



First. Together.

2024 Annual Report

First. Together.

In the ever-evolving landscape of modern business, our theme "First. Together." encapsulates our dual commitment to pioneering excellence and fostering meaningful collaboration. Inspired by the adage, "If you want to go fast, go alone; but if you want to go far, go together," we recognise that true success lies in the harmonious blend of individual ambition and collective effort. Being "first" signifies our relentless pursuit of innovation and leadership.

Being first, we firmly believe that success cannot be achieved in isolation. The essence of "together" underscores our dedication to harnessing the power of partnerships. With the unwavering support of our stakeholders, we are poised to cultivate a future where groundbreaking innovations and synergistic teamwork drive our shared success.



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Bahamas **FIRST** 

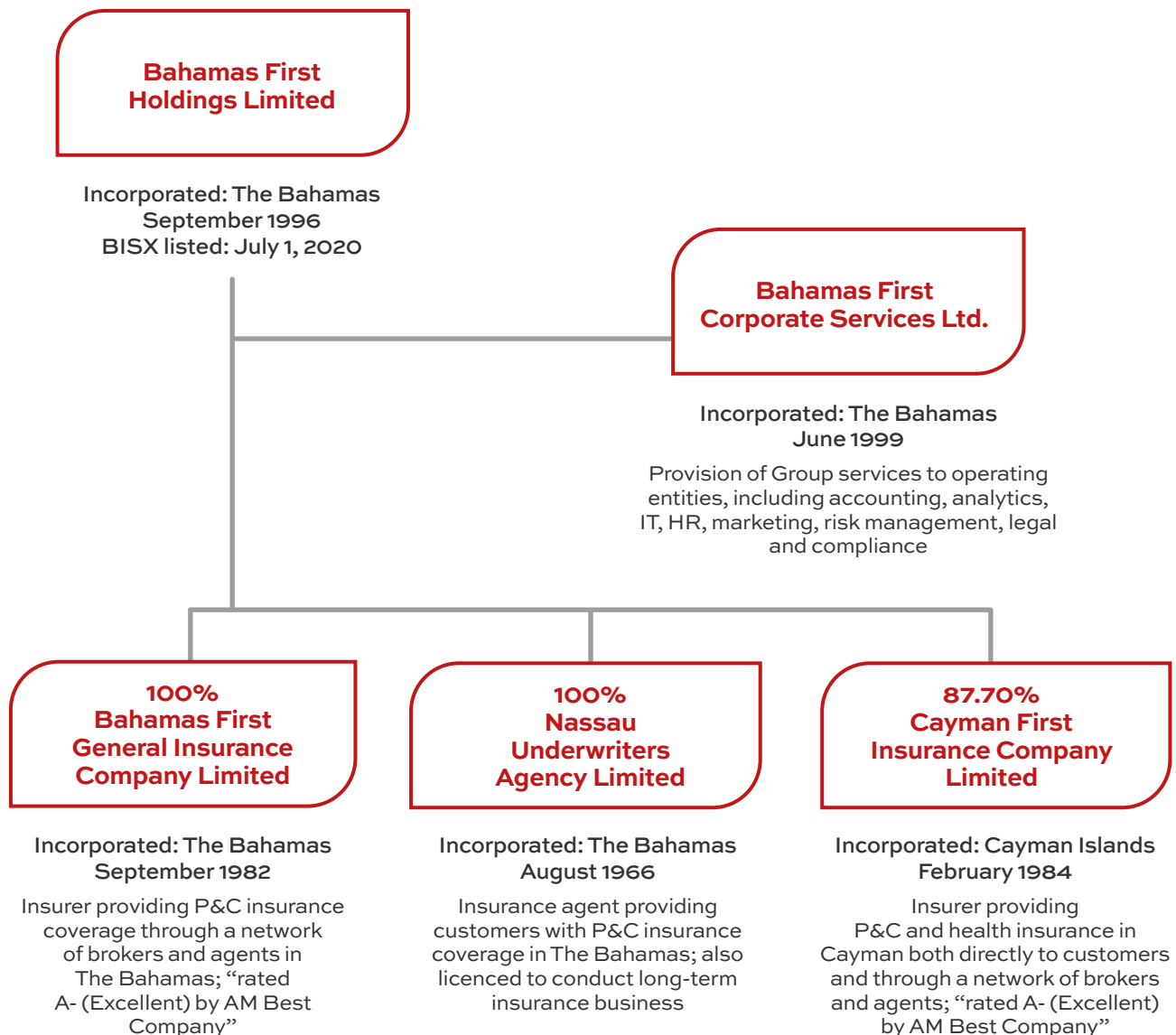
Cayman **FIRST** 

 **NUA**

The consolidated financial statements in this report include the accounts of Bahamas First Holdings Limited ("BFH" or the "Company") and its subsidiaries, which are collectively referred to as the "Group". The subsidiaries are as follows: Bahamas First General Insurance Company Limited ("BFG"), Cayman First Insurance Company Limited ("CFI"), NUA Insurance Agents & Brokers Ltd. ("NUA"), Bahamas First Corporate Services Ltd. ("BFCS"), First Response Limited ("FRL"), BFH International Limited ("BFHIL"), BRAC Insurance Associates Ltd. ("BIA"), CMA Insurance Brokers & Agents Ltd. ("CMA") and BFH Services (Cayman) Limited ("BFHS").

About Bahamas First Holdings Limited

Bahamas First Holdings Limited ("BFH" or the "Group") is a publicly traded entity offering property & casualty ("P&C") and health insurance solutions through its subsidiaries in The Bahamas and the Cayman Islands. As the parent company of **Bahamas First General Insurance Company Limited**, **Cayman First Insurance Company Limited**, and **NUA Insurance Agency & Brokers Ltd.**, the Group is committed to fostering economic and financial resilience in the communities it serves. In addition to their core business activities, Group companies are committed to creating a positive community impact beyond the insurance industry, actively supporting education, promoting road safety, improving access to healthcare, and pursuing initiatives aimed at environmental sustainability and addressing climate change.





Chairperson's Message

First and foremost, I would like to thank the management and staff of the Bahamas First Group for their support and contributions throughout 2024, without which we would not have been able to achieve the significant financial and operational improvements that are reflected in our financial results. We experienced many changes in personnel during 2024, and our team demonstrated their ability to adapt and move forward.

As we moved into 2025, we introduced the Group's theme of "First. Together". This theme embodies the essence of our business culture, encouraging us to challenge ourselves to be better collaborators, not only in our internal interactions as colleagues, but also in our relationships with our business partners and customers. Our aim is to provide first-class customer service, first-class business partner support and first-class insurance solutions.

Achievements and strategic improvements

We are pleased to report significant improvements in the financial results for the year ended December 31, 2024. Key performance metrics have notably increased, highlighted by a more than 300% increase in the profit for the year. This remarkable growth is attributable to improvements in loss ratios in several of our business lines, with health being the primary contributor.

Our Cayman First subsidiary is in good standing with the Health Insurance Commission in Cayman, having remediated the claims backlog and reporting issues within the health division. Our goal now is to continue improving our loss ratio while growing our market share. We are strongly focused on value-added and customer service, as we seek to build back our goodwill with our customer base.

We are pleased to report that Bahamas First and Cayman First maintained their AM Best financial strength rating of A- (Excellent) again during the year. This rating is a testament to our financial stability, operational resilience, and commitment to providing reliable insurance solutions to our valued clients.

Celebrating milestones in 2024

- Cayman First marked 40 years of service to the Cayman Islands, celebrating this milestone

through support of local charities and a celebration event at the end of the year to thank our business partners and staff.

- We congratulate all of our employees who achieved professional designations throughout the year. A special mention goes to Carla Rolle-Stubbs, a Senior Underwriter at Bahamas First General, who earned the prestigious designation of Fellow of the Chartered Insurance Institute (FCII), UK.
- Bahamas First General also received the prestigious Lifetime Achievement Award from the Cancer Society of The Bahamas for its contributions over the years.

Navigating geopolitical factors

As we reflect on the past year and prepare for the future, it is essential to acknowledge the evolving global landscape and its potential impacts on our operations and services. For our industry, the economy and the region, these changes will have significant implications. While the full impact cannot be measured at this time but will require constant monitoring.

As we navigate these challenges, our commitment remains steadfast in ensuring that we continue to provide reliable, cost-effective, and comprehensive insurance solutions to our customers. We are closely monitoring these developments and are proactively adjusting our strategies to mitigate any impact on our services. In doing so, we reaffirm our dedication to fostering resilience, adaptability, and innovation in our offerings, ensuring that we uphold the trust and confidence our clients place in us.

Thank you

In closing, I wish to express my sincere thanks to our Directors for their commitment and dedication; to our customers for their ongoing support; and to our shareholders, who continue to provide the financial backing to enable us to achieve our mission. Our staff provide the foundation for our performance, so I would like to thank them again for their contributions during the past year.

Alison J. Treco
Executive Chair

The primary entities of Bahamas First Holdings Limited can trace their genesis back over 59 years with the establishment of Nassau Underwriters Limited.

1966

Nassau Underwriters Limited (“NUL”) is established in August through the amalgamation of the insurance interests of Solomon Brothers Ltd., Sir George Roberts, and Sir Stafford Sands. NUL changes its name to Nassau Underwriters Agency Limited (“NUAL”) in 1970.

1979

NUAL opens an office in Freeport, Grand Bahama.

1983

Bahamas First General Insurance Company Limited (“BFG”) opens its doors in January following its incorporation in September 1982.

1996

Bahamas First Holdings Limited (“BFH”) is formed in September, incorporating the shareholding base of BFG and NUAL as wholly owned subsidiaries of BFH.

1999

BFG becomes the first Bahamian property and casualty company to have its financial strength and ability to pay claims assigned a rating by AM Best. The company has maintained its initial A- (Excellent) rating ever since.

2006

Following a corporate transaction in 2004 resulting in the creation of Nassau Underwriters Cole Albury Insurance Agency Limited (“NUCA”), NUCA changes its name to Nassau Underwriting Agency Insurance Agents & Brokers Ltd. (“NUA Insurance Agents & Brokers” or “NUA”).

2007

BFG launches First Response, which provides on-site assistance for motor vehicle accidents and initiates the claims process. It is the first programme of its kind in The Bahamas and is offered at no cost to drivers whose vehicles are insured through authorised agents of BFG.

2010

BFH acquires the majority equity interest in a Cayman based insurance company, which is subsequently rebranded as Cayman First Insurance Company Limited (“CFI”).

2020

In July, BFH is added to the Official Roster of companies listed on the Bahamas International Securities Exchange (“BISX”).

2021

BFG launches First Online, a new online insurance portal that allows customers to get instant quotes, pay premiums, initiate claims and download important documents all in one place.

2023

BFG celebrates its 40th anniversary of operations in The Bahamas.

2024

CFI celebrates 40 years of service to the Cayman community.

Leadership

Group Executive Team



Alison J. Treco
Executive Chair



Andrae Thompson
Group Chief Financial Officer



G. Kelly Banks
Group Chief
Information Officer



Emmanuel O. Komolafe*
Group Chief Risk Officer

The Group Executive Team provides strategic leadership and governance across the Bahamas First Group, ensuring alignment on key initiatives, driving financial and operational performance, and overseeing the execution of group-wide objectives. The Team plays a critical role in setting direction, managing risk, and fostering collaboration across the organisation.

Bahamas First General Insurance Company Limited



Richard A. Darville
Chief Executive Officer



Kevin O. Hudson
Vice President –
Underwriting



Charles V. Sands, III
Chief Claims Officer

Established in 1983, Bahamas First General Insurance Company (“BFG”) has the distinction of being the first locally capitalised property and casualty insurer in the Bahamian market. Today, it is the largest provider of property and casualty insurance in The Bahamas. Since 1999, BFG has earned an AM Best financial strength rating of A- (Excellent). The company’s commitment to innovation is exemplified through First Online, The Bahamas’ first full-service online insurance portal, and First Response, the nation’s pioneering onsite road accident assistance and motor insurance claim support programme. With a comprehensive reinsurance programme backed by top-rated reinsurers, BFG is dedicated to robust enterprise risk management that helps policyowners build financial resilience for the future.

*Joined the Group, effective January 6, 2025

Cayman First Insurance Company Limited



Christopher Hind
Chief Executive Officer



Ruth Kibe
Chief Financial Officer



Polly Pickels
Vice President – Group
Insurance Services



Natasha Pettier
Vice President – Property
& Casualty

Cayman First Insurance Company Limited (“Cayman First”) is an industry-leading property & casualty and health insurer delivering best-in-class products and services to respond to the changing needs of individuals, households, and businesses. Cayman First maintains an A- (Excellent) financial strength rating with a stable outlook from AM Best Company. Through its direct branches and carefully selected network of agents and brokers, Cayman First provides protection for its customers today and prepares them for a brighter tomorrow.

NUA Insurance Agents & Brokers Ltd.



Stanford Charlton
Managing Director



Area Wilson-Pratt*
Financial Controller

NUA Insurance Agents & Brokers Ltd. (“NUA”) is a trusted insurance advisor and advocate for individuals, families and businesses who seek robust and flexible insurance coverage to protect the things they care about. NUA was established in 1966 through the amalgamation of the insurance interests of prominent Bahamian businessmen. It is a leading property and casualty intermediary in The Bahamas, with policies underwritten by Bahamas First General Insurance Company. NUA has developed a diverse distribution network with locations throughout The Bahamas, supported by several independent representatives, and also is licensed to conduct long-term insurance business.

** Transitioned from Bahamas First Corporate Services, effective January 1, 2025*

Bahamas First Corporate Services Ltd.



