

2015 ANNUAL REPORT

THE WORLD'S NICHE REINSURER

BARENTS RE REINSURANCE COMPANY



MESSAGE FROM THE PRESIDENT

CHIEF EXECUTIVE OFFICER

On the eve of our twentieth anniversary, I am delighted to announce that Barents Re delivered another strong set of financial results in 2015. We generated a net profit of USD34.8 million, up from USD34.6 million in 2014, which went to retained earnings, thereby strengthening further our financial security. In a similar vein, our total assets increased to USD453 million (2014: USD432 million) and shareholders' equity increased to USD382 million (2014: USD350 million).

We improved therefore our position in all of the key financial performance indicators. These were excellent results especially in light of the sluggish economic growth and political uncertainty in many of our markets, coupled with a competitive pricing environment for many of our core products.

In addition to our excellent financial performance last year, A.M. Best upgraded Barents Re to 'A' with a Stable Outlook in September 2015. We were delighted with the upgrade as we felt it was a justified validation of all our work to make our business the success it is today. To complete an outstanding year, in December 2015 we obtained regulatory approval from the Luxembourg insurance regulator to establish Barents Reinsurance S.A. Going forward, our Luxembourg based subsidiary company will be the vehicle to manage our international expansion.

Geographically, much of Barents Re's activity is focused on emerging markets. This is part of our DNA. The growth in insurance premiums in many countries fueled by economic fundamentals, favorable demographics and the introduction or enforcement of compulsory insurance is most encouraging. While insurance penetration is still low in many countries, it is on the rise and we expect Barents Re to benefit in the coming years.

The successful execution of our expansion strategy with its focus on specialty lines of business is key to our progress. Our entrepreneurial culture, coupled with an experienced management team, allows us to identify and quickly respond to opportunities.

We see growth potential in existing countries and new territories such as Africa and Asia. We have also made plans to increase the number of underwriters we have, as well as the resources we have in place for loss prevention and claims management. Overall, we are working to reinforce, develop and enhance our core aims in specific markets, so that we continue to provide superior service and financial results.

I am very proud of the company we have built over the last two decades. Not only has Barents Re delivered consistent financial results, it has also built a reputation as a leading specialty and niche reinsurer. This is the result of a clear strategy, supported by deep client relationships, an embedded underwriting culture, and most importantly, a team of very talented professionals.

I would like to thank my colleagues at Barents Re for all their efforts and our business partners for their continuing support. I look forward to working with you all in the year ahead.



Gerardo Garcia
President & CEO



BARENTS RE AT A GLANCE

Barents Re is a leading independent reinsurance group. Established in 1996, Barents Re has a well-established presence in Europe, the Middle East, Latin America, Asia and Africa. This translates into more than 600 reinsurance connections in 70 countries.

The company provides a wide range of niche and specialty reinsurance products to property and casualty insurers. Our vision is for Barents Re to become an integral part of the insurance value chain. The expertise of our specialty underwriting teams and their knowledge of our markets and products enables us to offer innovative solutions to our clients.

Barents Re does not participate in every type of business because underwriting discipline is fundamental to its success. On the commercial side, Barents Re is especially strong in Surety Bonds, Energy, General Aviation, Property Facultative, Financial Lines, Commercial D&O and Accident & Health. The company selectively provides treaty support in key business areas. Barents Re is also a growing presence in the Consumer arena with participation in a number of Affinity programmes. The Barents Re portfolio is exemplified by low severity risk.

Barents Re seeks to create value for shareholders by generating an underwriting profit. To achieve this, the company allocates capital in line with risk exposure and potential underwriting returns. This is crucial to maintaining its strong financial position and supporting its business expansion. Barents Re's investment strategy is focused on high grade bonds tailored to underlying insurance liabilities, with an allocation to alternative investments.

Barents Re is committed to providing the highest level of service to its clients and brokers, which it believes is critical to its ability to build and maintain long-term relationships and ensure its continued success.



