

2024 ANNUAL REPORT

# CHALLENGING OUR OWN LIMITS



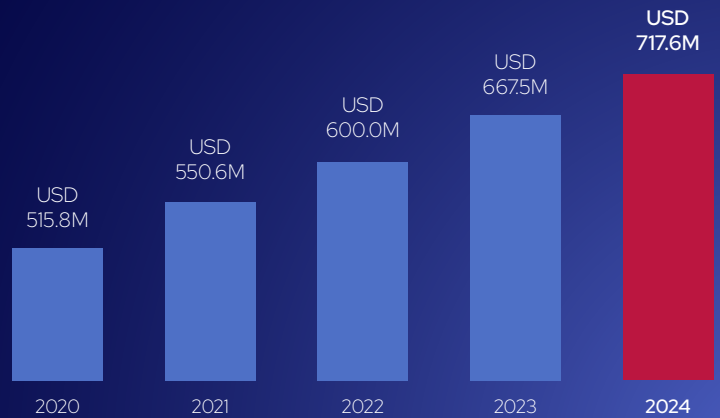
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# Building trust on solid foundations.

Shareholders' Equity  
**USD 717.6 M**

Barents Re's consolidated equity reached \$717.6 million, a 7.5% increase compared to the previous year, reaffirming its commitment to prudent management, a profitable business model, and a top-tier financial position in the international market.



**↑7.5%**

Increase compared to the previous year.

Net Profit  
**USD 56.6 M**

**+3%**

Increase compared to the previous year.

Reflecting strong operational performance and profitability.

Despite the contraction in global premiums, Barents Re achieved a net profit of USD 56.6 million, consolidating its position as an efficient, profitable, and forward-looking reinsurance company.

Gross Written Premium  
**USD 365.9 M**



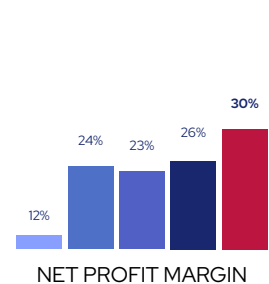
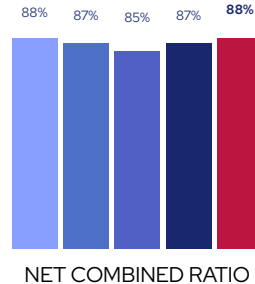
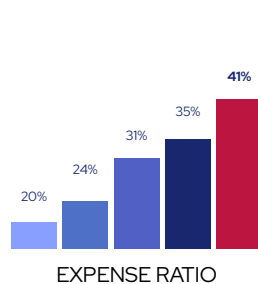
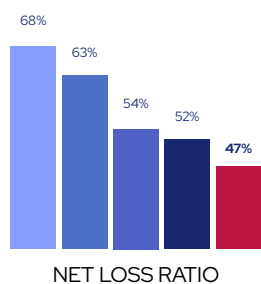
**17%**  
LATAM  
USD 62.65 M

**64%**  
EUROPE  
USD 235.72 M

**18%**  
MENA  
USD 67.58 M

## Key Performance Indicators

2020 2021 2022 2023 2024



# We remain committed to delivering high-value, specialized reinsurance solutions across our core markets—focusing on sustainability, innovation, and long-term relationships.

The financial results of 2024 are a source of pride. In a context of global contraction in premiums, we maintained our focus on disciplined underwriting and operational excellence. We achieved a net profit of USD 56.6 million, reflecting a 3% increase compared to the previous year. Our equity grew to USD 717.6 million, an increase of 7.5%, reaffirming our strong financial foundation and long-term solvency.

Despite a 9% decline in gross written premiums, we sustained a 30% net profit margin and achieved a combined ratio of 85%, which demonstrates our resilience, our effective cost management, and the strength of our retrocession strategy. Our investment portfolio—concentrated in high-grade, short-duration instruments—continued to benefit from favorable interest rate conditions.

|  |   |
|--|---|
| Our equity reached USD 717.6 million, reaffirming our financial strength and long-term capabilities. | <b>+7.5%</b><br>Increase                              |
| We achieved a net profit of USD 56.6 million, reflecting a   | <b>+3%</b><br>increase compared to the previous year. |

These results are more than numbers. They are a testament to the dedication of our team and the trust placed in us by our clients and partners.

hvvvvvvvv

As we look ahead to 2025, we do so with a renewed sense of purpose and a clear strategy to keep building on these strong foundations. We remain committed to delivering high-value, specialized reinsurance solutions across our core markets—focusing on sustainability, innovation, and long-term relationships.



**Gerardo García G.**  
Director - Executive Chairman

I am sincerely grateful for the continued trust of our partners, clients, and brokers. Together, we will meet the challenges of tomorrow with the same integrity and commitment that define Barents Re.

We are well positioned for what's to come.

## "We approach 2025 with confidence and energy, amidst plans to build further on our areas of specialism".



### I am delighted to report another highly profitable year.

A year marked with financial, strategic and personal milestones for our privately owned niche and specialty company.

- Combined ratio of 85% (underwriting discipline maintained)
- Surplus increased (USD 700 M+)
- Assets increased (now USD 1.54 B)

Net profit margin increased to

# 30%

(USD 56 M profits)

## Gary Callaghan

### CEO | Barents Re

As we enter the 30th year of Barents Re, a true testament to the vision and leadership provided by founder owner and now Executive Chairman Gerardo Garcia, we celebrated by supporting some very worthy causes. Causes that reflect our core values of pushing boundaries, achieving excellence, inspiration and personal growth, all within niche sectors.



Lead sponsor for the "Deep Blue Crew" for their row across the Atlantic.



Panamanian athletes sponsored for their Olympic quests.



Cayman students sponsored through their 3 year university studies.

A slightly reduced income base is somewhat asymmetric amidst the burgeoning reinsurance market and the trajectory of our peers, yet our steadfast focus on bottom line profits continues to bear fruit, ably assisted by a disciplined investment basket and our strategic retrocession programme purchases

Our investment into our European platform for primary business continues apace and I'm delighted that Antonio and Alex have joined the firm to execute on that strategy, we welcome their experience, energy and the talented teams they bring with them. We will have more to report on this next year.

Having now completed my personal milestone of a year as CEO, I took pride in working with the team to achieve our recent S&P rating of A- (stable), being in addition to our AM Best A (stable), to reflect the strength of our offering and balance sheet, I would like to record my thanks to

- Our clients, brokers and producers for their continued confidence and business
- The Board for their guidance and support
- Our underwriting and support teams worldwide for their diligence
- Our regulator CIMA for their support

We approach 2025 with confidence and energy, amidst plans to build further on our areas of specialism, to optimise capital deployment into the primary sector and to nimbly navigate the strong but perhaps changing currents in the reinsurance sector.

# European Presence



With a strategic presence across key international markets, Barents Re operates through a Network of Offices and Representatives that bring us closer to our clients.





## Barents Surety | Madrid, Spain

Located in Spain's financial hub, Barents Surety Madrid operates as a specialized surety insurance underwriting agency. As part of the Barents Surety strategic partner network, this office plays a critical role in the design, analysis, and execution of custom surety programs for both public and private sector clients.

Over the past year, it has actively contributed to strengthening the Group's position in the Iberian Peninsula, establishing itself as a reliable technical and commercial partner in the surety segment.

## Barents Surety | Milan, Italy

Barents Surety Milan is a specialized insurance brokerage firm focused exclusively on surety bonds and risk management. With deep expertise in Northern Italy's market, the firm provides tailored solutions for industrial clients, contractors, and public sector operators.

As a strategic partner within the Barents Surety network, it has played a key role in diversifying the Group's portfolio in the region, promoting best practices in surety management, and contributing valuable market intelligence to underwriting strategies.



## Barents Surety | Rome, Italy

Headquartered in Italy's capital, Barents Surety Rome complements the Milan office by serving clients across Central and Southern Italy. The firm specializes in surety bond brokerage and risk advisory services, with a strong track record in supporting infrastructure projects, public procurement, and business development initiatives.

Its role within the Barents Surety network has been essential in expanding the Group's geographic reach in Italy, providing top-tier technical, commercial, and operational coverage in one of Europe's most dynamic markets.

# Barents Surety: Strengthening Confidence Across Southern Europe

In 2024, Barents Surety continued to strengthen its footprint in Southern Europe through its specialized offices in Madrid, Milan, and Rome, consolidating its role as a trusted strategic partner in the structuring and execution of surety bond programs. Operating under the Barents Surety network, these three offices form a cohesive platform that addresses the growing demand for tailored guarantee solutions across the construction, infrastructure, and public procurement sectors.