Darcel G. Smith-Williamson
Group Chief Legal
& Compliance Officer



Deborah McKinney
Group Operations &
Special Projects Manager



Kendra Lopez
Group Financial Controller



Anquin Cooper
Group Analytics Manager



Melanie Hutcheson
Group Marketing &
Communications Manager



Amanda Dean
Human Resources
Manager



Melisha Demeritte *
Financial Reporting
Manager

Bahamas First Corporate Services Ltd. provides essential accounting, analytics, HR, IT, legal and compliance, marketing, and risk management support for the core business units of the Group to operate efficiently and effectively. By centralising these services, the Group is able to streamline processes, optimise resources, and maintain high standards across the organisation.

**Joined Bahamas First Corporate Services, effective March 17, 2025*

Authorised Agents & Brokers

Our extensive network of agents in The Bahamas spans the archipelago. In the Cayman Islands, we enjoy the support of a vibrant network of agents and brokers for all of our product lines. These intermediaries have been the backbone of our company since we began to offer insurance services, and continue to deliver the highest quality of service to our policyholders.

The Bahamas New Providence

BAF General & Health
Insurance Brokers
and Agents Ltd.
(242) 461-1000

Bahamas Life and
Property Agents &
Brokers Limited (BLAP)
(242) 393-1054 /
393-1701

BMG Insurance Agency
& Brokers Ltd.
(242) 322-2221/
322-2128

Chandler Gilbert
Insurance Associates Ltd.
(242) 676-2306

Confidence Insurance
Bahamas Agency Ltd.
(242) 323-6920

FG Insurance Agents
& Brokers Ltd.
(242) 396-1490

Freeport Insurance
Agents & Brokers
(242) 352-8501

Island Insurance Agents
& Brokers Ltd.
(242) 322-1106

Jack Stanley Insurance
Agents & Brokers Ltd.
(242) 397-1733/4

NUA Insurance Agents
and Brokers Ltd.
(242) 302-9100

Professional Insurance
Consultants Ltd.
(242) 327-2143

RMS Insurance Agents
& Brokers
(242) 698-7233

Safeguard Insurance
Brokers Ltd.
(242) 676-7521

SHIELD Insurance
Agents & Brokers Ltd.
(242) 356-7202

Star General Insurance
Agents & Brokers Ltd.
(242) 676-0800

Sunshine Insurance
Agents & Brokers Ltd.
(242) 394-0011

Tavares and Higgs
Insurance Agents and
Brokers Ltd.
(242) 702-9025

Grand Bahama

FG Insurance Agents
& Brokers Ltd.
(242) 396-1490

Freeport Insurance
Agents & Brokers
(242) 352-8501

NUA Insurance Agents
and Brokers Ltd.
(242) 352-7891

SHIELD Insurance
Agents & Brokers Ltd.
(242) 356-7202

Star General Insurance
Agents & Brokers
(Grand Bahama) Ltd
(242) 350-7827

Abaco

Abaco Insurance
Agency Ltd.
(242) 367-2549

NUA Insurance Agents
and Brokers Ltd.
(242) 367-2222

Eleuthera

Island Insurance Agents
& Brokers Ltd.
(242) 332-0380

NUA Insurance Agents
& Brokers Ltd.
(242) 332-0451/2

Exuma

Island Insurance Agents
& Brokers Ltd.
(242) 336-3500

Cayman Islands Grand Cayman

AON Risk Solutions
(Cayman)
(345) 945-1266

Balderamos Insurance
Services
(345) 945-3450

Bogle Insurance Brokers
(345) 949-0579

Caribbean Insurance
Practice
(345) 943-2475

Cayman Insurance Centre
(345) 949-4657

Fidelity Insurance (Cayman)
(345) 949-7221

FIS Insurance Brokers
(345) 945-5616

Hyperion Risk Solutions
(Cayman)
(345) 623-6500

International Property
Insurance
(345) 623-1111

Island Insurance Brokers
(345) 949-0883

Marsh Management
Services Cayman
(345) 949-7988

Pensum Services
(345) 945-1830

Premier Group Insurance
Brokers
(345) 769-0092

Briat Insurance
(345) 945-0030

Scotiabank (Cayman)
(345) 949-7666

Willis Management
(Cayman)
(345) 949-6039

Cayman Brac

Brac Insurance
Associates
(345) 948-2266

Summary of Financial Results

As at and for the year ended December 31, 2024

(Expressed in B\$000s with the exception of \$ per share amounts)

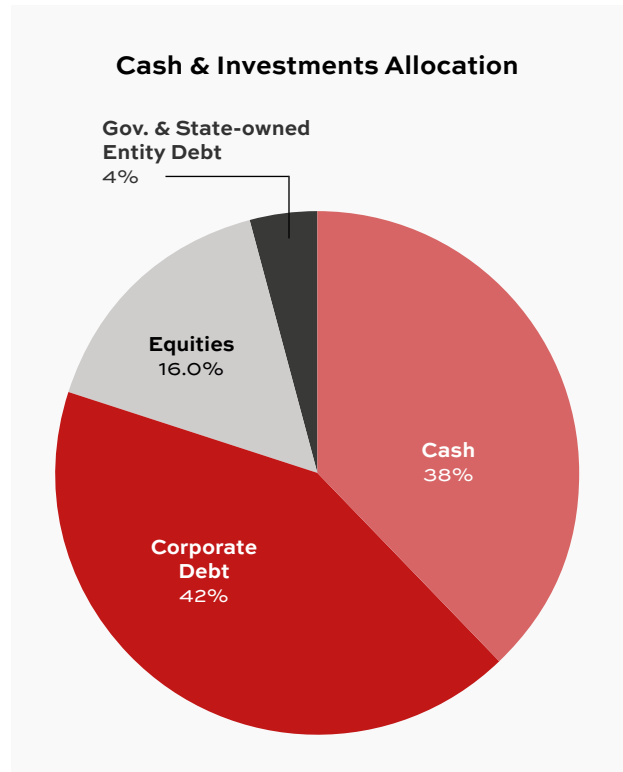
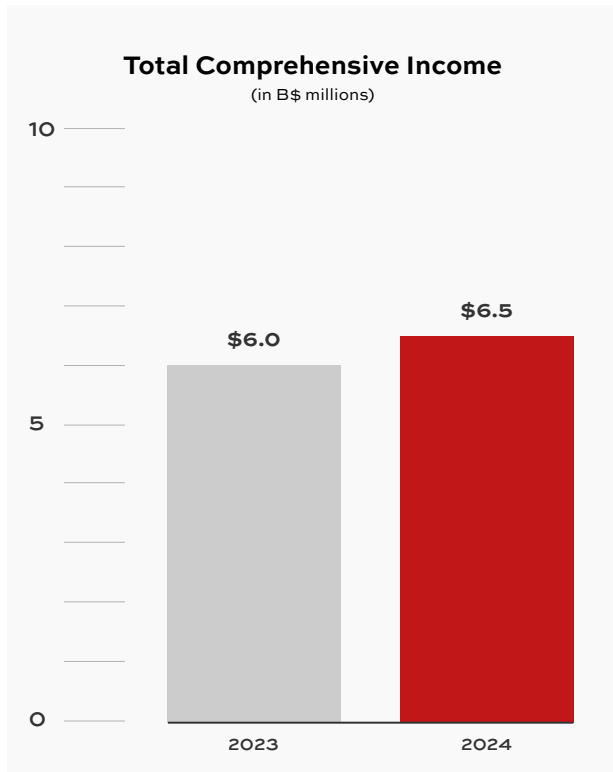
Consolidated Statement of Financial Position	2024	2023	% Change
Total assets	182,211	176,187	3.4%
Total equity	79,032	75,846	4.2%
Equity attributable to owners of the company	74,407	71,500	4.1%
Book value per common share	1.90	1.82	4.4%

Consolidated Statement of Comprehensive Income			
Gross premiums written *	204,624	198,964	2.8%
Net premiums earned *	60,426	63,160	-4.3%
Net commission *	16,215	14,494	11.9%
Net claims incurred *	37,535	45,305	-17.2%
Insurance service result	19,914	14,520	37.1%
Investment and other income	1,889	1,652	14.3%
Total operating expenses	32,878	33,132	-0.8%
Total profit	6,946	1,639	323.7%
Total profit attributable to owners of the company	6,688	1,792	273.3%
Total comprehensive income	6,456	5,961	8.3%
Total comprehensive income attributable to owners of the company	6,178	6,066	1.9%
Earnings per common share	0.17	0.04	

Ratios		
Combined ratio *	89.3%	99.9%
Loss ratio *	62.1%	71.7%
Net Expense ratio *	27.2%	28.2%

Combined ratio: Net claims incurred, premium tax and other expenses less net commission as a % of net premiums earned less cost of excess of loss reinsurance. **Loss ratio:** Net claims incurred as a % of net premiums earned less cost of excess of loss reinsurance. **Net expense ratio:** Total operating expenses less net commission as a % of net premiums earned less cost of excess of loss reinsurance.

***We use both International Financial Reporting Standards (“IFRS”) and non-IFRS financial measures to assess our performance. These measures do not have standardised definitions under IFRS and may not be directly comparable to similar metrics used by other companies in our industry.**



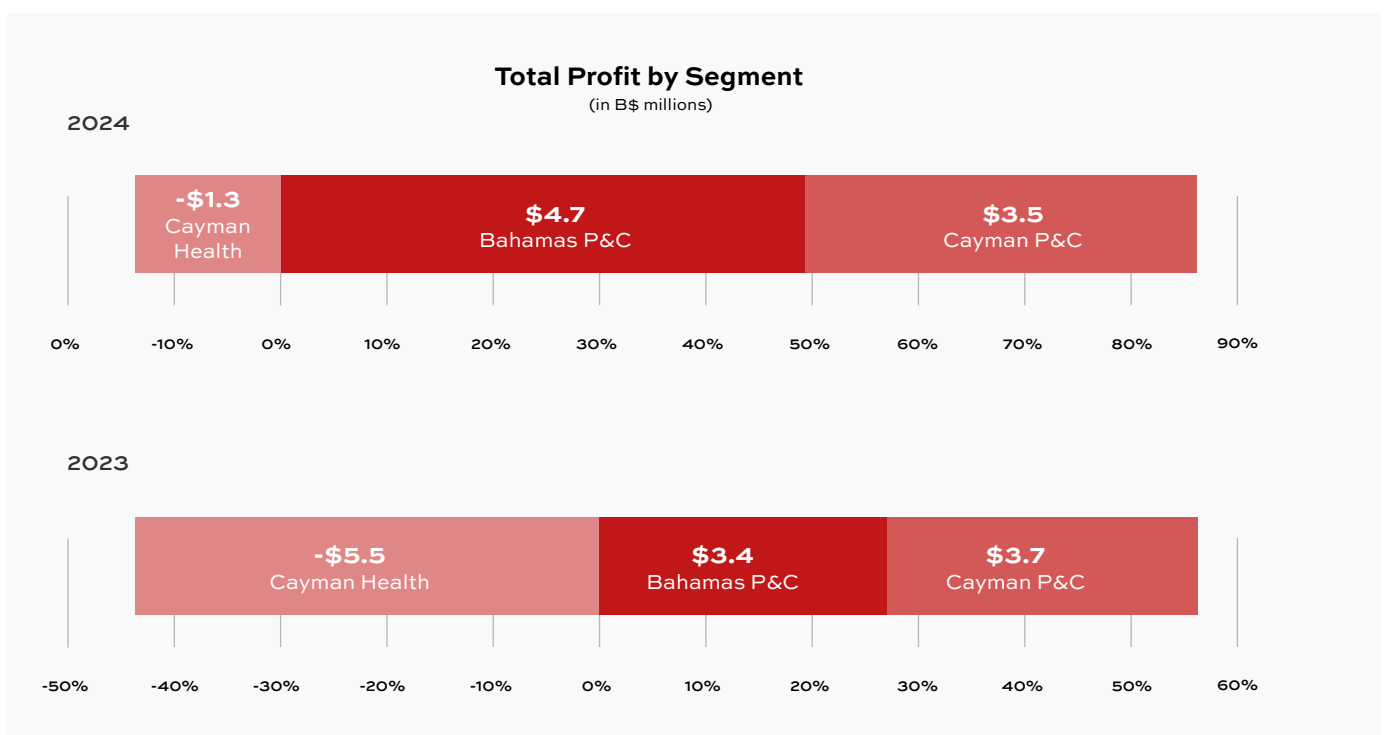
▲ 4.2%
Total Equity increase

▲ 37.1%
Insurance service result increase

▲ 8.3%
Total Comprehensive Income increase

▲ 323.7%
Total Profit increase

▲ \$2.20
Share Price (compared to \$2.00 as at 31 Dec 2023)



