



April 29, 2024

## Report of Independent Auditors

To the Board of Directors of OmegaCat Reinsurance Ltd.

### Opinions

We have audited the accompanying condensed financial statements of OmegaCat Reinsurance Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the "condensed financial statements").

#### *Unmodified opinion on regulatory basis of accounting*

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

#### *Adverse opinion on U.S. generally accepted accounting principles*

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the years then ended.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the condensed financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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



## **Responsibilities of management for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the condensed financial statements are available to be issued.

## **Auditors' responsibilities for the audit of the condensed financial statements**

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the condensed financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*PricewaterhouseCoopers Ltd.*

**Chartered Professional Accountants**

**CONDENSED BALANCE SHEET**

OmegaCat Reinsurance Ltd.

As at **December 31, 2023**

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

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	1,916,547	3,350,020
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other quoted investments		
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity		
	ii. Other		
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks		
	ii. Preferred stocks		
	iii. Mutual funds		
(d)	Total equities	-	-
(e)	Other unquoted investments		
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services		
(b)	Unregulated non-financial operating entities		
(c)	Unregulated financial operating entities		
(d)	Regulated non-insurance financial operating entities		
(e)	Regulated insurance financial operating entities		
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	-	220,000
(h)	Total investments in and advances to affiliates	-	220,000
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens		
(b)	Other than first liens		
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS		
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)		
(b)	Other properties (less encumbrances)		
(c)	Total real estate	-	-
8.	COLLATERAL LOANS		
9.	INVESTMENT INCOME DUE AND ACCRUED	8,196	9,942
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	56,752	54,277
(b)	Deferred - not yet due	7,768	22,861
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	64,520	77,138
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates		
(b)	Domestic affiliates		
(c)	Pools & associations		
(d)	All other insurers	-	10,000
(e)	Total reinsurance balance receivable	-	10,000
12.	FUNDS HELD BY CEDING REINSURERS		

**CONDENSED BALANCE SHEET**

OmegaCat Reinsurance Ltd.

As at **December 31, 2023**

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

LINE No.		2023	2022
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other		
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs	712	4,127
(g)	Net receivables for investments sold		
(h)	Other Sundry Assets (Specify)		
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	712	4,127
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	1,989,975	3,671,228
<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>			
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	7,883	41,872
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates		
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other insurers	-	-
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	7,883	41,872
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	1,056,129	1,707,564
(b)	Less : Reinsurance recoverable balance		
i.	Foreign affiliates		
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other reinsurers	10,000	10,000
(c)	Total reinsurance recoverable balance	10,000	10,000
(d)	Net loss and loss expense provisions	1,046,129	1,697,564
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	1,054,012	1,739,436
<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>			
20.	RESERVE FOR REPORTED CLAIMS		
21.	RESERVE FOR UNREPORTED CLAIMS		
22.	POLICY RESERVES - LIFE		
23.	POLICY RESERVES - ACCIDENT AND HEALTH		
24.	POLICYHOLDERS' FUNDS ON DEPOSIT		
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
(i)	Foreign Affiliates		
(ii)	Domestic Affiliates		
(iii)	Pools and Associations		
(iv)	All Other Insurers		
(c)	Total Reinsurance Recoverable Balance	-	-

**CONDENSED BALANCE SHEET**

OmegaCat Reinsurance Ltd.

As at **December 31, 2023**

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

LINE No.		2023	2022
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	-	-
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	12,185	74,770
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE	922,596	1,855,923
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	-	-
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	182	98
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35.	DIVIDENDS PAYABLE		
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments		
(b)	Segregated accounts companies		
(c)	Deposit liabilities		
(d)	Net payable for investments purchased		
(e)	Other sundry liabilities (specify)		
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	-	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit		
(b)	Guarantees		
(c)	Other instruments		
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	934,963	1,930,791
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	1,988,975	3,670,228
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	1,000	1,000
41.	TOTAL	1,989,975	3,671,228
		TRUE	TRUE
		-	-

**CONDENSED STATEMENT OF INCOME**

OmegaCat Reinsurance Ltd.

For the year ending **December 31, 2023**  
expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	89,413	267,429
	(b) Assumed gross premiums written		
	(c) Total gross premiums written	89,413	267,429
2.	REINSURANCE PREMIUMS CEDED	1,375	4,133
3.	NET PREMIUMS WRITTEN	88,038	263,297
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	33,990	55,541
5.	NET PREMIUMS EARNED	122,027	318,837
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	122,027	318,837
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	(298,925)	26,261
9.	COMMISSIONS AND BROKERAGE	11,417	31,872
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	(287,509)	58,133
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	409,536	260,705
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations		
	(b) Assumed gross premiums and other considerations		
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED		
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME		
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE		
18.	POLICYHOLDERS' DIVIDENDS		
19.	SURRENDERS		
20.	MATURITIES		
21.	ANNUITIES		
22.	ACCIDENT AND HEALTH BENEFITS		
23.	COMMISSIONS		
24.	OTHER		
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life		
	(b) Annuities		
	(c) Accident and health		
	(d) Total increase (decrease) in policy reserves	-	-

**CONDENSED STATEMENT OF INCOME**

OmegaCat Reinsurance Ltd.