GLOBAL PRESENCE

PRESENCE IN 4 CONTINENTS & 70 COUNTRIES

* Representative office / branch
** Barents Risk Management network
*** Subsidiary

PANAMA

MIAMI (**)

PARIS (*) (**)

LUXEMBOURG (***)

BEIRUT (*) (**)

LONDON (**)

ABIDJAN (**)

MADRID (**)

MOSCOW (*)

ROME (**)

MILAN (**)



UNDERWRITING REVIEW

SUMMARY 2015

**Barents Re
produced a positive
underwriting result.**

Barents Re's underwriting philosophy is focused on net profitability and a highly disciplined approach to specific business lines. Barents Re is not a market share underwriter or a premium base reinsurer.

Barents Re's underwriting culture is based on market expertise across specialized product lines. The company seeks to balance frequency and security across its portfolio and to produce better than market average loss ratio results.

In 2015, Barents Re achieved a gross written premium result of USD220.5 million, which was flat compared to 2014, and maintained its history of exceptional underwriting results, adding further to the strength of its balance sheet. Operating expenses reduced slightly compared to the previous year. The overall impact was evidenced by increased net profits of USD34.8 million, retained earnings of USD95.4 million and an increase in shareholders' equity to USD382.1 million.

In addition to the A.M. Best upgrade and the granting of the license for our Luxembourg based subsidiary company, other news in 2015 included the commencement of underwriting in Financial Institutions, Commercial D&O and General Aviation business. Progress to date has been in line with expectations.



BOARD OF DIRECTORS



Dirk Bormann - Director

Dirk Bormann has wide experience in the construction sector and has served on the board of directors of Philipp Holzmann AG, Hochtief AG and Wayss & Freytag. He is Chief Executive Officer of the German Federal Association for Economic Development and Foreign Trade.



Gerardo Garcia - President & CEO

Gerardo Garcia has over 20 years' experience in insurance and reinsurance. Prior to joining Barents Re, he was an advisor to insurance companies and reinsurance brokerage firms throughout Latin America. He has an actuarial background.



Juan Manuel Urquijo - Marquis Of Urquijo & Loriana - Director

Juan Manuel Urquijo is an international businessman and company director. He served on the boards of Urquijo Leasing S.A. and Banvivienda Bank for many years. He was also a director of Mundial Insurance Group in Central America for 20 years, until it was sold to Mapfre Central America.



Klaus Bultmann - Chairman

Klaus Bultmann has more than 40 years' experience. Previously, he was a member of the board of Gerling Global Reinsurance and Frankona Re.



Ricardo Cazorla - Treasurer

Ricardo Cazorla is a banker. Previously, he was Vice President at the Chase Manhattan Bank NA in Panama.



Robert Koffler - Director

Mr. Koffler has 30 years of experience in global capital markets, and since 1999 has been the Chairman and Chief Executive of BiscayneAmericas Advisers LLC in Miami, Florida. Prior to joining BiscayneAmericas, he was the President and Director of Americas Trust Bank, Director and Executive Vice President of Vestrust Securities Inc.



Roberto Alfaro - Director

Roberto Alfaro's career encompasses finance, politics and diplomacy. Previously, he was President of Union Group and Compañía de Seguros. Mr. Alfaro has also served as Panama's Minister of Commerce and Ambassador to the United Nations, Italy and the Vatican. Currently, he is associated with Interglobal Consulting.



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.

A long pier made of weathered wooden posts extends into the ocean. The sky is a mix of orange and blue, suggesting sunset or sunrise. The water is calm, and the posts are arranged in a grid-like pattern that recedes into the distance.

CONSOLIDATED FINANCIAL STATEMENTS



Disclaimer

This document contains certain forward looking statements which are subject to assumptions, risks and uncertainties; actual future results may differ materially from those expressed in or implied in such statements. Many of these assumptions, risks and uncertainties relate to factors that are beyond Barents Re's ability to control or estimate precisely. The forward looking statements reflect the knowledge and information available at the date of preparation of the Annual Report, and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

GLOBAL STRATEGY



Organic premium growth & geographic diversification; focus on uncorrelated low exposure catastrophe territories & specialty products.



Underwriting discipline & controls, reinforced by pricing models & risk modelling tools.



Recruitment of top quality personnel internationally; people are our key advantage.



Stable capacity, offering tailor made products in each of its territories.



Global view, coupled with local market knowledge & access.



