value measurements are not adjusted for transaction costs.

Basis of Fair Value Measurements

Fair value measurement accounting guidance also establishes a fair value hierarchy that prioritizes the inputs to the respective valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset or liability’s classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The three levels of the fair value hierarchy are:

- **Level 1** - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;

- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and

- **Level 3** - Inputs that are both significant to the fair value measurement and unobservable.

Details on assets and liabilities that have been included under the requirements of authoritative guidance on fair value measurements to illustrate the bases for determining the fair values of these items held by the Company are included in each respective section of this significant accounting policies note.

The Company’s fixed maturity and short-term investments are primarily priced using pricing services, such as index providers and pricing vendors, as well as broker quotations. In general, the pricing vendors provide pricing for a high volume of liquid securities that are actively traded. For securities that do not trade on an exchange, the pricing services generally utilize market data and other observable inputs in matrix pricing models to determine prices. Observable inputs include benchmark yields, reported trades, broker-dealer quotes, issuer spreads, bids, offers, reference data and industry and economic events. Index pricing generally relies on market traders as the primary source for pricing; however, models are also utilized to provide prices for all index eligible securities. The models use a variety of observable inputs such as benchmark yields, transactional data, dealer runs, broker-dealer quotes and corporate actions. Prices are generally verified using third party data. Securities which are priced by an index provider are generally included in the index. In general, broker-dealers value securities through their trading desks based on observable inputs. The methodologies used include mapping securities based on trade data, bids or offers, observed spreads, and performance on newly issued securities. Broker-dealers also determine valuations by observing secondary trading of similar securities. Prices obtained from broker quotations are considered non-binding; however, they are based on observable inputs and by observing secondary trading of similar securities obtained from active, non-distressed markets. The Company considers these Level 2 inputs as they are corroborated with other market observable inputs.

d. Premiums and Acquisition Costs

Premiums written and ceded on a losses occurring basis are earned pro-rata over the terms of the related contracts and policies. For contracts written on a risks-attaching basis, premiums written and ceded are earned over the terms of the underlying contracts and policies. Premiums written and ceded include estimates based on information received from insureds, brokers and ceding companies, and any subsequent differences arising on such estimates are recorded in the periods in which they are determined. The portion of the premiums written and ceded applicable to the unexpired terms of the underlying contracts and policies are recorded as unearned premiums and prepaid reinsurance premiums, respectively. Amounts are computed by pro-rata methods based on statistical data or reports received from insureds, brokers or ceding companies. Reinstatement premiums are estimated after the occurrence of a significant loss and are recorded in accordance with the contract terms based upon paid losses and case reserves. Reinstatement premiums are earned when written.

Acquisition expenses are costs that vary with, and are directly related to, the successful acquisition of new or renewal business and consist principally of commissions, brokerage and premium tax expenses. These costs are deferred and amortized over the periods in which the related premiums are earned. Deferred acquisition costs are limited to their estimated realizable value based on the related unearned premiums. Anticipated losses and loss expenses, based on historical and current experience, and anticipated net investment income related to the premiums are considered in determining the recoverability of deferred acquisition costs.

e. Reinsurance

In the normal course of business, the Company seeks to reduce the potential amount of loss arising from claims events by reinsuring certain levels of risk with other reinsurers. Ceded reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Prepaid reinsurance represents the portion of premiums ceded to reinsurers applicable to the unexpired coverage terms of the reinsurance contracts in place. Amounts recoverable from reinsurers are estimated based on the terms and conditions of the reinsurance contracts, in a manner consistent with the underlying liabilities insured or reinsured by the Company. If the Company determines that adjustments to earlier estimates are appropriate, such adjustments are recorded in the periods in which they are determined. Amounts recoverable from reinsurers are recorded net of a valuation allowance for estimated uncollectible recoveries.

Retroactive reinsurance agreements are reinsurance agreements under which a reinsurer agrees to reimburse the Company as a result of past insurable events. For these agreements, the excess of the amounts ultimately collectible under the agreement over the consideration paid is recognized as a deferred gain liability which is amortized into income as a reduction of losses and loss adjustment expenses over the estimated ceded reserve settlement period. The amount of the deferred gain is recalculated each period based on actual loss payments and updated estimates of ultimate losses. If cumulative adverse development occurs subsequent to signing of a retroactive reinsurance agreement, it may result in significant losses from operations until periods when the recalculated deferred gain is recognized as a benefit to earnings. If the consideration paid for a retroactive reinsurance agreement exceeds the ultimate losses collectible under the agreement, the net loss on the retroactive reinsurance agreement is recognized within income immediately.

f. Reserve for Losses and Loss Adjustment Expenses

The reserve for losses and loss adjustment expenses includes reserves for unpaid reported losses and for losses incurred but not reported ("IBNR"). The reserve for unpaid reported losses and loss expenses is established by management based on reports from insureds, brokers and ceding companies and represents the estimated ultimate cost of events or conditions that have been reported to or specifically identified by the Company. The reserve for IBNR losses and loss expenses is established by management based on estimates of ultimate losses and loss expenses.

Inherent in the estimates 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 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 earnings in the periods in which they become known. See Note 8, *Reserve for Losses and Loss Adjustment Expenses*, for further details.

g. Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include money market funds and highly liquid short-term deposits and securities with maturities of 90 days or less at the time of purchase. Bank deposits are not considered to be fair value measurements and as such are not subject to the authoritative guidance on fair value measurement disclosures. Money market funds are classified as Level 1 as these instruments are considered actively traded; however, certificates of deposit are classified as Level 2.

Restricted cash typically relates to funds held in trust supporting a portion of the Lloyd's capital requirements and other underwriting obligations. See Note 3, *Investments*, for further details.

h. Investments

Investments - Trading

The Company elects the fair value option for all of its fixed maturities, short-term investments, equities and certain other invested assets (excluding those that are accounted for using specialized investment company accounting as noted below). All changes in the fair value of investments are recorded within net investment income in the consolidated statements of operations.

All investment transactions are recorded on a trade-date basis and are valued using pricing data received from third parties. Realized gains or losses on sales of investments are determined on a weighted average basis. Investment income is recognized when earned and includes interest and dividend income, recorded as of the ex-dividend date, together with the amortization of premium and discount on fixed maturities and short-term investments computed using the effective yield method. Net investment income includes related investment expenses.

Short-Term Investments

Short-term investments comprise securities with a maturity greater than three months but less than one year from the date of purchase.

Investments in Two Sigma Funds

TS Hamilton Fund invests in Two Sigma Funds ("Two Sigma Funds"), which are stated at their estimated fair values, which generally represent the Company's proportionate interest in the members' equity of the Two Sigma Funds as reported by the respective funds based on the net asset value ("NAV") provided by the fund administrator. The Company accounts for its investment in Two Sigma Funds under the variable interest model at NAV as a practical expedient for fair value in the consolidated balance sheets. Increases or decreases in such fair values are recorded within net investment income in the consolidated statements of operations. Realized gains or losses upon any redemptions of investments in the Two Sigma Funds are calculated using the weighted average method. The assets and liabilities of the Two Sigma Funds are recorded at fair value, or at amounts approximating fair value. The Company records contributions and withdrawals related to its investments in the Two Sigma Funds on the transaction date.

The specialized investment company accounting, as described above, is retained in the Company's consolidated financial statements upon consolidation of TS Hamilton Fund.

i. Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are revalued into the functional currency of each entity using the exchange rates in effect at the balance sheet date, with the resulting foreign exchange gains and losses included in earnings. Revenues and expenses denominated in foreign currencies are revalued at the exchange rates in effect on the transaction date.

The Company's reporting currency as at November 30, 2021 is the U.S. dollar ("USD"). The functional currency of the Company's U.K. subsidiaries changed from GBP to USD on January 1, 2017, due to evolving facts and circumstances. The accumulated other comprehensive loss recorded prior to the change in functional currency will remain on the balance sheet until such time as the U.K. operations are sold, or substantially liquidated.

j. Stock-Based Compensation

The Company issues restricted stock units, performance stock units, restricted stock, warrants and options, and may issue other equity-based awards to its employees. The fair value of the compensation cost is measured at the grant date and expensed over the period for which the employee is required to provide services in exchange for the award. For awards subject to graded vesting, the awards are separated into vesting tranches, which are amortized over their respective vesting periods. The fair value of awards with performance conditions is remeasured at each reporting period with any changes in the expected outcome of the performance conditions recorded in compensation expense by a cumulative catch-up adjustment to apply the revised estimate. Forfeitures are recognized as they occur.

k. Long-Term Incentive Compensation

In the fourth quarter of 2020, the Board approved an employee compensation plan known as the Value Appreciation Pool ("VAP"). The VAP is intended to align long-term Company and shareholder interests by rewarding employees with 10% of any increase in the multiple of the Company's estimated fair market value to GAAP shareholders' equity between the December 1, 2020 VAP inception date, and either an interim trigger event or ultimate plan maturity on November 30, 2025. No trigger event may occur prior to January 1, 2023. The VAP will settle in two tranches: the first settlement upon either plan maturity or the occurrence of a trigger event, and the second twelve months later. The fair value of the compensation cost is estimated at each reporting date and the resulting intrinsic value expensed over the period for which the employee is required to provide services in exchange for the award, with any changes in the intrinsic value recorded in compensation expense by a cumulative catch-up adjustment. The VAP is subject to graded vesting of its two settlement tranches. Forfeitures are recognized as they occur. As of November 30, 2021, no expense has been recognized related to the VAP.

l. Business Combinations

The Company accounts for business combinations in accordance with FASB ASC Topic *Business Combinations*. Business combinations are accounted for using the acquisition method. The Company records the identifiable assets and liabilities at their acquisition date fair values. The excess of the purchase price over the tangible net assets acquired is recorded as goodwill or other intangible assets, according to their nature. Transaction expenses incurred related to an acquisition, including legal and financial advisory services, are expensed as incurred.

m. Goodwill and Intangible Assets

The Company accounts for goodwill and other intangible assets that arise from business combinations in accordance with FASB ASC Topic *Intangibles - Goodwill and Other*. A purchase price that is in excess of the fair value of the net assets acquired arising from a business combination is recorded as goodwill or other intangible assets, according to their nature. Goodwill and other intangible assets with indefinite useful lives are not amortized. Other intangible assets with a finite life are amortized over the estimated useful lives of the assets.

Goodwill and other indefinite life intangible assets are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Finite lived intangible assets are reviewed for indicators of impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable, and tested for impairment if appropriate. For purposes of the annual impairment evaluation, goodwill is evaluated at the applicable reporting unit of the acquired entities giving rise to the goodwill.

