Warwick Re Limited

Financial Condition Report

for Year Ended December 31, 2024

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Warwick Re Limited (the **Company**) was incorporated as a Bermuda exempted company with limited liability on May 16, 2014 and registered as a Class E insurer under The Insurance Act 1978 of Bermuda (**Act**), effective September 18, 2018.

1. BUSINESS AND PERFORMANCE

a. Name of insurer

Warwick Re Limited
41 Cedar Avenue
Hamilton, Bermuda

b. Supervisor

Bermuda Monetary Authority
BMA House
43 Victoria Street
Hamilton, Bermuda

c. Approved auditor

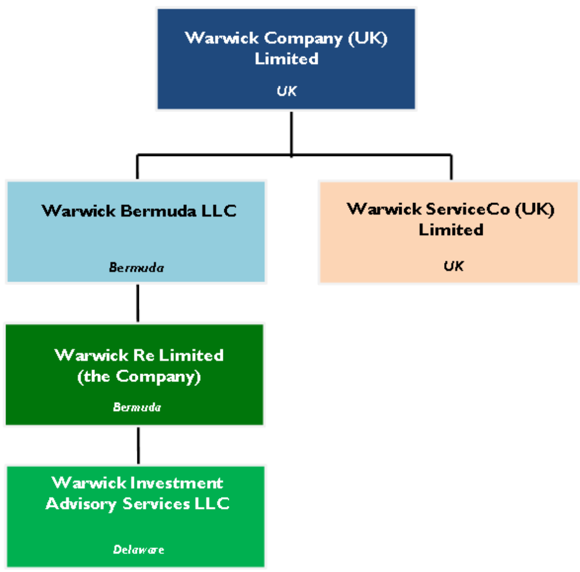
Statutory Reporting & GAAP reporting

Deloitte Bermuda
20 Church Street
Hamilton, Bermuda

d. Ownership details

The Company is wholly owned by Warwick Bermuda LLC, a limited liability company established under the laws of Bermuda. Warwick Company (UK) Limited, a holding company incorporated under the laws of England and Wales, is the direct shareholder of Warwick Bermuda LLC. Warwick Company (UK) Limited (and its subsidiaries collectively the **Group**) is owned by long-term institutional investors and senior management (**Shareholders**).

e. Group structure



f. Insurance business written by business segment and geographical region

The Company reinsures up to 100% quota share of pension risk transfer and multi-year guaranteed annuities from unaffiliated cedants in the United Kingdom and United States.

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

The Company invests in a combination of high quality fixed income securities (fixed income bonds, commercial mortgage loans, mortgage-backed securities and asset-backed securities). Our investment portfolio is governed by the agreed upon investment guidelines between the Company and the cedants. The Company's assets that are used to enhance capital and surplus, are invested in a diversified portfolio designed to provide liquidity and shorter term duration while being in line with our risk appetite and desire for capital preservation to ensure we meet our long-term financial objectives. The management of the portfolio is governed by the Prudent Person Principle in accordance with the regulations of the BMA.

As of December 31, 2024, the Company's investment portfolio comprised fixed maturity assets; including corporate & government bonds, commercial mortgage loans, mortgage-backed securities and asset-backed securities total of $880.7 million (2023: $510.1 million) of which $295.9 million is in funds withheld assets. The net investment income for year ended December 31, 2024, excluding unrealized gains, was $34.9 million (2023: $12.6 million). We use derivative instruments to hedge certain risks in our liabilities including foreign exchange risks associated with asset purchased to back non-dollar denominated liabilities.

h. Any other material information

Not applicable - no other material information.

2. GOVERNANCE STRUCTURE

We have developed a risk and governance framework proportionate to the nature, scale and complexity of our current business.

a. Board and senior executive

i. Board and senior executive structure, role, responsibilities and segregation of responsibilities

The Board of Directors (**Board**) role is to exercise oversight of the organization and meets at least quarterly to exercise these responsibilities. The Board is currently comprised of five members, comprised of one executive director, two investor representative directors and two independent non-executive directors. The Board has delegated responsibility for day-to-day management of the Company to the Chief Executive Officer (**CEO**). Other members of senior management include: Group Head of Investments, Chief Operating Officer (**COO**), Chief Financial Officer (**CFO**), Head of Asset Liability Management and Structuring who assist the CEO in the exercise of their functions.

ii. Remuneration policy

The Company's remuneration decisions are made by the Remuneration Committee (**RemCo**). Employees are provided with a fixed base salary with an annual discretionary and performance-based bonus that varies in accordance with the Company's and individual performance. Employees are also eligible to receive long term incentive compensation to align remuneration with the interests of the Group's shareholders.

