ANNUAL REPORT
2017

Definitions

- 31 December 2017 "the reporting date"
- Period from 1 January to 31 December 2017 "the reporting period"
- Period from 1 January to 31 December 2016 "the prior period"
- W. R. Berkley Europe AG "the Company" or "WRBEAG"
- W. R. Berkley Insurance (Europe), SE "WRBIE"
- W. R. Berkley Corporation "WRBC" or "the Group"
- Actuarial Function Report "AFR"
- Financial Market Supervisory Authority Liechtenstein "FMA"
- Berkley Re UK Limited "BRUK"
- Berkley Offshore Underwriting Managers UK, Limited "BOUM"
- The Company's branches in Norway and Sweden "Nordic branches"

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1 Management Report 2017

1.1 Annual Review 2017

During 2017 the Company continued to face a competitive insurance market, increasingly complex regulations, changing customer expectations and the impact of digital innovation. In view of this challenging environment, a thorough assessment of the Continental European underwriting approach was undertaken, including an analysis of prior year developments from business transferred via renewal rights from W. R. Berkley Insurance (Europe), SE ("WRBIE") to the Company. The outcome of this assessment, deeper insights into operational practices and lessons learnt in 2016 led Management and the Board to initiate a series of changes in relation to its branch operations. This process was launched via measures aimed at ameliorating underwriting results, such as the introduction of pricing tools and techniques, actuarial reviews and operational improvements. Additional momentum was achieved through evaluating strategic opportunities and options, all geared towards profitable business development and achieving critical mass in each operational site.

Initiatives resulting from this strategic focus include better sharing of resources throughout Europe, the strengthening of finance and actuarial functions at the centre, joint product development and branch collaboration, such as the adoption by Germany of a successful broker portal developed by the Spanish branch. After a successful repositioning of the latter, its head Leo Ligues retired and Gianluca Piscopo succeeded him. Also in Norway there was a change in leadership.

2017 marked the beginning of Berkley Offshore Underwriting Managers UK, Limited ("BOUM") and Berkley Re UK Limited ("BRUK") writing on the Company's Paper.

In September 2017 Liechtenstein's Financial Market Authority ("FMA") was advised that W. R. Berkley Corporation was contemplating a series of transactions to rationalize and simplify its European structure and underwriting platforms by moving WRBIE's legacy business to W. R. Berkley Europe AG ("WRBEAG") through a merger between the two companies. Respective applications were made to the FMA. A merger between WRBEAG and WRBIE would have minimal operational integration implications as WRBEAG branches already handle the administration of WRBIE's European legacy business.

The Company closed the financial year 2017 with a loss of USD 16.7m. The result is impacted by the accounting treatment of developing and growing business, by premiums having remained below expectations, by claims that were higher than expected in Continental Europe and for BRUK, which was impacted by hurricanes Harvey, Irma and Maria. The high expense load reflects the need to grow profitably in order to achieve a sustainable size in each market where the Company operates, but also the investments made in human resources to achieve strategic objectives.

1.2 Business Overview

The Company sources business through its branches in Germany, Norway and Sweden (Norway and Sweden collectively referred to as the "Nordic branches") and Spain as well as based on the binding authority agreements with BOUM and BRUK respectively.

The German branch writes motor plus property, professional liability and personal accident lines. The Spanish branch writes general liability (professional indemnity and medical malpractice) as well as property/construction, personal accident, travel and surety lines of business. The Nordic branches write general liability, motor, property, employee benefit, travel as well as marine hull and cargo.

BOUM and BRUK are authorized and regulated as insurance intermediaries by the Financial Conduct Authority of the United Kingdom. BRUK writes international property and casualty treaty reinsurance as well as facultative reinsurance. BOUM specialises in Energy Property (construction, control of well, drilling and operating contractors, on- and offshore operating packages) as well as Energy Liability (primary and excess general, products and employer's liability, on- and offshore).

