Barents Re Reinsurance Company, Inc. and subsidiaries

Consolidated financial statements for the year ended December 31, 2024 and independent auditor's report of June 27, 2025

Barents Re Reinsurance Company, Inc. and subsidiaries

Independent auditor’s report and 2024 consolidated financial statements

Content	Page

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Independent Auditor's Report to the Board of Directors of Barents Re Reinsurance Company, Inc. and Subsidiaries

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of **Barents Re Reinsurance Company, Inc. and Subsidiaries** (the "Company") which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended (all expressed in United States dollars), and related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Deloitte & Touche LLP

June 27, 2025

Barents Re Reinsurance Company, Inc. and subsidiaries

Consolidated statement of financial position

at December 31, 2024
(In United States of America dollars)

	Notes	2024	2023
Assets			
Cash and bank deposits	6,7	90,951,421	133,187,503
Time deposits	7	16,000,000	-
Premiums receivable, net	8	252,427,795	174,668,462
Securities available for sale	9	642,990,326	574,724,326
Investment in associate	6,13	15,820,781	14,348,981
Trust agreements	6, 12	11,976,324	12,304,849
Notes and accounts receivable - related parties	6	-	30,582,158
Accounts receivable - retrocessions	18	115,932,407	110,513,522
Accounts receivable	11	11,829,754	11,829,754
Other accounts receivable	6	8,558,324	10,287,367
Commissions receivable		18,883,358	3,310,938
Unrealized retroceded premium	16	109,198,972	47,102,721
IBNR of retroshare	17	28,305,485	27,857,910
Retroshare of claims outstanding	17	174,463,079	157,824,650
Deferred acquisition costs	17	40,367,397	32,861,291
Property, furniture, equipment and improvements, net	10	478,078	495,885
Right-of-use assets	14	3,286,338	608,232
Other assets	15	3,271,324	11,302,784
Total assets		1,544,741,163	1,353,811,333
Liabilities and equity			
Liabilities			
Claims outstanding reserve	17	266,228,621	274,066,331
Unrealized premium reserve	16	207,471,601	148,280,175
Commissions payable		17,069,502	24,131,756
IBNR reserves	17	172,039,738	170,680,975
Unearned retroceded commission		17,012,320	8,843,876
Loans payable	19	16,000,000	143,562
Lease liability	14	3,286,338	608,232
Reinsurers accounts payable		115,714,105	51,431,888
Accounts payable and accrued expenses	20	12,333,040	8,116,998
Total liabilities		827,155,265	686,303,793
Equity			
Common shares	24	404,988,405	404,988,405
Net changes in securities available for sale		11,353,094	11,579,872
Capital reserve	25	72,505,820	72,505,820
Change in foreign currency translation		(12,892,449)	(6,567,607)
Legal reserve		169,771	169,771
Retained earnings		203,391,491	148,669,083
Equity attributable to owners of the Company		679,516,132	631,345,344
Non-controlling interest	23	38,069,766	36,162,196
Total equity		717,585,898	667,507,540
Total liabilities and equity		1,544,741,163	1,353,811,333

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

Barents Re Reinsurance Company, Inc. and subsidiaries

Consolidated statement of profit or loss

for the year ended December 31, 2024
(In United States of America dollars)

	Notes	2024	2023
Net income from premiums:			
Gross written premiums	22	365,949,295	401,342,264
Retroceded premiums		(179,337,851)	(174,216,812)
Change in unearned premium	16	(59,191,426)	41,094,226
Change in unearned retro premium (URP)	16	62,309,259	(55,939,932)
Net earned premium		189,729,277	212,279,746
Change in claims outstanding	17	7,837,710	(67,537,945)
Change in retro outstanding	17	16,222,148	65,076,678
Change in IBNR	17	(38,681,776)	(16,324,889)
Change in retrocession of IBNR	17	37,801,316	(3,522,224)
Gross claims paid		(149,958,725)	(167,150,822)
Retroshare of claims paid		38,524,001	70,420,311
Net incurred claims		(88,255,326)	(119,038,891)
Change in unearned retrocession commission		(9,086,882)	(176,982)
Change in deffered acquisition costs	17	8,015,442	4,407,689
Commissions received		17,449,256	6,833,874
Commissions paid		(69,766,596)	(54,776,044)
Net commission paid		(53,388,780)	(43,711,463)
Other incomes (expenses):			
Interests income, net		(1,470,032)	754,230
Allowance for credit losses	8,9,16-18	2,809,558	6,877,118
Share of results of associates	13	1,583,060	4,450,516
Gain in securities available for sale	9	28,528,358	21,557,992
Other income (expenses)		2,902,145	2,912,582
Total income, net		82,438,260	86,081,830
General and administrative expenses:			
Salaries and other employee benefits		10,191,951	10,579,397
Professional fees		8,005,099	7,638,173
Depreciation expense	10,14	828,319	829,595
Other expenses	21	5,777,429	9,013,757
Total general and administrative expenses		24,802,798	28,060,922
Profit before income tax		57,635,462	58,020,908
Income tax	26	1,005,483	2,890,398
Net profit		56,629,979	55,130,510
Net profit attributable to:			
Owners of the Company		54,722,409	50,934,745
Non-controlling interests	23	1,907,570	4,195,765
Net profit		56,629,979	55,130,510

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

Consolidated statement of comprehensive income

for the year ended December 31, 2024
(In United States of America dollars)

	Notes	2024	2023
Net profit		56,629,979	55,130,510
Other comprehensive income:			
Realized gain transferred to income	9	(28,528,358)	(21,557,992)
Net changes in securities available for sale	9	28,301,579	31,595,776
Total other comprehensive income		(226,779)	10,037,784
Total net comprehensive income of the year		56,403,200	65,168,294
Comprehensive income attributable to:			
Owners of the Company		54,495,630	60,805,251
Non-controlling interests	23	1,907,570	4,363,043
Total comprehensive income for the year		56,403,200	65,168,294

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

Barents Re Reinsurance Company, Inc. and subsidiaries

Consolidated statement of changes in equity

for the year ended December 31, 2024
(In United States of America dollars)

	Attributable to owners of the Company								
	Common shares	Net changes in securities available for sale	Change in foreign currency translation	Legal reserve	Capital reserve	Retained earnings	Equity attributable to owners of the Company	Non- controlling interest	Total equity
Balance at December 31, 2022	404,988,405	1,542,088	(8,946,254)	169,771	72,505,820	97,734,338	567,994,168	31,966,431	599,960,599
Other comprehensive income comprised of:									
Net profit	-	-	-	-	-	50,934,745	50,934,745	4,195,765	55,130,510
Realized gain transferred to income	-	(21,557,992)	-	-	-	-	(21,557,992)	-	(21,557,992)
Credit losses for securities available for sale	-	167,278	-	-	-	-	167,278	-	167,278
Net changes in fair value of securities available for sale	-	31,428,498	-	-	-	-	31,428,498	-	31,428,498
Total net comprehensive income for the year	-	10,037,784	-	-	-	50,934,745	60,972,529	4,195,765	65,168,294
Transactions attributable to shareholders:									
Change in foreign currency translation	-	-	2,378,647	-	-	-	2,378,647	-	2,378,647
Balance at December 31, 2023	404,988,405	11,579,872	(6,567,607)	169,771	72,505,820	148,669,083	631,345,344	36,162,196	667,507,540
Other comprehensive income comprised of:									
Net profit	-	-	-	-	-	54,722,409	54,722,409	1,907,570	56,629,979
Realized gain transferred to income	-	(28,528,358)	-	-	-	-	(28,528,358)	-	(28,528,358)
Credit losses for securities available for sale	-	15,735	-	-	-	-	15,735	-	15,735
Net changes in fair value of securities available for sale	-	28,285,844	-	-	-	-	28,285,844	-	28,285,844
Total net comprehensive income for the year	-	(226,779)	-	-	-	54,722,409	54,495,630	1,907,570	56,403,200
Transactions attributable to shareholders:									
Change in foreign currency translation	-	-	(6,324,842)	-	-		(6,324,842)	-	(6,324,842)
Balance at December 31, 2024	404,988,405	11,353,093	(12,892,449)	169,771	72,505,820	203,391,492	679,516,132	38,069,766	717,585,898

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

Barents Re Reinsurance Company, Inc. and subsidiaries

Consolidated statement of cash flows

for the year ended December 31, 2024
(In United States of America dollars)

	Notes	2024	2023
Cash flows from operating activities:			
Net income		56,629,979	55,130,510
Adjustment for:			
Share of results of associates	13	(1,471,800)	(4,450,516)
Gain on sale of securities available for sale	9	(28,301,580)	(21,557,992)
Allowance for doubtful receivables	8	(4,558,102)	1,537,451
Provision outstanding claims reserve	17	(7,837,710)	26,495,644
Retrocession outstanding claims	17	(16,638,429)	(24,034,381)
Provision of unrealized premium (UPR)	16	59,191,425	(85,548,250)
Retrocession of unrealized premium (UPR) reserve	16	(62,096,251)	100,393,958
Provision of IBNR	17	1,358,763	(134,038,833)
Retrocession of IBNR reserve	17	(447,575)	153,885,947
Unearned retroceded commission		8,168,444	4,137,362
Deferred acquisition cost	17	(7,506,106)	(4,709,014)
Commisions payables		(7,062,254)	18,247,448
Depreciation	10	162,188	147,424
Disposal and adjustments of property, furniture, equipment and improvements		24,180	(13,138)
Interest income		(852,147)	(1,172,290)
Income tax		1,005,483	2,890,398
Interest expenses		2,317,336	418,060
Depreciation from right of use asset	14	666,131	682,171
Net changes in operating assets and liabilities:			
Increase in premiums receivable		(73,198,706)	(23,853,698)
Increase in deposits in ceding companies		-	(4,221,375)
Decrease (increase) in accounts receivable retrocessions		(5,418,885)	7,101,941
Decrease in other accounts receivable		1,729,043	2,051,924
Increase in commissions receivable		(15,572,420)	(2,184,989)
(Increase) decease in other assets		(1,538,360)	14,961,449
Increase in reinsurers account payable		64,282,217	5,295,345
Increase in accounts payable and accrued expenses		4,216,045	157,114
Interests earned		(1,465,229)	754,230
Income tax expense	26	(1,005,483)	(2,890,398)
Net cash provided by operating activities		(35,219,803)	77,660,418
Cash flows from investing activities:			
Acquisition of securities available for sale	9	(657,844,112)	(602,687,859)
Sale of securities available for sale	9	617,879,692	523,205,864
Investment in time deposits		(16,000,000)	-
Notes and accounts receivable related parties		30,582,158	3,275,752
Acquisition of furniture and office equipment	10	(168,561)	(116,818)
Net cash used in investing activities		(25,550,823)	(76,323,061)
Cash flows from financing activities			
Proceeds from new loans	19	16,000,000	-
Payments to loans	19	(143,562)	(135,742)
Repurchase agreements		-	(13,000,000)
Payments on lease liability		2,678,106	(1,024,515)
Net cash provided by (used in) financing activities		18,534,544	(14,160,257)
Net decrease in cash		(42,236,082)	(12,822,900)
Cash at the beginning of the year	7	133,187,503	146,010,403
Cash at end of the year	7	90,951,421	133,187,503
Non- monetary transactions:			
Trust agreement	12	(328,525)	(1,606,886)
Acquisition of property, furniture, equipment and improvements	12	(168,561)	(116,818)
Right of use asset	14	3,286,338	608,232
Lease liability	14	3,286,338	608,232

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

1. Nature of business, basis of presentation and functional currency

Nature of business: Barents Re Reinsurance Company, Inc. (the "Company") was initially incorporated in accordance with the laws of the Republic of Panama in 1996 and started operations as a Reinsurance Company, duly authorized by the Superintendency of Insurance and Reinsurance of Panama.