As part of the annual impairment test, the Company has the option to first assess qualitative factors to determine whether is is necessary to perform the quantitative goodwill impairment test. Under this option, the Company would not be required to calculate the fair value of a reporting unit unless the Company determines, based on its qualitative assessment, that it is more likely than not that a reporting unit's fair value is less than its carrying amount. If goodwill or other intangible assets are impaired, they are written down to their estimated fair value with a corresponding expense recorded in the Company's consolidated statement of operations.

n. Variable Interest Entities

The Company accounts for variable interest entities ("VIE") in accordance with GAAP guidance, which requires the consolidation of all VIEs by the primary beneficiary, that being the investor that has the power to direct the activities of the VIE and will absorb a majority of the VIE’s expected losses or residual returns. The Company determines whether it is the primary beneficiary of a VIE by performing an analysis that principally considers: (i) the VIE’s purpose and design, including the risks the VIE was designed to create and pass through to its variable interest holders; (ii) the VIE’s capital structure; (iii) the terms between the VIE and its variable interest holders and other parties involved with the VIE; (iv) which variable interest holders have the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance; (v) which variable interest holders have the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE; and (vi) related party relationships. The Company reassesses its initial evaluation of an entity as a VIE upon the occurrence of certain reconsideration events. The Company also reassesses its determination of whether the Company is the primary beneficiary of a VIE upon changes in facts and circumstances that could potentially alter the Company’s assessment.

o. Non-Controlling Interest

The share classes related to the redeemable non-controlling interest portion of TS Hamilton Fund are not considered liabilities in accordance with GAAP and have redemption features that are not solely within the control of TS Hamilton Fund. Therefore, the redeemable non-controlling interest in TS Hamilton Fund is presented in the mezzanine section on the Company’s consolidated balance sheets. The net income or loss attributable to non-controlling interest is presented separately in the Company’s consolidated statements of operations. See Note 4, *Variable Interest Entities*, for further details.

p. Income Taxes

The Company records deferred income taxes that reflect the tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the fiscal period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if it is not more likely than not that all, or some portion, of the benefits related to deferred tax assets will be realized. The valuation allowance assessment considers tax planning strategies, where applicable.

q. Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2019-12 *Simplifying the Accounting for Income Taxes* which simplifies accounting for income taxes, changes the accounting for certain income tax transactions and makes minor improvements to the accounting guidance. This guidance is effective for annual reporting periods beginning after December 15, 2021 for private companies. Early adoption is permitted. This guidance is not expected to have a material impact on the Company’s results of operations, financial position or cash flows.

In August 2018, the FASB issued ASU 2018-15 *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract* which updated accounting guidance on the treatment of fees paid by a customer in a cloud computing arrangement. The guidance specifies that if a license is included in the arrangement, the related costs should be recorded on the balance sheet; if no license is included, the costs should be expensed. The guidance is effective for annual reporting periods beginning after December 15, 2020. Early adoption is permitted. This guidance will not have an impact on the Company's results of operations, financial position or cash flows.

In June 2016, the FASB issued ASU 2016-13 *Measurement of Credit Losses on Financial Instruments* (further clarified in November 2019 ASU 2019-11 *Codification Improvements Financial Instruments - Credit Losses*), which updated accounting guidance that replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to record credit loss estimates. This guidance is effective for annual periods beginning after December 15, 2022 for private companies. Early adoption is permitted for annual periods beginning after December 15, 2018. This guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

In February 2016, the FASB issued ASU 2016-02 *Leases* (further clarified in July 2018 (ASU 2018-11 *Leases - Targeted Improvements*) and in January 2019 (ASU 2019-01 *Leases - Codification Improvements*)) which updated accounting guidance that applies to any entity that enters into a lease that does not meet certain scope exceptions. The guidance requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The Company expects that, as a lessee, the primary impact to the Company will be the gross-up of the balance sheet by recognition of an operating lease liability in respect of future lease payments and the associated right-of-use asset in respect of the right to use the underlying asset for the lease term. This guidance is effective for years beginning after December 15, 2021 for private companies. Early adoption is permitted. This guidance is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

3. Investments

Fixed Maturity and Short-Term Investments - Trading

The Company's fixed maturity and short-term investments at November 30, 2021 and 2020 are as follows:

	2021			
(Expressed in thousands of United States Dollars)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Fixed maturities:				
U.S. government treasuries	$ 310,045	$ 1,254	$ (2,918)	$ 308,381
U.S. states, territories and municipalities	4,774	—	(16)	4,758
Non-U.S. sovereign governments and supranationals	19,284	92	(277)	19,099
Corporate	534,019	2,151	(7,703)	528,467
Residential mortgage-backed securities - Agency	179,331	416	(2,307)	177,440
Residential mortgage-backed securities - Non-agency	8,746	37	(66)	8,717
Commercial mortgage-backed securities - Non-agency	988	—	(1)	987
Other asset-backed securities	7,428	104	(9)	7,523
Total fixed maturities	1,064,615	4,054	(13,297)	1,055,372
Short-term investments	644,432	149	(719)	643,862
Total	$ 1,709,047	$ 4,203	$ (14,016)	$ 1,699,234

	2020			
(Expressed in thousands of United States Dollars)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Fixed maturities:				
U.S. government treasuries	$ 161,379	$ 3,510	$ (140)	$ 164,749
Non-U.S. sovereign governments and supranationals	12,226	465	(20)	12,671
Corporate	424,227	13,270	(120)	437,377
Residential mortgage-backed securities - Agency	176,430	3,335	(3,598)	176,167
Residential mortgage-backed securities - Non-agency	6,900	33	(145)	6,788
Commercial mortgage-backed securities - Non-agency	7,633	162	(13)	7,782
Other asset-backed securities	23,458	400	(14)	23,844
Total fixed maturities	812,253	21,175	(4,050)	829,378
Short-term investments	711,415	142	(43)	711,514
Total	$ 1,523,668	$ 21,317	$ (4,093)	$ 1,540,892

The Company's fixed maturity and short-term investments are considered to be Level 2 in the fair value hierarchy.

Contractual Maturities Summary

The following table presents contractual maturities of fixed maturity securities at November 30, 2021. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2021	
(Expressed in thousands of United States Dollars)	Amortized Cost	Fair Value
Due less than one year	$ 6,609	$ 6,609
Due after one through five years	771,651	765,240
Due after five through ten years	85,545	84,596
Due after ten years	4,317	4,260
Mortgage-backed	189,065	187,144
Asset-backed	7,428	7,523
Total	$ 1,064,615	$ 1,055,372

Investments in Two Sigma Funds

The Company's investments in Two Sigma Funds at November 30, 2021 and 2020 are as follows:

	2021			2020		
(Expressed in thousands of United States Dollars)	Cost	Net Unrealized Gains	Fair Value	Cost	Net Unrealized Gains	Fair Value
Two Sigma Futures Portfolio, LLC (FTV)	$ 256,633	$ 76,953	$ 333,586	$ 279,006	$ (10,198)	$ 268,808
Two Sigma Spectrum Portfolio, LLC (STV)	247,391	27,937	275,328	221,031	32,139	253,170
Two Sigma Equity Spectrum Portfolio, LLC (ESTV)	120,355	36,119	156,474	94,470	17,246	111,716
Total	$ 624,379	$ 141,009	$ 765,388	$ 594,507	$ 39,187	$ 633,694

The Company, through its investments in FTV, STV and ESTV, seeks to achieve absolute dollar-denominated returns on a substantial capital base, primarily by combining multiple hedged and leveraged systematic investment strategies with proprietary risk management and execution techniques. These systematic strategies include, but are not limited to, technical and statistically-based, fundamental-based, event-based, market condition-based and spread-based strategies as well as contributor-based and/or sentiment-based strategies and blended strategies. FTV primarily trades equity securities, exchange memberships, government debt securities, option contracts, swap contracts, futures and forward contracts. STV and ESTV primarily trade equity securities, swap contracts and foreign currency forward contracts. At November 30, 2021, the Company owns a 13.8%, 13.0% and 7.1% interest in each of the FTV, STV and ESTV funds, respectively.

The following table summarizes certain investments of FTV, STV and ESTV where TS Hamilton Fund's proportionate share of the fair value of the investment represents more than 5% of TS Hamilton Fund's members' equity at November 30, 2021:

(Expressed in thousands of United States Dollars)	**Principal/ Shares [(1)]**	**Fair Value [(1)]**	**% of Members' Equity**
U.S. Treasury Securities, 0.0000%-2.1250%, due 12/2/2021-11/15/2051	816,604	$ 817,406	47.3 %
State Street Treasury Obligations Money Market Fund	133,163	133,163	7.7 %
Northern Institutional Funds Treasury Portfolio	92,151	92,151	5.3 %
BlackRock Liquidity Funds T-Fund Portfolio	92,589	92,589	5.4 %
U.S. Treasury Securities, 0.5000%-2.0000%, due 11/30/2023-11/15/2041	(126,202)	$ (125,735)	(7.3)%

[(1)] *Values represent TS Hamilton Fund's proportionate share of the aggregate of FTV, STV and ESTV total holdings (expressed in thousands).*

The components of net investment income (loss) for the years ended November 30, 2021, 2020 and 2019 are as follows:

(Expressed in thousands of United States Dollars)	**2021**	**2020**	**2019**
Investment income (loss):			
Net realized gains (losses) on investments	$ 278,691	$ (19,349)	$ 444,410
Change in net unrealized gains (losses) on investments	73,503	25,050	(200,534)
Loss on equity method investment	(7,285)	(8,987)	(6,946)
Interest and other	15,127	21,569	26,519
Total investment income	360,036	18,283	263,449
Investment expenses:			
Management fees	(49,928)	(50,079)	(58,341)
Other expenses	(1,132)	(1,103)	(861)
Total expenses	(51,060)	(51,182)	(59,202)
Net investment income (loss)	$ 308,976	$ (32,899)	$ 204,247

Two Sigma and the Managing Member are related parties to the Company as described further in Note 1, *Organization*. The investment management agreement with Two Sigma requires TS Hamilton Fund to incur a management fee of 3% of the non-managing members' equity in the net asset value of the TS Hamilton Fund per annum. The management fee for the years ended November 30, 2021, 2020 and 2019 was $48.7 million, $49.5 million and $58.0 million, respectively. Under the terms of the limited liability company agreement between Hamilton Re and the Managing Member, the Managing Member is entitled to an incentive allocation equal to 30% of TS Hamilton Fund's net profits, subject to high watermark provisions, and adjusted for withdrawals and any incentive allocation to the Managing Member. However, in the event there is a net loss during a quarter and a net profit during any subsequent quarter, the Managing Member is entitled to a modified incentive allocation whereby the regular incentive allocation will be reduced by 50% until subsequent cumulative net profits are credited in an amount equal to 200% of the previously allocated net losses.

The Managing Member is also entitled to receive an additional incentive allocation as of the end of each fiscal year (or on any date Hamilton Re withdraws all or a portion of its capital), in an amount equal to 20% of the Excess Profits. "Excess Profits" for any given fiscal year (or other such accounting period) means the net profits over 15% for such fiscal year, net of management fees and expenses and gross of incentive allocations, but only after recouping previously unrecouped net losses.

To the extent Hamilton Re contributes capital other than at the beginning of a fiscal year or withdraws capital other than at the end of a fiscal year, the additional incentive allocation hurdle with respect to such capital is prorated.

The aggregate incentive allocation (inclusive of the additional incentive allocation) for the years ended November 30, 2021, 2020 and 2019 was $61.6 million, $24.9 million and $67.8 million, respectively.

Hamilton Re has a commitment with TS Hamilton Fund to maintain at least approximately 93% of its investable assets in TS Hamilton Fund for a period (the "Commitment Period"), subject to certain circumstances and the liquidity options described below, with the Commitment Period ending on December 31, 2024. The Commitment Period consists of a 3-year rolling term that automatically renews on an annual basis unless Hamilton Re or the Managing Member provide advance notice of non-renewal. The commitment is subject to a waiver that permits Hamilton Re to maintain an investment in TS Hamilton Fund equal to a minimum of 95% of the consolidated net tangible assets of Hamilton Group. The waiver is applicable to December 31, 2022, is intended to automatically renew annually, and may be revoked by the Managing Member in its sole discretion upon 90 days' prior written notice. The TS Hamilton Fund generally has two liquidity options, subject to Hamilton Re's minimum investment commitment, which are as follows:

Monthly liquidity - Subject to certain conditions, Hamilton Re may request a whole or partial withdrawal of its capital account, no later than fifteen days prior to the end of a calendar month, effective as of the last day of such calendar month.

Daily liquidity - Subject to certain limited circumstances, including the need to meet obligations pursuant to Hamilton Re's underwriting operations, Hamilton Re may request a withdrawal of all or a portion of its capital account upon at least one business day's written notice of such withdrawal request date to the Managing Member.