Unlike traditional insurance carriers, Barents Surety operates as a specialized network of underwriting and brokerage expertise, with deep technical know-how in legal, financial, and contractual risk assessment. The Group's strategy has focused on providing flexible and compliant bonding alternatives for clients engaged in complex and large-scale projects—often requiring custom solutions, multi-jurisdictional alignment, and agile response times.

With increased regulatory expectations and growing pressure on project execution, the role of professional surety intermediaries has become more critical. In 2024, Barents Surety expanded its advisory services, deepened its collaboration with insurers and reinsurers, and supported clients in navigating cross-border risk scenarios with precision and accountability.

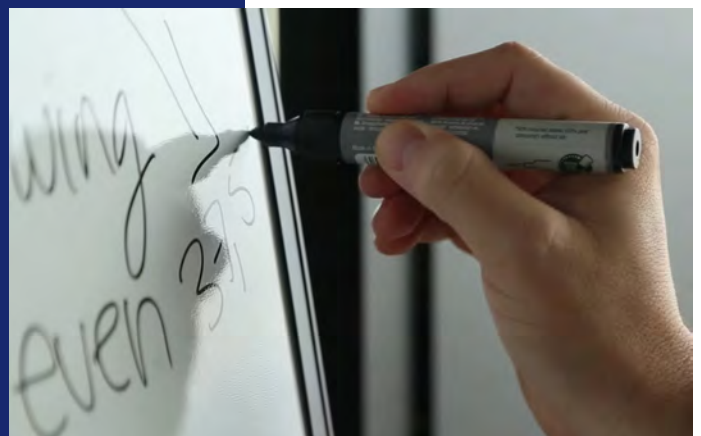


Operating under the Barents Surety network, these three offices form a cohesive platform that addresses the growing demand for tailored guarantee solutions across the construction, infrastructure, and public procurement sectors.

# Key Highlights of Barents Surety in 2024

- Expanded operations in Spain and Italy, increasing market share in public works and private infrastructure bonding.
- Structured and managed surety programs for both national and multinational clients, focusing on transparent execution and compliance.
- Strengthened strategic alliances with insurance carriers and legal experts, ensuring full regulatory alignment across jurisdictions.
- Maintained positive technical performance across the network, driven by selective client engagement and disciplined underwriting criteria.

Continued development of internal capabilities through targeted recruitment and professional training programs.



# Message from the CEO



## Antonio Wesolowski CEO | Barents Surety

At Barents Surety, we believe that trust is the foundation of progress—and bonds are the financial expression of that trust. In 2024, our operations in Madrid, Milan, and Rome have continued to grow steadily, driven by our dedication to technical excellence, client service, and regulatory compliance. In addition, a new team of seasoned professional have launched Barents Insurance in Bulgaria, meant to become the Group’s European hub for expanding our footprint in Sout-Eastern Europe.

This year, our teams have worked alongside construction companies, public contractors, and infrastructure developers to design surety solutions tailored to complex regulatory and contractual landscapes. We’ve supported our partners with a combination of local insight, international expertise, and disciplined operational execution.

The results speak for themselves: we maintained a solid technical performance, expanded our client base, and reinforced our position as a reliable partner in the Southern European surety ecosystem. Our ability to bridge financial institutions, insurance carriers, and project stakeholders makes us more than brokers—we are architects of structured, secure progress.

Looking ahead, our goal is clear: continue expanding our reach, improving our capabilities, and building long-term partnerships based on credibility, agility, and shared success. Our 2025 results so far show a record growth of our European offices, doubtlessly a result of Barents Surety’s 2024 investment in new talent, technology and leadership evolution as the only wat for delivering better service to our customers.

Barents Surety is proud to be part of the Barents Group’s long-term vision. Together, we will continue delivering value where it matters most: enabling confidence in every commitment made.

## Barents Insurance | Sofia, Bulgaria

Barents Insurance is a European-licensed insurance company established to develop specialized lines of business within the European market. As a wholly owned subsidiary of Barents Reinsurance Company Inc., it serves as a key platform for expanding the Group's presence in the direct insurance segment, particularly in niche and tailored products.

Throughout the year, Barents Insurance has reinforced its operational structure and continued to build strong relationships with strategic partners and clients, ensuring high standards of compliance, solvency, and customer service across the European Union.



# Barents Insurance: Strategic Expansion into Eastern Europe



Since its founding, the company has assembled a strong and diverse executive team, with key professionals in underwriting, risk, finance, operations, and human resources. It also benefits from a governance structure that combines local leadership with international vision.

In 2024, the Barents Group advanced its international expansion strategy by launching Barents Insurance, a newly licensed insurance and reinsurance provider based in Sofia, Bulgaria. Operating under the European Union's regulatory framework, Barents Insurance merges the Barents Group's global strength and expertise with a locally focused, specialized approach designed for the Eastern European market.

I deeply appreciate the trust that our partners, clients, and brokers have placed in us. Together, we will continue to face the challenges of the future with the same integrity and commitment that have characterized our history. Barents Re is well positioned for the future.

Barents Insurance delivers a distinct value proposition rooted in technical proficiency, operational flexibility, and a multidisciplinary team with established expertise across insurance, engineering, finance, and risk management. Its product portfolio features solutions across the following lines:

- Property All Risk
- CAR/EAR  
(Contractors'/Erection All Risks)
- General Liability
- Personal Accident
- Bonds

# Key Highlights of Barents Insurance in 2024

## S&P Global Ratings

- Financial backing from the Barents Group, rated “A-” by S&P.
- Licensed in 2024 as an insurance and reinsurance company under EU regulatory standards.
- Strategic location in Sofia, serving both regional clients and multinational projects.
- Technical specialization, including additional services such as third-party inspections for large infrastructure projects.
- Robust corporate governance, including independent board members.
- Positive technical results, reflecting disciplined underwriting and efficient operations.

## Financial Indicators – Fiscal Year 2024

Despite being its first year of operations, Barents Insurance successfully established a solid financial foundation in Bulgaria and Eastern Europe. During 2024, the company:

- Reached an initial volume of premiums written in line with the Group’s targets, primarily in engineering, property risk, and liability lines.
- Established its technical reserves in accordance with the European Solvency II framework, ensuring adequate backing for its assumed commitments.
- Closed the year with a positive technical result, reflecting disciplined underwriting and rigorous risk control.
- Maintained a strong capital position, with solvency levels exceeding regulatory requirements.



**These figures reflect a steadily growing operation with a solid foundation to consolidate itself as a key player in the region.**

## Message from the CEO



**Mr. Alexander Gospodinov**  
CEO and Head of International Development

At Barents Insurance, we firmly believe in the power of technical specialization and local knowledge. Our entry into Bulgaria in 2024 marked the beginning of a new chapter within the Barents Group, with the goal of establishing a solid platform for insurance and reinsurance development in Eastern Europe.

Throughout this first year of operations, we focused on building an efficient operational foundation, complying with the highest regulatory standards, and strengthening relationships with strategic clients and brokers. We successfully launched a highly specialized technical portfolio, enhanced our internal capabilities, and implemented strong underwriting and risk management processes.

This year's performance reflects our team's dedication and the Group's confidence in this initiative. We closed 2024 with positive technical indicators, a healthy financial position, and a growing pipeline of structured business and infrastructure projects. We are excited about what lies ahead. Our focus for the future is clear: to continue growing with discipline, delivering innovative solutions, and becoming a technical and ethical benchmark in the insurance sector across the region."

At Barents Insurance, we strongly believe in the value of technical specialization and in-depth local knowledge. Our expansion into Bulgaria in 2024 marked a significant milestone for the Barents Group, laying the groundwork for a robust insurance and reinsurance platform in Eastern Europe.

During our first year of operations, we concentrated on building a streamlined and resilient operational structure, fully aligned with top-tier regulatory standards, while also strengthening ties with key clients and brokers. We successfully introduced a specialized technical portfolio, advanced our internal capabilities, and established solid underwriting and risk management frameworks.

Our 2024 results highlight the dedication of our team and the Barents Group's confidence in this initiative. We ended the year with strong technical outcomes, a sound financial position, and a steadily expanding pipeline of structured business and infrastructure opportunities.

Looking ahead, we are enthusiastic about the path forward. Our goal remains clear: to pursue disciplined growth, deliver innovative insurance solutions, and position ourselves as a technical and ethical reference point in the regional market.

# Barents Re's course is driven by a clear mission and a forward-looking vision.



## Our Mission

To deliver specialized and profitable reinsurance solutions with agility, integrity, and long-term value for our clients, brokers, and partners.

We aim to be more than a provider – we strive to be a trusted ally in risk. Our commitment to underwriting discipline and technical excellence allows us to respond swiftly to changing market dynamics while offering customized solutions that meet complex and diverse needs.