In March 2018, by Resolution of the shareholders of the Company it was resolved to redomicile the Company by way of continuation to The Cayman Islands. Consequently, on June 8, 2018, the Company completed the process of registration by way of continuation of the Company from the jurisdiction of Panama to The Cayman Islands obtaining a Class D (Reinsurance) License, granted and supervised by The Cayman Islands Monetary Authority (CIMA).

A Class D License authorizes the Company to carry out reinsurance business and is the highest regulated reinsurance license issued in accordance with Cayman Islands laws. A Class D Licensee is required to maintain a Minimum Capital Requirement ("MCR") of US$50,000,000, as well as sufficient economic substance within The Cayman Islands. The reinsurance operations in The Cayman Islands are regulated by the Cayman Islands Insurance Act of 2010, its amendments and other supplementary and accessory regulations. The main office of the Company is located at 43 Edgewater Drive, Prospect, PO Box 10954 KY1-1007, Grand Cayman, Cayman Islands.

Standard Capital Shareholdings, Inc. (Cayman Islands) is the owner of all the issued and outstanding shares of the Company. On August 22, 2023, the jurisdiction of the shareholder of the Company changed from B.V.I. to The Cayman Islands.

On August 11, 2016, the shareholders of the Company acquired 51% of the issued and outstanding shares of Barents Reinsurance S.A. (Luxembourg), a Company duly incorporated and existing in accordance with the laws of the Principality of Luxembourg, possesses a Reinsurance License, granted and supervised by the Commissariat Aux Assurances of Luxembourg (Insurance Commissioner of Luxembourg) and operates under Solvency II.

On July 18, 2023, the Company established and incorporated Barents Insurance EAD (Bulgaria), a wholly owned subsidiary duly incorporated and existing under the laws of the Republic of Bulgaria. On July 16, 2024 (Decision № 474-O3), Barents Insurance EAD (Bulgaria) was granted a license to conduct insurance and reinsurance for all lines of non-life business by the Financial Supervision Commission of the Republic of Bulgaria (FSC), which also serves as its regulatory supervisor.

Basis of presentation: The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes the estimates and assumptions used in the preparation of these consolidated financial statements were appropriate in the circumstances, actual results could differ from those estimates and assumptions.

Consolidation of financial statements: The consolidated financial statements include the consolidated financial statements of Barents Reinsurance S.A. (Luxembourg). Investments in which the Company has the ability to exercise significant influence but not control are accounted for using the equity method. All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated financial statements incorporate the financial statements of the Company and its controlled entities (subsidiaries) until December 31 of each year. The Company's policy is to consolidate all entities in which it has a voting interest of more than 50% percent and asserts control.

Non-controlling interests are classified as a separate component in the consolidated balance sheets and consolidated statements of changes in Shareholders' equity. Additionally, net income and comprehensive income attributable to non-controlling interests are reflected separately from consolidated net income and comprehensive income on the consolidated statement of income and consolidated statement of changes in Shareholders' equity. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized in equity and attributed to the shareholders' equity of the Company.

Foreign currency consolidated financial statements: The items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in dollars (US$), the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions are recognized in profit or loss. Gains and losses from the translation at year end of assets and liabilities denominated in foreign currencies are recognized as a separate component of equity.

2. Significant accounting policies

The significant accounting principles and practices applied in the recording of transactions and preparation of the accompanying consolidated financial statements are as follows:

a. *Cash equivalents*

The Company considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Company did not recognize any credit loss on the cash and cash equivalent in the years ended December 31, 2024 and 2023.

b. *Investments in marketable securities*

The Company classifies investments as trading, held-to-maturity, or available-for-sale at the time of purchase and reassesses such classifications as of each balance sheet date.

Investments classified as trading securities are acquired and held principally for the purpose of selling them in the near term. Trading securities are stated at fair value with any unrealized gains or losses recognized within earnings. Held-to-maturity investments are those which the Company has both the ability and intent to hold until maturity and are carried at amortized cost. Available-for-sale securities include investments in debt securities that are classified neither as trading nor held-to-maturity and are stated at fair value with any unrealized gains and losses recorded as a component of other comprehensive income within stockholders' equity and reclassified to current earnings upon their sale or maturity.

When the fair value of a debt security classified as held-to-maturity and available-for-sale is less than its amortized cost basis, the Company evaluates if any events have occurred or economic conditions exist that would indicate that an impairment loss exists and if such loss is other than temporary. The Company considers (i) management's intent to sell the security, (ii) whether it is more likely than not that the Company will be required to sell the security before recovery of the security's amortized cost basis, and (iii) whether the Company expects to recover the entire amortized cost basis of the security. If the reduction in fair value is other than temporary, an impairment charge is recognized in earnings.

Investments in equity securities that are not accounted for by the equity method are recorded at fair value through profit and loss.

c. ***Property, furniture, equipment and improvements***

The property, furniture, equipment and improvements are stated at cost of acquisition, net of accumulated depreciation and amortization. Significant improvements are capitalized, while minor repairs and maintenance that do not extend the life or improve the asset are charged to expenses as incurred.

The depreciation and amortization are charged to current operations on a straight-line method, based on the estimated useful life of the assets:

Furniture and office equipment	3 - 10 years
Computer equipment	3 - 7 years
Building and improvements	30 years

Assets subject to amortization are reviewed for impairment as long as changes in the circumstances indicate that the carrying value is not recoverable. The carrying value of the assets is immediately reduced to the recoverable amount, which is the higher of fair value less cost and used value.

Impairment or disposal of long-lived assets are accounted in accordance with ASC 360-10-15.

Any item of property, furniture, equipment and improvement is written off at the time of its eventual disposal or when no future economic benefit arising from the continued use of the asset is expected.

Any gain or loss arising on the disposal or retirement of an item of furniture, equipment and improvement are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

d. ***Lease accounting***

The Company determines if an arrangement is a lease or a service contract at inception. Where an arrangement is a lease the Company determines if it is an operating lease or a finance lease. Classification is reevaluated when the arrangement is modified.

Lessee - Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the consolidated balance sheet. Finance leases are included in property, plant and equipment and finance lease in our consolidated balance sheets. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term including options to extend or terminate the lease when it is reasonably certain those options will be exercised. The Company has elected to include lease and non-lease components in determining the lease liability for all leased assets. Non-lease components are generally services that the lessor performs in relation to the leased asset. For those leases with payments based on an index, the lease liability is determined using the index at lease commencement. Lease payments based on increases in the index subsequent to lease commencement are recognized as variable lease expense as they occur. The present value of the lease liability is determined using a [risk-free rate at lease inception]. For operating leases, the effective interest rate method is used to account for the lease liability as lease payments are made and the ROU asset is amortized to earnings in a manner that results in expense recognition on a straight-line basis. ROU assets and lease liabilities are not recognized for leases with initial terms of 12 months or less and lease expense is recognized for these leases on a straight-line basis over the lease term. ROU assets are tested at least annually for impairment or whenever events or changes in circumstance indicate that the asset may be impaired.

e. ***Equity method investments***

The equity method of accounting is used to account for investments for which the Company has the ability to exercise significant influence, but not control, over an investee. Significant influence is generally deemed to exist when the Company's holds an ownership interest in the voting stock of an investee of between 20% and 50%. Under certain conditions, significant influence may be achieved with an ownership of less than 20%. Such conditions include, but are not limited to, the ability to appoint a disproportionate number of directors or the ability to veto significant operating and financial decisions. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered.

f. ***Trust agreements***

Assets held in trust includes fixed deposits and real estate property, the Group established an administration trust with Accion Fiduciaria, S.A., a Colombian trust Company, which holds real estate properties located in Colombia and an administration trust with Canal Trust, Inc. related to fixed deposits.

Bank balances for which there are contractual restrictions on their use are included in cash unless such restrictions result in a bank balance that no longer meets the definition of cash.

Property are stated at cost, less accumulated depreciation.

g. ***Fair value of financial instruments and fair value measurements***

An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting guidance establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs used to measure fair value may fall into one of three levels:

Level 1- applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3 - applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

h. ***Reserves***

The Company applies accounting practices specific to the reinsurance industry which emphasize the liquidity and solvency of the Company to fulfill its obligations. Under these practices, the Company records the gained or incurred income or expenses of the year, the commissions earned on ceded reinsurance, the fees paid to brokers on premiums.

i. ***Reserve for claims outstanding***

Losses are recognized in the consolidated statement of profit or loss based on an estimate of the liabilities once they are reported and are expected to be settled.

These losses include losses from the reinsurance business and loss expenses paid during the year together with the movement in the provision for claims outstanding. The claims outstanding are made up of the accumulation of the estimated final costs of settling all the reported claims, using reports and individual case estimates received from ceding companies at the date of the consolidated statement of financial position.

Retroshare of claims outstanding

This provision accumulates the retroshare portion of the outstanding claims based on estimate of the liabilities once they are reported and are expected to be settled.

Reserve for unrealized premium

The unrealized premium reserve in progress is calculated using the daily pro rata method, in which the subscribed premium is considered proportional to the validity indicated on the invoice, so the amount of the liability is calculated considering the proportion of the risk not incurred on each invoice to the valuation date.

Unrealized retroceded premium

This provision accumulates the retroshare portion of unrealized premium and is calculated considering the proportion of the risk not incurred on each invoice to the valuation date.

Reserve for claims incurred but not reported (IBNR)

The reserve for claims incurred but not reported (IBNR), is calculated according to actuarial formulas recognized worldwide: for incidents incurred, using triangulations to estimate future development, applying the global statistical method.

The Company considers that the gross provisions for claims in process are reasonably presented based on the information that is available. The final liability could vary as a result of subsequent information and could result in significant adjustments to the amounts provided.

IBNR of retroshare

This provision accumulates the retroshare portion of claims incurred but not reported and is calculated according to actuarial formulas.

Unearned retroceded commission

This unearned retroceded commission comprises all direct and indirect commissions arising from the writing of reinsurance contracts, is amortized and recorded in the consolidated statement of profit or loss.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the writing of reinsurance contracts. Deferred acquisition costs (DAC) comprise other variable costs directly connected with acquisition or renewal of reinsurance contracts.

