



Oceanview Reinsurance Ltd.
Financial Condition Report
FOR VALUATION DATE DECEMBER 31, 2021

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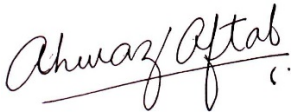
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1. Declaration on the Financial Condition Report

We, the undersigned, declare that to the best of our knowledge and belief, the financial condition report fairly represents the financial condition of the Company in all material respects as at December 31, 2021.



By: _____
Name: Andrew Kanelos
Title: Executive Chairman and Chief Governance Officer



By: _____
Name: Ahwaz Chagani
Title: Chief Actuary and Chief Risk Officer

2. Executive Summary

This financial condition report (“FCR”) for Oceanview Reinsurance Ltd. (“OVRe”, the “Company”, “we” or “our”) is produced in accordance with the Insurance (Public Disclosure) Rules 2015 (the “Rules”) under the Bermuda Insurance Act 1978 (the “Act”). This outlines the financial condition of OVRe as at December 31, 2021. The FCR contains qualitative and quantitative information of OVRe’s business and performance, governance structure, risk profile, solvency valuation and capital management.

OVRe is an exempted company incorporated in Bermuda on April 20, 2018 and is a wholly owned subsidiary of Oceanview Holdings, Ltd. The Company was formed for the purpose of providing reinsurance for asset-intensive insurance business, mainly fixed deferred annuities from US based insurers. On January 17, 2019, the Company obtained its certificate of registration as a Class E insurer from the Bermuda Monetary Authority (“BMA”).

This report outlines the financial condition of OVRe as at 31 December 2021. The FCR contains qualitative and quantitative information of OVRe’s business and performance, governance structure, risk profile, solvency valuation and capital management.

3. Business and Performance

a.)	Name of Insurer:	Oceanview Reinsurance Ltd. ("OVRe")
	Insurance Group:	Oceanview Holdings Ltd.
b.)	Insurance Supervisor:	Bermuda Monetary Authority ("BMA")
	Name and Contact Information:	Amon Tafura - (441) 278- 0621; atafura@bma.bm
c.)	Approved Auditor and jurisdiction:	US GAAP Auditors- Grant Thornton LLP
	Name and Contact Information:	Todd Farrell- +1 954 727 5626: Todd.Farrell@us.gt.com
	Approved Auditor and jurisdiction:	Bermuda Statutory Audit- Arthur Morris & Company Ltd.
	Name and Contact Information:	Gwen Haller- +441, 292- 7848; ghaller@amc.bm
d.)	Ownership:	OVRe is 100% owned by Oceanview Holdings Ltd.
e.)	Corporate structure chart:	Please refer to Appendix A

f.) Insurance business written by business segment and by geographical region during the reporting period

<u>Segment</u>	<u>Gross Premium (in \$000's)</u>
Deferred annuity	\$148,217
Fixed indexed annuity	\$53,560
<u>Gross written premium by country:</u>	
United States	\$201,778

g.) Performance of investments, by asset class and details on material income and expenses incurred during the reporting period

Investment Income- Investment income by asset class consists of the following:

Asset Class	Investment income and related expense – 2021 calendar year (\$ in thousands)
Available-for-sale securities	(\$91)
Funds withheld at interest	\$54,318
Total other	\$31
Investment revenue	\$54,259
Less: Investment expenses	(\$1,799)
Total investment income	\$52,460

Income and Expenses incurred during the reporting period:

	<u>As at December 31, 2021</u> <u>(\$ in thousands)</u>
Revenues:	
Net investment income	(\$1,383)
Net investment gains	(\$160)
Net derivative gains (losses)	(\$4,670)
Income from reinsurance	\$64,040
Total revenues	\$57,827
Expenses:	
Interest expense	\$312
General and administrative	\$2,213
Interest sensitive contract benefits	\$48,344
Professional fees	\$792
Administration and custodial fees	\$316
Commissions on reinsurance, net of DAC	\$6,719
Total expenses	\$58,696

h.) Significant events during reporting period

On 11 November 2021 AM Best reaffirmed OVRe's 'A-' rating. The A- rating of OVRe reflect its balance sheet strength, which AM Best categorizes as very strong, as well as its adequate operating performance, neutral business profile and appropriate Enterprise Risk Management (ERM).