1.3 Governing Bodies during the 2017 Reporting Period

Board Members	
William R. Berkley - Chairman	Ira Lederman
Until 24.08.17 Eugene Ballard	From 24.08.17 James Bronner
Rob Hewitt	Javier Esteban
Mark Talbot	Michael Grabher
Members of Management	
Hans-Peter Naef – General Manager	Andreas von Arx – Deputy General Manager
Michael Grassée – Head German Branch	
From 30.06.2017 Enzo Gianluca Piscopo – Head Spanish Branch	Until 30.06.2017 Leonardo Ligues – Head Spanish Branch
From 04.10.2017 Olav Strono – Head Nordic Branches	Until 04.10.2017 Jan Tinus Larsen – Head Nordic Branches
Other Key Function Holders	
Anders H. Rolfsen – Responsible Actuary	
External Auditors	
KPMG (Liechtenstein) AG, Schaan	
Internal Auditors	
Denise Davies, WRBC	

1.4 Profit and Loss Account

The gross written premiums, as disclosed in section "2.3.3.1Technical Account" on page 14, are at USD 219.1m. 2017 is the first full year, where the Continental European branches were writing on account of the Company and where business was sourced from BOUM and BRUK. The Company shows gross earned premium of USD

168.0m and a net earned premium of USD 11.8m in the period. Gross claims incurred are at USD 122.6m (2016: USD 27.1m).The gross loss ratio was at 73% (2016: 70%), driven in particular by a couple of large Marine Cargo and Property losses, as well as worse than planned Casualty Reinsurance assumed by BRUK. This impact was marginally offset by improvements in the General Casualty book.

During 2017 business flow in the Spanish branch started to increase across all lines of business and the Spanish portfolio became more diversified. The German branch progressed with its action plans in relation to improving loss ratios, whilst the Nordic branches suffered some large losses and missed out on winning affinity type distribution schemes. Given the challenging conditions in the energy sector, BOUM continued with is cautious underwriting approach and ended up writing less business than planned. For BRUK, many of its operational areas had been under pressure during 2017. These included the reduction of the UK discount rate and the resulting impact on reserves as well as the hurricane activity in the Atlantic in late summer.

The Company is ceding 90% of the net retained premium and claims via a Fixed Quota Share to Berkley Insurance Company (BIC) and has entered into a number of proportional third party reinsurance agreements, from which it is entitled to ceding commissions. Unlike gross commissions and administrative expenses that are expensed when occurred, the recognition of these reinsurance ceding commissions gets deferred in proportion to the business ceded. The impact of deferring USD 12.9m of reinsurance commissions is impacting adversely the technical result.

Net investment income was USD 3.3m, in line with expectations.

1.5 Subsidiary Companies / Branch Offices

The Company operates through branches in Germany, Norway, Spain and Sweden. It does not have any subsidiaries.

In 2017 it started writing business with BOUM and BRUK.

1.6 Personnel

As per end of the year the Company had 105 (full-time equivalent) employees, compared to 92 employees in the previous year.

1.7 Risks

The Company's business is exposed to several risks, such as non-life insurance, market, counterparty, operational and other business risks. For further details please see the Company's Solvency and Financial Condition Report.

1.8 Events following the Balance Sheet Date

After the balance sheet date no significant events occurred that would have a material impact on the balance sheet or income statement of the Company.

1.9 Outlook for 2018

Continued economic growth in Europe will hopefully translate in rate increases in the markets the Company's Continental European branches are operating. The focus of Continental European branches in 2018 will be to improve margins by becoming more efficient in distribution and broker administration, with initiatives such as the broker portal rolled out from Spain to other branches leading the way. The push to expand into specialized lines of insurance, where niche positions can be built up, will go on. The opening of a new office in Munich, Germany, at the beginning of the year, focusing on Financial Lines, as well as Spain's expansion into Portugal are encouraging examples of optimizing product offer, distribution and geographic footprint. Investments in human resource development will continue, as will the operational transformation. Last year's changes at the helm of the Spanish and Nordic branches were received well by the teams and related new initiatives and approaches will result in positive impacts.

