

*The Specialty Line Reinsurer
from Casualty to Financial Risk...*

 **BARENTS Re**
Reinsurance Company

2011 ANNUAL REPORT

CUSTOM MADE SOLUTIONS, TAILOR MADE RESULTS



FINANCIAL STRENGTH
A- Excellent rating by A.M. Best

REINSURANCE
Casualty & Liability · Personal Accident · Bonds



www.barentsre.com

Panama · Miami · Paris · Beirut

 **R|& BARENTS Re**
Reinsurance Company

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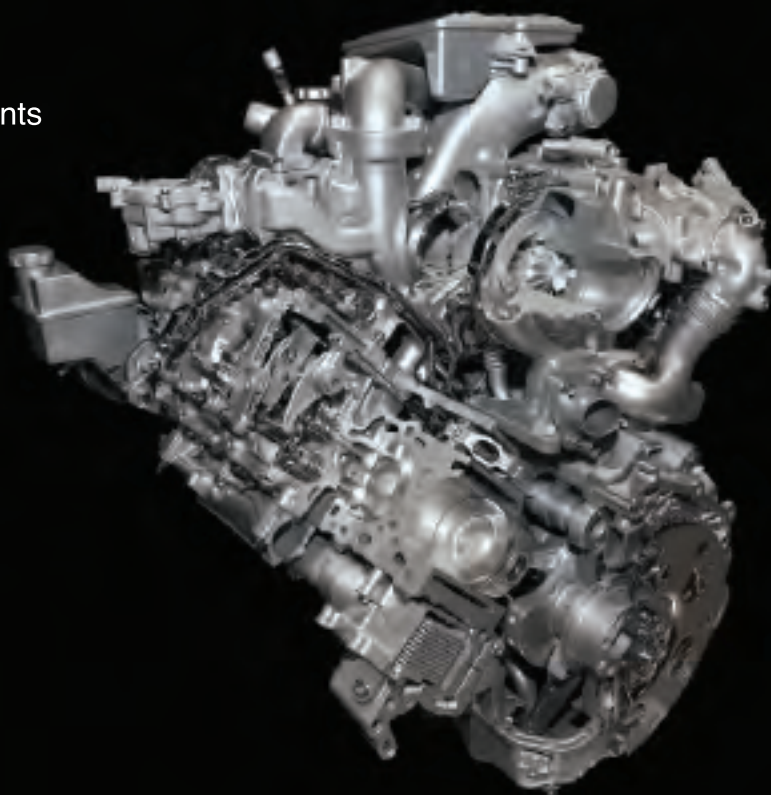
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ABOUT US

As one of the world's leading independent reinsurance groups, Barents Re offers a range of services associated with the structuring and execution of reinsurance and other forms of risk transfer.

Barents Re is one of the world's premier specialty reinsurance group that focuses in particular on massive products and specialty financial risk structures.

Our customers include many of the world's major insurance and reinsurance companies as well as financial institutions and global corporations.

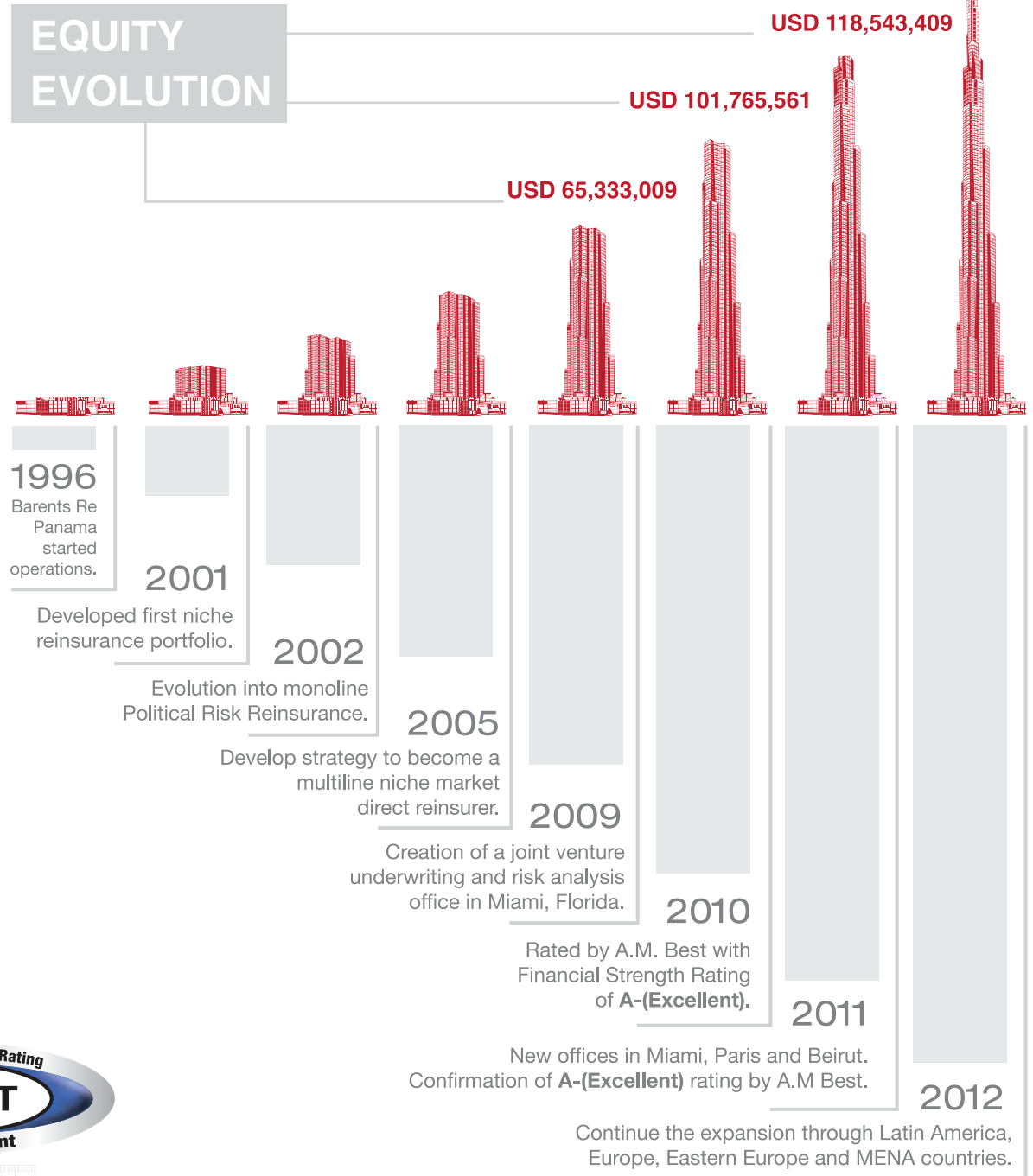


HISTORY



Rating: Barents Re is one of the most highly Rated Reinsurance groups in the world.

EQUITY EVOLUTION



A MAJOR NICHE PLAYER ON THE GLOBAL MARKET FOR PERSONAL AND LIABILITY REINSURANCE



EUROPE /
EASTERN
EUROPE



MENA



LATAM

STRONG POSITIONS IN EUROPE / EASTERN EUROPE, MENA AND LATIN AMERICA

USD Gross Written Premium 2011

191.7_M

1 Largest
LATAM
reinsurer
per premium
volume

A- Excellent
A.M. Best
Financial
Strength
Rating

More than 500 Reinsurance Relations Worldwide

Presence
in 52 countries



FURTHER
INFORMATION
ACCESSIBLE
VIA YOUR
SMARTPHONE

FIND US AND
CONTACT US



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OVERVIEW AND GENERAL INFORMATION



OVERVIEW

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance.