For the year ending **December 31, 2023**

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

LINE No.		2023	2022
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	-	-
29.	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	409,536	260,705
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	717	868
	(b) Personnel cost		
	(c) Other - Forex	7,911	6,371
	(d) Total combined operating expenses	8,628	7,239
31.	COMBINED INVESTMENT INCOME - NET	119,282	48,344
32.	COMBINED OTHER INCOME (DEDUCTIONS)	717	868
33.	COMBINED INCOME BEFORE TAXES	520,907	302,677
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current		
	(b) Deferred		
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	520,907	302,677
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES	520,907	302,677
38.	NET INCOME	-	-

**CONDENSED STATEMENT OF CAPITAL AND SURPLUS**

OmegaCat Reinsurance Ltd.

For the year ending **December 31, 2023**  
expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	120,000	120,000
	value	\$ 1,000	\$ 1,000
	fully paid	120,000	120,000
		shares of par	each issued and
		shares	shares
	(ii)		
	(A) Preferred shares:		
	authorized	880,000	880,000
	value	\$ 1,000	\$ 1,000
	fully paid	880,000	880,000
		shares of par	each issued and
		shares	shares
	aggregate liquidation value for --		
	2023		
	2022		
	(B) Preferred shares issued by a subsidiary:		
	authorized		
	value		
	fully paid		
		shares of par	each issued and
		shares	shares
	aggregate liquidation value for --		
	2023		
	2022		
	(iii) Treasury Shares		
	repurchased		
	value		
		shares of par	each issued
		shares	shares
(b)	Contributed surplus		
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	1,000	1,000
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year		
(b)	Add: Income for the year	-	-
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	-	-
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	1,000	1,000



## OMEGACAT REINSURANCE LTD.

### NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

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(All numbers are expressed in '000)

#### Part I – Matters to be set forth in a General Note to the Financial Statements

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

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

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

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

a) Cash and cash equivalents

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

b) Foreign currency

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

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

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**(All numbers are expressed in '000)**

c) Revenue recognition and acquisition costs

Gross premiums written are recorded at the inception of the policy. Premiums written and reinsurance premiums assumed relating to underwriting risks are recorded on an accrual basis and earned on a pro-rated basis over policy periods. The portion of the premiums written applicable to the unexpired terms of the underlying contracts and policies in force are recorded as unearned premiums.

d) Reinsurance premiums ceded

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

The Company has a receivable from AlphaCat Funds of \$nil (2022: \$220,000) which represents hedging credit for collateral required through the purchase of derivative contracts triggered by industry-wide insurance losses (referred to collectively as "ILWs") and stop loss contracts and applied to the fronting arrangement with Validus Reinsurance Ltd. ("Validus Re").

e) Commission and brokerage

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

f) Losses reserves

The loss and loss expenses provision includes reserves for unpaid reported losses ("case") and for losses incurred but not reported ("IBNR"). The case reserve is established by management based on reports from brokers, ceding companies and insureds and represents the estimated ultimate cost of events or conditions that have been reported to, or specifically identified by the Insurer. The reserve for IBNR is established by management based on actuarially determined estimates of ultimate losses and loss expenses. Inherent in the estimate of ultimate losses and loss expenses are expected trends in claim severity and frequency and other factors which may vary significantly as claims are settled. Accordingly, ultimate losses and loss expenses may differ materially from the amounts recorded in the statutory financial statements. These estimates are reviewed regularly and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments, if any, will be recorded in the earnings in the period in which they become known. Prior period development arises from changes to loss estimates recognized in the current year that relate to loss reserves incurred in previous calendar years.

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

g) Investment / Interest income

Interest income on trust account balances is earned on an accrual basis.

h) Taxation

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

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

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**(All numbers are expressed in '000)**

5. Refer Part I, Note 4.

6. Refer Part I, Note 4

7-14. Not Applicable

15. Reinsurance and retrocession policies are assumed from unrelated third parties and affiliates of which the policy obligations are fully collateralized by way of reinsurance trust accounts established to the benefit of each cedent. Funding for the collateral is obtained from the issuance of the Notes issued by the Company to the AlphaCat Funds.

16-17. Not Applicable

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

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

- 1.a) i) Common stock,
  - Authorized – 120,000 shares of par value of \$ 1 each.
  - Issued and fully paid – 120,000 shares of par value of \$1 each.
  
- 1.a) ii) Preferred Shares
  - Authorized – 880,000 shares of par value of \$1 each.
  - Issued and fully paid – 880,000 shares of par value of \$1 each.
  
- 1.b) Not Applicable.
  
- 2.c) No dividends were declared or paid in 2023 and 2022.

