



May 7, 2019

CURRENT PRICE: \$1.22
RATING: HOLD
PRICE TARGET: N/A
CURRENT YIELD: N/A

EPS Estimates

	DEC 17A	DEC 18A
1Q	\$0.22	(\$0.04)
2Q	\$0.19	\$0.05
3Q	(\$3.97)	\$0.11
4Q	\$0.00	(\$1.13)
	(\$3.55)	(\$1.00)

Trading Data

52-WEEK PRICE RANGE: **\$3.00-\$0.51**
 SHARES OUTSTANDING: **5.73(M)**
 MARKET CAP: **\$7.0(M)**
 AVG. DAILY TRADING VOLUME: **22.6(K)**
 S&P 500: **2,884**

Valuation Data

BOOK VALUE: N/A
 PRICE TO BOOK: N/A
 DIVIDEND: N/A

Oxbridge Re Holdings Ltd. (NSDQ: OXBR)

Terminating Coverage

Highlights

- 4Q18 earnings of (\$1.13)/share vs. (\$0.00)/share during 4Q17
- FY18 earnings of (\$1.00)/share vs. (\$3.55)/share during FY17
- Terminating coverage
- Last rating was a HOLD

Investment Thesis

OXBR is a microcap stock offering aggressive/speculative investors above average appreciation potential based on its ability to grow revenues and profits in the future. The company's goal is to grow its revenue stream and carve out a niche in the \$24 billion global property/casualty reinsurance business. If successful, then OXBR could experience large growth in both its earnings and book value/share and potentially increase investor demand for this stock. However, recent hurricane claims have hampered the company's current ability to increase the amount of underwritten policies and reduced shareholders' equity.

Company Summary

Oxbridge Reinsurance Limited, writes fully collateralized reinsurance policies mainly for property and casualty insurance companies in the Gulf Coast region of the US. The majority of OXBR's business comes from reinsurance brokers who receive commissions based on gross premiums written. The company's two principal revenue sources are reinsurance premiums and income from its investment portfolio. OXBR is headquartered in the Cayman Islands and plans to expand business relationships with reinsurance brokers and insurance underwriters.

For Important Disclosure information regarding the Firm's rating system, valuation methods and potential conflicts of interest, please refer to the last two pages of this report.

100 Concourse Boulevard, Suite 101
 Glen Allen, Virginia 23059

804.612.9700 ■ 800.612.1484
 804.527.1104

www.CapitolSecurities.com

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Offices: Glen Allen, VA ■ Reston, VA ■ Charlottesville, VA ■ Silver Spring, MD ■ Baltimore, MD ■ Tampa, FL ■ Boston, MA ■ Florham Park, NJ



BUSINESS DESCRIPTION

Oxbridge Re Holdings Limited (OXBR) was formed in 2013 and went public in 2014. The company provides reinsurance policies mainly to property/casualty insurers serving the US's Gulf Coast region. OXBR is a Cayman Islands exempted company and through its licensed reinsurance subsidiary, Oxbridge Reinsurance Limited, writes fully collateralized reinsurance policies mainly for property/casualty insurance companies in the Gulf Coast region of the US. The majority of OXBR's business comes from reinsurance brokers who receive commissions based on gross premiums written. The company's two principal revenue sources are reinsurance premiums and a minor portion from its investment portfolio. OXBR does not pay US Federal Income taxes since it is headquartered in the Cayman Islands.

Recent Earnings

OXBR reported 4Q18 earnings of (\$1.13)/share vs. (\$0.00)/share during 4Q17. The negative operating earnings during 4Q18 was due to limit losses on all reinsurance contracts versus no catastrophic losses during 4Q17. On a quarter-to-quarter comparison, total revenue rose to \$1.72 million from \$216,000 because of \$1.74 million change in unearned premium reserves during 4Q18 compared to \$216,000 during 4Q17. On the expense side, total expenses rose to \$10.5 million from \$240,000 due mainly to a \$10.0 million adjustment in losses/loss adjustment expenses. 2018 earnings improved to (\$1.00)/share from (\$3.55)/share. Multiple hurricane strikes during 2017 caused a dramatic increase in claims from OXBR's customers.