Deferred acquisition costs represent a proportion of commission and other acquisition costs, which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. DAC is amortized over the premium payment period in proportion to the premium revenue recognized.

j. ***Premiums and accounts receivables***

Premiums receivables: Premiums receivable generally have collectable terms of 90 days, and they are recognized at the amount of the respective insurance contracts and are measured at cost. The book value of premiums receivable is reviewed for impairment when events and circumstances indicate that they will not be recoverable, with an impairment loss recognized in the profit or loss. Premiums receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

At the end of each reported period, the premium receivable balance is reviewed to determine if there is objective evidence of non-recoverable. If so, the loss impairment is recognized immediately in the consolidated statement of profit or loss. In measuring the impairment loss, the Administration calculates the credit risk exposure considering the accounts receivable net of reinsurer participation, acquisition costs, unearned premiums and related taxes.

The Company records as accounts receivable uncollected premiums at maturity of the agreed form of payment. These premiums receivable are held for a period of 90 days, whether or not they have accrued redemption values except when it comes to premiums receivable with related parties.

Accounts receivable – retrocessions: Accounts receivable retrocessions are presented at cost and are generated by premium commitments assumed during the current period corresponding to the coverage of the retrocessionaires.

Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

k. ***Financial liabilities and equity instruments issued by the Company***

Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or as equity in accordance with the contractual arrangements.

Equity instruments

An equity instrument is any contract that evidences a residual interest on the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the amount received, net of direct issuance costs.

Barents Re Reinsurance Company, Inc. has an internal capitalization and dividend policy aimed at providing the units in a rational and objective manner to maintain the necessary capital to cover the risks assumed.

Financial liabilities

Financial liabilities are classified as financial liabilities with changes in profit or loss and other financial liabilities.

De-recognition of financial liabilities

The Company writes off financial liabilities when, and only when, the obligations of the Company are settled, canceled or expired.

l. ***Repurchase agreement***

Repurchase agreements are generally accounted for as financing transactions received with guarantees and are recorded at the amount at which the securities were, plus accrued interest. The Company evaluates the market value of securities sold and releases guarantees to counterparties when appropriate.

m. ***Premium income***

Income is presented at fair value of the consideration received or receivable, considering the amount of any commercial discounts, bonuses or rebates granted by the entity.

Income from subscribed premiums and related production costs (commissions paid, ceded reinsurance, and commissions earned from reinsurance) are recognized when the reinsurance contracts come into force and the amount of the premiums is received.

n. ***Reinsurance contracts***

In the normal course of business, the Company signs reinsurance agreements with insurance and reinsurance companies.

Retrocession or reinsurance ceded is arranged with the primary purpose of obtaining a recovery of direct losses that could be generated by events or disasters. However, reinsurance contracts do not relieve the Company from its contractual obligations to policyholders or beneficiaries.

The amounts expected to be recovered from reinsurers are recognized in accordance with the clauses in the contracts signed by both parties. To ensure consistency of this policy, the reinsurance company evaluates, on a periodic basis, the financial condition of its retrocession, risk concentration, as well as changes in economic and regulatory environment.

Gains and losses on reinsurance contracts are recognized in the consolidated statement of profit or loss immediately at the time of occurring and are not amortized. Premiums and claims are presented on a gross basis for both ceded and assumed premiums.

3. Risk management

a. ***Risk management objectives***

The Company's activities are exposed to a variety of financial risks and such activities include the analysis, assessment, acceptance and management of a certain degree of risk or a combination of risks. Risk is a fundamental component in the financial business, and operational risks are unavoidable risks incurred whilst carrying on the business. Therefore, the Management's objective is to achieve an adequate balance between the risks and return and minimize possible adverse effects on the financial execution of the Company.

The Company is responsible for establishing and supervising the risk management policies on financial instruments. To that effect, it has appointed committees to take care of periodic administration and supervision of the risks to which the entity is exposed and which report to the Board of Directors.

b. ***Financial risk***

The activities of the Company are primarily related to the use of financial instruments and, as such, the consolidated statement of financial position consists mainly of financial instruments. Being exposed to the following risks when using them:

- Insurance underwriting and reinsurance risk
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The main financial risks identified by the Company are credit, liquidity, market and operational risks which are described as follows:

Insurance underwriting and reinsurance risk

The risk covered under a contract, in any of its various forms, is the possibility that the insured event occurs and therefore the uncertainty is realized in the amount of the claim. This risk represents all the future losses not being covered as the way they should by the premiums, this can be arising from the inherent uncertainties as to the economic situation, occurring rates and timing of insurance liabilities. By the nature of the insurance contract, this risk is random and therefore unpredictable notwithstanding the statistical methodologies applied by the Company in their financial forecasting.

Regarding a portfolio of contracts where the theory of large numbers and probabilities for pricing and dispose provisions are applied, the main risk the Company faces is that the claims and/or payments of benefits covered by the policies exceed the carrying amount of insurance liabilities. This could happen as the frequency and/or severity of claims and benefits are greater than estimated. The factors that are considered to make the assessment of insurance risks are:

- Frequency and severity of claims
- Sources of uncertainty in the calculation of future claims

The Company has contracted reinsurance coverage that protects against loss frequency and severity. Contracts of reinsurance coverage include excess of loss, stop loss and catastrophe. The aim of these contracts is to minimize net insurance losses so that they do not affect the total net assets and liquidity of the Company in any year. Apart from the total reinsurance program of the Company, additional reinsurance protection can be purchased by facultative contract when the risk assessment so warrants.
The Company contains its exposure by creating multiple and diverse models. First, is reviewing and selecting risks which match the Company as a reinsurer, then the Company accepts them by reviewing them under the Company's terms and assigning those an expected cost and level of riskiness.

Strict underwriting standards are applied by the Company, being primally holding daily underwriting briefings to discuss business progress, pricing, and opportunities, and not getting drive the Company's short-term risk appetite by the excess capital.

In 2024, high economic inflation was a priority consideration for the Board of Directors in relation to insurance risk. The impact was considered in ORSA reports produced by the Risk Management Team. The team concluded that expected inflation is adequately allowed for in the capital model input parameters and assumptions are consistent across the reinsurer. The impact of claims inflation on the Reinsurer is expected to be negligible as sums insured are fixed but as a prudent action, we perform mitigation actions by calibration of our pricing tool of all lines of business to include inflation factors and including adjustments of inflation to our IBNR Models.

As advised above, the Company has developed an insurance underwriting strategy to diversify the types of insurance risks accepted. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, and geographic location. The underwriting strategy attempts to ensure that underwriting risks are well diversified in terms of type and amount of risk. Subscription limits function to execute the selection criteria of appropriate risk.

Sensitivity to insurance risk

The Company´s sensitivity to risk can be clearly seen on the Company's retention for each Retrocession Program on all Lines of Business. We establish our own self retention (Priority) based on each line of business´s Underwriting Guidelines and risks are back-to-back with our retrocession arrangements, so as to mitigate yet any gaps in coverage. Our net retentions, after retrocession, are measured (and lowered) and are relative to our individual lines of business and our risk tolerance for each. We have "Cash Loss Clauses" in our Quota Share treaty purchases, and "Simultaneous Settlements Clauses" in our Excess of loss treaty purchases to manage cash flow for large claims.

Overall, the direct impact on the cash flow derived from an insurance event is balanced according to the company's ERM practices. The Company has a conservative approach to risk retention, buying down via reinsurance where the market is still prepared to trade at a risk transfer price acceptable to us. Actuarial and Aggregate Reports (where applicable) are prepared to monitor closely the exposure and possible impacting scenarios.

Credit risk

The Company utilizes a minimum-security quality threshold of A.M. Best 'A-' and/or S&P 'A-' rating. Exceptions require sign-off by the CEO and are advised to the Board of Directors. Self-imposed maximum capacity on any one reinsurer/group is 20%. Quarterly security reviews are prepared to keep record of the security quality and applying possible future changes when applicable and necessary. Our retrocession panel is diversified, in terms of number of counter parties (50+) and their geographical domicile.

Internally, the Company monitors and reviews Counter Party Security and ageing of our Treaty Retro reinsurance Recoverables on a quarterly basis. The amount of balances due to us for retro claims from our brokers/agents/reinsurers beyond 90 days ageing is US$0. To date, we have no reinsurers that have defaulted.

Liquidity risk

Loss Reserves are set according to actuarial reports based on yearly loss development including claims paid. Provision for claims and retro protection are acquired to minimize potential impact of a major liquidity situation. Premium and loss developments are quarterly prepared and monitored according to annual projection and closely followed; if necessary, projections are updated to accommodate any given situation.

Market risk

The Company´s reinsurance placements are not affected directly by fluctuations on interest rates, as the majority of our business is done in USD and we are not involved on purely financial, credit, loan businesses.

On the other hand, since the vast majority of the Company's premium receivables and retrocession payables are denominated in USD, this minimizes foreign exchange currency risk on its consolidated statement of financial position. Most of the portfolio is either in USD or EUR and possible devaluation is considered to be well absorbed within the overall business results.

The Company's underwriting philosophy excludes long-term contracts. Concurrently, the Company's assets are mostly invested in short duration investment grade securities. As such, market and interest rate risks are minimized given short durations of assets and liabilities.

Reserving risk

For reserving risk, the Company includes sophisticated actuarial models to calculate reserves reviewed by 2 independent fellowship actuaries, the Company's IBNR figures considers provision for adverse deviation, adjustment from inflation, ULAE IBNR and detail analysis individually of attritional, large and cat losses.

2024

Loss type	Claims outstanding	IBNR	Loss and LAE reserves	Retroshare of claims outstanding	Retroshare of IBNR	Retroshare loss and LAE reserves	Net loss and LAE reserves	% Retroshare
Attritional losses	236,164,983	153,073,442	389,238,424	147,422,255	16,908,537	164,330,792	224,907,631	42%
Large and CAT losses	30,063,638	18,966,296	49,029,934	28,025,715	11,606,573	39,632,288	9,397,647	81%
Total	266,228,621	172,039,738	438,268,358	175,447,970	28,515,110	203,963,080	234,305,278	**47%**

2023

Loss type	Claims outstanding	IBNR	Loss and LAE reserves	Retroshare of claims outstanding	Retroshare of IBNR	Retroshare loss and LAE reserves	Net loss and LAE reserves	% Retroshare
Attritional losses	170,715,221	143,098,621	313,813,841	66,945,847	8,206,855	75,152,702	238,661,139	24%
Large and CAT losses	103,351,110	27,582,355	130,933,465	92,279,974	19,829,952	112,109,926	18,823,539	86%
Total	274,066,331	170,680,976	444,747,306	159,225,821	28,036,807	187,262,628	257,484,678	**42%**

Concentrations

The Company believes the concentration risk on insurance contracts is low, as it participates in pools of risks which the broker divides between several different counterparties, countries and industries.

c. ***Credit risk***

Credit risk is the risk of a financial loss for the Company, which occurs when a counterpart of a financial instrument fails to comply with its contractual obligations and arises mainly from investment in securities. Credit risk also represents the risk of the stop payments focused on the counterparties by diverse circumstances, mainly: retrocession assets and recoveries and premium receivables from clients; credit risk from investments is minimal.