Management’s Discussion & Analysis

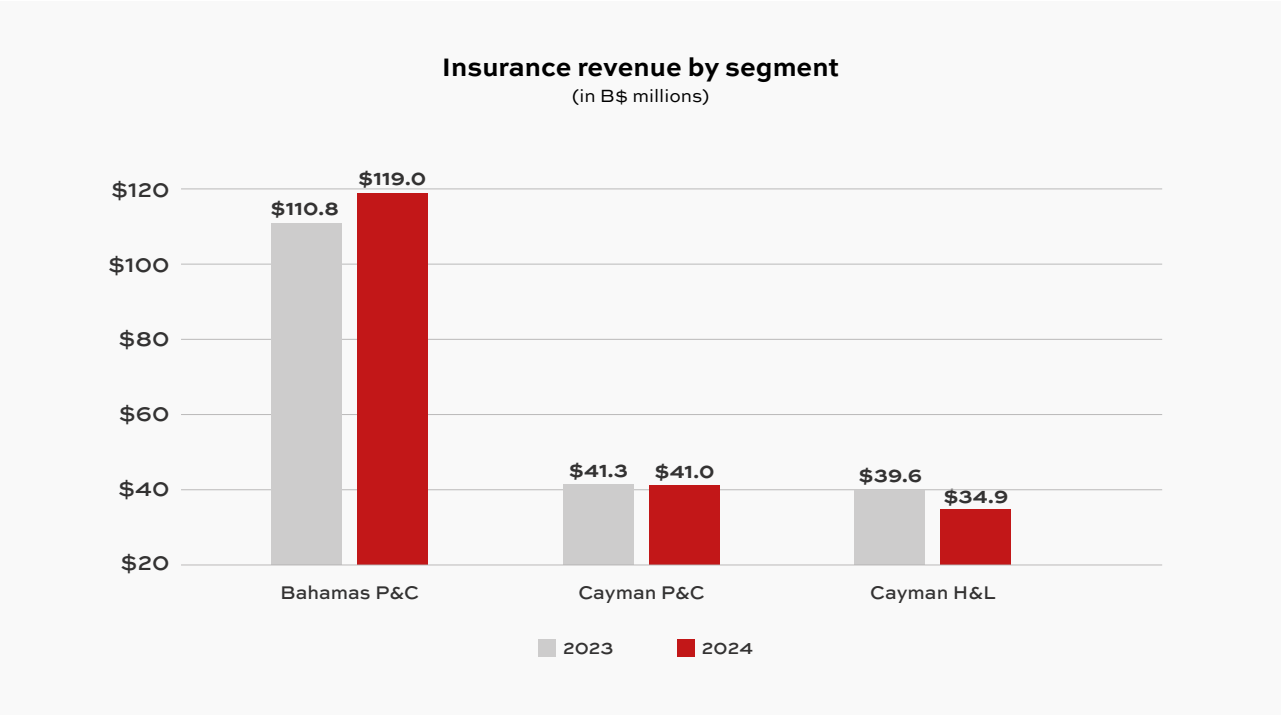
1. Introduction

Summary of key financial highlights for the reporting period

In 2024, the Group recorded a healthy 8% increase in comprehensive income over 2023, driven primarily by a 37% increase in the insurance service result that translated into a 324% improvement in profit. However, the improvement in total comprehensive income was slowed by a decline in investment gains. The following analysis provides a detailed assessment of the key drivers behind these results, offering insights into the various components of the Group’s performance, investment strategy and capital management.

2. Financial Performance Overview

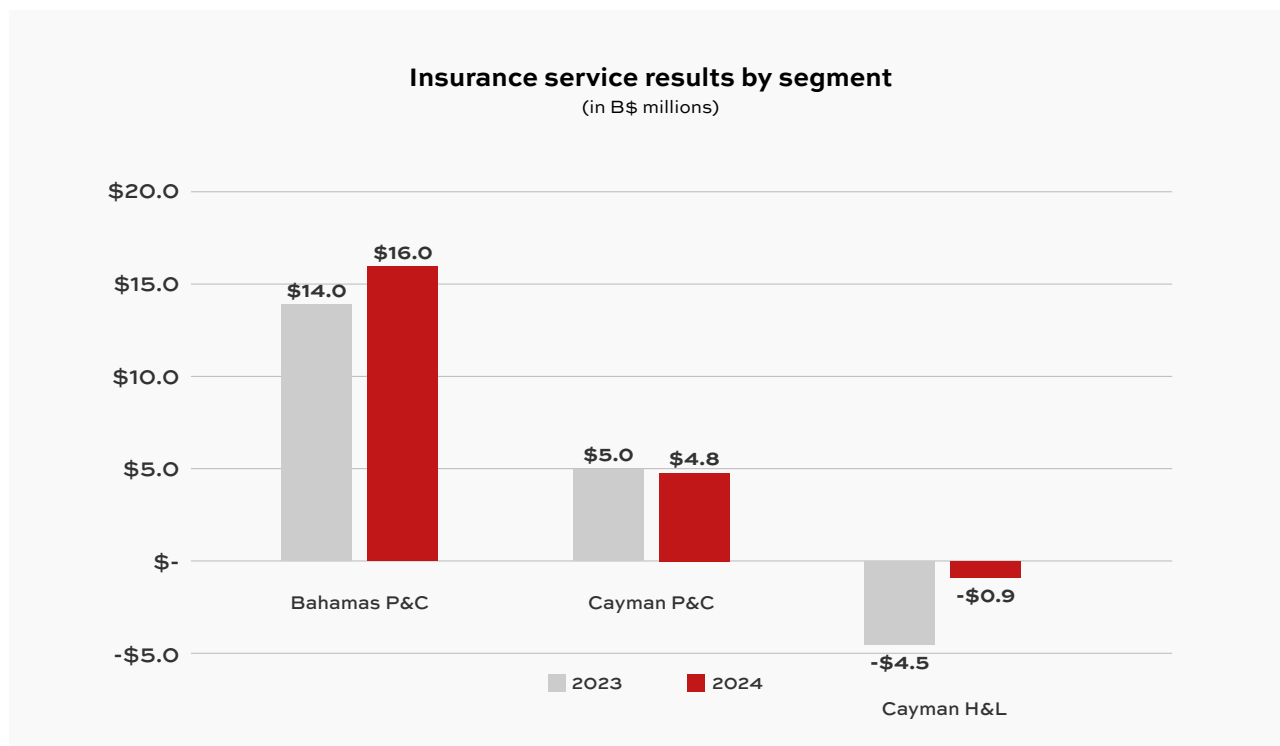
Revenue Growth



The Bahamas’ property and casualty (“P&C”) segment led the growth in insurance revenue, with a 7% increase over 2023. The primary driver of the improvement was the growth in the property line of business. The secondary contributor was the continued organic growth of the motor portfolio.

The growth in P&C was offset by a 12% decline in the health portfolio. The loss of business can be partially attributed to increased competition and the attritional loss of clients driven by the intentional repricing of low-margin medical groups.

Profitability Analysis



For both The Bahamas and Cayman, the P&C insurance service result moved in the same direction as insurance revenue. The Bahamas saw a noticeable increase while Cayman experienced a slight decrease. In addition to changes in revenue, the insurance service result was additionally impacted by the claims experience during the year. The net claims loss ratio in The Bahamas portfolio declined from 43.3% to 39.3% in the prior year, while Cayman’s increased from 45.7% to 46.0%. This enabled the value of claims incurred during 2024 to remain constant with the prior year despite the growth in revenue. The improved claims ratio also assisted in generating a more favorable profit commission performance, which led to an increase in the insurance service result.

The 12% decline in the revenue in Cayman health and life (“H&L”) segment impacted the insurance service result; however, the noticeable decline in net claims ratio from 92.4% in 2023 to 81.8% in 2024 resulted in a 24% decline in insurance service expenses. The net impact of these changes produced 79% improvement in the insurance service result.

The improvement in the insurance service result directly translated into an increase in overall profit. This was supported by a \$0.1 million increase in net investment income, which helped offset a \$0.2 million rise in net insurance finance expenses and a modest \$0.1 million increase in other expenses. The greatest contributors to this improvement were in the Bahamas P&C and Cayman H&L segments.

3. Investment Portfolio Composition & Performance Composition

At the end of 2024, the Group investment portfolio comprised cash and cash equivalents that represented 38% of total investments, compared to 49% in 2023. This decrease reflects a strategic shift toward allocating a greater proportion of the portfolio to high credit quality corporate debt, driven by favorable opportunities in the bond market. At the close of 2024, 42% of the portfolio was invested in high credit quality corporate debt, compared to 34% in 2023. The majority of this was denominated in USD and traded on the global bond market.

Performance

(In B\$ millions)	2024	2023
Included in profit:		
Net investment income	\$1.8	\$1.7
Included in other comprehensive income:		
Net gains on equity securities	(\$0.6)	\$3.9
Net gains on debt securities	\$0.2	\$0.4
	\$1.4	\$6.0

In 2024, the Group reported an overall decrease in investment-related earnings compared to 2023. The decreased net gains on equity securities were driven by two factors: lower sales activity of Commonwealth Bank shares during 2024 and a decrease in the market price for those shares. Realised gains reported during 2024 for the sale of these shares was \$0.2m compared to \$1.6m in 2023. In addition, the movement in share prices resulted in a \$1.0m unrealised loss in 2024 compared to a \$2.2m unrealised gain reported in 2023.

4. Capital & Risk Management

During 2024, the Group paid 8 cents per share in common share dividends and still achieved an increase of 4.2% in its equity position. The Group's improved performance during 2024 has assisted in maintaining healthy solvency margins in both Cayman and The Bahamas. In November 2024, AM Best reaffirmed the A- (Excellent) rating with a stable outlook for both Cayman First Insurance and Bahamas First General Insurance. The review process for both ratings is underway for 2025.

Highlights of Group Activities

40 Years of Service to the Community

Cayman First marked its 40th anniversary with a celebratory cocktail reception at the Kimpton Seafire Resort & Spa on November 14, 2024, recognising the individuals and organisations who have been instrumental in its four decades of service to the Cayman Islands. The event welcomed more than 200 guests, including Cayman First's local and international business





Reflecting on its milestone anniversary, Cayman First dedicated the year to giving back to the community that has supported its journey. As part of its “40 for 40” initiative, the company pledged CI\$40,000 in 2024 to local charities and not-for-profits, along with ongoing volunteer efforts, fundraising events, and internal initiatives that align with its mission of serving, supporting, and safeguarding its community.

“At a time when local organisations face unprecedented challenges due to global issues like the rising cost of living and climate change, Cayman First remains committed to our role as a protector and supporter of the Cayman Islands community,” said Mr. Chris Hind, Chief Executive Officer of Cayman First. “Our anniversary represents not just a celebration of our legacy but our commitment to the people and initiatives that help make our islands stronger.”

Among the beneficiaries of the “40 for 40” initiative were LIFE Cayman, The Lighthouse School, Plastic Free Cayman, Cayman Athletic FC, and The Breast Cancer Foundation of the Cayman Islands.

“Each of these organisations represents an important pillar of our community and

reflects an area of focus for our business and its values,” Mr. Hind said. “We are inspired by their efforts and proud to support their continued work through our donations.”

Mr. Hind also took the opportunity to highlight Cayman First’s Charities of First programme—a long-standing, employee-driven charitable initiative where staff members donate a portion of their salaries each month, matched by the company. In 2024, thanks to this ongoing generosity, Cayman First contributed over CI\$21,500 to 12 local organisations and programmes, several of which were represented at the evening’s celebrations.

“I thank every team member, both past and present, who has been instrumental in the development of Cayman First into the company it is today,” remarked Ms. Alison Treco, Chairperson of Cayman First and Bahamas First Holdings, at the event.

Other initiatives included a commitment by employees to offer volunteer hours to community service in 2024, and First Fridays, a monthly in-office celebration held on the first Friday of each month to build camaraderie and team spirit.



Stephen Nolan
Human Resources &
Administration Manager

CFI



Jesenia Glasgow-Burnett
Technical Service Manager

CFI



Cheyenne Smith
Manager – Customer
Service & Business Support

CFI

Charities of First Donations



Employee Town Hall



40 for 40 Donations



CFI 40th Anniversary Ambassadors



First Fridays



Strategic Improvements

The health division of Cayman First played a pivotal role in driving the company's exceptional performance in 2024. The effective resolution of a claims backlog and reporting issues has been crucial, alongside favourable trends in the health loss ratio and enhanced operational efficiencies. "Our team's exceptional effort and strategic focus have been pivotal in transforming our company's performance," stated Chris Hind, CEO of Cayman First. "Their unwavering dedication and tenacity has not only enhanced Cayman First's profitability but has also significantly contributed to the overall success of the Group. This remarkable performance is a testament to their commitment to excellence and innovation in the health insurance sector, and I extend my heartfelt congratulations to each member for their resilience and passion in making this achievement possible."



Fred Mboss
Underwriting Manager –
Group Insurance Services

CFI



Drew Osborne
Provider Relations
Manager

CFI



Tashfi Edwards
Service Manager – Group
Insurance Services

CFI



Glenda Broadnax-McCoy
Claims Manager – Group
Insurance Services

CFI



Jehan Fernandez
Claims Manager – Property
& Casualty

CFI



Nicole Garnes
Financial Controller

CFI

Professional Development

Each year, we dedicate significant resources to professional development, offering incentives for further education and certification. In 2024, NUA's Devon Bethel and Terissa Deal earned the Diploma in Insurance (DipCert), while BFG's Trudy-Ann Dean received the Certificate in Insurance (CertCII). By supporting talent development, we strengthen our industry leadership and contribute to a more resilient, future-ready economy.





A Lifetime of Support

Bahamas First General was thrilled to have been selected to receive the prestigious Lifetime Achievement Award from the Cancer Society of The Bahamas. This recognition underscores the company's steadfast commitment and ongoing support of the annual Cancer Society Ball, the non-profit organisation's largest fundraising event. The 2024 Ball aimed to raise \$300,000, crucial funds that will facilitate a ten-room expansion of the Cancer Caring Centre. This facility plays a vital role in providing free room and board to Family Island patients who require accommodations while undergoing cancer treatment in New Providence. "We are deeply honored to receive this award and are proud to contribute to such a meaningful cause," said Richard A. Darville, CEO of Bahamas First General. "Supporting the Cancer Society Ball aligns perfectly with our core values and our dedication to making a positive impact in our community."

The award is a testament to the incredible efforts of numerous Group employees who have volunteered their time and expertise over the years. The dedication of these colleagues is the reason behind this well-deserved recognition.



