

BAHAMAS FIRST HOLDINGS LIMITED

Quarterly Report on Unaudited Results

For the 6 Months Ended June 30, 2024

Disclaimers

This Report may contain “forward-looking information”. Forward-looking information may relate to our future business, financial outlook and anticipated events or results and may include information regarding our financial position, financial results, operations, business strategies, plans and objectives. Particularly, forward-looking information regarding our expectations of future results, performance, achievements, prospects or opportunities for the markets in which we operate. Forward-looking information in this Report is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review forward-looking information, they are not guarantees of future financial performance as there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

The financial information for the 6 months ended June 30, 2024, included in this report is unaudited.

Report of the Executive Chair

on Unaudited Results for the 6 months ended June 30, 2024

Year to date results

For the 6 months ended June 30, 2024, the Group reported a total comprehensive loss of \$3.7m compared to \$3.0m for the 6 months ended June 30, 2023. Insurance revenue and insurance service result both declined by 1.7% from the same period in 2023 due primarily to a loss of clients in the Cayman health portfolio and an increase in claims in P&C Cayman. The main contributor to the decrease in the total comprehensive loss for the half year to June 30, 2024 was the movement in the investment portfolio, which was primarily due to the decline in the share price of one investment.

Q2 2024

For the 3 months ended June 30, 2024, the Group reported a total comprehensive loss of \$1.4m compared to \$1.0m for Q2 2023. Whilst insurance revenue increased by 4.0% over the comparative quarter for 2023, the insurance service result saw a decrease of 14.1% due to an increase in the claims experience, particularly within motor and higher reinsurance costs.

Alison Treco

Executive Chair

Financial Summary of Unaudited Results

AS AT JUNE 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As at:	
	30-Jun-24	31-Dec-23
Cash and investments	70,025,608	69,888,699
Broker receivables	22,212,142	15,903,121
Reinsurance contract assets	73,530,451	54,330,047
Property and equipment	24,416,633	24,683,003
Intangible assets and goodwill	7,773,245	8,359,936
Other assets	3,312,680	3,022,518
Total assets	201,270,759	176,187,324
Insurance contract liabilities	115,962,234	90,127,241
Bonds payable	7,616,866	7,616,866
Other liabilities	5,681,584	2,596,848
Total liabilities	129,260,684	100,340,955
Total equity attributable to owners of the company	67,774,512	71,499,852
Non-controlling interest	4,235,563	4,346,517
Total equity	72,010,075	75,846,369
Total liabilities and equity	201,270,759	176,187,324

Financial Summary of Unaudited Results

FOR THE 3 MONTHS ENDED
JUNE 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	For the 3 Months Ended	
	30-Jun-24	30-Jun-23 (Note 6)
Insurance revenue	41,136,154	39,571,146
Insurance service expenses	(20,917,731)	(20,272,248)
Net expenses from reinsurance contracts held	(17,907,887)	(16,607,565)
Insurance service result	2,310,536	2,691,333
Finance expenses from insurance contracts issued	(253,177)	(83,307)
Finance income from reinsurance contracts held	162,425	58,599
Net insurance finance expenses	(90,752)	(24,708)
Investment and other income, net	445,518	367,274
Other expenses	(3,867,100)	(4,018,591)
Loss	(1,201,798)	(984,692)
Other comprehensive loss	(166,166)	(57,012)
Total comprehensive loss	(1,367,964)	(1,041,704)
Loss attributable to:		
Owners of the company	(1,243,043)	(1,010,743)
Non-Controlling Interest	41,245	26,501
	(1,201,798)	(984,692)
Loss per common share (Note 5)	(0.04)	(0.03)
Total comprehensive loss attributable to:		
Owners of the company	(1,634,632)	(1,064,789)
Non-Controlling Interest	266,668	23,085
	(1,367,964)	(1,041,704)

Financial Summary of Unaudited Results

FOR THE 6 MONTHS ENDED
JUNE 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 Months Ended

