

Financial Condition Report

As of the period ended December 31, 2024, from
November 22, 2023 (date of incorporation)



serenova reTM

Contents

1. INTRODUCTION.....	3
2. BUSINESS AND PERFORMANCE.....	4
3. GOVERNANCE STRUCTURE.....	7
4. RISK PROFILE.....	16
5. SOLVENCY.....	19
6. CAPITAL MANAGEMENT.....	20
7. SUBSEQUENT EVENTS.....	22
8. DECLARATION.....	23

**Serenova Re Ltd.
Financial Condition
Report
As of the period ended December 31, 2024, from
November 22, 2023 (date of incorporation)**

1. INTRODUCTION

Purpose

This report relates to the financial condition of Serenova Re Ltd. (“the Company”) for the period ended December 31, 2024.

The Financial Condition Report is intended to provide additional quantitative and qualitative information to the public in relation to the insurer’s business model, whereby the public may make an informed assessment on whether the business is run in a prudent manner. This Financial Condition Report (“FCR”) is prepared in compliance with the Bermuda Insurance (Public Disclosure) Rules 2015, following the structure and guidelines contained therein.

The amounts shown in this report are shown in thousands of United States Dollars (USD) if not otherwise stated.

Company Overview

Serenova Re Ltd. (“Serenova Re” or the “Company”) was incorporated as a Bermuda exempted company on November 22, 2023, and licensed as a Class E insurer by the Bermuda Monetary Authority (“BMA”) under the Insurance Act 1978 (as amended) of Bermuda, effective September 5, 2024. The Company was originally named Fed Re Ltd but during the year 2024 the Company resolved that the name be changed from Fed Re Ltd. to Serenova Re Ltd. Effective January 28, 2025, the Company changed its name to Serenova Re Ltd. The Company is wholly owned by Serenova Re Holdings, Ltd. (“Holdco”), which in turn is owned by Federal Life Group, Inc. (“Groupco”).

The primary business purpose of the Company is to reinsure certain insurance liabilities of the Federal Life Group. As of December 31, 2024 all insurance liabilities were ceded from a related party.

2. BUSINESS AND PERFORMANCE

a. Name of Insurer

Serenova Re Ltd.
Power House, 7 Par-la-Ville Road
Hamilton, HM11, Bermuda

b. Supervisors

Insurance Supervisor
The Bermuda Monetary Authority (BMA)
BMA House, 43 Victoria Street
Hamilton, Bermuda
Contact – Viktor Arkhyppkin
varkhyppkin@bma.bm

c. Approved Auditor

PricewaterhouseCoopers Bermuda Ltd.
Washington House. 4th Floor
16 Church Street
Hamilton HM11, Bermuda
Contact – Clay Holland
clay.holland@pwc.com

d. Approved Actuary

Nick Komissarov FSA/FCIA, MAAA
Willis Tower Watson
2010 Main St, Suite 1050
Irvine, CA 92614
nick.komissarov@wtwco.com

e. Approved Insurance Manager

Marsh Management Services (Bermuda) Ltd. is responsible for the insurance management services of the Company and is located at Power House, 7 Par-la-ville Road, Hamilton, Bermuda.

f. Ownership Details

Serenova Re was incorporated as a Bermuda exempted company on November 22, 2023. The Company is wholly owned by Serenova Re Holdings Ltd (“Holdco”) an immediate holding company, which in turn is owned by Federal Life Group Inc (“Groupco”).

Group Structure

An organization chart of the Company provided below (hereinafter collectively referred to as the “Group”).



g. Insurance Business Written by Business Segment and by Geographical Region

Effective on December 31, 2024, Federal Life Insurance Company (FLIC), a US based company, entered into a Coinsurance with Funds Withheld / Coinsurance Agreement (“Agreement”) with Fed Re, Ltd. The transaction is a funds withheld coinsurance (COFW) retrocession of an 80% quota share of the reinsurance risk FLIC has obtained through a coinsurance arrangement with a third party cedant. The underlying products are 5 year and 10-year Multi-Year Guaranteed Annuities (MYGAs).

As of December, 31 2024, Serenova Re has no other reinsurance contracts.