4. Governance Structure

Board and Senior Executives:

i.) Description of the structure of the board and senior executive, the roles, responsibilities and segregation of these responsibilities

The Company's business is managed under the supervision of its Board of Directors (the "Board"). The Board is comprised of the Chairman and Chief Governance Officer ("CGO"), two independent directors and three senior executives of our Sponsor company, Bayview Asset Management LLC ("BAM"). (Please refer to Board biographies in the next section).

The Board is responsible for setting appropriate strategies and the oversight of the implementation of these strategies. The Board is responsible for providing suitable prudential oversight of the Company's risk management and internal controls framework, including any activities and functions which are delegated or outsourced. The Board is governed by the Company bye-laws and fulfills all the oversight responsibilities listed in Section 4.2 Oversight Responsibilities of the Board of the Bermuda Insurance Code of Conduct. The Board has formed three Board Committees; (1) the Audit Committee; (2) the Investment Committee; and (3) Risk, Governance and Compliance Committee. Each Committee has Charters that define their purpose and authority. The Committees assist the Board in fulfilling its responsibilities and ensuring sufficient and appropriate oversight is given to the aspects of the business that they oversee. In addition there are two Management Committees that report to the CGO these are the Asset Liability Management Committee and the Underwriting Committee. The Management Committees also have Charters that define their purpose and authority.

The Company employs four Bermuda resident executives: an Executive Chairman and Chief Governance Officer ('CGO'), a Chief Actuary ('CA') and Chief Financial Officer ('CFO'). The CGO oversees the day-to-day management of the Company. The CA also acts as the Chief Risk Officer. The CFO acts as the Company's Principal Representative in accordance with the Bermuda Insurance Act and the Compliance Officer. Please refer to section 4.b for the biographies of the Board and senior management.

ii.) Description of remuneration policy and practices and performance-based criteria governing the board, senior executive and employees

Due to the size of the Company and limited employees, the Company does not have a formal remuneration policy. Independent directors are compensated with contractually agreed upon fees. Executive directors and directors that are employed by affiliated companies are not compensated for their services. Employees are compensated in accordance with their level of experience and responsibilities. Employees receive compensation that includes fixed annual base salary, competitive employee benefits, and the opportunity to earn annual incentive bonuses and participation in a group bonus program that is based on company, group and individual performance. Senior level management positions are approved by the Company's CGO and in some cases depending on seniority, the Board. Senior management qualifications and credentials are thoroughly verified through extensive background checks. The Company has also adopted the Oceanview Code of Ethics, which all Directors and senior executives are required to comply with as part of continuing fitness and propriety.

iii.) Description of the supplementary pension or early retirement schemes for members, the board and senior executives;

The Company provides all employees with pension benefits through a defined contribution pension scheme administered by a third party. The Company provides contributions consistent with the employee's employment contract. Funds are invested in investment portfolios as selected by the employee. The Company does not have an early retirement scheme nor does it provide pension benefits to Directors.

iv.) Material transactions with shareholder controllers, persons who exercise significant influence, the board or senior executive

Not Applicable

a.) Fit and Proper Requirements:

Descriptions of the professional qualifications, skills and expertise of the Board and senior executive are as follows:

Board of Directors

ANDREW KANELOS, EXECUTIVE CHAIRMAN AND CHIEF GOVERNANCE OFFICER, OCEANVIEW REINSURANCE LTD
Andrew has more than 20 years' experience in the life and annuity industry, and ten years in leadership roles of Bermuda entities most recently as Transamerica Life Insurance Company's Managing Director Offshore Companies overseeing five of Transamerica/Aegon's Bermuda life and reinsurance entities. During his career Andrew rose through various positions from market research, product pricing, fixed and variable annuity reinsurance solutions, to captive management. From 2010 to 2020 Andrew served as Co-Managing Director and Chairman of SA Reinsurance Ltd focusing on reinsurance and hedging of Japanese variable annuity guarantee risk. And served as Chairman of Transamerica Life Bermuda Ltd from 2016 to 2020. Andrew has also held positions with Merrill Lynch, the Chubb Group of Insurance Companies and completed consulting services engagements with ING's Institutional Financial Products Division. Andrew holds a B.A. from Texas Christian University and an M.B.A. from Pepperdine University's Graziadio School of Business.

