



NEWS RELEASE

Arch Capital Group Ltd. Reports 2023 First Quarter Results

2023-04-26

PEMBROKE, Bermuda--(BUSINESS WIRE)-- Arch Capital Group Ltd. (NASDAQ: ACGI; "Arch" or "the Company") announces its 2023 first quarter results. The results included:

- Net income available to Arch common shareholders of \$705 million, or \$1.87 per share, a 22.3% annualized net income return on average common equity, compared to \$186 million, or \$0.48 per share, for the 2022 first quarter.
- After-tax operating income available to Arch common shareholders⁽¹⁾ of \$654 million, or \$1.73 per share, a 20.7% annualized operating return on average common equity, compared to \$422 million, or \$1.10 per share, for the 2022 first quarter.
- Pre-tax current accident year catastrophic losses for the Company's insurance and reinsurance segments, net of reinsurance and reinstatement premiums ⁽¹⁾, of \$79 million.
- Combined ratio excluding catastrophic activity and prior year development⁽¹⁾ of 82.2%, compared to 80.8% for the 2022 first quarter.
- Favorable development in prior year loss reserves, net of related adjustments⁽¹⁾ of \$126 million.
- Book value per common share of \$35.35 at March 31, 2023, an 8.4% increase from December 31, 2022.

All earnings per share amounts discussed in this release are on a diluted basis. The following table summarizes the Company's underwriting results:

(U.S. Dollars in millions)

	Three Months Ended March 31,		
	2023	2022	% Change
Gross premiums written	\$ 4,780	\$ 3,801	25.8
Net premiums written	3,424	2,634	30.0
Net premiums earned	2,883	2,121	35.9
Underwriting income	570	458	24.5
Underwriting Ratios			% Point Change
Loss ratio	51.0%	47.2%	3.8
Underwriting expense ratio	29.6%	31.5%	(1.9)
Combined ratio	80.6%	78.7%	1.9
Combined ratio excluding catastrophic activity and prior year development ⁽¹⁾	82.2%	80.8%	1.4

(1) Presentation represents a “non-GAAP” financial measure as defined in Regulation G. See ‘Comments on Regulation G’ for further details.

The following table summarizes the Company’s consolidated financial data, including a reconciliation of net income or loss available to Arch common shareholders to after-tax operating income or loss available to Arch common shareholders and related diluted per share results (see ‘Comments on Regulation G’ for a discussion of non-GAAP financial measures):

(U.S. Dollars in millions, except per share data)

	Three Months Ended March 31,	
	2023	2022
Net income available to Arch common shareholders	\$ 705	\$ 186
Net realized (gains) losses	(17)	292
Equity in net (income) loss of investment funds accounted for using the equity method	(48)	(36)
Net foreign exchange (gains) losses	18	(4)
Transaction costs and other	(1)	—
Income tax expense (benefit) (1)	(3)	(16)
After-tax operating income available to Arch common shareholders	\$ 654	\$ 422
Diluted per common share results:		
Net income available to Arch common shareholders	\$ 1.87	\$ 0.48
Net realized (gains) losses	(0.05)	0.76
Equity in net (income) loss of investment funds accounted for using the equity method	(0.13)	(0.09)
Net foreign exchange (gains) losses	0.05	(0.01)
Transaction costs and other	0.00	0.00
Income tax expense (benefit) (1)	(0.01)	(0.04)
After-tax operating income available to Arch common shareholders	\$ 1.73	\$ 1.10
Weighted average common shares and common share equivalents outstanding — diluted	377.6	384.2
Beginning common shareholders’ equity	\$ 12,080	\$ 12,716
Ending common shareholders’ equity	13,158	12,090
Average common shareholders’ equity	\$ 12,619	\$ 12,403
Annualized net income return on average common equity	22.3%	6.0%
Annualized operating return on average common equity	20.7%	13.6%

(1) Income tax expense (benefit) on net realized gains or losses, equity in net income (loss) of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other reflects the relative mix reported by jurisdiction and the varying tax rates in each jurisdiction.

Segment Information

The following section provides analysis on the Company's 2023 first quarter performance by operating segment. For additional details regarding the Company's operating segments, please refer to the Company's Financial Supplement dated March 31, 2023. The Company's segment information includes the use of underwriting income (loss) and a combined ratio excluding catastrophic activity and prior year development. Such items are non-GAAP financial measures (see 'Comments on Regulation G' for further details).

