

BAHAMAS FIRST HOLDINGS LIMITED

Quarterly Report on Unaudited Results

For the 9 Months Ended September 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 9 months ended September 30, 2024, included in this report is unaudited.

Report of the Executive Chair

on Unaudited Results for the 9 months ended September 30, 2024

Year to date results

For the 9 months ended September 30, 2024, the Group reported a total comprehensive loss of \$1.1m compared to \$0.8m for the 9 months ended September 30, 2023. During the period, the insurance service result improved by 13.2% in comparison to the nine-month period in 2023, which amounted to a \$1.0m increase. A more favourable claims loss ratio for Cayman health was the largest contributor to this performance. However, this positive result was surpassed by lower investment gains during 2024 than in 2023, as investment gains reported through other comprehensive income was \$1.2m lower during 2024 primarily due to the decline in the share price of one investment.

Q3 2024

For the 3 months ended September 30, 2024, the Group reported a total comprehensive income of \$2.6m compared to \$2.2m for Q3 2023. Similar to the year to date experience, the insurance service result improved over prior period by \$1.1m, while the investment gains within other comprehensive income were less favourable by \$0.7m when compared to prior year.

Alison Treco

Executive Chair

Financial Summary of Unaudited Results

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	As at:	
	30-Sep-24	31-Dec-23
Cash and investments	75,293,158	69,888,699
Broker receivables	25,211,026	15,903,121
Reinsurance contract assets	58,515,761	54,330,047
Property and equipment	24,210,043	24,683,003
Intangible assets and goodwill	7,487,039	8,359,936
Other assets	3,212,539	3,022,518
Total assets	193,929,566	176,187,324
Insurance contract liabilities	109,661,272	90,127,241
Bonds payable	7,500,000	7,616,866
Other liabilities	3,741,208	2,596,848
Total liabilities	120,902,480	100,340,955
Total equity attributable to owners of the company	68,755,872	71,499,852
Non-controlling interest	4,271,214	4,346,517
Total equity	73,027,086	75,846,369
Total liabilities and equity	193,929,566	176,187,324

Financial Summary of Unaudited Results

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	For the 3 Months Ended	
	30-Sep-24	30-Sep-23 (Note 6)
Insurance revenue	68,170,243	64,220,977
Insurance service expenses	(24,527,114)	(28,214,084)
Net expenses from reinsurance contracts held	(38,449,659)	(31,882,626)
Insurance service result	5,193,470	4,124,267
Finance expenses from insurance contracts issued	(434,941)	(182,200)
Finance income from reinsurance contracts held	272,991	187,752
Net insurance finance (expenses)/income	(161,950)	5,552
Investment and other income, net	375,425	458,945
Other expenses	(2,915,545)	(3,162,524)
Profit	2,491,400	1,426,240
Other comprehensive income	73,576	783,910
Total comprehensive income	2,564,976	2,210,150
Profit/(loss) attributable to:		
Owners of the company	2,493,329	1,551,453
Non-Controlling Interest	(1,929)	(125,213)
	2,491,400	1,426,240
Profit per common share (Note 5)	0.07	0.04
Total comprehensive income/(loss) attributable to:		
Owners of the company	2,751,233	2,344,463
Non-Controlling Interest	(186,257)	(134,313)
	2,564,976	2,210,150

Financial Summary of Unaudited Results

FOR THE 9 MONTHS ENDED
SEPTEMBER 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 9 Months Ended

30-Sep-24

30-Sep-23
(Note 6)

Insurance revenue	135,424,330	132,605,410
Insurance service expenses	(65,119,314)	(68,310,269)
Net expenses from reinsurance contracts held	(61,646,748)	(56,643,916)
Insurance service result	8,658,268	7,651,225
Finance expenses from insurance contracts issued	(987,276)	(567,216)
Finance income from reinsurance contracts held	482,407	435,363
Net insurance finance expenses	(504,869)	(131,853)
Investment and other income, net	1,211,624	1,107,716
Other expenses	(10,199,367)	(10,334,298)
Loss	(834,344)	(1,707,210)
Other comprehensive (loss)/income	(261,975)	910,300
Total comprehensive loss	(1,096,319)	(796,910)
Loss attributable to:		
Owners of the company	(711,154)	(1,520,465)
Non-Controlling Interest	(123,190)	(186,745)
	(834,344)	(1,707,210)
Loss per common share (Note 5)	(0.03)	(0.05)
Total comprehensive loss attributable to:		
Owners of the company	(1,021,016)	(612,767)
Non-Controlling Interest	(75,303)	(184,143)
	(1,096,319)	(796,910)

Financial Summary of Unaudited Results

FOR THE 9 MONTHS ENDED
SEPTEMBER 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	For the 9 Months Ended	
	30-Sep-24	30-Sep-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	14,644,202
Total comprehensive loss	(493,635)	(651,774)
Balance at end of period	16,910,031	13,992,428
Retained earnings		
Balance at beginning of period	29,804,911	29,769,754
Total comprehensive (loss)/income	(527,381)	39,007
Preference share dividends	(262,500)	(262,500)
Common share dividends	(1,460,464)	(1,460,464)
Balance at end of period	27,554,566	28,085,797
Non-controlling interest		
Balance at beginning of period	4,346,517	4,451,350
Total comprehensive loss	(75,303)	(184,143)
Balance at end of period	4,271,214	4,267,207
Total equity at end of period	73,027,086	70,636,707