At its discretion, the Managing Member may, but is not required to, permit or require Hamilton Re to withdraw all or any portion of its respective capital account at other times, or waive or reduce certain notice periods, or allow a notice to be revoked. The Managing Member may withdraw all or any portion of its capital account at any time.

Pledged Assets

At November 30, 2021 and 2020, $359.4 million and $323.2 million, respectively, of investments at fair value secured a portion of the capital requirements for business written at Lloyd's and $23.9 million and $19.7 million, respectively, of investments at fair value were in trust accounts for the benefit of U.S. state regulatory authorities. In addition, certain investments were pledged as security for letter of credit facilities as described further in Note 9, *Debt and Credit Facilities*.

At November 30, 2021 and 2020, restricted cash balances were comprised of $7.1 million and $13.4 million, respectively, securing a portion of the capital requirements for business written at Lloyd's, $50.4 million and $3.8 million, respectively, securing other underwriting obligations and $7.6 million and $nil of escrow funds as described further in Note 17, *Divestitures*.

4. Variable Interest Entities

Two Sigma Hamilton Fund

TS Hamilton Fund meets the definition of a VIE principally because the Managing Member does not hold substantive equity at risk in the entity and controls all of the decision making authority over it. Therefore, the Company assessed its ownership in the VIE to determine if it is the primary beneficiary. A quantitative assessment of the VIE's expected losses and expected residual returns was not applied because the Managing Member is a related party to the Company and collectively they hold all of the variable interest. The Company performed a qualitative assessment of all relevant facts and circumstances and determined that it is the entity within the related party group that is most closely related to the VIE. As a result, the Company concluded that it is the primary beneficiary of TS Hamilton Fund.

Activity in the non-controlling interest of TS Hamilton Fund for the years ended November 30, 2021, 2020 and 2019 was as follows:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Non-controlling interest - beginning of year	$ 119	$ 177	$ 385
Withdrawals	(61,629)	(24,988)	(68,033)
Equity in earnings	31	(1)	33
Incentive allocation	61,629	24,931	67,792
Non-controlling interest - end of year	$ 150	$ 119	$ 177

The following table represents the total assets and total liabilities of TS Hamilton Fund at November 30, 2021 and 2020. Creditors or beneficial interest holders of TS Hamilton Fund have no recourse to the general credit of the Company as the Company's obligation is limited to the amount of its committed investment.

(Expressed in thousands of United States Dollars)	2021	2020
Assets		
Cash and cash equivalents	$ 473,461	$ 340,192
Short-term investments	600,268	694,208
Investments in Two Sigma Funds, at fair value	765,388	633,694
Receivables for investments sold	55,094	78,398
Interest and dividends receivable	535	149
Total assets	1,894,746	1,746,641
Liabilities		
Accounts payable and accrued expenses	169	171
Withdrawal payable	28,874	—
Payable for investments purchased	138,319	134,701
Total liabilities	167,362	134,872
Total net assets managed by TS Hamilton Fund	$ 1,727,384	$ 1,611,769

The withdrawal payable of $28.9 million and $nil at November 30, 2021 and 2020, respectively, is reported on the Company's balance sheet as payable to related parties.

Attune Holdings, LLC ("Attune")

In 2016, the Company entered into an agreement to form Attune, a corporate joint venture with a technology-enabled platform. Ownership was allocated 33.33% the Company, 33.34% AIG Property Casualty U.S., Inc., and 33.33% Two Sigma Coverage Technologies Holdings, LP (the "Principals"). Attune met the definition of a VIE because its current GAAP equity was not sufficient to support its operations without future financial support and future capital commitments do not qualify as GAAP equity until called, and therefore were not considered in the VIE determination.

The Principals shared equally in the risks and rewards of Attune's operations, and no individual participant, or combination of participants, could generally direct Attune's operations without the consent of at least one Director appointed by each Principal. As a result, the Company determined that it was not the primary beneficiary of its variable interest in Attune.

The Company recorded its net contributions to Attune in other assets on the balance sheet and its proportionate share of Attune's net earnings in its results (for further detail see Note 3, *Investments*), following the equity method of accounting.

On September 20, 2021, the Company sold its interest in Attune as described in Note 17, *Divestitures.*

Changes in the investment in Attune for the period ended September 20, 2021 and the years ended November 30, 2020 and 2019 were as follows:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Net investment in Attune - beginning of period	$ 6,656	$ 7,310	$ 5,089
Contributions	3,500	8,333	9,167
Loss on equity method investment	(7,285)	(8,987)	(6,946)
Sale of investment in Attune	(2,871)	—	—
Net investment in Attune - end of period	$ —	$ 6,656	$ 7,310

5. Business Combinations

On August 20, 2019, the Company completed a share purchase transaction to acquire HMA, HIDAC and other related entities. Under the terms of the share purchase agreement, the Company is responsible solely for the 2019 year of account of Lloyd’s Syndicate 4000. HIDAC’s reserves are subject to a 100% quota share reinsurance agreement in respect of losses and loss adjustment expenses and unearned premiums as at the acquisition date.

The Company purchased all of the issued and outstanding shares in each acquired entity. The transaction was accounted for using the acquisition method under which the Company recorded the identifiable assets and liabilities at their acquisition date estimated fair values, with a final purchase price of $185.0 million. In connection with the acquisition, transaction-related, integration, and other expenses of $22.6 million were recorded in other income (expense) for the year ended November 30, 2019.

The acquisition gave rise to intangible assets consisting of:

- Lloyd's syndicate capacity: The value of the acquired business' capacity to underwrite in the Lloyd's market;
- Coverholder and broker relationships: The value of distribution channels given the expectation of renewal of these relationships and the associated expenses;
- VOBA: This represents the present value of the expected underwriting profit within the unearned premiums liability, net of reinsurance, less costs to service the related policies and a risk premium;
- MGA contracts: The estimated present value of management fees and commission income in existing MGA contracts; and
- Licenses: The value of licenses providing the ability to write insurance in multiple countries.

The goodwill recognised is primarily attributable to the assembled workforce acquired, expected future synergies arising from the combined businesses and other future business not included in intangible assets (see Note 6, *Goodwill and Intangible Assets* for further details).

6. Goodwill and Intangible Assets

The following table provides a summary of the Company's goodwill and intangible assets:

(Expressed in thousands of United States Dollars)	Goodwill	Intangible assets subject to amortization	Intangible assets not subject to amortization	Total
Net balance, November 30, 2019	$ 21,809	$ 64,395	$ 37,208	$ 123,412
Plus: additions	—	4,830	—	4,830
Less: amortization	—	(12,489)	—	(12,489)
Net balance, November 30, 2020	21,809	56,736	37,208	115,753
Plus: additions	4,011	11,615	—	15,626
Less: impairment	(936)	—	—	(936)
Less: amortization	—	(13,431)	—	(13,431)
Net balance, November 30, 2021	$ 24,884	$ 54,920	$ 37,208	$ 117,012
Gross balance, November 30, 2021	25,820	93,324	37,208	156,352
Accumulated amortization	—	(38,404)	—	(38,404)
Impairment	(936)	—	—	(936)
Net balance, November 30, 2021	24,884	54,920	37,208	117,012

On October 12, 2021, the Company entered into a definitive agreement for the sale of a reporting unit, the terms of which included a purchase price lower than the unit's carried value. As a result, the Company derecognized $0.9 million of goodwill assigned to the unit as part of a larger impairment to the unit's carried value (see Note 17, *Divestitures* for further details). This amount is included in amortization of intangible assets in the statement of operations for the year ended November 30, 2021.

The following tables present the components of goodwill and intangible assets at November 30, 2021 and 2020:

	2021		
(Expressed in thousands of United States Dollars)	Gross Balance	Accumulated Amortization and Impairment	Net Balance
Goodwill	$ 25,820	$ (936)	$ 24,884
Intangible assets subject to amortization			
Coverholder and broker relationships	44,515	(10,016)	34,499
VOBA	13,309	(8,556)	4,753
Internally developed software	28,121	(13,772)	14,349
MGA contracts	7,379	(6,060)	1,319
Intangible assets not subject to amortization			
Lloyd's syndicate capacity	35,583	—	35,583
Licenses	1,625	—	1,625
	$ 156,352	$ (39,340)	$ 117,012

	2020		
(Expressed in thousands of United States Dollars)	Gross Balance	Accumulated Amortization and Impairment	Net Balance
Goodwill	$ 21,809	$ —	$ 21,809
Intangible assets subject to amortization			
Coverholder and broker relationships	44,515	(5,564)	38,951
VOBA	13,309	(4,753)	8,556
Internally developed software	16,348	(10,198)	6,150
MGA contracts	7,379	(4,300)	3,079
Intangible assets not subject to amortization			
Lloyd's syndicate capacity	35,583	—	35,583
Licenses	1,625	—	1,625
	$ 140,568	$ (24,815)	$ 115,753

The Company's finite-lived intangible assets consist of coverholder and broker relationships, VOBA, internally-developed software and MGA contracts which are amortized on a straight-line basis over their estimated useful lives, which range from three to ten years. Costs incurred to renew or extend the assets' useful lives are expensed straight-line over the remaining life of the related asset or asset class. The weighted-average amortization period is 3.4 years and the estimated amortization expense for each of the five succeeding fiscal years and thereafter related to these assets is as follows:

(Expressed in thousands of United States Dollars) **Year Ending November 30,**	Estimated Amortization Expense
2022	$ 13,255
2023	8,730
2024	7,568
2025	7,333
2026	5,616
Thereafter	12,418
Total	$ 54,920

Intangible assets not subject to amortization consist of Lloyd's syndicate capacity and insurance licenses. Except as described above and in Note 17, *Divestitures*, the Company did not recognize any impairment losses as a result of the annual impairment review of indefinite-lived assets for the years ended November 30, 2021, 2020 and 2019.

7. Reinsurance

The Company purchases reinsurance and other protection to manage its risk portfolio and to reduce its exposure to large losses. The Company currently has in place contracts that provide for recovery of a portion of certain claims and claim expenses, generally in excess of various retentions or on a proportional basis. Amounts recoverable under reinsurance contracts are recorded as assets. The Company remains liable to the extent that any reinsurance company fails to meet its obligations.

The following tables set forth the effect of reinsurance and retrocessional activity on premiums written and earned and on losses and loss adjustment expenses incurred during the years ended November 30, 2021, 2020 and 2019:

	Premiums written		
(Expressed in thousands of United States Dollars)	**2021**	**2020**	**2019**
Assumed	$ 689,179	$ 579,425	$ 454,215
Direct	757,372	507,115	276,726
Ceded	(361,123)	(357,217)	(241,474)
Net	$ 1,085,428	$ 729,323	$ 489,467

	Premiums earned		
(Expressed in thousands of United States Dollars)	**2021**	**2020**	**2019**
Assumed	646,583	554,962	452,268
Direct	665,554	565,890	284,853
Ceded	(369,588)	(413,391)	(279,730)
Net	$ 942,549	$ 707,461	$ 457,391

	Losses and loss adjustment expenses		
(Expressed in thousands of United States Dollars)	**2021**	**2020**	**2019**
Gross losses and loss adjustment expenses	$ 768,255	$ 630,073	$ 708,895
Losses and loss adjustment expenses ceded	(127,695)	(124,804)	(318,479)
Net	$ 640,560	$ 505,269	$ 390,416

The Company evaluates the financial condition of its reinsurers on a regular basis and also monitors concentrations of credit risk with reinsurers. A provision for uncollectible reinsurance would be required due to the potential failure of reinsurers to indemnify the Company for either disputes under reinsurance contracts or insolvencies. There was no allowance for doubtful recoveries recorded at November 30, 2021 or 2020.