Barents Re cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe" or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, income growth, assets, impairment charges, business strategy, capital ratios, leverage, payment of dividends, projected levels of growth in the banking and financial markets, projected costs, estimates of capital expenditures and plans and objectives for future operations and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, Latin America, Eurozone and global economic and business conditions, the effects of continued volatility in credit markets, market related risks such as changes in interest rates and exchange rates, effects of changes in valuation of credit market exposures, changes in valuation of issued notes, the policies and actions of governmental and regulatory authorities (including requirements regarding capital and Group structures and the potential for one or more countries exiting the Euro), changes in legislation, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of current and future litigation, the success of future acquisitions and other strategic transactions and the impact of competition – a number of such factors being beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements.

Any forward-looking statements made herein speak only as of the date they are made. Except as required by the Insurance regulators in any of the countries where the reinsurer operates, or applicable law, Barents Re expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any change in Barents Re expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barents Re has made or may make in documents it has filed or may file or release.

DISCLAIMER

The term 'Barents Re Group' or the 'Group' means Barents Re Reinsurance Company, Inc. together with its subsidiaries. 'Barents Re' is used to refer to either of the preceding groups when the subject matter is identical. The term 'Parent Company' or 'Parent' refers to Barents Re Reinsurance Company, Inc. and the term 'Reinsurer' or 'Company' refers to Barents Re Reinsurance Company, Inc. . The term 'The Group' refers to Barents Re Reinsurance Company, Inc. . together with its subsidiaries and 'The Reinsurer' refers to Barents Re Reinsurance Company, Inc. .

In this report the abbreviations \$MM and \$bn represent millions and thousands of millions of US Dollars respectively; Information relates to the Group unless otherwise stated.

Unless otherwise stated, the income statement analyses compare the 12 months to 31 December 2011 to the corresponding 12 months of 2010 and balance sheet comparisons relate to the corresponding position at 31 December 2010.

OVERVIEW

From regional hubs in Panama, Miami, Paris, and Beirut, Barents Re provides a wide range of niche and specialty reinsurance products for corporations, public entities, casualty and life – health insurers.

We expect to create value by generating an underwriting profit, and by utilizing an investment strategy that combines investment in traditional high-grade fixed income securities that are, tailored to the underlying insurance liabilities, with an allocation to serve as an alternative for investment classes.

Our multi-line approach to underwriting, coupled with regional know-how, continues to build the Company's position in the marketplace.

We believe it is our unswerving commitment to maintain the highest levels of service to our clients and continue our ability to build long-term relationships that will ensure Barents Re's success.

Barents Re is a multinational specialty reinsurer with operations in LATAM, MENA, Europe / Eastern Europe.

We mainly provide specialty facultative, capacity products. For specialty clients, we provide treaty Reinsurance in Key Business areas.

We have achieved profitable growth and favorable returns on equity through our focus on specialty Reinsurance markets, in which we have accumulated the “know-how” in risk management and claims handling expertise. In addition, we have experienced growth with the development of proprietary applications and niche product development by underwriting new businesses for key clients such as banks, large multinationals, and industrial companies.

GENERAL INFORMATION

Our Corporate Philosophy communicates our mission, core values and guiding principles. It is a behavior standard and as such it, shapes the way we relate to clients, business partners, professional colleagues and all other stakeholders. It creates a sense of trust and, ultimately, makes us a transparent and dependable business partner and hence maintaining our stakeholder's trust in our ability to deliver based on our promises.

Our Mission

To be the authority on managing capital and risk. We intend to offer our clients unique products that are not readily available in their markets by innovatively tailoring time-tested lines to their specific needs.

Our core values of excellence rely on our profound knowledge and expertise on doing business.

OUR GENERAL DIRECTOR'S MESSAGE

2011 OUR GENERAL
DIRECTOR'S
MESSAGE

2011 OUR GENERAL DIRECTOR'S MESSAGE

2011 has been a year of change for Barents Re, being that this the second year of our 5 year business plan. We have successfully increased our geographical scope by doubling the number of countries we now service. We have established and consolidated two mayor hubs: Paris to serve Europe / Eastern Europe and Beirut to serve the entire MENA region.

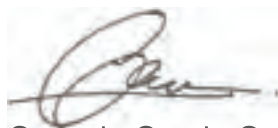
We have also achieved the creation of our "Centers of Excellence" strategy and have identified new niche markets for further growth. We have expended substantial resources in recruiting and structuring world-class underwriting teams.

We are well on our way to implementing our 5-year goal of becoming the most specialized specialty reinsurer in the world.

From our prestigious position of financial strength and stability, we are taking advantage of the weaknesses of some CAT exposed reinsurers who must cut or downsize their operations. This has created an opportunity for growth by making available, at reasonable cost, very specialized talent and making it possible for us to take over some niche portfolios in key areas where we want to expand.

The above trend is expected to continue in 2012 and will also be a significant source of new businesses and an entrance into highly specialized focus markets.

The future is promising and our strategy has been executed with established results.



Gerardo Garcia G.
Director and Chief Underwriting Officer

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Gross premiums written

11%, Increase

Gross Written premiums for 2011 met our expectations with an increase in 11% compared to 2010 results.

Contingent Loss Reserve

25.8%

We are highly committed to our conservative underwriting philosophy and capital preservation. We have increase our contingent loss reserve , beyond the regulatory requirements and actuarial forecast.

Shareholders Capitalization

118.5*

Barents Re capital has a solid equity position to serve adequately our risk positions

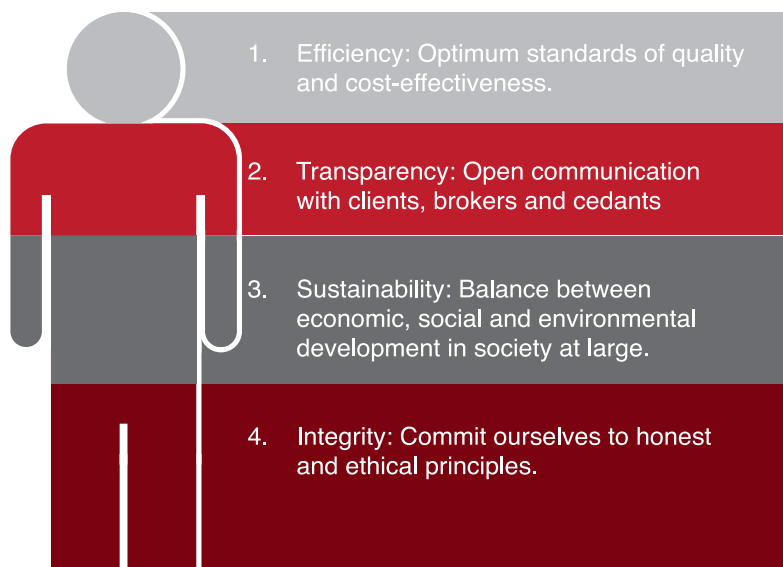
Net profit

17.2*

Barents Re delivers year after year a positive technical result.

*USD Millions

OUR VALUES



OUR CORE BUSINESS MODEL

I WANT

PROTECT MY FINANCES

Partner with people to protect their financial stability, in case of unemployment or accidental death of key family member.

Here, the motivation is to make things possible throughout a person's life, enabling people to take out a loan that is covered by repayment insurance, for example:

- Unemployment
- Loan Repayment
- Income Protection
- Credit Card Theft/Fraud Protection
- Extended Warranties
- GAP Insurance.