Insurance Segment

(U.S. Dollars in millions)	Three Months Ended March 31,		
	2023	2022	% Change
Gross premiums written	\$ 1,979	\$ 1,720	15.1
Net premiums written	1,437	1,207	19.1
Net premiums earned	1,257	1,027	22.4
Underwriting income	\$ 114	\$ 63	81.0
Underwriting Ratios			% Point Change
Loss ratio	55.9%	58.5%	(2.6)
Underwriting expense ratio	35.0%	35.3%	(0.3)
Combined ratio	90.9%	93.8%	(2.9)
Catastrophic activity and prior year development:			
Current accident year catastrophic events, net of reinsurance and reinstatement premiums	1.6%	3.1%	(1.5)
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(0.5)%	(0.1)%	(0.4)
Combined ratio excluding catastrophic activity and prior year development	89.8%	90.8%	(1.0)

Gross premiums written by the insurance segment in the 2023 first quarter were 15.1% higher than in the 2022 first quarter, while net premiums written were 19.1% higher than in the 2022 first quarter. Growth in net premiums written reflected increases in most lines of business, due in part to new business opportunities, increases in existing accounts and rate changes. In addition, the insurance segment retained more business in the 2023 first quarter due to ongoing changes to its reinsurance programs and was impacted by changes in the mix of business. Net premiums earned in the 2023 first quarter were 22.4% higher than in the 2022 first quarter, and reflect changes in net premiums written over the previous five quarters.

The 2023 first quarter loss ratio reflected 1.4 points of current year catastrophic activity, spread across a series of global events, compared to 3.1 points of catastrophic activity in the 2022 first quarter. Estimated net favorable development of prior year loss reserves, before related adjustments, reduced the loss ratio by 0.9 points in the 2023 first quarter, compared to 0.7 in the 2022 first quarter. The improvement in the 2023 first quarter loss ratio also reflected the impact of rate increases and changes in mix of business.

The underwriting expense ratio was 35.0% in the 2023 first quarter, compared to 35.3% in the 2022 first quarter,

with the decrease primarily due to growth in net premiums earned.

Reinsurance Segment

(U.S. Dollars in millions)	Three Months Ended March 31,		
	2023	2022	% Change
Gross premiums written	\$ 2,460	\$ 1,719	43.1
Net premiums written	1,726	1,139	51.5
Net premiums earned	1,330	804	65.4
Other underwriting income (loss)	4	1	300.0
Underwriting income (loss)	\$ 213	\$ 109	95.4
			% Point Change
Underwriting Ratios			
Loss ratio	57.6%	56.5%	1.1
Underwriting expense ratio	26.7%	30.1%	(3.4)
Combined ratio	84.3%	86.6%	(2.3)
Catastrophic activity and prior year development:			
Current accident year catastrophic events, net of reinsurance and reinstatement premiums	4.4%	6.7%	(2.3)
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(3.4)%	(2.8)%	(0.6)
Combined ratio excluding catastrophic activity and prior year development	83.3%	82.7%	0.6

Gross premiums written by the reinsurance segment in the 2023 first quarter were 43.1% higher than in the 2022 first quarter, while net premiums written were 51.5% higher than in the 2022 first quarter. Growth in net premiums written reflected increases in most lines of business, due in part to rate increases, new business opportunities and growth in existing accounts. In addition, the reinsurance segment retained more business in the 2023 first quarter due to a lower level of retrocession activity than in the 2022 first quarter and was impacted by changes in the mix of business. Net premiums earned in the 2023 first quarter were 65.4% higher than in the 2022 first quarter, and reflect changes in net premiums written over the previous five quarters.

The 2023 first quarter loss ratio reflected 5.4 points of current year catastrophic activity spread across a series of global events, compared to 6.5 points of catastrophic activity in the 2022 first quarter. Estimated net favorable development of prior year loss reserves, before related adjustments, reduced the loss ratio by 4.0 points in both the 2023 and 2022 first quarters. The 2023 first quarter loss ratio reflected the impact of rate increases and changes in mix of business compared to the 2022 first quarter.