DAVID ERTEL, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, BAYVIEW ASSET MANAGEMENT
Mr. Ertel co-founded Bayview in 1993 and is responsible for strategy and overall asset management of the firm. Mr. Ertel manages many of the firm's largest mortgage industry relationships and is Chairman of the Investment Committee. Bayview is an investment management firm focused on investments in mortgage credit, including whole loans, mortgage backed securities, mortgage servicing rights, and other mortgage-related assets. As of June 30, 2019, the firm managed approximately \$14.7 billion in AUM. Mr. Ertel previously was an associate in the Financial Institutions Department of Salomon Brothers Inc. Mr. Ertel attended the Wharton School at the University of Pennsylvania, where he earned a Master of Business Administration degree in 1988, as well as a Bachelor of Science in Economics degree with a concentration in Finance in 1987, graduating Magna Cum Laude.

ROBERT BEUERLEIN, INDEPENDENT DIRECTOR, OCEANVIEW REINSURANCE LTD
Mr. Beuerlein has more than 35 years of actuarial, insurance and financial experience and has made considerable contributions to the actuarial field. Since 2013, Mr. Beuerlein has served as a consultant for RM Beuerlein Consulting, utilizing his deep expertise in the insurance industry. Prior to that, he had been Senior Vice President and Chief Actuary of the AIG Life and Retirement Companies since 2001, including American General Life Companies (American General) since 1999. He had previously served in the same role at Franklin Life Insurance Company since 1991. Prior

to that, he was employed by Tillinghast-Towers Perrin, Inc. as a Consulting Actuary. Mr. Beuerlein's consulting practice focused primarily on mergers and acquisitions, product development and financial reporting with the life insurance industry in the United States and Europe. Before that time, he was an Actuary with Great Southern Life Insurance Company. From 1998 until 2008, Mr. Beuerlein was a member of the board of governors for the Society of Actuaries and served as President in 2006. He was also a board member of the American Academy of Actuaries from 2004 to 2006, and since 2016, serving as President in 2017. Mr. Beuerlein earned a Bachelor's degree in actuarial science from the University of Nebraska. He is a member of the American Academy of Actuaries and holds Fellow of the Society of Actuaries and Chartered Life Underwriter designations.

CHRISTOPHER HARRIS, INDEPENDENT DIRECTOR, OCEANVIEW REINSURANCE LTD

Chris served as CEO and President and board member of Montpelier Re Holdings Ltd. (NYSE: MRH), a \$2 billion property and casualty reinsurer from July 2008 to July 2015. In addition, Mr. Harris served as Chairman of the Board for Blue Capital Reinsurance Holdings (NYSE: BCRH) from its inception in 2013 until the acquisition of Montpelier in 2015. Prior to his CEO role at Montpelier, Mr. Harris served as Chief Underwriting Officer, Chief Risk Officer, and Chief Actuary. Earlier in his career, Mr. Harris managed the risk consulting practice for a large accounting firm and served in an underwriting and actuarial management role for the divisional office of a large US commercial insurer. Current public board appointments for Mr. Harris include James River Group (NASDAQ: JRVR) and BF&M Group (BSX: BFM.BH), one of the largest local insurers operating in Bermuda and the Caribbean. Mr. Harris is a member of the National Association of Corporate Directors (NACD) and an ARIAS U.S. Certified Arbitrator. His professional designations include Fellow of the Casualty Actuarial Society (FCAS), Chartered Financial Analyst (CFA), and Chartered Property and Casualty Underwriter (CPCU). He holds an MBA with a specialization in Financial Management and a BS in Mathematics.

STUART WALDMAN, MANAGING DIRECTOR, TRADING AND PORTFOLIO MANAGEMENT, BAYVIEW ASSET MANAGEMENT

Mr. Waldman joined Bayview in 2000 as a Vice President, overseeing all structured finance and securitization efforts and became a Managing Director in 2003. Mr. Waldman is primarily responsible for managing whole loan pricing and trading. Mr. Waldman also leads a team of portfolio and transaction managers, focusing on the performance and dynamics of Bayview's loan portfolios, the contract management for acquisitions and sales, and the structured finance and securitization platform for all of Bayview's whole loan investment vehicles. Mr. Waldman has over 27 years of experience in structured finance and whole loan investment management, having worked for companies such as Ocwen Financial and Norwest Mortgage prior to joining Bayview. Mr. Waldman earned a Bachelor of Science degree from the University of Connecticut in Business Administration with a concentration in Finance.