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

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**(All numbers are expressed in '000)**

**Part III – Matters to be set forth in Notes to the Balance Sheet**

1. As at December 31, 2023, cash and cash equivalents was \$1,916,547 (2022: \$3,350,020). It consists of balances held with Wilmington Trust, ComputerShare, Citibank, Bank of New York and HSBC Bermuda. The Company has insurance trusts, held by Wilmington Trust, ComputerShare, Citibank and Bank of New York, with cash and deposits amounting to \$1,915,482 (2022: \$3,349,005) whose withdrawal is subject to the terms of the individual trust agreements.
- 2-3. Not Applicable
4. The balance due from AlphaCat Funds is non-interest bearing, unsecured and is repayable on demand.
- 5-8. Not Applicable
9. Investment income due and accrued of \$8,196 as at December 31, 2023 (2022: \$9,942) is interest accrued on the balances with banks.
10. Not Applicable
11. As at December 31, 2023, the reinsurance balance receivable on paid losses was \$nil (2022: \$10,000).
12. Not Applicable
13. Deferred acquisition costs of \$712 as at December 31, 2023 (2022: \$4,127), relating to commissions and taxes paid on reinsurance and retrocession contracts, are recognized as an asset.
14. Not Applicable
16. Unearned premiums are computed on the pro-rated method. The unearned premiums, net of reinsurance, are \$7,883 as at December 31, 2023 (2022: \$41,872).

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

**(All numbers are expressed in '000)**

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

	<b>2023</b>	<b>2022</b>
Outstanding losses	\$344,662	\$419,078
Unallocated loss adjustment expenses	1,500	1,500
Losses incurred but not reported	709,967	1,286,986
Gross loss and loss expense provisions at end of year	<u>\$1,056,129</u>	<u>\$1,707,564</u>

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

<b>General Business Reserves</b>	<b>2023</b>	<b>2022</b>
Gross loss and loss expense provisions at beginning of year	\$1,707,564	\$1,791,129
Less: Reinsurance recoverable at beginning of year	10,000	10,000
Net loss and loss expense provisions at beginning of year	<u>1,697,564</u>	<u>1,781,129</u>
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	8,508	216,809
(b) Prior years	(307,433)	(190,548)
Total net losses incurred, and net loss expenses incurred	<u>(298,925)</u>	<u>26,261</u>
Less: Losses and loss expenses paid or payable related to:		
(a) Current year	(3,284)	2,363
(b) Prior years	(354,241)	(109,962)
Total losses and loss expenses paid or payable	<u>(357,525)</u>	<u>(107,599)</u>
Foreign exchange and other	5,015	(2,227)
Net loss and loss expense provisions at end of year	1,046,129	1,697,564
Add: Reinsurance recoverable at end of year	10,000	10,000
Gross loss and loss expense provisions at end of year	<u>\$1,056,129</u>	<u>\$1,707,564</u>

The change in prior year ultimate was primarily due to positive development from 2021 and prior year events such as Hurricane Ida, Winter Storm Uri, Japanese Typhoon Faxai and Haigibis, as well as the impact of the COVID-19 pandemic, partially offset by negative development from year 2022 event such as Hurricane Ian.

Management believes that the assumptions used establishing its provision for loss and loss adjustment expenses represent a realistic and appropriate basis for estimating those reserves as of December 31, 2023 and 2022. However, these assumptions are subject to change and the Company continually reviews and adjusts its reserve estimates taking into account all currently known information and updated assumptions related to unknown information. While management believes it has made a reasonable estimate of loss expenses occurring up to the balance sheet date, the ultimate costs of claims incurred could exceed the Company's reserves and have a materially adverse effect on its future results of operations and financial condition.

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

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**(All numbers are expressed in '000)**

20 - 27. Not Applicable

28. Insurance and reinsurance balances payable of \$7,621 (2022: \$8,178) represent reinsurance balances due to third parties and affiliates.

29. Not Applicable

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

31. a) On December 27, 2023, Bermuda enacted the Corporate Income Tax Act 2023 ("CIT Act") which provides for the taxation of in-scope entities in respect of tax years beginning on or after January 1, 2025. In-scope entities under the CIT Act are the Bermuda constituent entities of multinational enterprises that have revenue in excess of EUR 750 million for at least two of the last four fiscal years. The Company is not expected to be subject to the Bermuda corporate income tax regime once it is effective based on its current structure as it is not part of a multinational enterprise and operates only in Bermuda.

31. b) Not Applicable

32. Not Applicable.

33. Accounts payable and accrued liabilities of \$182 (2022: \$98) represent accrual for management fee, audit fee and director's fee.

34 - 37. Not Applicable

**OMEGACAT REINSURANCE LTD.**

**NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

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**(All numbers are expressed in '000)**

**Part IV – Matters to be set forth in Notes to the Statement of Income**

- 6. Not Applicable
- 15. Not Applicable
- 32. The management fee, consisting of reimbursement for the operating expenses, amounts to \$717 (2022: \$868) from AlphaCat for the year ended December 31, 2023.
- 36. Not Applicable
- 37. The earnings of the company are attributable to the Notes holders. For the year ended December 31, 2023, the gain of \$520,907 (2022: \$302,677) is attributed and allocated to the Notes holders.