Loss Portfolio Transfer

On February 6, 2020, the Company entered into a loss portfolio transfer agreement (the "LPT"), pursuant to which the insurance liabilities arising from certain casualty risks written by Hamilton Syndicate 3334 within professional indemnity, financial institutions and directors' and officers' lines of business for the Lloyd's Years of Account 2016, 2017 and 2018 were retroceded to a third party in exchange for total premium of $72.1 million. The premium payment schedule is 25%, 33%, and 42% on February 6 for each of 2020, 2021, and 2022, respectively. Payments will be net of recoveries due on paid claims and bound by funds withheld terms as stipulated within the contract.

This transaction was accounted for as retroactive reinsurance under which cumulative ceded losses exceeding the LPT premium are recognized as a deferred gain liability and amortized into income over the settlement period of the ceded reserves in proportion to cumulative losses collected over the estimated ultimate reinsurance recoverable. Reinsurance recoverable on unpaid losses under the LPT was $93.2 million, resulting in a deferred gain liability of $21.1 million as of the signing date.

The amount of the deferral is recalculated each period based on updated ultimate loss estimates. Consequently, cumulative adverse development subsequent to the signing of the LPT may result in significant losses from operations until periods when the deferred gain is recognized as a benefit to earnings.

The balance of reinsurance recoverable on unpaid losses due under this LPT was $93.9 million and $71.7 million at November 30, 2021 and 2020, respectively. Amortization of the deferred gain of $18.0 million and $5.2 million for the years ended November 30, 2021 and 2020, respectively, was recorded as a reduction of losses and loss adjustment expenses, in accordance with the actual loss payments and updated estimates of ultimate losses of the subject business.

Catastrophe Bond Reinsurance

In 2021, Hamilton Group sponsored an industry loss index-triggered catastrophe bond through the issuance of Series 2020-1 Class A Principal-at-Risk Variable Rate Notes by Easton Re Pte, Ltd. (“Easton Re”). Easton Re will provide the Company's operating platforms with multi-year risk transfer capacity of $150 million to protect against named storm and earthquake risk in the United States. The risk period for Easton Re is from January 1, 2021 to December 31, 2023. The Company recorded reinsurance premiums ceded of $7.8 million related to Easton Re during the year ended November 30, 2021.

8. Reserve for Losses and Loss Adjustment Expenses

The following table presents a reconciliation of unpaid losses and loss adjustment expenses ("LAE") for the years ended November 30, 2021, 2020 and 2019:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Gross unpaid losses and loss expenses, beginning of year	$ 2,054,628	$ 1,957,989	$ 1,035,664
Reinsurance recoverable on unpaid losses	1,076,063	1,087,619	404,395
Net unpaid losses and loss expenses, beginning of year	978,565	870,370	631,269
Net losses and loss expenses incurred in respect of losses occurring in:			
Current year	628,781	546,250	366,847
Prior years	11,779	(40,981)	23,569
Total incurred	640,560	505,269	390,416
Net losses and loss expenses paid in respect of losses occurring in:			
Current year	55,979	67,774	36,761
Prior years	255,543	253,038	164,226
Total paid	311,522	320,812	200,987
Retroactive reinsurance recoverable	—	(93,179)	—
Net reserve for losses and loss expenses acquired	—	—	41,372
	—	(93,179)	41,372
Foreign currency revaluation and other	(46,849)	16,917	8,300
Net unpaid losses and loss expenses, end of year	1,260,754	978,565	870,370
Reinsurance recoverable on unpaid losses	1,118,273	1,076,063	1,087,619
Gross unpaid losses and loss expenses, end of year	$ 2,379,027	$ 2,054,628	$ 1,957,989

Net unfavorable prior year development of $11.8 million for the year ended November 30, 2021 was comprised of $19.9 million of unfavorable prior year development on catastrophe losses, partially offset by $8.1 million of favorable prior year development on attritional losses. See below for further details:

- Net unfavorable development of $23.2 million on property contracts, driven by increases in loss estimates for Covid-19 business interruption losses and Hurricanes Laura, Sally and Zeta;
- Net unfavorable development of $15.2 million on casualty contracts, driven by increased loss estimates in commercial auto lines of business;
- Net favorable development of $33.4 million on specialty contracts, driven by lower than expected loss experience in marine and energy, offshore energy, political violence and terror, and mortgage credit lines of business; and
- Net favorable development of $7.8 million on loss adjustment reserves related to the acquisition discussed in Note 5, *Business Combinations.*

In addition, casualty business protected by the LPT discussed in Note 7, *Reinsurance,* recorded unfavorable gross development which was partially offset by amortization of the associated deferred gain, resulting in a net negative earnings impact of $14.6 million.

Net favorable prior year development of $41.0 million for the year ended November 30, 2020 was primarily comprised of:

- Net favorable development of $20.2 million on property contracts as a result of reductions in loss estimates for Hurricanes Harvey, Irma and Maria and other catastrophe events, along with lower than expected attritional losses;
- Net favorable development of $22.5 million on specialty contracts as a result of lower than expected loss experience in marine and energy and mortgage credit lines of business; and
- Net unfavorable development of $1.7 million on casualty contracts, net of amortization of the gain on the loss portfolio transfer discussed in Note 7, *Reinsurance.*

Net unfavorable prior year development of $23.6 million for the year ended November 30, 2019 was comprised of amounts related to revisions to prior year premium estimates, discussed further below, and $9.5 million of net unfavorable prior year loss development arising from the following significant components:

- Net unfavorable loss development of $39.7 million in casualty lines of business, arising from reserve strengthening in anticipation of increased loss trends and mass tort losses. Reserve strengthening related primarily to casualty classes including international professional indemnity, tort liability, U.S. high excess casualty and financial institutions business;
- Net favorable loss development of $26.8 million in specialty lines of business, due primarily to reductions in estimates on financial lines of business, attritional loss reductions in marine and energy exposures, and 2017 and prior accident year catastrophes; and
- Net favorable loss development of $3.4 million in property lines of business from the 2017 and prior accident year catastrophes.

In addition to the above noted items were revisions to premium estimates relating to casualty contracts written in 2018 and prior which increased earned premium by $17.0 million during 2019. Associated loss estimates of $14.1 million, recorded relating to the increased 2018 and prior year premiums, are included in the prior periods development line in the preceding table.

Reinsurance recoverable on unpaid losses related to the LPT of $93.2 million was recognized for the years ended November 30, 2021 and 2020 in the reconciliation of beginning and ending gross and net loss and LAE reserves presented above. See Note 7, *Reinsurance* for further information.

The Company amortized acquisition costs of $229.2 million, $168.3 million and $108.3 million for the years ended November 30, 2021, 2020 and 2019, respectively.

Covid-19

The estimate of net reserves for losses and loss adjustment expenses related to the Covid-19 pandemic remains subject to significant uncertainty. While the Company believes its estimate of net reserves for losses and loss expenses is adequate for losses and loss adjustment expenses that have been incurred at November 30, 2021 based on current facts and circumstances, the Company will continue to monitor the appropriateness of its assumptions as new information comes to light and will adjust its estimate of net reserves for losses and loss adjustment expenses as appropriate. Actual ultimate losses for these events may differ materially from the Company's current estimates. As at November 30, 2021, our recorded reserves relating to the Covid-19 pandemic totaled $59.6 million.

Reserving

The Company's reserve for losses and loss expenses consists of case reserves and IBNR reserves. Case reserves are reserves for reported losses and loss expenses that have not yet been settled. IBNR are reserves for incurred but not reported losses and loss expenses, and include reserves for reported losses in excess of case reserves.

Case Reserves

For reinsurance business, the Company typically receives loss notifications from its cedants in the form of loss bordereaux or individual loss notifications. These notifications generally include varying amounts of information about the nature and quantum of the loss, including paid amounts and estimates of outstanding loss. The Company records the estimates of outstanding loss from its cedants as case reserves. Typically there is a timing lag between the cedant establishing a reserve and notifying the loss to the Company. In addition, different cedants have different claims handling practices which result in case reserve estimates that vary in the level of prudence embedded in them.

For insurance business, the Company records a case reserve for the estimated amount of settlement. This amount is based on the judgment of the Company’s claims team and takes into account the class of business, nature of the claim and if appropriate, the advice of specialist legal counsel and external loss adjusters, and includes the estimated expenses of settling the claim such as legal and other fees. The Company may sometimes use third party claims administrators to handle claims and set case reserves, within defined authority levels and service level agreements. In syndicated markets such as Lloyd’s, the Company’s case reserve will be based in part on information provided by the lead insurer, where the Company is not an agreement party. Any adjustments to case reserves are accounted for as changes in estimates and recorded in the period in which such changes are identified.

IBNR Reserves

The Company establishes IBNR reserves for large events based on a number of different factors, including discussions with brokers and cedants, proprietary loss modelling and pricing software, estimates of market loss and market share, experience from historical large events and other information that can guide the estimates of loss reserves. These estimates are reviewed periodically as new information emerges.

IBNR reserves for attritional losses are established using actuarial loss reserving techniques. These techniques include the loss development factor method, Bornheutter Ferguson method, the Initial Expected Loss Ratio method, and other techniques. These techniques rely on estimates of paid and reported loss development patterns and estimates of the loss ratio at the inception of the contract. The Company’s actuaries review the estimates of IBNR reserves on a quarterly basis and adjust the estimates as new information becomes available. Any such adjustments are accounted for as changes in estimates and recorded in the periods in which they become known.

To establish IBNR reserves for attritional losses, contracts are grouped into cohorts, or reserving classes, that have similar coverage, inception period and loss reporting characteristics. The paid and reported losses for these reserving classes are tracked over time against expectations and against the actuarial loss reserving indications and IBNR reserve selected for each cohort.

Claims Development and Frequency

For incurred and paid accident year claims denominated in foreign currency, the Company used the current year-end balance sheet foreign exchange rate for all periods provided, thereby eliminating the effects of changes in foreign currency translation rates from the incurred and paid accident year claims development information included in the tables below.
In determining the cumulative number of reported claims, the Company measures claim counts on its insurance business by individual claimant where information is available. The claim counts include all claims reported where the Company has identified a potential liability for the claim even if there is no existing reserve. Reinsurance business is typically written under either proportional (quota share arrangements) or non-proportional arrangements (excess of loss or other facultative covers).

The Company typically does not have direct access to claim frequency information underlying its assumed quota share arrangements, given the nature of that business. In addition, multiple claims are often aggregated by the ceding company before being reported to the Company. The Company generally does not use claim frequency information in the determination of loss reserves or for other internal purposes relating to proportional business. In addition, the nature, size, terms and conditions of contracts entered into by the Company changes from one accident year to the next and the quantum of contractual or policy limits, and accordingly, the potential amount of losses and loss adjustment expenses associated with a reported claim can range from nominal to significant, and therefore the Company does not believe providing claims frequency information is practicable as it relates to its proportional business.

The Company has developed claims frequency information associated with its non-proportional reinsurance contracts. In determining claims frequency for its excess-of-loss reinsurance contracts, claims counts include all claims reported by each insured where a reserve for losses and loss adjustment expenses has been recorded. The Company has assumed that claims below the loss layer of a contract are excluded; if an insured's claim impacts multiple layers of a contract, the Company considers each impact to be a separate claim, and for an insured loss impacting more than one operating subsidiary, each impact is considered a separate claim.