Paulette Nixon-Roache
Claims Manager – Litigation

BFG



Shakaria Moxey
Assistant Manager – Underwriting

BFG



Travis Donald
Claims Manager – First Response

BFG



Powered by Bahamas First

First Response

First Response is a pioneering on-site accident assistance programme in The Bahamas, established by Bahamas First. Since its inception on August 1, 2007, First Response has transformed the motor claims process by offering immediate support at the scene of an accident, facilitating a seamless transition through the claims and repair process. This service, available at no cost to drivers insured through authorised brokers and agents of Bahamas First, exemplifies the company's dedication to innovation and exceptional customer service. Over the years, First Response has adeptly adapted to changing times, including the integration of technology during the COVID-19 pandemic, to provide a hybrid service model that combines in-person and virtual assistance. This approach ensures that policyholders across the country receive comprehensive support, from the initial accident response to the final settlement. As an integral part of the Bahamian insurance landscape, First Response continues to set the standard for efficiency, reliability, and customer satisfaction.



Bahamas First Group Champions Resilience at Caribbean Actuarial Conference

Leaders from the Bahamas First Group participated in the 2024 Caribbean Actuarial Association's annual conference under the theme "Resilience: A Stronger Tomorrow". The panel, entitled "The Impact of Blacklisting on the Insurance Industry and the Economy", featured Richard A. Darville, Chief Executive Officer, Bahamas First General Insurance Company, who emphasised the power of a unified Caribbean voice in advocating for fair international standards; and Darcel Smith-Williamson, Group Chief Legal & Compliance Officer, Bahamas First Corporate Services, who highlighted resilience through compliance and integrity. Anquin Cooper, Group Analytics Manager, Bahamas First Corporate Services, helped to organise this impactful event, serving as a Conference Planning Committee Member and Co-Chair of the Conference Programme Committee.



Bahamas First General Celebrates Vital Partnerships at Annual Holiday Luncheon

Bahamas First General (BFG) ended 2024 with a festive annual holiday luncheon for two dozen of its esteemed business partners to celebrate and strengthen the valuable partnerships that drive mutual success. The event underscored the importance of collaboration in delivering exceptional service and innovative solutions to clients. "Our partners are integral to our mission of providing top-tier insurance solutions, and we are grateful for their dedication and expertise," said Richard A. Darville, CEO of BFG. "By fostering these relationships, Bahamas First ensures a continued commitment to excellence and client satisfaction."

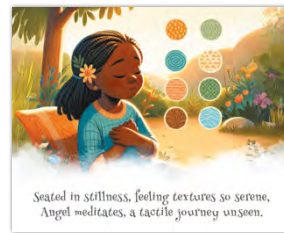


Bahamas First Entities Maintain A- (Excellent) Ratings by AM Best

Bahamas First Holdings Limited (BFH) was pleased to announce that AM Best, the global credit rating agency, in November 2024, affirmed the Financial Strength Rating of A- (Excellent) and the Long-Term Issuer Credit Ratings of “a-” (Excellent) for both Bahamas First General Insurance Company Limited and Cayman First Insurance Company Limited, the Property & Casualty operating subsidiaries of BFH. The outlook for these ratings remains stable, underscoring the resilience and robust performance of the rated insurers. Bahamas First General holds a leading market share in The Bahamas, while Cayman First ranks as a top three insurer in the Cayman Islands.

“We are pleased with AM Best’s affirmation of our strong financial rating,” said BFH Executive Chair Alison J. Treco. We believe that our commitment to financial strength and operational excellence not only strengthens our organisation but also fosters trust and confidence among our clients and partners. We are excited to continue this journey and reinforce our position as a reliable leader in the insurance industry.”

Junior Achievement Advisors of the Year, Angel Willie, Kenneth Miller, Jr. and Raven-Jaimi Grant



Product of the Year, children's book, "In My Own Way"

Bahamas First Premier Wins Junior Achievement Company of the Year

Bahamas First received a sweeping victory at the Junior Achievement Bahamas competition in 2024 by its JA company Bahamas First Premier. The JA company achieved an almost perfect score, securing the wins for Company of the Year, Product of the Year, Company Sales, Company ROI, Open House, and Best Business Plan. Their standout product, "In My Own Way," a children's book celebrating the uniqueness of neuro-divergent children, garnered the Product of the Year award. Individual achievers were also recognised, winning accolades for Most Distinguished Achiever, Most Distinguished Officer, and the Above and Beyond the Call of Duty (ABCD) Award. Additionally, Bahamas First Group employees, Angel Willie, Kenneth Miller, Jr. and Raven-Jaimi Grant, were honored with Advisor of the Year awards, underscoring their exceptional mentorship and leadership.





Kendrick McPhee
Business
Development Manager

NUA



Kiesha Curry
Agency Operations
Manager

NUA



Tina Malcolm
Manager –
Personal Lines

NUA



Devon Bethel
Manager –
Commercial Lines

NUA

Proud to Lead

In December 2024, NUA insurance Agents & Brokers celebrated the election of Tina Malcolm, Personal Lines Manager, as President of the Insurance Institute of The Bahamas (IIB), the professional organisation dedicated to the advancement of individuals working in the insurance industry in The Bahamas.

“Tina’s election is a testament to her exceptional leadership and dedication to the field of insurance,” said Managing Director of NUA, Stanford Charlton. “We are excited to support her in this new role and look forward to her contributions to the industry.”

Tina's previous leadership roles, including President and Treasurer of The Bahamas Insurance Brokers Association (BIBA), reflect her dedication to advancing the insurance profession.



Marika Thompson
Broking Unit Manager

NUA



Meredith Carter
Office Manager

NUA



Financial Literacy Takes Center Stage with Bahamas First and BISX Collaboration

In an inspiring initiative to nurture financial literacy among young students, Bahamas First General (BFG) joined the Bahamas International Stock Exchange (BISX) in March 2024 to conduct an engaging school visit at CR Walker Senior High School. The event aimed to equip students with essential financial skills, fostering an early appreciation of smart financial decision-making. BFG's Vice President of Underwriting, Kevin O. Hudson, delivered an insightful presentation focused on the importance of insurance to the country's economy, and exposing students to the diverse opportunities available in the field of insurance. He emphasised the importance of financial literacy as a cornerstone for future success, stating, "By empowering our youth with financial knowledge, we are laying the foundation for a more informed and economically resilient future."

Seamless Solutions: Unlocking Peace of Mind

At the Bahamas Motor Dealer Association's (BMDA) Annual New Car Show in October 2024, NUA Insurance Agents & Brokers proudly joined forces with leading car dealers and banks, showcasing the company's commitment to driving innovation in the automotive industry. NUA's presence at the event underscored the importance of collaboration among industry leaders, ensuring that customers receive comprehensive solutions when purchasing a new vehicle. Attendees were able to explore tailored insurance packages designed to offer peace of mind and financial protection for their automotive investments. Managing Director, Stanford Charlton, emphasised, "Being part of the BMDA's New Car Show allows us to connect with customers and partners alike, offering them the assurance they deserve as they embark on their journey with a new vehicle."



Criselle King
Supervisor, Carmichael
Road Branch

NUA



Shevia Kemp
Supervisor, Harbor
Bay Branch

NUA



Raynayrya Estevez-Gittens
Supervisor,
Freeport Branch

NUA



Leesa Sawyer
Supervisor,
Abaco Branch

NUA



E. Theresa Culmer
Supervisor,
Eleuthera Branch

NUA

IT Transformation and Talent



Gina Brooks
Innovation Center
Manager

BFCS



Kimwood Mott
Application Support
Manager

BFCS



Kentington O. Sands
Manager - IT Infrastructure

BFCS



Rishad Bain
IT Operations Manager

BFCS

In 2024, Group IT Department achieved remarkable progress in positioning itself for future success. We welcomed a new Group Chief Information Officer, G. Kelly Banks, whose strategic objectives include modernising IT infrastructure and strengthening cybersecurity measures. In a bold step towards digital transformation, the Innovation and Technology departments merged, reorganised into functional pillars, and strengthened by onboarding top-tier talent. A major priority for the newly combined department was to enhance the core system's capacity to support business operations. This was evidenced by the implementation of backlog change requests and enhancements for the core underwriting system, executed over three phases. This initiative resulted in automated renewals and a reduction in system inefficiencies, further supported by in-person training initiatives. The department also addressed platform limitations by investing in hardware and network upgrades, along with server replacements at the Cayman office, ensuring enhanced stability and business continuity.

Efforts to improve network response times resulted in a twofold increase in speed, facilitating smoother operations across core business and communication systems. The department introduced a bulk uploads process for health claims in the Cayman office and resolved daily connectivity issues, enhancing regulatory compliance and reducing manual HR requests through self-service electronic payslips. The department also optimised vendor partnerships to better align with our business needs, thereby enhancing service and support quality.

Furthermore, the department expanded its security and business continuity framework, appointing a Group Information Security Officer. Comprehensive security training was conducted for all staff, reinforcing the group's ongoing investments in cybersecurity.

Looking to 2025, the IT Department aims to boost operational efficiency and revenue growth by focusing on core system changes with measurable ROI and eliminating manual processes. Key initiatives include enhancing client-facing channels with Web and Mobile updates, implementing Health Portals and online payments, and migrating data from legacy systems.

Awards & Recognition

Long Service Awards



35 years

Edith Bethel
BFG



30 years

Kevin O. Hudson
BFG



25 years

Harvey Braithwaite
BFG



25 years

Wanda Smith
NUA



20 years

Shakaria Moxey
BFG



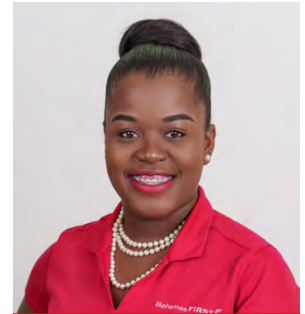
20 years

Valarie Clarke
NUA



15 years

Valya Gray
BFCS



10 years

Arlieth Rolle-Young
BFG



10 years

Cedric Smith
BFG



10 years

Charles V. Sands III
BFG



10 years

Stevanna Sands
NUA

Top NUA Producers of 2024

In 2024, NUA's top three Producers were Raynayrya Gittens, Valarie Clarke and Georvette Wells- Rahming.



Raynayrya Gittens
1st Place



Valarie Clarke
2nd Place



Georvette Wells- Rahming
3rd Place

Retirement



Richenda King
Group Vice President,
HR & Training / CHRO,
BFCS

Richenda King, who retired on July 12, 2024, served as Group Vice President of HR & Training and Chief Human Resources Officer at the Bahamas First Group since 2014.

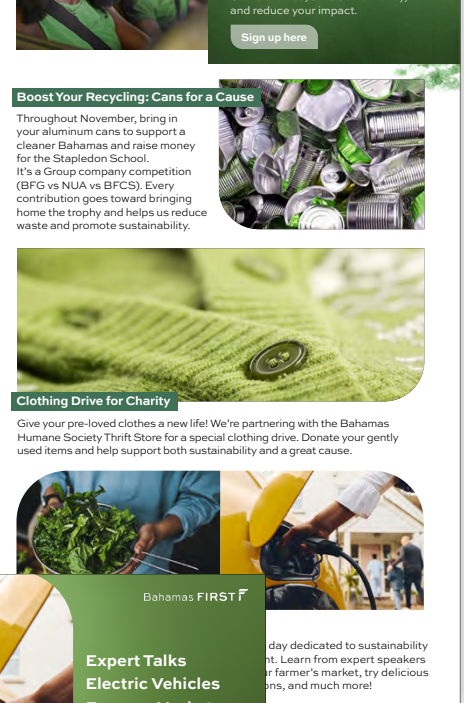
Among her accomplishments was the creation of Lead FIRST, a leadership model designed to align with the Group's vision and mission. She is the founding chairperson of the Red Ribbon Ball, established to support the national HIV/AIDS programme. She has also co-chaired the annual Cancer Society Ball for many years and her contributions led to Bahamas First receiving the Lifetime Achievement Award in 2024 for its financial support and employee volunteerism with the Cancer Society.



Rochelle Roberts
Technical Manager, NUA

Rochelle Roberts retired from NUA as Technical Manager on April 30, 2024.

Ms. Roberts joined NUA Insurance Agents and Brokers Ltd. as an Accounts Executive on November 17, 2008. She subsequently progressed to the role of Senior Accounts Executive at the company in January, 2011, before assuming the role of Technical Manager.



Sustainability First

Bahamas First Champions Sustainability with Annual Sustainability Month

The Bahamas First Group successfully concluded its inaugural Sustainability Month in November 2024, marked by a series of eco-friendly initiatives culminating in its annual "Green Friday" exercise on November 29. This initiative underscores the company's ongoing commitment to environmental responsibility and its role in promoting sustainability and resilience in the face of climate change. The month-long activities were spearheaded by the company's Corporate Social Responsibility Committee (CSRC), reflecting Bahamas First's commitment to leading sustainable initiatives.

Throughout November, Bahamas First employees actively participated in efforts to reduce the company's carbon footprint. In a new carpooling initiative, several staff members carpooled to work on a weekly basis, and on Wednesdays, those in applicable roles worked from home. Fridays also became a visual statement of the company's dedication to the cause, with

employees donning green attire to raise awareness for sustainability.

The highlight of Sustainability Month was the annual "Green Friday," an innovative alternative to the consumer-focused "Black Friday." Bahamas First made its annual \$10,000 donation to the Bahamas National Trust (BNT), coinciding with the BNT's annual Giving Tuesday fundraising programme. This contribution supports ongoing environmental and conservation efforts crucial for the preservation of The Bahamas' unique ecosystem.

In addition to the "Green Friday" event, Bahamas First also hosted a cleanup at the Sandilands Primary School on Saturday, November 30. This initiative, led by the CSRC, focused on beautifying the school's grounds and playground, further exemplifying the company's commitment to community engagement and environmental stewardship.