By fostering a culture of transparency, service quality, and financial responsibility, we work every day to build lasting relationships based on trust and results. Our mission reflects not only what we do, but how we do it—with purpose, precision, and professionalism.

## Our Vision

To be recognized globally as a leading independent reinsurance company, known for our financial solidity, risk expertise, and our ability to create lasting relationships in niche and specialty markets.

We envision a future where Barents Re continues to expand its impact across key markets by combining global reach with local insight. Our independence empowers us to remain flexible, client-focused, and strategically aligned with long-term value creation.

With a strong capital base, a diversified portfolio, and a team committed to innovation and integrity, we are building a reinsurance group that is not only financially strong, but deeply connected to the evolving needs of our partners.

# What Drives Us



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## Client-Centric Approach

We tailor every solution to the needs of our clients and brokers, adding measurable value in every transaction.

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## Financial Strength

With USD 717.6 million in equity and a net profit margin of 30% in 2024, we stand on a solid foundation to support long-term commitments.

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## Agility and Expertise

Our lean structure allows us to respond quickly, supported by deep technical knowledge and global reach.

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## Sustainability and Integrity

We grow with a long-term mindset—grounded in transparency, compliance, and responsible risk management.

# Environmental, Social and Governance (ESG)

At Barents Re, ESG is not a trend – it is a long-term commitment embedded in our business philosophy. We believe that sustainability, ethics, and responsibility are essential pillars to deliver value beyond underwriting.



Our ESG strategy is structured around three core dimensions:



Environmental



Social



Governance

# Environmental

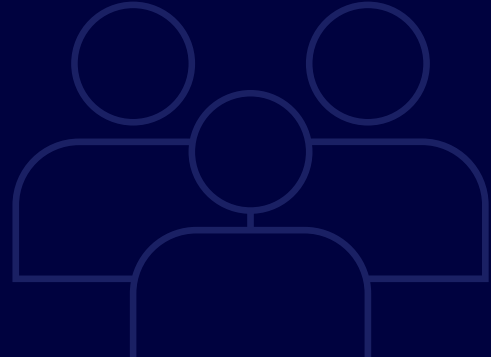


There is a growing need for companies to ensure that they are operating in an environmentally responsible manner. Efforts include reducing the negative impact of business operations on the environment and promoting sustainability. Companies can reduce their carbon footprint, conserve natural resources, and minimize waste. This not only benefits the environment but also improves the company's reputation and can even lead to cost savings.

Barents Re is committed to providing products that meet the growing demand for environmentally friendly options. As part of these efforts, Barents Re provides bonds reinsurance coverage in renewable energy projects worldwide.

At Barents Re, we prioritize an environmentally safe business model and remain dedicated to pursuing responsible solutions and products that align with our commitment to sustainability.

# Social



"These initiatives are not just sponsorships – they reflect the spirit of Barents Re. Like our partners, we value courage, commitment, and the pursuit of something greater than ourselves. Through sport, we help promote well-being, unity, and social progress – pillars of our ESG strategy and of the legacy we are building".

We understand that reinsurance plays a critical role in building stronger, more resilient communities. As part of our social commitment, we actively support sports initiatives that promote values such as discipline, teamwork, and perseverance – principles that align with our corporate culture and long-term vision.

## Sports and Community Engagement

At Barents Re, we believe that social responsibility involves more than financial support – it means investing in people, purpose, and values that drive long-term, positive impact. Our sports partnerships in 2024 exemplify this commitment through initiatives that promote excellence, resilience, and community development.

# World's Toughest Row 2024: Sponsoring Purpose and Endurance

SOCIAL

In a bold expression of our support for endurance, purpose-driven challenges, and global causes, Barents Re sponsored the Deep Blue Crew in the World's Toughest Row 2024 – a grueling 3,000-mile rowing race across the Atlantic Ocean.

The passion for pushing boundaries and the dedication to noble causes were the driving forces behind our recent participation as sponsors of the annual Atlantic rowing race.

his extraordinary team of four rowers – Paddy Ronan, Gus Knott, Matt Bromham, and Jack Ogden – set out not just to conquer the ocean, but to raise awareness and funds for three remarkable charities:

- Tusk Trust, supporting wildlife conservation in Africa.
- Clocktower Foundation, aiding vulnerable communities.
- and the My Name's 5 Daddie Foundation, funding research to combat Motor Neurone Disease (MND).

After 39 days, 6 hours, and 55 minutes of relentless physical and mental challenge, the Deep Blue Crew crossed the finish line in second place, earning a place in the elite community of ocean rowers and making a lasting impact beyond the race itself.

Supporting this initiative was an honor and a reflection of our values: fostering personal growth, resilience, and solidarity. We believe that events like this not only highlight the power of teamwork but also contribute to creating a positive impact in the world through the charitable causes they promote.



# Proud Partner of the Panamanian Olympic Committee

SOCIAL

Reinforcing our commitment to Panamanian sports, our administrative office in Panama – BarentsRe Reinsurance Management, Inc. – signed a collaboration agreement with the Panamanian Olympic Committee (COP).

Barents Re became a proud member of the Panamanian Olympic Committee family, supporting the nation's athletes on their path to international competition. This sponsorship reflects our belief in the transformative power of sport to shape character, inspire youth, and promote values such as discipline, integrity, and perseverance – values we also share as an organization.

This partnership aims to support the preparation and recovery of high-performance athletes as they gear up to represent the country in three major events of this year's Olympic Cycle: the Pan American Junior Games Asunción 2025 (August 9–23), the Central American Games Guatemala 2025 (October 18–30), and the Bolivarian Games Lima-Ayacucho (November 22–December 7).

“Today, we are proud to formalize our support of the Panamanian Olympic Committee, an institution that works tirelessly to provide opportunities for our athletes and help them reach their full potential. Through this initiative, we are supporting the growth of two young sports talents in Panama: Diego Camacho in athletics and Ángel Sánchez in football, who embody the values of dedication, effort, and sporting excellence,” stated Marukel Higuero, General Manager of BarentsRe Reinsurance Management, Inc.



# Governance



At Barents Re, we firmly believe that a robust governance structure is fundamental to building a sustainable and responsible business. Governance for us is not only about organizational charts – it is about values, ethical conduct, and accountability in every action we take.

## Our Governance Framework

Barents Re's governance is built on three main strategic pillars:

- **People:** Recruiting and retaining high-performing, committed professionals.
- **Discipline:** Rigorous analysis of new business and renewals, supported by prudent planning.
- **Resilience:** Operating in challenging markets with a clear business focus, strong capital, and an Enterprise Risk Management framework.

Other key elements of our approach include:

- A long-term commitment to our target markets and emerging regions.
- Deep technical knowledge and historical experience in underwriting.
- Enduring relationships with brokers, MGAs, and cedants.
- Efficient service and prompt decision-making.
- Brand strength, supported by our A.M. Best Financial Strength Rating.
- The continued support of committed shareholders.

# Our Ethical Commitment and Governance Culture

## GOVERNANCE

This section outlines our stance and organizational culture on key areas that define our identity as a responsible, forward-thinking company.

- **Anti-Slavery and Human Rights**

Barents Re Reinsurance Company, Inc. is steadfast in its zero-tolerance stance on modern slavery, human trafficking, and any form of forced or child labor. We recognize the growing global risks posed by geopolitical and environmental crises, and we are committed to ensuring our operations, business partners, and supply chains do not facilitate exploitation. Through proactive due diligence, employee awareness, and robust reporting mechanisms, we aim to promote human dignity and ethical conduct across all aspects of our operations.

- **Code of Conduct and Corporate Integrity**

Integrity, accountability, and ethical behavior are at the core of our organizational culture. Our Code of Conduct guides all employees, directors, and partners in their professional responsibilities, emphasizing transparency, diligence, and fairness in every interaction. We promote a speak-up culture where issues are addressed constructively and promptly, and where conduct risk is actively monitored by senior leadership. Our commitment to upholding the highest standards of market conduct reinforces our long-term sustainability and reputation.

- **Diversity, Equity and Inclusion (DEI)**

At Barents Re, diversity, equity, and inclusion are not only values, but we also see them as essential elements of a thriving, resilient workplace. We strive to reflect the communities we serve by fostering a culture that welcomes different perspectives, promotes fairness, and ensures that all individuals feel valued and respected. We are committed to removing barriers to opportunity, actively opposing discrimination, and embedding inclusive practices across all our business processes.

- **Financial Crime and Ethical Risk Management**

Barents Re takes a rigorous, zero-tolerance approach to financial crime, including fraud, bribery, corruption, insider trading, and cyber-related threats. We operate within a well-defined compliance and control framework aligned with global regulatory standards. Through continual staff training, system monitoring, and a three-lines-of-defense model, we safeguard our business and stakeholders from financial crime risks. Ethical risk management is not just a compliance obligation; it reflects our fiduciary duty and organizational values.