I NEED

MAKE PLANS

Transform Individuals' reality.

People at low income levels do not plan for the future and feel uncertain about their present situation. By changing that reality we help them to plan for a better future.

- Education
- Life Protection
- Property and
- Credit Protection

I FEEL

SECURITY

When low income people in the developing world feel protected in their basic needs, they become aware of additional needs. People want basic insurance protected that is simple, easy to obtain and that brings real protection against the everyday life perils they face.

- Accident coverage
- Personal and Home theft Protection
- Public Transport Insurance
- Legal Protection
- Temporary Incapacity for Informal Workers.

OUR STRATEGY



PERSONAL
SECURITY

FINANCIAL
SECURITY

Barents Re business strategy is simple, our main advantages are **SPEED OF EXECUTION** and **NICHE MARKET KNOW-HOW**.

We focus on developing products that fulfill two main objectives.

**WE DEVELOP PRODUCTS THAT PEOPLE USE
AND NEED IN THEIR EVERYDAY LIFE.**

2011

Barents Re produced a positive underwriting result in a year of record losses for the reinsurance industry.

SUMMARY

US\$ 191,756,655
Gross Premium

US\$ 31,115,279
Net Losses

56 %
Loss Ratio

11 %
Premium increase

UNDERWRITING OVERVIEW

Focus on underwriting excellence

A combination of a strong underwriting result and a strategy of capital preservation that retrocedes outwards into our retro programs helped us during 2011 to produce a net earnings of US\$ 17,223,718.

Barents Re believes that its ongoing strategy of niche market focus and geographic distribution is sound and will produce positive underwriting results.

THE GLOBAL MARKET

2011 was a record year for natural catastrophe losses. A report by Aon Benfield shows that 253 events caused US \$435 Billion of economic losses, making 2011 the costliest year ever for the reinsurance industry.

During 2011, the underdeveloped world showed a significant growth in its insurance sector and the need for basic insurance protection amongst the world's poor. As income growth increases in Latin America, Africa and Middle East, the need for insurance seems more relevant.

OUR UNDERWRITING HUBS

Broad geographic distribution

Barents Re has created a network of 4 regional hubs to serve as central underwriting centres for our international operations. Our underwriting hubs cover 4 continents and 52 countries in total coverage. Our regional hubs provide our group with a scalable distribution network that balances local know-how with our international best practices.

OUR UNDERWRITING HUBS





PARIS
EUROPE /
EASTERN
EUROPE



BEIRUT
MENA



MIAMI
LATAM
PANAMA

-  4 underwriting hubs cover the world's major reinsurance markets.
-  Each hub has territorial and business specialty focused to review and underwrite within one or multiple geographic distributions. This is one of our core advantages.

EUROPE / EASTERN EUROPE OUR REGIONAL DIRECTOR'S MESSAGE

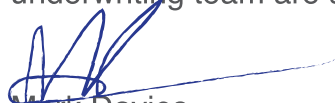
The world's economies are rebalancing; less wealth is being retained in North American and Western Europe. The Middle East is already a high wealth economic region and the Indian and Far Eastern economies are developing into powerhouses rapidly and sustainably. Our Paris office is ideally located to access these regions and generate organic domestic regional growth with overlapping hours of business from London / Western Europe to Japan and the Asian region.

Barents Re is looking to diversify their territorial interests and believe that the timing is correct for a new market entrant:

1. Current and recent investment performance has generally been negatively impacted by equity and other down turns.
2. Many reinsurers' balance sheets are under pressure from underwriting losses from recent well documented Natural Catastrophes.
3. There is anticipated market hardening.
4. Clients appear to be looking to spread their reinsurance over a greater number of counter parties which gives a positive outlook for the Barents Re Group.

Our capital base and A- Best rating coupled with our experienced, knowledgeable and highly regarded management team indicate that we are establishing ourselves globally as a top tier reinsurance market player with limited legacy and latent exposures due to our underwriting approach.

We will continue throughout Europe, MENA and Asia to focus our underwriting strategy on specialty lines of business and niche sub classes which are non-correlating and where members of our underwriting team are seen as leading experts.



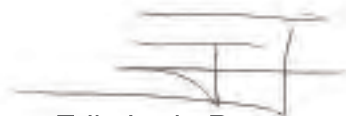
Mark Davies
Global Head of Casualty

LATAM OUR REGIONAL DIRECTOR'S MESSAGE

Latin America is a land of opportunity. With its economy growing and the purchasing power improving, we are taking the steps forward to take advantage of the momentum in an industry that still has to mature and where there is a lot to achieve.

In the case of our region, at Barents Re we are specialized niche reinsurer in Latin America writing facultative business and offering innovative Casualty, Liability and Personal Accident products as part of an integral risk transference solution and service to our customers in the region. They – our customers – choose to work with us for the wealth of expertise and knowledge provided by our executive and underwriting team, as well as our ability to collaborate with them to create bespoke solutions to look after their individual and specific needs, which is the Value Proposition we offer to the market in the territory.

After expanding our Miami presence in 2011, we have deeply penetrated the market, providing business proposals to a large array of prospects ranging from multinational financial institutions to professional sports leagues, while working with ceding companies, wholesalers, reinsurance brokers and direct customers in different territories. We are focused on having a world class underwriting result while growing our operation and strengthening the ties with our customer base, and at the same time helping them to create value inside their organizations.



Erik Jarrin Peters
PA and Casualty Director Latam

**WE ARE VERY
EXCITED WITH THE
FUTURE GROWTH OF
THE INSURANCE
MARKET IN THE
MENA REGION**

With nearly 500 million people and a strong income growth, we expect the insurance market in the region to grow significantly in the next four years.

For these reasons, we have opened a local operation for the region and have put in place one of the most seasoned and respected underwriting teams in the region.



FINANCIAL STRENGTH
A- Excellent rating by A.M. Best

REINSURANCE
Casualty & Liability · Personal Accident · Bonds



www.barentsre.com

Panama · Miami · Paris · Beirut

MENA OUR REGIONAL DIRECTOR'S MESSAGE

Barents Re's Branch Office in Beirut is being established in order to spearhead the Company's expansion into the Emerging Markets of Asia and Africa, with an eye toward both a greater territorial diversification of the Company's existing portfolio and the dynamic potential of these economic powerhouses of the future. While the initial scope of activity of the Branch is limited to the Middle East, North Africa (MENA) and Turkey, the plan is for this scope to quickly enlarge to include selected markets in Central Asia, the Far East and Central / Southern Africa. In all of these regions, the demand for reinsurance capacity continues to expand as accelerating economic development surpasses the capacities and risk retention appetite of insurers. The Company's A- rating from A.M. Best has assisted our marketing efforts by highlighting its high-quality security.

In late 2011, the Branch successfully developed relationships with key regional insurers and intermediaries and set the stage for significant inroads during 2012. We are now seeing a substantial flow of submissions from across the MENA region and beyond, indicating that the coming years should be productive and that the future expansion of the underwriting scope should proceed satisfactorily. We are also seeing significant firming in rate levels and reinsurance terms across the MENA region, indicating that the future looks bright.

While the bulk of the business in the MENA region is placed on a proportional basis, we do expect some shift to excess of loss in coming years as these markets become more sophisticated and the levels of insurers' risk retention increases. We will be ready to meet the markets' needs in this respect. Additionally, we foresee significant growth in bancassurance and specialty insurance lines, where Barents Re has traditionally been very strong. As a result, we plan to introduce and / or promote some of the specialty products successfully underwritten by Barents Re in Latin America.