The underwriting expense ratio was 26.7% in the 2023 first quarter, compared to 30.1% in the 2022 first quarter, with the decrease primarily due to growth in net premiums earned.

Mortgage Segment

(U.S. Dollars in millions)	Three Months Ended March 31,		
	2023	2022	% Change
Gross premiums written	\$ 343	\$ 365	(6.0)
Net premiums written	261	288	(9.4)
Net premiums earned	296	290	2.1
Other underwriting income	6	5	20.0
Underwriting income	\$ 243	\$ 286	(15.0)
Underwriting Ratios			% Point Change
Loss ratio	0.6%	(18.9)%	19.5
Underwriting expense ratio	19.4%	22.0%	(2.6)
Combined ratio	20.0%	3.1%	16.9
Prior year development:			
Net (favorable) adverse development in prior year loss reserves, net of related adjustments	(24.6)%	(36.5)%	11.9
Combined ratio excluding prior year development	44.6%	39.6%	5.0

Gross premiums written by the mortgage segment in the 2023 first quarter were 6.0% lower than in the 2022 first quarter, while net premiums written were 9.4% lower than in the 2022 first quarter. The decrease in gross premiums written primarily reflected lower originations in the Australian market and a reduction in U.S. primary mortgage insurance single premium business, which was partially offset by a higher volume of credit risk transfer transactions. Net premiums written for the 2023 first quarter reflected a higher level of ceded premiums through quota share reinsurance agreements than in the 2022 first quarter. Net premiums earned in the 2023 first quarter were 2.1% higher than in the 2022 first quarter, primarily due to growth in credit risk transfer and international business, which was partially offset by higher ceded premiums and lower single premium policy terminations on U.S. primary mortgage insurance.

Estimated net favorable development of prior year loss reserves, before related adjustments, decreased the loss ratio by 23.9 points, compared to 35.3 points in the 2022 first quarter. Such amounts were primarily related to reductions on reserves for loans becoming delinquent after the onset of the COVID-19 pandemic.

The underwriting expense ratio was 19.4% in the 2023 first quarter, compared to 22.0% in the 2022 first quarter, with the decrease reflecting lower operating expenses due to lower headcount, and higher profit commissions on business ceded related to favorable development of prior year loss reserves.

Corporate Segment

The corporate segment results include net investment income, net realized gains or losses (which includes realized and unrealized changes in the fair value of equity securities and assets accounted for using the fair value option, realized and unrealized gains and losses on derivative instruments and changes in the allowance for credit losses on financial assets), equity in net income or loss of investment funds accounted for using the equity method, other income (loss), corporate expenses, transaction costs and other, amortization of intangible assets, interest expense, net foreign exchange gains or losses, income taxes items, income or loss from operating affiliates and items related to the Company's non-cumulative preferred shares.

Investment returns were as follows:

(U.S. Dollars in millions, except per share data)

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
Pre-tax net investment income	\$ 199	\$ 181	\$ 80
Per share	\$ 0.53	\$ 0.48	\$ 0.21
Equity in net income (loss) of investment funds accounted for using the equity method	\$ 48	\$ 40	\$ 36
Per share	\$ 0.13	\$ 0.11	\$ 0.09
Pre-tax investment income yield, at amortized cost (1)	3.03%	2.80%	1.34%
Total return on investments (2)	2.54%	2.60%	(3.07)%

(1) Presented on an annualized basis and excluding the impact of investments for which returns are not included within investment income, such as investments accounted for using the equity method and certain equities.

(2) Presentation represents a "non-GAAP" financial measure as defined in Regulation G. See 'Comments on Regulation G' for further details.

The growth in net investment income in the 2023 first quarter primarily reflected the effects of higher interest rates available in the market along with growth in invested assets which benefited from strong operating cash flows. Net realized gains were \$17 million for the 2023 first quarter, compared to losses of \$292 million in the 2022 first quarter, and reflected sales of investments along with the impact of financial market movements on the Company's investment portfolio.

On a pre-tax basis, net foreign exchange losses for the 2023 first quarter were \$18 million, compared to net foreign exchange gains for the 2022 first quarter of \$4 million. For both periods, such amounts were primarily unrealized and resulted from the effects of revaluing the Company's net insurance liabilities required to be settled in foreign currencies at each balance sheet date. Changes in the value of available-for-sale investments held in foreign currencies due to foreign currency rate movements are reflected as a direct increase or decrease to shareholders' equity and are not included in the consolidated statements of income.