Art for Earth: Young Voices on Biodiversity

To celebrate Biodiversity Day in May 2024, the Bahamas First Group hosted an inspiring art competition for the children of employees in The Bahamas and the Cayman Islands, aiming to raise awareness about the vital role of biodiversity in our ecosystems. The theme, "Be Part of the Plan," encouraged young artists to explore and depict the vibrant variety of life on Earth. The competition produced imaginative artwork that underscored the significance of biodiversity, highlighting its essential role in sustaining life and ecological balance.





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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, 2024, 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, 2024, 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"), and we have fulfilled our other ethical responsibilities in accordance with 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 Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Insurance Contract Liabilities – Liability for incurred claims “LIC”</p>	<p>As at December 31, 2024 the Group reported liability for incurred claims of \$50,586,002 (refer to Note 8).</p> <p>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.</p> <p>Management engages an external actuary to prepare a valuation of the Group’s insurance contract liabilities as at December 31, 2024.</p>	<p>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.</p> <p>We obtained an understanding of management’s external actuary, including their qualifications.</p> <p>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.</p>

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Completeness of the LIC and insurance services expense</p>	<p>For the year ended December 31, 2024 the Group reported gross liability for incurred claims of \$50,586,002 (refer to Note 8) and insurance services expense of \$86,188,504.</p> <p>The liability for incurred claims includes claims specific to the Group’s Health line of business (“H&L”) of \$4,673,321 (Note 9 – Claims Development) as of December 31, 2024.</p> <p>Health claims are submitted by third-party health services providers (“the providers”) to the Group for the reimbursement of costs. These costs are related to services rendered by the providers to individuals insured by the Group.</p> <p>The completeness and accuracy of the costs incurred, as reported by the providers, and incurred by the Group, are considered to be a key audit matter due to the nature and volume of health claims.</p>	<p>We involved our information technology specialists to understand the controls over access and change management.</p> <p>We obtained an understanding of the Group’s process for adjudicating health claims and evaluated any changes in controls compared to the prior year.</p> <p>We evaluated the completeness of the health claims by sending confirmations to providers on a sample basis. We reviewed responses and evaluated any differences confirmed to determine whether the recorded amount for the LIC was reasonable.</p>

Key Audit Matter	Summary of the Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Measurement of Goodwill</p>	<p>The consolidated financial statements at December 31, 2024 include Goodwill recorded at \$2,050,810.</p> <p>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.</p> <p>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.</p>	<p>We obtained an understanding of the Group’s impairment process and methodology.</p> <p>We tested the design and implementation of controls around the preparation of the impairment model including key assumptions.</p> <p>We engaged valuation specialists to assist with the assessment of the methodology, model inputs, discount rate and long-term growth rate.</p> <p>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.</p> <p>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.</p> <p>We also assessed the sufficiency and appropriateness of the disclosures given in respect of goodwill and its sensitivity.</p>

Other Information

Management and those charged with governance are responsible for the Other Information. The Other Information comprises the Bahamas First Holdings Limited 2024 Annual Report, but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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.



Nassau, Bahamas
May 22, 2025

BAHAMAS FIRST HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(Expressed in Bahamian dollars)

	Notes	2024	2023
ASSETS			
Cash and cash equivalents		\$ 27,266,483	\$ 34,425,676
Broker receivables, net	7	21,446,375	15,903,121
Sundry receivables and prepayments	22	1,995,890	1,782,254
Reinsurance contract assets	4,8	55,351,927	54,330,047
Investments, net	6	43,585,168	35,463,023
Property and equipment, net	10	24,387,043	24,683,003
Right-of-use assets	11	990,393	1,240,264
Intangible assets and goodwill	4,12	<u>7,187,378</u>	<u>8,359,936</u>
TOTAL ASSETS		<u><u>\$ 182,210,657</u></u>	<u><u>\$ 176,187,324</u></u>
LIABILITIES AND EQUITY			
LIABILITIES:			
Accrued expenses and other liabilities		\$ 866,746	\$ 820,249
Broker payables		538,184	513,599
Insurance contract liabilities	4,8	93,130,530	90,127,241
Lease liabilities	11	1,026,588	1,263,000
Bonds payable	13	<u>7,616,866</u>	<u>7,616,866</u>
Total liabilities		<u>103,178,914</u>	<u>100,340,955</u>
EQUITY:			
Common shares	14	365,116	365,116
Preference shares	14	5,000,000	5,000,000
Contributed surplus		14,926,159	14,926,159
General reserve	15	4,000,000	4,000,000
Revaluation reserve	16	16,682,470	17,403,666
Retained earnings		<u>33,433,031</u>	<u>29,804,911</u>
Total equity attributable to owners of the company		<u>74,406,776</u>	<u>71,499,852</u>
Non-controlling interest	17	<u>4,624,967</u>	<u>4,346,517</u>
Total equity		<u>79,031,743</u>	<u>75,846,369</u>
TOTAL LIABILITIES AND EQUITY		<u><u>\$ 182,210,657</u></u>	<u><u>\$ 176,187,324</u></u>

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on May 21, 2025 and are signed on its behalf by:

Alison Treco
Director

Dr. Samir Mikhael
Director

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024 (Expressed in Bahamian dollars)

	Notes	2024	2023
Insurance revenue	8	\$ 194,848,249	\$ 191,730,146
Insurance service expenses	8,21,22	(86,188,504)	(94,020,514)
Net expenses from reinsurance contracts held	8	<u>(88,745,762)</u>	<u>(83,189,622)</u>
Insurance service result		<u>19,913,983</u>	<u>14,520,010</u>
Insurance finance expenses from insurance contracts issued	8,20	(1,055,010)	(1,004,601)
Reinsurance finance income from reinsurance contracts held	8,20	<u>522,638</u>	<u>700,374</u>
Net finance expenses from insurance and reinsurance contracts	20	<u>(532,372)</u>	<u>(304,227)</u>
Interest revenue from financial assets not measured at FVTPL		1,426,343	1,345,347
Dividend income		335,252	299,772
Net credit impairment/(recovery) on financial assets	6,7	<u>(7,984)</u>	<u>19,900</u>
Net investment income		<u>1,753,611</u>	<u>1,665,019</u>
Other operating expenses	18,21,22	(14,324,645)	(14,229,028)
Other income, net	19	<u>135,261</u>	<u>(12,596)</u>
PROFIT FOR THE YEAR		6,945,838	1,639,178
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified subsequently to profit or loss:			
Net (losses)/gains on investments in equity securities measured at FVTOCI	6,16	(645,135)	3,880,473
Items that may be reclassified subsequently to profit or loss:			
Net gains on investments in debt securities measured at FVTOCI	6,16	<u>155,599</u>	<u>441,065</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(489,536)</u>	<u>4,321,538</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 6,456,302</u>	<u>\$ 5,960,716</u>
PROFIT ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		\$ 6,687,941	\$ 1,791,500
NON-CONTROLLING INTEREST	17	<u>257,897</u>	<u>(152,322)</u>
		<u>\$ 6,945,838</u>	<u>\$ 1,639,178</u>
BASIC AND DILUTED EARNINGS PER COMMON SHARE	14	<u>\$ 0.17</u>	<u>\$ 0.04</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY		\$ 6,177,852	\$ 6,065,549
NON-CONTROLLING INTEREST	17	<u>278,450</u>	<u>(104,833)</u>
		<u>\$ 6,456,302</u>	<u>\$ 5,960,716</u>

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Bahamian dollars)

	Attributable to owners of the group						Non-	Total
	Common Shares	Preference Shares	Contributed Surplus	General Reserve	Revaluation Reserve	Retained Earnings	Controlling Interest	
Balance at December 31, 2022	\$ 365,116	\$ 5,000,000	\$ 14,926,159	\$ 4,000,000	\$ 14,644,202	\$ 29,769,754	\$ 4,451,350	\$ 73,156,581
Profit/(loss) for the year	-	-	-	-	-	1,791,500	(152,322)	1,639,178
Other comprehensive income	-	-	-	-	2,759,464	1,514,585	47,489	4,321,538
Total comprehensive income/(loss)	-	-	-	-	2,759,464	3,306,085	(104,833)	5,960,716
<u>Transactions with shareholders</u>								
Preference shares dividend paid (Note 14)	-	-	-	-	-	(350,000)	-	(350,000)
Dividends paid (\$0.08 per common share) (Note 14)	-	-	-	-	-	(2,920,928)	-	(2,920,928)
Balance at December 31, 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 for the year	-	-	-	-	-	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
<u>Transactions with shareholders</u>								
Preference shares dividend paid (Note 14)	-	-	-	-	-	(350,000)	-	(350,000)
Dividends paid (\$0.08 per common share) (Note 14)	-	-	-	-	-	(2,920,928)	-	(2,920,928)
Balance at December 31, 2024	<u>\$ 365,116</u>	<u>\$ 5,000,000</u>	<u>\$ 14,926,159</u>	<u>\$ 4,000,000</u>	<u>\$ 16,682,470</u>	<u>33,433,031</u>	<u>\$ 4,624,967</u>	<u>\$ 79,031,743</u>

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Bahamian dollars)

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		\$ 6,945,838	\$ 1,639,178
Adjustments for:			
Depreciation and amortisation	10,11,12	2,460,346	2,365,999
Impairment of goodwill	12	-	600,000
Credit loss provision/(recovery)	6,7	7,984	(19,900)
Interest on leases	11	57,304	27,568
Amortisation of discounts on bonds	6,19	127,565	172,049
Loss/(gain) on disposal of property and equipment	19	9,202	(200)
(Increase)/decrease in operating assets			
(Increase)/decrease in broker receivables, gross	7	(5,545,638)	3,971,512
(Increase)/decrease in sundry receivables and prepayments		(213,636)	626,759
Increase in reinsurance contract assets	8	(1,021,880)	(3,862,051)
Increase/(decrease) in operating liabilities			
Increase in accrued expenses and other liabilities		46,497	195,613
Decrease in bonds payable	13	-	(2,569)
Increase/(decrease) in broker payable		24,585	(254,282)
Increase in insurance contract liabilities	8	3,003,289	914,063
Net cash from operating activities		<u>\$ 5,901,456</u>	<u>\$ 6,373,739</u>

(Continued)

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Bahamian dollars)

	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	10	\$ (733,440)	\$ (426,761)
Purchase of intangible assets	12	(33,300)	(1,686,334)
Proceeds from disposal of property and equipment	10,19	15,581	200
Proceeds from sale and maturity of investments	6	4,550,975	5,453,866
Purchase of investments	6	<u>(13,295,821)</u>	<u>(5,331,833)</u>
Net cash used in investing activities		<u>\$ (9,496,005)</u>	<u>\$ (1,990,862)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Preference shares dividend paid	14	\$ (350,000)	\$ (350,000)
Common shares dividend paid	14	(2,920,928)	(2,920,928)
Lease liability cash payments	11	<u>(293,716)</u>	<u>(322,654)</u>
Net cash used in financing activities		<u>\$ (3,564,644)</u>	<u>\$ (3,593,582)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,159,193)	789,295
CASH AND CASH EQUIVALENTS:			
BEGINNING OF YEAR		<u>34,425,676</u>	<u>33,636,381</u>
END OF YEAR		<u>\$ 27,266,483</u>	<u>\$ 34,425,676</u>
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:			
Cash on hand		\$ 9,628	\$ 9,188
Cash at bank		19,860,961	26,029,498
Cash at investment broker		6,396,646	5,360,152
Treasury bills		<u>999,248</u>	<u>3,026,838</u>
		<u>\$ 27,266,483</u>	<u>\$ 34,425,676</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:			
Interest received		<u>\$ 1,257,799</u>	<u>\$ 1,176,287</u>
Dividends received		<u>\$ 335,252</u>	<u>\$ 297,890</u>
Premium taxes paid		<u>\$ 5,433,820</u>	<u>\$ 5,289,517</u>
Interest expense paid		<u>\$ 1,045,768</u>	<u>\$ 1,127,366</u>

(Concluded)

See notes to consolidated financial statements.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Bahamian dollars)

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 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”)
- BRAC Insurance Associates Ltd. (“BIA”)

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”)

All of the above subsidiaries are wholly-owned except for CFI, of which BFHIL owns 87.70%. The ordinary and preference shares along with the corporate bonds are listed and traded on the Bahamas International Securities Exchange (“BISX”). The registered office of the Company is located at 32 Collins Avenue, Nassau, The Bahamas.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

1. GENERAL (CONTINUED)

As of December 31, 2024, BFH Services (Cayman) Limited (“BFHS”) and First Response Limited (“FRL”), wholly owned subsidiaries of the Group, ceased all active operations and are considered dormant. The companies remain legally registered but inactive. During the year, FRL provided motor claim roadside assistance and claim adjusting services to BFG and BFHS operated as a health referral agency.

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”)

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 International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee of the IASB effective for annual reporting periods beginning on or after January 1, 2024. 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 January 1, 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”).

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 sole 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”) (CONTINUED)

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

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

Effective for annual periods beginning on or after January 1, 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”)

Issued in May 2024, 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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.

Where necessary, in the consolidated financial statements, corresponding figures have been reclassified to conform with changes in presentation in the current year. The accounting policies are consistent with those used in the prior 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 entity and has the ability to affect those returns through its power to direct the activities of the entity. In assessing control, the potential voting rights that presently are 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 changed 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 assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) *(Expressed in Bahamian dollars)*

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

c. *Business combinations (continued)*

The cost of the acquisition is measured at 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 Company measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition cost incurred is expensed. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. 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 the date of the combination.

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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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
- Hold to trade

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) *(Expressed in Bahamian dollars)*

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 solely payments of principal and interest. 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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 allowance for impairment. Expected credit losses (“ECLs”) are recognised in the consolidated statement of comprehensive income when the investments are impaired. Gains or losses are recognised in profit or loss on derecognition or impairment, 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

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.

