BAHAMAS FIRST HOLDINGS LIMITED

Consolidated Financial Statements For The Year Ended 31 December 2025 and Independent Auditors' Report

BAHAMAS FIRST HOLDINGS LIMITED

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Bahamas First Holdings Limited:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Bahamas First Holdings Limited** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in The Bahamas. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Summary of the Key Audit Matters	How the scope of our audit responded to the Key Audit Matters
Insurance Contract Liabilities – Liability for incurred claims "LIC"	As at December 31, 2025 the Group reported gross liability for incurred claims of $59,483,170 (refer to Note 6). The Group makes key judgments and estimates in determining the liability arising from claims made under insurance contracts, which has the most significant impact on the Group's financial position. A number of assumptions must be made with high estimation uncertainty related to expected loss ratios and loss development patterns. As a result, small changes in the underlying assumptions may have a material impact on the overall year-end result reported in the consolidated financial statements. Additionally, the process requires the selection and application of actuarial methods that result in complex calculations to project the ultimate loss. Management engages an external actuary to prepare a valuation of the Group's insurance contract liabilities as at December 31, 2025.	We obtained an understanding of the Group's claims reserving process for determining and recording the liability for incurred claims. We evaluated the design and implementation of controls related to determining and recording the liability for incurred claims. We obtained an understanding of management's external actuary, including their qualifications. We engaged our actuarial specialists to (1) obtain and inspect the reports of management's external actuary, (2) assess the appropriateness of the assumptions and judgments made by management to determine the liability for incurred claims, (3) assess whether the methods used by management's external actuary were in accordance with professional actuarial standards, and (4) develop an independent range of reasonable liability for incurred claim valuations.

Key Audit Matters	Summary of the Key Audit Matters	How the scope of our audit responded to the Key Audit Matters
Measurement of Goodwill	The consolidated financial statements at December 31, 2025 include Goodwill recorded at $194,292 after recording an impairment loss (refer to Note 10). The Group tested for impairment the carrying amount of goodwill at the reporting date, by comparing the carrying amount of cash-generating units or groups of cash generating units (“CGUs”) to which goodwill is allocated, to their recoverable amount. The recoverable amount was estimated based on the fair value less costs to sell approach. Impairment testing requires complex valuations and a high level of judgment, especially in relation to the CGUs’ expected cash flows, calculated by taking into account historical cash flows, the general economic performance and forecasts about the Group’s future performance and the financial parameters to be used to discount the cash flows.	We obtained an understanding of the Group’s impairment process and methodology. We tested the design and implementation of controls around the preparation of the impairment model including key assumptions. We engaged valuation specialists to assist with the assessment of the methodology, model inputs, discount rate and long-term growth rate. We evaluated the reasonableness of the short-term growth rate and projections over the discrete period for reasonableness by performing a retrospective analysis using past data. We further obtained an understanding for assumptions that did not correlate to past data. Where assumptions were not reasonable, we assessed the impact of changes on the impairment model and performed sensitivity analysis to confirm impact of these changes. We also assessed the sufficiency and appropriateness of the required disclosures associated with Goodwill.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is S. Tshombe Godet.

Deloitte & Touche

Nassau, Bahamas
April 30, 2026

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
(Expressed in Bahamian dollars)

	Notes	2025	2024
ASSETS			
Cash and cash equivalents		$ 38,912,678	$ 27,266,483
Broker receivables, net	5,21	22,777,565	21,446,375
Sundry receivables and prepayments	20	2,069,293	1,995,890
Reinsurance contract assets	6,21	59,586,807	55,351,927
Investments, net	4,21	40,631,128	43,585,168
Property and equipment, net	8,21	27,462,954	24,387,043
Right-of-use assets	9	876,999	990,393
Intangible assets and goodwill	10,21	5,706,434	7,187,378
TOTAL ASSETS		$ 198,023,858	$ 182,210,657
LIABILITIES AND EQUITY			
LIABILITIES:			
Accrued expenses and other liabilities		$ 2,509,804	$ 866,746
Broker payables		1,248,257	538,184
Insurance contract liabilities	6,21	103,206,819	93,130,530
Lease liabilities	9	914,843	1,026,588
Bonds payable	11	7,608,333	7,616,866
Total liabilities		115,488,056	103,178,914
EQUITY:			
Common shares	12	365,116	365,116
Preference shares	12	5,000,000	5,000,000
Contributed surplus		14,926,159	14,926,159
General reserve	13	4,000,000	4,000,000
Revaluation reserve	14	19,125,457	16,682,470
Retained earnings		34,093,680	33,433,031
Total equity attributable to owners of the company		77,510,412	74,406,776
Non-controlling interest	15	5,025,390	4,624,967
Total equity		82,535,802	79,031,743
TOTAL LIABILITIES AND EQUITY		$ 198,023,858	$ 182,210,657

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on 30 April 2026 and are signed on its behalf by:

Alison Treco
Director

Kenwood Kerr
Director

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Bahamian dollars)

	Notes	2025	2024
Insurance revenue	6	$ 203,244,500	$ 194,848,249
Insurance service expenses	6,19,20	(100,925,184)	(86,188,504)
Net expenses from reinsurance contracts held	6	(84,705,760)	(88,745,762)
Insurance service result		17,613,556	19,913,983
Insurance finance expenses from insurance contracts issued	6,16	(1,073,202)	(1,055,010)
Reinsurance finance income from reinsurance contracts held	6,16	649,675	522,638
Net finance expenses from insurance and reinsurance contracts	16	(423,527)	(532,372)
Interest revenue from financial assets not measured at FVTPL		1,372,231	1,426,343
Dividend income		487,601	335,252
Net credit recovery/(impairment) on financial assets	4,5	40,216	(7,984)
Net investment income		1,900,048	1,753,611
Other operating expenses	18,19,20	(14,942,320)	(14,324,645)
Other income, net	17	39,883	135,261
PROFIT		4,187,640	6,945,838
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss:			
Net losses on investments in equity securities measured at FVTOCI	4	(667,526)	(645,135)
Revaluation of land and buildings	8,14	2,735,752	-
Items that may be reclassified subsequently to profit or loss:			
Net gains on investments in debt securities measured at FVTOCI	4	642,134	155,599
OTHER COMPREHENSIVE INCOME/(LOSS)		2,710,360	(489,536)
TOTAL COMPREHENSIVE INCOME		$ 6,898,000	$ 6,456,302
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		$ 3,931,577	$ 6,687,941
NON-CONTROLLING INTEREST	15	256,063	257,897
PROFIT		$ 4,187,640	$ 6,945,838
BASIC AND DILUTED EARNINGS PER COMMON SHARE	12	$ 0.10	$ 0.17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		$ 6,374,564	$ 6,177,852
NON-CONTROLLING INTEREST	15	523,436	278,450
TOTAL COMPREHENSIVE INCOME		$ 6,898,000	$ 6,456,302

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Bahamian dollars)

	Attributable to owners of the group							
	Common Shares	Preference Shares	Contributed Surplus	General Reserve	Revaluation Reserve	Retained Earnings	Non-Controlling Interest	Total
Balance at 31 December, 2023	$ 365,116	$ 5,000,000	$ 14,926,159	$ 4,000,000	$ 17,403,666	$ 29,804,911	$ 4,346,517	$ 75,846,369
Profit	-	-	-	-	-	6,687,941	257,897	6,945,838
Other comprehensive (loss)/income	-	-	-	-	(721,196)	211,107	20,553	(489,536)
Total comprehensive (loss)/income	-	-	-	-	(721,196)	6,899,048	278,450	6,456,302
Transactions with shareholders								
Preference shares dividend paid (Note 12)	-	-	-	-	-	(350,000)	-	(350,000)
Dividends paid ($0.08 per common share) (Note 12)	-	-	-	-	-	(2,920,928)	-	(2,920,928)
Balance at 31 December, 2024	$ 365,116	$ 5,000,000	$ 14,926,159	$ 4,000,000	$ 16,682,470	$ 33,433,031	$ 4,624,967	$ 79,031,743
Profit	-	-	-	-	-	3,931,577	256,063	4,187,640
Other comprehensive income	-	-	-	-	2,442,987	-	267,373	2,710,360
Total comprehensive income	-	-	-	-	2,442,987	3,931,577	523,436	6,898,000
Transactions with shareholders								
Dividends paid by Cayman First Insurance Company Limited	-	-	-	-	-	-	(123,013)	(123,013)
Preference shares dividend paid (Note 12)	-	-	-	-	-	(350,000)	-	(350,000)
Dividends paid ($0.08 per common share) (Note 12)	-	-	-	-	-	(2,920,928)	-	(2,920,928)
Balance at 31 December, 2025	$ 365,116	$ 5,000,000	$ 14,926,159	$ 4,000,000	$ 19,125,457	34,093,680	$ 5,025,390	$ 82,535,802

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Bahamian dollars)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit		$ 4,187,640	$ 6,945,838
Adjustments for:			
Depreciation and amortisation	8,9,10	2,675,783	2,460,346
Impairment of goodwill	10	1,237,638	-
Revaluation of land and buildings	8	(418,986)	-
Credit loss (recovery)/provision	4,5	(40,216)	7,984
Interest on leases	9	47,995	57,304
Amortisation of discounts on bonds	4,17	79,088	127,565
Realised gain on sales of debt securities at FVTOCI	4,17	(40,030)	-
Loss on disposal of property and equipment	17	-	9,202
(Increase)/decrease in operating assets			
Increase in broker receivables, gross	5	(1,330,032)	(5,545,638)
Increase in sundry receivables and prepayments		(73,403)	(213,636)
Increase in reinsurance contract assets	6	(4,234,880)	(1,021,880)
Increase/(decrease) in operating liabilities			
Increase in accrued expenses and other liabilities		1,643,058	46,497
Decrease in bonds payable	11	(8,533)	-
Increase in broker payables		710,073	24,585
Increase in insurance contract liabilities	6	10,076,289	3,003,289
Net cash from operating activities		$ 14,511,484	$ 5,901,456

(Continued)

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(Expressed in Bahamian dollars)

	Notes	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	8	$ (1,087,238)	$ (733,440)
Purchase of intangible assets	10	(1,025,454)	(33,300)
Proceeds from disposal of property and equipment	8,17	-	15,581
Proceeds from sale and maturity of investments	4	16,246,622	4,550,975
Purchase of investments	4	(13,317,974)	(13,295,821)
Net cash from/(used in) investing activities		$ 815,956	$ (9,496,005)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Preference shares dividend paid	12	$ (350,000)	$ (350,000)
Changes in non-controlling interest		(123,013)	-
Common shares dividend paid	12	(2,920,928)	(2,920,928)
Lease liability cash payments	9	(287,304)	(293,716)
Net cash used in financing activities		$ (3,681,245)	$ (3,564,644)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,646,195	(7,159,193)
CASH AND CASH EQUIVALENTS:			
BEGINNING OF YEAR		27,266,483	34,425,676
END OF YEAR		$ 38,912,678	$ 27,266,483
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:			
Cash on hand		$ 11,689	$ 9,628
Cash at bank		28,078,116	19,860,961
Cash at investment broker		10,822,873	6,396,646
Treasury bills		-	999,248
		$ 38,912,678	$ 27,266,483
SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Interest received		$ 1,085,518	$ 1,257,799
Dividends received		$ 487,601	$ 335,252
Premium taxes paid		$ 5,562,960	$ 5,433,820
Interest expense paid		$ 1,119,958	$ 1,045,768
Non-cash investing activities	10	$ (618,880)	$ -

(Concluded)

See notes to consolidated financial statements.

1. GENERAL

Bahamas First Holdings Limited ("BFH" or the "Company") and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas, except BFH International Limited, Cayman First Insurance Company Limited, BRAC Associates Ltd. and BFH Services (Cayman) Limited which are incorporated under the laws of the Cayman Islands.

These consolidated financial statements include the accounts of BFH and its subsidiaries, which are hereinafter collectively referred to as the "Group". The primary activity of the Group is the carrying on of general insurance business (property and casualty) and health and group life insurance. The subsidiaries are as follows:

Registered insurers:

- Bahamas First General Insurance Company Limited ("BFG")
- Cayman First Insurance Company Limited ("CFI")

Registered insurance intermediaries:

- Nassau Underwriters Agency Insurance Agents & Brokers Ltd. ("NUA")

Management company:

- Bahamas First Corporate Services Ltd. ("BFCS")

BFCS provides administrative and corporate services to the Group and charges management fees to the various Group companies, which are eliminated on consolidation.

Insurance holding company:

- BFH International Limited ("BFHIL")

Dormant companies:

- CMA Insurance Brokers & Agents Limited ("CMA")
- First Response Limited ("FRL")
- BFH Services (Cayman) Limited ("BFHS")
- BRAC Associates Ltd. ("BAL")

All of the above subsidiaries are wholly-owned except for CFI, of which BFHIL owns 87.70%. The ordinary and preference shares are listed and traded on the Bahamas International Securities Exchange ("BISX"). The Company's corporate bonds, previously listed on BISX, matured on 15 October 2025. The registered office of the Company is located at 32 Collins Avenue, Nassau, The Bahamas.