Our Thoughts

We are terminating coverage of Oxbridge Re Holdings Ltd. (OXBR-\$) due to a reallocation of research resources. Our last rating on this stock was a HOLD and this rating should not be relied upon for future investment decisions.



Risks

There are no guarantees OXBR will be able to grow future earnings. Declining reinsurance premiums, investment portfolio losses, large policy payouts, and rising operating costs could negatively affect the company's profits. Economic slowdowns, insurance industry downturns, new products from competitors, lack of capital markets access, or changing industry trends/technology, are risks for OXBR's ability to sell its products and generate profits. Negative equity markets, rising interest rates, terrorist attacks, and failure to comply with the Sarbanes Oxley Act could cause a decline in OXBR's share price. The company presently has only 2 employees. The loss of either, or both, could negatively impact the company's ability to operate. Threatening weather (hurricanes, rain/flooding, wind storms) heading towards areas insured by OXBR could negatively impact its stock and profitability. The company's limited capital structure may require a future capital raise which could dilute existing shareholders equity stake. Given the relatively small amount of daily trading activity in OXBR's stock, any increase in daily trading volume could significantly accelerate the volatility of its share price movements. Additionally, selling by OXBR's insiders could put downward pressure on OXBR's share price.

Steve Marascia
Director of Research
Capitol Securities Management
804-612-9715
smarascia@capitolsecurities.com

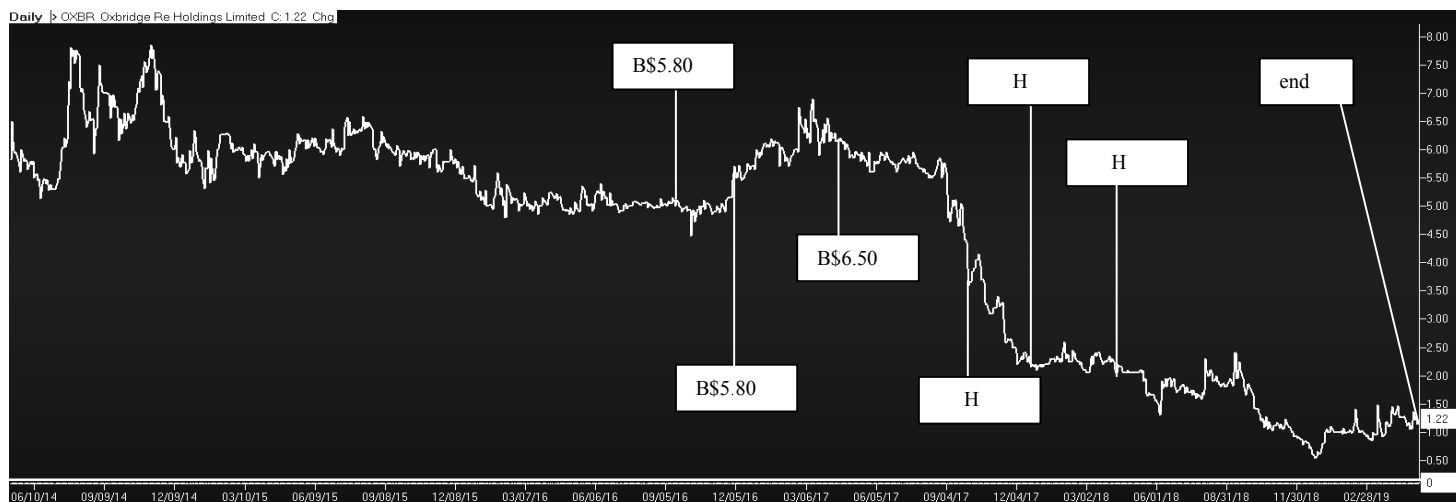


EQUITY RESEARCH

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY-unaudited
(all figures in thousands of US dollars, except per share and share amounts)