Independent non-executive directors receive fees as remuneration for their work and do not receive any bonuses or long term incentive compensation.

The CEO and COO, working with independent consultants, conduct periodic reviews of compensation levels and share results with the RemCo to ensure remuneration is in-line with market and the performance of the Company.

iii. *Pension or early retirement schemes for members, Board and Senior Executives*

We provide qualifying employees with pension benefits by contributing to a non-registered pension plan. There are no early retirement schemes and there is no pension plan for non-executive directors.

iv. *Material transactions with Shareholder Controllers, person who exercise significant influence, the Board or senior executive.*

As at December 31, 2024, there is no material transaction with Shareholder Controllers. In 2023, the Company had a $5.0 million Sub Note (backed by ITE railcar leases) which is controlled by the ultimate beneficial owner of the Company. This Sub Note was redeemed during the financial year ended December 31, 2024.

b. Fitness and Proprietary Requirements

i. *Fit and proper process in assessing the Board and Senior Executive*

The Company appoints members of the Board based on the individual's expertise and work experience. Two of the board members are designated by ultimate shareholders as per the terms of the Shareholders' Agreement.

ii. *Professional qualifications, skills and expertise of the Board and Senior Executives*

Mr. Christopher McGlashan (Executive Director and CEO)

Mr. McGlashan has over 25 years experience as a senior insurance and investment banking executive in insurance and capital markets. He is the Company's Founder and the Company is the third Bermuda-based reinsurance company he has held senior executive positions with during the last 25 years. Prior to establishing the Company, for 7 years Mr. McGlashan was Group Managing Director at Citigroup, where he headed the Insurance and Pension Solutions Group for the Global Investment Banking Division and structured its Bermuda reinsurer to accommodate annuity transactions. He also headed the Insurance Capital Markets group. Prior to Citigroup, Mr. Mcglashan spent 6 years at Lehman Brothers, where he served in its Structured Finance division and established and managed its "A-" rated Bermuda reinsurer, in the L&A and P&C insurance sectors. Mr. McGlashan has also worked at three law firms in the U.S. and U.K. as a dual-qualified lawyer. His global financial experience includes advising on American, Asian and European deals, working closely with insurance jurisdictions in Bermuda, Cayman, Puerto Rico, the USA, Ireland and other European countries, and providing cross border joint venture and transaction advice in Brazil, France and the U.K.

Mr. McGlashan holds a BA Honors from Hull University, a law degree from Nottingham University and a Masters (LLM) in Securities and International Law from Georgetown University.

Mr. David Smilow (Non-Executive Director)

Mr. Smilow has managed portfolios of alternative fixed income assets and secured investments, including railcars, real estate securities, and distressed assets. He has also sponsored and been an officer or director of over a dozen related start-up companies. He is currently the co-Founder and partner of ITE Management, an alternative investment firm focused on transportation infrastructure. Mr. Smilow was the Founder and Chairman of Jefferson National Financial (**JNF**), an insurance company with over $2.0 billion of assets that offers variable annuity and other retirement products. Mr. Smilow oversaw investment activities and strategic planning for JNF, which was sold to Citibank in 2011. In addition, Mr. Smilow was the Founder, Chairman, CEO and CIO of TeleBanc (now E*Trade Bank). Under his direction, TeleBanc became the largest Internet bank worldwide before its sale to E*Trade in 1999. Prior to founding TeleBanc, Mr. Smilow was a fixed income portfolio manager and trader at Goldman Sachs and Drexel Burnham Lambert. Mr. Smilow lectures at Harvard Business School, New York University and Johns Hopkins University. Mr. Smilow received a BA from Johns Hopkins University and an MBA from Harvard Business School. He serves on numerous non-profit and corporate boards.

Mr. Mark O'Sullivan (Non-Executive Director)

Mr. O'Sullivan has over 20 years experience in investments. He is currently the Managing Director the Dyal Capital Partners, a private equity fund managed by Blue Owl Capital. He is responsible for executing transactions for private equity and debt portfolios, head of Portfolio Monitoring function and a member of Investment and Valuation committees. He was previously at Lehman Brothers from 2007 to 2011 as an SVP of the Principal Investments and Private Equity division. Prior to that, from 2003 to 2007, he was at Oliver Wyman as a Senior Project Manager responsible for projects in the firm's capital markers. From 2001 to 2003 he was an analyst at Merrill Lynch.