Arthur Underwood
General Manager - Afro-asia
vvzv

CREDIT CARD / UNEMPLOYMENT
PROPERTY / TPL & CARGO
TERM-LIFE CASUALTY MASSIVE
PROFESSIONAL INDEMNITY
BONDS PERSONAL ACCIDENT / A&H
GENERAL THIRD PARTY LIABILITY
SPECIALTY LINES MARINE HULL
BANCASSURANCE & AFFINITY
DIRECTORS AND OFFICERS (D&O)

 **RI& BARENTS Re**
Reinsurance Company

FINANCIAL STRENGTH
A- Excellent rating by A.M. Best

REINSURANCE
Casualty & Liability · Personal Accident · Bonds

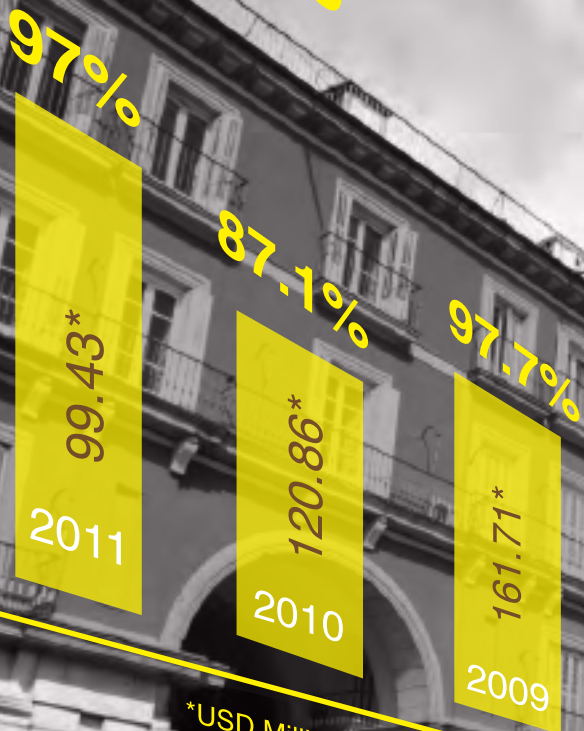
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Miami - Paris - Panama - Beirut