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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

f. *Property and equipment (continued)*

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 net fair value of the identifiable assets, liabilities and contingent liabilities) is accounted for as follows:

- (i) goodwill is included in the carrying amount of the investment in 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.
- (ii) other intangible assets identified on acquisition of a subsidiary are recognised at cost, 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g. *Intangible assets and goodwill (continued)*

- (iii) any excess of the investor's share of the fair value of the net assets over the cost of the investment is included 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, included in this caption are 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 of the specific intangible asset, estimates of which range 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 shall be derecognised on disposal or when no future economic benefit is expected from its use or disposal. The gain or loss arising from the 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 all the cash flows that the Group expects to receive, discounted at the appropriate effective interest rate.

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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

h. *Impairment (continued)*

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. 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 effective interest rate (“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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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. To the extent that the impairment is reversed, it 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 4f and note 4g, respectively.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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 insurance contracts with direct or indirect participating features, nor any features that should be accounted for separately in accordance with IFRS 17 requirements. 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 directly or indirectly.

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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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 at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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; or
- (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; or
 - 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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 a 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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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 are the current estimates 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 FCF 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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Fulfilment cash flows and contract boundary (continued)

(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 compelled 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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, excluding amounts that relate to premium receivables included in the LIC;
- (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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Measurement (continued)

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage 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 remaining coverage; and
- (ii) the incurred claims, 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 for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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 asset for remaining coverage 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Insurance service result from insurance contracts issued

The Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts, except for groups of contracts for which the expected pattern of release of risk during the coverage period differs significantly from the passage of time. For these groups of contracts, the Group recognises insurance revenue based on the expected timing of incurred insurance service expenses. The amount of insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the effect of financial risk) allocated to the period.

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i. *Insurance contracts (continued)*

Net finance income or expenses from insurance and reinsurance contracts

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 effective interest rate method. Interest income on debt securities classified as FVTOCI is recognised in interest income using the effective interest rate method, including the transaction costs. Dividends are recognised when the shareholders’ right to receive payment is established, which is the ex-dividend date.

k. *Investment premiums and discounts*

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.

l. *Cash and cash equivalents*

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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

m. *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.

n. *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.

o. *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 rate 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

p. *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).

q. *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.

r. *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.

s. *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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

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% (2023: 3%) on all policies and at 10% (2023: 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% (2023: 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 (2023: 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% (2023: 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

4. 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 liability for incurred claims 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 liability for incurred claims 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

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

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

The ultimate undiscounted cost of claims which have occurred but not yet settled is estimated using a range of standard actuarial claims projection techniques. The Group's actuary has used a combination of actuarial methodologies to determine the estimate of the present value of undiscounted ultimate liabilities.

The assumptions used in most non-life actuarial projection techniques, including future rates of claims inflation or loss ratio assumptions, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future in order to arrive at a point estimate for the ultimate cost of claims that represents the likely outcome, from a range of possible outcomes, taking account of all the uncertainties involved.

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 level of incurred losses. The impact of critical accounting estimates and judgments on the ultimate liability arising from claims made under insurance contracts 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 4b, 4c and 4d 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 \$93,130,530 (2023: \$90,127,241). The amount of reinsurance contract assets estimated at the consolidated statement of financial position date is \$55,351,927 (2023: \$54,330,047). Refer to note 8 for further information on reconciliations of insurance contract liabilities and reinsurance contract assets. Refer to note 9 for further information on the liability for incurred claims and claims development.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

4. 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 expected 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 probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

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

c. *Discount rates*

The top-down approach was 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 from the reference portfolio were adjusted to remove spread associated with credit risk. These adjustments were 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 all expected to occur 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)								
	2024				2023			
	1 Year	5 years	10 years	20 years	1 Year	5 years	10 years	20 years
Bahamian dollars	1.7%	2.4%	4.0%	4.8%	1.6%	2.3%	4.0%	4.8%
Cayman Islands dollars	4.8	5.4%	6.2%	6.5%	5.4%	4.8%	5.4%	5.8%

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) *(Expressed in Bahamian dollars)*

4. 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 the companies at the consolidation level as well as 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% (2023: 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 there are any changes in the onerous group's profitability and whether any loss component remeasurement 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. There are currently no facts or circumstances that indicate that onerous groups of contracts exist, and thus all contracts measured by the Group in 2023 and 2024 under the PAA were determined to be non-onerous.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

4. 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, 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.

As at December 31, 2024, \$2,526,800 (2023: \$3,114,321) of investments were classified as Stage 2 with a LTECL of \$76,760 (2023: \$97,409). All other investments were classified as Stage 1 with an aggregate 12-month ECL of \$29,992 (2023: \$24,251). All broker receivables at December 31, 2024 and 2023 were classified as Stage 1. Refer to note 7 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 \$7,187,378 (2023: \$8,359,936).

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 lives 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 case of significant changes in the estimated useful lives, depreciation and amortisation charges are adjusted prospectively.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

4. 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 reported at fair value as determined in good faith by management. 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 ("EBITDA"), 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).

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 sundry payables and accruals. 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 5 and 6 for further information on the fair value of financial assets and liabilities.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

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

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 10.

5. RISK MANAGEMENT

The Group actively monitors the risks inherent in its business activities (insurance risk) and the risks associated with the management of its financial assets and liabilities (financial risk) which support the operational activities. The Board of Directors (“the Board”) has overall responsibility for the oversight of the Group’s risk management structure and has established a number of sub-committees of the Board, including the Technical Insurance Committee, the Audit Committee, the Corporate Governance Committee and the Finance and Investment Committee, to oversee the management of the risks assigned within each Committee’s respective Board approved mandate. It is management’s responsibility to adhere to the parameters established within the Board’s risk management framework. This is executed through the development of risk appetite and tolerance limits, development of appropriate policies and procedures, quarterly measurement of key performance indicators, stress testing, quarterly evaluation of risk registers and the necessary controls to ensure reliable reporting and material compliance with regulatory guidelines. The Group’s Internal Auditors review processes and controls by operational unit on a rotational basis and report on their findings directly to the Audit Committee and other appropriate Committees. The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks that face the Group. The committees report regularly to the Board of Directors 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. By the very nature of an insurance contract, the risk is random and therefore unpredictable.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

a. Insurance risk (continued)

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.

Property and casualty 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

a. Insurance risk (continued)

Property and casualty insurance risks (continued)

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, reinsurance arrangements and claims handling. Underwriting guidelines are in place to ensure appropriate risk selections. Analytics are used to look at pricing models to ensure that loss ratios remain relatively stable. 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 claims or other claims.

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

a. Insurance risk (continued)

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 programmes in place, the Group would still be obligated to pay all claims made under the insurance policies it issues however it would only receive reimbursement to the extent that the reinsurers could meet their above-mentioned obligations.

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

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

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

5. 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:

	<u>2024</u>			<u>2023</u>		
	<u>Insurance</u>	<u>Reinsurance</u>	<u>Net</u>	<u>Insurance</u>	<u>Reinsurance</u>	<u>Net</u>
Property	27,868,576	23,482,192	4,386,384	26,245,522	20,842,852	5,402,670
Motor	53,670,425	26,591,915	27,078,510	52,596,226	27,815,843	24,780,383
Health	5,267,310	402,575	4,864,735	5,372,794	1,466,995	3,905,799
Other	6,324,219	4,875,245	1,448,974	5,912,699	4,204,357	1,708,342
Total	93,130,530	55,351,927	37,778,603	90,127,241	54,330,047	35,797,194

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.

	<u>2024</u>		<u>2023</u>	
	<u>Average claims severity</u>		<u>Average claims severity</u>	
	<u>+5%</u>	<u>-5%</u>	<u>+5%</u>	<u>-5%</u>
Impact on profit	\$ (2,129,330)	\$ 2,129,330	\$ (2,599,664)	\$ 2,599,664
Impact on equity	\$ (2,129,330)	\$ 2,129,330	\$ (2,599,664)	\$ 2,599,664

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

b. Financial risk

The Group is exposed to financial risk through its financial assets and financial 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 management 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:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 27,266,483	\$ 34,425,676
Investments, net:		
Debt securities at amortised cost	6,450,596	7,031,660
Equity securities at FVTOCI	12,232,409	11,876,564
Debt securities at FVTOCI	24,902,163	16,554,799
Receivables:		
Broker receivables, net	21,446,375	15,903,121
Sundry receivables*	886,605	425,776
Total financial assets	<u>93,184,631</u>	<u>86,217,596</u>
Non - financial assets	<u>89,026,026</u>	<u>89,969,728</u>
Total assets	<u>\$ 182,210,657</u>	<u>\$ 176,187,324</u>
Financial liabilities:		
Payables at amortised cost:		
Broker payables, accrued expenses and other liabilities	\$ 1,404,930	\$ 1,333,848
Lease liabilities	1,026,588	1,263,000
Bonds payable at amortised cost		
- Fair Value: \$7,616,866 (2023: \$7,616,866)	<u>7,616,866</u>	<u>7,616,866</u>
Total financial liabilities	<u>10,048,384</u>	<u>10,213,714</u>
Non - financial liabilities	<u>93,130,530</u>	<u>90,127,241</u>
Total liabilities	<u>\$ 103,178,914</u>	<u>\$ 100,340,955</u>

*excludes prepaid expenses of \$1,109,285 (2023: \$1,356,478)

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. 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 in cash and cash equivalents, investments, reinsurance contract assets, broker receivables, and sundry receivables.

The Group's investment policy permits the Group to invest in debt securities, equity securities, private placements of financial institutions and term deposits within certain specified limits. The investment policy also 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 receivable balances due from intermediaries that bind insurance policies on its behalf. The Group periodically inspects the financial records of these companies to 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 programme, which requires Board approval for any waiver of the limit. Reinsurance coverage is placed with a number of major 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. The concentration of credit risk is also monitored to minimise the Group's exposure to significant losses from reinsurer insolvency.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

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

	2024	2023
Debt securities at amortised cost	\$ 6,546,800	\$ 7,134,321
Debt securities at FVTOCI	24,933,219	16,573,798
Broker receivables	21,453,104	15,907,466
Sundry receivables	886,605	425,776
Reinsurance contract assets	55,351,927	54,330,047
Cash and cash equivalents	<u>27,266,483</u>	<u>34,425,676</u>
Total	<u>\$ 136,438,138</u>	<u>\$ 128,797,084</u>

Debt securities are analysed in the table below using Standard & Poor's ("S&P") ratings (or an equivalent rating when not available from S&P). Corresponding figures from the prior year have been reclassified to conform with the current year's presentation.

	2024	2023
A- or Above	\$ 8,241,175	\$ 6,639,040
BBB	14,563,669	12,093,858
Below BBB or Not rated	<u>8,675,175</u>	<u>4,975,221</u>
Total debt securities	<u>\$ 31,480,019</u>	<u>\$ 23,708,119</u>

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, 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	<u>27,266,483</u>	<u>-</u>	<u>-</u>	<u>27,266,483</u>
Total assets exposed to credit risk	<u>\$ 132,080,820</u>	<u>\$ 4,223,329</u>	<u>\$ 133,989</u>	<u>\$ 136,438,138</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

At December 31, 2023	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Debt securities at amortised cost	\$ 7,031,660	\$ -	\$102,661	\$ 7,134,321
Debt Securities at FVTOCI	16,554,799	-	18,999	16,573,798
Broker receivables	13,384,971	2,518,150	4,345	15,907,466
Sundry receivables	425,776	-	-	425,776
Reinsurance contract assets	54,330,047	-	-	54,330,047
Cash and cash equivalents	<u>34,425,676</u>	<u>-</u>	<u>-</u>	<u>34,425,676</u>
Total assets exposed to credit risk	<u>\$ 126,152,929</u>	<u>\$ 2,518,150</u>	<u>\$126,005</u>	<u>\$ 128,797,084</u>

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:

	2024	2023
Group agents	\$ 92,319,131	\$ 86,799,548
Non-Group agents	<u>112,304,387</u>	<u>112,164,755</u>
Total	<u>\$ 204,623,518</u>	<u>\$ 198,964,303</u>

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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

c. Credit risk (continued)

Concentration of exposure (continued)

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

	<u>2024</u>	<u>%</u>	<u>2023</u>	<u>%</u>
Bahamas	\$ 16,481,721	38%	\$ 18,527,448	52%
USA	25,911,231	59%	15,469,329	43%
Europe	812,726	2%	-	0%
United Kingdom	486,750	1%	471,135	1%
Caribbean	20,000	0%	20,000	0%
Asia	-	0%	498,180	2%
Australia	-	0%	498,575	2%
Canada	-	0%	100,016	0%
Total	<u>\$43,712,428</u>	<u>100%</u>	<u>\$35,584,683</u>	<u>100%</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

5. 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 1.05% to 9.00 % (2023: 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% (2023: 4.41% to 6.00%) per annum at the date of the consolidated statement of financial position. Interest on the bonds payable is at B\$ prime rate plus 2.00% [effective rate 6.25% (2023: 6.25%)] per annum.

The Group's LIC and Asset for Incurred Claims ("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 2.77% (2023: 2.71%) and 4.23% (2023: 4.31%) 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:	2024		2023	
	Interest rates		Interest rates	
	+1%	-1%	+1%	-1%
<i>Change in debt securities</i>				
Impact on profit	33,271	(33,271)	33,271	(33,271)
Impact on equity	(185,413)	729,634	(283,956)	293,859
<i>Change in LIC net of AIC</i>				
Impact on profit	471,768	(519,069)	472,517	(517,161)
Impact on equity	471,768	(519,069)	472,517	(517,161)

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. 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 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 if there is a significant deterioration in the market price.