The on-going recovery in the energy sector will assist BOUM with achieving its top-line targets, whereas the large losses the reinsurance sector had to experience during 2017 are expected to lead to a rate hardening in the sector from which BRUK's business will benefit as well.

Restructuring efforts and related investments as well as the transactions in relation to combining WRBEAG and WRBIE demonstrate W. R. Berkley Corporation's commitment to its European customer base.

In light of this we would like to express our warmest gratitude to our entire staff for their great effort and their extraordinary dedication. But none of this would have been possible without our loyal customers and our shareholders.

W. R. Berkley Europe AG

Vaduz, April 2018

William R. Berkley Chairman of the Board	Hans-Peter Naef General Manager

2 Financial Statements

2.1 Income Statement

	Notes	2017 in USD	2016 in USD
I. Technical Account			
1. Net earned premium			
a. Gross written premium	2.3.3.2	219,137,542	58,171,410
b. Premiums ceded		(203,755,936)	(53,870,786)
c. Change in unearned premium		(51,165,639)	(19,289,441)
d. Change in unearned premium ceded		47,602,094	18,309,761
Total	2.3.3.1	**11,818,061**	**3,320,944**
2. Other underwriting income (net)		**2,525,345**	**4,487,857**
3. Loss and loss adjustments expenses (net)			
a. Claims paid			
aa. Gross		(54,651,466)	(8,885,478)
bb. Ceded		50,693,473	8,072,601
Total		(3,957,993)	(812,877)
b. Change in reserve for loss and loss adjustment expenses (net)			
aa. Gross		(67,925,910)	(18,238,625)
bb. Ceded		63,023,644	16,740,494
Total		(4,902,266)	(1,498,131)
Total		**(8,860,259)**	**(2,311,008)**
4.Underwriting expenses			
a. Acquisition cost		(26,331,025)	(7,787,059)
b. Administrative expenses	2.3.3.4	(44,778,733)	(19,079,934)
c. Commissions received	2.3.3.5	44,885,645	12,915,948
Total		**(26,224,113)**	**(13,951,045)**
5. Technical result		**(20,740,966)**	**(8,453,251)**

	Notes	2017 in USD	2016 in USD

II. Non-Technical Result

	Notes	2017 in USD	2016 in USD
1. Investment income			
a. Income from other investments		5,473,866	999,075
b. Income from reversal of impairments		-	17,067
c. Realised gains on investments		-	131
Total		**5,473,866**	**1,016,273**
2. Investment expense			
a. Investment management and interest expenses		(278,595)	(87,667)
b. Depreciation and impairments of investments		(1,757,445)	(1,964,144)
c. Realised losses on investments		(126,747)	(393,684)
Total		**(2,162,787)**	**(2,445,495)**
3. Other income		905,102	374,990
4. Other expenses		-	(932,520)
5. Result on ordinary activities		**(16,524,785)**	**(10,440,003)**
6. Other taxes		(136,787)	-
7. Loss for the year		**(16,661,572)**	**(10,440,003)**

2.2 Balance Sheet

Assets

	Notes	31 December 2017 in USD	31 December 2016 in USD
A. Intangible assets			
I Other intangibles assets	2.3.4.1	2,763,486	4,923,517
Total		**2,763,486**	**4,923,517**
B. Investments			
I Other investments			
1. Bonds and other fixed income securities	2.3.4.2	241,124,205	230,288,883
Total		**241,124,205**	**230,288,883**
C. Other receivables			
I Receivables from direct insurance business			
1. Receivables from policyholders		64,300,100	20,415,496
Total		64,300,100	20,415,496
II Reinsurance business receivables			
1. from affiliated companies		15,793,431	7,037,106
2. from other parties		10,014,035	746,670
Total		25,807,466	7,783,776
III Other receivables			
1. Receivables from affiliated companies		3,090,120	680,261
2. Receivables from other parties		161,404	144,942
Total		3,251,524	825,203
Total		**93,359,090**	**29,024,475**
D. Other assets			
I Fixed assets	2.3.4.3	482,826	487,207
II Cash on hand and at bank		41,923,069	31,557,099
Total		**42,405,895**	**32,044,306**
E. Accrued items			
I Accrued interest and rent		1,217,076	1,116,809
II Other accrued items		304,578	196,474
Total		**1,521,654**	**1,313,282**
Total Assets		**381,174,330**	**297,594,463**