2011 FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

LIQUID ASSETS



*USD Millions

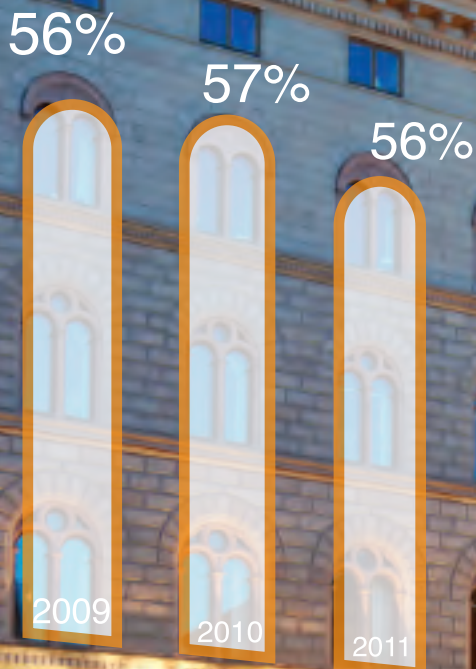
TOTAL EQUITY GROWTH YEAR TO YEAR



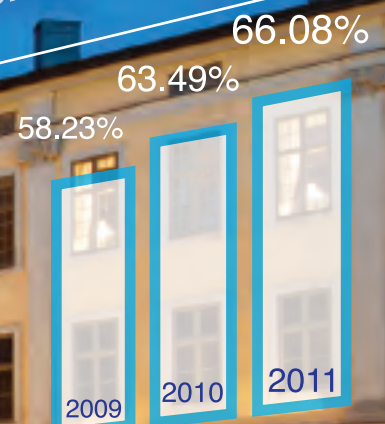
2011 FINANCIAL PERFORMANCE

2011 FINANCIAL PERFORMANCE

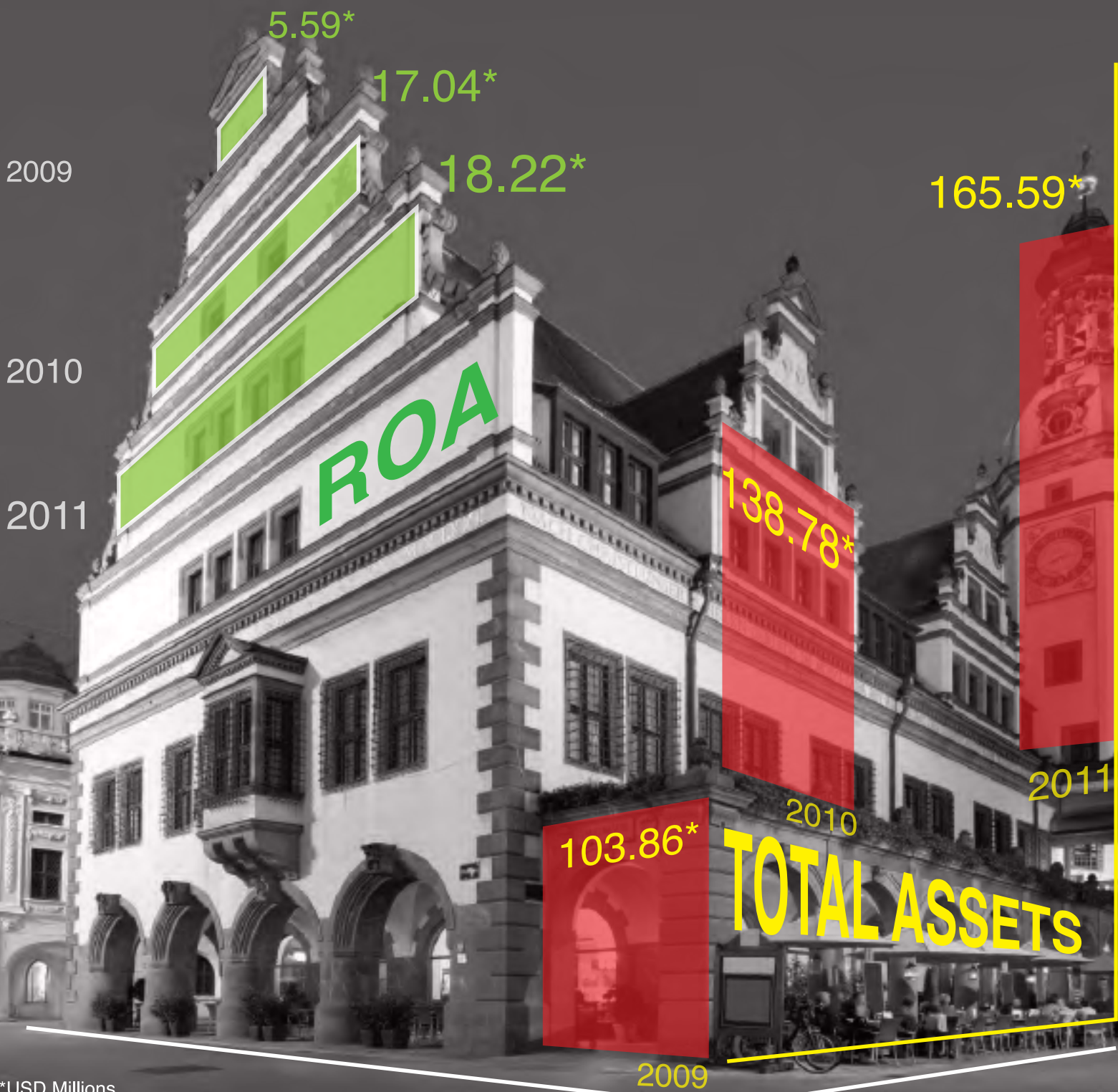
NET LOSS RATIO



COMBINED LOSS / EXPENSE RATIO



2011 FINANCIAL PERFORMANCE



*USD Millions

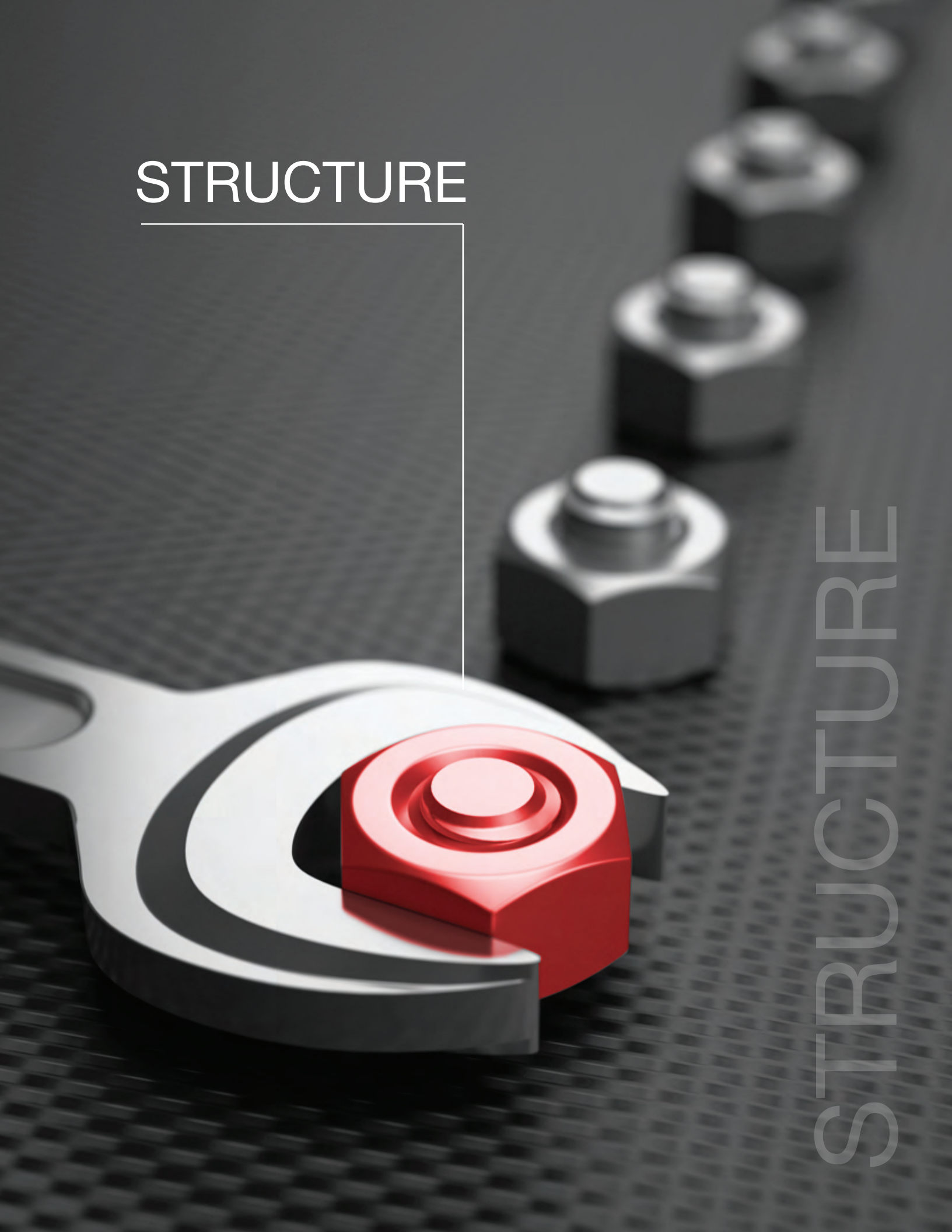
FINANCIAL FIGURES

Barents Re Reinsurance Co.

	2009	2010	2011
Net Earnings	11,049,142	21,053,038	17,223,718
Gross Premium	181,918,789	173,314,590	191,756,655
Total Net Retained Premium	66,952,177	55,116,308	55,765,993
Net Claims Paid	37,780,054	31,689,562	31,115,279
Total Assets	103,693,700	138,780,608	165,588,931
Liquid Assets	99,428,036	120,857,654	161,708,950
Other Assets	4,265,664	17,922,954	3,879,981
Short Term Liabilities	11,222	97,126	110,813
Total Reserves	38,152,384	36,917,921	46,434,709

STRUCTURE

STRUCTURE



SENIOR MANAGEMENT



EXECUTIVE COMMITTEE



GERARDO GARCIA
CHIEF UNDERWRITING OFFICER

With over 18 years of experience in the Insurance and Reinsurance market, With over 18 years of experience in the insurance and reinsurance market, Mr. Garcia is a seasoned underwriter in different lines of reinsurance. Mr. Garcia has served in the board of several insurance and reinsurance companies. Mr. Garcia directs the international business strategy of the group.

LATAM

KLAUS BULTMANN
DEPUTY DIRECTOR

Mr. Klaus Bultmann is a seasoned professional of the reinsurance industry with more than 40 years of experience. During his career he has acted as Member of the Board, Chairman and Deputy General Manager for important reinsurance companies in Germany such as Gerling Global Reinsurance and Frankona Re

EUROPE & MENA

BOARD OF DIRECTORS



GERARDO GARCIA CHIEF UNDERWRITING OFFICER

With over 18 years of experience in the insurance and reinsurance market, Mr. Garcia is a seasoned underwriter in different lines of reinsurance. Mr. Garcia has served in the board of several insurance and reinsurance companies. Mr. Garcia directs the international business strategy of the group.



ROBERTO BRENES – SECRETARY

With more than 30 years of experience in the financial market, Mr. Brenes has an extended career in the capital market in Panama, combining business and regulatory experience. He was the first President of the National Securities Commission, President of the Panama National Bank and Founder of the Panama Stock Exchange. To date he functions as the Executive Vice-president and General Manager of the Panama Stock Exchange.



CHRISTOPHER KIRSCH – DIRECTOR*

European General Manager (Central Europe and Cyprus) for Allianz Worldwide Care, in 2004 founded GE Money Bank GmbH, Germany out of four existing banks. Managed all the merger and post-merger integration, he also introduced life insurance products and other products. Mr. Kirsch is a highly respected insurance and banking professional with vast experience in the development of innovative insurance products in Europe and Central Europe, his work in Allianz Care has awarded him “best sales team ever” for 3 years. He has over 20 years of experience developing projects in different sectors at all scales and creating high performance teams that achieve excellent results. Fluent in English, French and German.



ROBERTO ALFARO - DIRECTOR

Mr. Alfaro has a wide experience in the reinsurance and financial field for over 25 years. He has a broad experience in the insurance market, was president of Union Group, President of Compañía de Seguros, Minister of Commerce and Ambassador for Panama to the UN, Italy and the Vatican. Currently Mr. Alfaro is an associate to Interglobal Consulting group, a group specialized in investment strategies, business valuation, international commerce and political risk.



RICARDO CAZORLA - TREASURER

With over 30 years of experience in the International banking sector, Mr. Cazorla is a well recognized person in the field. Throughout his career he occupied the Vice-Presidency of the Chase Manhattan Bank. For different areas of Latin America currently is the Vice-President Manager of Credicorp Bank S.A.