Claims Development

The information provided herein about incurred and paid accident year claims development, net of reinsurance, for the periods ended prior to November 30, 2021 and the annual percentage payouts of incurred claims by age, net of reinsurance, is presented as supplementary information. The following tables show the paid and incurred loss development by broad classification based on groupings of contracts that are similar in coverage and duration:

Bermuda Property
(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										As of November 30, 2021	
	For the years ended November 30,											
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	IBNR (1)	Cumulative Number of Reported Claims
2012	$—	$—	$4	$1	$—	$—	$—	$—	$—	$—	$—	—
2013		15,447	14,779	12,065	10,948	9,262	9,642	9,707	9,411	9,093	—	27
2014			19,416	20,563	19,374	17,934	17,855	17,830	17,528	17,356	—	48
2015				29,519	17,011	12,594	12,184	7,895	6,503	6,400	1	42
2016					56,248	39,017	38,047	36,600	35,516	36,078	124	106
2017						101,005	98,302	93,629	81,089	79,361	(4,868)	266
2018							87,744	87,852	76,230	81,850	1,311	200
2019								46,880	56,145	63,568	6,819	98
2020									115,482	123,878	41,537	212
2021										149,027	111,960	116
									Total	$566,611	$156,884	1,115

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	For the years ended November 30,									
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
2012	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—
2013		4,295	6,136	8,345	8,874	8,699	9,258	9,466	9,235	8,961
2014			8,047	14,310	15,920	16,442	17,012	17,234	17,098	17,302
2015				1,775	4,664	5,066	5,276	5,477	5,616	5,561
2016					12,840	25,320	29,826	32,102	33,117	33,579
2017						24,467	90,847	71,329	82,917	71,626
2018							12,629	68,847	79,466	68,047
2019								2,428	29,353	38,176
2020									13,326	47,895
2021										16,068
									Total	$307,215
									Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance	$259,396

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)								
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)	9 (unaudited)
	17 %	69 %	85 %	93 %	92 %	95 %	98 %	100 %	99 %

(1) Unaudited supplementary information

Bermuda Casualty
(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										As of November 30, 2021	
	For the years ended November 30,											
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	IBNR (1)	Cumulative Number of Reported Claims
2012	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—	—
2013		2,201	2,758	2,911	2,501	3,640	4,413	4,407	4,411	4,661	522	1
2014			13,350	13,408	18,549	12,899	18,410	20,196	16,537	16,590	2,739	4
2015				19,729	18,378	31,764	30,632	38,932	39,548	50,750	9,799	28
2016					44,749	50,350	54,806	55,173	57,240	56,537	13,958	6
2017						85,400	97,042	102,242	106,045	113,848	23,336	27
2018							102,232	116,540	123,846	122,119	35,835	31
2019								86,185	97,019	102,236	56,762	10
2020									82,669	85,098	61,853	17
2021										70,191	65,927	5
									Total	$622,030	$270,731	129

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	For the years ended November 30,									
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
2012	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—
2013		55	229	572	958	1,858	2,242	2,619	2,877	3,572
2014			776	2,026	3,330	4,602	6,217	10,590	12,764	13,240
2015				708	2,111	3,525	11,249	17,009	18,780	25,596
2016					1,541	5,138	12,732	20,617	27,093	35,303
2017						3,780	10,989	22,919	50,402	70,368
2018							3,790	22,856	50,897	66,743
2019								3,988	11,127	23,363
2020									5,453	14,436
2021										1,931
									Total	$254,552
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance									$367,478

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)								
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)	9 (unaudited)
	4 %	13 %	25 %	42 %	51 %	52 %	57 %	76 %	77 %

(1) Unaudited supplementary information

Bermuda Specialty

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance										As of November 30, 2021	
	For the years ended November 30,											
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	IBNR [1]	Cumulative Number of Reported Claims
2012	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—	—
2013		1,742	2,284	827	571	819	781	709	674	654	39	3
2014			11,857	12,478	10,293	8,377	9,128	8,870	8,733	8,611	142	19
2015				27,712	26,686	19,332	19,247	17,485	16,822	15,367	313	38
2016					38,154	34,941	29,051	23,273	19,884	16,846	1,731	56
2017						57,749	44,346	36,438	29,663	24,461	2,881	69
2018							59,248	53,080	48,509	45,108	6,137	94
2019								62,817	56,748	49,013	2,459	97
2020									63,831	57,016	21,746	76
2021										54,034	48,060	4
									Total	$271,110	$83,508	456

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance									
	For the years ended November 30,									
Accident year	2012 (unaudited)	2013 (unaudited)	2014 (unaudited)	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
2012	$—	$—	$—	$—	$—	$—	$—	$—	$—	$—
2013		14	438	406	425	517	583	590	589	587
2014			2,218	7,196	6,767	6,362	7,459	7,508	7,523	8,206
2015				3,330	8,638	13,116	13,121	14,209	14,399	14,416
2016					2,938	8,613	5,644	10,845	13,127	13,559
2017						2,188	10,199	14,152	16,422	17,680
2018							7,611	19,440	25,728	28,071
2019								6,416	20,451	28,917
2020									9,281	25,435
2021										3,846
									Total	$140,717
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance									$130,393

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance[1]								
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)	7 (unaudited)	8 (unaudited)	9 (unaudited)
	14 %	46 %	59 %	68 %	80 %	87 %	92 %	95 %	90 %

(1) Unaudited supplementary information

International Property

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							As of November 30, 2021	
	For the years ended November 30,								
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	IBNR (1)	Cumulative Number of Reported Claims
2015	$1	$1	$1	$—	$—	$—	$—	$—	—
2016		7,527	6,551	6,212	6,351	6,011	7,155	17	134
2017			38,379	42,986	44,911	41,819	41,260	(2,233)	569
2018				24,037	26,191	24,873	24,537	709	599
2019					32,695	33,895	36,609	10,447	1,233
2020						134,743	144,201	20,407	2,078
2021							113,813	53,703	1,197
						Total	$367,575	$83,050	5,810

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance						
	For the years ended November 30,						
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
2015	$—	$—	$—	$—	$—	$—	$—
2016		171	3,428	4,567	6,668	7,049	6,891
2017			9,249	29,283	34,363	40,193	39,984
2018				1,322	12,036	17,340	20,053
2019					8,307	21,106	20,940
2020						24,365	90,859
2021							23,564
						Total	$202,291
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance							$165,284

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)					
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)
	18 %	62 %	71 %	92 %	97 %	96 %

(1) Unaudited supplementary information

International Casualty

(Expressed in thousands of United States Dollars, except claim count)

The following table discloses losses incurred, losses paid and claims data excluding the impact of the loss portfolio transfer discussed in further detail in Note 7, *Reinsurance.*

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							As of November 30, 2021	
	For the years ended November 30,								
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	IBNR (1)	Cumulative Number of Reported Claims
2015	$—	$—	$—	$—	$—	$—	$—	$—	—
2016		171	278	243	342	342	342	—	124
2017			648	5,187	7,354	6,332	5,857	1,310	503
2018				302	5,276	4,926	4,342	782	870
2019					18,243	15,759	15,099	7,551	2,205
2020						24,285	21,604	9,162	2,567
2021							94,633	92,424	1,056
						Total	$141,877	$111,229	7,325

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance						
	For the years ended November 30,						
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
2015	$—	$—	$—	$—	$—	$—	$—
2016		—	—	82	—	—	—
2017			—	22	629	2,285	2,406
2018				35	384	1,787	2,670
2019					57	1,097	3,969
2020						3,226	8,121
2021							641
						Total	$17,807
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance						$124,070

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)					
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)
	3 %	20 %	25 %	47 %	39 %	100 %

(1) Unaudited supplementary information

International Specialty

(Expressed in thousands of United States Dollars, except claim count)

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							As of November 30, 2021	
	For the years ended November 30,								
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021	IBNR (1)	Cumulative Number of Reported Claims
2015	$—	$93	$138	$218	$212	$144	$149	$—	—
2016		2,534	4,771	5,383	5,232	5,370	3,668	52	85
2017			22,378	17,430	16,943	15,256	22,030	259	425
2018				32,119	31,221	29,935	33,727	933	771
2019					109,674	113,410	107,784	11,356	2,341
2020						124,196	118,761	50,071	3,450
2021							131,761	112,366	1,980
						Total	$417,880	$175,037	9,052

(1) Total of incurred but not reported liabilities plus expected development on reported claims

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance						
	For the years ended November 30,						
Accident year	2015 (unaudited)	2016 (unaudited)	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)	2020 (unaudited)	2021
2015	$—	$16	$62	$119	$147	$150	$150
2016		248	2,141	4,000	3,098	3,446	3,600
2017			2,427	8,992	16,986	21,763	21,256
2018				2,054	17,209	31,130	31,337
2019					14,196	60,774	80,376
2020						12,355	53,723
2021							9,897
						Total	$200,339
	Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance						$217,541

	Average Annual Percentage Payout of Incurred Losses by Age, Net of Reinsurance(1)					
Years	1 (unaudited)	2 (unaudited)	3 (unaudited)	4 (unaudited)	5 (unaudited)	6 (unaudited)
	10 %	50 %	79 %	95 %	96 %	98 %

(1) Unaudited supplementary information

Reconciliation

(Expressed in thousands of United States Dollars)		**November 30, 2021**
Net outstanding liabilities		
Bermuda - Property	$	259,396
Bermuda - Casualty		367,478
Bermuda - Specialty		130,393
International - Property		165,284
International - Casualty		124,070
International - Specialty		217,541
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance		1,264,162
Reinsurance recoverable on unpaid claims		
Bermuda - Property		86,782
Bermuda - Casualty		134,101
Bermuda - Specialty		23,239
International - Property		85,905
International - Casualty		633,019
International - Specialty		155,227
Total reinsurance recoverable on unpaid claims		1,118,273
Other insurance lines		(24,156)
Unallocated loss adjustment expenses		20,748
		(3,408)
Total gross liability for unpaid losses and loss adjustment expenses	**$**	**2,379,027**

9. Debt and Credit Facilities

Debt

On July 26, 2019, Hamilton Group entered into an unsecured $150 million term loan credit arrangement, as amended from time to time (the "Facility"), with various lenders as arranged by Wells Fargo Bank, National Association as lead arranger. All or a portion of the loan issued under the Facility bears interest at either (a) the Base Rate plus the Applicable Margin or (b) the LIBOR rate plus the Applicable Margin, at Hamilton Group's discretion. In the event of default, an additional 2% interest in excess of (a) or (b) will be levied, not to exceed the highest rate permissible under applicable law, and certain types of loans may not be available for borrowing by Hamilton Group under the Facility. The Facility matures on July 26, 2022, unless sooner accelerated pursuant to the terms of the Facility, and it contains usual and customary representations, warranties, conditions and covenants for bank loan facilities of this type. The Facility also contains certain financial covenants which cap the ratio of consolidated debt to capital and require that Hamilton Group maintain a certain minimum consolidated net worth. The net worth requirement is recalculated effective as of the end of each fiscal quarter. As of November 30, 2021, the outstanding loan balance was $150.0 million, the unamortized issuance costs were $0.1 million and the Company was in compliance with all covenants.

Debt issuance costs are amortized over the period of time during which the Facility is outstanding, and offset against investment income. The Company amortized debt issuance costs of $0.2 million, $0.2 million and less than $0.1 million for each of the years ended November 30, 2021, 2020 and 2019, respectively.

Credit Facilities

The Company has several available letter of credit facilities and a revolving loan facility provided by commercial banks. The letter of credit facilities are utilized to provide collateral to reinsureds of Hamilton Re and its affiliates to the extent required under reinsurance agreements and to support capital requirements at Lloyd’s.

On December 5, 2018, Hamilton Re entered into a committed letter of credit facility agreement with Citibank Europe PLC ("Citi") under which Citi agreed to make available to Hamilton Re a secured letter of credit facility of $50 million for a term that will expire on December 5, 2020. On December 4, 2020, Hamilton Re amended and restated its committed letter of credit facility agreement with Citibank Europe PLC under which Citi agreed to make available to Hamilton Re a secured letter of credit facility of $75 million for a term that will expire on December 5, 2022.