- **Fitness & Probity**

We believe that leadership and key roles within Barents Re must be held by individuals who demonstrate the highest standards of competence, integrity, and ethical behavior. Our Fitness & Probity framework ensures ongoing evaluation and accountability of individuals entrusted with significant responsibilities. This commitment supports both regulatory compliance and the strategic health of the company by promoting professional excellence and effective governance.

- **Treating Customers Fairly**

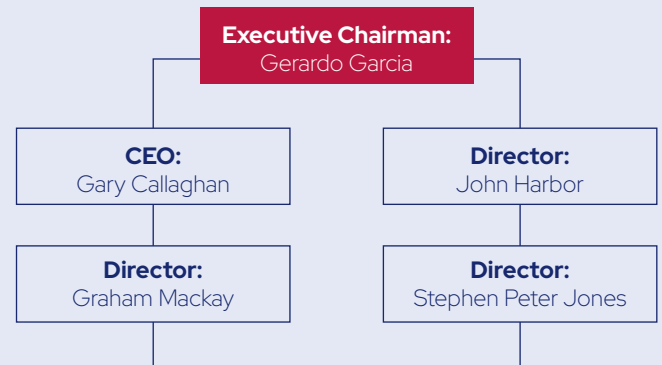
Fairness, transparency, and integrity define how we engage with our clients and counterparties. Barents Re is committed to delivering high-quality services and outcomes that meet and exceed client expectations. We believe that trust is earned through clear communication, responsible advice, and equitable treatment. Whether in underwriting, claims handling, or policy management, our goal is to foster long-term relationships built on respect, reliability, and mutual value.

• **Whistleblowing and Accountability Culture**

Creating a safe space for raising concerns is integral to our governance culture. Barents Re encourages all employees and stakeholders to speak up against misconduct or unethical behavior without fear of retaliation. Our Whistleblowing Policy provides confidential, protected channels for reporting, and ensures every concern is treated seriously and investigated objectively. Upholding a transparent, accountable environment is fundamental to our credibility and resilience.

## Our Corporate Governance Structure

Our governance begins with the Board of Directors, composed of 5 members: 1 shareholder representative, 1 CEO, and 3 Independent Non-Executive Directors.



## Board Committees

Barents Re has 4 Supporting Committees, which are composed of both members of the Board of Directors, as well as key executives of Barents Re.

The integration of board members and key executives allow for the experience and supervision of the board of directors to feed the operational part of the company.

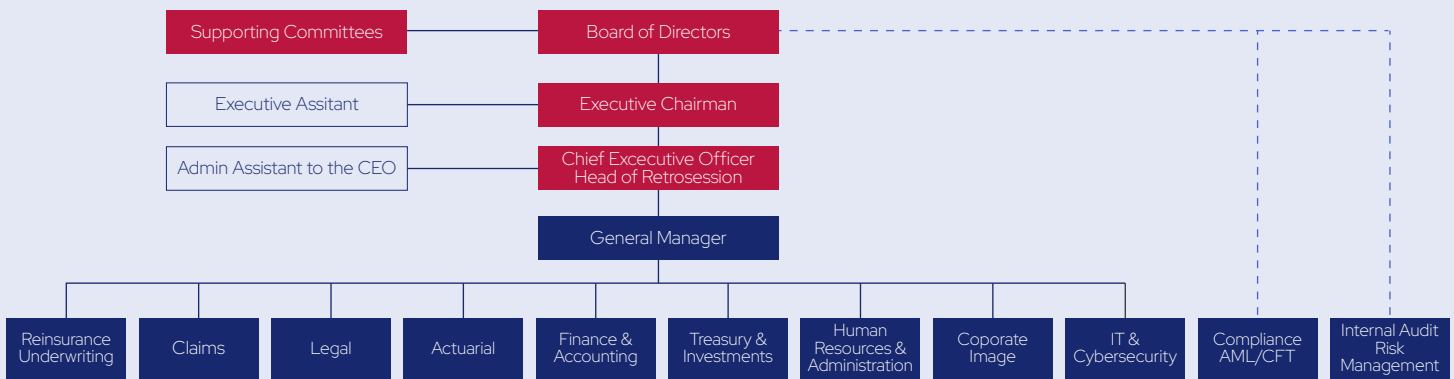
Key executives then feed on this feedback for the correct management of all aspects of the company. The Supporting Committees to date are the following:

- Audit & Risk & Compliance
- Compensation
- Investment
- Reinsurance

This integrated model allows strategic guidance to flow into operational execution, strengthening alignment across all levels of the organization.

# Operational Structure

Each department at Barents Re is led by professionals with strong industry experience and reports to the General Manager. Compliance and Internal Audit – given their critical independence – report directly to the Board of Directors.



# Senior Management

Our leadership team is composed of highly qualified professionals with proven track records in (re)insurance and related sectors – a key driver of our long-term performance.



**Gerardo García G.**  
Director & Executive Chairman



**Marukel Higuero**  
General Manager & Legal Director



**Gary Callaghan**  
Chief Executive Officer



**Cesa Ujueta**  
Head of Finance & Accounting

# Rated for Strength. Known for Vision.

**S&P Global**  
Ratings



## A- S&P RATINGS

### Barents Re Reinsurance Company Inc. and Subsidiaries Assigned 'A-' Ratings; Outlook Stable

This rating reflects Barents Re's robust financial position, solid capitalization, and consistent operating performance, as well as its well-diversified reinsurance portfolio across Latin America, Europe, and the Middle East. S&P highlighted the company's experienced management, prudent underwriting policies, and growing relevance in international reinsurance markets.

June 13, 2025

We are proud to announce that Barents Re Reinsurance Company Inc. and Subsidiaries have been assigned an 'A-' insurer financial strength rating, with a stable outlook, by S&P Global Ratings, one of the world's leading credit rating agencies.

"This rating validates our responsible growth strategy and disciplined approach to risk management. It is a milestone that reaffirms our commitment to excellence and the trust of our global partners," said Gerardo García, Chairman of Barents Re.

The stable outlook indicates S&P's expectation that Barents Re will maintain its competitive position and financial strength over the medium term.

## A AM BEST

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

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

December 11, 2024

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

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

Barents Re's business portfolio in 2023 grew 7% year-over-year, mainly driven by its specialty lines. Overall, the Europe-sourced business represents 80% of Barents Re's portfolio, with the Latin America region generating 12% and the Middle East and North Africa regions holding the rest as of year-end 2023.

# Leadership with Vision, Governance with Purpose

Our Board of Directors – comprised of independent and executive members – provides clear direction and accountability, while our Supporting Committees ensure specialized supervision across critical areas of the business.



## Board of Directors



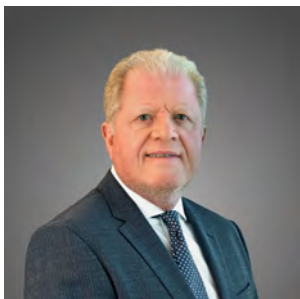
**Gerardo Garcia G.**  
Director – Executive Chairman



**Gary Callaghan**  
Director CEO



**John Harbor**  
Director



**Stephen Peter Jones**  
Director



**Graham Mackay**  
Director

## Board of Directors



### Gerardo Garcia G.

Director – Executive Chairman

Gerardo García has over 29 years' experience in the global insurance and banking sectors. Gerardo is the founder, and Chairman of Barents Re Reinsurance Company, Inc., a role for which he has been awarded numerous leadership accolades on an international basis.

Gerardo's prior experience includes investment banking, M&A and advisory roles to national governments on financial services regulations. Gerardo serves as a Board Director for a number of insurance and reinsurance companies alongside his role as Board Director for both Credit & Commerce Bank and for Canal Bank S.A., the latter which he founded in 2014.



### Gary Callaghan

Director CEO

Gary Callaghan's career spans over 35 years in the reinsurance industry. Formerly Managing Director of Aon Europe, Gary has also held senior positions in Benfield and Willis.

Gary was reinsurance buyer for a premier Lloyd's syndicate before joining Barents Re as Head of Retrocession, then became Managing Director and in the first quarter of 2024 was promoted to CEO of Barents Re.



### John Harbor

Director

John Harbor has over 37 years' experience in the international insurance industry, having undertaken numerous senior management roles in accounting, audit and finance.

More recently, John has held senior non-executive Director roles in insurance and wider industry sectors. John is a Fellow of the Institute of Chartered Accountants in England & Wales.



## Stephen Peter Jones

Director

Stephen has more than 41 years experience in senior executive and financial positions in a wide range of U.S. U.K., and L.A. companies transforming and restructuring operations in a number of diverse industries such as shipping, development and infrastructure, real estate, agriculture, consumer goods and retail.