Trading levels in The Bahamas, whether on BISX or over-the-counter markets, are generally 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

5. 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 effects of a 10% (2023: 10%) change in prices at the date of the consolidated statement of financial position are set out below:

At December 31, 2024	Carrying value	Effect on profit and equity +10%	Effect on profit and equity -10%
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	<u>5,557</u>	<u>556</u>	<u>(556)</u>
Total	<u>\$ 43,712,428</u>	<u>\$ 4,371,243</u>	<u>\$ (4,371,243)</u>
At December 31, 2023			
Listed equity securities	\$ 11,871,007	\$ 1,187,101	\$ (1,187,101)
Listed debt securities	18,103,798	1,810,380	(1,810,380)
Unlisted debt securities	5,604,321	560,432	(560,432)
Unlisted equity securities	<u>5,557</u>	<u>556</u>	<u>(556)</u>
Total	<u>\$ 35,584,683</u>	<u>\$ 3,558,469</u>	<u>\$ (3,558,469)</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

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 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 \$4,863,048 (2023: \$3,561,404). 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.

The following tables indicate the timing of undiscounted cash flows arising from financial liabilities (excluding lease liabilities) as at December 31, 2024 and 2023. The analysis also includes discounted cash flows arising from non-financial liabilities for insurance contract liabilities and the matching cash flows for reinsurance contract assets. Undiscounted cash flows arising from lease liabilities are disclosed in note 11.

At December 31, 2024	Cash flows			
	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	<u>7,616,866</u>	<u>7,616,866</u>	-	-
Total cash flows	<u>\$ 46,800,399</u>	<u>\$ 36,183,872</u>	<u>\$ 7,115,112</u>	<u>\$ 3,501,415</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

5. RISK MANAGEMENT (CONTINUED)

g. Liquidity risk (continued)

At December 31, 2023	Cash flows			
	Total	< 1 year	1 - 5 years	> 5 years
Liabilities				
Accrued expenses and other liabilities	\$ 820,249	\$ 820,249	\$ -	\$ -
Broker payables	513,599	513,599	-	-
Insurance contract liabilities	90,127,241	62,686,279	18,342,647	9,098,315
Less: Reinsurance contract assets	(54,330,047)	(36,750,222)	(11,835,824)	(5,744,001)
Bonds payable	<u>7,616,866</u>	<u>116,866</u>	<u>7,500,000</u>	<u>-</u>
Total cash flows	<u>\$ 44,747,908</u>	<u>\$ 27,386,771</u>	<u>\$ 14,006,823</u>	<u>\$ 3,354,314</u>

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 provide returns for shareholders and benefits for other stakeholders and maintain optimum capital structure;
- To ensure that it maintains a strong credit rating 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 \$7,400,000. 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

6. INVESTMENTS, NET

Investments, net comprise the following:

	2024	2023
Debt securities at amortised cost:		
Bahamas Government Registered Stock		
Unrestricted - Fair value: \$777,100 (2023: \$1,179,100)	\$ 777,100	\$ 1,179,100
Restricted - Fair value: \$1,000,000 (2023: \$1,000,000)	1,000,000	1,000,000
Other fixed income debt securities,		
- Fair value : \$4,769,700 (2023: \$4,955,221)	<u>4,769,700</u>	<u>4,955,221</u>
Total debt securities at amortised cost, gross	<u>6,546,800</u>	<u>7,134,321</u>
ECL provision	<u>(96,204)</u>	<u>(102,661)</u>
Total debt securities at amortised cost, net	<u>6,450,596</u>	<u>7,031,660</u>
Equity Securities at fair value through other comprehensive income:		
Bahamas International Securities Exchange Limited (BISX)		
12 (2023: 12) common shares -at cost \$130,556 (2023: \$130,556)	5,557	5,557
Mutual funds and exchange traded funds		
21,875 units (2023: 8,181 units) at cost \$1,551,857 (2023: \$750,117)	2,297,488	881,551
Commonwealth Bank Limited		
1,970,112 (2023: 2,016,414) common shares Cost \$812,753 (2023: \$831,854)	<u>9,929,364</u>	<u>10,989,456</u>
Total equities at fair value through other comprehensive income	<u>12,232,409</u>	<u>11,876,564</u>
Debt securities at fair value through other comprehensive income:		
Fixed income debt securities		
Cost \$24,184,039 (2023: \$17,305,230)	<u>24,933,219</u>	<u>16,573,798</u>
Total debt securities at fair value through other comprehensive income, gross	<u>24,933,219</u>	<u>16,573,798</u>
ECL provision	<u>(31,056)</u>	<u>(18,999)</u>
Total debt securities at fair value through other comprehensive income, net	<u>24,902,163</u>	<u>16,554,799</u>
Total investments, net	<u>\$ 43,585,168</u>	<u>\$ 35,463,023</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) *(Expressed in Bahamian dollars)*

6. 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 December 31, 2024, the Group’s investment in Commonwealth Bank Limited (the “Bank”) is valued at \$5.04 (2023: \$5.45) per share, which is the quoted price by the Bahamas International Securities Exchange (“BISX”). The Group sold 99,302 (2023: 500,000) shares during the year which resulted in realised gains of \$231,660 (2023: \$1,562,074) and an unrealised loss of \$1,040,991 (2023: unrealised gain of 2,186,965) 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 January 1, 2023	\$ 7,198,408	\$ 9,014,319	\$ 15,206,248	\$ 31,418,975
Cost of investments purchased	-	750,117	4,581,716	5,331,833
Sales and maturities	(185,521)	(1,768,345)	(3,500,000)	(5,453,866)
Amortisation of discounts on bonds (Note 19)	-	-	(172,049)	(172,049)
Realised gains on sales of investments	-	1,562,074	-	1,562,074
Expected credit loss recovery/(provision)	18,773	-	(2,181)	16,592
Unrealised loss on investments	-	2,318,399	441,065	2,759,464
Balance at December 31, 2023	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 19)	-	-	(127,565)	(127,565)
Realised gains on sales of investments	-	231,660	-	231,660
Expected credit loss recovery/(provision)	6,457	-	(12,057)	(5,600)
Unrealised (loss)/gain on investments	-	(876,795)	155,599	(721,196)
At December 31, 2024	<u>6,450,596</u>	<u>12,232,409</u>	<u>24,902,163</u>	<u>\$ 43,585,168</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

6. INVESTMENTS, NET (CONTINUED)

Fair value measurement

In accordance with IFRS 13 Financial Instruments: Disclosure, 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

6. INVESTMENTS, NET (CONTINUED)

Fair value measurement (Continued)

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

2024

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

The following table presents the Group's financial assets measured at fair value at December 31, 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised:

2023

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Financial assets designated at fair value through OCI:			
Equity securities	\$ 11,871,007	\$ 5,557	\$ 11,876,564
Debt securities	<u>16,553,798</u>	<u>20,000</u>	<u>16,573,798</u>
Total financial assets measured at fair value	<u>\$ 28,424,805</u>	<u>\$ 25,557</u>	<u>\$ 28,450,362</u>

There were no transfers between the various levels during 2024 and 2023. There were no changes in the carrying value of Level 3 instruments during 2024 and 2023.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

7. 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”).

	2024	2023
Broker receivables, gross	\$ 21,453,104	\$ 15,907,466
Provision for ECLs:		
Balance at January 1	4,345	7,652
Increase/(decrease) in provision for the year	<u>2,384</u>	<u>(3,307)</u>
Balance at December 31	<u>6,729</u>	<u>4,345</u>
Broker receivables, net	<u>\$ 21,446,375</u>	<u>\$ 15,903,121</u>

Ageing of broker receivables, net is as follows:

	2024	2023
Less than 3 months	\$ 17,223,046	\$ 13,379,788
3-6 months	3,740,594	2,060,291
6 months - 1 year	<u>482,735</u>	<u>463,042</u>
	<u>\$ 21,446,375</u>	<u>\$ 15,903,121</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

8. 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:

	2024	2023
Liability for remaining coverage - premiums	\$ 50,927,379	\$ 45,074,325
Liability for remaining coverage - acquisition cash flows	(8,382,851)	(8,209,791)
Liability for incurred claims	<u>50,586,002</u>	<u>53,262,707</u>
Total insurance contract liabilities	<u>\$ 93,130,530</u>	<u>\$ 90,127,241</u>
	2024	2023
Asset for remaining coverage	\$ 18,267,341	\$ 16,186,890
Asset for incurred claims	<u>37,084,586</u>	<u>38,143,157</u>
Total reinsurance contract assets	<u>\$ 55,351,927</u>	<u>\$ 54,330,047</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

8. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	<u>Liability Remaining</u>		<u>Liability for Incurred Claims</u>		Total
	<u>Coverage</u>		<u>Future Cash</u>	<u>Risk</u>	
	Excl Loss Component		Flows	Adjustment	
Insurance contract liability/(asset) at December 31, 2023	\$ 36,864,534	\$	50,899,055	\$ 2,363,652	\$ 90,127,241
Insurance revenue	(194,848,249)		-	-	(194,848,249)
<u>Insurance service expenses</u>					
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	<u>23,713,210</u>		<u>62,881,158</u>	<u>(405,864)</u>	<u>86,188,504</u>
Insurance finance expense from insurance contracts issued	-		1,055,010	-	1,055,010
<u>Net cash flows</u>					
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	<u>176,815,033</u>		<u>(66,207,009)</u>	-	<u>110,608,024</u>
Insurance contract liability/(asset) at December 31, 2024	<u>\$ 42,544,528</u>	<u>\$</u>	<u>48,628,214</u>	<u>\$ 1,957,788</u>	<u>\$ 93,130,530</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

8. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	<u>Liability Remaining</u>		<u>Liability for Incurred Claims</u>		Total
	<u>Coverage</u>	<u>Future Cash</u>	<u>Risk</u>		
	Excl Loss Component	Flows	Adjustment		
Insurance contract liability/(asset) at December 31, 2022	\$ 32,762,686	\$ 53,838,191	\$ 2,612,301		\$ 89,213,178
Insurance revenue	(191,730,146)	-	-		(191,730,146)
<u>Insurance service expenses</u>					
Incurrd claims and other directly attributable expenses	-	71,001,207	759,965		71,761,172
Changes that relate to past service	-	639,794	(1,008,614)		(368,820)
Insurance acquisition cash flows amortisation	22,628,162	-	-		22,628,162
Insurance service expenses	22,628,162	71,641,001	(248,649)		94,020,514
Insurance finance expense from insurance contracts issued	-	1,004,601	-		1,004,601
<u>Net cash flows</u>					
Premiums received	196,019,227	-	-		196,019,227
Claims and other directly attributable expenses paid	-	(75,584,738)	-		(75,584,738)
Insurance acquisition cash flows	(22,815,395)	-	-		(22,815,395)
Net cash flows	173,203,832	(75,584,738)	-		97,619,094
Insurance contract liability/(asset) at December 31, 2023	\$ 36,864,534	\$ 50,899,055	\$ 2,363,652		\$ 90,127,241

BAHAMAS FIRST HOLDINGS LIMITED

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)**
(Expressed in Bahamian dollars)

8. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	<u>Asset for Remaining Coverage</u>	<u>Asset for Incurred Claims</u>		Total
	Excluding Loss Recovery Component	Future Cash Flows	Risk Adjustment	
Reinsurance contract (asset)/liability at December 31, 2023	\$ (16,186,890)	\$ (36,777,984)	\$ (1,365,173)	\$ (54,330,047)
<u>Net expenses (income) from reinsurance contracts held</u>				
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)
<u>Net cash flows</u>				
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 December 31, 2024	\$ (18,267,341)	\$ (35,971,529)	\$ (1,113,057)	\$ (55,351,927)

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

8. RECONCILIATION OF INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

	<u>Asset for Remaining</u>	<u>Asset for Incurred Claims</u>		Total
	<u>Coverage</u>	Future Cash	Risk	
	Excluding Loss	Flows	Adjustment	
	Recovery Component			
Reinsurance contract (asset)/liability at December 31, 2022	\$ (14,750,978)	\$ (34,311,879)	\$ (1,405,139)	\$ (50,467,996)
<u>Net expenses (income) from reinsurance contracts held</u>				
Reinsurance expenses from recoveries and other directly attributable expenses	102,588,689	(19,936,975)	(310,172)	82,341,542
Changes that relate to past service	-	497,942	350,138	848,080
Net expenses (income) from reinsurance contracts held	<u>102,588,689</u>	<u>(19,439,033)</u>	<u>39,966</u>	<u>83,189,622</u>
Reinsurance finance income	-	(700,374)	-	(700,374)
<u>Net cash flows</u>				
Premiums paid net of ceding commissions	(104,024,601)	-	-	(104,024,601)
Recoveries from reinsurance and other directly attributable expenses paid	-	17,673,302	-	17,673,302
Net cash flows	<u>(104,024,601)</u>	<u>17,673,302</u>	<u>-</u>	<u>(86,351,299)</u>
Reinsurance contract (asset)/liability at December 31, 2023	<u>\$ (16,186,890)</u>	<u>\$ (36,777,984)</u>	<u>\$ (1,365,173)</u>	<u>\$ (54,330,047)</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

9. CLAIMS DEVELOPMENT

Actual claim payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a gross of reinsurance basis as at 31 December 2024.

