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FOR IMMEDIATE RELEASE

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AM Best Affirms Credit Ratings of Barents Re Reinsurance Company, Inc. and Its Affiliate

MEXICO CITY, December 15, 2023—AM Best has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of “a” (Excellent) of Barents Re Reinsurance Company, Inc. (Barents Re) (Cayman Islands) and its affiliate, Barents Reinsurance S.A. (Barents Re Lux) (Luxembourg). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect Barents Re’s balance sheet strength, which AM Best assesses as strongest, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

The rating affirmations reflect Barents Re’s risk-adjusted capitalization at the strongest level, as measured by Best’s Capital Adequacy Ratio (BCAR), the improvement in the company’s corporate governance framework, and consistent profitability. AM Best is concerned with respect to the execution risk of the strategy generated by the constantly shifting regional composition of Barents Re’s business portfolio.

The ratings of Barents Re Lux reflect its strategic importance to and the support it receives from Barents Re. Barents Re Lux is part of the Barents Re rating unit, and is fundamental to the group’s overall strategy. Barents Re also provides a parental guarantee and reinsurance support to Barents Re Lux.

Barents Re’s business portfolio in 2022 grew 17% year-over-year, mainly driven by the company’s specialty lines, compensating for the contraction in Barents Re’s other business lines. Overall, Europe-sourced business represents 74% of Barents Re’s portfolio, with the Latin America region generating 18% and the Middle

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East and North Africa region holding the rest. The company is supported by its diversified and comprehensive reinsurance program placed among reinsurers with a good level of security, a key characteristic that Barents Re has adopted to enter new business lines and regions prudently.

Although Barents Re’s operating performance has shifted over time toward a different structure, its current metrics still compare favorably with the market. As of June 2023, the company presented a positive bottom-line result of USD 20.9 million, showing resilience in current market conditions. Although there is volatility present in the company’s premium volume and the composition of its business portfolio, Barents Re has produced consistently positive operating earnings across multiple underwriting cycles.

Barents Re’s risk-adjusted capitalization still reflects capital contributions in 2016 and 2017, along with positive bottom-line results in the past years. The company’s reinsurance program adequately covers exposures, and its net exposures to catastrophe events do not represent a significant portion of its reported surplus.

Factors that could lead to negative rating actions are the deterioration in the expected performance of the company in terms of profitability and capital generation. Negative rating actions could also occur as a result of a breakdown in its corporate governance due to regulatory issues or a breach in controlling its operational risks. Negative rating actions could also take place if the constantly shifting business mix has a detrimental effect on the company's results or risk-adjusted capitalization. Although unlikely, positive rating actions could take place as a result of a successful consolidation of the company’s business strategy in targeted locations.

The methodology used in determining these ratings is [Best’s Credit Rating Methodology](#) (Version Nov. 13, 2020), which provides a comprehensive explanation of AM Best’s rating process and contains the different rating criteria employed in the rating process. Best’s Credit Rating Methodology can be found at www.ambest.com/ratings/methodology.

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Key insurance criteria reports utilized:

- Evaluating Country Risk (Version May 4, 2023)
- Understanding Global BCAR (Version July 6, 2023)
- Catastrophe Analysis in A.M. Best Ratings (Version March 10, 2023)
- Available Capital & Holding Company Analysis (Version Oct. 13, 2017)
- Scoring and Assessing Innovation (Version Feb. 27, 2023)

View a general description of the [policies and procedures](#) used to determine credit ratings. For information on the meaning of ratings, structure, voting and the committee process for determining the ratings and monitoring activities, relevant sources of information and the frequency for updating ratings, please refer to [Guide to Best's Credit Ratings](#).

- Previous Rating Date: Dec. 15, 2022
- Initial Rating Date: Sept. 27, 2010
- Date Range of Financial Data Used: Dec. 31, 2016-Jun. 30, 2023

Ratings are communicated to rated entities prior to publication. Unless stated otherwise, the ratings were not amended subsequent to that communication.

This press release relates to rating(s) that have been published on AM Best's website. For additional rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's [Recent Rating Activity](#) web page.

If the ratings referred in this press release do not indicate a specific country suffix, it is understood that they are granted globally and not on a national scale.

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