DIRK BORMANN – DIRECTOR*

Senator and Chief executive officer of the Chamber of commerce and Foreign Affairs of Germany, he has a wide experience in the construction sector and has been member of the board of several companies such as Philipp Holzmann AG, Hochtief AG and Wayss & Freytag; showing experience and knowledge. He has led rigorous process of restructuring and greatly increased the return on business investment which has been part of. Mr. Bormann has over 40 years of industry experience developing engineering and construction projects at all scales and creating high performance teams that achieve excellent results. Fluent in English and German.

*Pending approval of regulatory entity



ARTHUR UNDERWOOD – GENERAL MANAGER - AFRO-ASIA

Arthur Underwood has over 30 years of experience in international insurance and reinsurance industry. After working for the International Division of Continental Insurance in New York and Brussels, Mr. Underwood established a Facultative Unit for “Compagnie Européenne de Réassurance” in Paris. He later worked for F+G Re and PXRE as Senior Vice President, International Treaty and was part of the three-person team that planned and established Arch Reinsurance Ltd. in Bermuda in 2001. In 2009, he was appointed Chief Operating Officer of Saudi Re in Riyadh, Saudi Arabia.



MARK DAVIES - GLOBAL HEAD OF CASUALTY

Mr. Davies has over 17 years experience within the London insurance market, 12 of those years having been spent underwriting International Liability. He has held positions at ACE, Catlin, DA Constable Syndicate and most recently at Novae where he set up and managed the International Liability division. He has experience in all liability sectors dealing with clients in all industries and across all territories.



JOHN BARRETT – UNDERWRITING DIRECTOR

Mr. Barrett has over forty years of experience in the insurance and reinsurance industry. He started his career as a trainee with Royal Insurance Group, London in 1967 and was appointed as a Management Trainee to their Barcelona Branch in 1972. In early 1983, he was contacted by the newly formed Emirates Insurance Company in Abu Dhabi as Manager of their Corporate Insurance Department. John moved to Paris in 1989 as Assistant General Manager of Euromepa and since 2001, he has been Assistant General Manager of UFA Insurance Company Lebanon and he is also Committee Member of the British Lebanese Businessmens Group, an ordinary member of the American Lebanese Chamber of Commerce, a Warden for the British Embassy and President of the local NGO



YVONNE LOUTFI – OFFICE MANAGER AFRO-ASIA

Mrs. Loutfi has over sixteen years of experience in the insurance and reinsurance industry. She started her career in 1995 as a Medical Underwriter in one of the well known and respectful TPAs in Lebanon. In 2007 she relocated to Florida to work for a leading local Underwriting Agency representing a U.S. Insurer and was in particular concerned with all Reinsurance matters. She has a Master's degree in Biology and is fluent in English, French and Arabic.



JOE KHAWAND – UNDERWRITING ASSISTANT

Graduated in 2009 from USEK Lebanon with a Bachelor's degree in Business Finance. Joe has over 3 years of experience in insurance, specifically in the claims department. Fluent in English, French and Arabic.



ISABELLE LEVERNE – PARIS OFFICE LEGAL REPRESENTATIVE

After Academic Education in Literature and in Law, Isabelle Leverne has occupied paralegal positions in different businesses such as Marine Wendel, LMAY Law Publishing, Reass France, and Law Firm Nataf & Planchat. Since 2008 she has been involved with all the legal side of risk managing business.



CLAUDIA DINA – PARIS OFFICE BUSINESS COORDINATOR

Claudia Dina graduated in 2009 from Northeastern University with a Bachelor's degree in Business Administration. Shortly after she joined the reinsurance industry in Paris where she worked on the facultative reinsurance placement of infrastructure and property projects in Italy, South America, Caribbean and UAE. Fluent in English, Spanish, Italian, and French. Currently, Claudia is the Business Coordinator of Barents Re Paris Office.



BENJAMIN DE BONTIN - UNDERWRITING ASSISTANT

Mr. De Bontin is a reinsurance professional with 3 years' experience in the reinsurance field in Europe, his main experience is in large corporate accounts with in continental Europe and Eastern Europe. benjamin.debontin@barentsre.com.



ERIK JARRIN PETERS - PA AND CASUALTY DIRECTOR LATAM

With over 17 years of reinsurance and insurance experience in Latin America & the Caribbean Region, Mr. Jarrin has held various senior and executive positions as part of the management team of the domestic and regional operations for CIGNA / ACE in Latin America, prior to joining Barents Re as their CUO and Executive VP of Operations for Latin America.



WILLIAM BELLO - A&H MANAGER

Mr. Bello has over twenty years of international experience in the insurance market. After receiving his university degree in Economy and Business from the University Santo Tomás in Bogotá, Colombia he has held positions such as: Mass Marketing Manager for Seguros Bolívar; Manager of Work Site Marketing - Accident & Health – for Cigna Seguros de Colombia/ACE Seguros where he was responsible for Underwriting Group Personal Accident policies and then he was transferred to Puerto Rico to work as Business Development Manager & U/W Manager – Accident & Health Department in ACE Insurance Company of Puerto Rico.



ATILIO ARAUJO – BONDS UNDERWRITER

Mr. Araujo has 15 years of experience in the insurance market being the bonds specialty line his niche development. Mr. Araujo has formed part of the Board of Directors and Shareholders' Committee for C.A. de Seguros La Occidental for more than 10 years. He has specialize in the bonds underwriting and legal compliance, and has his own consulting firm dedicated to this area for the Venezuelan and Latin American market.



HIKARU UNO – REINSURANCE UNDERWRITING COORDINATOR

Mr. Uno has 5 years in the Reinsurance market underwriting in LATAM. He has specialized in the design of Reinsurance contracts, premium collection and underwriting coordination for regional offices. He has made financial analysis for Insurance and Reinsurance Companies in their opening process as well as contract negotiation for different clients in the region.



MELISSA JARAMILLO – REINSURANCE UNDERWRITING ASSISTANT

Mrs. Jaramillo has 5 years experience working on the Insurance business, especially on brokerage firms handling international clients; she graduated from Fundación Mapfre with a Masters Degree in Insurance and Risk Management and from Universidad Rey Juan Carlos with a Masters Degree in Business administration and Marketing. She is also an authorized public interpreter by the Panamanian government (English/Spanish).



FERNANDO ABAD – REINSURANCE ASSISTANT

Mr. Abad has a degree in Industrial Engineering and 2 years experience in Banking; He is responsible of providing support and control for the accounts and portfolio of Barents Re, as well as issuing and reviewing the Cover Notes for surety bonds and property.


RAYKER PEREZ – REINSURANCE UNDERWRITER

Mr. Perez has more than 20 years of manager knowledge in the national and international Insurance and Reinsurance market. Throughout his career he has been trained in several courses and seminars in Insurance and Reinsurance. He also provides underwriting training for insurance companies in automotive coverage.


MAURICIO PONCE - CASUALTY UNDERWRITER LATIN AMERICA

With over 13 years of insurance and reinsurance experience in Mexico & Central America Region. He began his career with AIG Mexico in 1995 where he held different positions in the Multinational Department and also as Financial Lines Underwriter. He was recruited by Zurich Insurance Company to develop special projects with their Multinational Accounts; later joined ACE Insurance Company taking different management responsibilities in the Multinational Department, later acted as Financial Lines Deputy Manager, and also Casualty Senior Underwriter. In October he joined Barents Re as Casualty Manager for Mexico & Central America.