He is a Chartered Management Accountant and holds an MBA in finance and banking.



## Graham Mackay

Director

Graham Mackay is an actuarial-credentialed reinsurance executive with professional experience of forty-years in global reinsurance markets, twenty-years structuring and executing cross-border transactions, ten-years building and managing offshore reinsurance companies including seven-years as Director & COO of commercial reinsurers in Cayman Islands.

Past Chair of Cayman International Reinsurance Companies Association.

# Supporting Committees

## Audit, Risk & Compliance

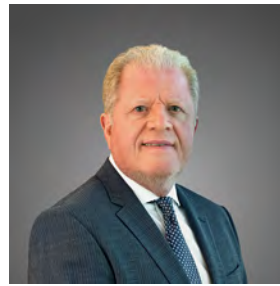
Our Board of Directors – comprised of independent and executive members – provides clear direction and accountability, while our Supporting Committees ensure specialized supervision across critical areas of the business.



**John Harbor**  
Director



**Cesar Ujueta**  
Head of Finance & Accounting



**Stephen Peter Jones**  
Director



**Graham Mackay**  
Director

## Reinsurance

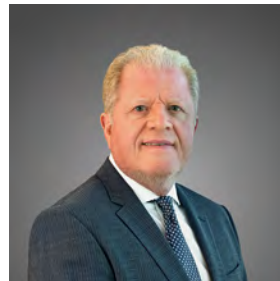
Assists the Board of Directors in the operation, monitoring and evaluation of policies and strategies in all reinsurance matters, including financing and other mechanisms for transferring risks and responsibilities.



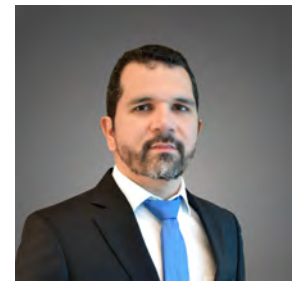
**Gerardo Garcia G.**  
Director – Executive Chairman



**Gary Callaghan**  
Director CEO



**Stephen Peter Jones**  
Director



**Hikaru Uno**  
Head of Bonds & Specialty Lines

# Supporting Committees

## Investments

Assists the Board of Directors in the determination and monitoring of the investments undertaken by the Company. Makes recommendations for medium and long-term initiatives and infrastructure projects.



**Gerardo Garcia G.**  
Director – Executive Chairman



**Oldemar Palomino**  
Head of Treasury & Investments



**Cesar Ujueta**  
Head of Finance & Accounting

## Compensation

Assists the Board of Directors in the analysis and determination of compensation packages for the executives of the Company matters.



**Gerardo Garcia G.**  
Director – Executive Chairman



**Fernando Diaz Lozano**  
Compliance Officer



**Marukel Higeruo**  
General Manager & Head of Legal

# Strong Controls, Responsible Practices

## Our Commitment to Compliance

At Barents Re, compliance is more than a regulatory obligation – it is a core pillar of our identity and risk culture. We are committed to conducting our business with transparency, accountability, and in full alignment with international legal and ethical standards.

Our Compliance Framework ensures that every decision, process, and partnership is guided by integrity and respect for the law. From anti-money laundering protocols to data protection, we uphold the highest standards to protect our clients, our people, and the sustainability of our operations.

The Compliance Function at Barents Re comprises three main pillars:



Anti-Slavery



Anti-Money  
Laundering Compliance



Regulatory  
Compliance

## Anti-Slavery

Barents Re maintains an unconditional commitment to human rights, ethical behavior, tackling of modern-day slavery and human trafficking. Barents Re does not tolerate any forms of illegal or unethical behavior. All staff members are required to adhere to Barents Re's policies, manuals, and procedures.

Barents Re reviews annually, at a minimum, its set of policies, manuals, and procedures, to ensure that all modern and most up to date legal requirements and international standards are followed. In addition, all staff members of Barents Re are required to complete annual compliance trainings.

## Anti-Money Laundering

### Compliance

- Ensuring that Barents Re is compliance with AML laws and regulations.
- Maintain updated policies and procedures regarding AML.
- Review KYC from business partners and conduct necessary sanctions search.
- Coordinate annual AML training to staff members of Barents Re.
- Inform the Board of Directors about Compliance-related matters.

### Reporting

- Serve as the point of contact between governmental authorities and Barents Re.
- Maintain suspicious activity report forms and logs for the use of the Barents Re staff.
- Receive internal suspicious activity reports from staff, evaluate, and enter information in the relevant logs.
- If the case requires it, provide external reports to the governmental authorities, and enter required information the logs.

# Regulatory Compliance

Barents Re’s culture is that of integrity, professionalism, and excellence. Our staff members are responsible for their functions which may affect others around them, both internally and externally. The Compliance Function maintains a series of policies, manuals, and procedures that strengthen and enhance Barents Re’s culture, as well as to properly govern aspects of our business to which we are responsible as a regulated company. These policies, manuals, and procedures include, but are not limited to:

- Provide support to departments of Barents Re for the compliance of laws and regulations.
  - Provide support to Barents Re for the update of the company’s manuals and procedures.
  - Provide support to submit the regulatory annual return to the Cayman Islands Monetary Authority.
  - Receive queries from governmental authorities and coordinate timely responses and actions from the departments responsible.
  - Provide support for the organization of meetings of the Board of Directors and Supporting Committees.
- 
- Anti-Money Laundering (AML) Policy
  - Anti-Bribery & Corruption Policy
  - Complaint Policy
  - Conflict of Interest Policy
  - Fitness & Probity Policy
  - Treating Customer Fairly Policy

Barents Re uses a variety of sanctions lists and databases available from reputable sources, including governmental and commercial screening tools:

- World-Check One
- United Nations Sanctions List
- Office of Foreign Assets Control
- European Union Sanctions
- United Kingdom Sanctions
- Whistleblowing Policy



# Consistent Operating Performance.

## Risk Management

Barents Re Reinsurance Company, Inc. (Cayman Islands) and its subsidiary, Barents Reinsurance S.A. (Luxembourg) maintain a strong regulatory system.



## Barents Re Reinsurance Company, Inc.



We possess a strong capital position, with PCR coverage consistently exceeding 100% across base and most stress scenarios. The risk profile includes exposures across underwriting, credit, investment, liquidity, operational, cybernetic and emerging risks.

Barents Re maintains a comprehensive Enterprise Risk Management (ERM) framework that ensures alignment with its strategic objectives, regulatory obligations, and capital adequacy standards under the oversight of the Cayman Islands Monetary Authority (CIMA). We possess a strong capital position, with PCR coverage consistently exceeding 100% across base and most stress scenarios. The risk profile includes exposures across underwriting, credit, investment, liquidity, operational, cybernetic and emerging risks. These are actively monitored through periodic risk assessment updates and stress-tested under severe but plausible scenarios, such as climate change, cyberattacks, and catastrophic events, ensuring readiness and solvency resilience.

The company has adopted a proactive risk management approach, conducting regular stochastic simulations, sensitivity testing, and reverse stress testing. These assessments identify the most sensitive variables affecting solvency and profitability, such as claims volatility and PML assumptions. Mitigation measures include retrocession strategies, diversification of the underwriting portfolio, robust reserving methodologies, and strong governance practices.

Barents Re is not only solvent but strategically positioned to respond to future uncertainties without the need for capital injections or increased leverage. The organization emphasizes continuous improvement through policy updates, departmental involvement, robust internal controls and scenario-based planning. The company's solid ERM foundation supports long-term value creation while ensuring that risk exposures remain within appetite and tolerance thresholds approved by our Board of Directors.

## Barents Reinsurance S.A.

Barents Re is exposed to a variety of risks through the normal course of its business. These risks need to be effectively managed to ensure they do not impact the ability to achieve business objectives. Effective risk management is thus critical to the success of Barents Re.

Barents Re's objectives in managing risks include:

- Informing management decision making, improving transparency and accountability for risk through the organization through detailed risk reporting and effective risk governance.
- Identifying opportunities where risk levels can be increased, in line with the risk appetite, to maximize rewards.
- Enabling the quantification of solvency capital required to cover material risks to which the business is exposed to.
- Embedding risk awareness to foster a risk culture across the business.
- Identification of emerging risks such that the business can take appropriate actions to effectively manage these.

To achieve these objectives, Barents Re operates a comprehensive risk management framework and system of internal control. Through these processes, the senior management are informed of the most significant risks exposed to the business on an ongoing basis. Additionally, Barents Re has in place a system of governance which provides a structure for effective risk management. This is referred to as the three lines of defense, and it provides a clearly defined structure and allocation of risk responsibilities across the business functions.