For risk management purposes, the Company considers all elements of credit risk exposure: issuer risk, country risk, and sector or industry risk. Credit risk arising from holding securities is considered as a component of credit risk exposure.
The Company continuously monitors the financial condition of the issuers of securities involving a credit risk to the entity. It is responsible for developing changes to the credit policies and presenting the same to the Board of Directors which has the responsibility for the final approval.

The Company's mission is to reduce that loss by using multiple strategies such as:

- Diversification of clients and retrocessionaires worldwide.
- More than 95% of clients and retrocessionaires are A rated.
- No leverage and 95% of investments are from Treasure Bills (risks and rates).
- Diversification of different distribution channels (direct, MGA and brokers).
- 60% are facultative business with usually PPW and no cash-no coverage clauses.
- Several stress scenarios of default of retrocessionaires and increment of receivables to ensure our capital is sufficient.
- The Company's retro capacity needs are relatively small, our geographical footprint maintains our attraction to the reinsurance market.

Also, the Company has an important component of credit risk management which is to establish risk limits across all sectors to reduce the risk of default and keep non-performing assets at prudent levels. In addition, the Company has established certain procedures to manage credit risk, as summarized below:

Preparation of credit policies

Credit policies are issued or revised per recommendation of any member of the Company's Management and Board of Directors, considering the following factors:

- Changes in market conditions.
- Risk factors.
- Changes in laws and regulations.
- Changes in financial conditions and credit availability.
- Other factors relevant at the time.

Every change in policies or preparation of new policies must be approved by the Board of Directors, which in turn issues a memorandum of instructions for its subsequent disclosure and implementation.

Similarly, the entity has limited its exposure in various places through the country risk policy, where countries have been defined to have exposure based on Management's strategic plan; in turn, exposure limits for investment have been implemented in these countries, based on the credit rating of each of them.

Maximum limits per counterparty

Regarding the exposures by counterparties, there are limits based on risk rating of the counterparty, as a proportion of the capital of the Company.

Policy compliance review

The Company is responsible for the quality and performance of premiums receivable in their portfolios, as well as for control and monitoring of their risks.

The table below analyzes the Company's portfolio of securities available for sale which are exposed to credit risk, and its corresponding assessment based on its rating:

	2024	2023
Investment grade	642,990,326	574,724,326

In the previous table, the factors of greatest risk exposure of the investment portfolio have been detailed.

To manage financial risk exposures of the investment portfolio, the entity uses external investment ratings as detailed below:

Investment rating	International qualifications
Investment grade	AAA, AA, AA+, AA-, A+, A-, BBB+, BBB, BBB-
Standard monitoring	BB+, BB, BB-, B+, B, B-
Special monitoring	CCC to C
Non rated	-

Management monitors the credit risk concentration by sector and geographical location. The credit risk concentration analysis of the consolidated financial statements on December 31 is as follows:

	Premiums receivable, net		Account receivable - retrocessions		Account receivable		Securities available for sale, net	
	2024	2023	2024	2023	2024	2023	2024	2023
Concentration by sector:								
Corporate debt securities	252,427,795	174,668,462	115,932,407	110,513,522	11,829,754	11,829,754	1,514,843	1,683,717
Equity securities	-	-	-	-	-	-	1,671,186	1,263,660
Government bonds	-	-	-	-	-	-	639,804,297	571,776,949
Carrying amount	252,427,795	174,668,462	115,932,407	110,513,522	11,829,754	11,829,754	642,990,326	574,724,326
Geographic concentration:								
Europe	-	-	115,932,407	110,513,522	11,829,754	11,829,754	31,271,004	-
South America and Caribbean	252,427,795	174,668,462	-	-	-	-	-	-
United States of America	-	-	-	-	-	-	611,719,322	574,724,326
Carrying amount	252,427,795	174,668,462	115,932,407	110,513,522	11,829,754	11,829,754	642,990,326	574,724,326

The geographical concentration for investments is measured based on the issuer's location of the investment.

d. ***Liquidity or financing risk***

Liquidity risk is defined as the risk that the entity may have difficulties to obtain the funds to meet timely its commitments or obligations when they are due or would have to incur in excessive or unnecessary costs to do so.

Management has established minimum liquidity levels to meet its operating needs and commitments.

The Liquidity Risk caused by the mismatch of terms between assets and liabilities is measured by using the Liquidity Gap or Term Matching. In this analysis, simulations and stress tests are done based on the difficulties caused by the lack of liquidity, such as, unexpected withdrawals of funds contributed by creditors or clients, impairment in the quality of the loan portfolio, volatility of resources obtained, etc.

The analysis of the maturities of the determined financial assets and financial liabilities based on the remaining period at the date of the consolidated statement of financial position or up to the contractual maturity date is detailed below:

2024	No maturity	0 - 3 moths to 1 year	Over a year	Total
Financial assets:				
Cash and deposits in bank	106,951,421	-	-	106,951,421
Securities available for sale	-	642,990,326	-	642,990,326
Trust agreements	2,163,324	-	9,813,000	11,976,324
Premiums receivable	-	252,427,795	-	252,427,795
Accounts receivable - retrocessions	-	115,932,407	-	115,932,407
Accounts receivable	11,829,754	-	-	11,829,754
Other accounts receivable	8,558,324	-	-	8,558,324
Total financial assets	129,502,823	1,011,350,528	9,813,000	1,150,666,351
Financial liabilities:				
Commissions payable	17,069,502	-	-	17,069,502
Loans payable	-	16,000,000	-	16,000,000
Lease liability	-	3,286,338	-	3,286,338
Reinsurers accounts payable	115,714,105	-	-	115,714,105
Total financial liabilities	132,783,607	19,286,338	-	152,069,945

2023	No maturity	3 moths 1 year	Over a year	Total
Financial assets:				
Cash and deposits in bank	133,187,503	-	-	133,187,503
Securities available for sale	-	571,776,949	2,947,377	574,724,326
Trust Agreements	2,491,849	-	9,813,000	12,304,849
Premiums receivable	-	174,668,462	-	174,668,462
Accounts receivable - retrocessions	-	110,513,522	-	110,513,522
Notes and account receivable - related parties	16,680,014	13,902,144	-	30,582,158
Accounts receivable	11,829,754	-	-	11,829,754
Other accounts receivable	10,287,367	-	-	10,287,367
Total financial assets	174,476,487	870,861,077	12,760,377	1,058,097,941
Financial liabilities:				
Commissions payable	24,131,756	-	-	24,131,756
Loans payable	-	-	143,562	143,562
Lease liability	-	608,232	-	608,232
Reinsurers accounts payable	51,431,888	-	-	51,431,888
Total financial liabilities	75,563,644	608,232	143,562	76,315,438

e. ***Market risk***

Market risk is the risk that the value of a financial asset may be reduced because of changes in financial market prices interest rates, currency exchange rates, stock prices, and other financial variables, as well as the reaction of market participants to political and economic events, whether by latent losses or potential profits. Management's objective for market risk is to manage and monitor the risk exposures and at the same time to make sure that they are maintained within acceptable parameters optimizing the risk returns.

The risk management policies provide the compliance with limits for each financial instrument; limits regarding the maximum amount of loss that require the closing of positions that caused such losses; and the requirement that, unless approved by the Board of Directors, substantially all assets and liabilities are denominated in United States Dollars.

As part of the market risk, the Company is mainly exposed to interest rate risk.

Interest rate risk of cash flow and fair value - The cash flow and interest rate risks of fair value are the risks that the future cash flows and the value of financial instruments may fluctuate due to changes in market interest rates.

The table below summarizes the Company´s exposure to interest rate risks. The Company´s financial assets and financial liabilities are included in the table at its carrying amount, categorized by the earlier between the repricing and the maturity dates:

	3 months to 1 year	1 to 5 years	No interest rate	Total
2024				
Financial assets:				
Cash and deposits in banks	-	-	106,951,421	106,951,421
Securities available for sale	642,990,326	-	-	642,990,326
Trust Agreements	-	9,813,000	2,163,324	11,976,324
Premiums receivable	-	-	252,427,795	252,427,795
Accounts receivable - retrocessions	-	-	115,932,407	115,932,407
Accounts receivable	-	-	11,829,754	11,829,754
Other accounts receivable	-	-	8,558,324	8,558,324
Total financial assets	642,990,326	9,813,000	497,863,025	1,150,666,351
Financial liabilities:				
Commissions payable	17,069,502	-	-	17,069,502
Loans payable	16,000,000	-	-	16,000,000
Lease liability	3,286,338	-	-	3,286,338
Reinsurers accounts payable	-	-	115,714,105	115,714,105
Total financial liabilities	36,355,840	-	115,714,105	152,069,945
Net liquidity margin	606,634,486	9,813,000	382,148,920	998,596,406

2023	3 months to 1 year	1 to 5 years	No interest rate	Total
Financial assets:				
Cash and deposits in banks	-	-	133,187,503	133,187,503
Securities available for sale	571,776,949	2,947,377	-	574,724,326
Trust Agreements	-	10,000,000	2,304,849	12,304,849
Premiums receivable	-	-	174,668,462	174,668,462
Accounts receivable - retrocessions	-	-	110,513,522	110,513,522
Accounts receivable	-	-	11,829,754	11,829,754
Other accounts receivable	-	-	10,287,367	10,287,367
Total financial assets	571,776,949	12,947,377	442,791,457	1,027,515,783
Financial liabilities:				
Commissions payable	24,131,756	-	-	24,131,756
Loans payable	143,562	-	-	143,562
Lease liability	608,232	-	-	608,232
Reinsurers accounts payable	-	-	51,431,888	51,431,888
Total financial liabilities	24,883,550	-	51,431,888	76,315,438
Net liquidity margin	546,893,399	12,947,377	391,359,569	951,200,345

f. ***Investment risk***

The Company defines this risk as the investment volatility resulting from changes in interest and inflation rates, credit spreads and exchange rates, among other things, which may adversely affect the value of the Company's investment portfolio. The Company believes this also helps reduce portfolio risk. The Company annually performs and fulfills their ways to reduce the risk.

- Identify the Company's risk tolerance capacity and liquidity.
- Diversify investments to prevent a bigger risk exposure.
- On a quarterly basis, evaluate doubtful collection accounts and establish an adequate provision to cover any future losses.
- Investment Committee establishing overall investment strategy for the Company and overseeing is execution and results.

The potential impact was considered in the ORSA assuming a stress scenario of a financial crisis and -20% return of assets, which demonstrates that this does not compromise the Company's capital model.