Performance of Investments & Material Income & Expenses for the Reporting Period

The Company has calculated the capital requirement using the Scenario Based Approach for calculation of the Best Estimate Liability. The Company acquired assets worth \$343.8 million as part of the reinsurance agreement, which are withheld by the affiliated Cedant. This

transaction took place on December 31, 2024 and therefore no income was earned on these assets for the year ended December 31, 2024. The Company did earn income on the surplus assets it holds as capital, which are outside of the Funds Withheld account.

The tables below summarize investment performance and material income and expenses incurred for the reporting period:

Net Investment Income

	<u>2024</u>
Available-for-sale securities	759
Cash and cash equivalents	1,095
Gross investment income	1,854
Less: Investment expenses	(154)
Net investment income	1,700

The Company's main source of revenue is income from its investments, and its primary expenses arise from general and administrative expenses. The statement of operations is shown below:

	<u>2024</u>
Revenue	
Net investment income	1,700
Total revenue	1,700
Expenses:	
General and administrative expenses	2,654
Total expenses	2,654
Net loss before income taxes	(954)
Income tax expense	(2,497)
Net loss	(3,451)

h. Any Other Material Information

i. License issuance

Effective September 5th, 2024, Serenova Re Ltd. was issued a Class E insurer license and the Company is authorized to carry on business in that capacity subject to the provisions of the said Act.

ii. Board of Directors

In 2024, 5 Board of Directors were elected:

1. Knut Olson, Fed Life (Chief Executive Officer and Executive Director)
2. Jack R. Sun, Bain Capital, (Non-Executive Director)
3. David T. Foy, Chair (Independent, Non-Executive Director)
4. Jose Osset, (Independent, Non-Executive Director)
5. William Pollett, (Independent, Non-Executive Director)

iii. 1st Reinsurance Transaction

On December 31, 2024, Serenova Re Ltd. entered into its first reinsurance transaction with affiliate Federal Life Insurance Company domiciled in Lincolnshire, IL. Serenova Re will assume approximately \$343.8 million of statutory reserves.

3. GOVERNANCE STRUCTURE

a. Board and Senior Executive

i. The Board of Directors

The governance and staffing framework of the Company is comprised of the appropriate number of individuals and expertise proportionate to the nature, scale and complexity of the Company's business as it grows over time. The proportionality principle, a strong philosophy on matters of governance, compliance with Head Office requirements and the Insurance Code of Conduct will underpin the Company's business strategy. The Board's expertise includes actuarial, financial, risk management and investment having members who have served as experts across a variety of roles in the financial services industry. The Board at all times maintains oversight for all critical functions including underwriting and pricing, reserving, risk management, internal audit, compliance, finance and investments.

As of December 31, 2024, the Board consists of 5 members including 3 independent non-executive director (INED) and the Chief Executive Officer. The Board's primary responsibilities include:

- Setting the Company's governance, risk management, investment strategy, and internal control frameworks;
- Reviewing and approving the Company's various policies and procedures;
- Overseeing the management team's performance and key business objectives;
- Reviewing the Company's business and financial results.

ii. **Board Committees**

The Board has established a Risk Management and Compliance Committee, Investment Committee and Audit and Finance Committee which have been delegated various responsibilities as detailed in their charters. Key responsibilities are summarized below.