Barents Reinsurance S.A. is regulated by the CAA in Luxembourg, and Barents Reinsurance S.A. (London Branch) is also regulated by the FCA / PRA in the United Kingdom.

Below are the significant risks to which the business is currently exposed. It should be noted that in addition to these, the business is also exposed to emerging risks and uncertainties (i.e., climate change) which could adversely impact the business.

- Insurance risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk

These risks are assessed through various risk processes which include the ORSA, risk appetite monitoring, stress and scenario testing and risk and control assessments. These processes are reviewed on an ongoing basis to ensure they remain appropriate for the business and risk profile.

# We reaffirm our financial strength and long-term capabilities.

The financial results of 2024 are a source of pride. In a context of global contraction in premiums, we maintained our focus on disciplined underwriting and operational excellence.

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**

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**

| <b>Content</b>                                 | <b>Page</b> |
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| Consolidated statement of changes in equity    | 6           |
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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.

## ***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                 |
|--|-------|----------------------|----------------------|
| <b>Assets</b>  |       |                      |                      |
| 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   |       | <u>1,544,741,163</u> | <u>1,353,811,333</u> |
| <b>Liabilities and equity</b>                        |       |                      |                      |
| <b>Liabilities</b>                                   |       |                      |                      |
| 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    | <u>12,333,040</u>    | <u>8,116,998</u>     |
| Total liabilities                                    |       | <u>827,155,265</u>   | <u>686,303,793</u>   |
| <b>Equity</b>  |       |                      |                      |
| 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                                    |       | <u>203,391,491</u>   | <u>148,669,083</u>   |
| Equity attributable to owners of the Company         |       | <u>679,516,132</u>   | <u>631,345,344</u>   |
| Non-controlling interest                             | 23    | <u>38,069,766</u>    | <u>36,162,196</u>    |
| Total equity   |       | <u>717,585,898</u>   | <u>667,507,540</u>   |
| <b>Total liabilities and equity</b>                  |       | <u>1,544,741,163</u> | <u>1,353,811,333</u> |

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        | <u>62,309,259</u>   | <u>(55,939,932)</u>  |
| <b>Net earned premium</b>                        |           | <u>189,729,277</u>  | <u>212,279,746</u>   |
|  |           |                     |                      |
| 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)        |
| Retroscore of claims paid                        |           | 38,524,001          | 70,420,311           |
| <b>Net incurred claims</b>                       |           | <u>(88,255,326)</u> | <u>(119,038,891)</u> |
|  |           |                     |                      |
| Change in unearned retrocession commission       |           | (9,086,882)         | (176,982)            |
| Change in deferred acquisition costs             | 17        | 8,015,442           | 4,407,689            |
| Commissions received                             |           | 17,449,256          | 6,833,874            |
| Commissions paid                                 |           | <u>(69,766,596)</u> | <u>(54,776,044)</u>  |
| <b>Net commission paid</b>                       |           | <u>(53,388,780)</u> | <u>(43,711,463)</u>  |
|  |           |                     |                      |
| 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)                          |           | <u>2,902,145</u>    | <u>2,912,582</u>     |
| <b>Total income, net</b>                         |           | <u>82,438,260</u>   | <u>86,081,830</u>    |
|  |           |                     |                      |
| 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        | <u>5,777,429</u>    | <u>9,013,757</u>     |
| <b>Total general and administrative expenses</b> |           | <u>24,802,798</u>   | <u>28,060,922</u>    |
|  |           |                     |                      |
| Profit before income tax                         |           | 57,635,462          | 58,020,908           |
| Income tax                                       | 26        | <u>1,005,483</u>    | <u>2,890,398</u>     |
| <b>Net profit</b>                                |           | <u>56,629,979</u>   | <u>55,130,510</u>    |
|  |           |                     |                      |
| Net profit attributable to:                      |           |                     |                      |
| Owners of the Company                            |           | 54,722,409          | 50,934,745           |
| Non-controlling interests                        | 23        | <u>1,907,570</u>    | <u>4,195,765</u>     |
| <b>Net profit</b>                                |           | <u>56,629,979</u>   | <u>55,130,510</u>    |

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



## Barents Re Reinsurance Company, Inc. and subsidiaries

# Consolidated statement of comprehensive income

for the year ended December 31, 2024

(In United States of America dollars)

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

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 |
| <b>Balance at December 31, 2022</b>                        | 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   |
| <b>Transactions attributable to shareholders:</b>          |                                       |  |  |               |                 |                   |  |                           |              |
| Change in foreign currency translation                     | -                                     | -  | 2,378,647                              | -             | -               | -                 | 2,378,647                                    | -                         | 2,378,647    |
| <b>Balance at December 31, 2023</b>                        | 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   |
| <b>Transactions attributable to shareholders:</b>          |                                       |  |  |               |                 |                   |  |                           |              |
| Change in foreign currency translation                     | -                                     | -  | (6,324,842)                            | -             | -               | -                 | (6,324,842)                                  | -                         | (6,324,842)  |
| <b>Balance at December 31, 2024</b>                        | 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                |
|---|-------|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>                                |       |                     |                     |
| 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)         |
| Commissions 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) decrease 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                                   |       | <u>(35,219,803)</u> | <u>77,660,418</u>   |
| <b>Cash flows from investing activities:</b>                                |       |                     |                     |
| 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                                       |       | <u>(25,550,823)</u> | <u>(76,323,061)</u> |
| <b>Cash flows from financing activities:</b>                                |       |                     |                     |
| 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                         |       | <u>18,534,544</u>   | <u>(14,160,257)</u> |
| 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     | <u>90,951,421</u>   | <u>133,187,503</u>  |
| <b>Non-monetary transactions:</b>   |       |                     |                     |
| 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.



# Barents Re Reinsurance Company, Inc. and subsidiaries

## Notes to the consolidated financial statements

for the year ended December 31, 2023

(In United States of America dollars)

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### 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.



#### Retroscore of claims outstanding

This provision accumulates the retroscore 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 retroscore 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 retroscore

This provision accumulates the retroscore 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.



### 1. ***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 primarily 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 Treasury 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 | <u>642,990,326</u> | <u>574,724,326</u> |

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             | <u>252,427,795</u>       | <u>174,668,462</u> | <u>115,932,407</u>                 | <u>110,513,522</u> | <u>11,829,754</u>  | <u>11,829,754</u> | <u>642,990,326</u>                 | <u>574,724,326</u> |
| 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             | <u>252,427,795</u>       | <u>174,668,462</u> | <u>115,932,407</u>                 | <u>110,513,522</u> | <u>11,829,754</u>  | <u>11,829,754</u> | <u>642,990,326</u>                 | <u>574,724,326</u> |

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:

|  | <u>No<br/>maturity</u> | <u>0 - 3 moths<br/>to 1 year</u> | <u>Over<br/>a year</u> | <u>Total</u>         |
|--|------------------------|----------------------------------|------------------------|----------------------|
| <b>2024</b>                                    |                        |                                  |                        |                      |
| <b>Financial assets:</b>                       |                        |                                  |                        |                      |
| 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                         | <u>129,502,823</u>     | <u>1,011,350,528</u>             | <u>9,813,000</u>       | <u>1,150,666,351</u> |
| <b>Financial liabilities:</b>                  |                        |                                  |                        |                      |
| 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                    | <u>132,783,607</u>     | <u>19,286,338</u>                | <u>-</u>               | <u>152,069,945</u>   |
| <b>2023</b>                                    |                        |                                  |                        |                      |
|  | <u>No<br/>maturity</u> | <u>3 moths<br/>1 year</u>        | <u>Over<br/>a year</u> | <u>Total</u>         |
| <b>Financial assets:</b>                       |                        |                                  |                        |                      |
| 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                         | <u>174,476,487</u>     | <u>870,861,077</u>               | <u>12,760,377</u>      | <u>1,058,097,941</u> |
| <b>Financial liabilities:</b>                  |                        |                                  |                        |                      |
| 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                    | <u>75,563,644</u>      | <u>608,232</u>                   | <u>143,562</u>         | <u>76,315,438</u>    |