30-Jun-24

30-Jun-23
(Note 6)

Insurance revenue	67,254,087	68,384,433
Insurance service expenses	(40,592,199)	(40,096,185)
Net expenses from reinsurance contracts held	(23,197,089)	(24,761,290)
Insurance service result	3,464,799	3,526,958
Finance expenses from insurance contracts issued	(552,335)	(385,016)
Finance income from reinsurance contracts held	209,415	247,611
Net insurance finance expenses	(342,920)	(137,405)
Investment and other income, net	836,199	647,280
Other expenses	(7,283,821)	(7,171,773)
Loss	(3,325,743)	(3,134,940)
Other comprehensive (loss)/income	(335,551)	127,881
Total comprehensive loss	(3,661,294)	(3,007,059)
Loss attributable to:		
Owners of the company	(3,204,482)	(3,073,406)
Non-Controlling Interest	(121,261)	(61,534)
	(3,325,743)	(3,134,940)
Loss per common share (Note 5)	(0.09)	(0.09)
Total comprehensive loss attributable to:		
Owners of the company	(3,550,340)	(2,957,227)
Non-Controlling Interest	(110,954)	(49,832)
	(3,661,294)	(3,007,059)

Financial Summary of Unaudited Results

FOR THE 6 MONTHS ENDED
JUNE 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	For the 6 Months Ended	
	30-Jun-24	30-Jun-23
Common shares, Preference shares, Contributed surplus and General reserve		
Balance at beginning and end of period	24,291,275	24,291,275
Revaluation reserve		
Balance at beginning of period	17,403,666	14,608,202
Other comprehensive (loss)/income	(567,211)	127,881
Balance at end of period	16,836,455	14,736,083
Retained earnings		
Balance at beginning of period	29,804,911	29,805,664
Total comprehensive loss	(2,983,129)	(3,085,108)
Preference share dividends	(175,000)	(175,000)
Common share dividends	-	(1,460,464)
Balance at end of period	26,646,782	25,085,092
Non-controlling interest		
Balance at beginning of period	4,346,517	4,451,350
Total comprehensive loss	(110,954)	(49,832)
Balance at end of period	4,235,563	4,401,518
Total equity at end of period	72,010,075	68,513,968

Financial Summary of Unaudited Results

FOR THE 6 MONTHS ENDED
JUNE 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF CASH FLOWS	For the 6 Months Ended	
	30-Jun-24	30-Jun-23
Net cash from operating activities	1,108,486	5,572,743
Net cash from/(used in) investing activities	1,139,523	(1,520,944)
Net cash used in financing activities	(321,548)	(1,791,824)
Net increase from cash and cash equivalents	1,926,461	2,259,975
Cash and cash equivalents at the beginning of the period	34,425,676	33,636,381
Cash and cash equivalents at the end of the period	36,352,137	35,896,356

Selected Explanatory Notes to the Unaudited Financial Results

For the 6 Months Ended June 30, 2024

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 Insurance Associates Ltd. and BFH Services (Cayman) Limited which are incorporated under the laws of the Cayman Islands.

These consolidated unaudited financial results 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”)
- BRAC Insurance Associates Ltd. (“BIA”)

Management company

- Bahamas First Corporate Services Ltd. (“BFCS”)

Claims servicing company

- First Response Limited (“FRL”)

Health referral agency

- BFH Services (Cayman) Limited (“BFHS”)

Insurance holding company

- BFH International Limited (“BFHIL”)

All of the above subsidiaries are wholly-owned except for CFI.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed interim financial results have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”), using the accounting policies adopted in the last annual financial statements for the year ended December 31, 2023. The Group has consistently applied the same accounting policies through all periods presented. These interim unaudited consolidated financial results should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2023.