The Company manages reinsurance market risk in several ways, principally being:

- Closely monitoring changes in interest rates, exposures, business conditions and inflation.
- Market consultation to the money market trader to explore forthcoming conditions on the currency price.
- Annual strategic review meeting held (hold quarterly underwriting committee meetings to address issues such as underwriting performance and meetings of the Management Risk, Capital, and Compliance Committee to review relevant risk and capital considerations).

Several policies and measures are in place to manage liquidity risk.

- Low volatility on most securities held in our portfolio.
- Good credit rating and good background reference on this type of issuance.
- Highly liquid investment portfolio to meet expected outflows and potential outflows resulting from a variety of potential stress events.
- Forecasts made on a regular basis to anticipate liquidity needs in both the short and medium term.
- Conduct stress tests to ensure it can withstand extreme loss events and remain liquid. The potential impact was considered in our ORSA assuming a stress scenario of a financial crisis assuming loss due currency fluctuation, increment of premium receivables and increase of operating expenses due inflation, which demonstrates that this do not compromise our capital model.

GWP by original currency

	2024	%	2023	%	% Change
USD	180,049,445	49%	122,678,194	31%	47%
EUR	33,181,779	9%	105,737,603	26%	-69%
JPY	16,241,124	4%	28,304,942	7%	-43%
Other	136,476,947	37%	144,621,525	36%	-6%
Total	365,949,295		401,342,264		-9%

g. ***Operational risk***

Is the risk of potential losses, direct or indirect, related to the Company's operations including, human resources, technology, infrastructure and other external factors that are not related to credit, market or liquidity risks, such as those arising from legal and regulatory requirements and from the behavior of generally accepted corporate standards.

The Company's objective is to manage operational risk in order to avoid financial losses and damages to the Company's reputation.
To help reduce this risk, the Company has approved the relevant permits for the underwriting and trading of securities. The Company has established and uses policies and procedures to:

- Identify, prevent, detect, and mitigate network, email and/or device cyber security threats and take measures to respond in an effective way.
- Ensure that information and documents submitted to the rating agency are correct, reviewed and approved by each department involved in the process.
- In addition, the Company implements the use of information from trusted sources, such as official documents, survey reports, audited consolidated financial statements, etc.
- Constant communication is maintained with the Treasury Department for the confirmation of monthly transactions and movements.

h. ***Capital risk management***

The main objectives of the Company when managing capital is to maintain its ability to continue as an ongoing business to generate returns to the shareholders and to maintain an optimal capital structure to reduce the costs of raising capital. To maintain an optimal capital structure, factors such as: amount of dividends payable, return of capital to shareholders or issuance of shares, are taken into consideration. The minimum capital requirement established by the Cayman Islands Monetary Authority is assured, which is set at a minimum of US$50,000,000 for Class D reinsurance companies.

Additionally, the Company currently sets its capital requirements based on the Prescribed Capital Requirement ("PCR") of the Cayman Islands Monetary Authority (CIMA). The Company ensures the ongoing appropriateness of this approach through a comparison with the outcome of several actuarial and risk models including stress tests included in the ORSA, PML Analysis and other capital models including stochastic internal models, and risk based capital models of other regulations.

The calculations are based upon sophisticated mathematical models that reflect the key risks in the business, allowing for the probability of occurrence, the potential impact should losses occur and the interactions between the different risk types.

The results of the modelling confirm that most of the capital is required to support insurance risk.

i. ***Currency risk***

The Company is exposed to the effects of fluctuating changes in currency rates. The Company has exposure limits for currency rates, which are reviewed on a daily basis. Below are details of the currency positions:

	EURO	USD	MXN	Total
2024				
Assets				
Cash and deposits in bank	14,336,322	92,609,455	5,644	106,951,421
Securities available for sale	-	642,990,326	-	642,990,326
Trust Agreements	-	11,976,324	-	11,976,324
Premiums receivable	-	252,427,795	-	252,427,795
Accounts receivable - retrocessions	115,932,407	-	-	115,932,407
Accounts receivable	-	11,829,754	-	11,829,754
Other accounts receivable	-	8,558,324	-	8,558,324
Total financial assets	130,268,729	1,020,391,978	5,644	1,150,666,351
Liabilities				
Commissions payable	-	17,069,502	-	17,069,502
Loans payable	-	16,000,000	-	16,000,000
Lease liability	-	3,286,338	-	3,286,338
Reinsurers accounts payable	-	115,714,105	-	115,714,105
Total financial liabilities	-	152,069,945	-	152,069,945

2023	EURO	USD	MXN	Total
Assets				
Cash and deposits in bank	684,156	132,493,442	9,905	133,187,503
Securities available for sale	-	574,724,326	-	574,724,326
Trust agreements	-	12,304,849	-	12,304,849
Premiums receivable	-	174,668,462	-	174,668,462
Accounts receivable - retrocessions	110,513,522	-	-	110,513,522
Notes and accounts receivable - related parties	-	30,582,158	-	30,582,158
Account receivable	-	11,829,754	-	11,829,754
Other account receivable	-	10,287,367	-	10,287,367
Total financial assets	111,197,678	946,890,358	9,905	1,058,097,941
Liabilities				
Commissions payable	-	24,131,756	-	24,131,756
Loan payable	-	143,562	-	143,562
Lease liability	-	608,232	-	608,232
Reinsurers accounts payable	-	51,431,888	-	51,431,888
Total financial liabilities	-	76,315,438	-	76,315,438

j. ***Strategic and tactical risks***

Strategic risk is the risk of unexpected negative changes in the value of the business due to the negative impact of management decisions on the business strategy and its implementation. This includes reputational risks and the risk of not adapting business strategy to changes in the internal and external environment.

The Company mitigates its exposure by:

- Establish several committees to report through them all progress, issues, milestones, and relevant matters to General Management for its knowledge, consideration, and action if necessary.
- Review audited consolidated financial statements of the client, experience, and shareholders reputation.
- The Company´s Board of Directors oversee all relevant events that may impact the reputational risk of the Company and take the necessary actions on time to mitigate any threats beyond the Company's risk tolerance if necessary.

k. ***Concentration risk***

The Company defines this risk as the possibility that a portfolio or financial institution will lose value when an individual or a group of exposures move together in an unfavorable direction. The implication of concentration of risk is that it causes a lot of damage creating irrecoverable losses.

The Company mitigates its exposure by:

- Use concentration indices to measure the level of concentration in the portfolio and applying transaction cost analysis to estimate market impact and incorporating turnover constraints into portfolio analysis.
- The Company's low risk appetite relates to profitability objectives, this includes the investment strategy when selecting the individuals or groups that the Company chooses to invest in.

l. ***Compliance risk***

This is the risk of legal or regulatory sanctions, significant financial losses, or loss of reputation to which the Company may be exposed because of its failure to comply with relevant laws, rules, regulations, self-regulatory ules and codes of conduct for their activities.

Methods used by the Company to mitigate the compliance risk are:

- Stay up to date with changes in the environment, such as the introduction of new laws and the application of those, to adjust the organization's strategy.
- Monitor events that give rise to compliance risks, analyze their frequency and patterns, and draw conclusions (including possible associations and amplifications with other risks).
- Compare progress with the risk management plan, review and update the risk management plan periodically to ensure its adequacy, relevance, and effectiveness in relation to risk management of compliance.

The Company's compendium of manuals, policies, and procedures, provide guidance and internal control for the proper management of the Company's obligations and corporate governance. These manuals are reviewed on a yearly basis at a minimum.

Company staff possesses sufficient controls and dedicated schedules to comply with any regulatory requirement on a timely basis. In addition to the above, the Compliance Officer, as part of his functions, maintains constant and fluid communication with its regulatory authority, the Cayman Islands Monetary Authority (CIMA) and the Financial Supervision Commission of the Republic of Bulgaria (FSC). As a point of contact, the Compliance Officer ensures that queries and requirements are duly met.

m. ***Money laundering, terrorism financing and fraud risk***

Fraud risk is defined as a form of operational risk, which is the risk to current or expected financial condition and resilience due to inadequate or failed internal processes or systems, human error or error, or adverse external events.

For the Company, money laundering risk assessment is the process of analyzing a company's exposure to financial crimes and mitigates them. This process is designed to identify areas where the Company is at risk of money laundering or terrorist financing.

Specifically, the assessment primarily helps to use a risk-based approach to identify and prevent money laundering and have a better understanding of the risks associated with commercial relationships and the different business activities.

The Company’s Compliance Officer provides an update in every meeting of the Board of Directors in order to ensure that the members of the Board of Directors and Senior Management are kept up to date about these matters and an Annual Compliance Report is provided to the Board of Directors. In addition, the Company maintains a detailed and documented procedures manual for Anti-Money Laundering, Terrorism Financing and Weapons of Mass Destruction. Board of Directors and staff members receive periodic training in relation to Anti-Money Laundering, Terrorism Financing and Weapons of Mass Destruction.

n. ***Other material risks and emerging risks***

In the Own Risk and Solvency Assessment (ORSA), the Company has modeled and assessed both quantitative and qualitative emerging risk events, including:

- Environmental Risks: Climate change and ESG (Environmental, Social, and Governance) impacts.
- Cybersecurity & Technological Risks: Including risks associated with artificial intelligence and blockchain technologies.
- Health Risks: Pandemic outbreaks, health concerns, and medical innovation.
- Supply Chain Risks: Vulnerabilities within supply chain processes.
- Political and Geopolitical Risks: Monitoring the possibilities of extreme events in MENA (Middle East and North Africa), LATAM (Latin America), and Europe.
- Sociodemographic Risks: Changes in demographics, social trends, and consumer behaviors.
- Chemical and Pollution Risks: Pollution, asbestos exposure, and hazardous chemicals.
- Space and Climate Engineering Risks: Related to activities in lower Earth orbit.

4. Accounting estimates and critical judgments

The Company makes estimates and judgments that affect the reported amounts of the assets and liabilities within the following fiscal year. Estimates and judgments are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. These estimates are subjective by nature, involve uncertainty and critical elements and therefore, cannot be determined with exactitude. The changes in the assumptions or criteria can significantly affect the estimations.

- *Uncollectible premiums provision* - The Company estimates a provision for possible losses due to premiums and accounts that may be uncollectible. The Company performs an annual evaluation of the possibilities of recovery of the balances in concept of premiums and accounts receivable on individual bases. The estimated amount for possible losses for premiums receivable considered as uncollectible is realized net of the charges inherent to its subscription.

- *IBNR Reserve* – This reserve is calculated according to actuarial formulas recognized worldwide: for incidents incurred, using triangulations to estimate future development, applying the global statistical method.

- *Outstanding claims reserve* - The Company estimates its reserves based on the 100% of outstanding claims.

These estimates were made with the information available as of December 31, 2024 on annualized events and it is possible that future events may require modifying them (increase or decrease) in the future.

5. Recently adopted accounting pronouncements

Recently adopted accounting pronouncements

Effective January 1, 2024, the Company adopted the following Accounting Standards Updates ("ASU"):

- ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The adoption of the new standard did not have a material impact on the financial statements.