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:

|                                     | <u>3 months<br/>to 1 year</u> | <u>1 to 5<br/>years</u> | <u>No interest<br/>rate</u> | <u>Total</u>         |
|-------------------------------------|-------------------------------|-------------------------|-----------------------------|----------------------|
| <b><u>2024</u></b>                  |                               |                         |                             |                      |
| <b>Financial assets:</b>            |                               |                         |                             |                      |
| 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              | <u>642,990,326</u>            | <u>9,813,000</u>        | <u>497,863,025</u>          | <u>1,150,666,351</u> |
| <b>Financial liabilities:</b>       |                               |                         |                             |                      |
| 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         | <u>36,355,840</u>             | <u>-</u>                | <u>115,714,105</u>          | <u>152,069,945</u>   |
| Net liquidity margin                | <u>606,634,486</u>            | <u>9,813,000</u>        | <u>382,148,920</u>          | <u>998,596,406</u>   |



|                                     | <u>3 months</u><br><u>to 1 year</u> | <u>1 to 5</u><br><u>years</u> | <u>No interest</u><br><u>rate</u> | <u>Total</u>         |
|-------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|----------------------|
| <b><u>2023</u></b>                  |                                     |                               |                                   |                      |
| <b>Financial assets:</b>            |                                     |                               |                                   |                      |
| 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              | <u>571,776,949</u>                  | <u>12,947,377</u>             | <u>442,791,457</u>                | <u>1,027,515,783</u> |
| <b>Financial liabilities:</b>       |                                     |                               |                                   |                      |
| 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         | <u>24,883,550</u>                   | <u>-</u>                      | <u>51,431,888</u>                 | <u>76,315,438</u>    |
| Net liquidity margin                | <u>546,893,399</u>                  | <u>12,947,377</u>             | <u>391,359,569</u>                | <u>951,200,345</u>   |

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 its 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**

|              | <b>2024</b>        | <b>%</b> | <b>2023</b>        | <b>%</b> | <b>% Change</b> |
|--------------|--------------------|----------|--------------------|----------|-----------------|
| 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%             |
| <b>Total</b> | <b>365,949,295</b> |          | <b>401,342,264</b> |          | <b>-9%</b>      |

#### **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:

|   | <u>EURO</u>        | <u>USD</u>           | <u>MXN</u>   | <u>Total</u>         |
|---|--------------------|----------------------|--------------|----------------------|
| <b>2024</b>                                     |                    |                      |              |                      |
| <b>Assets</b>                                   |                    |                      |              |                      |
| 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                          | <u>130,268,729</u> | <u>1,020,391,978</u> | <u>5,644</u> | <u>1,150,666,351</u> |
| <b>Liabilities</b>                              |                    |                      |              |                      |
| 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                     | <u>-</u>           | <u>152,069,945</u>   | <u>-</u>     | <u>152,069,945</u>   |
| <b>2023</b>                                     |                    |                      |              |                      |
| <b>Assets</b>                                   |                    |                      |              |                      |
| 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                          | <u>111,197,678</u> | <u>946,890,358</u>   | <u>9,905</u> | <u>1,058,097,941</u> |
| <b>Liabilities</b>                              |                    |                      |              |                      |
| 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                     | <u>-</u>           | <u>76,315,438</u>    | <u>-</u>     | <u>76,315,438</u>    |



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 rules 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       |
|--|------------|------------|
| <b>Balances with related parties</b>                         |            |            |
| <i>Assets</i>  |            |            |
| 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 |
| <b>Transactions with related parties</b>                     |            |            |
| 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 |

### Aging of accounts receivable matured but not uncollectible

|                   | 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 |

### Provision movement for uncollectible premiums

|                                    | 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:

|  | <b>2024</b>        | <b>2023</b>        |
|--|--------------------|--------------------|
| <u>Listed securities (at fair value):</u>  |                    |                    |
| Governments 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          |
|  | <u>642,990,326</u> | <u>574,724,326</u> |
| Reserve for current expected credit losses | (183,014)          | (167,278)          |
| Total                                      | <u>642,807,312</u> | <u>574,557,048</u> |

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:

| <b>2024</b>               | <b>Cost</b>        | <b>Gross unrealized gains</b> | <b>Gross unrealized losses</b> | <b>Estimated fair value</b> |
|---------------------------|--------------------|-------------------------------|--------------------------------|-----------------------------|
| Corporate debt securities | 1,568,218          | -                             | (26,724)                       | 1,541,494                   |
| Government bonds          | 628,540,549        | 11,237,097                    | -                              | 639,777,646                 |
| Other debt securities     | 1,671,186          | -                             | -                              | 1,671,186                   |
| Total                     | <u>631,779,953</u> | <u>11,237,097</u>             | <u>(26,724)</u>                | <u>642,990,326</u>          |
|                           |                    |                               |                                |                             |
| <b>2023</b>               | <b>Cost</b>        | <b>Gross unrealized gains</b> | <b>Gross unrealized losses</b> | <b>Estimated fair value</b> |
| Corporate debt securities | 1,586,134          | 56,591                        | -                              | 1,642,725                   |
| Government bonds          | 560,358,490        | 11,459,451                    | -                              | 571,817,941                 |
| Other debt securities     | 776,323            | 487,337                       | -                              | 1,263,660                   |
| Total                     | <u>562,720,947</u> | <u>12,003,379</u>             | <u>-</u>                       | <u>574,724,326</u>          |

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:

|  | <b>2024</b>        | <b>2023</b>        |
|--|--------------------|--------------------|
| 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                                      | <u>642,990,326</u> | <u>574,724,326</u> |



The movement of securities available for sale is summarized below:

|                                  | <b>2024</b>        | <b>2023</b>        |
|----------------------------------|--------------------|--------------------|
| 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              | <u>642,990,326</u> | <u>574,724,326</u> |

#### 10. Property, furniture, equipment and improvements

Property, furniture, equipment and improvements are summarized below:

| <b>2024</b>                               | <b><u>Improvements</u></b> | <b><u>Office equipment</u></b> | <b><u>Computer equipment</u></b> | <b><u>Balance</u></b> |
|---|----------------------------|--------------------------------|----------------------------------|-----------------------|
| 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                | <u>586,247</u>             | <u>427,335</u>                 | <u>583,428</u>                   | <u>1,597,010</u>      |
| 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                | <u>406,831</u>             | <u>266,356</u>                 | <u>445,745</u>                   | <u>1,118,932</u>      |
| Net balance                               | <u>179,416</u>             | <u>160,979</u>                 | <u>137,683</u>                   | <u>478,078</u>        |



| <b><u>2023</u></b>                        | <b><u>Improvements</u></b> | <b><u>Office equipment</u></b> | <b><u>Computer equipment</u></b> | <b><u>Balance</u></b> |
|---|----------------------------|--------------------------------|----------------------------------|-----------------------|
| 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                | <u>575,553</u>             | <u>366,954</u>                 | <u>510,122</u>                   | <u>1,452,629</u>      |
| 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                | <u>328,744</u>             | <u>238,849</u>                 | <u>389,151</u>                   | <u>956,744</u>        |
| Net balance                               | <u>246,809</u>             | <u>128,105</u>                 | <u>120,971</u>                   | <u>495,885</u>        |

## 11. Accounts receivable

Accounts receivables are summarized as below:

|                     | <b>2024</b>       | <b>2023</b>       |
|---------------------|-------------------|-------------------|
| Barents R. M., Inc. | <u>11,829,754</u> | <u>11,829,754</u> |

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:

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

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       | 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 | <u>179,383,326</u> | <u>203,802,435</u> |
| Net assets        | <u>21,451,068</u>  | <u>25,499,166</u>  |

#### *Statement of profit or loss:*

| <b>Income for premiums:</b>         | 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 | <u>(15,948,537)</u> | <u>(14,037,072)</u> |
| <b>Technical result</b>             | (10,047,827)        | (2,664,811)         |
| Total other income, net             | <u>15,395,238</u>   | <u>16,498,184</u>   |
| Income before income tax            | 5,347,411           | 13,833,373          |
| Income tax                          | (2,463,314)         | (4,048,587)         |
| Deferred tax                        | <u>219,943</u>      | <u>(702,100)</u>    |
| <b>Net income</b>                   | <u>3,104,040</u>    | <u>9,082,686</u>    |



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:

|                                  | <b>Nacional de<br/>Seguros, S. A.</b> | <b>Fianza Avanza,<br/>S. A.</b> | <b>Total</b> |
|----------------------------------|---------------------------------------|---------------------------------|--------------|
| <b>2024</b>                      |                                       |                                 |              |
| 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   |

|                                       | <b>Nacional de<br/>Seguros, S.A.</b> | <b>Fianza Avanza,<br/>S.A.</b> | <b>Total</b> |
|---------------------------------------|--------------------------------------|--------------------------------|--------------|
| <b>2023</b>                           |                                      |                                |              |
| 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:

|                                      | <b>2024</b> | <b>2023</b> |
|--------------------------------------|-------------|-------------|
| 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*

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

b. *Lease liabilities*

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

|   | <b>2024</b>      | <b>2023</b>    |
|---|------------------|----------------|
| Amounts due for settlement within 12 months | 738,556          | 519,642        |
| Amounts due for settlement after 12 months  | <u>2,547,782</u> | <u>88,590</u>  |
|   | <u>3,286,338</u> | <u>608,232</u> |