Liabilities and Equity

	Notes	31 December 2017 in USD	31 December 2016 in USD
A. Equity			
I Called up share capital	2.3.4.4	8,327,625	8,327,625
II Organization fund	2.3.4.5	4,198,125	4,198,125
III Capital reserves		251,528,195	251,528,195
IV Loss carryforward		(12,782,163)	(2,342,160)
V Net Loss for the year		(16,661,572)	(10,440,003)
Total		**234,610,210**	**251,271,782**
B. Technical Reserve			
I Unearned premium reserve			
1. Gross		75,594,044	18,444,876
2. Less amounts ceded		(70,216,273)	(17,495,085)
Total		5,377,771	949,791
II Reserve for loss and loss adjustment expenses			
1. Gross		89,989,208	17,602,302
2. Less amounts ceded		(82,673,814)	(15,555,970)
Total		7,315,394	2,046,332
Total		**12,693,165**	**2,996,123**
C. Other payables			
I Payables on reinsurance business			
1. Payable to affiliated companies		85,195,671	25,127,067
2. Payable to other creditors		21,887,823	12,418,393
Total		107,083,494	37,545,460
II Other liabilities			
1. Liabilities arising from social security		175,885	185,816
2. Other payables to affiliated companies		12,336,578	538,764
3. Other liabilities against third parties		10,343,007	161,379
Total		22,855,470	885,960
Total		**129,938,964**	**38,431,420**
D. Accruals			
I Other accruals		3,931,991	4,895,138
Total		**3,931,991**	**4,895,138**
Total Liabilities and Equity		**381,174,330**	**297,594,463**

2.3 Notes to the Financial Statements

2.3.1 General

The accounts have been set up in accordance with the provisions of the Liechtenstein Persons and Company Act (PGR) and the Act dated 6. December 1995 governing insurance company regulations (Insurance Regulatory Act; "VersAG") and the related Decree (insurance regulatory Decree; "VersAV") dated 1. January 2016.

2.3.2 Accounting and Valuation Standards

The following principal accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's annual accounts.

2.3.2.1 Foreign currencies

The functional currency of the Company is the United States Dollar (USD). The assets and liabilities of the branches in Germany, Norway and Sweden and Spain are translated using the current/non-current method, considering the lower of cost or market principle for non-current assets and liabilities. The income statement of the branches were converted at monthly average rates. Equity is translated at historical rates and exchange differences are recognized in profit or loss.

2.3.2.2 Intangible assets

In 2016 the Company has acquired from WRBIE the right to renew the business of WRBIE's Norwegian and Swedish branch. The Renewal rights will be amortised over their expected useful lives, as follows:

Renewal rights	-	maximum 3 years
Workforce	-	3 years
Software	-	maximum 3 years

The original cost values in foreign currencies are revalued at closing rates to USD.

2.3.2.3 Investments

Fixed income securities are valued at the lower of amortised cost or market value.

2.3.2.4 Tangible fixed assets

Fixed assets are capitalised and are depreciated on a straight-line basis over the following periods:

Furniture and fittings	-	10 years
Computer equipment	-	3 to 5 years

2.3.2.5 Cash at bank

Cash at bank comprise cash balances and call deposits with maturities of nine months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at nominal value in the balance sheet.

2.3.2.6 Technical provisions

Reserves for loss and loss adjustment expenses are accrued when insured events occur and are based on the estimated ultimate cost of settling the claims, using claims adjuster reports and individual case estimates.

A provision is also included for claims incurred but not reported, which is developed on the basis of past experience adjusted for current trends and other factors that modify past experience.