	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
REVENUES										
Assumed Premiums	\$880	\$17,376	\$0	\$7	\$18,263	\$0	2,580	\$47	(\$266)	\$2,361
Premiums ceded		-147	-733	0	-880					
Change in loss experience refund payable	-748	-512	2,730	-135	1,335	-135	-90			-225
Change in unearned premiums reserve	1,416	-14,231	17,309	355	4,849	355	-2,156	653	1,740	592
Net premiums earned	1,548	2,486	19,306	277	23,567	220	334	700	1,474	2,728
Net income from derivative investments						168	208	397	224	997
Change in fair value of equity securities						-172	73	118	-48	-26
Net realized investment gains/losses	2	46	-104	-82	-138	-173	108	-61	-18	-255
Net investment income	86	127	128	71	412	72		100	86	366
Other-then-temporary impairment										
Total revenue	1,636	2,659	19,330	216	23,841	115	723	1,254	1,718	3,810
EXPENSES										
Policy acquisition costs/underwriting expenses	32	94	514	9	681	8	29	63	162	263
Net loss on commutation							8			8
General & administrative expense	63	390	370	231	1,325	318	394	305	301	1,282
Losses & loss adjustment expense	335	1,059	41,400		42,427	0	359		10,006	10,006
Total expense	366	1,543	42,284	240	44,433	326	396	368	10,469	11,559
Loss attributable to noteholders							-62	-234	2,296	2,000
Net Income	1,270	1,116	-22,954	-24	-20,592	-211	265	652	-6,455	-5,749
Diluted EPS	\$0.22	\$0.19	(\$3.97)	\$0.00	(\$3.55)	(\$0.04)	\$0.05	\$0.11	(\$1.13)	(\$1.00)
Shares Outstanding	5,862	5,862	5,734	5,734	5,734	5,734	5,734	5,734	5,734	5,734
Dividends/share	\$0.12	\$0.12	\$0.12	\$0.00	\$0.36	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Important Disclosures



9/19/16 Initiate with BUY rating & \$5.80 price target
 4/19/17 Raise price target to \$6.50/share
 10/2/17 Lowered rating to HOLD
 5/7/19 Terminate (end) coverage
 Ratings-
 BUY: B
 HOLD: H
 SELL: S

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- (1) Buy – The stock's total return including dividends is expected to exceed the industry or market average by at least 10% over the next twelve months.
- (2) Hold – The stock's total return including dividends is expected to be in line with the industry or market average of +/- 10% over the next twelve months.
- (3) Sell – The Stock's total return including dividends is expected to be below the industry or market average by 10% or more over the next twelve months.

The distribution of investment ratings for all companies in our coverage universe are as follows: (1) 33.3%, (2) 66.4%, (3) 0%

The distribution of investment ratings used for companies whom we have performed banking services in the last 36 months are (1) 100%, (2) 0%, (3) 0%

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Capitol Securities Management served as the placement agent for a best efforts offering of OXBR units, consisting of common stock and warrants (to purchase common stock) of OXBR, in March 2014.

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A former Capitol Securities Management employee was paid consultant fees for providing advice to OXBR's management/Board of Directors

Capitol Securities Management holds investment accounts for key OXBR management/employees, its Board of Directors, and related family members' and holds large amount of OXBR's stock in these accounts.

Capitol Securities Management may, from time to time, have other business dealings with the directors of OXBR.

Capitol Securities Management holds approximately 37.2% of OXBR's outstanding common stock in its retail investor accounts through common stock and warrants*

Capitol Securities Management employees hold approximately 5.4% of OXBR's outstanding shares through common stock and warrants*

OXBR's insiders own approximately 35.0% of OXBR's shares through common stock and warrants*

* when converted to common stock



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