BRIAN E. BOMSTEIN, GENERAL COUNSEL, BAYVIEW ASSET MANAGEMENT

Mr. Bomstein is Bayview's General Counsel and Chief Legal Officer. Mr. Bomstein joined Bayview in 1999. Mr. Bomstein is head of the legal department, which is responsible for all legal matters concerning Bayview and its affiliates, including overall corporate issues, investment management, financing, servicing, legal risk, regulatory matters, human resources issues, litigation, M&A, and transaction matters. Mr. Bomstein is also responsible for the firm's investment advisory legal compliance matters. Prior to joining Bayview, he was corporate counsel with a national, publicly-owned real estate development company. During his legal career in-house and in private practice, Mr. Bomstein represented developers, builders, lenders, as well as public and private companies in many aspects of real estate, financing, securities transactions, and corporate matters. Mr. Bomstein earned a

Bachelor of Arts degree from Vanderbilt University and a Juris Doctor degree, Cum Laude, from the University of Miami School of Law. Mr. Bomstein is a member of the Florida, New York, and Texas Bars.

Senior Executives

ANDREW KANELOS, EXECUTIVE CHAIRMAN AND CHIEF GOVERNANCE OFFICER, OCEANVIEW REINSURANCE LTD.

Please refer to bio in prior section above

AHWAZ CHAGANI, VICE PRESIDENT AND CHIEF ACTUARY, OCEANVIEW REINSURANCE LTD

Ahwaz has over 15 years of experience in the (re)insurance industry. Ahwaz is responsible for overseeing Oceanview Re's actuarial function and aspects of its risk management function. Prior to joining Oceanview Re, Ahwaz was the Head of Group Actuarial and Risk, and Approved Actuary, for the Argus Group where he oversaw actuarial valuation, capital reporting, aspects of risk management, and IFRS 17 implementation. Ahwaz was instrumental in the design and rollout of the Argus Group's new risk management framework. Before joining the Argus Group, Ahwaz was the Head of Corporate Actuarial and Approved Actuary for AIA Reinsurance Ltd. where he was responsible for several aspects of actuarial and risk functions. Before that, Ahwaz was a Consulting Actuary with the Dion Strategic Consulting Group and held various actuarial roles at Manulife Financial. Ahwaz is a Fellow of the Society of Actuaries, Fellow of the Canadian Institute of Actuaries, Chartered Enterprise Risk Analyst, and holds a Bachelor of Mathematics Degree from the University of Waterloo.

LYNN SUPERINA, CHIEF FINANCIAL OFFICER, OCEANVIEW REINSURANCE LTD.

Lynn Superina has over 15 years' experience in the offshore insurance industry, with specific expertise in fixed and variable annuities, universal life, variable universal life products and anti-money laundering policies and procedures. Prior to Oceanview Re, Ms Superina was the Chief Financial Officer at Northstar Financial Services (Bermuda) Ltd. Ms Superina was responsible for overseeing all aspects of the finance and audit functions of this company and managing the finance and actuarial teams. Earlier in her career Ms Superina served at Marsh Management Services Bermuda Ltd. a senior account executive, where she provided accounting and related captive insurance/advisory services to large international entities in the financial services, insurance and publishing industries. Ms Superina is a member of the South African Institute of Chartered Accountants (CA(SA)), is a Registered Associate in Risk Management (ARM), Associate Reinsurance Administration (ARA), Fellow of the Life Management Institute (FLMI) and a Certified Anti-Money Laundering Specialist (CAMS). She completed her Chartered Accountant mentorship working for Grant Thornton in the Johannesburg office, auditing large listed entities in the healthcare, financial services and manufacturing industries. She received her Bachelor of Commerce – Honors in Accounting Sciences as well as a Certificate Theory in Accounting from the University of Johannesburg.

b.) Risk Management and Solvency Self-Assessment

i. Description of the risk management process and procedures to effectively identify, measure, manage and report on risk exposures

The Board of OVRe has overall responsibility for overseeing and approving risk management policies and procedures. The day-to-day management of the identified risks is delegated to members of the executive management team with an annual review performed by the Chief Governance Officer, Chief Actuary/CRO and Chief Financial Officer/Compliance Officer. The Internal Auditor performs testing to ensure that risk mitigants are identified and properly implemented and also provides recommendations where the risk mitigants could be improved. OVRe has developed its risk management framework in a manner that is consistent with the "three lines of defense" governance and oversight framework.