Ms. Ida Levine (Independent Non-Executive Director)

Ms. Levine had over 25 years experience in asset management in the UK and continental Europe as a member of the European Management Team at Capital Group and JP Morgan investment management. She worked at Capital Group from 1998-2020. Capital Group is one of the oldest and largest independently owned global active asset management groups with assets under management of over $2.0 trillion. At Capital Group, she served on the Board of its UK regulated investment manager, Capital International Limited, chairing its Audit Committee; and the UK boards of Capital Research Company and the Capital Group Global Private Equity business. Ms. Levine also sat on the Global Audit and Risk Committee, Trading Oversight Committee and Investment Committee for Capital Group International. At JP Morgan, Ms. Levine served on the European Management Committee and Global Derivatives Committee for the investment management business. She also set up the JP Morgan UK insurance company. Before joining JP Morgan, Ms. Levine was a Partner in the international law firm Jones Day based in London and New York.

Ms. Yulanda Francis (Independent Non-Executive Director)

Ms. Francis currently works as an Executive Vice President at Nascent Group, which provides insurance management services. Prior to this, she served as President of Horseshoe Re Limited (**Horseshoe Re),** the transformer vehicle within the Horseshoe Group, which provides services to a broad range of investors who invest in collateralized reinsurance transactions. Ms. Francis was responsible for the management and structuring of collateralized reinsurance transactions and client servicing. In addition she oversaw the management of teams that included Underwriting, Accounting and Collateral Management. She has over 20 years of experience in the insurance and reinsurance industry including captive management and insurance linked securities. Prior to Horseshoe Re, Ms. Francis worked in captive management, and was responsible for a large portfolio of top tier captives. She is a Certified Professional Accountant (CPA), Certified Management Accountant (CMA), in addition holds an Associate in Reinsurance (ARe).

Ms. Sue Anne Eastep (COO & CFO)

Ms. Eastep was previously a senior insurance investment banking executive with over 20 years of experience in providing a broad range of advisory services, including mergers and acquisitions, restructuring, debt and equity financings, structured solutions and capital markets activities for the global insurance industry. During her career, she has completed transactions in Life/Health, P&C and reinsurance sectors in the U.S., Canada, Latin America, U.K., Europe and Australasia. Prior to joining the Company, she was a Managing Director at Greenhill in New York, focusing on advisory services to public and private insurance companies in the U.S., Europe and Asia. She has also held similar senior positions in the investment banking groups at Citigroup, Deutsche Bank and ABN AMRO. She began her career in the Global Insurance Group – Corporate Banking at the Chase Manhattan Bank. Ms. Eastep holds a Bachelor's degree from Wellesley College.

c. Risk Management and Solvency Self-Assessment

i. Risk Management process and procedures to identify, measure, manage and report on risk exposures

Most of the Company's risks assumed are long-term in nature and specific to individual transactions. The primary source of risk management is therefore at the initial transaction analysis after which we are bound by the terms of the transaction. At this stage in the Company's development, capital deployment and transaction approval is contingent on the approvals of the Company's Underwriting & Risk Committee (**UWC**) and the Investment Committee (**IC**). Both committees ensure the quality of the transaction that the Company is underwriting and recommend proposals to the Board to consider. The Company monitors ongoing risks via the UWC and IC who have oversight of our Asset Liability Management, Capital Management, Investment Risk Management policies.

ii. Risk management and solvency self-assessments systems

The Company's risk management framework is implemented and integrated into our operations through systems, processes, procedures, and controls developed and documented by management.