On June 28, 2019, Hamilton Re amended its letter of credit facility agreement with Macquarie Funding LLC ("Macquarie") (the "Macquarie Facility"), as further amended on September 30, 2019, under which Macquarie and certain of its affiliates agreed to make available to Hamilton Re a secured letter of credit facility for up to an aggregate amount of $50 million. The Company did not extend or renew the Macquarie Facility, allowing it to terminate on its expiry date of June 30, 2021.

On December 10, 2019, Hamilton Group and Hamilton Re amended and restated their unsecured credit agreement with a syndication of lenders, as further amended on May 25, 2021 (the “Unsecured Facility"). Under the Unsecured Facility, the lenders have agreed to provide up to an aggregate of $415 million of letter of credit capacity for Hamilton Re, up to $150 million of which may be utilized for revolving loans to be issued to Hamilton Group. To the extent such loans are issued, the available letter of credit capacity shall decrease proportionally, such that the aggregate credit exposure for the lenders under the credit agreement is $415 million. Capacity is provided by Wells Fargo, National Association, Truist Bank, BMO Harris Bank N.A., Commerzbank AG, New York Branch, HSBC Bank USA, National Association, and Barclays Bank PLC. Unless renewed or otherwise terminated in accordance with its terms, the Unsecured Facility is scheduled to terminate on May 25, 2024. At November 30, 2021, there were no loan amounts outstanding under this facility.

On August 13, 2021, Hamilton Re and HIDAC entered into a committed letter of credit facility agreement with Bank of Montreal ("BMO"), with Hamilton Group as guarantor, under which BMO agreed to make available a secured letter of credit facility of $50 million for a term that will expire on August 13, 2023.

On October 28, 2021, Hamilton Re amended its letter of credit facility agreement with UBS AG ("UBS") under which UBS and certain of its affiliates agreed to make available to Hamilton Re a secured letter of credit facility of $100 million for a term that will expire on October 28, 2022.

In addition, Hamilton Re is the borrower under an unsecured letter of credit facility agreement that it utilizes to provide Funds at Lloyd's ("FAL") ("FAL LOC Facility") to support the FAL requirements of Syndicate 3334 and Syndicate 4000. See Note 14, *Commitments and Contingencies*, for further details. Capacity is provided by Barclays Bank PLC, ING Bank N.V., London Branch, and Bank of Montreal, London Branch.

The Company’s obligations under its credit facilities require Hamilton Group, Hamilton Re and the other parties thereto to comply with various financial and reporting covenants. All applicable entities were in compliance with all such covenants at November 30, 2021.

Certain of the Company's credit facilities are secured by pledged interests in the TS Hamilton Fund or the Company's fixed income security portfolio or cash. The Company's credit facilities at November 30, 2021, and associated securities pledged, were as follows:

(Expressed in thousands of United States Dollars)		2021
Available letter of credit and revolving loan facilities - commitments	$	897,442
Available letter of credit and revolving loan facilities - in use		574,867
Security pledged under letter of credit and revolving loan facilities:		
Pledged interests in TS Hamilton Fund	$	201,350
Pledged interests in fixed income portfolio		96,250
Cash		23,816

The Company has recognized interest expense related to the above facilities of $14.9 million, $18.9 million and $11.4 million for the years ended November 30, 2021, 2020 and 2019, respectively.

10. Share Capital

Authorized and Issued

Hamilton Group's share capital at November 30, 2021 and 2020, is comprised as follows:

(Expressed in thousands of United States Dollars, except share information)				
Authorized:				
135,000,000 common shares of $0.01 par value each				
Issued, outstanding and fully paid:		**2021**		**2020**
Class A common shares (2021 and 2020: 30,320,078)	$	303	$	303
Class B common shares (2021: 37,912,993 and 2020: 72,134,229)		379		721
Class C common shares (2021: 34,307,698 and 2020: nil)		343		—
Total	$	1,025	$	1,024

In November 2021, a new class of non-voting shares was created through the redesignation of existing Class B common shares into Class C common shares. With the exception of the right to receive notice of, attend, or vote at any general meeting of the Company, the Class C common shares retain all rights associated with the existing Class B common shares, as described below. At the same time, the Company Bye-laws were amended and restated to provide for the creation of the Class C common shares and the redesignation of shares from (i) Class C common shares to Class B common shares and from (ii) Class A common shares and Class B common shares to Class C common shares at the request of the transferring shareholder and subject to approval by a Simple Majority of the Board.

The following is a summary of the activity related to common shares authorized for the year ended November 30, 2021:

	2021			
	Class A	**Class B**	**Class C**	**Total**
Common shares - beginning of year	53,793,690	81,206,310	—	135,000,000
Share class conversions	—	(34,307,698)	34,307,698	—
Common shares - end of year	53,793,690	46,898,612	34,307,698	135,000,000

The following is a summary of the activity related to common shares issued and outstanding for the year ended November 30, 2021:

	2021			
	Class A	**Class B**	**Class C**	**Total**
Common shares - beginning of year	30,320,078	72,134,229	—	102,454,307
Share class conversions	—	(34,307,698)	34,307,698	—
Vesting of awards	—	439,936	—	439,936
Employee and director share purchases	—	65,808	—	65,808
Director share awards granted	—	46,086	—	46,086
Share repurchases	—	(465,368)	—	(465,368)
Common shares - end of year	30,320,078	37,912,993	34,307,698	102,540,769

In general, holders of Class A common shares and Class B common shares have one vote for each common share held. However, each holder of Class A common shares and Class B common shares is limited to voting (directly, indirectly or constructively, as determined for U.S. federal income tax purposes) that number of common shares equal to 9.5% of the total combined voting power of all classes of shares of Hamilton Group. In addition, the Board of Directors may limit a shareholder's voting rights when it deems it appropriate to do so to avoid certain material adverse tax, legal or regulatory consequences to the Company or any direct or indirect shareholder or its affiliates.

Certain of Hamilton Group's shareholders that own an aggregate of 49.3 million Class A, Class B and Class C common shares at November 30, 2021 have liquidity rights stipulating that on either December 23, 2023, or at the end of each three-year period thereafter, or upon the occurrence of a Trigger Event (as such term is defined in the Second Amended and Restated Shareholders' Agreement), such shareholders may cause, at the Company's election, for the Company to either repurchase all or any portion of the exercised common shares held by such shareholder(s) at diluted book value or require an auction for a cash sale of the Company, at the Company's option. For purposes of these liquidity rights a Trigger Event includes any of the following: (i) various adverse tax determinations, including if the Company is determined to be a "passive foreign investment company" for U.S. federal income tax purposes; (ii) various changes in law that have material adverse consequences to either the Company or the applicable shareholder's interests in the Company; (iii) a downgrade in Hamilton Re's (or any other material subsidiary's) financial strength rating to any level below A- by A.M. Best Company; or (iv) one or more changes in law (including regulatory requirements) that in the aggregate result in (a) a reduction in the investable assets of the Company invested with Two Sigma specifically, or alternative investment managers employing similar strategies generally, such that 75% or less of the Company's investable assets will be invested with Two Sigma or such alternative investment managers or (b) Two Sigma specifically, or alternative investment managers employing similar strategies generally, being required to adopt a materially different investment strategy with respect to the investable assets of the Company. Should the Company elect to repurchase all or a portion of the common shares held by such exercising shareholder(s), such repurchase is subject to (i) applicable law and (ii) reasonable determination by the Board of Directors that A.M. Best Company will not downgrade or take any ratings action with respect to Hamilton Re's financial strength rating as a result.

11. Stock Incentive Plans

Employees, directors, and consultants of the Company may be granted restricted stock units ("RSUs"), performance stock units ("PSUs"), restricted stock awards ("RSAs"), warrants, options, stock appreciation rights, and stock bonus awards under the Hamilton Insurance Group, Ltd. 2013 Equity Incentive Plan (the "Plan"). The Plan initially reserved a total of 7,500,000 Class B common shares for issuance of awards of all types. The following table outlines the number of shares currently available for grant under the Plan:

	2021
Shares available for grant - beginning of year	2,751,740
Awards granted under the Plan	(1,148,562)
Awards canceled / expired	355,866
Shares repurchased and canceled	413,626
Shares available for grant - end of year	2,372,670

The following table presents the compensation expense relating to each award type that was recognized in earnings during the years ended November 30, 2021, 2020 and 2019:

	2021	2020	2019
Share-based compensation expense:			
RSUs	$ 8,068	$ 8,098	$ 6,450
PSUs	815	(930)	1,659
Warrants	—	—	9
Total share-based compensation expense:	8,883	7,168	8,118
Tax benefit	(621)	(717)	(227)
Share-based compensation expense, net of taxes:	$ 8,262	$ 6,451	$ 7,891

The following table presents the unrecognized compensation expense relating to each award type as at November 30, 2021 and the weighted-average period in years over which it is expected to be recognized.

	November 30, 2021	
(Expressed in thousands of United States Dollars, except for weighted-average recognition period)	Unrecognized share-based compensation expense	Weighted-average recognition period in years
Unrecognized share-based compensation expense:		
RSUs	$ 5,879	1.8
PSUs	2,141	1.8
Total unrecognized share-based compensation expense:	$ 8,020	

Restricted Stock Units

During the years ended November 30, 2021, 2020 and 2019 the Company granted RSUs with a total estimated fair value of $9.6 million, $8.8 million, and $8.0 million, respectively, to employees and directors which generally vest over a three-year period. During 2018, the Company also granted RSUs with a total estimated fair value of $1.2 million to employees, which vest over a four- or five-year period.

The following table presents a roll forward of the Company's RSUs based upon expected vesting:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested RSUs, beginning of year	1,066,589	$17.33
Granted	724,884	$13.29
Vested	(415,045)	$16.69
Forfeited/ canceled	(194,048)	$16.04
Unvested RSUs, end of year	1,182,380	$15.29

Performance Stock Units

During the year ended November 30, 2021, the Company granted PSUs that vest and settle on the third January 1st following their grant dates and entitle participants to between 0-200% of the target award. Settlement of the PSUs is subject to achievement of defined performance metrics and to each participant's continued employment through each vesting date. The Performance Payout calculation is subject to specified adjustments and ultimately adjustable at the discretion of the Compensation Committee.

During the years ended November 30, 2020 and 2019, the Company granted PSUs that vest on the third January 1st following their grant dates and are subject to the same terms and conditions as the awards granted in the year ended November 30, 2021, with the exception that they are subject to delayed settlement, with one-third of each award to settle in shares on each of the third, fourth and fifth January 1st following their respective grant dates.

During the year ended November 30, 2018, the Company also granted PSUs that vest in equal installments on the third, fourth and fifth January 1st following their respective grant dates, subject to achievement of defined performance metrics and the participant's continued employment through each vesting date. All other significant terms and conditions are consistent with the PSUs described above.

The following table presents a grant-date summary of the PSUs awarded to certain employees of the Company for the years ended November 30, 2021, 2020 and 2019:

($ amounts expressed in thousands of United States Dollars)	2021	2020	2019	2018
Performance units granted	188,796	228,135	123,207	258,951
Potential maximum share payout	377,592	456,270	246,414	517,902
Aggregate grant date fair value	$ 2,502	$ 4,022	$ 2,209	$ 4,161

The following table presents an inception-to-date roll forward of the Company's unvested PSUs based upon expected vesting percentages as at November 30, 2021:

	Grant Year			
	2021	2020	2019	2018
Unvested PSUs at target, grant date	188,796	228,135	123,207	258,951
Vested	—	—	—	(24,891)
Forfeited/ canceled	(34,349)	(137,109)	(97,245)	(161,240)
Change in expected performance factor	—	—	(9,087)	(23,038)
Unvested PSUs at current expected performance percentage	154,447	91,026	16,875	49,782

Warrants

The following table presents a summary of the Company's outstanding and exercisable warrants:

(Intrinsic value in thousands of United States Dollars)	Number of Warrants	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value	Total Intrinsic Value	Weighted-Average Remaining Contractual Term
Warrants outstanding and exercisable, November 30, 2021	1,152,500	$ 10.00	$ 4.44	$ 5,555	2.4

Each warrant entitles the holder to purchase one common share of Hamilton Group at an exercise price of $10.00.