- The first line of defense consists of business unit owners and other front-line employees applying internal controls and risk responses in their areas of responsibility.
- The second line of defense consists of independent risk management functions that evaluate all material risks. These functions provide oversight to the first line of defense.
- The third line of defense consists of an independent Internal Audit function that performs independent reviews of the activities of the first two lines of defense to report back independently to senior management and the Audit Committee of the Board. OVRé has hired a top-20 U.S. accounting firm with deep experience in insurance practices as internal auditor. In addition to the independent Internal Audit, OVRé also benefits from the independent review of its external corporate auditors.

ii. Description of how the risk management and solvency self-assessment systems are implemented and integrated into the insurer’s operations; including strategic planning and organizational and decision-making process

The Company’s risk management framework is implemented and integrated into its operations through the systems, processes, procedures, and controls developed and documented by management. Information arising from the risk management process is used to complete Solvency Self-Assessment (“CISSA”) which is used to determine the capital required to support the Company’s business goals given the amount of risk the Company is exposed to. The CISSA is reviewed and approved at least annually by the Board.

iii. Description of the relationship between the solvency self-assessment, solvency needs, and capital and risk management systems

The CISSA process is an important part of the Company’s risk management framework, providing the overall framework for the identification, measurement, monitoring and reporting of risks. The CISSA provides a company with a reporting mechanism to demonstrate to the Board and BMA that its capital and risk management regimes are commensurate with its risk profile. In addition, this document provides an analysis of the solvency and capital requirements of the Company and an analysis of internal capital requirements and how they compare to regulatory requirements. The process starts with the setting of the Company’s risk appetite and tolerances (where applicable), then the development of a Risk Register, both of which are reviewed and updated at least annually as part of the CISSA process. The Company’s Solvency Self-Assessment report (the “CISSA report”) is the final output of the CISSA process, which provides a comprehensive description of the risk management framework. This document is updated on a regular basis (at least annually).

iv. Description of the solvency self-assessment approval process including the level of oversight and independent verification by the board and senior executives

The development of the CISSA Report is led by the Chief Governance Officer and the Chief Actuary/CRO in consultation with the relevant business/risk owners and reviewed by the Chief Financial Officer. After review by Senior Management the CISSA Report is provided to the Risk, Governance and Compliance Committee and then finally the Board for review, discussion and approval.

c.) Internal Controls**i. Description of the internal control system**

The Company has systems, processes and procedures to ensure that data and reporting is reliable and that organizational policies are adhered to. Both the Internal and External audit functions evaluate internal controls as part of their procedures. If any deficiencies or material weaknesses are found, they are documented and presented to the Board.

v. Compliance Function

The Compliance Officer has the responsibility of monitoring regulatory changes in Bermuda and ensuring compliance with applicable existing laws and regulations, including regulatory reporting and public disclosure requirements. The Compliance Officer monitors compliance with organizational policies and procedures and adherence to the Insurance Code of Conduct, AML/ATF legislation, Anti-Bribery and Corruption legislation, Economic Substance requirements amongst others.

ii. Internal Audit

The Internal Audit function is performed by an independent and highly regarded third-party service provider. Internal Audit has unrestricted access to the Board, Audit Committee, senior management and any area of the organization as deemed necessary. The Internal Audit function encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the OVR's governance framework, risk management (Risk Register) and internal controls. Internal Audit communicates all findings to OVR management and the Audit Committee.

iii. Actuarial Function

The actuarial function is performed by individuals with experience commensurate with the complexity and scope of the risks assumed by the Company. The actuarial function is led by the Chief Actuary who is a Fellow of the Society of Actuaries (SOA) and the Canadian Institute of Actuaries (CIA) and is a member in good standing of both the SOA and the CIA. The Actuarial Function is responsible for monitoring information concerning the insurance liabilities and have oversight responsibilities for the Company's underwriting process and financial reporting including EBS.

iv. Outsourcing

The Company relies on services performed by its Sponsor company Bayview Asset Management LLC and its affiliate Oceanview Asset Management LLC, to provide several functions, including investment management, some components of financial reporting, information technology and some legal services. Internal audit, the approved actuary role and legal services are outsourced to unaffiliated third parties. OVR has an Outsourcing Policy which outlines the vetting, suitability and contracting process for outsourced relationships and the due diligence procedures to be undertaken to monitor performance and provide oversight of such relationships. Senior management maintain oversight and accountability for all outsourced functions as if these functions were performed internally and subject to Company standards and governance.