The establishment of the appropriate level of reserves is an inherently uncertain process involving estimates and judgments made by management, and therefore there can be no assurance that ultimate claims and claim adjustment expenses will not exceed the loss reserves currently established. These estimates are regularly reviewed, and adjustments for differences between estimates and actual payments for claims and for changes in estimates are reflected in income in the period in which the estimates are changed or payments are made.

2.3.3 Income Statement

2.3.3.1 Technical Account

2017 USD	Motor Insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Other Direct	Casualty Reinsurance Proportional	Property Reinsurance Proportional	Total
Gross written premium	47,899,920	38,061,064	18,527,285	45,667,452	7,265,477	37,083,084	24,633,260	219,137,542
Gross earned premium	47,783,123	29,414,402	16,889,539	35,029,483	6,391,015	16,509,775	15,954,568	167,971,904
Claims Incurred	(35,807,886)	(23,725,626)	(17,317,845)	(17,067,550)	(3,341,571)	(14,289,271)	(11,027,626)	(122,577,376)
Expenses Incurred*	(17,645,346)	(12,840,221)	(5,360,240)	(13,781,822)	(2,246,170)	(9,464,959)	(7,245,654)	(68,584,413)
Total Gross	***(5,670,110)***	***(7,151,446)***	***(5,788,547)***	***4,180,111***	***803,274***	***(7,244,455)***	***(2,318,712)***	***(23,189,886)***
Ceded earned premium	(42,276,632)	(28,702,276)	(16,175,094)	(33,342,759)	(6,057,123)	(14,912,579)	(14,687,379)	(156,153,842)
Ceded claims recovered	31,894,690	22,943,094	16,599,678	16,247,644	3,137,572	13,059,997	9,834,441	113,717,117
Reinsurance commission earned	8,941,926	9,856,517	5,551,205	10,439,056	2,061,250	4,452,923	3,582,769	44,885,645
Reinsurer's share	***(1,440,016)***	***4,097,335***	***5,975,789***	***(6,656,059)***	***(858,301)***	***2,600,341***	***(1,270,169)***	***2,448,920***
Technical Result	**(7,110,126)**	**(3,054,111)**	**187,242**	**(2,475,948)**	**(55,027)**	**(4,644,114)**	**(3,588,881)**	**(20,740,966)**

* Net of other technical income

2016 USD	Motor Insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Other Direct	Casualty Reinsurance Proportional	Property Reinsurance Proportional	Total
Gross written premium	24,751,298	5,133,535	7,904,196	17,297,151	3,085,230	-	-	58,171,410
Gross earned premium	23,681,600	1,768,596	2,345,047	8,855,537	2,231,190	-	-	38,881,970
Claims Incurred	(17,573,622)	(969,787)	(2,434,809)	(4,597,041)	(1,548,766)	-	-	(27,124,025)
Expenses Incurred*	(15,627,591)	(273,768)	(704,649)	(4,410,564)	(1,362,563)	-	-	(22,379,136)
Total Gross	***(9,519,614)***	***525,041***	***(794,411)***	***(152,068)***	***(680,139)***	**-**	**-**	***(10,621,192)***
Ceded earned premium	(21,380,015)	(1,727,262)	(2,238,658)	(8,189,623)	(2,025,468)	-	-	(35,561,026)
Ceded claims recovered	15,923,699	930,784	2,333,351	4,203,646	1,421,539	-	-	24,813,018
Reinsurance commission earned	8,951,545	160,753	413,759	2,589,815	800,076	-	-	12,915,948
Reinsurer's share	***3,495,229***	***(635,726)***	***508,452***	***(1,396,161)***	***196,147***	**-**	**-**	***2,167,941***
Technical Result	**(6,024,385)**	**(110,685)**	**(285,959)**	**(1,548,229)**	**(483,992)**	**-**	**-**	**(8,453,251)**

* Net of other technical income

2.3.3.2 Premium written by region

The Company generated gross written premiums of USD 118,041,664 (2016: USD 58,171,410) in the branches in Germany, Norway, Spain and Sweden (EEA).