- ASU 2021-08 amends ASC 805, *Business Combinations,* to add contract assets and contract liabilities to the list of exceptions to the recognition and measurement principles that apply to business combinations and to require that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, *Revenues*. While primarily related to contract assets and contract liabilities that were accounted for by the acquiree in accordance with ASC 606, the amendments also apply to contract assets and contract liabilities from other contracts to which the provisions of ASC 606 apply, such as contract liabilities from the sale of nonfinancial assets within the scope of Subtopic 610-20. This ASU applies to business combinations occurring on or after the effective date.

- ASU 2023-01 amends certain provisions of ASC 842 that apply to arrangements between related parties under common control. The ASU:
    - Offers private companies, as well as not-for-profit entities that are not conduit bond obligors, a practical expedient that gives them the option of using the written terms and conditions of a common-control arrangement when determining whether a lease exists and the subsequent accounting for the lease, including the lease's classification (Issue 1).
    - Amends the accounting for leasehold improvements in common-control arrangements for all entities (Issue 2).

Accounting pronouncements pending adoption

- On August 23, 2023, the FASB issued ASU 2023-05 under which an entity that qualifies as either a joint venture or a corporate joint venture as defined in the *FASB Accounting Standards Codification* master glossary is required to apply a new basis of accounting upon the formation of the joint venture. The ASU provides that a joint venture or a corporate joint venture must initially measure its assets and liabilities at fair value on the formation date regardless of whether the joint venture meets the definition of a business in ASC 805-10. The amendments in ASU 2023-05 are effective for all joint ventures within the ASU's scope that are formed on or after January 1, 2025. Early adoption is permitted.

- On December 13, 2023, the FASB issued ASU 2023-08, which addresses the accounting and disclosure requirements for certain crypto assets. The new guidance requires entities to subsequently measure certain crypto assets at fair value, with changes in fair value recorded in net income in each reporting period. In addition, entities are required to provide additional disclosures about the holdings of certain crypto assets. The ASU's amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted.

- On December 14, 2023, the FASB issued ASU 2023-09, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. Under the new guidance, entities must consistently categorize and provide greater disaggregation of information in the rate reconciliation. Entities must also further disaggregate income taxes paid. The amended requirements are effective for fiscal years beginning after December 15, 2025.

6. Balances and transactions with related parties

Balances and transactions with related parties included in the consolidated statement of financial position and consolidated statement of profit or loss are summarized below:

	2024	2023
Balances with related parties		
Assets		
Bank deposits	16,707,309	569,918
Investment in associate (Note 14)	15,661,743	14,348,981
Notes receivable (i)	-	13,902,144
Interest receivable (i)	-	2,021,547
Accounts receivable (ii)	-	16,680,014
Accounts receivable - others	2,195,360	2,198,072
Accounts receivable - shareholder	157,466	95,546
Trust agreements (iii)	10,000,000	10,000,000
Transactions with related parties		
Gross written premium -Associate, Nacional de Seguros, S. A.	10,954,367	19,155,417
Commissions paid	3,010,947	4,943,437
Interest income	291	829,799
Key executives salaries	742,810	669,346

(i) As of December 31, 2024, the Company maintains US$0 (2023: US$13,902,144) relating to certificates of investment issued by the related Company Standard Capital Shareholding Inc., (B.V.I), which accrued interest for the amount US$0 (2023: US$2,021,547) at an annual rate of 0% (2023: 2.5%) with a maturity of one year.

(ii) In June 2020, the Company acquired a repurchase agreement (see Note 20), which was transferred in its entirety as an account receivable to the affiliate Standard Capital Shareholding, Inc. On December 2024, the Company canceled this account receivable to the affiliate.

(iii) The Company established an administration trust with Canal Trust, Inc., for the amount of US$10,000,000, related to fixed deposits. (See Note 12). For the year 2024, the Company maintain an expected credit loss reserve in the amount of US$187,000 (2023: US$187,000) for fixed-term deposits.

The Company is part of a group of related companies which have significant transactions among them.

Accounts receivable and payable with related companies do not have a scheduled repayment date, maturity date nor do they accrue interest.

7. Cash and bank deposits

Deposits in banks are detailed below:

	2024	2023
Demand deposits - domestic	17,526,180	682,580
Time deposits - domestic	16,000,000	-
Demand deposits - foreign	73,425,241	132,504,923
Total	106,951,421	133,187,503
Less:		
Time deposits at original maturity greater than 90 days	16,000,000	-
Cash and cash equivalents for consolidated cash flow purpose	90,951,421	133,187,503

8. Premiums receivable, net

Premiums receivables are summarized as follows:

	2024	2023
Barents Risk Management, LTD.	192,567,078	177,945,193
Others	64,137,820	3,848,420
	256,704,898	181,793,613
Less: Uncollectible premium provision	(4,277,103)	(7,125,151)
Net premium receivable	252,427,795	174,668,462

<u>Aging of accounts receivable matured but not uncollectible</u>

	2024	2023
Current	85,261,835	23,598,397
30-60 days	34,720,868	32,849,338
61-90 days	35,132,660	101,304,778
More than 90 days	101,589,535	24,041,097
	256,704,898	181,793,610

<u>Provision movement for uncollectible premiums</u>

	2024	2023
Balance at beginning of the year	7,125,151	17,960,862
Reversal of uncollectible premiums	(2,848,048)	(10,835,711)
Balance at end of year	4,277,103	7,125,151

9. Securities available for sale

Securities available for sale are summarized as follows:

	2024	2023
Listed securities (at fair value):		
Goverments bonds - foreign	639,804,297	571,776,949
Corporates debt securities	1,514,843	1,683,717
Equity securities	1,671,186	1,263,660
	642,990,326	574,724,326
Reserve for current expected credit losses	(183,014)	(167,278)
Total	642,807,312	574,557,048

As of December 31, 2024 and 2023, the amortized cost, gross unrealized holding gains and losses, and fair value of available-for-sale investments were as follows:

2024	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debt securities	1,568,218	-	(26,724)	1,541,494
Goverment bonds	628,540,549	11,237,097	-	639,777,646
Other debt securities	1,671,186	-	-	1,671,186
Total	631,779,953	11,237,097	(26,724)	642,990,326

2023	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debt securities	1,586,134	56,591	-	1,642,725
Goverment bonds	560,358,490	11,459,451	-	571,817,941
Other debt securities	776,323	487,337	-	1,263,660
Total	562,720,947	12,003,379	-	574,724,326

The annual interest rate earned by government bonds is 1.75% with maturities up to one year (2023: 5.01% with maturities up to one year).

The gross unrealized losses are temporary and do not represent continuous loss position.

Realized gain on sales of investments available for sale during 2024 were US$28,528,358 (2023: US$21,557,992), respectively. Realized gains and losses are presented within in the consolidated statement of comprehensive income.

As of December 31, 2024, contractual maturities of debt securities were as follows:

	2024	2023
One year or less	626,670,932	558,852,390
Maturing after one year through five years	14,776,956	14,228,636
Maturing after five through ten years	1,542,438	1,643,300
Total	642,990,326	574,724,326

The movement of securities available for sale is summarized below:

	2024	2023
Balance at beginning of the year	574,724,326	463,813,833
Additions	657,844,112	602,687,859
Sales	(617,879,692)	(523,205,864)
Change in fair value	28,301,580	31,428,498
Balance at year end	642,990,326	574,724,326

10. Property, furniture, equipment and improvements

Property, furniture, equipment and improvements are summarized below:

2024	Improvements	Office equipment	Computer equipment	Balance
Cost				
Balance at the beginning of the year	575,553	366,954	510,122	1,452,629
Additions	26,086	78,152	64,323	168,561
Adjustments	(15,392)	(17,771)	8,983	(24,180)
Balance at end of the year	586,247	427,335	583,428	1,597,010
Accumulated depreciation and amortization				
Balance at the beginning of the year	328,744	238,849	389,151	956,744
Expense for the year	78,087	27,507	56,594	162,188
Balance at end of the year	406,831	266,356	445,745	1,118,932
Net balance	179,416	160,979	137,683	478,078

2023	Improvements	Office equipment	Computer equipment	Balance
Cost				
Balance at the beginning of the year	565,847	316,564	440,262	1,322,673
Additions	-	46,154	70,664	116,818
Adjustments	9,706	4,236	(804)	13,138
Balance at end of the year	575,553	366,954	510,122	1,452,629
Accumulated depreciation and amortization				
Balance at the beginning of the year	248,451	216,068	344,801	809,320
Expense for the year	80,293	22,781	44,350	147,424
Balance at end of the year	328,744	238,849	389,151	956,744
Net balance	246,809	128,105	120,971	495,885

11. Accounts receivable

Accounts receivables are summarized as below:

	2024	2023
Barents R. M., Inc.	11,829,754	11,829,754

The Company maintains an account receivable at a one-year term, renewable at an annual rate of 2.68%.

12. Trust agreements

The Group maintains trust agreements, which are detailed below:

	2024	2023
Trust - Fixed deposits	10,000,000	10,000,000
Trust - Real estate	2,181,650	2,512,958
	12,181,650	12,512,958
Less: Reserve for current expected credit losses	(205,326)	(208,109)
	11,976,324	12,304,849

The Group established an administration trust with Accion Fiduciaria, S.A., a Colombian trust Company, which holds real estate properties located in Colombia as trust assets on behalf of the Company, for the amount of US$2,181,650 (2023: US$2,512,958). For the year 2024, the Company recognizes an expected credit loss reserve in the amount of US$18,326 (2023: US$21,109) for trust - real estate.

The Group established an administration trust with Canal Trust, Inc., for the amount of US$10,000,000 related to fixed deposits with interest rates of 5%, which end date is March 23rd, 2026, and April 16th, 2026 (2023: 5% which end date is October 20th, 2023 and March 23rd, 2026). For the year 2023, the Company recognizes an expected credit loss reserve in the amount of US$187,000 for fixed-term deposits, and remains in effect until December 31, 2024

13. Investment in associate

Investment in associate is summarized below:

Name	Activity	Country of incorporation	% interest 2024	% interest 2023	2024	2023
Nacional de Seguros, S. A.	Insurance Company	Colombia	49%	49%	16,683,554	15,100,494

For the year 2024, the Company recognizes an expected credit loss reserve in the amount of US$1,021,813 (2023:US$751,513) for investment in associate.

Nacional de Seguros, S. A.

The Company maintains 1,298,459,285 shares in Nacional de Seguros, S.A., company incorporated under the laws of the Republic of Colombia. The Company has no power or control over the operations of Nacional de Seguros, S.A.