v. Any other material items

Not Applicable

5. Risk Profile

a.) Material risks that the insurer is exposed to, including how these risks are measured and any material changes that have occurred during the reporting period

The Company’s pursuit of its business objectives in conjunction with its risk appetite produces certain key risk exposures. OVR’s risk appetite is biased toward reducing risk as the nature, scale and complexity of in-force increases while maintaining risk exposures within defined tolerances. Oceanview Reinsurance Ltd accepts a total level of risk that provides a (1) high level of confidence to meeting policyholder obligations via appropriate solvency strength while (2) delivering a target level of return-on-capital to shareholders long-term commensurate with risk, with (3) a moderate level of near-term earnings volatility.

Risk exposure limits are defined in several ways, including the holding of sufficient regulatory capital to meet policyholder obligations to a very high confidence level, the boundary of internally defined solvency ratios in excess of regulatory thresholds, pricing to internally defined target returns on capital, and regular monitoring of realized earnings versus budget. The risk profile of the Company is deemed to be commensurate with its capital base and products.

OVR has a Risk, Governance and Compliance Board Committee which has a Charter and is ultimately responsible for identifying and categorizing the company’s risk as specified in the BMA’s Insurance Code of Conduct (‘ICC’). A summary of the main risks applicable to OVR is documented in section below.

Furthermore, a Risk Register is maintained which categorizes risks in terms that are more specific to OVR’s business model. This is updated and approved by the Board annually (or more frequently as required).

Company maintains a Risk Register which documents the risks identified within the following main risk categories. For each of the risks identified, the Risk Register provides a description of the risk mitigating controls employed and a high-level assessment both before and after the control activity is performed.

The following section identifies and assesses the risks originating within the following main risk categories:

- Insurance Underwriting Risk
- Market & Mismatch Risk (including Investment Risk)
- Operational Risk

These risks have been documented in the company’s Risk Register document and have been categorized with reference to potential severity and frequency. Each risk identified by the Company has been allocated a “Gross Risk Classification”, which assesses the consequence of the risk and the likelihood of the risk occurring to determine a “Risk Rating” of “Low”, “Medium”, “High” or “Very High”. The risk levels are defined in the table below. The Company has analyzed each risk and any mitigating factors that reduce the risk identified. Depending on the risk and the mitigating controls in place, the company then completes a “Net Risk Classification”, which takes into account both the Gross Risk Classification and the mitigating controls in place.

Risk Level	Action
Very High	Immediate action required

High	Senior management action needed
Medium	Management responsibility; action may be required
Low	No action needed

b.) How risks are mitigated including the methods used and the process to monitor the effectiveness of these methods

As described above a Risk Register is maintained and regularly updated. Senior Management are actively involved in the preparation of this document which is regularly reviewed and updated (at least annually). Mitigating controls are documented in the Risk Register and applicable underlying policies and procedures. Any area deemed to not have sufficient controls is discussed and assessed by Senior Management so that that sufficient mitigating controls are implemented. OVRé has an independent Internal Audit function that audits and tests the mitigating controls documented in the Risk Register. They provide the results of their findings to the Audit Committee and the Board.

c.) Material risk concentrations

The most material risk concentration for OVRé is market risk. Market risk is defined as the risk of incurring losses due to adverse changes in market prices and rates. Included in market risk is equity risk, currency risk, fixed-income risk, concentration risk, and interest rate risk.

These risks are addressed in OVRé's Investment and Derivative Policy as well as the Asset Liability Management Policy which are monitored by senior management, the Investment Committee and the Asset Liability Management Committee.

d.) How assets are invested in accordance with the prudent person principle as stated in Paragraph 5.1.2 of the Code

At all times, OVRé complies with the prudent person principle when making investment decisions. This includes, inter alia:

- Investing in assets and instruments where the risks can be properly identified, measured, monitored, managed and appropriately takes into consideration the capital requirements and the impact of its overall solvency needs;
- The assets are invested in a manner that ensures the security, quality, liquidity and profitability of the portfolio of assets of the company as well as its fungibility so as to ensure its availability if and when needed.

Investment related decisions are based on objective information and data regarding the level of risk introduced both before and after considering the effectiveness of any risk mitigating tools.