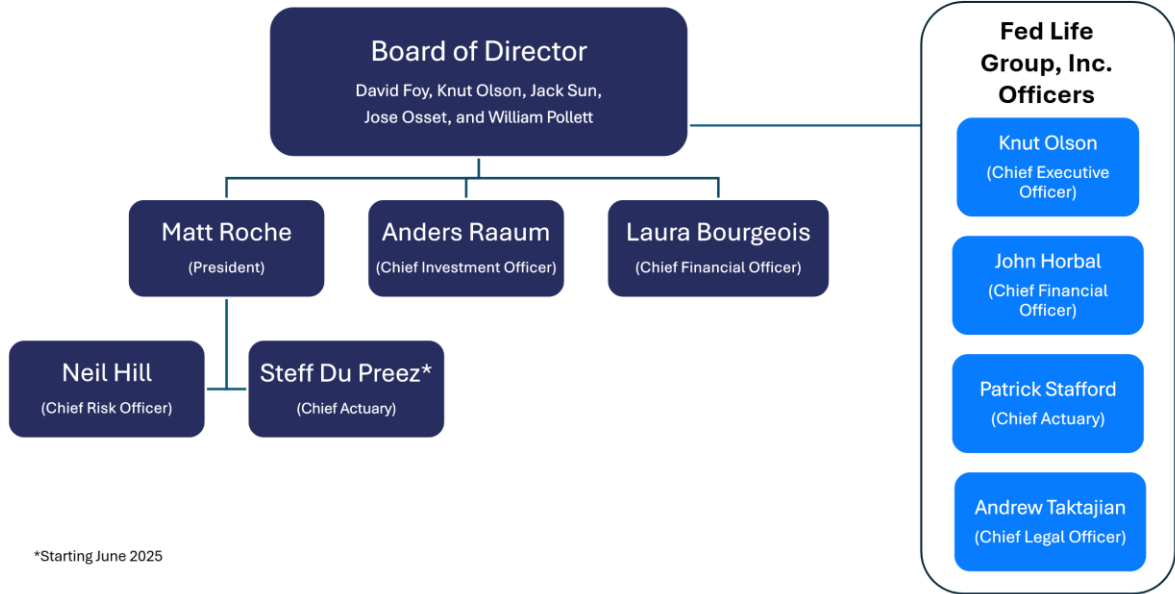
Risk Management and Compliance Committee (the "RMCC") – monitor the adequacy and effectiveness of the Company's compliance policies and procedures under required Bermuda legislation, and securities laws and administration thereof. In addition, the committee is responsible for Company risk management, awareness, limits and reporting.

Investment Committee (the "IC") – responsible for the overall management, risks, and reporting of the investment portfolio backing liabilities and surplus. Additionally, the committee will maintain ultimate responsibility for approval and oversight of third-party managers in conjunction with Chief Investment Officer.

Audit and Finance Committee (the "Audit Committee") – responsible for overseeing the integrity of the Company's financial statements, the independent auditors' qualifications and independence of the Company's internal audit function

The Company is led by a highly experienced Board and management team and will at all times remain in compliance with the Head Office requirements under section 8C of the Insurance Act.

See chart below illustrating Board and senior executive chart:



iii. Remuneration Policy

Federal Life Group has established a compensation committee of the board that will ensure performance management guidelines are set, compensation structures are competitive, and fair based on market studies for each function and job category, management will ensure transparency and communicate effectively with the aim to attract, motivate and retain employees to execute on the Company’s strategic objectives.

iv. Pension or Early Retirement Schemes for Members, Board and Senior Executives

Not applicable

v. Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executive Material Transactions

No material transactions were executed during the reporting period November 22, 2023 to December 31, 2024, with Board members, Senior Executives, or other individuals who exert significant influence over the Company besides the initial capitalization which took place at inception.

b. Fitness and Proprietary Requirements

i. Fit and Proper Process in assessing the Board and Senior Executives

The Company has a comprehensive vetting and hiring process. Interviews are held to confirm fitness and propriety for any role regardless of seniority. Board members are appointed based on the Board’s needs and the individual’s expertise and market experience.

ii. Board and Senior Executives Professional Qualifications, Skills and Expertise

The members of the Board of Directors and the Senior Executives of Serenova Re Ltd. are listed below along with their credentials:

Board Members
<p>David Foy, Non-Executive Independent Director and Chair of the Risk Management and Compliance Committee</p> <p>David Foy currently serves as a director of the board. Prior to this role Mr. Foy was the Executive Vice President and Chief Finance Officer of White Mountains. During this time Mr. Foy was instrumental in the equity buyout of Safeco Life (renamed Symetra) in 2004 with Berkshire Hathaway, guiding the IPOs of OneBeacon in 2006 and Symetra in 2010 and helping each company achieve their goals through his role on their public boards as Chairman of Governance Committee and Chairman of Finance Committee, respectively. In addition, Mr. Foy served as Senior Vice President and CFO of Led Hartford Life (1998-2003). He developed a strong finance team which led the acquisition of distribution company PLANCO in 1998 and the acquisition/integration of Fortis Financial Group in 2001. He also joined HLI in 1993 and Milliman in 1989 as an actuarial analyst/associate working on corporate finance and a variety of actuarial consulting projects. Mr. Foy studied BS, Applied Statistics, RIT and is a Fellow, Society of Actuaries.</p>
<p>Jack Sun, Non-Executive Director</p> <p>Mr. Sun joined Bain Capital in 2019. He is a Managing Director on the Insurance team based in Boston. Prior to joining Bain Capital, Jack was a founding member of Insurance Capital Group, an insurance-focused permanent capital vehicle in which affiliates of Bain Capital, LP made a significant equity investment in 2018. Earlier in his</p>

career, he was a Vice President at Reservoir Capital Group. Prior to that, Jack served as an Associate at Centerbridge Partners and began his career in the Restructuring Group at Lazard. Jack received an AB from Harvard College.

Knut Olson, Chief Executive Officer, Executive Director

Mr. Olson serves as executive director and is the Chief Executive Officer of the Federal Life Group. Prior to assuming these roles, Mr. Olson was the CEO and President, NGL, Settlers, Commercial Travelers, Insurance Strategy Holdings. During his tenure, he led NGL to a record statutory income, surplus and an AM Best upgrade. He also partnered with Insurance Capital Group to launch a new holding company and a new worksite business, later acquiring a managed dental care platform. Mr. Olson also worked in Foresters Financial serving as President of North American Life and Annuity where he was pivotal to the increase in sales by over 20%. Mr. Olson has over 30 years' experience leading in insurance, investments, corporate strategy, general management and distribution and leadership. Mr. Olson holds a Bachelor of Arts from Pacific Lutheran University, and he is a Chartered Life Underwriter (The American College).

Jose Osset, Non-Executive Independent Director and Chair of the Investment Committee

Mr. Osset most recently served as the SVP & Group Treasurer of AXIS Capital, a specialty P&C insurer and reinsurer, where he was part of the finance leadership team, helping build the function into a core strength for the company. Mr. Osset had responsibility for capital, currency risk, liquidity, and collateral, also managing rating agency relations and working closely with other strategic external partners, including bankers and investors. Mr. Osset served on various management committees, including the reinsurance security, capital, and disclosure committees. Prior to his 15 years at AXIS, Mr. Osset also spent time in senior positions at Bacardi Limited and the Bank of Bermuda. Mr. Osset is a Bermudian, holds a BS from Bryant University, and is a CFA charter holder.

William Pollett, Non-Executive Independent Director and Chair of the Audit and Finance Committee

In addition to serving as an independent and non-executive director of the Company, Mr. Pollett serves as non-executive director of other Bermuda companies including AXA XL, White Rock Bermuda Ltd, Utmost Bermuda Ltd and various Swiss Re Funds.

Before his retirement, William was Chief Executive Officer of Blue Capital Group and, consecutively, Chief Corporate Development and Strategy Officer and Treasurer of Montpelier Reinsurance Holdings Ltd. Mr. Pollett left Blue Capital and Montpelier following its acquisition by Endurance Specialty Holdings Ltd in August 2015. Prior to joining Montpelier in 2006, Mr. Pollett was at ACE Group (now Chubb) for five years, initially as Chief Financial Officer of ACE Tempest Re and then as Senior Vice President of ACE Limited. Prior to the ACE Group, Mr. Pollett was at the OIL Group for seven years, latterly as Treasurer and, prior to that, was an auditor with Coopers & Lybrand in London and Bermuda for five years. He holds a Bachelor of Commerce (Honours) degree from Edinburgh University, and is a Chartered Accountant, Chartered Financial Analyst and a Member of the Institute of Directors.

Senior Executives

Matthew Roche, President of Serenova Re

Mr. Roche leads the Bermuda based team for Serenova Re, developing and executing the Company's strategy along with oversight of day-to-day operations and financial management. Previously, Matt served as the Chief Investment Officer for L&G Re in Bermuda, where he managed the company's diverse portfolios with responsibilities including asset allocation, manager oversight, asset-liability management (ALM), and investment strategy development across various asset classes.