A summary of the consolidated statement of financial position and the consolidated statement of profit or loss as of December 31, 2024 is detailed as follows:

Statement of financial position:

	2024	2023
Total assets	200,834,394	229,301,601
Total liabilities	179,383,326	203,802,435
Net assets	21,451,068	25,499,166

Statement of profit or loss:

Income for premiums:	**2024**	**2023**
Total earned premium	2,793,208	2,563,584
Liquidated and recovered claims	16,361,460	3,657,682
Earned commissions	15,744,432	24,878,163
Net cost	(28,998,390)	(19,727,168)
General and administrative expenses	(15,948,537)	(14,037,072)
Technical result	(10,047,827)	(2,664,811)
Total other income, net	15,395,238	16,498,184
Income before income tax	5,347,411	13,833,373
Income tax	(2,463,314)	(4,048,587)
Deferred tax	219,943	(702,100)
Net income	3,104,040	9,082,686

Fianzas Avanza S.A., de C.V. (México)

At the Extraordinary General Shareholders' Meeting of Fianzas Avanza, S.A., de C.V. (hereinafter "Fianza Avanza") held on April 28, 2023, the exercise of the right of withdrawal of Barents Re Reinsurance Company, Inc., as a shareholder of Fianza Avanza, was approved.

Investment in associate movement schedule is as follows:

	Nacional de Seguros, S. A.	Fianza Avanza, S. A.	Total
2024			
Balance at beginning of the year	15,100,494	-	15,100,494
Share of profit of associate	1,583,060	-	1,583,060
Ending balance as of December 31	16,683,554	-	16,683,554

2023	Nacional de Seguros, S.A.	Fianza Avanza, S.A.	Total
Balance at beginning of the year	10,649,978	2,423,803	13,073,781
Excluded associate from consolidation	-	(2,423,803)	(2,423,803)
Share of profit of associate	4,450,516	-	4,450,516
Ending balance as of December 31	15,100,494	-	15,100,494

14. Leases

The Company leases buildings for which the average lease term is 24 months. There are currently no residual value guarantees or restrictions or covenants in relation to the Company’s lease.

Net operating right-of-use assets by class of assets are comprised as follows:

The right-of-use assets are presented below:

	2024	2023
Buildings	1,290,403	950,576
Increase	2,662,066	339,827
Less - depreciation and amortization	666,131	682,171
Net operating right-of-use assets	3,286,338	608,232

a. ***Amounts recognized in the consolidated statement of profit or loss***

	2024	**2023**
Depreciation expense on right of use assets	666,131	682,171
Interest expense on lease liabilities	65,162	59,657
Expenses related to short-term leases	643,773	199,228
Interest expense on lease liabilities	57,726	58,956

b. ***Lease liabilities***

Lease liabilities are discounted at a discount rate of 4.25%, the balances being as follows:

	2024	**2023**
Amounts due for settlement within 12 months	738,556	519,642
Amounts due for settlement after 12 months	2,547,782	88,590
	3,286,338	608,232

Contractual maturities of operating and financing lease liabilities are as follows:

December 31,	**2024** **Operating**
2025	738,556
Thereafter	2,612,944
Less unearned interest	(65,162)
Total	3,286,338

15. Other assets

Other assets are comprised as follows:

	2024	2023
Interest receivable for accounts receivables (See Note 11)	1,812,282	1,495,245
Prepaid expenses	831,475	849,170
Others interest	357,655	721,456
Guarantee deposits	17,073	2,413,282
Warehouse and offices	-	3,613,026
Interest receivable for notes (See Note 6)	-	2,021,547
Prepaid tax	-	72,602
Others	252,839	116,456
	3,271,324	11,302,784

16. Unrealized premium reserve

The unrealized premium reserve was calculated using the daily pro rata method, in which the subscribed premium is considered proportional to the validity indicated on the invoice, so the amount of the liability is calculated considering the proportion of the risk not incurred on each invoice to the valuation date. As of December 31, 2024, the unrealized premium reserve was US$207,471,601 (2023: US$148,280,175) and the total unrealized retroceded premium is US$109,694,477 (2023: US$47,385,218).

The movement in technical premiums, unrealized premium reserve and unrealized retroceded premium is presented below:

	2024	2023
Unrealized premium (UPR)		
Balance at the beginning of the year	148,280,175	233,828,425
Increase (decrease)	59,191,426	(85,548,250)
Balance at the end of the year	207,471,601	148,280,175
Unrealized retro premium(UPR)		
Balance at the beginning of the year	47,385,218	147,779,176
Increase (decrease)	62,309,259	(100,393,958)
Balance at the end of the year	109,694,477	47,385,218
Reserve for current expected credit loss	(495,505)	(282,497)
Balance at the end of the year	109,198,972	47,102,721

17. Claims outstanding, IBNR reserve and Deferred acquisition costs

IBNR reserve is based on an actuarial valuation, that concluded that the total claims outstanding reserve for the Company is US$266,228,621 (2023: US$274,066,331) and retroshare of claims outstanding US$175,447,970 (2023: US$159,225,822). The total IBNR reserve is US$172,039,738 (2023: US$170,680,975), IBNR of retroshare is US$28,515,110 (2023: US$28,036,807). The total deferred acquisition costs are US$40,367,397 (2023: US$32,861,291).

Claims outstanding include losses arising from the reinsurance business and loss expenses paid during the year together with the movement in the provision for claims in process. The claims outstanding are made up of the accumulation of the final costs to settle all the reported and incurred losses at the date of the statement of financial position.

The reserve for claims incurred but not reported (IBNR), is calculated from 100% of the claims paid.

The Company considers that the gross provisions for claims in process are reasonably presented based on the available information. The final liability could vary as a result of subsequent information and could result in significant adjustments to the amounts provisioned.

This assets provision is accumulated based on the retroshare portion of claims incurred but not reported, and is calculated according to actuarial formulas.

The movement of claims outstanding reserve, retroshare of outstanding claims, IBNR reserve, IBNR of retroshare, and deferred acquisition costs is presented below:

	2024	2023
Provision reserve IBNR		
Balance at the beginning of the year	170,680,975	304,719,808
Decrease	1,358,763	(134,038,833)
Balance at the end of the year	172,039,738	170,680,975
IBNR of retroshare		
Balance at the beginning of the year	28,036,807	181,922,754
Increase (decrease)	478,303	(153,885,947)
	28,515,110	28,036,807
Reserve for current expected credit losses	(209,625)	(178,897)
Balance at the end of the year	28,305,485	27,857,910
Claims outstanding reserve:		
Balance at the beginning of the year	274,066,331	247,570,687
(Decrease) increase	(7,837,710)	26,495,644
Balance at the end of the year	266,228,621	274,066,331

	2024	2023
Retroshare of claims outstanding		
Balance at the beginning of the year	159,225,822	135,191,441
Increase	16,222,148	24,034,381
	175,447,970	159,225,822
Reserve for current expected credit losses	(984,891)	(1,401,172)
Balance at the end of the year	174,463,079	157,824,650
Total net provision included in the balance	234,305,278	257,484,677
Deferred acquisition costs:		
Balance at the beginning of the year	32,861,291	28,152,277
Deferred	7,506,106	4,709,014
Balance at the end of the year	40,367,397	32,861,291

The following table present the total net loss & loss adjustments expenses reserves including claims outstanding and IBNR for the year ended and as of December 31, 2024.

The reserves and the loss development triangle of case incurred is produced by UW year basis and is net of retrocession. All figures are in thousand USD.

Pure underwriter year net of retrocession	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
At end of underwriting year one	1,068,200	1,356,113	11,535,572	58,572,766	13,359,820	17,710,081	84,664,713	17,637,698	12,319,416	25,612,068	13,943,397
One year later	13,206,782	21,080,695	24,119,223	73,616,130	36,532,688	45,694,245	105,869,456	50,528,759	44,565,308	82,333,220	
Two years later	21,694,533	25,466,882	49,305,418	105,236,000	48,675,257	61,554,292	122,024,268	87,441,078	54,663,435		
Three years later	24,623,651	29,857,255	73,552,657	78,609,718	49,371,909	66,152,203	128,568,403	93,248,194			
Four years later	25,600,279	37,976,666	67,440,130	83,420,030	52,854,602	68,861,900	128,672,466				
Five years later	29,567,785	39,334,322	80,719,918	92,070,429	55,999,256	70,578,037					
Six years later	31,061,825	40,165,722	96,866,053	90,530,880	53,466,440						
Seven years later	31,405,197	44,457,348	95,556,781	88,418,169							
Eight years later	31,390,941	44,135,145	100,390,952								
Nine years later	29,449,940	42,225,134									
Ten years later	29,204,609										
Total Case Incurred	29,204,609	42,225,134	100,390,952	88,418,169	53,466,440	70,578,037	128,672,466	93,248,194	54,663,435	82,333,220	13,943,397
IBNR	88,405	612,834	3,233,669	4,341,060	5,523,155	6,897,027	9,181,559	11,724,680	21,218,801	48,114,408	32,585,323
Cumulative payments	28,997,269	39,526,170	104,988,928	83,369,944	45,062,117	61,667,970	120,300,104	78,426,828	42,215,880	54,861,166	8,562,502
Estimated balance to pay	295,745	3,311,798	- 1,364,307	9,389,285	13,927,477	15,807,094	17,553,920	26,546,046	33,666,356	75,586,462	37,966,218
Provision in respect of prior years											297,690
Currency											1,321,494
Total net provision included in the Balance Sheet											**234,305,278**

The Company employs a consistent methodology for establishing technical provisions for Net Unpaid Loss & LAE Reserves, including case reserves, incurred but not reported (IBNR) reserves, incurred but not enough reserved (IBNER), and the reinsurers' share thereof. The claims development tables illustrate the progression of claims from the underwriting year onward, highlighting changes in actuarial assumptions and claim resolutions.

As of December 31, 2024, the net loss & LAE reserve is 230,638,187. There is a difference of 1,321,494, reflecting the conversion differences between EUR and USD according to LUX GAAP to US GAAP standards.

The expected maturity profile of net loss and loss adjustment expense (LAE) reserves for 2024 is:

	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
2023	150,814,465	7,483,600	8,735,009	66,346,066	24,105,538	257,484,678
2024	124,612,594	6,930,857	9,165,447	64,746,049	28,850,331	234,305,278

These figures clearly indicate that the Company operates in a short-term and short-tail line of business, with more than 90% of the net outstanding claims expected to settle in four years or less. This reflects the Company's effective claims management and reserve practices, ensuring timely settlement of claims and robust financial planning.

18. Accounts receivable – retrocessions, net

Accounts receivable - retrocessions are detailed below:

	2024	2023
Accounts receivable - retrocessions	121,351,292	114,777,351
Less: doubtful receivables	5,418,885	4,263,829
Balance at end of year	115,932,407	110,513,522

Provision movement for uncollectible account receivable – retrocessions

	2024	2023
Balance at beginning of the year	4,263,829	2,848,364
Provision increase	1,155,056	1,415,465
Balance at end of year	5,418,885	4,263,829

Accounts receivable - retrocessions are generated by premium assumed during the current period corresponding to the coverage of the commitments on reinsurers.