The Company's investment assets are managed directly by Oceanview Asset Management ("OAM"), a subsidiary of Oceanview Holdings Ltd. (please refer to Appendix A for Organizational Chart). This relationship is governed by an Investment Management agreement which clearly defines the responsibilities of OAM. Investment and derivative guidelines are implemented and monitored regularly. These guidelines are reviewed and if necessary updated on a regular basis (at least annually) and approved by the Board of Directors. The Company has an Investment Committee which is a Board

Committee that provides oversight of the investment management function and reports directly to the Board. The Investment Committee review investment compliance reports and reports on the results to the Board.

e.) The stress testing and sensitivity analysis to assess material risks, including the methods and assumptions used, and the outcomes

Stress testing and sensitivity analysis is performed to assess the range of losses (as measured under statutory economic capital and surplus) and regulatory capital impacts that could be experienced from the manifestation of certain key risks. These stress tests are conducted as frequently as required but no less than annually. Certain stress tests are conducted more frequently to assess the impact from more plausible smaller changes in certain risk factors such as interest rates. This type of stress testing provides insight into the inherent level of volatility in the balance sheet which can then be used to determine whether risk mitigating instruments such as derivatives would be an effective tool to control the risk.

Interest rate risk is assessed by determining the impact to the fair value of the assets and Technical Provisions by applying an instantaneous parallel shift to the underlying risk-free curve. OVRé also performs all regulatory required stress tests and scenario analysis as part of the year-end Capital and Solvency Return submission. This includes market risk stresses such as credit spread widening and interest rate stresses, mortgage and equity shocks, as well as insurer-specific underwriting, worst-case, and reverse stress tests. Generally, the outcome for interest rate stresses, when assessed using the asset and liability portfolio composition as at 31 December 2021, results in a gain (loss) for the increasing (decreasing) interest rate stress scenario. This is primarily driven by the characteristics of the assets under the simulated interest rate environment and the duration profile of the assets and liabilities.

Insurance underwriting risk factors are stressed by adversely adjusting the baseline assumptions to determine the sensitivity of certain risk metrics to those assumptions. This measures the range of loss that could be experienced if the assumptions adversely deviate from their expected value.

Numerous assumptions, some of which are dynamically adjusted based on the modelled scenario, are employed as part of each stress test. These assumptions have been calibrated using proprietary experience data and then validated under current and past economic environments as well as stressed economic environments. Examples of these assumptions are loans prepayment speeds and policyholder behavior (e.g. full or partial surrenders).

f.) Any other material information

Not Applicable

6. Solvency Valuation

The Company's solvency basis is calculated in accordance with the Bermuda Solvency Capital Requirement model for Class E (re)insurers. All assets and liabilities are calculated in accordance with the valuation principles outlined in the BMA's "Guidance Note for Statutory Reporting Regime".

a.) The valuation bases, assumptions and methods used to derive the value of each asset class

All assets are held at fair market value.

b.) The valuation bases, assumptions and methods used to derive the value Technical Provisions

The Technical Provisions are calculated in accordance with the best-estimate calculation guidelines and techniques that are consistent with the BMA guidance.

The valuation method that was used to determine the Best Estimate Liability (BEL) of the Technical Provisions is the Scenario Based Approach (SBA). For this approach, the best estimate cash flows are discounted reflecting the projected performance of the Company's assets under the most severe interest rate scenario from the interest rate stress scenarios prescribed by the BMA.

The Risk Margin of the Technical Provisions is calculated using the cost of capital approach with the BMA prescribed cost of capital rate and the BMA prescribed 'Risk-Free Spot Rates' term structure.

The valuation method requires certain proprietary assumptions such as expenses and other assumptions relating to the contractual liability benefit obligations.

c.) A Description of recoverables from reinsurance contracts, including special purpose insurers and other risk transfer mechanisms

The Company had no reinsurance recoverables at year-end 2021.

d.) The valuation bases, assumptions and methods used to derive the value of other liabilities

The Company's liabilities also follow the valuations principles outlined by the BMA's "Guidance Note for Statutory Reporting Regime" which values liabilities at a fair value basis. All other liabilities are valued on the US GAAP basis.

e.) Other Material Information

None

7. Capital Management**a.) Eligible Capital****i.) Capital Management Policy and process for capital needs, how capital is managed and material changes during the Reporting Period**