The Company's effective tax rate on income before income taxes (based on the Company's estimated annual effective tax rate) was 8.2% for the 2023 first quarter, compared to 5.6% for the 2022 first quarter. The Company's effective tax rate on pre-tax operating income available to Arch common shareholders was 9.2% for the 2023 first quarter, compared to 6.3% for the 2022 first quarter. The effective tax rate may fluctuate from period to period based upon the relative mix of income or loss reported by jurisdiction, the level of catastrophic loss activity incurred, and the varying tax rates in each jurisdiction.

Income from operating affiliates for the 2023 first quarter was \$39 million, or \$0.10 per share, compared to \$25 million, or \$0.06 per share, for the 2022 first quarter, and primarily reflects amounts related to the Company's investment in Somers Group Holdings Ltd. and Coface SA.

Conference Call

The Company will hold a conference call for investors and analysts at 11:00 a.m. Eastern Time on April 27, 2023. A live webcast of this call will be available via the Investors section of the Company's website at <http://www.archgroup.com/investors>. A recording of the webcast will be available in the Investors section of the Company's website approximately two hours after the event concludes and will be archived on the site for one year.

Please refer to the Company's Financial Supplement dated March 31, 2023, which is available via the Investors section of the Company's website at <http://www.archgroup.com/investors>. The Financial Supplement provides additional detail regarding the financial performance of the Company. From time to time, the Company posts additional financial information and presentations to its website, including information with respect to its subsidiaries. Investors and other recipients of this information are encouraged to check the Company's website regularly for additional information regarding the Company.

Arch Capital Group Ltd., is a publicly listed Bermuda exempted company with approximately \$16.7 billion in capital at March 31, 2023. Arch, which is part of the S&P 500 index, provides insurance, reinsurance and mortgage insurance on a worldwide basis through its wholly owned subsidiaries.

Comments on Regulation G

Throughout this release, the Company presents its operations in the way it believes will be the most meaningful and useful to investors, analysts, rating agencies and others who use the Company's financial information in evaluating the performance of the Company and that investors and such other persons benefit from having a consistent basis for comparison between quarters and for comparison with other companies within the industry. These measures may not, however, be comparable to similarly titled measures used by companies outside of the insurance industry. Investors are cautioned not to place undue reliance on these non-GAAP financial measures in assessing the Company's overall financial performance.

This presentation includes the use of "after-tax operating income or loss available to Arch common shareholders," which is defined as net income available to Arch common shareholders, excluding net realized gains or losses (which includes changes in the allowance for credit losses on financial assets and net impairment losses recognized in earnings), equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses, transaction costs and other, net of income taxes, and the use of annualized operating

return on average common equity. The presentation of after-tax operating income available to Arch common shareholders and annualized operating return on average common equity are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to net income available to Arch common shareholders and annualized net income return on average common equity (the most directly comparable GAAP financial measures) in accordance with Regulation G is included on page 2 of this release.

The Company believes that net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other, in any particular period are not indicative of the performance of, or trends in, the Company's business performance. Although net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method and net foreign exchange gains or losses are an integral part of the Company's operations, the decision to realize these items are independent of the insurance underwriting process and result, in large part, from general economic and financial market conditions. Furthermore, certain users of the Company's financial information believe that, for many companies, the timing of the realization of investment gains or losses is largely opportunistic. In addition, changes in the allowance for credit losses and net impairment losses recognized in earnings on the Company's investments represent other-than-temporary declines in expected recovery values on securities without actual realization.

The use of the equity method on certain of the Company's investments in certain funds that invest in fixed maturity securities is driven by the ownership structure of such funds (either limited partnerships or limited liability companies). In applying the equity method, these investments are initially recorded at cost and are subsequently adjusted based on the Company's proportionate share of the net income or loss of the funds (which include changes in the fair value of the underlying securities in the funds). This method of accounting is different from the way the Company accounts for its other fixed maturity securities and the timing of the recognition of equity in net income or loss of investment funds accounted for using the equity method may differ from gains or losses in the future upon sale or maturity of such investments.