Anders Raaum, Chief Investment Officer of Serenova Re

Mr. Raaum is Senior Vice President of Financial Operations at Federal Life Insurance Company. He joined Federal Life as Investment Officer in 1994 and served as Chief Financial Officer from 2011 to 2023. With more than thirty years of experience in the financial services industry, he oversees the areas of investments, finance, accounting and reporting. Mr. Raaum has a BA degree in Business Administration from the University of Oregon and a MBA in finance, investment & banking from the University of Wisconsin-Madison. Mr. Raaum attended the Royal Norwegian Naval Academy and served as an officer in the Coastal Artillery branch. He is a holder of the Chartered Financial Analyst and Chartered Life Underwriter designations and a member of the CFA Institute and the CFA Society of Chicago.

Steff Du Preez, Chief Actuary of Serenova Re (*starting June 2025*)

Mr. Preez has been the Approved Actuary for Athene Life Re Ltd. (ALRe) since December 2022. Before joining Athene, he held multiple Approved Actuary roles in Bermuda and led the Life Actuarial function at KPMG in Bermuda. Prior to his move to Bermuda, Steffin served as the Head of Corporate Actuarial for OUTsurance in South Africa. With over 15 years of experience in actuarial reserving, financial reporting, capital management, product design, and pricing across various reporting regimes, Steffin brings extensive expertise to his role. Steffin earned his Bachelor of Science Honors degree in Actuarial Science from the University of Pretoria. He is a Fellow of the Institute of Actuaries and a Fellow of the Actuarial Society of South Africa.

Neil Hill, Chief Risk Officer of Serenova Re

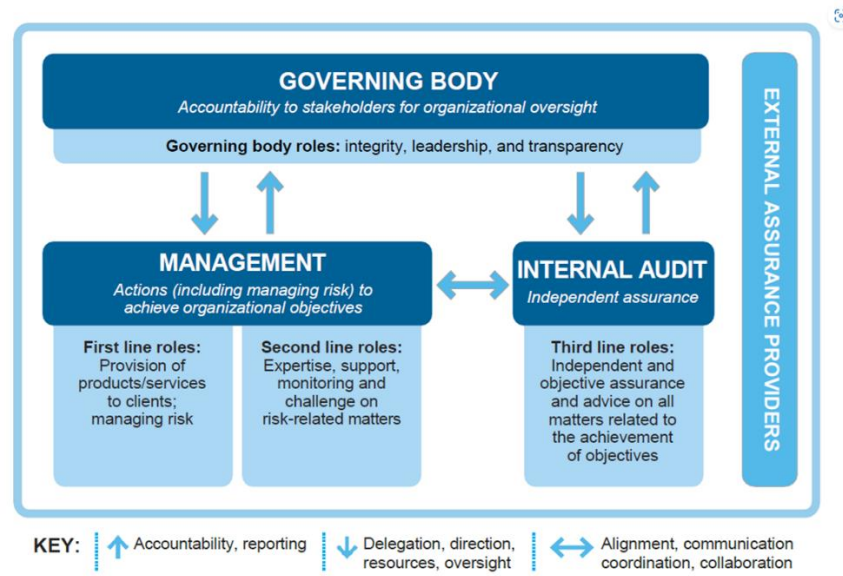
Mr. Hill led the life team in the Actuarial Department at the Bermuda Monetary Authority (BMA) in his previous role. Prior to joining the BMA, Neil held various roles at Manulife Financial, including life insurance product development and pricing, variable annuity hedging, actuarial audit, valuation systems transformation, and IFRS 17 implementation. Over his more than 15 years with Manulife Financial, he worked across the United States, Japan, and Hong Kong. Neil also held roles in annuities valuation, life reinsurance valuation modeling, and asset-liability management (ALM) with Security Benefit, ING, and Sun Life Financial, respectively.