KEITH GOYMER – PROPERTY AND TECHNICAL LINES

Keith is currently the Property regional Manager based in Miami, with over 30 years experience in insurance, reinsurance and brokerage, has held senior underwriting and management positions in all sectors of the industry. He began his career with Royal Insurance Group who seconded him to Venezuela to help develop the Royal's book in what was then a fast expanding market. He was recruited by Alexander Howden, later acquired by Aon, to develop a property facultative brokerage book of business based in the London market and then transfer to Miami to be able to serve and continue developing Aon's Latin American property book.


FRANK PADILLA - CASUALTY UNDERWRITER LATIN AMERICA

Mr. Padilla has 10 years of experience in the reinsurance industry for Latin America & the Caribbean Region both in underwriting and as a broker. He began his career with Transatlantic Reinsurance Company in underwriting for several lines of business such as Casualty, Marine, Aviation and Property. Following such, he also worked in the broker sector for reinsurance brokers such as Marsh & McLennan Companies among others.


JAIME MARULANDA – EXECUTION MANAGER

Mr. Marulanda has a degree in Mechanical Engineering with a Specialization in Project Management and 2 years experience in Loss Control at Wills Colombia. He is responsible for the support, control and execution of special projects.


DAVIDE SAHNER - OPERATIONS DIRECTOR

Mr Sahner has sixteen years of experience in the London insurance and reinsurance markets. He has worked in various classes of insurance focusing mainly on international non-marine and was a named Cover Holder for a Lloyd's Professional Indemnity Binding Authority on business generating from Italy. Davide is fluent in English, French, Italian and Spanish.


CATHY SALAS - ADMINISTRATIVE ASSISTANT

Ms. Salas has years of experience in the retail and customer service industry. She has knowledge of principal and practices of basic management and organization and implements changes to systems and procedures by recordkeeping systems, forms control, and budgetary requirements. Ms. Salas is well-versed with office equipment and contributes to team effort by scheduling meetings and appointments, arranging travel accommodations, organizing files and accomplishing related results as needed.


MARUKEL HIGUERO – LEGAL DIRECTOR

Mrs. Higuero has a wide experience in the reinsurance market, with 5 years in the financial business area. She has been involved in legal counseling for company restructuring, merges and acquisitions, marketing studies for insurance companies and reinsurance brokerage firms, as well as reviewing reinsurance contracts, the negotiation and terms for placement.


MARIA CRISTINA ARÉVALO – LEGAL ADVISOR

Ms. Arevalo has 4 years experience in the field of legal rights, as well as in civil litigation, business, banking, insurance, reinsurance and mortgage within the jurisdictions of the United States and Panama. She has experience in contract development and legal requirements for registration in different countries.


IVONNE DUNKLEY – CONSULTANT

Ms. Dunkley has more than 13 years of experience in market analysis and institutional strengthening. During her career she has been involved in the development of research studies at an international level. She has been Project Director for Marketing Studies and for the development of Business Plans for Insurance and Reinsurance Companies, and Reinsurance brokerage firms.


MARIA PRECIADO - HR DIRECTOR

Mrs. Preciado has a wide experience in the Human Resources area. She had worked in recruitment and selection processes for important business positions, as well as in studies of internal organizational development for National and Multinational companies oriented in the insurance and reinsurance industry.


CESAR UJUETA – CONTROLLER

Mr. Ujueta is an Authorized Public Accountant with a major in Insurance and Reinsurance. He has 10 years of knowledge and experience in managerial positions and over 15 years of experience in insurance and reinsurance industries. He has been involved in financial consulting studies, tax, corporate restructuring, mergers and acquisitions, investments, among others.


OLDEMAR PALOMINO - TREASURY

Mr. Palomino has a broad experience in Treasury. His experience include debt portfolio management and cash administration for local and multinational companies. He has held Senior and Regional positions where he performed analytical tasks and achieved improvement in the planning and execution of the company's short and long term necessities. He also has more than 10 years of experience in international banking services. He possess a bachelor's degree in Finance and a Master's degree in Business administration.

**MIGUEL GONZALEZ – ACCOUNTING AND TREASURY**

With over 6 years experience in the accounting industry, Mr. Gonzalez has specialize in accounting records, accounts payable, accounts receivable and payroll. He has extensive experience in the preparation of Financial Statements as well as in presenting Audits and Financial analysis.

**CRISTINA VARGAS – COLLECTION MANAGER**

Mrs. Cristina has over 13 years of experience in accounting she is in charge of payroll, accounts payable and collection of premiums from brokers and insurance companies. She graduated from Universidad de Panama with a Bachelors degree in accounting and business administration.

**JACQUELINE CONTE - EXECUTIVE SECRETARY**

Mrs. Conte throughout her wide professional experience has carried out various administrative and assistance functions supporting top executives at financial institutions and multinational corporations. She has worked in diverse areas such as retail, corporate and investment banking, administration and customer service, among others.

**MARCOS CHIARI - IT MANAGER**

With 10 years of experience in the technology field, Mr. Chiari specializes in networking, security and telecommunications. He has an extensive experience in telecommunications planning, development and implementation, having worked for the biggest telecom operator in Panama. Mr. Chiari has also worked in IT organization, managing and budgeting, technology architecture and integration, network platform design and implementation, security process and compliance certification.



**(FREE ENGLISH LANGUAGE TRANSLATION
FROM SPANISH VERSION)**

**Barents Re Reinsurance
Company, Inc. and
Subsidiary**

Consolidated financial statements for
the year ended December 31, 2011 and
Independent Auditors' Report
of April 30, 2012

(Free English Language Translation of Spanish Version)

INDEPENDENT AUDITORS' REPORT

Messrs
Shareholders and Board of Directors
Barents Re Reinsurance Company, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of **Barents Re Reinsurance Company, Inc.** and Subsidiary which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year ended, and a summary of significant accounting policies applied and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting requirements of the insurance industry in the Republic of Panama established by the Superintendency of Insurance and Reinsurance of Panama for monitoring purposes and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements, that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Barents Re Reinsurance Company, Inc.** and Subsidiary at December 31, 2011, and the results of its operations and cash flows for the year ended, in accordance with accounting requirements of the Superintendency of Insurance and Reinsurance of Panama for monitoring purposes, as described in Note 2 of these consolidated financial statements.

Emphasis of Matter

The Company is a member of a group of related companies, and as disclosed in Notes 1 and 6 of the consolidated financial statements, has significant balances, transactions and relationships with members of the Company.

The Company prepares its financial statements based on specific accounting requirements to the insurance industry in the Republic of Panama, which could differ in certain respects from International Financial Reporting Standards and practices of other jurisdictions. Therefore, the accompanying consolidated financial statements are not intended to present financial position, results of operations and cash flows of the Company in accordance with International Financial Reporting Standards and generally accepted practices in countries and jurisdictions different to those of the Republic of Panama.

This report is intended solely for the information and use of the Board of Directors and Management of the Company and to comply with regulations established by the Superintendency of Insurance and Reinsurance of Panama and should not be used by any other persons except the parties specified herein.