Board of Directors' Fees

The Company pays a portion of its board of directors fees in shares at each director's option. Expense relating to stock-settled directors' fees for the years ended November 30, 2021, 2020 and 2019 was $0.7 million, $0.7 million, and $1.1 million, respectively.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings (loss) per common share for the years ended November 30, 2021, 2020 and 2019:

(Expressed in thousands of United States Dollars, except share information)	2021	2020	2019
Numerator:			
Net income (loss) attributable to common shareholders	$ 188,179	$ (210,447)	$ (32,428)
Denominator:			
Weighted average common shares outstanding - basic	102,597	102,557	102,092
Effect of dilutive securities	936	—	—
Weighted average common shares outstanding - diluted	103,533	102,557	102,092
Earnings (loss) per common share - basic:	$ 1.83	$ (2.05)	$ (0.32)
Earnings (loss) per common share - diluted:	$ 1.82	$ (2.05)	$ (0.32)

For each of the years ended November 30, 2021, 2020 and 2019 common shares available for issuance under share-based compensation plans of less than 0.1 million, 2.5 million and 2.5 million were not included in the calculation of diluted earnings (loss) per share because the assumed exercise or issuance of such shares would be anti-dilutive.

13. Income Taxes

Hamilton Group and its Bermuda domiciled subsidiaries are not subject to Bermuda income tax under current Bermuda law. In the event there is a change in the current law and taxes are imposed, Hamilton Group and its Bermuda domiciled subsidiaries would be exempt from tax until 2035, pursuant to the Exempted Undertakings Tax Protection Act of 1966 of Bermuda, as amended. Hamilton Group has subsidiaries and branches that operate in various other jurisdictions around the world that are subject to tax in the jurisdictions in which they operate. The jurisdictions in which Hamilton Group’s subsidiaries and branches are subject to tax are the United Kingdom, Ireland and the United States.

Net income (loss) before taxes by tax jurisdiction for the years ended November 30, 2021, 2020 and 2019 is as follows:

	2021	2020	2019
Jurisdiction:			
Bermuda	$ 312,901	$ (135,632)	$ 112,602
United States	38,268	(15,546)	(6,591)
United Kingdom	(85,416)	(22,106)	(63,542)
Ireland	(4,108)	(1,075)	(202)
Dubai	559	334	27
Income before income tax	$ 262,204	$ (174,025)	$ 42,294

Income tax expense (benefit) consists of the following components for the years ended November 30, 2021, 2020 and 2019:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Current - Bermuda	$ 10,488	$ 9,426	$ 8,078
Current - United States	2,418	—	1
Current - United Kingdom	(1,754)	470	(15)
Current - Ireland	48	(28)	(14)
Total current tax	11,200	9,868	8,050
Deferred - United States	(776)	—	—
Deferred - United Kingdom	1,984	1,563	(1,142)
Deferred - Ireland	(43)	61	(11)
Total deferred tax	1,165	1,624	(1,153)
Total income tax expense	$ 12,365	$ 11,492	$ 6,897

The following table presents a reconciliation of taxes calculated using the 0% Bermudian statutory rate (the tax rate at which the majority of Hamilton Group's worldwide operations are taxed) to the income tax benefit (expense) on pre-tax (loss) income for the years ended November 30, 2021, 2020 and 2019:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Expected tax provision at Bermuda statutory tax rate of 0%	—	—	$ —
Permanent differences:			
Taxes on earnings subject to rate other than Bermuda statutory rate	(8,706)	(7,599)	(13,482)
Change in valuation allowance	20,458	11,292	13,414
Other permanent adjustments	294	545	66
Other prior period adjustments	(93)	(703)	(2,322)
Tax rate changes	(10,076)	(1,468)	1,142
Withholding tax	10,488	9,425	8,079
Total income tax expense:	$ 12,365	$ 11,492	$ 6,897

Withholding taxes on investment income from TS Hamilton Fund represent substantially all of the cash taxes paid by Hamilton Group in the amount of $10.5 million, $9.4 million, and $8.1 million for the years ended November 30, 2021, 2020 and 2019, respectively.

Deferred tax assets and liabilities are valued at the tax rate at which they are expected to be recognized. In June 2021, the U.K enacted a tax rate of 25% to be effective April 1, 2023, an increase from the current corporation tax rate of 19%. Accordingly, for the year ended November 30, 2021, the Company revalued all of its deferred tax assets and liabilities that are expected to reverse after April 1, 2023. Hamilton Group had previously revalued its deferred tax assets and liabilities in the years ended November 30, 2020 and 2019, based on the tax rates of 19% and 17%, respectively, expected to be in effect at the time the financial statements were prepared. The revaluation of the deferred tax assets resulted in a tax benefit of $10.1 million and $1.5 million in the years ended November 30, 2021 and 2020, respectively, and a tax expense of $1.1 million in the year ended November 30, 2019. The financial statement impact of the rate changes was partially offset in each period by a valuation allowance, resulting in a related net tax expense after valuation allowance of $3.8 million, $1.5 million and $nil, for the years ended November 30, 2021, 2020 and 2019, respectively.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes. The following table presents Hamilton Group's significant deferred tax assets and liabilities for the years ended November 30, 2021, 2020 and 2019:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Deferred tax assets:			
U.S. net operating loss carryforwards	$ 1,527	$ 5,297	$ 2,255
Ireland net operating loss carryforwards	249	131	—
U.K. net operating loss carryforwards	53,174	27,277	23,601
Share-based compensation	3,100	2,769	—
Deferred acquisition costs	1,997	2,915	—
Other	3,752	4,144	7,000
Total deferred tax assets	63,799	42,533	32,856
Deferred tax liabilities:			
Intangible assets	(19,359)	(13,445)	(13,799)
Other	(2,425)	(2,353)	(3,276)
Total deferred tax liabilities	(21,784)	(15,798)	(17,075)
Net deferred tax asset (liability) before valuation allowance	42,015	26,735	15,781
Valuation allowance	(60,597)	(40,139)	(27,964)
Net deferred tax asset (liability)	$ (18,582)	$ (13,404)	$ (12,183)

Hamilton Group records a valuation allowance against deferred tax assets if it becomes more likely than not that all or a portion of a deferred tax asset will not be realized. Changes in valuation allowances from period to period are included in income tax expense in the period of change. In evaluating the Company's ability to realize the benefit of its deferred tax assets and liabilities, the Company considers the relevant impact of all available positive and negative evidence, including historical operating results and forecasts of future taxable income. A significant piece of objectively verifiable negative evidence considered in the Company's evaluation is current period pre-tax loss. Accordingly, based on all available evidence, management has concluded that a valuation allowance of $60.6 million should be recorded as of November 30, 2021. Future realization of the Company's deferred tax asset will ultimately depend on the existence of objectively verifiable positive evidence including sufficient taxable income of the appropriate character (ordinary income versus capital gains) within the applicable carry-forward periods provided under the tax law.

The Company had the following net operating loss carry-forwards, inclusive of cumulative currency translation adjustments, as of November 30, 2021:

(Expressed in thousands of United States Dollars)

Tax jurisdiction	Losses carried forward	Tax effect	Expiration
Ireland	$ 1,991	$ 249	No expiry
United States	7,273	1,527	No expiry
United Kingdom	$ 212,697	$ 53,174	No expiry

Recognition of the benefit of a given tax position is based upon whether a company determines that it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. At November 30, 2021, the Company believes that it has no uncertain tax positions that, if challenged on technical merits, would cause a material effect on the Company's consolidated financial statements.

Hamilton Group classifies all interest and penalties on unrecognized tax benefits as part of income tax expense. During the years ended November 30, 2021, 2020 and 2019 the Company did not recognize any net interest income or expense on unrecognized tax benefits. There was no accrued interest as of November 30, 2021. With few exceptions, Hamilton Group is no longer subject to tax examinations by U.S. federal or state examinations before 2018 or non-U.S. tax examinations before 2019.

14. Commitments and Contingencies

Concentrations of Credit Risks

Credit risk arises out of the failure of a counterparty to perform according to the terms of the contract. The Company underwrites most of its insurance and reinsurance business through brokers, and credit risk exists should any of these brokers be unable to fulfill their contractual obligations with respect to the payments of insurance and reinsurance balances to the Company. During the years ended November 30, 2021, 2020 and 2019 gross premiums written generated from or placed by the below organizations individually accounted for more than 10% of the Company's consolidated gross written premiums, as follows:

(Percentage of consolidated gross premiums written)	**2021**	**2020**	**2019**
Aon plc	19 %	20 %	31 %
Marsh & McLennan Companies, Inc.	24 %	24 %	29 %
Willis Towers Watson Public Limited Company	11 %	10 %	12 %
All others/direct	46 %	46 %	28 %
Total	100 %	100 %	100 %

The Company believes that the brokers will meet all of their obligations. The Company's credit risk is generally reduced by the contractual right to offset loss obligations against premiums receivable.

Operating Leases

The Company leases office space under operating leases in Bermuda, the United States, the United Kingdom, Ireland and Dubai. Operating lease expense for the years ended November 30, 2021, 2020 and 2019 was $4.0 million, $4.3 million, and $3.3 million, respectively. Future minimum lease payments under the leases are expected to be as follows:

(Expressed in thousands of United States Dollars)

Year Ending November 30,	**Minimum Lease Payments**
2022	$ 4,026
2023	2,556
2024	1,397
2025	1,145
2026	1,145
Thereafter	859
Total	$ 11,128

Lloyd's Capital Requirements

Lloyd’s bases the capital funding requirements of the Company's corporate members, Hamilton Corporate Member Limited ("HCML") and Ironshore CC (Three) Ltd. ("ICCL"), on their latest approved Economic Capital Assessments which are determined by reference to their business plans, internal capital models, and actual performance, among other factors, as well as any other relevant corporate member obligations or receivables. Capital may be in the form of Funds at Lloyd's ("FAL") or Funds in Syndicate ("FIS"). While FAL is generally available to settle the obligations of the corporate members, FIS is only available to support the capital requirements arising in the syndicate to which it relates.

Syndicate 3334 was solely supported by HCML for the 2015-2019 underwriting years of account ("YOA"), at which time Syndicate 3334 ceased underwriting operations. Syndicate 4000 was solely supported by ICCL for the 2019 underwriting YOA and solely supported by HCML for the 2020 underwriting YOA and all years thereafter. For the 2020 underwriting YOA onwards, the Company's operations consist of a managing agent, Hamilton Managing Agency Limited, which manages the affairs of Syndicate 4000 and the run-off of Syndicate 3334 on behalf of HCML and ICCL.

At November 30, 2021, the total available capital in support of the capital requirements for Syndicate 3334 and Syndicate 4000 is comprised of the following:

	FAL		**FIS**	
	ICCL	**HCML**	**Syndicate 3334**	**Total**
Unsecured LOC capacity	$ 100,000	$ 105,000	$ —	$ 205,000
Fixed income securities	327,071	—	32,309	359,380
Cash	7,057	—	—	7,057
Total	$ 434,128	$ 105,000	$ 32,309	$ 571,437

Indemnifications

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications. Future events could occur that lead to the execution of these provisions against the Company. Management currently believes that the likelihood of such an event is remote.