Financial Summary of Unaudited Results

FOR THE 9 MONTHS ENDED
SEPTEMBER 30, 2024
(Expressed in Bahamian dollars)

CONSOLIDATED STATEMENT OF CASH FLOWS	For the 9 Months Ended	
	30-Sep-24	30-Sep-23
Net cash from operating activities	7,748,299	2,680,099
Net cash used in investing activities	(1,079,900)	(3,899,330)
Net cash used in financing activities	(1,711,280)	(1,835,479)
Net increase/(decrease) in cash and cash equivalents	4,957,119	(3,054,710)
Cash and cash equivalents at the beginning of the period	34,425,696	33,636,381
Cash and cash equivalents at the end of the period	39,382,795	30,581,671

Selected Explanatory Notes to the Unaudited Financial Results

For the 9 Months Ended September 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 9 Months Ended September 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 9 Months Ended 30-Sep-24				
Insurance service result	8,452,564	1,450,496	(1,244,792)	8,658,268
Profit/(loss)	237,228	248,189	(1,319,761)	(834,344)
Capital expenditure	247,386	4,908	4,715	257,009
As at 30-Sep-24				
Total assets	124,157,521	48,760,643	21,011,402	193,929,566
Total liabilities	90,870,955	24,848,860	5,182,665	120,902,480
For The 9 Months Ended 30-Sep-23				
Insurance service result	8,101,152	1,554,594	(2,004,521)	7,651,225
(Loss)/profit	(140,563)	751,827	(2,318,474)	(1,707,210)
Capital expenditure	236,856	46,858	225,339	509,053
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 9 Months Ended September 30, 2024

5. EARNINGS PER COMMON SHARE

	2024	2023 (Note 6)
	\$	\$
3 months Ended 30-Sep		
Profit for the period attributable to owners of the company	2,493,329	1,551,453
Preference shares dividend paid	(87,500)	(87,500)
Profit for the period attributable to common shareholders	2,405,829	1,463,953
Weighted average number of common shares outstanding	36,511,589	36,511,589
Basic and diluted profit per common share	0.07	0.04
9 months Ended 30-Sep		
Loss for the period attributable to owners of the company	(711,154)	(1,520,465)
Preference shares dividend paid	(262,500)	(262,500)
Loss for the period attributable to common shareholders	(973,654)	(1,782,965)
Weighted average number of common shares outstanding	36,511,589	36,511,589
Basic and diluted loss per common share	(0.03)	(0.05)

Selected Explanatory Notes to the Unaudited Financial Results (Continued)

For the 9 Months Ended September 30, 2024

6. PRIOR PERIOD ADJUSTMENTS

Within the December 31, 2023 and June 30, 2024 quarterly reports on unaudited results, the Group restated figures that were previously presented in the quarterly report on unaudited results for the period ended September 30, 2023. The reasons for the restatements are outlined in the prior period reports. To aid in understanding the changes made to the comparative period, we have presented in this note the figures as originally presented in the September 30, 2023 report and the restated amounts reflected as corresponding figures in this report. The effect of the restatements on the financial statements is as follows:

	Originally Presented	Restated
	\$	\$
3 Months Ended 30-Sep-23		
Insurance revenue	64,220,977	64,220,977
Insurance service expenses	(24,772,734)	(28,214,084)
Net expenses from reinsurance contracts held	(35,323,976)	(31,882,626)
Insurance service result	4,124,267	4,124,267
Finance expenses from insurance contracts issued	(182,200)	(182,200)
Finance income from reinsurance contracts held	187,752	187,752
Net insurance finance income	5,552	5,552
Investment and other income, net	1,285,675	458,945
Other expenses	(3,162,524)	(3,162,524)
Profit	2,252,970	1,426,240
Other comprehensive (loss)/income	(42,820)	783,910
Total comprehensive income	2,210,150	2,210,150
Profit/(loss) attributable to:		
Owners of the company	2,378,183	1,551,453
Total comprehensive income/(loss) attributable to:		
Owners of the company	2,344,463	2,344,463
Non-Controlling Interest	(134,313)	(134,313)
Earnings per common share (Note 5)	0.06	0.04

Selected Explanatory Notes to the Unaudited Financial Results (Continued)

For the 9 Months Ended September 30, 2024

6. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

	Originally Presented	Restated
	\$	\$
9 Months Ended 30-Sep-23		
Insurance revenue	132,605,410	132,605,410
Insurance service expenses	(68,310,269)	(68,310,269)
Net expenses from reinsurance contracts held	(56,643,916)	(56,643,916)
Insurance service result	7,651,225	7,651,225
Finance expenses from insurance contracts issued	(567,216)	(567,216)
Finance income from reinsurance contracts held	435,363	435,363
Net insurance finance expenses	(131,853)	(131,853)
Investment and other income, net	1,932,955	1,107,716
Other expenses	(10,334,298)	(10,334,298)
Loss	(881,971)	(1,707,210)
Other comprehensive income	85,061	910,300
Total comprehensive loss	(796,910)	(796,910)
Loss attributable to:		
Owners of the company	(695,224)	(1,520,465)
Total comprehensive loss attributable to:		
Owners of the company	(612,767)	(612,767)
Non-Controlling Interest	(184,143)	(184,143)
Loss per common share (Note 5)	(0.03)	(0.05)

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