Deloitte (signed)

April 30, 2012
Panama, Republic of Panama

Barents Re Reinsurance Company, Inc. and Subsidiary

Consolidated statement of financial position

December 31, 2011

(In United States of America dollars)

	Notes	2011	2010
Assets			
Deposits in banks	7	5,859,569	7,218,386
Premiums receivable	6 and 8	4,965,690	3,933,261
Securities available for sale	9	150,517,227	109,259,846
Other investments	11	-	11,078,952
Investments in associates	6 and 12	1,813,000	1,813,000
Accounts receivable - related companies	6	347,460	3,038,196
Accounts receivable - shareholders	6	120,000	168,144
Interests receivable		246,464	278,017
Other accounts receivable		68,272	1,172,286
Property, furniture, equipment and improvements, net	10	765,559	810,058
Other assets		885,690	10,462
Total assets		<u>165,588,931</u>	<u>138,780,608</u>
Liabilities and equity			
Liabilities:			
Technical premiums reserve	13	19,524,210	19,748,174
Reserve for contingencies	14	26,910,499	17,169,747
Accounts payable		13,910	1,500
Accounts payable shareholders	6	83,741	83,741
Other accounts payable		10,731	10,755
Accrued expenses		2,431	1,130
Other liabilities		500,000	-
Total liabilities		<u>47,045,522</u>	<u>37,015,047</u>
Shareholders' equity:			
Common shares	15	83,925,044	63,925,044
Net changes in securities available for sale		887,061	1,283,598
Foreign currency translation		14,295,000	14,295,000
Legal reserve		99,150	99,150
Retained earnings		19,337,154	22,162,769
Total shareholders' equity		<u>118,543,409</u>	<u>101,765,561</u>
Total liabilities and shareholders' equity		<u>165,588,931</u>	<u>138,780,608</u>

The accompanying notes are an integral part of these consolidated financial statements.

Barents Re Reinsurance Company, Inc. and Subsidiary

Consolidated statement of income For the year ended December 31, 2011 (In United States of America dollars)

	Notes	2011	2010
Net income from premiums:			
Subscribed premiums		191,756,655	173,314,590
Retroceded premiums		<u>(135,990,662)</u>	<u>(118,198,282)</u>
Total retained premiums net		<u>55,765,993</u>	<u>55,116,308</u>
(Decrease) increase in technical premiums reserve	13	(223,964)	1,209,803
Increase in reserve for contingency	14	9,740,752	-
Net claims paid		<u>31,115,279</u>	<u>31,689,562</u>
Total accrued premiums		<u>15,133,926</u>	<u>22,216,943</u>
Other income (expenses)			
Interest earned		989,180	2,055,365
Commissions paid		(4,954,912)	(2,701,815)
Gain in sale of securities	9	8,913,646	2,697,319
Gain in sale of other investments	11	2,851,024	-
Other income		<u>27,844</u>	<u>91,105</u>
Total income, net		<u>22,960,708</u>	<u>24,358,917</u>
General and administrative expenses:			
Salaries and other employee benefits	6	2,802,901	1,785,916
Professional fees		1,591,615	812,880
Travel expenses		551,991	47,702
Rental		11,679	11,036
Depreciation	10	50,160	25,597
Insurances		8,421	2,435
Taxes		96,317	21,394
Telephone		11,756	10,543
Electricity		14,679	16,169
Client's attention		17,657	25,075
Repairs and maintenance		28,412	34,082
Bank charges		66,206	24,307
Legal and notarial expenses		129,022	49,633
Others		<u>356,174</u>	<u>439,110</u>
Total general and administrative expenses		<u>5,736,990</u>	<u>3,305,879</u>
Net profit		<u>17,223,718</u>	<u>21,053,038</u>

The accompanying notes are an integral part of these consolidated financial statements.

Barents Re Reinsurance Company, Inc. and Subsidiary

Consolidated statement of changes in shareholders' equity For the year ended December 31, 2011 (In United States of America dollars)

	Notes	Total equity	Common shares	Net changes in securities available for sale	Foreign currency translation	Legal reserve	Retained earnings
Balance at December 31, 2009		65,333,009	33,100,000	1,024,128	-	74,267	31,134,614
Comprehensive income consists of:							
Net profit		21,053,038	-	-	-	-	21,053,038
Changes in securities		259,470	-	259,470	-	-	-
Foreign currency translation		14,295,000	-	-	14,295,000	-	-
Total net comprehensive income of the year		35,607,508	-	259,470	14,295,000	-	21,053,038
Capitalized profit	15	-	30,000,000	-	-	-	(30,000,000)
Capital contribution		825,044	825,044	-	-	-	-
Increase of legal reserve		-	-	-	-	24,883	(24,883)
Balance at December 31, 2010		101,765,561	63,925,044	1,283,598	14,295,000	99,150	22,162,769
Comprehensive income consists of:							
Net profit		17,223,718	-	-	-	-	17,223,718
Changes in securities		(396,537)	-	(396,537)	-	-	-
Total net comprehensive income of the year		16,827,181	-	(396,537)	-	-	17,223,718
Capitalized profit	15	-	20,000,000	-	-	-	(20,000,000)
Capital contribution		-	-	-	-	-	-
Affiliated excluded from the consolidation		(49,333)	-	-	-	-	(49,333)
		118,543,409	83,925,044	887,061	14,295,000	99,150	19,337,154

The accompanying notes are an integral part of these consolidated financial statements.

KEY PERSONNEL

■ LATAM ■ MENA ■ EUROPE

Klaus Bultmann	Deputy Director	kbultmann@barentsre.com
Gerardo Garcia	Chief Underwriting Officer	garciag@barentsre.com
Erik Jarrin Peters	Pa And Casualty Director Latam	erik.jarrin@barentsre.com
Mark Davies	Global Head of Casualty	mark.davies@barentsre.com
William Bello	A&H Manager	william.bello@barentsre.com
Mauricio Ponce	Casualty Underwriter Latin America	mauricio.ponce@barentsre.com
Rayker Perez	Reinsurance Underwriter	rperez@barentsre.com
Atilio Araujo	Bonds Underwriter	atilio.araujo@barentsre.com
Hikaru Uno	Reinsurance Underwriting Coordinator	huno@barentsre.com
Davide Sahner	Office Manager	davide.sahner@barentsre.com
Frank Padilla	Casualty Underwriter Latin America	frank.padilla@barentsre.com
Jaime Marulanda	Execution Manager	jaime.marulanda@barentsre.com
Melissa Jaramillo	Reinsurance Underwriting Assistant	melissa.jaramillo@barentsre.com
Fernando Abad	Reinsurance Assistant	fernando.abad@barentsre.com
Cesar Ujueta	Controller	cesar.ujueta@barentsre.com
Oldemar Palomino	Treasury	opalomino@barentsre.com
Marukel Higuero	Legal Director	mhiguero@barentsre.com
Maria Cristina Arévalo	Legal Advisor	marevalo@barentsre.com
Arthur Underwood	General Manager - Afro-Asia	aunderwood@barentsre.com
John Barrett	Underwriting Director	jbarrett@barentsre.com
Yvonne Loutfi	Office Manager Afro-Asia	yloutfi@barentsre.com
Joe Khawand	Underwriting Assistant	jkhawand@barentsre.com
Claudia Dina	Paris Office Business Coordinator	claudiadina.m@barentsre.com
Isabelle Laverne	Paris Office Legal Representative	isabelle.laverne@barentsre.com
Benjamin de Bontin	Underwriting Assistant	benjamin.debontin@barentsre.com

www.barentsre.com



www.barentsre.com



**PANAMA**

Via España and
Elvira Mendez Street,
PH Torre Delta, 20th Floor
Panama City
T + (507) 301-0578
F + (507) 300-2859

MIAMI

1110 Brickell Avenue
Suite 515
Miami, Florida 33131
T + 1 (786) 691-1671

FRANCE

80, Avenue d'Iena
75116 Paris
T + 33 (1) 5367-7000
F + 33 (1) 5367-7011

LEBANON

Clemenceau Street
Gefinor Center
Bloc B, First Floor
Beirut
T + 961 (1) 74-7850/51/52
F + 961 (1) 74-7853