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

|                        | <b>December 31,</b> | <b>2024</b>      |
|------------------------|---------------------|------------------|
|                        |                     | <b>Operating</b> |
| 2025                   |                     | 738,556          |
| Thereafter             |                     | 2,612,944        |
| Less unearned interest |                     | <u>(65,162)</u>  |
| Total                  |                     | <u>3,286,338</u> |



## 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           |
|  | <u>3,271,324</u> | <u>11,302,784</u> |

## 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               |
|--|--------------------|--------------------|
| <b>Unrealized premium (UPR)</b>          |                    |                    |
| 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           | <u>207,471,601</u> | <u>148,280,175</u> |
| <b>Unrealized retro premium(UPR)</b>     |                    |                    |
| 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           | <u>109,198,972</u> | <u>47,102,721</u>  |



## 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               |
|--|--------------------|--------------------|
| <b>Provision reserve IBNR</b>              |                    |                    |
| 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             | <u>172,039,738</u> | <u>170,680,975</u> |
| <b>IBNR of retroshare</b>                  |                    |                    |
| Balance at the beginning of the year       | 28,036,807         | 181,922,754        |
| Increase (decrease)                        | 478,303            | (153,885,947)      |
|  | <u>28,515,110</u>  | <u>28,036,807</u>  |
| Reserve for current expected credit losses | (209,625)          | (178,897)          |
| Balance at the end of the year             | <u>28,305,485</u>  | <u>27,857,910</u>  |
| <b>Claims outstanding reserve:</b>         |                    |                    |
| 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             | <u>266,228,621</u> | <u>274,066,331</u> |



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

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                                      | <u>29,204,609</u> | <u>42,225,134</u> | <u>100,390,952</u> | <u>88,418,169</u> | <u>53,466,440</u> | <u>70,578,037</u> | <u>128,672,466</u> | <u>93,248,194</u> | <u>54,663,435</u> | <u>82,333,220</u> | <u>13,943,397</u>  |
| IBNR   | <u>88,405</u>     | <u>612,834</u>    | <u>3,233,669</u>   | <u>4,341,060</u>  | <u>5,523,155</u>  | <u>6,897,027</u>  | <u>9,181,559</u>   | <u>11,724,680</u> | <u>21,218,801</u> | <u>48,114,408</u> | <u>32,585,323</u>  |
| Cumulative payments                                      | <u>28,997,269</u> | <u>39,526,170</u> | <u>104,988,928</u> | <u>83,369,944</u> | <u>45,062,117</u> | <u>61,667,970</u> | <u>120,300,104</u> | <u>78,426,828</u> | <u>42,215,880</u> | <u>54,861,166</u> | <u>8,562,502</u>   |
| Estimated balance to pay                                 | <u>295,745</u>    | <u>3,311,798</u>  | <u>- 1,364,307</u> | <u>9,389,285</u>  | <u>13,927,477</u> | <u>15,807,094</u> | <u>17,553,920</u>  | <u>26,546,046</u> | <u>33,666,356</u> | <u>75,586,462</u> | <u>37,966,218</u>  |
| Provision in respect of prior years                      |                   |                   |                    |                   |                   |                   |                    |                   |                   |                   | 297,690            |
| Currency   |                   |                   |                    |                   |                   |                   |                    |                   |                   |                   | 1,321,494          |
| <b>Total net provision included in the Balance Sheet</b> |                   |                   |                    |                   |                   |                   |                    |                   |                   |                   | <b>234,305,278</b> |



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:

|      | <b>1 year or less</b> | <b>1 to 2 years</b> | <b>2 to 3 years</b> | <b>3 to 4 years</b> | <b>Over 4 years</b> | <b>Total</b> |
|------|-----------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| 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:

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

#### Provision movement for uncollectible account receivable – retrocessions

|                                  | <b>2024</b>      | <b>2023</b>      |
|----------------------------------|------------------|------------------|
| Balance at beginning of the year | 4,263,829        | 2,848,364        |
| Provision increase               | <u>1,155,056</u> | <u>1,415,465</u> |
| Balance at end of year           | <u>5,418,885</u> | <u>4,263,829</u> |

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           |
|---|-------------------|----------------|
| <b>Mercantil International Bank Inc.</b>  |                   |                |
| 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        |
| <b>Banco de Sabadell, S. A.</b>   |                   |                |
| Loan at a one years term with annual interest rate of 5.39%, with maturity in February 2nd, 2026  | 16,000,000        | -              |
| Total   | <u>16,000,000</u> | <u>143,562</u> |
| Short term  | -                 | 143,562        |
| Long term   | <u>16,000,000</u> | <u>-</u>       |
|   | <u>16,000,000</u> | <u>143,562</u> |

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                | <u>(143,562)</u>  | <u>(135,742)</u> |
| Total                            | <u>16,000,000</u> | <u>143,562</u>   |

## 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                       | <u>676,689</u>    | <u>312,481</u>   |
|  | <u>12,333,040</u> | <u>8,116,998</u> |

(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        |
|                             | <u>5,777,429</u> | <u>9,013,757</u> |

## 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           | <u>365,949,295</u> |     | <u>401,342,264</u> |     | -9%      |

The Company is a niche reinsurer that provides tailored solutions for its clients, offering a diverse and extensive portfolio across five main 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       | <u>365,949,295</u> |     | <u>401,342,264</u> |     | -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 premiums 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 | <u>365,949,295</u> |     | <u>401,342,264</u> |     | -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%  | <u>38,069,766</u> | <u>36,162,196</u> |

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                 | <u>1,907,570</u>  | <u>4,195,765</u>  |
|   | <u>38,069,766</u> | <u>36,162,196</u> |

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 maintains 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 | <u>2,720,532</u> | <u>11,453,183</u> |
| Current income tax                                    | 719,835          | 2,743,402         |
| Prior year adjustments                                | <u>121,946</u>   | <u>(7,211)</u>    |
|   | 841,781          | 2,736,191         |
| Wealth tax  | <u>159,988</u>   | <u>154,207</u>    |
| Income tax  | <u>1,001,769</u> | <u>2,890,398</u>  |
| <br>  |                  |                   |
| Barents Insurance EAD                                 | <u>3,714</u>     | <u>-</u>          |
|   | <u>1,005,483</u> | <u>2,890,398</u>  |

## 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                  |                    |
|---|-----------------------|--------------------|-----------------------|--------------------|
|   | <u>Carrying value</u> | <u>Fair value</u>  | <u>Carrying value</u> | <u>Fair value</u>  |
| <b>Assets</b>                                   |                       |                    |                       |                    |
| 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        |
|   | <u>526,559,383</u>    | <u>526,779,218</u> | <u>486,684,553</u>    | <u>486,576,069</u> |
| <b>Financial liabilities:</b>                   |                       |                    |                       |                    |
| 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         |
|   | <u>135,000,443</u>    | <u>135,881,132</u> | <u>52,183,682</u>     | <u>52,358,262</u>  |

|                                     | <u>Total</u>       | <u>Fair value hierarchy</u> |                    |                    |
|-------------------------------------|--------------------|-----------------------------|--------------------|--------------------|
|                                     |                    | <u>Level 1</u>              | <u>Level 2</u>     | <u>Level 3</u>     |
| <b>2024</b>                         |                    |                             |                    |                    |
| <b>Financial assets:</b>            |                    |                             |                    |                    |
| 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          |
|                                     | <u>507,676,025</u> | <u>-</u>                    | <u>116,764,421</u> | <u>390,911,604</u> |
| <b>Financial liabilities:</b>       |                    |                             |                    |                    |
| Loans payable                       | 16,000,000         | -                           | -                  | 16,000,000         |
|                                     | <u>16,000,000</u>  | <u>-</u>                    | <u>-</u>           | <u>16,000,000</u>  |



| 2023  | <u>Total</u>       | <u>Fair value hierarchy</u> |                    |                    |
|---|--------------------|-----------------------------|--------------------|--------------------|
|   |                    | <u>Level 1</u>              | <u>Level 2</u>     | <u>Level 3</u>     |
| <b>Financial assets:</b>                        |                    |                             |                    |                    |
| 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         |
|   | <u>483,373,615</u> | <u>-</u>                    | <u>157,089,647</u> | <u>326,283,968</u> |
| <b>Financial liabilities:</b>                   |                    |                             |                    |                    |
| Loan payable                                    | 143,562            | -                           | -                  | 143,562            |
|   | <u>143,562</u>     | <u>-</u>                    | <u>-</u>           | <u>143,562</u>     |

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) |
| <b>Assets:</b>                |                   |  |   |   |
| 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) |
| <b>Assets:</b>                |                   |  |   |   |
| 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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