In addition it has entered into binding authority agreements with BOUM and BRUK respectively, generating additional gross written premiums of USD 101,095,878 (2016: USD 0). BRUK writes international property and casualty treaty reinsurance as well as facultative reinsurance. BOUM specialises in Energy Property (construction, control of well, drilling and operating contractors, on- and offshore operating packages) as well as Energy Liability (primary and excess general, products and employer's liability, on- and offshore).

2.3.3.3 Related party transactions

The Company has a reinsurance agreement with BIC. The impact of that contract is as follows:

	Total USD 2017	**of which internal QS**	**Total USD 2016**	**of which internal QS**
Gross written premium	219,137,542	-	58,171,410	-
Gross earned premium	167,971,904	-	38,881,970	-
Claims Incurred	(122,577,376)	-	(27,124,025)	-
Expenses Incurred	(68,584,413)		(22,379,136)	
Total Gross	***(23,189,886)***	**-**	***(10,621,192)***	**-**
Ceded earned premium	(156,153,842)	(105,926,995)	(35,561,026)	(29,888,500)
Ceded claims recovered	113,717,117	82,624,002	24,813,018	20,799,762
Reinsurance commission earned	44,885,645	35,270,518	12,915,948	11,980,083
Reinsurer's share	***2,448,920***	***11,967,525***	***2,167,941***	***2,891,344***
Technical Result	**(20,740,966)**	**11,967,525**	**(8,453,251)**	**2,891,344**

The branches of the Company provide management and run-off services for the WRBIE branches in run-off. In 2017 those amounted to USD *2,525,345* (2016: USD 4,487,857). Administrative expenses include charges from group entities for services outsourced within the Berkley Group in the amount of USD 4'262'093 (2016: USD 1'776'934).

2.3.3.4 Administrative expenses

The remuneration of the auditor, KPMG (Liechtenstein) AG, is USD 327'845 (2016: USD 141'300).

2.3.3.5 Commissions received

The Company has entered into a number of proportional reinsurance agreements and is entitled to commissions on the business ceded to reinsurers. The recognition of those gets deferred in proportion to the business ceded. The impact of the deferral is presented in the table below.

	31 December 2017 in USD	31 December 2016 in USD
Ceded commissions	57,858,225	19,425,852
Deferral of ceded commissions	(12,972,579)	(6,509,904)
	44,885,645	**12,915,948**

2.3.4 Balance sheet

2.3.4.1 Intangible assets

Intangible assets comprise the acquisition of renewal rights of the Continental European branches of the Company. The consideration paid was based on an independent valuation.

2017	**Workforce USD**	**Software USD**	**Renewal rights USD**	**Total USD**
at cost				
Opening balance	1,425,461	524,142	7,818,060	9,767,663
Additions	-	-	-	-
Disposals	-	-	-	-
FX-impact	100,004	36,772	548,481	685,257
Closing as per 31 Dec 2017	1,525,465	560,914	8,366,541	10,452,919
Depreciation				
Opening balance	(595,039)	(218,796)	(4,030,310)	(4,844,146)
Additions	(415,232)	(152,681)	(2,277,375)	(2,845,288)
Disposals	-	-	-	-
Closing as per 31 Dec 2017	(1,010,271)	(371,477)	(6,307,685)	(7,689,433)
Net book value as per 31 December 2017	**515,193**	**189,437**	**2,058,856**	**2,763,486**

2016	**Workforce USD**	**Software USD**	**Renewal rights USD**	**Total USD**
at cost				
Opening balance	842,260	537,993	8,024,662	9,404,915
Additions	604,886	-	-	604,886
Disposals	-	-	-	-
FX-impact	(21,685)	(13,851)	(206,602)	(242,138)
Closing as per 31 Dec 2017	1,425,461	524,142	7,818,060	9,767,663
Depreciation				
Opening balance	-	-	(766,766)	(766,766)
Additions	(595,039)	(218,796)	(3,263,544)	(4,077,380)
Disposals	-	-	-	-
Closing as per 31 Dec 2017	(595,039)	(218,796)	(4,030,310)	(4,844,146)
Net book value as per 31 December 2017	**830,421**	**305,346**	**3,787,750**	**4,923,517**

The Intangibles for the Nordic branches were acquired in April 2016. The intangibles are settled at initial cost and amortized in line with the accounting policies.