1. GENERAL (CONTINUED)

During the year, the Group's wholly owned subsidiary, BRAC Insurance Associates Ltd. ("BIA"), surrendered its insurance broker license and ceased writing new business effective 30 November 2025. As a result, the subsidiary has transitioned to dormant status as at the reporting date. In connection with this change in operations, the subsidiary changed its name from BRAC Insurance Associates Ltd. to BRAC Associates Ltd. ("BAL") on 11 February 2026.

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND INTERNATIONAL ACCOUNTING STANDARDS ("IAS") AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD ("IASB")

a. ***New and amended Standards and Interpretations adopted by the Group***

In the current year, there were several new and amended Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee of the IASB effective for annual reporting periods beginning on or after 1 January 2025. However, they do not have a material effect on the Group's financial statements.

b. ***Standards and Interpretations issued but not yet effective***

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the dates noted below:

Effective for annual periods beginning on or after 1 January 2026

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 7 – Financial Instruments: Disclosures ("IFRS 7")

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”) AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (“IASB”) (CONTINUED)

b. ***Standards and Interpretations issued but not yet effective (continued)***

On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements. These amendments:

(i) clarify the date of recognition and derecognition of some financial assets and liabilities;
(ii) clarify and add further guidance for assessing whether a financial asset meets the “solely payments of principal and interest criterion”;
(iii) add new disclosures for certain instruments with contractual terms that can change cash flows; and
(iv) update the disclosures for equity instruments designated at fair value through other comprehensive income.

These amendments are not anticipated to have a material impact on the Group’s financial statements.

Effective for annual periods beginning on or after 1 January 2027

IFRS 18 – Presentation and Disclosure in Financial Statements (“IFRS 18”)

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group’s financial statements.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures (“IFRS 19”)

IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. Management is currently assessing the detailed implications of applying the new standard on the Group’s financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following is a summary of the material accounting policy information:

a. ***Basis of preparation*** - These consolidated financial statements have been prepared in accordance with IFRS. They have been prepared on an accrual basis and under the historical cost convention, except as outlined in the accounting policies below. The preparation of financial statements in accordance with IFRS 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accounting policies are consistent with those used in the prior year.

   Where necessary, in the consolidated financial statements, corresponding figures have been reclassified to conform with changes in presentation in the current year.

b. ***Basis of consolidation*** - Subsidiaries are those entities controlled by BFH. Control exists when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power to direct the activities of the investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been adjusted, where necessary, to ensure consistency with the policies adopted by the Group.

c. ***Business combinations*** - The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of acquired activities and assets include, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

   The Group may apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets does not constitute a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

c. ***Business combinations (continued)***

The cost of acquisition is measured as the aggregate of the consideration transferred (measured at acquisition date fair value), and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at its proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately within the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since that date.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions and are recognised in contributed surplus within the consolidated statement of changes in equity.

d. ***Financial instruments***

Classification and measurement

On initial recognition, a financial asset or liability is measured at its fair value plus, in the case of investments not at fair value through profit or loss ("FVTPL"), transaction costs directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs on financial assets and financial liabilities at FVTPL are expensed immediately, while on other financial instruments they are amortised.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d. ***Financial instruments (continued)***

Classification and measurement (continued)

(i) Debt instruments

The classification and measurement of debt instruments is dependent on the business model under which the Group manages its investments as well as their cash flow characteristics. They are reclassified when the business model for managing those assets changes.

Debt instruments are classified as either financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVTOCI") or financial assets measured at FVTPL as follows:

Amortised cost	FVTOCI	FVTPL
Assets held for the collection of contractual cash flows.	Assets held for the collection of contractual cash flows and for the sale of financial assets.	Assets that do not meet the criteria for amortised cost nor FVTOCI are measured at FVTPL.
Cash flows represent solely payments of principal and interest ("SPPI").	Cash flows represent SPPI.	An irrevocable election can be made (on an instrument-by-instrument basis) to designate assets as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Business model assessment

A business model refers to how an entity manages its financial assets in order to generate cash flows, i.e. by collecting contractual cash flows, selling financial assets or both. There are three business models under IFRS 9:

- Hold to collect (contractual cash flows)
- Hold to collect and sell
- Other business models (e.g. trading)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d. *Financial instruments (continued)*

Classification and measurement (continued)

(i) Debt instruments (continued)

SPPI assessment
The second criterion for determining the classification of a debt instrument is whether the contractual cash flows are SPPI. For contractual cash flows to be SPPI they must include returns consistent with a basic lending arrangement.

The Group's debt instruments are consistent with a basic lending arrangement and the contractual cash flows are SPPI. Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. We are not aware of any features that would result in the Group's debt instruments failing the SPPI test.

(ii) Equity instruments

There are two measurement categories under which an equity instrument could be classified: as FVTOCI or FVTPL:

FVTOCI (without recycling of gains or losses to profit or loss on derecognition)	FVTPL
Irrevocable election (on an instrument-by-instrument basis) on the date of acquisition. Designation is not permitted if the equity instrument is held for trading.	Default classification for all equity instruments.

The Group does not hold any equity instruments for trading purposes. All equities were designated as FVTOCI. An entity may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. This may be applicable for an insurance company if the assets supporting the liabilities are measured differently. The FVTPL option was not taken by the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d. *Financial instruments (continued)*

Classification and measurement (continued)

Investments in Bahamas Government Registered Stock are classified as debt instruments and are carried at amortised cost. Preference shares and redeemable fixed rate note investments that meet the criteria are also classified as debt instruments and carried at amortised cost. All other investments are classified as FVTOCI and are measured at fair value at the consolidated statement of financial position date.

After initial recognition, financial assets are measured as follows:

Debt instruments at amortised cost	Debt instruments at FVTOCI	Equity instruments at FVTOCI
Debt instruments at amortised cost are measured using the effective interest rate ("EIR") method, less a loss allowance for expected credit losses ("ECLs"). ECLs are recognised at initial recognition and updated at each reporting date in accordance with the IFRS 9 impairment model, with changes recognised in the consolidated statement of comprehensive income. Gains or losses are recognised in profit or loss on derecognition, as well as through the amortisation process.	Debt instruments at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income ("OCI"), with gains or losses recycled to profit or loss on derecognition.	Equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI, with no recycling of gains or losses to profit or loss on derecognition.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for financial liabilities at FVTPL. Such liabilities, including derivatives that are liabilities, are measured at fair value.

Cash and cash equivalents, broker receivables and sundry receivables and prepayments are carried at cost, which equates to amortised cost, less provision for ECLs. Broker payables, accrued expenses and other liabilities and bonds payable are financial liabilities which are carried at cost, which equates to amortised cost.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d. ***Financial instruments (continued)***

Recognition and derecognition – Financial assets and financial liabilities (including assets and liabilities designated at FVTPL) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its right to receive cash flows from the asset and substantially all risks and rewards of ownership. Financial liabilities are derecognised when they are extinguished.

e. ***Broker receivables*** - Broker receivables are stated at cost less provision for ECLs. The provision for ECLs is based on management's evaluation of the portfolio, as described in note 3h.

f. ***Property and equipment*** – Property and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses.

Expenditure incurred in the construction or replacement of property and equipment is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as an expense as incurred. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated and expenditure incurred on construction-in-progress is not depreciated until construction is completed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

f. ***Property and equipment (continued)***

The estimated useful lives are as follows:

Buildings	40 years
Motor vehicles	5 years
Computer equipment	3 - 5 years
Furniture and equipment	3 - 10 years
Leasehold improvements	3 - 10 years

The assets' useful lives are reviewed at each date of the consolidated statement of financial position and adjusted if appropriate.

Freehold land and buildings are stated at fair market value, based on independent professional appraisals, which are performed at least once every three years. At the end of each reporting period, management updates its assessment of the fair value of each property, considering current information available and the most recent independent valuations. The fair value measurement is categorised as Level 3 in the fair value hierarchy.

A revaluation increment is recorded in other comprehensive income, unless it reverses a revaluation decrease of the same asset previously recognised as an expense, and is transferred to retained earnings to the extent realised by complete or partial disposal of the related asset, including depreciation. Any revaluation decrease is recognised as an expense unless it reverses a revaluation increase that was previously recognised in other comprehensive income. Any depreciation accumulated on an asset at the date of revaluation is eliminated against the gross carrying amount of the asset and the resulting net amount restated to the revalued amount of the asset. The accumulated depreciation is reduced or eliminated, and any remaining surplus is used to increase cost.

g. ***Intangible assets and goodwill*** - On acquisition of an investment in an associate/subsidiary any goodwill arising (i.e. the excess of the cost of the investment over the investor's share of the fair value of the net identifiable assets, liabilities and contingent liabilities) is accounted for as follows:

(i) goodwill is included in the carrying amount of the investment in an associate and is neither amortised nor individually tested for impairment. For subsidiaries, it is included as goodwill in the consolidated statement of financial position and is tested for impairment at least annually.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g. ***Intangible assets and goodwill (continued)***

(ii) other intangible assets identified on acquisition of a subsidiary are recognised at their acquisition-date fair value, only if future economic benefits attributable to the asset will flow to the Group, and if the fair value of the asset can be measured reliably. In addition, for purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or legal rights. On acquisition, the useful life of the asset is estimated and determined to be either finite or indefinite.

(iii) any excess of the investor's share of the fair value of the net assets over the cost of the investment is recognised immediately in the consolidated statement of comprehensive income in the period in which the investment is acquired.

In addition to goodwill and other intangible assets arising from business combinations, this category includes acquired software licenses. The software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. After initial recognition, an intangible asset with a finite useful life is amortised using the straight-line method over the estimated useful life, which ranges from 3 to 20 years, and amortisation expense is included in the consolidated statement of comprehensive income. An intangible asset with an indefinite useful life is not amortised but tested for impairment at least annually. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is recognised in the consolidated statement of comprehensive income.

h. ***Impairment***

The Group recognises an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at the appropriate EIR.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

h. ***Impairment (continued)***

over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. In addition, the Group applies the rebuttable presumption under IFRS 9 that default does not occur later than when a financial asset is 90 days past due, unless there is reasonable and supportable information to rebut this presumption. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The key elements and the mechanics of the ECL calculations are outlined below:

(i) The Probability of Default (“PD”) is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.

(ii) The Exposure at Default (“EAD”) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

(iii) The Loss Given Default (“LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the EAD.

The Group allocates its assets subject to ECL calculations into one of the following stages:

(i) Stage 1 Financial instruments – 12-month ECL: The provision is calculated as the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR.

(ii) Stage 2 Financial instruments – Lifetime expected credit loss (“LTECL”): When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

h. ***Impairment (continued)***

(iii) Stage 3 Financial instruments – Credit impaired: The Group recognises the lifetime ECLs for financial assets that are considered impaired. The method is similar to that for LTECL assets, with the PD set at 100%.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. Any reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

In assessing whether financial assets carried at amortised cost and non-financial assets are impaired, due consideration is given to the factors outlined in note 21f and note 21g, respectively.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts*

Definition and classification

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. The main insurance contracts issued by the Group are as follows:

Property and Casualty ("P&C") insurance contracts – P&C contracts are generally one-year renewable contracts issued by the Group covering insurance risks over property, motor, marine, engineering and general accident.

Health and Group Life ("H&L") insurance contracts – H&L contracts are month to month renewable contracts. Health insurance contracts cover insureds for medical expenses incurred. Group Life insurance contracts protect the Group's customers from the consequences of events (such as death or disability). Guaranteed benefits paid on occurrence of the specified insurance event are fixed.

All of the Group's insurance contracts transfer significant insurance risk. The Group does not issue contracts with direct participating features. The Group assesses contracts for components that must be separated under IFRS (e.g., embedded derivatives, distinct investment components, and distinct non-insurance goods or services) and has concluded that none are required to be separated. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, which are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it transfers a substantial portion of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. The Group does not issue any reinsurance contracts. The Group enters into reinsurance contracts held to mitigate insurance risk exposures.

The Group measures insurance contracts issued and reinsurance contracts held applying the Premium Allocation Approach ("PAA").

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Unit of account

The Group manages insurance contracts issued by product lines, where each product line and geographic region includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts.

These groups represent the level of aggregation for initial recognition and measurement and are not subsequently reassessed.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts.

The Group uses judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Unit of account (continued)

Reinsurance contracts held are assessed for aggregation requirements at the portfolio level. The Group tracks internal management information reflecting historical experience of such contracts' performance to assess the associated profitability cohort of groups of reinsurance contracts.

Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

(i) the beginning of the coverage period;
(ii) the date when the first payment from the policyholder is due or actually received, if there is no due date; and
(iii) when the Group determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

(i) a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:

- the beginning of the coverage period of the group; and
- the initial recognition of any underlying insurance contract.

(ii) all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held. This is unless the Group entered into the reinsurance contract held, at or before the date when an onerous group of underlying contracts is recognised (which is prior to the beginning of the coverage period of the group of reinsurance contracts held). In this case, the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Recognition and derecognition (continued)

An insurance contract is derecognised when it is:

(i) extinguished; or
(ii) the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as an adjustment to the Liability for Remaining Coverage (“LRC”), unless the conditions for the derecognition of the original contract are met.