TIMELINE

1996

Barents Re starts operating.

2009

Creation of a joint venture underwriting and risk analysis office in Miami, Florida.

2010

Rated by A.M. Best with Financial Strength Rating of A-(Excellent).

Latin America and European expansion began.

2011

New offices in Miami, Paris and Beirut.

High excess property line of business implementation.

2012

Continued expansion throughout Latin America, Europe and MENA.

Rome office starts operations focused on Bonds.

A.M. Best upgrades Outlook to Positive: A- (Excellent) rating.

2013

New offices opened in Madrid and London (at Lloyd's building).

New specialized Energy line of business.

Best reinsurance company of Central America award given by Reactions Magazine.

U.S.\$100 million capital infusion to support international expansion.

2014

Moscow office began operations as a regional hub for Eastern Europe.

Reinsurer of the year award given by The European Magazine.

World Finance 100 award.

2015

Granted licence to create Luxembourg based subsidiary company.

A.M. Best upgrades outlook to Stable: A (Excellent) rating.

2016

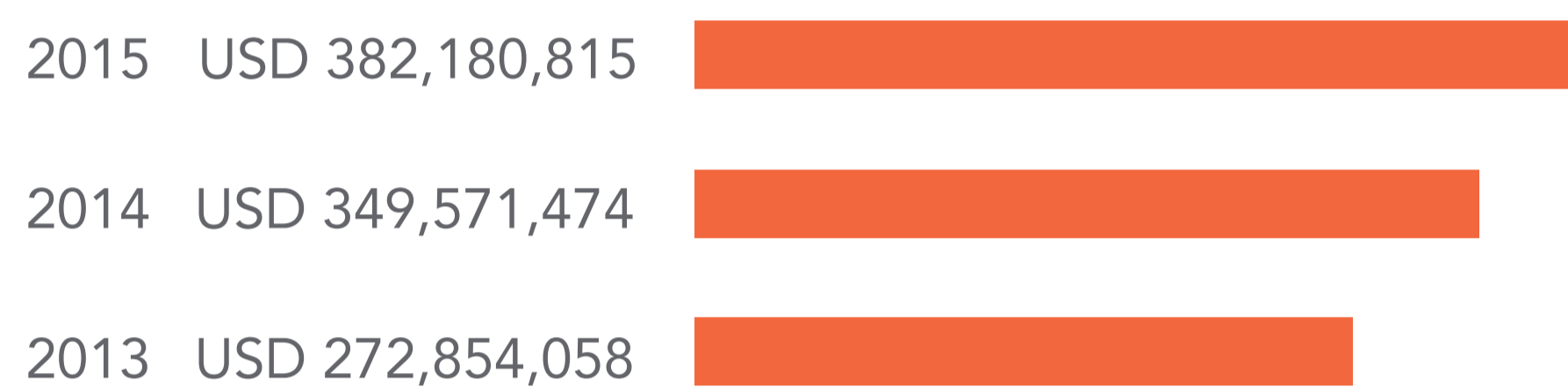
We celebrate our 20th anniversary

KEY FINANCIAL & OPERATIONAL RESULTS

GROWTH IN SHAREHOLDERS' EQUITY

40%

GROWTH since 2013



Barents Re delivered yet again, positive underwriting results.

FINANCIAL HIGHLIGHTS

RESULTS	2013	2014	2015
Written Premium	213,165,563	220,066,816	220,502,471
Retained Premiums	73,455,571	79,732,032	66,028,378
Net Claims	28,034,517	33,794,374	42,002,007
Net Income	31,040,342	34,642,561	34,883,584
BALANCE SHEET			
Total Assets	348,729,538	431,712,909	452,643,808
Total Equity	78%	81%	84.4%
Total Reserve	25,709,450	27,906,211	23,109,932
Technical Reserve	68,243,258	79,362,518	67,611,239
RATIOS			
Loss Ratio	38.17%	42.38%	63.61%
Expense ratio	5.90%	5.00%	5.1%
Combined Ratio	44.03%	47.37%	68.71%
Net Profit Margin	42%	43%	52.83%

BREAKDOWN BY REGION

EUROPE	48%
LATAM	30%
MENA	11%
ASIA	11%