2.3.4.2 Investments

The Company has invested in a portfolio of fixed income securities. The amount of accretion from initial cost to book value as per 31.12.2017 is USD 337. (2016: 0). The table provides an overview by category and the book and market values.

	31 December 2017 USD		31 December 2016 USD	
Category	**Book Value**	**Market Value**	**Book Value**	**Market Value**
Government Securities	23,645,988	23,660,931	27,814,107	27,818,609
Corporate Bonds	166,394,251	166,469,211	119,993,742	119,996,742
Asset Backed Securities	51,083,965	51,086,008	82,481,033	82,485,256
	241,124,205	**241,216,150**	**230,288,883**	**230,300,608**

Out of its investment portfolio, the Company has transferred USD 5.5m of corporate bonds into a trust fund in favor of the National Association of Insurance Commissioners (NAIC) for maintaining the Company's International Insurers Department listing in the United States.

2.3.4.3 Fixed assets

The Company has acquired the fixed assets and equipment from WRBIE Nordic branches in 2016. The net value of assets and depreciation as per 31 December 2017 is as follows:

2017	**Furniture & Fittings USD**	**Computer Equipment USD**	**USD Total**
at cost			
Opening balance	418,614	219,457	638,071
Additions	356,598	266,930	623,528
Disposals	-	-	-
Closing as per 31 Dec 2017	775,212	486,387	1,261,599
Depreciation			
Opening balance	(95,029)	(55,835)	(150,864)
Additions	(363,110)	(264,799)	(627,909)
Disposals	-	-	-
Closing as per 31 Dec 2017	(458,139)	(320,634)	(778,773)
Net book value as per 31 Dec 2017	**317,073**	**165,753**	**482,826**

2016	Furniture & Fittings USD	Computer Equipment USD	USD Total
at cost			
Opening balance	227,101	108,894	335,995
Additions	191,512	110,564	302,076
Disposals	-	-	-
Closing as per 31 Dec 2016	418,614	219,457	638,071
Depreciation			
Opening balance	-	-	-
Additions	(95,029)	(55,835)	(150,864)
Disposals	-	-	-
Closing as per 31 Dec 2016	(95,029)	(55,835)	(150,864)
Net book value as per 31 Dec 2016	**323,585**	**163,622**	**487,207**

2.3.4.4 Share capital

The share capital of EUR 7'500'000 consists of 5'000 shares with a nominal value of EUR 1'500 and is fully paid up.

2.3.4.5 Organization fund

According to the Liechtenstein Insurance Law, the Financial Market Authority can require an insurance company to setup a special fund within equity for organisational setup. The Organization fund has been set at EUR 3'750'000 (USD 4'198'125).

2.3.5 Other annotations

2.3.5.1 Remuneration of the supervisory board members and executives

The total remuneration in 2017 of the supervisory board was USD 4k and USD 446.9k.to the executives.

2.3.5.2 Employees

At the end of 2017 the Company had 105 employees. The following table provides an overview of employees by category:

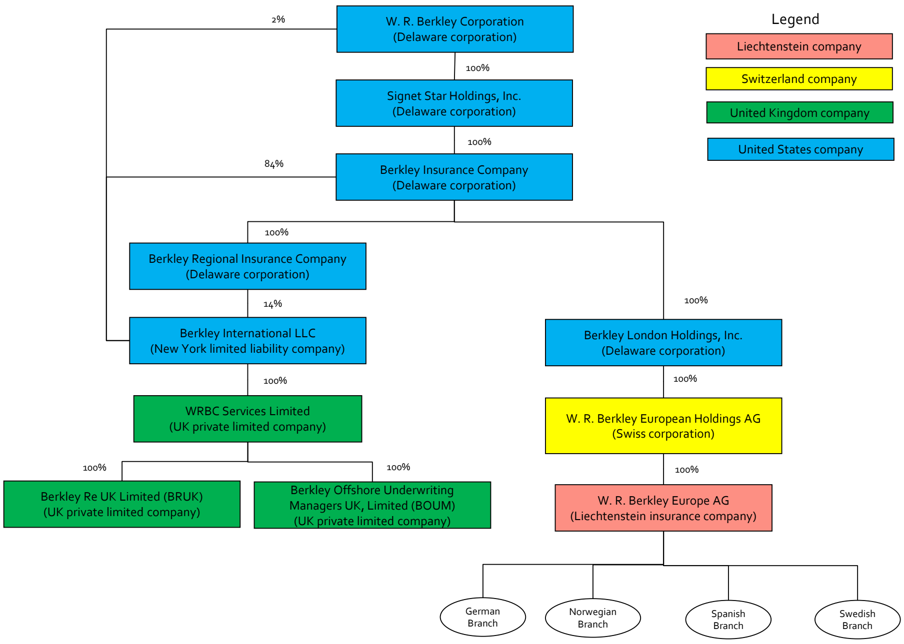
Full Time Equivalent	**Employees 31.12.2017**	**Employees 31.12.2016**
Underwriting	47	44
Claims	15	15
All other	43	33
	105	**92**

2.3.5.3 Leasing commitments

The total amount of leasing and other commitments at the end of the year was USD 2.6m (2016: USD 1.2m).

2.3.5.4 Group structure

The structure chart below explains the ownership and legal links between the Company, its ultimate parent undertaking WRBC and its related undertakings BOUM and BRUK:



The Consolidated accounts of WRBC can be found at WRBC's Internet homepage http://www.wrberkley.com/.

3 Actuarial report

Referring to Art. 36c sub 1) b) first sentence of the Liechtenstein Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsgesetz, "VersAG") I confirm as Accountable Actuary of WRBEAG, as defined in Art. 18b of the VersAG, that the technical reserves as set out below have been calculated on the basis of generally accepted actuarial principles and are in line with Liechtenstein regulatory requirements detailed in the VersAG and Art. 29 of the Liechtenstein Ordinance on the Law on Supervision of Insurance Undertakings (Versicherungsaufsichtsverordnung, "VersAV").

WRBEAG is licensed to underwrite direct insurance in several lines of business. WRBEAG is not licensed to underwrite credit insurance. Therefore Equalization Reserves are not required.
This statement is subject to the Reliance and Limitations as detailed in the Reserve Report.
The technical reserves below were booked in line with the recommendation in the Reserve Report and the Update Memo as listed above.

B. Technical Reserve	**31 December 2017**	**31 December 2016**
I Unearned premium reserve	**in USD**	**in USD**
1. Gross	75,594,044	18,444,876
2. Less amounts ceded	(70,216,273)	(17,495,085)
Total	5,377,771	949,791
II Life insurance provision	-	-
III Reserve for loss and loss adjustment expenses (including IBNR)		
1. Gross	89,989,208	17,602,302
2. Less amounts ceded	(82,673,814)	(15,555,970)
Total	7,315,394	2,046,332
IV. Provision for bonuses and rebates	-	-
V. Equalisation provision	-	-
VI. Other Technical provisions	-	-

Anders Heileman Rolfsen FIA
Appointed Actuary of W. R. Berkley Europe AG

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of

W. R. Berkley Europe AG, Vaduz

As statutory auditor, we have audited the financial statements (balance sheet, income statement and notes) and the management report of W. R. Berkley Europe AG for the year ended 31 December 2017.

These financial statements and the management report are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Liechtenstein profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements and the management report are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the results of operations in accordance with Liechtenstein law. Furthermore, the financial statements and the management report comply with Liechtenstein law and the company's articles of incorporation.

The management report is consistent with the financial statements. In our opinion, the management report does not include material misleading information.

We recommend that the financial statements submitted to you be approved.

KPMG (Liechtenstein) AG

Lars Klossack	Denise Hämmerle
Chartered Accountant	*Chartered Accountant*
Auditor in Charge	

Schaan, 26 April 2018