Transaction costs and other include advisory, financing, legal, severance, incentive compensation and other costs related to acquisitions. The Company believes that transaction costs and other, due to their non-recurring nature, are not indicative of the performance of, or trends in, the Company's business performance.

Due to these reasons, the Company excludes net realized gains or losses, equity in net income or loss of investment funds accounted for using the equity method, net foreign exchange gains or losses and transaction costs and other from the calculation of after-tax operating income or loss available to Arch common shareholders.

The Company believes that showing net income available to Arch common shareholders exclusive of the items referred to above reflects the underlying fundamentals of the Company's business since the Company evaluates

the performance of and manages its business to produce an underwriting profit. In addition to presenting net income available to Arch common shareholders, the Company believes that this presentation enables investors and other users of the Company's financial information to analyze the Company's performance in a manner similar to how the Company's management analyzes performance. The Company also believes that this measure follows industry practice and, therefore, allows the users of the Company's financial information to compare the Company's performance with its industry peer group. The Company believes that the equity analysts and certain rating agencies that follow the Company and the insurance industry as a whole generally exclude these items from their analyses for the same reasons.

The Company's segment information includes the presentation of consolidated underwriting income or loss and a subtotal of underwriting income or loss. Such measures represent the pre-tax profitability of its underwriting operations and include net premiums earned plus other underwriting income, less losses and loss adjustment expenses, acquisition expenses and other operating expenses. Other operating expenses include those operating expenses that are incremental and/or directly attributable to the Company's individual underwriting operations. Underwriting income or loss does not incorporate items included in the Company's corporate segment. While these measures are presented in the Segment Information footnote to the Company's Consolidated Financial Statements, they are considered non-GAAP financial measures when presented elsewhere on a consolidated basis. The reconciliations of underwriting income or loss to income before income taxes (the most directly comparable GAAP financial measure) on a consolidated basis, in accordance with Regulation G, is shown on the following pages.

Management measures segment performance for its three underwriting segments based on underwriting income or loss. The Company does not manage its assets by underwriting segment and, accordingly, investment income, income from operating affiliates and other corporate segment related items are not allocated to each underwriting segment.

In addition, the Company's segment information includes the use of a combined ratio excluding catastrophic activity and prior year development, for the insurance and reinsurance segments, and a combined ratio excluding prior year development, for the mortgage segment. These ratios are non-GAAP financial measures as defined in Regulation G. The reconciliation of such measures to the combined ratio (the most directly comparable GAAP financial measure) in accordance with Regulation G are shown on the individual segment pages. The Company's management utilizes the adjusted combined ratios excluding current accident year catastrophic events and favorable or adverse development in prior year loss reserves in its analysis of the underwriting performance of each of its underwriting segments.

Total return on investments includes investment income, equity in net income or loss of investment funds accounted for using the equity method, net realized gains and losses (excluding changes in the allowance for credit

losses on non-investment related financial assets) and the change in unrealized gains and losses generated by Arch's investment portfolio. Total return is calculated on a pre-tax basis and before investment expenses and reflects the effect of financial market conditions along with foreign currency fluctuations. Management uses total return on investments as a key measure of the return generated to Arch common shareholders, and compares the return generated by the Company's investment portfolio against benchmark returns during the periods presented.

The following tables summarize the Company's results by segment for the 2023 first quarter and 2022 first quarter and a reconciliation of underwriting income or loss to income or loss before income taxes and net income or loss available to Arch common shareholders:

(U.S. Dollars in millions)