The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(i) if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
- is not within the scope of IFRS 17;
- results in different separable components;
- results in a different contract boundary; or
- belongs to a different group of contracts.

(ii) the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being reported immediately in the consolidated statement of comprehensive income:

(i) if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

(ii) if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Recognition and derecognition (continued)

(iii) if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Fulfilment cash flows and contract boundary

The term fulfilment cash flows ("FCFs") in the context of insurance contracts is the current estimate of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of FCFs:

(i) are based on a probability-weighted mean of the full range of possible outcomes;

(ii) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and

(iii) reflect conditions existing at the measurement date.

The Group estimates certain FCFs at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

(i) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. ***Insurance contracts (continued)***

<u>*Fulfilment cash flows and contract boundary (continued)*</u>

(ii) both of the following criteria are satisfied:

- the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
- the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice the contract, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is required to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

(i) to that group; and
(ii) to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Fulfilment cash flows and contract boundary (continued)

Before a group of insurance contracts is recognised, the Group could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flow assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flow assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group and if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised as they are incurred, as other operating expenses within the consolidated statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Measurement

The Group uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with longer periods, the PAA simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the General Measurement Model ("GMM") based on assessments performed by the Group.

For P&C insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. H&L insurance contracts are month to month renewable contracts, insurance acquisition cash flows are expensed as incurred.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

(i) the LRC; and
(ii) the Liability for Incurred Claims ("LIC"), comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(i) increased for premiums received in the period;
(ii) decreased for insurance acquisition cash flows paid in the period;
(iii) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
(iv) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Measurement (continued)

For reinsurance contracts held, on initial recognition, the Group measures the asset for remaining coverage ("ARC") at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

(i) the ARC; and
(ii) the Asset for Incurred Claims ("AIC"), comprising the FCF related to past service allocated to the group at the reporting date.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(i) increased for ceding premiums paid in the period;
(ii) increased for broker fees paid in the period; and
(iii) decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

The Group does not adjust the LRC and ARC for the time value of money, as substantially all contracts have a coverage period of one year or less. For contracts with longer coverage periods, the Group applies this practical expedient approach because there is no significant financing component. For LIC, the estimates of future cash flows for P&C insurance are adjusted using current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rates that reflect the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. The Group does not adjust the cash flows for H&L insurance claims to reflect the time value of money.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Measurement (continued)

The Group adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer. Based on current use of reinsurers, this provision is materially nil.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognised as insurance service expenses within the consolidated statement of comprehensive income.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the ARC for reinsurance contracts held is increased by the amount of income recognised in the consolidated statement of comprehensive income and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are recognised as net income from reinsurance contracts held.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Insurance service result from insurance contracts issued

The Group recognises insurance revenue to depict the transfer of insurance contract services over the coverage period. Under the PAA, insurance revenue for a period generally corresponds to the release of the liability for remaining coverage for the services provided in that period (excluding any investment components), based on the passage of time unless the expected pattern of insurance service differs.

Insurance service expenses include the following:

(i) incurred claims and benefits, reduced by loss component allocations;

(ii) other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;

(iii) insurance acquisition cash flows amortisation;

(iv) changes that relate to past service – changes in the FCF relating to the LIC;

(v) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and

(vi) insurance acquisition cash flows assets impairment.

Amortisation of insurance acquisition cash flows is based on the timing of recognition of insurance revenue. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Insurance service result from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

(i) reinsurance expenses;

(ii) incurred claims recovery, reduced by loss-recovery component allocations;

(iii) other incurred directly attributable expenses;

(iv) changes that relate to past service – changes in the FCF relating to incurred claims recovery;

(v) effect of changes in the risk of reinsurers' non-performance; and

(vi) amounts relating to accounting for onerous groups of underlying insurance contracts issued.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

The Group recognises reinsurance premiums based on the same methodology used for recognising insurance revenue.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued are treated as incurred claims recovery.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. ***Insurance contracts (continued)***

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(i) the effect of the time value of money and changes in the time value of money; and

(ii) the effect of financial risk and changes in financial risk.

The Group does not apply the other comprehensive income ("OCI") option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money and changes in financial risk on the LIC for insurance contracts issued and reinsurance contracts held are reflected in profit or loss.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

j. ***Net investment income*** - Interest income on debt securities measured at amortised cost is recognised on an accrual basis, using the EIR method. Dividends are recognised when the shareholders' right to receive payment is established, which is the ex-dividend date. Interest income on debt securities classified as FVTOCI is recognised in interest income using the EIR method, including the transaction costs.

Premiums and discounts arising on acquisition of debt securities are amortised over the period remaining to maturity and are recognised in other income, net in the consolidated statement of comprehensive income.

k. ***Cash and cash equivalents*** - Cash and cash equivalents consist of cash on hand, deposits with banks and debt securities maturing within ninety days from the date of acquisition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

l. ***Borrowings*** - Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of borrowing using the effective rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are capitalised, and included in sundry receivables and prepayments in the consolidated statement of financial position. Capitalised fees are amortised over the period of the facility to which it relates, and are included in general and administrative expenses in the consolidated statement of comprehensive income.

m. ***Share capital*** - Shares are classified as equity when there is no obligation to transfer cash or other assets. Share capital is comprised of common and preference shares. The preference shares are non-voting and redeemable at the option of the Company. When common shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction in equity.

Dividends on common and preference shares are recognised as a liability and deducted from equity when they are declared by the Company's Board of Directors ("the Board").

n. ***Foreign currency translation:***

(i) ***Functional and presentation currency*** - Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Bahamian dollars, which is BFH's functional and presentation currency.

(ii) ***Transactions and balances*** - Assets and liabilities denominated or accounted for in currencies other than the Bahamian dollar are translated into Bahamian dollars at the exchange rates prevailing at the consolidated statement of financial position date. Foreign currency transactions and income and expense items have been translated at the exchange rates prevailing at the date of the transaction. Gains or losses arising from transactions in foreign currencies are included in the consolidated statement of comprehensive income.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

o. ***Related parties*** – Related parties include:

(i) key management personnel, Directors, and close members of that person's family;
(ii) entities that have the ability to control or exercise significant influence over the Group in making financial or operational decisions; and
(iii) entities that are controlled, jointly controlled or significantly influenced by parties in (i) and (ii).

p. ***Pension benefits*** - The Group's employees participate in defined contribution plans. Under the plans, the Group contributes a fixed percentage of annual salary that is expensed in the year. Once the contributions have been made, the Group has no further obligations. The expensed amount is included in insurance service expenses and other operating expenses in the consolidated statement of comprehensive income.

q. ***Earnings per share*** - Earnings per share is computed by dividing the profit attributable to the common shareholders by the weighted average number of common shares outstanding during the year. The weighted average number of common shares outstanding during the year is the number of common shares outstanding at the beginning of the period, adjusted by the number of common shares repurchased or issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. There is no material difference between basic earnings per share and fully diluted earnings per share.

r. ***Leases*** - At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16, Leases.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

s. ***Leases (continued)***

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

(i) fixed payments, including in-substance fixed payments;
(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(iii) amounts expected to be payable under a residual value guarantee; and
(iv) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

s. ***Leases (continued)***

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets and lease liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of Information Technology equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

t. ***Taxation*** - Subsidiaries of the Group operating in The Bahamas are subject to premium tax on taxable gross premium income at the flat rate of 3% (2024: 3%) on all policies and at 10% (2024: 10%) for value added tax ("VAT") on all policies except owner occupied dwellings. Insurance subsidiaries operating in The Bahamas are subject to a business license tax on non-premium turnover at a sliding scale rate ranging from 0.5% to 1.25% (2024: 0.5% to 1.25%).

Subsidiaries of the Group operating in the Cayman Islands (Cayman subsidiaries) charge policyholders a stamp duty of Cayman Islands ("CI") $12 (2024: CI$12) on each new or renewed insurance policy in accordance with the CI Stamp Duty Act (2019 Revision). Additionally, the Cayman subsidiaries also charge stamp duty of 2% (2024: 2%) of the premium relating to immovable property. For the H&L policies, the Group bears the cost of the stamp duty on behalf of the policyholders. The charges are recognised in the consolidated statement of comprehensive income.

In accordance with the CI Health Insurance Regulations (2017 Revision), the Cayman subsidiaries also charge health policy holders a health insurance surcharge based on the number of insured persons.

The VAT on premiums, premium taxes, stamp duties and surcharges are recorded as receivables from the policyholders and payables to the government agencies in the month in which they are processed.

There are no other taxes on corporate income or capital gains levied on the Group in any of the jurisdictions in which it operates.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

u. ***Segment reporting*** - In identifying its operating segments, management generally follows the Group's business operating activities by geographic location (Bahamas & Cayman). The Bahamas' segment includes P&C insurance only and Cayman's segment includes both P&C and H&L insurance. P&C insurance comprises fire, motor, marine, engineering and general accident insurance. The H&L insurance segment includes group life and medical insurance.

v. ***Contingent liabilities*** - A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle that obligation at the reporting date and are discounted to present value.

Potential recoveries from third parties are recognised as a receivable when it is virtually certain that the recoveries will be received, and the amount can be measured reliably.

(Expressed in Bahamian dollars)

4. INVESTMENTS, NET

Investments, net comprise the following:

	2025	2024
Debt securities at amortised cost:		
Bahamas Government Registered Stock		
Unrestricted - Fair value: $777,100 (2024: $777,100)	$ 777,100	$ 777,100
Restricted - Fair value: $1,000,000 (2024: $1,000,000)	1,000,000	1,000,000
Other fixed income debt securities,		
- Fair value : $2,614,777 (2024: $4,769,700)	2,614,177	4,769,700
Total debt securities at amortised cost, gross	4,391,277	6,546,800
ECL provision	(67,528)	(96,204)
Total debt securities at amortised cost, net	4,323,749	6,450,596
Equity Securities at FVTOCI:		
Bahamas International Securities Exchange Limited (BISX)		
12 (2024: 12) common shares -at cost $130,556		
(2024: $130,556)	5,557	5,557
Mutual funds and exchange traded funds		
14,281 units (2024: 21,875 units) at cost $2,234,356	2,989,590	2,297,488
(2024: $1,551,857)		
Commonwealth Bank Limited		
1,970,112 (2024: 1,970,112) common shares		
Cost $812,753 (2024: $812,753)	8,392,677	9,929,364
Total equities at FVTOCI	11,387,824	12,232,409
Debt securities at FVTOCI:		
Fixed income debt securities		
Cost $25,019,368 (2024: $24,184,039)	24,940,229	24,933,219
Total debt securities at FVTOCI, gross	24,940,229	24,933,219
ECL provision	(20,674)	(31,056)
Total debt securities at FVTOCI, net	24,919,555	24,902,163
Total investments, net	**$ 40,631,128**	**$ 43,585,168**

(Expressed in Bahamian dollars)

4. INVESTMENTS, NET (CONTINUED)

In 2011, in accordance with the Insurance Act 2005 (Amended 2009), and regulations 61 and 62 of the Insurance (General) Regulations 2010, the Group established a Trust Account (the "BFG Trust") in which $1,000,000 of the Bahamas Government Registered Stocks have been placed in trust. This amount is restricted for regulatory purposes but the interest income accrues to the Group.

As at 31 December 2025, the Group's investment in Commonwealth Bank Limited (the "Bank") is valued at $4.26 (2024: $5.04) per share, which was the quoted price by the Bahamas International Securities Exchange ("BISX"). The Group sold nil (2024: 99,302) shares during the year which resulted in realised gains of $nil (2024: $231,660) and an unrealised loss of $1,536,687 (2024: unrealised loss of $1,040,991) on the investment for the year then ended.

Reconciliation of movements in the balance of investments is provided below:

	Debt Securities at Amortised Cost	Equity Securities at FVTOCI	Debt Securities at FVTOCI	Total
Balance at 1 January 2024	$ 7,031,660	$ 11,876,564	$ 16,554,799	$ 35,463,023
Cost of investments purchased	-	1,251,740	12,044,081	13,295,821
Sales and maturities	(587,521)	(250,760)	(3,712,694)	(4,550,975)
Amortisation of discounts on bonds (Note 17)	-	-	(127,565)	(127,565)
Realised gains on sales of investments	-	231,660	-	231,660
Reversal of/(increase in) expected credit loss allowance	6,457	-	(12,057)	(5,600)
Unrealised (loss)/gain on investments	-	(876,795)	155,599	(721,196)
Balance at 31 December 2024	6,450,596	12,232,409	24,902,163	43,585,168
Cost of investments purchased	-	717,344	12,600,630	13,317,974
Sales and maturities	(2,155,523)	(894,403)	(13,196,696)	(16,246,622)
Amortisation of discounts on bonds (Note 17)	-	-	(79,088)	(79,088)
Realised gains on sales of investments (Note 17)	-	409,558	40,030	449,588
Reversal of expected credit loss allowance	28,676	-	10,382	39,058
Unrealised (loss)/gain on investments	-	(1,077,084)	642,134	(434,950)
Balance at 31 December 2025	4,323,749	11,387,824	24,919,555	$ 40,631,128

4. INVESTMENTS, NET (CONTINUED)

Fair value measurement

In accordance with IFRS 13 Fair Value Measurement, fair value measurements are classified as Level 1, 2 or 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and are actively traded on recognised exchanges.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In addition to the measurement hierarchy, financial instruments, which have significant unobservable inputs (classified as Level 3), require disclosure of the transfers into and out of Level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognised in other comprehensive income, purchases, sales, issues and settlements, and sensitivity analysis of reasonably possible changes in assumptions, if material. Disclosure is also required of the movements between different levels of the fair value hierarchy and the reason for those movements.