Management information obtained from the risk management process is used to complete solvency self-assessments of the quantity and quality of capital required to support the Company's objectives and liabilities. The solvency self-assessment is reviewed at least quarterly and when transactions are being considered to ensure the Company's capital adequacy and liquidity resources are sufficient. We use proprietary and third-party models / information to determine the capital adequacy.

iii. *Relationship between solvency self-assessment, solvency needs & capital and risk management*

The Company's self-assessment process is a fundamental part of our risk management framework as governed by the CISSA. We have developed the Bermuda statutory model to assist in our self-assessment. This allows us to maintain confidence that we can continue to meet our regulatory capital requirements in accordance with the Company's own risk tolerances. If the Company identifies any key risks, these are notified to the relevant committees and the Board.

iv. *Solvency self-assessment approval process*

Our model for self-assessment as noted above relies on the CISSA as well as our Bermuda Statutory model of whose findings are reported to relevant committees and the Board.

d. Internal Controls

i. *Internal control system*

We have systems, processes to ensure that data and reporting is reliable, company policies are adhered to and adequate security measures are implemented. If any issues arise, they will be reported to the Audit Committee.

ii. *Compliance function*

We monitor our compliance on an ongoing basis and regularly report to the Board on compliance matters as governed by this document.

e. Internal Audit

We closely monitor all aspects of our operations as part of our internal controls and also appoint third-party service providers to conduct an external review of our practices and procedures.

f. Actuarial Function

Each transaction we enter into is subject to a detailed actuarial analysis and sophisticated modelling from both a cash flow and investment return perspective. This analysis is carried out by the Company's internal actuarial team and third-party actuarial consultants, if applicable. Canterbury Consulting LLC serves as the Company's Appointed Actuary for the Bermuda Actuarial Opinion for statutory purposes.

g. Outsourcing

We carefully select all service providers, evaluating and reviewing their capabilities, reputation, costs and fit. The Company evaluates the terms of the agreement with the service providers for: services provided; ownership of records and data; exit strategies and length of contracts. The service providers (and the agreement terms) are also reviewed regularly by the management and the Board to determine whether they are still appropriate and required.

h. Other Material Information

Not applicable – no other material information to report.

3. COMPANY RISK PROFILE

a. Material Risks the Insurer is Exposed to During the Reporting Period

The key risk categories that the Company is exposed to include Investment Risk, Operational Risk, Underwriting Risk and Liquidity Risk. The Company's Underwriting Risks consist primarily of longevity, mortality and policyholder behaviour risk. The Investment risk is defined as the uncertainty or loss relative to expected return on investments. The Company's main source of profit on reinsurance transactions is from the investment spread between returns on assets and funding costs for liabilities. Liquidity risk is the potential inability to meet obligations when they become due because the Company has insufficient liquid funds, liquid assets or cannot obtain new funding. Operational Risk is the risk of losses caused by inadequate internal processes, people or systems.

b. Risk Mitigation in the Organization

The Company controls risk in a number of ways but ultimately the risks are reported to and monitored by the UWC. The Risk function verifies that the risks are either kept within agreed limits or temporary breaches for unique situations are reported to the UWC for approval or correction. The CEO, the UWC and the Board ensure the controls are in place for risk exposures and operate as intended.

c. Material Risk Concentrations

The Company utilizes the BSCR solvency capital risk charge for concentration risk as a key metric of monitoring concentration risk. The Company also manages concentration risk in compliance with both our counter-party investment guidelines and investment risk management policies as approved by the Board.

d. Investment in Assets in Accordance with the Prudent Person Principles of the Code of Conduct

The Company's investment portfolio is managed by its Group Head of Investments and contracted institutional investment managers in accordance with our investment management standards as approved by the Investment Committee.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

We perform various stress tests to determine the adequacy of capital & liquidity and to ensure we meet regulatory requirements. Based on these tests, the Company believes that it has sufficient capital and liquidity to comply with contractual obligations of the Company and regulatory requirements.

4. SOLVENCY VALUATION

a. Valuation Bases, Assumptions and Methods to Drive the Value of Each Asset Class

We use valuation principles outlined by the BMA for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities on a fair value basis (the value that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants as at the measurement date).

b. Valuation Bases, Assumption and Methods to Derive the Value of Technical Provisions

The Company's technical provisions comprise of best estimate liability, or reserve, and risk margin. The best estimate reserve is determined as the highest asset requirement needed to fund cash flows using the BMA's standard discount rate curves as at December 31, 2024. The risk margin, which reflects the uncertainty contained inherent in the underlying cashflows, is calculated using the cost of capital approach and a risk-free discount rate term structure. As at December 31, 2024, the total Net Technical Provisions amounted to $807.5 million (2023: $616.4 million) and was comprised as follows:

	USD ($000)
Best Estimate Policy Reserves – Life	496,512
Best Estimate Policyholder's Funds on Deposit	291,779
Risk Margin	19,174
Total	**$807,465**

c. Description of Recoverables from Reinsurance Contracts

Not applicable.

d. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities

As noted above, the Company's liabilities are valued at fair value on accordance with the valuation principles outlined by the BMA's "Guidance Note for the Statutory Reporting Regime".

e. Any Other Material Information

Not applicable – no material information to report.