Three Months Ended
March 31, 2023

	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 1,979	\$ 2,460	\$ 343	\$ 4,780
Premiums ceded	(542)	(734)	(82)	(1,356)
Net premiums written	1,437	1,726	261	3,424
Change in unearned premiums	(180)	(396)	35	(541)
Net premiums earned	1,257	1,330	296	2,883
Other underwriting income (loss)	—	4	6	10
Losses and loss adjustment expenses	(703)	(766)	(2)	(1,471)
Acquisition expenses	(245)	(281)	(7)	(533)
Other operating expenses	(195)	(74)	(50)	(319)
Underwriting income (loss)	\$ 114	\$ 213	\$ 243	570
Net investment income				199
Net realized gains (losses)				17
Equity in net income (loss) of investment funds accounted for using the equity method				48
Other income (loss)				11
Corporate expenses (2)				(29)
Transaction costs and other (2)				(1)
Amortization of intangible assets				(23)
Interest expense				(32)
Net foreign exchange gains (losses)				(18)
Income (loss) before income taxes and income (loss) from operating affiliates				742
Income tax expense				(64)
Income (loss) from operating affiliates				39
Net income (loss)				717
Dividends attributable to redeemable noncontrolling interests				(2)
Net income (loss) available to Arch				715
Preferred dividends				(10)
Net income (loss) available to Arch common shareholders				\$ 705
Underwriting Ratios				
Loss ratio	55.9%	57.6%	0.6%	51.0%
Acquisition expense ratio	19.5%	21.1%	2.5%	18.5%
Other operating expense ratio	15.5%	5.6%	16.9%	11.1%
Combined ratio	90.9%	84.3%	20.0%	80.6%
Net premiums written to gross premiums written	72.6%	70.2%	76.1%	71.6%

(1) Certain amounts included in the gross premiums written of each segment are related to intersegment transactions and are included in the gross premiums written of each segment. Accordingly, the sum of gross premiums written for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total.

(2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'Transaction costs and other.' See 'Comments on Regulation G' for a further discussion of such items.

(U.S. Dollars in millions)

Three Months Ended
March 31, 2022

	Insurance	Reinsurance	Mortgage	Total
Gross premiums written (1)	\$ 1,720	\$ 1,719	\$ 365	\$ 3,801
Premiums ceded	(513)	(580)	(77)	(1,167)
Net premiums written	1,207	1,139	288	2,634
Change in unearned premiums	(180)	(335)	2	(513)
Net premiums earned	1,027	804	290	2,121
Other underwriting income (loss)	—	1	5	6
Losses and loss adjustment expenses	(601)	(454)	54	(1,001)
Acquisition expenses	(196)	(172)	(10)	(378)
Other operating expenses	(167)	(70)	(53)	(290)
Underwriting income (loss)	\$ 63	\$ 109	\$ 286	458
Net investment income				80
Net realized gains (losses)				(292)
Equity in net income (loss) of investment funds accounted for using the equity method				36
Other income (loss)				(9)
Corporate expenses (2)				(32)
Transaction costs and other (2)				0
Amortization of intangible assets				(27)
Interest expense				(33)
Net foreign exchange gains (losses)				4
Income (loss) before income taxes and income (loss) from operating affiliates				185
Income tax expense				(12)
Income (loss) from operating affiliates				25
Net income (loss)				198
Dividends attributable to redeemable noncontrolling interests				(2)
Net income (loss) available to Arch				196
Preferred dividends				(10)
Net income (loss) available to Arch common shareholders				\$ 186
Underwriting Ratios				
Loss ratio	58.5%	56.5%	(18.9)%	47.2%
Acquisition expense ratio	19.1%	21.4%	3.6%	17.8%
Other operating expense ratio	16.2%	8.7%	18.4%	13.7%
Combined ratio	93.8%	86.6%	3.1%	78.7%
Net premiums written to gross premiums written	70.2%	66.3%	78.9%	69.3%

(1) Certain amounts included in the gross premiums written of each segment are related to intersegment transactions and are included in the gross premiums written of each segment. Accordingly, the sum of gross premiums written for each segment does not agree to the total gross premiums written as shown in the table above due to the elimination of intersegment transactions in the total.

(2) Certain expenses have been excluded from 'corporate expenses' and reflected in 'Transaction costs and other.' See 'Comments on Regulation G' for a further discussion of such items.

Cautionary Note Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 ("PSLRA") provides a "safe harbor" for forward-looking statements. This release or any other written or oral statements made by or on behalf of the Company may include forward-looking statements, which reflect the Company's current views with respect to future events and financial performance. All statements other than statements of historical fact included in or incorporated by reference in this release are forward-looking statements. Forward-looking statements, for purposes of the PSLRA or otherwise, can

generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” and similar statements of a future or forward-looking nature or their negative or variations or similar terminology.