Specific valuation techniques used to fair value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Other techniques, such as discounted cash flow analyses.

Significant unobservable inputs for a discounted cash flow analysis are cash flows and the discount rate.

The fair value of debt security investments measured at amortised cost have been disclosed earlier in the note. These approximate fair values were derived from secondary market prices and accordingly would be classified as Level 2 in the fair value hierarchy.

(Expressed in Bahamian dollars)

4. INVESTMENTS, NET (CONTINUED)

Fair value measurement (Continued)

The following tables present the Group's financial assets measured at fair value at 31 December 2025 and 2024, by the level in the fair value hierarchy into which the fair value measurement is categorised:

2025

	Level 1	Level 3	Total
Financial assets designated at fair value through OCI:			
Equity securities	$ 11,382,267	$ 5,557	$ 11,387,824
Debt securities	24,920,229	20,000	24,940,229
Total financial assets measured at fair value	$ 36,302,496	$ 25,557	$ 36,328,053

2024

	Level 1	Level 3	Total
Financial assets designated at fair value through OCI:			
Equity securities	$ 12,226,852	$ 5,557	$ 12,232,409
Debt securities	24,913,219	20,000	24,933,219
Total financial assets measured at fair value	$ 37,140,071	$ 25,557	$ 37,165,628

There were no transfers between the various levels during 2025 and 2024. There were no changes in the carrying value of Level 3 instruments during 2025 and 2024.

(Expressed in Bahamian dollars)

5. BROKER RECEIVABLES, NET

Broker receivables, which are shown net of provision for ECLs, is comprised of:

- amounts receivable from insurance intermediaries that have signed agreements with the Group insurers (“insurer trade receivables”),
- amounts receivable from insurance agents that have signed sub-agency agreements with the Group’s agency subsidiaries (“sub-agent broker receivables”), and
- amounts receivable from partner organisations that have agreed to compensate the Group for revenues derived from their relationship with the Group (“fee receivables”).

	2025	2024
Broker receivables, gross	$ 22,783,136	$ 21,453,104
ECL allowance:		
Balance at 1 January	6,729	4,345
(Decrease)/increase in allowance for the year	(1,158)	2,384
Balance at 31 December	5,571	6,729
Broker receivables, net	$ 22,777,565	$ 21,446,375

Ageing of broker receivables, net is as follows:

	2025	2024
Less than 3 months	$ 17,888,548	$ 17,223,046
3-6 months	4,046,370	3,740,594
6 months - 1 year	842,647	482,735
	$ 22,777,565	$ 21,446,375

(Expressed in Bahamian dollars)

6. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS

The following tables present reconciliations of insurance contract liabilities and reinsurance contract assets excluding insurance acquisition cash flows assets and other pre-recognition cash flows:

	2025	2024
Liability for remaining coverage - premiums	$ 53,212,799	$ 50,927,379
Liability for remaining coverage - acqusition cash flows	(9,489,150)	(8,382,851)
Liability for incurred claims	59,483,170	50,586,002
Total insurance contract liabilities	$ 103,206,819	$ 93,130,530

	2025	2024
Asset for remaining coverage	$ 21,852,114	$ 18,267,341
Asset for incurred claims	37,734,693	37,084,586
Total reinsurance contract assets	$ 59,586,807	$ 55,351,927

(Expressed in Bahamian dollars)

6. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Liability for Remaining Coverage	Liability for Incurred Claims		
	Excl Loss Component	Future Cash Flows	Risk Adjustment	Total
Insurance contract liability/(asset) at 31 December 2024	**$ 42,544,528**	**$ 48,628,214**	**$ 1,957,788**	**$ 93,130,530**
Insurance revenue	**(203,244,500)**	**-**	**-**	**(203,244,500)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	79,750,437	744,114	80,494,551
Changes that relate to past service	-	(5,641,798)	(331,592)	(5,973,390)
Insurance acquisition cash flows amortisation	26,404,023	-	-	26,404,023
Insurance service expenses	**26,404,023**	**74,108,639**	**412,522**	**100,925,184**
Insurance finance expense from insurance contracts issued	**-**	**1,073,202**	**-**	**1,073,202**
Net cash flows				
Premiums received	205,529,920	-	-	205,529,920
Claims and other directly attributable expenses paid	-	(66,697,195)	-	(66,697,195)
Insurance acquisition cash flows	(27,510,322)	-	-	(27,510,322)
Net cash flows	**178,019,598**	**(66,697,195)**	**-**	**111,322,403**
Insurance contract liability/(asset) at 31 December 2025	**$ 43,723,649**	**$ 57,112,860**	**$ 2,370,310**	**$ 103,206,819**

(Expressed in Bahamian dollars)

6. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Liability Remaining Coverage	Liability for Incurred Claims		
	Excl Loss Component	Future Cash Flows	Risk Adjustment	Total
Insurance contract liability/(asset) at 31 December 2023	**$ 36,864,534**	**$ 50,899,055**	**$ 2,363,652**	**$ 90,127,241**
Insurance revenue	**(194,848,249)**	**-**	**-**	**(194,848,249)**
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	68,485,440	747,105	69,232,545
Changes that relate to past service	-	(5,604,282)	(1,152,969)	(6,757,251)
Insurance acquisition cash flows amortisation	23,713,210	-	-	23,713,210
Insurance service expenses	**23,713,210**	**62,881,158**	**(405,864)**	**86,188,504**
Insurance finance expense from insurance contracts issued	**-**	**1,055,010**	**-**	**1,055,010**
Net cash flows				
Premiums received	200,701,303	-	-	200,701,303
Claims and other directly attributable expenses paid	-	(66,207,009)	-	(66,207,009)
Insurance acquisition cash flows	(23,886,270)	-	-	(23,886,270)
Net cash flows	**176,815,033**	**(66,207,009)**	**-**	**110,608,024**
Insurance contract liability/(asset) at 31 December 2024	**$ 42,544,528**	**$ 48,628,214**	**$ 1,957,788**	**$ 93,130,530**

(Expressed in Bahamian dollars)

6. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Asset for Remaining Coverage	Asset for Incurred Claims		
	Excluding Loss Recovery Component	Future Cash Flows	Risk Adjustment	Total
Reinsurance contract (asset)/liability at 31 December 2024	**$ (18,267,341)**	**$ (35,971,529)**	**$ (1,113,057)**	**$ (55,351,927)**
Net expenses/(income) from reinsurance contracts held				
Reinsurance expenses from recoveries and other directly attributable expenses	112,389,609	(25,418,603)	305,292	87,276,298
Changes that relate to past service	-	(1,984,589)	(585,949)	(2,570,538)
Net expenses/(income) from reinsurance contracts held	**112,389,609**	**(27,403,192)**	**(280,657)**	**84,705,760**
Reinsurance finance income	**-**	**(649,675)**	**-**	**(649,675)**
Net cash flows				
Premiums paid net of ceding commissions	(115,974,382)	-	-	(115,974,382)
Recoveries from reinsurance and other directly attributable expenses paid	-	27,683,417	-	27,683,417
Net cash flows	**(115,974,382)**	**27,683,417**	**-**	**(88,290,965)**
Reinsurance contract (asset)/liability at 31 December 2025	**$ (21,852,114)**	**$ (36,340,979)**	**$ (1,393,714)**	**$ (59,586,807)**

(Expressed in Bahamian dollars)

6. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	Asset for Remaining Coverage	Asset for Incurred Claims		
	Excluding Loss Recovery Component	Future Cash Flows	Risk Adjustment	Total
Reinsurance contract (asset)/liability at 31 December 2023	**$ (16,186,890)**	**$ (36,777,984)**	**$ (1,365,173)**	**$ (54,330,047)**
Net expenses/(income) from reinsurance contracts held				
Reinsurance expenses from recoveries and other directly attributable expenses	108,622,462	(23,237,989)	(114,476)	85,269,997
Changes that relate to past service	-	3,109,173	366,592	3,475,765
Net expenses/(income) from reinsurance contracts held	**108,622,462**	**(20,128,816)**	**252,116**	**88,745,762**
Reinsurance finance income	**-**	**(522,638)**	**-**	**(522,638)**
Net cash flows				
Premiums paid net of ceding commissions	(110,702,913)	-	-	(110,702,913)
Recoveries from reinsurance and other directly attributable expenses paid	-	21,457,909	-	21,457,909
Net cash flows	**(110,702,913)**	**21,457,909**	**-**	**(89,245,004)**
Reinsurance contract (asset)/liability at 31 December 2024	**$ (18,267,341)**	**$ (35,971,529)**	**$ (1,113,057)**	**$ (55,351,927)**

(Expressed in Bahamian dollars)

7. CLAIMS DEVELOPMENT

Actual claim payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below gross of reinsurance as at 31 December 2025.

P&C

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimates of undiscounted gross cumulative claims	$ 113,514,913	$ 22,918,792	$ 32,646,833	$ 391,526,833	$ 21,010,694	$ 23,731,589	$ 22,625,285	$ 22,532,720	$ 29,694,288	$ 36,487,331	
Revised estimates											
One year later	107,507,658	28,187,490	35,949,789	379,430,580	20,046,171	20,857,200	22,639,000	21,714,000	32,534,364		
Two years later	107,348,016	31,078,344	32,797,630	380,053,645	20,187,200	20,211,000	22,027,000	21,098,624			
Three years later	107,137,970	30,769,721	32,684,317	381,301,278	19,821,357	19,803,709	22,390,547				
Four years later	106,803,189	30,677,962	32,438,032	381,710,278	20,643,910	19,295,382					
Five years later	107,203,957	31,215,659	32,136,032	380,406,489	20,023,326						
Six years later	107,519,754	31,578,633	31,227,891	380,133,278							
Seven years later	107,159,773	30,916,970	30,055,066								
Eight years later	107,241,773	30,592,119									
Nine years later	107,112,754										
Current estimate	107,112,754	30,592,119	30,055,066	380,133,278	20,023,326	19,295,382	22,390,547	21,098,624	32,534,364	36,487,331	699,722,791
Cumulative payments to date	(105,574,900)	(28,792,385)	(28,697,224)	(378,178,249)	(19,041,669)	(17,189,697)	(18,560,256)	(16,712,033)	(22,451,292)	(16,541,454)	(651,739,159)
Undiscounted Liability included in the consolidated statement of financial position	$ 1,537,854	$ 1,799,734	$ 1,357,842	$ 1,955,029	$ 981,657	$ 2,105,685	$ 3,830,291	$ 4,386,591	$ 10,083,072	$ 19,945,877	47,983,632
Undiscounted reserves for prior years											5,523,739
Unallocated loss adjustment expenses											559,600
Effect of discounting											(5,332,231)
Effect of the risk adjustment for non-financial risk											2,193,065
Other liabilities included within the LIC											4,324,541
Gross liability for incurred claims for P&C business											$ 55,252,346

(Expressed in Bahamian dollars)

7. CLAIMS DEVELOPMENT (CONTINUED)

	H&L										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimates of undiscounted gross cumulative claims	$ 18,638,992	$ 19,645,726	$ 19,747,056	$ 21,097,945	$ 24,060,971	$ 29,682,886	$ 39,720,157	$ 35,040,000	$ 28,740,000	$ 27,288,720	
Revised estimates											
One year later	17,974,956	18,529,456	19,388,453	20,888,892	23,595,558	29,410,177	41,004,000	34,680,000	28,163,494		
Two years later	17,974,956	18,529,456	19,388,453	20,888,892	23,595,558	29,410,177	40,397,368	34,716,043			
Current estimate	17,974,956	18,529,456	19,388,453	20,888,892	23,595,558	29,410,177	40,397,368	34,716,043	28,163,494	27,288,720	260,353,117
Cumulative payments to date	(17,974,956)	(18,529,456)	(19,388,453)	(20,888,892)	(23,595,558)	(29,410,177)	(40,383,904)	(34,296,043)	(27,983,494)	(24,198,196)	(256,649,129)
Undiscounted Liability included in the consolidated statement of financial position	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,464	$ 420,000	$ 180,000	$ 3,090,524	3,703,988
Undiscounted reserves for prior years											48,800
Unallocated loss adjustment expenses											186,000
Effect of the risk adjustment for non-financial risk											177,245
Other liabilities included within the LIC											114,791
Gross liability for incurred claims for H&L business											$ 4,230,824
Gross liability for incurred claims in the consolidated statement of financial position											$ 59,483,170

(Expressed in Bahamian dollars)

7. CLAIMS DEVELOPMENT (CONTINUED)

Actual claim payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below net of reinsurance as at 31 December 2025. Estimates of undiscounted net cumulative property claims are not reflected in the development table below:

					P&C						
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Total**
Estimates of undiscounted net cumulative claims	$ 9,323,148	$ 9,557,179	$ 10,086,586	$ 13,366,964	$ 5,657,755	$ 8,405,009	$ 8,325,713	$ 9,451,838	$ 11,097,720	$ 11,452,685	
Revised estimates											
One year later	8,824,261	9,359,984	10,229,280	12,798,208	5,868,902	7,106,100	8,582,000	9,474,200	12,389,368		
Two years later	8,938,680	9,823,093	10,612,251	12,582,999	6,078,968	7,345,400	8,194,600	9,929,928			
Three years later	8,643,329	10,074,364	10,916,071	12,934,618	6,154,508	7,181,905	8,514,822				
Four years later	8,553,028	8,873,988	10,213,978	13,256,818	5,899,608	7,225,129					
Five years later	8,456,417	10,385,420	10,162,141	12,826,381	5,935,756						
Six years later	8,711,906	10,582,218	9,956,199	12,489,596							
Seven years later	8,468,906	10,350,418	9,502,501								
Eight years later	8,472,306	10,236,470									
Nine years later	8,455,029										
Current estimate	8,455,029	10,236,470	9,502,501	12,489,596	5,935,756	7,225,129	8,514,822	9,929,928	12,389,368	11,452,685	96,131,284
Cumulative payments to date	(7,983,572)	(9,634,932)	(9,098,773)	(12,086,407)	(5,603,387)	(6,348,368)	(6,871,494)	(7,564,023)	(7,961,159)	(5,579,235)	(78,731,350)
Undiscounted Liability included in the consolidated statement of financial position	$ 471,457	$ 601,538	$ 403,728	$ 403,189	$ 332,369	$ 876,761	$ 1,643,328	$ 2,365,905	$ 4,428,209	$ 5,873,450	17,399,934
Undiscounted reserves for property and prior years											2,403,804
Unallocated loss adjustment expenses											546,800
Effect of discounting											(2,343,922)
Effect of the risk adjustment for non-financial risk											764,606
Other liabilities included within the LIC											(291,878)
Net liability for incurred claims for P&C business											$ 18,479,344

(Expressed in Bahamian dollars)

7. CLAIMS DEVELOPMENT (CONTINUED)

H&L

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimates of undiscounted net cumulative claims	$ 18,347,208	$ 19,387,008	$ 19,627,056	$ 20,857,945	$ 22,598,471	$ 29,377,967	$ 39,000,156	$ 34,440,000	$ 28,440,000	$ 26,872,550	
Revised estimates											
One year later	17,902,410	18,510,630	19,388,453	20,844,514	22,309,777	29,149,490	39,756,000	33,948,000	27,968,369		
Two years later	17,902,410	18,510,630	19,388,453	20,844,514	22,309,777	29,149,490	39,244,314	33,955,918			
Current estimate	17,902,410	18,510,630	19,388,453	20,844,514	22,309,777	29,149,490	39,244,314	33,955,918	27,968,369	26,872,550	256,146,425
Cumulative payments to date	(17,902,410)	(18,510,630)	(19,388,453)	(20,844,514)	(22,309,777)	(29,149,490)	(39,237,582)	(33,535,918)	(27,788,369)	(23,936,116)	(252,603,259)
Undiscounted Liability included in the consolidated statement of financial position	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,732	$ 420,000	$ 180,000	$ 2,936,434	3,543,166
Undiscounted reserves for prior years											10,000
Unallocated loss adjustment expenses											186,000
Effect of the risk adjustment for non-financial risk											168,263
Other liabilities included within the LIC											(638,296)
Net liability for incurred claims for H&L business											$ 3,269,133
Net liability for incurred claims in the consolidated statement of financial position											$ 21,748,477

(Expressed in Bahamian dollars)

8. PROPERTY AND EQUIPMENT, NET

The movement of property and equipment for the year is as follows:

2025	Land & Buildings	Furniture & Equipment	Leasehold Improvements and Others	Motor Vehicles	Total
At 1 January 2024					
Cost/Valuation	$ 25,772,395	$ 4,341,077	$ 2,344,009	$ 251,329	$ 32,708,810
Accumulated Depreciation	(3,058,848)	(3,780,556)	(1,315,501)	(166,862)	(8,321,767)
Net book amount	$ 22,713,547	$ 560,521	$ 1,028,508	$ 84,467	$ 24,387,043
Year ended 31 December 2024					
Opening Net book amount	$ 22,713,547	$ 560,521	$ 1,028,508	$ 84,467	$ 24,387,043
Additions	22,828	589,603	474,807	-	1,087,238
Revaluation of Land and Buildings (Note 14)	3,154,738	-	-	-	3,154,738
Depreciation charge	(557,883)	(351,142)	(249,588)	(7,452)	(1,166,065)
At 31 December 2025	$ 25,333,230	$ 798,982	$ 1,253,727	$ 77,015	$ 27,462,954

2024	Land & Buildings	Furniture & Equipment	Leasehold Improvements and Others	Motor Vehicles	Total
At 1 January 2024					
Cost/Valuation	$ 25,772,395	$ 3,960,413	$ 2,000,792	$ 266,553	$ 32,000,153
Accumulated Depreciation	(2,504,926)	(3,476,672)	(1,177,378)	(158,174)	(7,317,150)
Net book amount	23,267,469	483,741	823,414	108,379	24,683,003
Year ended 31 December 2024					
Opening Net book amount	$ 23,267,469	$ 483,741	$ 823,414	$ 108,379	$ 24,683,003
Additions	-	390,223	343,217	-	733,440
Disposals	-	(9,559)	-	(15,224)	(24,783)
Depreciation charge	(553,922)	(303,884)	(138,123)	(8,688)	(1,004,617)
At 31 December 2024	$ 22,713,547	$ 560,521	$ 1,028,508	$ 84,467	$ 24,387,043

The net book value of property and equipment sold during the year was $nil (2024: $24,783).

(Expressed in Bahamian dollars)

8. PROPERTY AND EQUIPMENT, NET (CONTINUED)

In September 2025, the land and buildings were revalued by an independent, professionally qualified appraiser for financial reporting purposes.

The valuation was determined using the income capitalisation approach, under which value is derived from projected net market rental income, adjusted for expected vacancy rates, and capitalised using a discount rate derived from observable market evidence.

There was no change in the valuation technique compared to the prior valuation performed in 2022. However, assumptions related to projected rental income were updated, increasing from a range of $27 - $59/sq. ft. in 2022 to $32 - $66/sq. ft. in 2025. Updated assumptions are presented in the table below.

For one building, cumulative prior revaluation decreases recognised in profit or loss had not been fully offset at the reporting date. Accordingly, a revaluation gain of $418,986 relating to this building has been recognised in profit or loss in the current year to the extent of reversing those prior decreases. All other revaluation increases have been recognised in other comprehensive income and accumulated in the revaluation surplus in equity. The gain recognised in profit or loss is considered out of the scope of IFRS 17 Insurance Contracts and has been presented within other operating expenses.

The fair value measurement of the Group's land and buildings is classified as Level 3 in the fair value hierarchy as inputs are generally unobservable.

There were no transfers between the various levels during the year.

The following table presents information on how changes in assumptions made by the Group may impact the estimates of fair values of the land and buildings in the 2025 valuation.

Estimate/Assumption	Change	Impact on fair value
Rental Revenue ($32-$66/sq. ft.)	5.00%/-5.00%	$1,214,086/($1,214,077)
Vacancy rates (5%)	5.00%/-5.00%	($1,278,075)/$1,277,985
Discount rate (8%-9%)	1.00%/-1.00%	($2,541,908)/$3,223,919

The net book value of the land and buildings, excluding effects of revaluations, would have been $4,263,243 (2024: $4,263,243) and $12,810,565 (2024: $13,247,818) respectively.

(Expressed in Bahamian dollars)

9. LEASES

The Group leases office premises for a period of three to five years, with an option to renew the lease after that date. Lease payments are reassessed at market rates upon renewal. Information about leases for which the Group is a lessee is presented below:

Right-of-use asset

	Office premises
Balance at 1 January 2024	$ 1,240,264
Amortisation charge for the year	(249,871)
Balance at 31 December 2024	**990,393**
Amortisation charge for the year	(240,958)
Additions	127,564
Balance at 31 December 2025	**$ 876,999**

The amortisation charge attributable to the right-of-use asset is presented within insurance service expenses and other operating expenses within the consolidated statement of comprehensive income.

At 31 December 2025, the maturity analysis of lease liabilities showing the undiscounted lease payments, is as follows:

	2025	2024
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	$ 213,056	$ 243,383
Between one and five years	541,100	505,339
Greater than five years	332,500	449,853
Total undiscounted lease liabilities at 31 December	**$ 1,086,656**	**$ 1,198,575**

9. LEASES (CONTINUED)

Lease payments are presented within the financing activities section of the consolidated statement of cash flows. Interest expense on the lease liability for the year ended 31 December 2025 amounted to $47,995 (2024: $57,304) and is presented within insurance services expenses and other operating expenses in the consolidated statement of comprehensive income.

Extension options

Some leases of office premises contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. These extensions have been factored in the lease term in determining the lease liability in the consolidated statement of financial position.

(CONTINUED) (Expressed in Bahamian dollars)

10. INTANGIBLE ASSETS AND GOODWILL

The table below summarises the Group's goodwill and intangible assets:

	Intangible Assets and Goodwill Acquired			
2025	**Goodwill**	**Customer relationships**	**Computer Software**	**Total**
At 1 January 2025				
Cost	$ 2,650,810	$ 5,228,199	$ 11,629,449	$ 19,508,458
Accumulated amortisation	-	(3,343,625)	(8,377,455)	(11,721,080)
Accumulated impairment	(600,000)	-	-	(600,000)
Net book amount	$ 2,050,810	$ 1,884,574	$ 3,251,994	$ 7,187,378
Year ended 31 December 2024				
Opening Net book amount	$ 2,050,810	$ 1,884,574	$ 3,251,994	$ 7,187,378
Additions	-	618,880	1,025,454	1,644,334
Disposal	(618,880)			(618,880)
Impairment	(1,237,638)	-	-	(1,237,638)
Amortisation	-	(377,317)	(891,443)	(1,268,760)
At 31 December 2025	$ 194,292	$ 2,126,137	$ 3,386,005	$ 5,706,434
2024	**Goodwill**	**Customer relationships**	**Computer Software**	**Total**
At 1 January 2024				
Cost	$ 2,650,810	$ 5,228,199	$ 11,596,149	$ 19,475,158
Accumulated amortisation	-	(3,001,805)	(7,513,417)	(10,515,222)
Net book amount	$ 2,650,810	$ 2,226,394	$ 4,082,732	$ 8,959,936
Year ended 31 December 2023				
Opening Net book amount	$ 2,650,810	$ 2,226,394	$ 4,082,732	$ 8,959,936
Additions	-	-	33,300	$ 33,300
Impairment	(600,000)	-	-	$ (600,000)
Amortisation	-	(341,820)	(864,038)	(1,205,858)
At 31 December 2024	$ 2,050,810	$ 1,884,574	$ 3,251,994	$ 7,187,378

(Expressed in Bahamian dollars)

10. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Intangible assets with indefinite useful lives and goodwill acquired through business combinations are allocated to cash-generating units ("CGUs") for the purpose of impairment testing in accordance with IAS 36.

	2025	2024
CGU - goodwill (Cayman P&C)	$ 194,292	$ 813,172
CGU - goodwill (Cayman H&L)	-	1,237,638
Total	$ 194,292	$ 2,050,810

During the year, CFI acquired customer lists from BAL as part of an intra-group transaction. As a result of this, BAL is no longer a licensed intermediary of CFI and goodwill of $618,880 attributed to the Cayman P&C segment was derecognised. The acquired customer lists are recognised as an intangible asset – customer relationships. This transaction had no net impact on the Group's consolidated profit or loss.

The Group performed its annual impairment test as at 31 December 2025. The recoverable amounts of the Cayman P&C and Cayman H&L CGUs were determined based on a fair value less costs of disposal approach using a discounted cash flow model over a five-year forecast period, which incorporates a catastrophe event every three years. This assumption reflects management's expectations of periodic large loss events based on historical experience.

Key assumptions used in determining the recoverable amounts include a discount rate of 11.71% (2024: 13.35%) and a premium growth rate of 3% (2024: 3%). The carrying amount of the Cayman H&L CGU exceeded its recoverable amount and an impairment loss on goodwill of $1,237,638 was recognised during the year ended 31 December 2025. No impairment was recognised in respect of the Cayman P&C CGU as the recoverable amount exceeded the carrying value. During the year ended 31 December 2024, the Group recognised an impairment loss on goodwill of $600,000 related to the Cayman H&L CGU.

The fair value less costs of disposal calculations are classified within Level 3 of the fair value hierarchy due to the use of unobservable inputs, including discount rates and long-term growth assumptions.