Selected Explanatory Notes to the Unaudited Financial Results (Continued)

For the 6 Months Ended June 30, 2024

3. SEASONALITY

The Property and Casualty insurance business is seasonal in nature with the bulk of the catastrophe insurance revenue being recognised during the hurricane months of June to November. The insurance service result is driven mainly by claims associated with weather conditions and may vary significantly between quarters. Profit commission earned from reinsurers and paid to agents are significantly impacted by natural catastrophes and are therefore recorded only in the fourth quarter.

4. SEGMENTED INFORMATION

The Group's operations are segmented into the following business segments by geographic location:

- General Insurance / Property and Casualty (P&C)
- Health and Life (H&L)

The segment results for the interim periods are noted in the table displayed ►

	BAHAMAS		CAYMAN	
	P&C	P&C	H&L	TOTAL
	\$	\$	\$	\$
For The 6 Months Ended 30-Jun-24				
Insurance service result	3,625,949	779,458	(940,608)	3,464,799
Loss	(2,315,347)	(9,306)	(1,001,090)	(3,325,743)
Capital expenditure	228,022	1,712	1,518	231,252
As at 30-Jun-24				
Total assets	132,692,514	43,656,320	24,921,925	201,270,759
Total liabilities	99,726,324	24,261,184	5,273,176	129,260,684
For The 6 Months Ended 30-Jun-23				
Insurance service result	2,939,051	958,737	(370,830)	3,526,958
(Loss)/profit	(2,792,909)	176,029	(518,060)	(3,134,940)
Capital expenditure	198,381	40,577	218,498	457,456
As at 31-Dec-23				
Total assets	110,268,556	40,104,852	25,813,916	176,187,324
Total liabilities	74,338,500	20,237,876	5,764,579	100,340,955

Selected Explanatory Notes to the Unaudited Financial Results (Continued)

For the 6 Months Ended June 30, 2024

5. EARNINGS PER COMMON SHARE

	2024	2023
	\$	\$
3 months Ended 30-Jun		
Loss for the period attributable to owners of the company	(1,243,043)	(1,010,743)
Preference shares dividend paid	(87,500)	(87,500)
Loss for the period attributable to common shareholders	(1,330,543)	(1,098,243)
Weighted average number of common shares outstanding	36,511,589	36,511,589
Basic and diluted loss per common share	(0.04)	(0.03)
6 months Ended 30-Jun		
Loss for the period attributable to owners of the company	(3,204,482)	(3,073,406)
Preference shares dividend paid	(175,000)	(175,000)
Loss for the period attributable to common shareholders	(3,379,482)	(3,248,406)
Weighted average number of common shares outstanding	36,511,589	36,511,589
Basic and diluted loss per common share	(0.09)	(0.09)

6. CORRECTION OF ERROR

The Group restated its quarterly report on unaudited results for the period ended June 30, 2023 to correct an error identified in the discounting calculation related to insurance liabilities. This restatement is presented to rectify the impact of the error on the previously reported financial information. Upon thorough review and subsequent investigation, it was determined that the total net impact of a previous adjustment was applied to insurance service expenses rather than the offsetting impact to both insurance service expenses and net expenses from reinsurance contracts held. The effect of the restatement on the financial statements is as follows:

	Previously Presented	Corrected
	\$	\$
3 Months Ended 30-Jun-23		
Insurance revenue	39,571,146	39,571,146
Insurance service expenses*	(23,713,598)	(20,272,248)
Net expenses from reinsurance contracts held	(13,166,215)	(16,607,565)
Insurance service result*	2,691,333	2,691,333
6 Months Ended 30-Jun-23		
Insurance revenue	68,384,433	68,384,433
Insurance service expenses*	(43,537,535)	(40,096,185)
Net expenses from reinsurance contracts held	(21,319,940)	(24,761,290)
Insurance service result*	3,526,958	3,526,958

* These amounts were previously corrected in the September 30, 2023 quarterly report on unaudited results.

Selected Explanatory Notes to the Unaudited Financial Results

For the 6 Months Ended June 30, 2024

7. SUBSEQUENT EVENTS

Subsequent to the close of the second quarter, a dividend of \$0.04 per share was paid to common shareholders.

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