Laura Bourgeois, Chief Financial Officer of Serenova Re

Ms. Bourgeois is a CPA, and career includes progressive leadership roles at Prudential, culminating in Vice President, Corporate Accounting Policy. In this capacity, she led the implementation of key accounting standards and provided guidance on significant transactions. She also served in leadership positions within PGIM Investment Operations & Innovation Accounting, where she restructured operations, spearheaded successful systems implementations, and managed accounting teams. Laura holds a BBA in Accounting from The College of William and Mary and is a Certified Public Accountant.

c. Risk Management and Solvency Self-Assessment

The Company’s risk management is governed as part of the overall Federal Life Group. Risk management is an integral part of Serenova Re’s business processes and decision-making. Serenova Re’s risk management framework has a goal of ensuring its ability to achieve its business objectives by creating a disciplined approach to identifying, measuring, monitoring, and reporting on material risks. Serenova Re is committed to maintaining a rigorous and comprehensive risk management framework that is embedded in all decision-making processes. Functional heads are responsible for day-to-day risk management activities across the Federal Life Group, senior management and the Chief Risk Officer (“CRO”) are responsible for facilitating sound risk management practices, and the board and audit functions are responsible for reviewing the effectiveness of the risk controls and risk management practices. The Company utilizes a three lines of defense model, as advocated by the Institute of Internal Auditors (“IIA”) in their 2021 model report. This model emphasizes a multi-layered approach to risk monitoring as well as the flow of critical risk information between each stakeholder area.



In this model, the first line of defense consists of business owners (line of business leaders, key decision-making employees), second line standard setters such as the risk department / CRO / and ERM committee, and lastly third line assurance providers such as auditors and supervision by the board (at its current scale, Federal Life Insurance Company does not have an internal audit function, but will evolve this function over time). Each of these lines of defense have active roles in reporting to each other and to the Board of Serenova Re has documented

its risk management policies and procedures in the Enterprise Risk Management (“ERM”) Policy. This document demonstrates the Company’s adherence to requirements and standards mandated in the Bermuda Insurance Code of Conduct’s Risk Management section. The ERM Policy outlines the ERM framework, which includes the processes and policies for risk appetite and risk tolerances, risk identification and categorization, risk assessment, risk monitoring, risk management and risk reporting. The ERM Policy is approved by the Board.

On a quarterly basis, the CRO prepares a risk report, which is approved by senior executives and presented to the Board.

d. Internal Controls

i. Internal Control System

Management is responsible for ensuring the effectiveness of the internal controls put into place. Controls have been designed to provide a reasonable level of assurance to Management and the Board when reviewing data and financial reporting information. As the Company grows it will continue to evaluate and strengthen its internal controls. Internal controls are periodically reviewed by auditors.

ii. Compliance Function

The Board and the RMCC provide oversight for Compliance. Day-to-day responsibilities are currently managed by the Chief Risk Officer (CRO) but will transition to the Chief Compliance Officer (CCO) once hired. Marsh, as Insurance Manager, provides support on regulatory compliance. The Compliance function ensures that the Company is in compliance with its regulatory obligations, the Insurance Code of Conduct and jurisdictional laws.

e. Internal Audit

The role of the internal audit function is to provide independent assurance that the organization’s risk management, governance and internal control processes are operating effectively. The internal audit function challenges the design and effectiveness of risk management, compliance, control and governance processes. The Audit and Finance Committee of Serenova Re is responsible for the oversight of the internal audit function.

f. Actuarial Function

The Chief Actuary has primary responsibility for overseeing the Company's pricing and underwriting function and any outsourced reserving functions. The independent Approved Actuary reviews and opines on the appropriateness of the technical provisions held by the Company.

g. Outsourcing**Outsourcing Policy and Key Functions that have been Outsourced**

The Company maintains an outsourcing policy that requires regular evaluation by the Board (or a Committee thereof) and adapted as infrastructure is further developed. All providers will undergo a suitability analysis to better understand the competency and capability of each service provider to execute on their assigned role. This includes third party providers as well as functions outsourced to affiliated companies. Outsourced functions include actuarial/reserving, legal, internal audit, insurance management and investment management. The Company has service level agreements in place with its outsourcing partners and their respective activities are governed by statements of work. Accountability for all activities, including implementation and monitoring, whether outsourced or performed in-house, remains with Management.

h. Other Material Information

None.