(Expressed in Bahamian dollars)

11. BONDS PAYABLE

On 10 October 2025, the Company effected a private offering of Senior Unsecured Bonds ("the bonds"), bearing interest at a fixed rate of 6.50% per annum. The net proceeds were used primarily to repay its Series II bonds that matured on 15 October 2025. The bonds rank equally among themselves and with all other existing and future unsubordinated and unsecured debt of the Company. The bonds rank senior to the Company's existing and all future preference and ordinary shares. Principal payments are payable in five equal installments, beginning on 31 October 2036 and annually thereafter on 31 October until the final maturity date of 31 October 2040. BFH is not permitted to redeem the bonds before 15 October 2030. Thereafter, BFH may at its option, redeem the bonds in whole or in part at nominal amount upon providing 90 days' written notice to the bondholders.

The carrying value of bonds payable is estimated to approximate its fair value, which is derived from secondary market prices and accordingly is classified in the fair value hierarchy as Level 2.

	2025	2024
Corporate Bond		
$7,500,000 at 6.50% (2024: B$ prime rate plus 2.00% [effective rate 6.25%]) per annum	$ 7,500,000	$ 7,500,000
Accrued interest	108,333	116,866
Total	$ 7,608,333	$ 7,616,866

(Expressed in Bahamian dollars)

12. SHARE CAPITAL

The authorised, issued, and fully paid share capital is comprised as follows:

	2025	2024
Common shares		
Authorised: 40,000,000 (2024: 40,000,000) at $0.01 each		
Issued and fully paid: 36,511,589 (2024: 36,511,589) par value $0.01 per share	$ 365,116	$ 365,116
Preference shares		
Authorised: 5,000,000 (2024: 5,000,000) at $1.00 each		
Issued and fully paid: 5,000,000 (2024: 5,000,000) par value $1.00 per share	$ 5,000,000	$ 5,000,000

The calculation of basic and diluted earnings per share is as follows:

	2025	2024
Profit attributable to owners of the Company	$ 3,931,577	$ 6,687,941
Preference shares dividend paid	(350,000)	(350,000)
Profit attributable to common shareholders	3,581,577	6,337,941
Weighted average number of common shares outstanding	36,511,589	36,511,589
Basic and diluted earnings per common share	$ 0.10	$ 0.17

There were no transactions that would dilute earnings per share.

Dividends are accounted for in the period in which they are declared by the Group's Board of Directors. During the year, dividends of $0.08 (2024: $0.08) per common share [total dividends $2,920,928 (2024: $2,920,928)] were declared and paid.

The preference shares are non-convertible, non-voting, cumulative, redeemable "A" with a dividend rate of 7% per annum. These shares are redeemable at the option of the Company. The preference shares rank, as to payment of a dividend and capital, ahead of the Company's ordinary share capital. On a winding up, they carry a preferential right of return of capital ahead of the ordinary shares. The Company does not have an obligation to deliver cash or other financial assets to the preference shareholders, and therefore the directors may make dividend payments at their discretion.

(Expressed in Bahamian dollars)

13. GENERAL RESERVE

The Group has established a general reserve from retained earnings in the amount of $4,000,000 (2024: $4,000,000), which the Board has determined is not available for distribution.

14. REVALUATION RESERVE

The movement in the revaluation reserve is as follows:

	Land & Buildings	Investments	Total
Balance at 31 December, 2023	$ 7,886,387	$ 9,517,279	$ 17,403,666
Net decrease in fair value of OCI investments	-	(721,196)	(721,196)
Other comprehensive loss	-	(721,196)	(721,196)
Balance at 31 December, 2024	7,886,387	8,796,083	16,682,470
Revaluation of land & buildings (Note 8)	2,632,422	-	2,632,422
Net decrease in fair value of OCI investments	-	(189,435)	(189,435)
Other comprehensive gain/(loss)	2,632,422	(189,435)	2,442,987
Balance at 31 December, 2025	$ 10,518,809	$ 8,606,648	$ 19,125,457

In accordance with the Group's accounting policy, freehold land and buildings are measured using the revaluation model and are revalued by an independent professionally qualified appraiser at least every three years. The most recent independent valuation was performed in September 2025. The next valuation is scheduled for 2028; however, additional valuations will be performed earlier if events or changes in market conditions indicate that the carrying amount of a revalued asset may differ materially from its fair value.

The revaluation reserve for land and buildings, as presented above, reflects only the share of movements attributable to the owners of the Company. Total revaluation gains recognised in other comprehensive income for the year were $2,735,752 (2024: $nil), including amounts attributable to non-controlling interests ("NCI") of $103,330 (2024: $nil).

(Expressed in Bahamian dollars)

15. NON-CONTROLLING INTEREST

The following table summarises the information relating to CFI which is the Group's sole subsidiary with a material NCI, before any intra-group eliminations.

		2025		2024
NCI percentage		12.30%		12.30%
Total assets	$	65,934,275	$	63,646,397
Total liabilities		25,080,606		26,047,876
Net assets		40,853,669		37,598,521
Insurance revenue	$	75,414,510	$	75,586,672
Insurance service result		2,417,029		3,142,122
Profit		2,081,598		2,096,497
Total comprehensive income		4,255,147		2,264,575
Cash flows from operating activities	$	3,483,259	$	2,043,997
Cash flows from/(used in) investment activities		973,277		(8,409,282)
Cash flows used in financing activities		(1,048,831)		(46,954)

During 2024 and 2025, BFHIL acquired nil shares from minority shareholders resulting in no change in percentage holdings.

(Expressed in Bahamian dollars)

16. NET FINANCE EXPENSES FROM INSURANCE AND REINSURANCE CONTRACTS

An analysis of net finance expenses from insurance and reinsurance contracts is presented below:

Insurance finance expenses

	2025	2024
Finance income (expenses) from insurance contracts issued		
Interest accreted	(1,029,249)	(1,047,857)
Effect of changes in interest rates and other financial assumptions	(43,953)	(7,153)
Finance expenses from insurance contracts issued	**(1,073,202)**	**(1,055,010)**
Finance income (expenses) from reinsurance contracts held		
Interest accreted	634,974	666,197
Effect of changes in interest rates and other financial assumptions	14,701	(143,559)
Finance income from reinsurance contracts held	**649,675**	**522,638**
Net finance expenses from insurance and reinsurance contracts	**(423,527)**	**(532,372)**

17. OTHER INCOME, NET

The table below provides a breakdown of the amounts included in other income.

	2025	2024
Rental income	$ 68,341	$ 38,500
Amortisation of discounts on bonds (Note 4)	(79,088)	(127,565)
Amortisation of premiums on treasury bills	1,505	170,754
Realised gains on debt securities	40,030	-
Loss on disposal of property and equipment	-	(9,202)
Other income	9,095	62,774
Total	$ 39,883	$ 135,261

(Expressed in Bahamian dollars)

18. EXPENSES

An analysis of the operating expenses incurred by the Group in the reporting period is included in the table below. Acquisition cash flows and other directly attributable expenses are included in insurance service expenses and net expenses from reinsurance contracts held, respectively, within the consolidated statement of comprehensive income:

	2025			
	Acquisition cash flows	**Other directly attributable expenses**	**Other operating expenses**	**Total**
Salaries, benefits and bonuses	5,290,937	3,110,875	9,281,218	17,683,030
Depreciation and amortisation	711,879	751,752	1,212,152	2,675,783
General and administrative expenses	4,485,963	4,222,387	4,448,950	13,157,300
Total	**10,488,779**	**8,085,014**	**14,942,320**	**33,516,113**

	2024			
	Acquisition cash flows	**Other directly attributable expenses**	**Other operating expenses**	**Total**
Salaries, benefits and bonuses	4,986,745	3,448,222	9,044,274	17,479,241
Depreciation and amortisation	742,123	986,445	731,778	2,460,346
General and administrative expenses	4,217,891	4,172,108	4,548,593	12,938,592
Total	**9,946,759**	**8,606,775**	**14,324,645**	**32,878,179**

19. PENSION PLAN

Employees of the Group participate in defined contribution plans in The Bahamas and in the Cayman Islands. These plans are administered by independent administrators and trustees and membership is mandatory for all eligible employees. Under these plans, the Group paid contributions of 3% - 5% per annum of base salary. The Group paid contributions for the year amounting to $601,860 (2024: $554,068), which are included in insurance service expenses and other operating expenses in the consolidated statement of comprehensive income.

(Expressed in Bahamian dollars)

20. RELATED PARTY TRANSACTIONS AND BALANCES

No expense has been recognised in the period for ECLs with respect to the amounts owed by related parties. Key management personnel include members of the Group's management team having authority and responsibility for planning, directing and controlling the activities of the Group's operations. Compensation to key management personnel and compensation to directors as noted below are included in insurance service expenses and other operating expenses within the consolidated statement of comprehensive income.

	2025	2024
Short-term benefits	$ 2,639,270	$ 2,193,503
Post employment benefits	73,018	59,904
Total	$ 2,712,288	$ 2,253,407
Commission expense	$ 354,985	$ 370,277

The receivables from key management personnel are included in sundry receivables and prepayments in the consolidated statement of financial position and are as follows:

	2025	2024
Receivables from key management personnel	$ -	$ 2,719

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a. ***Methods used to measure insurance contracts***

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the amounts that the Group will ultimately pay to settle such claims.

The LIC is necessarily based on estimates due to the fact that ultimate disposition of claims incurred prior to the date of the consolidated statement of financial position, whether reported or not, is subject to the outcome of events that have not yet occurred. Examples of these events include, inter alia, jury decisions, court interpretations, legislative changes, changes in the medical condition of claimants, changes in medical costs and the cost of automobile and property repair materials and labour rates.

Any estimate of future costs is subject to the inherent uncertainties in predicting the course of future events. Consequently, the amounts recorded in respect of the LIC may change significantly in the short term. Management estimates and judgments are based on the Group's claims experience, relevant circumstances and/or advice from legal counsel.

Short-tail claims, such as for automobile and property damage, are normally reported soon after the incident and are generally settled within one to three months after the claims event. Health and group life claims are normally reported within three months of the event and are usually settled within 30 days of being reported.

Information for long-tail claims such as casualty claims for bodily injury, general third party and employers' liability, and long-term disability claims may not be readily available. The provision for long-tail claims is regularly evaluated by management and is based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

a. ***Methods used to measure insurance contracts (continued)***

The ultimate undiscounted cost of claims incurred but not yet settled is estimated using a range of established actuarial projection techniques. These techniques project future claims development based on historical claims experience, adjusted for current conditions and expected future trends. The resulting estimates of future cash flows are subsequently discounted to present value and adjusted to reflect the time value of money and non-financial risk, in accordance with IFRS 17.

The Group does not establish provisions for catastrophes (such as natural disasters) in advance of the occurrence of such events. These events can cause significant volatility in the Group's LIC.

The impact of critical accounting estimates and judgments on the LIC is partially mitigated through relief arising from reinsurance contracts held.

Once estimates of the undiscounted claim liabilities are established, the projected future cash flows are estimated and then adjusted to reflect the time value of money and the risks related to those cash flows. See notes 21b, 21c and 21d for details on the derivation of future cash flows, discount rates and risk adjustment for non-financial risk respectively.

The carrying value at the consolidated statement of financial position date of insurance contract liabilities is $103,206,819 (2024: $93,130,530). The amount of reinsurance contract assets estimated at the consolidated statement of financial position date is $59,586,807 (2024: $55,351,927). Refer to note 6 for further information on reconciliations of insurance contract liabilities and reinsurance contract assets. Refer to note 7 for further information on the LIC and claims development.

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

b. ***Estimates of future cash flows to fulfil insurance contracts***

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these estimates, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The Group uses a deterministic model that is calibrated to reflect the probability-weighted mean of a range of possible scenarios.

Uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims. Assumptions used to develop estimates about future cash flows are reassessed annually and adjusted where required.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic and rational basis. An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts. The Group performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

(Expressed in Bahamian dollars)

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

c. ***Discount rates***

The top-down approach is used to derive the discount rates for Bahamas P&C claims. Under this approach, the discount rates are determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. The reference portfolio consists of Government of Bahamas fixed coupon bonds available in the market denominated in the same currency as the product being measured. The yields are adjusted to remove factors that are not relevant to the liability cash flows, including credit risk and other market factors not consistent with the characteristics of the insurance contract cash flows. These adjustments are estimated using information from observed historical levels of default relating to the bonds included in the reference portfolio.

The bottom-up approach was used to determine the discount rates for Cayman Islands P&C claims. Under this approach, the discount rates are determined by adjusting a liquid risk-free yield curve to reflect the liquidity characteristics of insurance liability cash flows. However, as there are no assets traded in the Cayman Islands that can be used as a reference portfolio, the Group has determined the discount rates based on an approximation. The credit rating of the Cayman Islands government is high enough that, if it were to issue bonds, there would be very minimal credit risk, similar to more developed markets. Further, the Cayman Islands economy and currency has very close ties to the USA. Consequently, the Group has used the US Treasury Yield Curve for the bottom-up discount rate approach.

The settlement of the Group's current outstanding claims are expected to occur substantially within the period for which observable market information is available to determine the IFRS 17 discount rates.