19. Loans payable

The loans payable is detailed as follows:

	2024	2023
Mercantil International Bank Inc.		
Loan at a 11 years term with a minimum annual interest rate of 6.25%, with maturity in October 2024. The Company maintains a collateral trust agreement on real estate as a guarantee of this obligation.	-	143,562
Banco de Sabadell, S. A.		
Loan at a one years term with annual interest rate of 5.39%, with maturity in February 2nd, 2026	16,000,000	-
Total	16,000,000	143,562
Short term	-	143,562
Long term	16,000,000	-
	16,000,000	143,562

In April 2024, the Company canceled this obligation with Mercantil International Bank.

Below, a summary of the obligations assumed, payments and cancellations during the year:

	2024	2023
Balance at beginning of the year	143,562	279,304
Proceeds from new loans	16,000,000	-
Payments to loans	(143,562)	(135,742)
Total	16,000,000	143,562

20. Accounts payable and accrued expenses

The accumulated accounts and expenses payable are as follows:

	2024	2023
Accruals payable (a)	6,966,267	5,131,832
Deferred tax liability	2,959,826	1,674,750
Tax payable	692,863	130,891
Withholdings payable	442,264	295,738
Interest payable	354,897	354,897
Deposits received from reinsurance companies	156,003	166,382
Suppliers accounts payable	84,231	50,027
Other accounts payable	676,689	312,481
	12,333,040	8,116,998

(a) During 2024, the Company accrued for Service Level Agreement (SLA) fees with BRM Beirut for the services received during the year but not invoiced yet, for an amount of US$6,966,267 (2023: US$5,131,832).

21. Other expenses

The other expenses account is summarized below:

	2024	2023
Bank charges	875,729	10,023
Other fees	619,395	1,190,002
Rentals	499,537	283,630
Legal and notarial expenses	451,021	257,880
Travel expenses	435,496	386,462
Insurances	383,875	278,373
Taxes	227,990	102,439
Director´s compensation	124,357	113,693
Others	2,160,029	6,391,255
	5,777,429	9,013,757

22. Gross written premium

Gross written premium by line of business

	2024	%	2023	%	% Change
Energy	103,536,242	28%	95,090,001	24%	9%
Specialty lines	77,092,598	21%	124,480,838	31%	-38%
Life	70,924,272	19%	73,955,588	18%	-4%
Property	65,262,312	18%	61,143,988	15%	7%
Bonds	49,133,871	13%	46,671,849	12%	5%
Total	365,949,295		401,342,264		-9%

The Company is a niche reinsurer that provides tailored solutions for its clients, offering a diverse and extensive portfolio across fivemain lines of reinsurance business. The Energy line is the single largest segment within the company, accounting for 28% of the gross written premium. It is followed by Specialty lines and Life reinsurance, which are also significant contributors to the portfolio. The Bonds segment maintained a stable contribution to gross written premiums, accounting for 12% in 2023 and slightly increasing to 13% in 2024. Property reinsurance has also shown notable growth and now represents 18% of the portfolio.

Collectively, Barents Re portfolio is well-balanced among the remaining lines of business result on the company's diverse and stable market presence in the reinsurance industry.

Gross written premium by reinsurance type

	2024	%	2023	%	% Change
Facultative	225,100,260	62%	236,150,388	59%	-5%
Treaty	140,849,035	38%	165,191,876	41%	-15%
Total	365,949,295		401,342,264		-9%

By nature, the Company is highly focused on facultative reinsurance. Treaty is mainly written in the MENA region and represents 38% of the total for 2024. Segregation of business in 2024 is mainly on proportional placements with 92%, and non-proportional with 8%.

The Company's underwriting philosophy is highly focused on a facultative basis, ensuring risks are individually assessed. Treaty business is focused on specific regions due to its marketplace nature.

Retroshare of gross written premium and incurred losses

The Company's sophisticated retrocession programmes, primarily based on excess of loss arrangements, are designed to minimize risk according to established risk tolerance limits. These programmes are carefully monitored to ensure that retained premiums are sufficient to pay claims and expenses, providing a robust financial safeguard.

The table below provides an overview of key metrics related to gross written premiums, retrocession premiums, and incurred losses for the years 2024 and 2023.

	2024	2023	% Change
Gross written premium	365,949,295	401,342,264	-9%
Retrocession premium	(179,337,851)	(174,216,813)	3%
Percentage of retroceded rremiums to gross written premiums	49%	43%	13%
Gross incurred loss & LAE	(177,362,916)	(251,013,656)	-29%
Retroshare incurred loss & LAE	92,774,759	131,974,766	-30%

In 2024, Gross Written Premiums decreased by 9% to 365,949,295, with 49% of these premiums ceded to retrocession, up from 43% in 2023. Gross Incurred Loss & LAE decreased by 29%, while Retroshare Incurred Loss & LAE dropped 30%, covering 52% of gross losses similar to 2023.

With 49% of premiums retroceded but 52% of losses recovered, our retrocession programs remain highly effective.

The higher percentage of retroshare in claims (53%) compared to the percentage of ceded premiums (43%) demonstrates the optimal performance of our retrocession programmes.

	2024	%	2023	%	% Change
USD	180,049,445	49%	122,678,194	31%	47%
EUR	33,181,779	9%	105,737,603	26%	-69%
JPY	16,241,124	4%	28,304,942	7%	-43%
Other	136,476,947	37%	144,621,525	36%	-6%
Total	365,949,295		401,342,264		-9%

23. Non - controlling interests

Non-controlling interest represents the participation of other shareholders in the following subsidiaries:

	% of non - controlling interest		2024	2023
	2024	2023		
Barents Re Reinsurance S.A. (Luxemburgo)	49%	49%	38,069,766	36,162,196

Movement of non-controlling interest is detailed as follows:

	2024	2023
Initial balance of non-controlling interest	36,162,196	31,966,431
Profit (loss) participation	1,907,570	4,195,765
	38,069,766	36,162,196

The capital increase participation by way of increase and / or decrease in profit was proportional and therefore does not change the percentage of the participation in the capital.

24. Common shares

The capital is composed of 100,000 shares with no par value and amounts to US$404,988,405 (2023: US$404,988,405).

25. Capital reserve

As of December 31, 2024, The Company mantains a capital reserve for amount of US$72,505,820 (2023: US$72,505,820).

26. Income tax

According to current Cayman Islands laws, the Company is not subject to taxes levied on profits, income, gains or appreciations.

For the year ended December 31, 2024, Barents Reinsurance S.A. (Luxembourg) generated income tax of US$1,001,769 (2023: US$2,890,398).

	2024	2023
Barents Reinsurance, S. A. (Luxemburg) taxable income	2,720,532	11,453,183
Current income tax	719,835	2,743,402
Prior year adjustments	121,946	(7,211)
	841,781	2,736,191
Wealth tax	159,988	154,207
Income tax	1,001,769	2,890,398
Barents Insurance EAD	3,714	-
	1,005,483	2,890,398

27. Fair value of financial instruments

Fair value of financial instruments: The estimated fair value amounts presented below have been determined by the Company using available market information or other appropriate valuation methodologies that require considerable judgment in developing and interpreting the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying amount and estimated fair values of the Company's financial instruments that are not recognized in the balance sheets at fair value are as follows:

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Cash and deposits in banks	106,951,421	106,951,421	133,187,503	133,187,503
Trust agreement	11,976,324	12,196,159	12,304,849	12,196,365
Premiums receivable	252,427,795	252,427,795	174,668,462	174,668,462
Notes and accounts receivable - related parties	-	-	30,582,158	30,582,158
Accounts receivable	11,829,754	11,829,754	11,829,754	11,829,754
Other accounts receivable	8,558,324	8,558,324	10,287,367	10,287,367
Commissions receivable	18,883,358	18,883,358	3,310,938	3,310,938
Accounts receivable - retrocessions	115,932,407	115,932,407	110,513,522	110,513,522
	526,559,383	526,779,218	486,684,553	486,576,069
Financial liabilities:				
Loans payable	16,000,000	16,880,689	143,562	318,142
Lease liability	3,286,338	3,286,338	608,232	608,232
Reinsurers accounts payable	115,714,105	115,714,105	51,431,888	51,431,888
	135,000,443	135,881,132	52,183,682	52,358,262

		Fair value hierarchy		
	Total	Level 1	Level 2	Level 3
2024				
Financial assets:				
Cash and deposits in banks	106,951,421	-	106,951,421	-
Trust agreement	11,976,324	-	9,813,000	2,163,324
Premiums receivable	252,427,795	-	-	252,427,795
Accounts receivable - retrocessions	115,932,407	-	-	115,932,407
Accounts receivable	11,829,754	-	-	11,829,754
Other accounts receivable	8,558,324	-	-	8,558,324
	507,676,025	-	116,764,421	390,911,604
Financial liabilities:				
Loans payable	16,000,000	-	-	16,000,000
	16,000,000	-	-	16,000,000

2023	Total	Fair value hierarchy Level 1	Level 2	Level 3
Financial assets:				
Cash and deposits in banks	133,187,503	-	133,187,503	-
Trust agreement	12,304,849	-	10,000,000	2,304,849
Premiums receivable	174,668,462	-	-	174,668,462
Accounts receivable - retrocessions	110,513,522		-	110,513,522
Notes and accounts receivable - related parties	30,582,158	-	13,902,144	16,680,014
Accounts receivable	11,829,754	-	-	11,829,754
Other accounts receivable	10,287,367	-	-	10,287,367
	483,373,615	-	157,089,647	326,283,968
Financial liabilities:				
Loan payable	143,562	-	-	143,562
	143,562	-	-	143,562

The Company believes that the carrying values of the financial assets and financial liabilities recognized at amortized cost in the consolidated financial statements approximate their fair value.

In the case of demand deposits and time deposits the carrying value approximates fair value due to their short-term nature. In the case of premiums receivable, book value is the best estimate of fair value due to the nature of the business relationship with the customer.

Available-for-sale securities - Available-for-sale securities are carried at fair value primarily based on observable market prices. If observable market prices are not available, valuations are based on internally developed discounted cash flow models that use a market-based discount rate and consider recent market transactions, experience of similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, various significant assumptions are utilized including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses).

Assets and liabilities that are measured at fair value on a recurring basis are as follows:

Description	December 31, 2024	Fair value measurements at reporting date using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Available-for-sale securities	642,990,326	642,990,326	-	-
Total assets	642,990,326	642,990,326	-	-

Description	December 31, 2023	Fair value measurements at reporting date using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Available-for-sale securities	574,724,326	574,724,326	-	-
Total assets	574,724,326	574,724,326	-	-

28. Subsequent events

The Company has evaluated events subsequent to December 31, 2024 to assess the need for potential recognition or disclosure in the accompanying consolidated financial statements. Such events were evaluated through June 27, 2025 the date these consolidated financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the consolidated financial statements.

29. Approval of consolidated financial statements

The consolidated financial statements for the year ended December 31, 2024 were approved and issuance was authorized by the Board of Directors on June 27, 2025.

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