5. 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*

Our primary capital management objective is to hold sufficient capital to meet all of the Company's obligations to cedants and meet regulatory requirements (including the Bermuda Solvency Capital Requirement set out in the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011)). Management closely monitors our capital needs and capital level and in times of volatility and turmoil in global capital markets actively takes steps to increase or decrease the Company's capital to achieve an appropriate balance between financial strength, liquidity and shareholder returns. Capital management is achieved in several ways: (i) setting initial capital levels at a transactional level to adequately decrease future liabilities; (ii) ensuring compliance with our ALM and risk management strategy, which dampens exposure to volatility by equalizing exposure on both asset and liability sides of our balance sheet; and (iii) by ensuring liquidity and margin is retained in the business to meet cash flow variability. The Company's transactional objectives seek to either deploy capital to fund attractive business opportunities inside prescribed and Board approved Internal Rate of Return (**IRR**) hurdles, or in times of excess capital and times when business opportunities are less attractive, returning capital to our shareholder by way of dividends.

As part of our long-term strategy, we will continue to seek to grow capital resources to support its operations, maintaining financial strength ratings and claims paying ability.

ii. *Eligible capital By tiers in accordance with the eligible capital rules used to meet ECR and MSM requirements of the Insurance Act*

As a Class E long-term insurer, the Company is required to disclose the capital in accordance with a 3 tiered-capital system. Tier 1 capital includes statutory economic surplus, capital stock and contributed surplus. As of 31 December 2024, all the capital was Tier 1 capital, and is expected to continue to be in this format.

The Company is licensed as a Class E long term insurer under the Act and is required to maintain a minimum statutory solvency margin equal to the greater of a minimum solvency margin (**MSM**) and a percentage of the Enhanced Capital Requirement (**ECR**). The MSM is equal to the greater of (i) \$8.0 million (ii) 2% of the first \$500 million of assets plus 1.5% of assets above \$500 million or (iii) 25% of ECR. The ECR is calculated based on a standard risk-based capital model developed by the BMA. As at December 31, 2024, the Company is required to maintain an estimated MSM of \$16.4 million. The actual statutory capital and surplus, as determined using statutory accounting principles, is \$176.2 million as at December 31, 2024.

iii. *Confirmation of eligible capital that is subject to transitional arrangements*

Not applicable.

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

Not applicable.

v. *Identification of ancillary capital instruments approved by the Authority*

Not applicable.

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

Other than the impact of removing the Company's non-admitted assets (equaling $250,000 of prepaid assets), there are no significant differences between the Company's shareholder's equity and available statutory capital and surplus.

b. Regulatory Capital Requirements

i. *ECR and MSM requirements at the end of the reporting period*

Requirement	**USD ($000)**
Minimum Margin of Solvency	16,423
Transition Enhanced Capital Requirement	38,899
Transition Enhanced Capital Requirement Ratio	277%

ii. *Identification of any non-compliance with the MSM and the ECR*

Not applicable. The Company was compliant with the MSM and ECR requirements as at December 31, 2024.

iii. *A description of the amount and circumstances surrounding the non-compliance, the remedial measures and their effectiveness*

Not applicable.

iv. *Where the non-compliance is not resolved, a description of the amount of the non-compliance*

Not applicable.

c. Approved Internal Capital Model

i. *Description of the purpose and scope of the business and risk areas where the internal model is used*

Not applicable.

ii. *Where a partial internal model is used, description of the integration with the BSCR model*

Not applicable.

iii. *Description of methods used in the internal model to calculate the ECR*

Not applicable.

iv. *Description of aggregation methodologies and diversification effects*

Not applicable.

v. *Description of the main differences in the methods and assumptions used for the risk areas in the internal model versus BSCR model*

Not applicable.

vi. *Description of the nature and suitability of the data used in the internal model*

Not applicable.

vii. *Any other material information*

Not applicable.

d. Any Other Material Information

Not applicable.

6. SUBSEQUENT EVENTS

Not applicable as of the date of this report.

7. DECLARATION ON 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 aspects as at December 31, 2024.

Christopher McGlashan
CEO
April 28, 2025

Sue Anne Eastep
COO & CFO
April 28, 2025