The yield curves (spot rates) that were used to discount the estimates of future cash flows are as follows:

P&C (issued and reinsurance held)								
	2025				**2024**			
	1 year	**5 years**	**10 years**	**20 years**	**1 Year**	**5 years**	**10 years**	**20 years**
Bahamian dollars	1.9%	3.1%	3.6%	4.2%	1.7%	2.4%	4.0%	4.8%
Cayman Islands dollars	4.1%	4.8%	5.8%	6.6%	4.8%	5.4%	6.2%	6.5%

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

d. ***Methods used to measure the risk adjustment for non-financial risk***

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

The Group quantifies the risk adjustment at a consolidated level which is then allocated down to groups of contracts in accordance with their risk profiles. This approach reflects the diversification that occurs between groups of contracts within the Group. The confidence level method was used to derive the risk adjustment for non-financial risk.

In the confidence level method, the risk adjustment is determined by developing a loss distribution based on the Group's historical claims data and selecting a level of risk adjustment that is at least equivalent to the target confidence level. The target confidence level is 75% (2024: 75%).

e. ***Contracts measured under the PAA approach***

For insurance contracts issued measured under the PAA, management judgement is required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that changes in the profitability of a group and whether remeasurement of any loss component is required.

The Group sets premiums considering recent experience and future expectations with the intention of underwriting profitable contracts. As part of annual budgeting the Group quantifies the expected profits or losses for each portfolio of contracts which would be used to assess whether facts and circumstances exist that indicate that there are onerous groups of contracts. Management has not identified any facts or circumstances that indicate the existence of onerous groups, and thus all contracts measured by the Group in 2024 and 2025 under the PAA were determined to be non-onerous.

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

f. ***Impairment losses on financial assets***

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of any significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used, including forward-looking information and macroeconomic assumptions.

As at 31 December 2025, $2,341,277 (2024: $2,526,800) of investments were classified as Stage 2 with a LTECL of $61,219 (2024: $76,670). All other investments were classified as Stage 1 with an aggregate 12-month ECL of $26,983 (2024: $50,590). All broker receivables at 31 December 2025 and 2024 were classified as Stage 1. Refer to note 5 for the 12-month ECL.

g. ***Impairment of goodwill and intangible assets***

Determining whether goodwill or intangible assets are impaired requires an estimation of (i) the value in use or (ii) the fair value less costs to sell of the cash-generating unit or group of units to which the value has been allocated:

(i) The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit(s) and a suitable discount rate in order to calculate present value, both of which are material sources of uncertainty.
(ii) The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit(s) between knowledgeable willing parties, less the costs of disposal.

The carrying value at the consolidated statement of financial position date for intangible assets and goodwill is $5,706,434 (2024: $7,187,378). Refer to Note 10 for details of impairment losses recognised during the period.

h. ***Depreciation of property and equipment and amortisation of intangible assets***

Depreciation and amortisation are based on management's estimates of the future useful lives of property and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges. The Group reviews the future useful life of property and equipment and intangible assets periodically, taking into consideration the factors mentioned above and all other important factors. In the event of significant changes in the estimated useful lives, depreciation and amortisation charges are adjusted prospectively.

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

i. ***Fair value of financial assets and liabilities***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair values of listed equities are based on current bid prices reported on recognised exchanges. The fair value of debt securities is based on either current bid prices reported on recognised exchanges, secondary markets or pricing data provided by internationally recognised pricing services. Mutual funds are carried at fair value based on the net asset value per share provided by the administrator of the fund. If prices are not readily available, the fair value is estimated using either dealer quotes or pricing models or discounted cash flow models or management's estimate of amounts that could be realised under current market conditions and which are based on observable market-based inputs when available.

Where fair value has been determined using data provided by a recognised pricing service, dealer quotes, pricing models or net asset value per share, the Group has obtained an understanding of the methods, models and inputs used in pricing and has controls in place that management considers sufficient to validate that prices represent fair value.

Investments for which observable market prices do not exist are measured at fair value using valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Fair value is based on the best information available and is determined by reference to information including, but not limited to the following: projected income, net earnings, earnings before interest, taxes, depreciation and amortisation, book value, relevant public or private transactions, valuations for publicly traded companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. The amount determined to be fair value may incorporate management's own assumptions (including appropriate risk adjustments for non-performance and lack of marketability).

21. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

i. ***Fair value of financial assets and liabilities (continued)***

For certain financial instruments carried at cost, the carrying amounts approximate to fair value due to the short-term nature of these instruments. Such instruments include broker receivables, sundry receivables and prepayments, broker payables and accrued expenses and other liabilities. For long term financial instruments carried at cost with fixed interest rates, the carrying values approximate fair values. Other long-term instruments carried at cost have rates that periodically reset to market rates minimising the exposure to fair value interest rate risk. Refer to notes 4 and 22 for further information on the fair value of financial assets and liabilities.

j. ***Land and buildings revaluations***

Land and buildings are revalued triennially based on outputs derived from an independent appraisal report. The techniques used by the appraiser involve the use of assumptions to provide a fair value estimate of land and buildings. Information about the valuation technique and inputs used in determining the fair value of the land and buildings are disclosed in note 8.

22. RISK MANAGEMENT

The Group actively monitors the risks inherent in its business activities (insurance risk) and the risks arising from the management of its financial assets and liabilities (financial risk). The Board has overall responsibility for the oversight of the Group's risk management framework and has established various sub-committees, including the Technical Insurance Committee, the Audit and Finance Committee, the Governance Committee, each under a Board-approved mandate.

Management is responsible for implementing and operating the risk management framework within the parameters of the Board. This includes establishing risk appetite and tolerance limits, implementing appropriate policies and procedures, monitoring key performance indicators, performing stress testing, conducting periodic evaluations of risk registers and maintaining controls to ensure reliable financial reporting and compliance with regulatory requirements.

Internal Audit reviews the Group's processes and controls on a rotational basis and reports directly to the Audit and Finance Committee. The committees report regularly to the Board on their activities.

a. Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. Insurance risk is inherently uncertain and the risk is random in nature.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities.

This could occur because the frequency and/or severity of claims are greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Risk factors that affect insurance are many and include the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Group insures the risks of entities and individuals within The Bahamas and the Cayman Islands. There is a concentration of insurance risk in those territories. Below is a discussion of insurance risks specific to the lines of coverage provided by the operating segments within the Group.

22. RISK MANAGEMENT (CONTINUED)

a. Insurance risk (continued)

P&C insurance risks

Property risks are comprised of physical damage to property. Property policies are underwritten by reference to the commercial replacement value of the properties and content insured.

Casualty risks are comprised of personal injury from motor claims, public liability, employers' liability, workmen's compensation and personal liability coverage.

For the Group's P&C insurance contracts, significant risk exposure arises from low frequency, high severity events such as hurricanes. Single events, such as flooding and fires may also generate significant claims.

Claim payment limits are always included to cap the amount payable on occurrence of the insured event. The key factors that influence the quantum of claim settlements are the costs of rebuilding properties and the replacement of or indemnity for building contents.

The frequency and severity of claims can be affected by several factors with the single most significant event being a catastrophic event. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and claims handling. Underwriting guidelines are in place to ensure appropriate risk selections. Analytical tools are used to evaluate pricing adequacy and monitor loss ratio performance. The Group has a dedicated in-house claims department and uses third party loss adjusters as necessary. The Group manages and seeks early settlement of claims, which has been determined to reduce exposure to claims deterioration. The Group will, where necessary, appoint lawyers to act on the Group's behalf in respect of serious bodily injury or other claims.

22. RISK MANAGEMENT (CONTINUED)

a. Insurance risk (continued)

Health and group life insurance risks

The most significant factors that could increase the overall frequency of claims relating to H&L insurance contracts are epidemics or widespread changes in lifestyle, resulting in earlier or more claims than expected.

The Group manages risks by way of new business underwriting which analyses each risk for acceptance and determines appropriate pricing given the risk profile. The in-force business is analysed annually to revise base rates and monthly for renewal pricing. Risks are also managed through benefit plan designs to manage frequency and severity exposures, contracted discounts with providers to manage cost, claim adjudication procedures to ensure appropriate billing and payments, and reinsurance for mitigating the risk of high-cost individual claims.

Reinsurance risks

The Group follows the policy of underwriting and reinsuring contracts of insurance, which generally limit the liability for any one risk. Catastrophe deductibles are limited to a maximum of 10% of the Group's capital and reserves in the event of a series of claims arising out of a single occurrence.

The Group is exposed to contractual disputes with its reinsurers and the possibility of default by its reinsurers. The Group is also exposed to the credit risk assumed in fronting arrangements and to potential reinsurance constraints. The Group's strategy is to select reinsurers with the best combination of financial strength, price and capacity.

In the event that the Group's reinsurers are unable to meet their obligations under the reinsurance programs in place, the Group would still be obligated to pay all claims made under the insurance policies it issues, but would only receive reimbursement to the extent that the reinsurers could meet their aforementioned obligations.

Management does not anticipate that there will be any issues with the collection of amounts due from reinsurers.

The reinsurance program is reviewed by the Technical Insurance Committee and approved by the Board on an annual basis.

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

a. Insurance risk (continued)

Concentration of insurance contract assets and liabilities

The following table shows the net insurance contract assets and liabilities by major product line:

	2025			2024		
	Insurance	Reinsurance	Net	Insurance	Reinsurance	Net
Property	38,379,458	31,013,999	7,365,459	27,868,576	23,482,192	4,386,384
Motor	52,669,738	25,066,486	27,603,252	53,670,425	26,591,915	27,078,510
Health	4,888,644	118,620	4,770,024	5,267,310	402,575	4,864,735
Other	7,268,979	3,387,702	3,881,277	6,324,219	4,875,245	1,448,974
Total	103,206,819	59,586,807	43,620,012	93,130,530	55,351,927	37,778,603

Sensitivity

The following table presents information on how a 5% change in average claims severity, assuming no changes to other variables, may impact the Group's insurance service expense after risk mitigation by reinsurance contracts held.

	2025 Average claims severity		2024 Average claims severity	
	+5%	-5%	+5%	-5%
Impact on profit	$ (1,932,166)	$ 1,932,166	$ (2,129,330)	$ 2,129,330
Impact on equity	$ (1,932,166)	$ 1,932,166	$ (2,129,330)	$ 2,129,330

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

b. Financial risk

The Group is exposed to financial risk through its financial assets and liabilities. The components of financial risk that may have an impact on the Group are credit risk, market risk and liquidity risk. Market risk exposure results from adverse movements in market rates and prices and as a result the Group is exposed to interest rate risk, foreign currency risk and price risk.

The risk framework combines investment policies, limits, stress tests and regular monitoring to control the nature and level of financial risk and to ensure adherence to Group and regulatory policies and guidelines.

The following table reconciles financial assets and financial liabilities to the Group's consolidated statement of financial position:

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 38,912,678	$ 27,266,483
Investments, net:		
Debt securities at amortised cost	4,323,749	6,450,596
Equity securities at FVTOCI	11,387,824	12,232,409
Debt securities at FVTOCI	24,919,555	24,902,163
Receivables:		
Broker receivables, net	22,777,565	21,446,375
Sundry receivables*	872,662	886,605
Total financial assets	103,194,033	93,184,631
Non - financial assets	94,829,825	89,026,026
Total assets	$ 198,023,858	$ 182,210,657
Financial liabilities:		
Payables at amortised cost:		
Broker payables, accrued expenses and other liabilities	$ 3,758,061	$ 1,404,930
Lease liabilities	914,843	1,026,588
Bonds payable at amortised cost		
- Fair Value: $7,608,333 (2024: $7,616,866)	7,608,333	7,616,866
Total financial liabilities	12,281,237	10,048,384
Non - financial liabilities	103,206,819	93,130,530
Total liabilities	$ 115,488,056	$ 103,178,914

*excludes prepaid expenses of $1,196,631 (2024: $1,109,285)

22. RISK MANAGEMENT (CONTINUED)

c. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Key areas where the Group is exposed to credit risk are cash and cash equivalents, investments, reinsurance contract assets, broker receivables, and sundry receivables.

The Group's investment policy permits the Group to invest in fixed income securities, equity securities, private placements of financial institutions and term deposits within certain specified limits. The investment policy has a fixed limit exposure to any one issuer. The Group's deposits are placed with well-known high quality financial institutions. Policies and guidelines are in place to limit the exposure faced by the Group. Any exceptions to these limits are approved by the Board.

The Group is exposed to credit risk in respect of broker receivables due from agents that bind insurance policies on its behalf. The Group periodically inspects the financial records of these companies to proactively address any negative trends. Commissions paid to these intermediaries are also netted off against amounts due from them to reduce the amount at risk for default.

The Group is also exposed to credit risk with respect to reinsurance contract assets. The Group's liability as primary insurer is not discharged if a reinsurer defaults on the obligation to pay. The Technical Insurance Committee sets guidelines for approved reinsurers. Management implements the guidelines, including the assessment of the creditworthiness of all reinsurers. The Group assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit ratings as determined by independent rating agencies and other publicly available financial information, to ensure they are within acceptable limits of the Group's reinsurance policy. Any exceptions to the reinsurance policy must be reviewed by the Technical Insurance Committee and approved by the Board.