4. RISK PROFILE

As the Company executes on its business objectives in line with its risk appetite, this will inherently lead to certain key risk exposures. When assessing the Company's risk exposures, i.e. its risk profile, Serenova Re considers its business as a part of the Federal Life Group. The material risks identified by Serenova Re are listed in the Federal Life Group Risk Register. Each risk is assigned to a risk owner, who is responsible for assessing the likelihood and impact scores for the risks. Risk owners must also maintain a Risk Monitoring Inventory, which lists all of the periodic monitoring activities undertaken to monitor the likelihood and/or impact of each risk within the Risk Register. Risk owners are required to review the Risk Register and Risk Monitoring Inventory for completeness

and accuracy each quarter, and they must suggest additions, modifications or deletions when necessary.

Description of the Company's key exposures and mitigating measures are provided below:

a. Insurance Underwriting Risk

The underwriting of insurance risks is a material risk to Serenova Re and to the Company. The primary risks in this category are mortality, longevity, morbidity and lapse (persistency) risks. Serenova Re's expertise lies in the careful underwriting of these risks leveraging robust modeling infrastructure with well- vetted assumptions administered by experienced insurance professionals. Serenova Re and its affiliate Federal Life Insurance Company have processes, procedures and controls in place to mitigate its insurance risks. These include standardized actuarial pricing models and documentation, robust due diligence process on new business opportunities, experienced team management team, a Risk Committee and Board review process. Pricing assumptions are tested and validated regularly as required.

b. Market & Interest Rate Risk

Serenova Re is exposed to interest rate risk in two ways. First, a declining and or sustained low interest rate environment exposes Serenova Re to spread compression risk on future reinvested assets. Second, rising interest rates could potentially expose the Company to disintermediation risk. In general, interest rate risks are monitored and managed under Serenova Re's Asset-Liability Management Policy and through product design/underwriting. Other control activities include careful monitoring of lapse rates and overall actuarial experience to achieve optimal ALM balance. Exposure to equity risk from equity-linked liabilities is fully hedged (where relevant), and equity investments are limited by investment guidelines. Foreign currency risk exists on non-U.S denominated liabilities and is mitigated by fully hedging the foreign currency exposure. Serenova Re has a robust derivatives use policy and hedging program that is approved by the board annually.

c. Credit Risk

Serenova Re is materially exposed to credit risk in two ways.

Firstly, Serenova Re is exposed to investment credit risk, which is the risk that borrowers associated with the assets the Company holds do not make contractual payments, that these are delayed, or the creditworthiness of the borrowers reduces.

This risk is limited by a conservative investment strategy, adherence to investment policy limits, and rigorous monitoring activities. Serenova Re's investment portfolio consists primarily of bonds, policy loans, short-term securities and cash, with over 90% of all bond holdings at investment grade. A watch list is actively monitored by our investment team and impairments have been minimal in recent years. Investment risks, including concentration risk, are mitigated and controlled by compliance with the Serenova Re Investment Guidelines. The Serenova Re Investment Guidelines were developed based on a "prudent person" principle, where Serenova Re only assumes investment risks that it can properly identify, measure, respond to, monitor, control, and report, while taking into consideration its capital requirements and adequacy, short-term and long-term liquidity requirements and policyholder obligations.

Secondly, Serenova Re is exposed to counterparty credit risk to its reinsurers and retrocessionaires, both directly and through inuring reinsurance on acquired blocks of business. This exposure is mitigated through diversification of reinsurance counterparties, careful due diligence and ongoing annual reviews of counterparty creditworthiness, and compliance with relevant controls.

d. Liquidity Risk

The liquidity of assets held to pay claims to policyholders and other counterparties (such as banks requiring collateral for derivatives) is a material risk to Serenova Re. Serenova Re maintains an appropriate level of liquidity in line with its business and overall risk profile. Liquidity allows for unexpected cash needs to be met without forcing untimely sale of investments. Liquidity ratios are monitored and maintained well within acceptable limits.

e. Operational Risk

Various aspects of operational risks are considered material risks to Serenova Re. Most operational risks, such as cybersecurity, fraud, business processing, outsourcing, and IT, are mitigated by our internal control system. These controls are tested regularly for compliance. The outsourcing of administrative processes oversight is maintained over these processes through monthly reporting and monitoring of service level agreements and business operating guidelines.