15. Related Party Transactions

In 2017, Hamilton Re established Turing Re, a special purpose insurer, to provide collateralized reinsurance capacity for Hamilton Re's property treaty business. The following table summarizes the impact of the business ceded to Turing Re for the years ended November 30, 2021, 2020 and 2019:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Reinsurance premiums ceded	$ (556)	$ (17,348)	$ (24,149)
Net premiums earned	(2,095)	(18,404)	(23,184)
Losses and loss adjustment expenses	(7,935)	(866)	32,523
Acquisition costs	664	3,550	4,082
Net gain (loss) on related party reinsurance	$ (9,366)	$ (15,720)	$ 13,421

In 2020, the Company established ACML, an insurance agent authorized to underwrite on behalf of Ada Re, as more fully described in Note 1, *Organization*. No business was ceded to Ada Re for the year ended November 30, 2020. The following table summarizes the impact of the business ceded to Ada Re for the year ended November 30, 2021:

(Expressed in thousands of United States Dollars)	2021
Reinsurance premiums ceded	$ (13,553)
Net premiums earned	(12,428)
Losses and loss adjustment expenses	9,015
Acquisition costs	2,144
Net loss on related party reinsurance	$ (1,269)

16. Statutory Requirements

The Company's ability to pay dividends is subject to certain regulatory restrictions on the payment of dividends by its subsidiaries. The payment of such dividends is limited by the applicable laws and statutory requirements of each jurisdiction in which the Company and its subsidiaries operate, detailed further below. The minimum required statutory capital and surplus is the amount of statutory capital and surplus necessary to satisfy regulatory requirements based on the Company's current operations. The Bermuda Monetary Authority ("BMA") is the Company's group supervisor. The BMA's group capital and solvency requirements establish the minimum thresholds that Hamilton Group is required to meet.

The actual and minimum required statutory capital and surplus for the Company's principal operating subsidiaries by regulatory jurisdiction at November 30, 2021 and 2020 were as follows:

	Bermuda [1]		United Kingdom [2]		Ireland [3]	
(Expressed in thousands of United States Dollars)	2021	2020	2021	2020	2021	2020
Minimum statutory capital and surplus	$ 469,674	$ 286,494	$ 121,082	$ 94,834	$ 60,589	$ 63,353
Actual statutory capital and surplus	$1,742,355	$1,508,465	$ 571,437	$ 621,559	$ 101,699	$ 117,901

[1] Minimum statutory capital and surplus at November 30, 2021 for the Bermuda operating subsidiary is required to be maintained at the greater of a minimum solvency margin ("MSM"), as disclosed in the table above, and the Enhanced Capital Requirement ("ECR"), where applicable.
[2] Minimum statutory capital and surplus at November 30, 2021 for the U.K. operating entities is determined by reference to the entities' Solvency Capital Requirement and the Solvency II capital regime. U.K. operations are subject to Lloyd's requirements where underwriting members hold acceptable Funds at Lloyd's FAL and/or Syndicates hold acceptable FIS for their own account, in support of the total actual statutory capital and surplus amount. Actual statutory capital and surplus is comprised of an Economic Capital Assessment ("ECA"), derived from an approved Solvency II basis Internal model, plus any accumulated trading deficits calculated on a Solvency II basis.
[3] Our Irish operations are subject to the Solvency II regime, which requires insurance companies to hold assets that cover at least the best estimate of insurance liabilities, a risk margin, plus a risk-based Solvency Capital Requirement designed to protect against extreme stress events.

The statutory net income (loss) for the Company's principal operating subsidiaries by regulatory jurisdiction for the years ended November 30, 2021, 2020 and 2019 was as follows:

(Expressed in thousands of United States Dollars)	2021	2020	2019
Bermuda	$ 261,516	$ (140,743)	$ 56,090
United Kingdom	(22,676)	(19,525)	(70,182)
Ireland	$ (17,383)	$ (2,545)	$ (437)

The difference between statutory financial statements and statements prepared in accordance with GAAP varies by jurisdiction; however, the primary difference is that statutory financial statements do not reflect deferred acquisition costs or goodwill and intangible assets.

Bermuda Operations

Under the Insurance Act 1978, amendments thereto and Related Regulations of Bermuda (the "Insurance Act"), Hamilton Re is required to prepare statutory financial statements and to file with the BMA a statutory financial return. As a Class 4 (re)insurer, Hamilton Re must maintain capital at the greater of their MSM and their ECR, which is established by reference to the Bermuda Solvency Capital Requirement ("BSCR") model. The BSCR model is a risk-based capital model for determining a (re)insurer's statutory capital and surplus requirements by weighting the risk characteristics of various aspects of the (re)insurer's business. The Insurance Act also requires Hamilton Re to maintain certain measures of solvency and liquidity. The MSM to be maintained by a Class 4 insurer with respect to its general business is the greater of (i) $100 million, or (ii) 50% of net premiums written (with a credit for reinsurance premiums ceded up to 25% of gross premiums written) or (iii) 15% of net discounted aggregate loss and loss expense provisions and other insurance reserves.

The BSCR for Hamilton Re for the year ended November 30, 2021 will not be filed with the BMA until March 2022. As a result, the required statutory capital and surplus disclosed as of November 30, 2021 is based on the MSM. At November 30, 2021, the actual statutory capital and surplus of Hamilton Re was $1.7 billion and the MSM was $469.7 million.

The BMA uses the economic balance sheet ("EBS") framework as the basis for determining Hamilton Re's ECR. Under the EBS, assets and liabilities are mainly assessed and reported at fair value, using the (re)insurer's GAAP balance sheet as the starting point. The model also requires insurers to estimate insurance technical provisions, which consist of the insurer's insurance-related balances valued based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate, with the addition of a risk margin to reflect the uncertainty of the underlying cash flows.

Independent of the Insurance Act, the BMA has also established a target capital level ("TCL") for Class 4 (re)insurers, equal to 120% of their ECR. While Hamilton Re is not required to maintain their statutory capital and surplus at this level, the TCL serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased regulatory oversight. Hamilton Re's actual capital and surplus levels are expected to exceed the TCL at November 30, 2021.

Hamilton Re received approval from the BMA to treat its investment in TS Hamilton Fund as a “Relevant Asset” for the purpose of computing its “Liquidity Ratio” (under which relevant assets must be maintained at not less than 75% of relevant liabilities) in respect of 2022 and 2021. Hamilton Re is in compliance with the Liquidity Ratio at November 30, 2021.

Under the Insurance Act, Hamilton Re is restricted as to the payment of dividends and/or distributions for amounts greater than 25% of the prior year’s statutory capital and surplus. In addition, before reducing its total statutory capital by 15% or more (as set out in its previous year's statutory financial statements), a Class 4 Bermuda insurance subsidiary must make application to the BMA for permission to do so; such application shall consist of an affidavit signed by at least two directors and such insurance subsidiary's principal representative stating that, in their opinion, the proposed reduction in capital will not cause such subsidiary to fail to meet its relevant margins, and such other information as the BMA may require. For the year ended November 30, 2021, Hamilton Re had capacity to pay dividends of $377.1 million without prior approval under Bermuda law, of which $30.0 million of dividends were paid during the year. It is estimated that Hamilton Re will have capacity to pay dividends of $435.6 million in 2022.

United Kingdom Operations

A U.K. company’s ability to propose and pay a dividend is dependent upon U.K. law and may require the approval of a local regulatory body where a minimum capital requirement applies.

As discussed in Note 14, *Commitments and Contingencies*, Lloyd’s bases the capital funding requirements of the Company's corporate members on their latest approved Economic Capital Assessments. As of November 30, 2021, actual levels of solvency, liquidity, and capital were in compliance with the Lloyd's requirements.

Following distributions received from Hamilton Syndicate 3334 and 4000, profits arising in HCML and ICCL are available for distribution subject to U.K. law. Profits arising in HMA, which is subject to Lloyds' oversight and regulation by both the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”), are available for distribution subject to U.K. law and the preservation of a minimum capital requirement calculated with reference to Lloyd's capital tests.

The PRA regulatory requirements impose no explicit restrictions on the U.K. subsidiaries' ability to pay a dividend, but the Company must notify the PRA 28 days prior to any proposed dividend payment. Dividends may only be distributed from profits available for distribution. At November 30, 2021, the Company's U.K. subsidiaries did not have retained profits available for distribution.

Ireland

HIDAC, the Company’s Irish insurance subsidiary is regulated by the Central Bank of Ireland pursuant to the Insurance Acts 1909 to 2018 (as amended), the Central Bank Acts 1942 to 2018 and all statutory instruments relating to insurance made or adopted under the European Communities Acts 1972 to 2012, including the European Union (Insurance and Reinsurance) Regulations, 2015 (as amended) and the Solvency II regime. HIDAC is required to maintain the Minimum Capital Requirement ("MCR") and the Solvency Capital Requirement ("SCR") at all times. Capital requirements are calculated by reference to Solvency II definitions. If an entity falls below the MCR or SCR, the Central Bank of Ireland is authorized to take action to restore the financial position of the subsidiary. HIDAC was at all times in compliance with these requirements for the year ended November 30, 2021.

The amount of dividends that HIDAC is permitted to distribute is restricted to accumulated realized profits that have not been capitalized or distributed, less accumulated realized losses that have not been written off. The solvency and capital requirements must still be met subsequent to any distribution. As at November 30, 2021, HIDAC did not have retained profits available for distribution.

17. Divestitures

Attune

On August 13, 2021, Attune Holdings LLC ("Attune"), Hamilton U.S. Holdings, Inc. (an indirect wholly owned subsidiary of the Company), Two Sigma Insurance Quantified, LP and AIG Property Casualty US, Inc, et al, signed a definitive agreement under the terms of which the purchaser acquired for cash all the units of Attune, excepting certain rollover units owned by current Attune management personnel. The transaction closed on September 20, 2021 and the total consideration and related transaction costs were $225.0 million and $24.3 million, respectively. $65.2 million of the net consideration was allocated to Class A shares held by the Company.

Proceeds of sale were settled on closing, with $7.8 million of the balance owing to the Company held in escrow for the benefit of the purchaser pursuant to terms of the escrow agreements, but the period not to exceed fifteen months. As of November 30, 2021, the escrow funds are recorded in restricted cash and other liabilities on the balance sheet. The net gain on sale of $54.6 million was calculated with reference to the post-escrow funds received and was recorded in the statement of operations as the net gain on sale of equity method investment. Amounts received in future periods from the final settlement of escrow funds, if any, will be recorded in that period in the statement of operations on the same line as the initial gain.

Hamilton Managing General Agency (Dubai) Limited ("HMGA Dubai")

On October 12, 2021, Hamilton U.K. Holdings Limited signed a definitive agreement under the terms of which the purchaser acquired for cash all of HMGA Dubai's outstanding shares for a total consideration of $1.3 million, which was lower than the carried value of the business unit. Consequently, the statement of operations for the year ended November 30, 2021 reflected an additional $0.9 million impairment of goodwill previously recognized in respect of HMGA Dubai (see Note 6, *Goodwill and Intangible Assets*) through "amortization of intangible assets", and $0.6 million of impairment of the unit's carried value netted against other income. The transaction closed on December 23, 2021.

18. AIG Transaction

In 2017, Hamilton Group entered into a waiver agreement with AIG which released Hamilton Group's former CEO from certain restrictive employment covenants in exchange for $40 million. The Company received $20 million in each of May 2019 and 2017, and recorded each installment as other income when received.

19. Subsequent Events

The Company has evaluated subsequent events through February 11, 2022, the date these financial statements were available to be issued, and concluded that, except as disclosed below, and in Note 17, *Divestitures,* there are no subsequent events requiring recognition or disclosure.

Change in Year End

On January 17, 2022, the Company changed its fiscal year end from November 30 to December 31. Accordingly, our financial statements for the 2022 fiscal year will be for the periods ended March 31, June 30, September 30 and December 31.