The Group has approved limits for the maximum participation of any one reinsurer in its reinsurance program, which requires Board approval for any waiver of the limit. Reinsurance coverage is placed with a number of creditworthy international third party reinsurers, as well as underwriting members of Lloyd's, with credit ratings of A- or higher from A.M. Best or Standard & Poor's ("S&P"). The concentration of credit risk is also monitored to minimise the Group's exposure to significant losses from reinsurer insolvency.

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

The following assets of the Group are exposed to credit risk:

	2025	2024
Debt securities at amortised cost	$ 4,391,277	$ 6,546,800
Debt securities at FVTOCI	24,940,229	24,933,219
Broker receivables	22,783,136	21,453,104
Sundry receivables	872,662	886,605
Reinsurance contract assets	59,586,807	55,351,927
Cash and cash equivalents	38,912,678	27,266,483
Total	$ 151,486,789	$ 136,438,138

Debt securities are analysed in the table below using S&P ratings or an equivalent rating when not available for S&P.

	2025	2024
A- or Above	$ 8,642,077	$ 8,241,175
BBB	13,846,077	14,563,669
Below BBB or Not rated	6,843,352	8,675,175
Total debt securities	$ 29,331,506	$ 31,480,019

Financial and other assets exposed to credit risk that are neither past due nor impaired, past due but not impaired and impaired are analysed in the table below:

At December 31, 2025	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Debt securities at amortised cost	$ 4,323,749	$ -	$ 67,528	$ 4,391,277
Debt Securities at FVTOCI	24,919,555	-	20,674	24,940,229
Broker receivables	17,888,548	4,889,017	5,571	22,783,136
Sundry receivables	872,662	-	-	872,662
Reinsurance contract assets	59,586,807	-	-	59,586,807
Cash and cash equivalents	38,912,678	-	-	38,912,678
Total assets exposed to credit risk	$ 146,503,999	$ 4,889,017	$ 93,773	$ 151,486,789

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

At 31 December, 2024	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Debt securities at amortised cost	$ 6,450,596	$ -	$ 96,204	$ 6,546,800
Debt Securities at FVTOCI	24,902,163	-	31,056	24,933,219
Broker receivables	17,223,046	4,223,329	6,729	21,453,104
Sundry receivables	886,605	-	-	886,605
Reinsurance contract assets	55,351,927	-	-	55,351,927
Cash and cash equivalents	27,266,483	-	-	27,266,483
Total assets exposed to credit risk	$ 132,080,820	$ 4,223,329	$ 133,989	$ 136,438,138

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Group does not hold collateral as security.

Concentration of exposure

The Group's gross written premium between Group and non-Group agents are as follows:

	2025	2024
Group agents	$ 93,678,736	$ 93,991,871
Non-Group agents	119,528,980	114,360,801
Total	$ 213,207,716	$ 208,352,672

The concentration of credit risk is regularly monitored and evaluated. Specifically for non-group agents, the Group evaluates payment history as well as their financial position on a periodic basis.

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

Concentration of exposure (continued)

The geographical locations of the Group's portfolio of investments are as follows:

	2025	%	2024	%
Bahamas	$ 12,789,511	32%	$ 16,481,721	38%
USA	26,587,849	65%	25,911,231	59%
Europe	826,948	2%	812,726	2%
United Kingdom	495,022	1%	486,750	1%
Caribbean	20,000	0%	20,000	0%
Total	$ 40,719,330	100%	$ 43,712,428	100%

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

d. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument, insurance or reinsurance contract will fluctuate due to changes in market interest rates. Variable rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk. The Group's investment in debt securities, cash and cash equivalents, and its bonds payables are all subject to interest rate risk.

The coupon rates associated with the fixed interest rate debt instruments held by the Group range from 0.75% to 9.00 % (2024: 1.05% to 9.00%) per annum at the date of the consolidated statement of financial position. The variable interest rate instruments are tied to B$ prime, with interest rates of 4.41% to 6.00% (2024: 4.41% to 6.00%) per annum at the date of the consolidated statement of financial position. Interest on the bonds payable is fixed at 6.50% (2024: B$ prime rate plus 2.00% [effective rate 6.25%]) per annum.

The Group's LIC and AIC are subject to interest rate risk. The net equivalent single rate used to discount the Bahamas' and Cayman Islands' P&C claim liabilities is 2.92% (2024: 2.77%) and 3.80% (2024: 4.23%) respectively.

Sensitivity
The impact of hypothetical 1% change in interest rates, assuming no changes to other variables, is as shown below.

For the year ended:	**2025**		**2024**	
	Interest rates		**Interest rates**	
in $	**+1%**	**-1%**	**+1%**	**-1%**
Change in debt securities				
Impact on profit	33,271	(33,271)	33,271	(33,271)
Impact on equity	(801,061)	843,381	(695,854)	729,634
Change in LIC net of AIC				
Impact on profit	526,911	(636,979)	471,768	(519,069)
Impact on equity	526,911	(636,979)	471,768	(519,069)

22. RISK MANAGEMENT (CONTINUED)

e. Foreign currency risk

Foreign currency risk relates to the Group operating in different currencies and converting non-Bahamian earnings at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Bahamian dollar is fixed to the US dollar at the following rate: B$1 = US$1 and the Cayman Islands dollar is fixed to the US$ at the following rate: CI$1 = US$1.20, at the date of the consolidated statement of financial position. Whilst both the Bahamian dollar and Cayman Islands dollar remain fixed to the US dollar, the Group is not exposed to foreign currency risk on translation of its Cayman Islands operating entity from Cayman Islands dollars to Bahamian dollars. All underlying assets and liabilities of the Group are denominated in Bahamian dollars, Cayman Islands dollars or US dollars.

f. Price risk

The Group is subject to price risk on its investments due to fluctuations in fair value as a result of changes in market prices. One of the primary objectives of the Group's risk management policy is to mitigate potential adverse impacts of market movements. Price risk arises primarily from changes in the value of equity investments and debt securities in the event that these are required to be sold to meet liquidity needs or due to adverse movements in market prices.

Trading levels in The Bahamas, whether on BISX or over-the-counter markets, are low and therefore, the ability of the Group to liquidate large positions may be difficult and prices received may be severely impacted. The Central Bank has created a secondary market for certain debt securities issued by the Government of The Bahamas, and prices currently being observed in this market and over-the-counter approximate the face values of such securities.

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

f. Price risk (continued)

Securities are managed in accordance with the benchmarks set out in the Group's statement of investment policy and guidelines. The effect of a 10% (2024: 10%) change in prices at the date of the consolidated statement of financial position are set out below:

At 31 December, 2025	Carrying value	Effect on profit and equity +10%	Effect on profit and equity -10%
Listed equity securities	$ 11,382,267	$ 1,138,227	$ (1,138,227)
Listed debt securities	26,470,229	2,647,023	(2,647,023)
Unlisted debt securities	2,861,277	286,128	(286,128)
Unlisted equity securities	5,557	556	(556)
Total	$ 40,719,330	$ 4,071,934	$ (4,071,934)
At 31 December, 2024			
Listed equity securities	$ 12,226,852	$ 1,222,685	$ (1,222,685)
Listed debt securities	26,463,219	2,646,322	(2,646,322)
Unlisted debt securities	5,016,800	501,680	(501,680)
Unlisted equity securities	5,557	556	(556)
Total	$ 43,712,428	$ 4,371,243	$ (4,371,243)

g. Liquidity risk

Liquidity risk is the risk that the Group may have difficulty liquidating its positions due to existing or unforeseen market constraints to meet obligations associated with financial instruments. In respect of catastrophic events, the Group is exposed to a liquidity risk associated with the timing differences between cash flows and expected reinsurance recoveries to meet its insurance liability obligation. The Group has certain investments that are in a market that is not highly active or do not have a market and therefore may not be readily realisable. As a result, the Group may not be able to quickly liquidate those investments at an amount close to their fair value in order to meet liquidity requirements. The Group mitigates this risk by maintaining significant holdings in cash and cash equivalents and also ensures that there are set guidelines for asset allocations, portfolio limit structures and maturity profiles of investments. The consolidated statement of financial position presents assets and liabilities in order of liquidity. The carrying value of investment assets with contractual maturities of less than one year at the consolidated statement of financial position date is $9,360,201 (2024: $4,863,048). Except for the net insurance contract liabilities shown below, property and equipment, right-of-use assets and intangible assets and goodwill, all assets are current assets.

(Expressed in Bahamian dollars)

22. RISK MANAGEMENT (CONTINUED)

g. Liquidity risk (continued)

The following tables present the contractual undiscounted cash flows arising from financial liabilities (excluding lease liabilities) as at 31 December 2025 and 2024. For completeness, the tables also include the expected discounted cash flows relating to insurance contract liabilities and the corresponding reinsurance contract assets. Undiscounted cash flows arising from lease liabilities are disclosed in note 9.

At 31 December 2025	**Cash flows**			
Liabilities	**Total**	**< 1 year**	**1 - 5 years**	**> 5 years**
Accrued expenses and other liabilities	$ 2,509,804	$ 2,509,804	$ -	$ -
Broker payables	1,248,257	1,248,257	-	-
Insurance contract liabilities	103,206,819	74,743,767	19,465,671	8,997,381
Less: Reinsurance contract assets	(59,586,807)	(42,827,680)	(11,743,676)	(5,015,451)
Bonds payable	7,608,333	-	-	7,608,333
Total cash flows	$ 54,986,406	$ 35,674,148	$ 7,721,995	$ 11,590,263

At 31 December 2024	**Cash flows**			
Liabilities	**Total**	**< 1 year**	**1 - 5 years**	**> 5 years**
Accrued expenses and other liabilities	$ 866,746	$ 866,746	$ -	$ -
Broker payables	538,184	538,184	-	-
Insurance contract liabilities	93,130,530	66,161,930	18,269,773	8,698,827
Less: Reinsurance contract assets	(55,351,927)	(38,999,854)	(11,154,661)	(5,197,412)
Bonds payable	7,616,866	7,616,866	-	-
Total cash flows	$ 46,800,399	$ 36,183,872	$ 7,115,112	$ 3,501,415

22. RISK MANAGEMENT (CONTINUED)

h. Capital management

The Group has a Capital Management Policy that has been established to ensure that it has adequate capital to support its business operations and strategy and that it meets the following objectives:

- To safeguard the Group's ability to continue as a going concern through prudent and sustainable growth, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain optimum capital structure;
- To ensure that it maintains a strong credit rating (minimum AM Best rating of A-Excellent) and appropriate capital ratios in order to support its business objectives; and
- To comply with regulatory capital requirements stipulated in the jurisdictions in which the Group operates.

In each country in which the Group operates, the insurance regulator specifies the minimum amount and type of capital that must be held and solvency ratio that must be maintained, based on the applicable laws and regulations governing the country's insurance industry. The minimum capital requirements applicable to the Group's entities range from $50,000 to $8,050,000. The minimum solvency ratios for insurers range from 125% to 150%. The Group has complied with all of the externally imposed capital requirements to which it is subject.

23. CONTINGENCIES

In the normal course of its business, the Group is involved in various legal proceedings and claims arising from its insurance operations, including matters relating to disputed claims and other contractual issues. Provisions are recognised in accordance with IAS 37 where management determines that a present obligation exists and a reliable estimate of the probable outflow of resources can be made.

Based on information currently available and after consultation with legal counsel, management does not expect the ultimate resolution of the remaining matters to have a material adverse effect on the Group's financial position, results of operations or cash flows.

(Expressed in Bahamian dollars)

24. SEGMENTED INFORMATION

The Group's operating segments are identified based on internal reports that are regularly reviewed by the Chief Operating Decision Maker for the purpose of allocating resources and assessing performance. The Group's operations are organised into the following operating segments of P&C and H&L insurance and by geographic location:

The segment results for the years ended 31 December 2025 and 2024 are as follows:

	Bahamas	Cayman		
	P&C	**P&C**	**H&L**	**Total**
2025				
Insurance service result	$ 14,521,112	$ 3,163,663	$ (71,219)	$ 17,613,556
Depreciation and amortisation	2,075,313	260,294	340,176	2,675,783
Interest expense	994,940	82,240	82,240	1,159,420
Segment profit/(loss) for the year	3,245,550	2,299,927	(1,357,837)	4,187,640
Total segment assets	127,083,049	45,968,004	24,972,805	198,023,858
Total segment liabilities	90,153,574	20,388,728	4,945,754	115,488,056
Capital expenditure	1,840,341	117,908	154,443	2,112,692

	Bahamas	Cayman		
	P&C	**P&C**	**H&L**	**Total**
2024				
Insurance service result	$ 16,031,721	$ 4,826,258	$ (943,996)	$ 19,913,983
Depreciation and amortisation	1,808,445	327,506	324,395	$ 2,460,346
Interest expense	936,996	83,038	83,038	$ 1,103,072
Segment profit/(loss) for the year	4,724,439	3,488,028	(1,266,629)	$ 6,945,838
Total segment assets	113,274,321	44,544,997	24,391,339	$ 182,210,657
Total segment liabilities	77,392,473	20,300,903	5,485,538	$ 103,178,914
Capital expenditure	646,294	43,852	76,594	$ 766,740

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