All Class E long-term insurers are required to maintain available statutory capital and surplus at a level equal to or in excess of an Enhanced Capital Requirement ("ECR") which is established by reference to either the Bermuda Solvency Capital Requirement ("BSCR") for the long-term insurers' model or its BMA-approved internal capital model. Oceanview uses the BSCR model. The BMA has established a target capital level equal to 120% of its ECR. OVRé has an internal target capital requirement which is in excess of the ECR. This internal capital target reflects what management and the Board deem to be the level of capital needed to achieve our business objectives, taking into consideration the risk profile and risk appetite of OVRé. The Internal Target Capital measure starts with an assessment of regulatory capital requirements with an additional level of conservatism as deemed appropriate for OVRé's risk profile and business objectives.

The Company assesses its capital adequacy on a quarterly basis, this capital assessment is integrated with the Company's strategic and capital management activities. The goal of this analysis is to determine the Company's capital needs and to compare required capital to available capital to assess capital adequacy. The capital levels are analyzed taking into account current business opportunities and risk profile and

used for decision-making regarding capital contributions or distributions. This analysis is presented to OVR senior management and the Board on at least annually or more frequently where needed.

OVR was licensed in January 2019 and as such developed its Capital Management Policy during the course of 2019- there were no material changes in this policy in 2021.

ii.) Eligible Capital categorized by tiers in accordance with the Eligible Capital Rule

To enable the BMA to better assess the quality of the insurer's capital resources, a Class E insurer is required to disclose the makeup of its capital in accordance with the '3-tiered capital system'. Highest quality capital is classified as Tier 1 Capital, lesser quality capital is classified as either Tier 2 or Tier 3 Capital. The Act requires that Class E insurers have Tier 1 Capital equal to or greater than 50% of the value of its enhanced capital requirement ("ECR") and Tier 3 Capital of not more than 17.65% of the aggregate of its Tier 1 Capital and Tier 2 Capital. As of December 31, 2021, all of the eligible capital used by OVR to meet the minimum margin of solvency ("MMS") and ECR is Tier 1 Capital.

OVR's Eligible Capital amount is shown below for December 31, 2021 (in \$ thousands):

Fully paid common Shares plus Contributed surplus	\$80,500
Statutory economic surplus from Economic Balance Sheet	\$138,039
Less: Encumbered assets not securing policyholder obligations	(\$2,293)
Total Tier 1 Eligible Capital	\$216,246
Total Tier 2 Eligible Capital	\$0
Total Eligible Capital	\$216,246

iii.) Eligible Capital categorized by tiers in accordance with the Eligible Capital Rules used to meet ECR and MMS requirements of the Act

The Company is in compliance with the MSM and ECR requirements as of December 31, 2021 and all of the eligible capital used by OVR to meet the MMS and ECR was Tier 1 Capital.

Minimum Margin of Solvency (MSM)	\$33,318
Enhanced Capital Requirements (ECR)	\$83,479
Regulatory Target Capital (120%)	\$100,174

iv.) Confirmation of Eligible Capital that is subject to transitional arrangements

Not applicable

v.) Identification of any factors affecting encumbrances on the availability and transferability of capital to meet the ECR

Not Applicable

vi.) Identification of ancillary capital instruments approved by the Authority

Not Applicable

vii.) Identification of differences in shareholder's equity as stated in the Financial Statements versus the available capital and surplus

Please see the table in section 7b(i) below - ECR and MMS requirements as of December 31, 2021

b.) Regulatory Capital**i.) Identification of the amount of the ECR and MSM at the end of the reporting period**

ECR and MMS requirements as at December 31,2021:

(in \$ thousands)	Year Ended December 31, 2021		
	GAAP	SFS	EBS
Actual Capital and Surplus	\$107,833	\$107,750	\$218,539
Required Capital & Surplus (Note 1)	N/A	\$33,318	\$83,479
BSCR Ratio	N/A	N/A	262%

Note 1: Represents the MMS for the SFS and the ECR for EBS. There is not a required capital and surplus amount for the GAAP financial statements.

ii - iv.) Identification and remediation of any non-compliance with the MSM and the ECR

Not applicable

c.) Approved Internal Capital Model

Not applicable

8. Subsequent Events

There were no events or transactions that occurred during the period that materially impacted the amounts or disclosures in the Company's financial statements.

9. Appendix A

Oceanview Organizational Chart