Forward-looking statements involve the Company’s current assessment of risks and uncertainties. Actual events and results may differ materially from those expressed or implied in these statements. Important factors that could cause actual events or results to differ materially from those indicated in such statements are discussed below and elsewhere in this release and in the Company’s periodic reports filed with the Securities and Exchange Commission (the “SEC”), and include:

- the Company’s ability to successfully implement its business strategy during “soft” as well as “hard” markets;
- acceptance of the Company’s business strategy, security and financial condition by rating agencies and regulators, as well as by brokers and its insureds and reinsureds;
- the Company’s ability to consummate acquisitions and integrate any businesses it has acquired or may acquire into its existing operations;
- the Company’s ability to maintain or improve its ratings, which may be affected by its ability to raise additional equity or debt financings, by ratings agencies’ existing or new policies and practices, as well as other factors described herein;
- general economic and market conditions (including inflation, interest rates, unemployment, housing prices, foreign currency exchange rates, prevailing credit terms and the depth and duration of a recession, including those resulting from COVID-19) and conditions specific to the reinsurance and insurance markets in which the Company operates;
- competition, including increased competition, on the basis of pricing, capacity (including alternative sources of capital), coverage terms or other factors;
- developments in the world’s financial and capital markets and the Company’s access to such markets;
- the Company’s ability to successfully enhance, integrate and maintain operating procedures (including information technology) to effectively support its current and new business;
- the loss and addition of key personnel;
- material differences between actual and expected assessments for guaranty funds and mandatory pooling arrangements;
- accuracy of those estimates and judgments utilized in the preparation of the Company’s financial statements, including those related to revenue recognition, insurance and other reserves, reinsurance recoverables, investment valuations, intangible assets, bad debts, income taxes, contingencies and litigation, and any determination to use the deposit method of accounting;
- greater than expected loss ratios on business written by the Company and adverse development on claim and/or claim expense liabilities related to business written by its insurance and reinsurance subsidiaries;

- the adequacy of the Company's loss reserves;
- severity and/or frequency of losses;
- greater frequency or severity of unpredictable natural and man-made catastrophic events;
- claims resulting from natural or man-made catastrophic events or severe economic events in the Company's insurance, reinsurance and mortgage businesses could cause large losses and substantial volatility in the Company's results of operations;
- the effect of climate change on the Company's business;
- the effect of contagious diseases (including COVID-19) on the Company's business;
- acts of terrorism, political unrest and other hostilities or other unforecasted and unpredictable events;
- availability to the Company of reinsurance to manage its gross and net exposures and the cost of such reinsurance;
- the failure of reinsurers, managing general agents, third party administrators or others to meet their obligations to the Company;
- the timing of loss payments being faster or the receipt of reinsurance recoverables being slower than anticipated by the Company;
- the Company's investment performance, including legislative or regulatory developments that may adversely affect the fair value of the Company's investments;
- changes in general economic conditions, including new or continued sovereign debt concerns or downgrades of U.S. securities by credit rating agencies, which could affect the Company's business, financial condition and results of operations;
- the volatility of the Company's shareholders' equity from foreign currency fluctuations, which could increase due to us not matching portions of the Company's projected liabilities in foreign currencies with investments in the same currencies;
- changes in accounting principles or policies or in the Company's application of such accounting principles or policies;
- changes in the political environment of certain countries in which the Company operates, underwrites business or invests;
- a disruption caused by cyber-attacks or other technology breaches or failures on the Company or the Company's business partners and service providers, which could negatively impact the Company's business and/or expose the Company to litigation;
- statutory or regulatory developments, including as to tax matters and insurance and other regulatory matters such as the adoption of proposed legislation that would affect Bermuda-headquartered companies and/or Bermuda-based insurers or reinsurers and/or changes in regulations or tax laws applicable to the Company, its subsidiaries, brokers or customers, including the possible implementation of the Organization for Economic Cooperation and Development ("OECD") Pillar I and Pillar II initiative; and
- the other matters set forth under Item 1A "Risk Factors", Item 7 "Management's Discussion and Analysis of

Financial Condition and Results of Operations” and other sections of the Company’s Annual Report on Form 10-K, as well as the other factors set forth in the Company’s other documents on file with the SEC, and management’s response to any of the aforementioned factors.

All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein or elsewhere. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Arch Capital Group Ltd.

François Morin: (441) 278-9250

Investor Relations

Donald Watson: (914) 872-3616; dwatson@archgroup.com

Source: Arch Capital Group Ltd.