5. SOLVENCY VALUATION

a. Valuation Bases, Assumptions and Methods to Derive the Value of each Asset Class

The Company considers valuation principles outlined by BMA's "Guidance Note for Statutory Reporting Regime" 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 (which is 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 at the measurement date). As a starting point, the Company uses US GAAP fair value guidance and hierarchy to establish value of the assets and make applicable adjustments to align with the BMA's statutory financial reporting. The fair value principles used for the assets are as follows:

- i. Funds withheld asset – The fair value of the funds withheld asset is based on the fair value of the underlying assets collateralizing the funds withheld asset. The fair value is generally based on market observable inputs using industry standard valuation techniques but may also require certain significant unobservable inputs for specific asset classes.
- ii. Available for sale securities – The fair values of the Company's public available for sale maturity securities are generally based on prices obtained from independent pricing services. Prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type.
- iii. Cash equivalents – Cash equivalents include money market instruments and other highly liquid debt instruments. The Company believes that due to the short-term nature of these instruments, the carrying value approximates fair value.

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

The Company has considered the valuation principles outlined in the BMA's "Guidance Notes for Commercial Insurers and Insurance Groups' Statutory Reporting Regime" when determining its insurance technical provisions. The Company was given approval to use the

Scenario Based Approach (SBA) method of reserving. The Company believes that the techniques it uses in developing the insurance technical provisions are consistent with BMA guidance, as detailed in our SBA application.

The breakdown of the technical provisions is as follows as of December 31, 2024:

Technical provisions	USD (\$ 000s)
Best estimate liabilities	334,454
Risk margin	601
Total technical provisions	335,055

c. Description of Recoverables from Reinsurance Contracts

The Company does not have any ceded insurance.

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

Not applicable.

e. Any Other Material Information

No additional material information to report.

6. 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

Serenova Re Ltd’s primary capital management objectives is to ensure that the Company reduces its net exposure to address any capital adequacy stresses and ensure that it can continue to operate in excess of the minimum capital requirements and at the target BSCR ratio it has set forth in its Capital Management Policy. In addition to the BSCR ratio, the Company will execute a capital management plan to ensure an adequate BCAR score is maintained to achieve a minimum of an “A-“ rating from rating agency AM Best. The Capital Management Policy is approved by the Board annually.

ii. Eligible Capital Categorized by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

As of December 31, 2024, all of the Eligible Capital used by the Company to support the ECR and MSM was Tier 1 Capital.

iii. Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

The Company is in compliance with the MSM and ECR requirement at the end of the reporting period. The capital used to support compliance was all Tier 1.

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

	USD (\$ 000s)
Total Shareholder’s Equity as per GAAPs	46,416
Non-admitted assets (not admissible for the statutory capital and surplus)	(48)
Statutory Capital and Surplus	46,368

b. Regulatory capital requirements**i. ECR and MSM Requirements at the End of the Reporting Period**

At the end of the reporting period, the Company's regulatory capital requirements were assessed as follows:

	USD (\$ 000s)
Minimum Margin of Solvency (MSM)	8,000
Enhanced Capital Requirement (ECR)	12,708
ECR ratio (%)	418%

ii. Identification of Any Non-Compliance with the MSM and the ECR

The Company was compliant with MSM and ECR requirements at the end of the reporting period.

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

7. SUBSEQUENT EVENTS

The Company has evaluated subsequent events to December 31, 2024 for recognition and disclosure through the date at which the financial statements were issued and has disclosed that effective January 28th, 2025, the name of the Company was changed from Fed Re Ltd to Serenova Re Ltd.

DECLARATION OF FINANCIAL CONDITION

Prepared in accordance with section 5 of the Insurance (Public Disclosure) Rules 2015

We, the undersigned Chief Executive Officer and Chief Financial Officer of the Company 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 of December 31, 2024.

Knut A. Olson

Knut Olson
Chief Executive Officer
Date: 4/29/2025

Laura Bourgeois

Laura Bourgeois
Chief Financial Officer
Date: 4/29/2025