	2015	2016	2017	2018	2019	P&C 2020	2021	2022	2023	2024	Total
Estimates of undiscounted gross cumulative claims	\$ 30,382,165	\$ 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	
<u>Revised estimates</u>											
One year later	29,418,761	107,507,658	28,187,490	35,949,789	379,430,580	20,046,171	20,857,200	22,639,000	\$ 21,714,000		
Two years later	27,598,709	107,348,016	31,078,344	32,797,630	380,053,645	20,187,200	20,211,000	22,027,000			
Three years later	28,352,746	107,137,970	30,769,721	32,684,317	381,301,278	19,821,357	19,803,709				
Four years later	28,011,825	106,803,189	30,677,962	32,438,032	381,710,278	20,643,910					
Five years later	28,269,702	107,203,957	31,215,659	32,136,032	380,406,489						
Six years later	29,851,787	107,519,754	31,578,633	31,227,891							
Seven years later	30,094,692	107,159,773	30,916,970								
Eight years later	30,226,692	107,241,773									
Nine years later	29,819,211										
Current estimate	29,819,211	107,241,773	30,916,970	31,227,891	380,406,489	20,643,910	19,803,709	22,027,000	21,714,000	29,694,288	693,495,241
Cumulative payments to date	(28,781,031)	(105,405,150)	(28,579,536)	(28,658,220)	(377,369,838)	(18,976,399)	(16,995,253)	(18,042,699)	(15,103,351)	(14,530,739)	(652,442,216)
Undiscounted Liability included in the consolidated statement of financial position	<u>\$ 1,038,180</u>	<u>\$ 1,836,623</u>	<u>\$ 2,337,434</u>	<u>\$ 2,569,671</u>	<u>\$ 3,036,651</u>	<u>\$ 1,667,511</u>	<u>\$ 2,808,456</u>	<u>\$ 3,984,301</u>	<u>\$ 6,610,649</u>	<u>\$ 15,163,549</u>	41,053,025
Undiscounted reserves for prior years											5,271,923
Unallocated loss adjustment expenses											1,077,600
Effect of discounting											(5,263,758)
Effect of the risk adjustment for non-financial risk											1,801,711
Other liabilities included within the LIC											1,972,180
Gross liability for incurred claims for P&C business											<u>\$ 45,912,681</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

9. CLAIMS DEVELOPMENT (CONTINUED)

	2015	2016	2017	2018	2019	H&L 2020	2021	2022	2023	2024	Total
Estimates of undiscounted gross cumulative claims	\$ 17,853,743	\$ 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	
<u>Revised estimates</u>											
One year later	18,164,801	17,974,956	18,529,456	19,388,453	20,888,892	23,595,558	29,410,177	41,004,000	34,680,000		
Two years later	18,164,801	17,974,956	18,529,456	19,388,453	20,888,892	23,595,558	29,410,177	40,397,368			
Current estimate	18,164,801	17,974,956	18,529,456	19,388,453	20,888,892	23,595,558	29,410,177	40,397,368	34,680,000	28,740,000	251,769,661
Cumulative payments to date	<u>(18,164,801)</u>	<u>(17,974,956)</u>	<u>(18,529,456)</u>	<u>(19,388,453)</u>	<u>(20,888,892)</u>	<u>(23,595,558)</u>	<u>(29,410,177)</u>	<u>(40,383,904)</u>	<u>(34,254,217)</u>	<u>(24,984,728)</u>	<u>(247,575,142)</u>
Undiscounted Liability included in the consolidated statement of financial position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,464	\$ 425,783	\$ 3,755,272	4,194,519
Undiscounted reserves for prior years											48,800
Unallocated loss adjustment expenses											216,000
Effect of the risk adjustment for non-financial risk											156,076
Other liabilities included within the LIC											<u>57,926</u>
Gross liability for incurred claims for H&L business											<u>\$ 4,673,321</u>
Gross liability for incurred claims in the consolidated statement of financial position											<u>\$ 50,586,002</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

9. CLAIMS DEVELOPMENT (CONTINUED)

Actual claim payments are compared with previous estimates of the undiscounted amounts of the claims in the claims development disclosure below on a net of reinsurance basis as at 31 December 2024. Estimates of undiscounted net cumulative property claims are not reflected in the development table below:

	2015	2016	2017	2018	2019	P&C 2020	2021	2022	2023	2024	Total
Estimates of undiscounted net cumulative claims	\$ 10,043,088	\$ 9,323,148	\$ 9,557,179	\$ 10,086,586	\$ 13,366,964	\$ 5,657,755	\$ 8,405,008	\$ 8,325,713	\$ 9,451,838	\$ 11,097,720	
<u>Revised estimates</u>											
One year later	9,537,982	8,824,261	9,359,984	10,229,280	12,798,208	5,868,902	7,106,100	8,582,000	9,474,200		
Two years later	9,860,880	8,938,680	9,823,093	10,612,251	12,582,999	6,078,968	7,345,400	8,194,600			
Three years later	9,929,676	8,643,329	10,074,364	10,916,071	12,934,618	6,154,508	7,181,905				
Four years later	9,739,928	8,553,028	8,873,988	10,213,978	13,256,818	5,899,608					
Five years later	9,934,616	8,456,417	10,385,420	10,162,141	12,826,381						
Six years later	9,857,666	8,711,906	10,582,218	9,956,199							
Seven years later	10,191,674	8,468,906	10,350,418								
Eight years later	10,254,074	8,472,306									
Nine years later	10,097,301										
Current estimate	10,097,301	8,472,306	10,350,418	9,956,199	12,826,381	5,899,608	7,181,905	8,194,600	9,474,200	11,097,720	93,550,638
Cumulative payments to date	(9,662,973)	(7,902,225)	(9,538,021)	(9,052,262)	(12,052,720)	(5,561,328)	(6,173,953)	(6,465,581)	(6,592,335)	(5,035,675)	(78,037,073)
Undiscounted Liability included in the consolidated statement of financial position	\$ 434,328	\$ 570,081	\$ 812,397	\$ 903,937	\$ 773,661	\$ 338,280	\$ 1,007,952	\$ 1,729,019	\$ 2,881,865	\$ 6,062,045	15,513,565
Undiscounted reserves for property and prior years											2,291,467
Unallocated loss adjustment expenses											796,800
Effect of discounting											(2,147,162)
Effect of the risk adjustment for non-financial risk											700,227
Other liabilities included within the LIC											(7,071,112)
Net liability for incurred claims for P&C business											\$ 10,083,785

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED) (Expressed in Bahamian dollars)

9. CLAIMS DEVELOPMENT (CONTINUED)

	2015	2016	2017	2018	2019	H&L 2020	2021	2022	2023	2024	Total
Estimates of undiscounted net cumulative claims	\$ 16,939,590	\$ 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	
<u>Revised estimates</u>											
One year later	17,145,610	17,902,410	18,510,630	19,388,453	20,844,514	22,309,777	29,149,490	39,756,000	33,948,000		
Two years later	17,145,610	17,902,410	18,510,630	19,388,453	20,844,514	22,309,777	29,149,490	39,244,314			
Current estimate	17,145,610	17,902,410	18,510,630	19,388,453	20,844,514	22,309,777	29,149,490	39,244,314	33,948,000	28,440,000	246,883,198
Cumulative payments to date	<u>(17,145,610)</u>	<u>(17,902,410)</u>	<u>(18,510,630)</u>	<u>(19,388,453)</u>	<u>(20,844,514)</u>	<u>(22,309,777)</u>	<u>(29,149,490)</u>	<u>(39,237,582)</u>	<u>(33,535,918)</u>	<u>(24,956,226)</u>	<u>(242,980,610)</u>
Undiscounted Liability included in the consolidated statement of financial position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,732	\$ 412,082	\$ 3,483,774	3,902,588
Undiscounted reserves for prior years											10,000
Unallocated loss adjustment expenses											216,000
Effect of the risk adjustment for non-financial risk											144,499
Other liabilities included within the LIC											(855,456)
Net liability for incurred claims for H&L business											<u>\$ 3,417,631</u>
Net liability for incurred claims in the consolidated statement of financial position											<u>\$ 13,501,416</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

10. PROPERTY AND EQUIPMENT, NET

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

	Land & Buildings	Furniture & Equipment	Leasehold Improvements and Others	Motor Vehicles	Total
2024					
At January 1, 2023					
Cost/Valuation	\$ 25,772,395	\$ 3,960,413	\$ 2,000,792	\$ 266,553	\$ 32,000,153
Accumulated Depreciation	<u>(2,504,926)</u>	<u>(3,476,672)</u>	<u>(1,177,378)</u>	<u>(158,174)</u>	<u>(7,317,150)</u>
Net book amount	<u>\$ 23,267,469</u>	<u>\$ 483,741</u>	<u>\$ 823,414</u>	<u>\$ 108,379</u>	<u>\$ 24,683,003</u>
Year ended December 31, 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	<u>(553,922)</u>	<u>(303,884)</u>	<u>(138,123)</u>	<u>(8,688)</u>	<u>(1,004,617)</u>
At December 31, 2024	<u>\$ 22,713,547</u>	<u>\$ 560,521</u>	<u>\$ 1,028,508</u>	<u>\$ 84,467</u>	<u>\$ 24,387,043</u>
2023					
At January 1, 2023					
Cost/Valuation	\$ 24,318,778	\$ 3,727,669	\$ 1,963,438	\$ 233,701	\$ 30,243,586
Accumulated Depreciation	<u>(621,509)</u>	<u>(3,175,468)</u>	<u>(1,051,352)</u>	<u>(152,554)</u>	<u>(5,000,883)</u>
Net book amount	<u>23,697,269</u>	<u>552,201</u>	<u>912,086</u>	<u>81,147</u>	<u>\$ 25,242,703</u>
Year ended December 31, 2023					
Opening Net book amount	\$ 23,697,269	\$ 552,201	\$ 912,086	\$ 81,147	\$ 25,242,703
Additions	121,041	235,515	37,354	32,851	426,761
Depreciation charge	<u>(550,841)</u>	<u>(303,975)</u>	<u>(126,026)</u>	<u>(5,619)</u>	<u>(986,461)</u>
At December 31, 2023	<u>\$ 23,267,469</u>	<u>\$ 483,741</u>	<u>\$ 823,414</u>	<u>\$ 108,379</u>	<u>\$ 24,683,003</u>

The net book value of property and equipment sold during the year was \$24,783 (2023: \$nil).

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

10. PROPERTY AND EQUIPMENT (CONTINUED)

In September 2022, the land and buildings were revalued to fair market value based on a valuation performed by an independent appraiser for financial statement purposes. The fair value of the land and buildings is derived from capitalised income projections based on a property's estimated net market income adjusted for vacancies, and a discount rate derived from an analysis of market evidence. There was no change in the valuation technique used in the 2022 valuation from the prior valuation. Assumptions around the projected rental revenue changed from a range of \$27 - \$59/sq. ft. in the prior valuation to \$29 - \$59/sq. ft. in the 2022 valuation. Updated assumptions are noted in the table below. The fair value measurement of the Group's land and buildings is classified as Level 3 in the fair value hierarchy. Land and buildings are classified as Level 3 as inputs are generally unobservable.

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

The following table presents information on how reasonably possible changes in assumptions made by the Group may impact the estimates of fair values of the land and buildings in 2022 valuation.

Estimate/Assumption	Change	Impact on fair value
Rental Revenue (\$29-\$59/sq. ft.)	5.00%/-5.00%	\$1,136,593/(\$1,136,593)
Vacancy rates (5%)	5.00%/-5.00%	(\$1,196,419)/\$1,196,415
Discount rate (8.25%-9%)	1.00%/-1.00%	(\$2,348,714)/\$2,967,626

The net book value of the land and buildings, excluding effects of revaluations, would have been \$4,263,243 (2023: \$4,263,243) and \$13,247,818 (2023: \$13,971,642) respectively.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

11. LEASES

The Group leases office premises and vehicles. The leases typically run for a period of three to five years, with an option to renew the lease after that date. Lease payments are usually renegotiated every three to five years to reflect market rental rates. Some leases provide for additional rent payments that are based on changes in local price indices.

Information about leases for which the Group is a lessee is presented below:

Right-of-use asset

	Office premises	Vehicles	Total
Balance at January 1, 2023	\$ 529,599	\$ 21,037	\$ 550,636
Amortisation charge for the year	(213,011)	(21,037)	(234,048)
Additions	923,676	-	923,676
Balance at December 31, 2023	1,240,264	-	1,240,264
Amortisation charge for the year	(249,871)	-	(249,871)
Balance at December 31, 2024	\$ 990,393	\$ -	\$ 990,393

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 December 31, 2024, the future minimum lease payments under non-cancellable operating leases were payable as follows.

	2024	2023
Maturity analysis – Contractual undiscounted cash flows		
Less than one year	\$ 243,383	\$ 284,100
Between one and five years	505,339	1,211,845
Greater than 5 years	449,853	-
Total undiscounted lease liabilities at December 31	\$ 1,198,575	\$ 1,495,945

Lease payments are presented within the financing section of the consolidated statement of cash flows. Interest expense on the lease liability for the year ended December 31, 2024 amounted to \$57,304 (2023: \$27,568) and is presented within the caption interest expense in the consolidated statement of comprehensive income.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

11. LEASES (CONTINUED)

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.

12. INTANGIBLE ASSETS AND GOODWILL

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

	Goodwill	Customer relationships	Non-compete agreements	Computer Software	Total
2024					
At January 1, 2024					
Cost	\$ 2,050,810	\$ 5,228,199	\$ 39,590	\$ 11,596,149	\$ 18,914,748
Accumulated amortisation	-	(3,001,805)	(39,590)	(7,513,417)	(10,554,812)
Net book amount	<u>\$ 2,050,810</u>	<u>\$ 2,226,394</u>	<u>\$ -</u>	<u>\$ 4,082,732</u>	<u>\$ 8,359,936</u>
Year ended December 31, 2023					
Opening Net book amount	\$ 2,050,810	\$ 2,226,394	\$ -	\$ 4,082,732	\$ 8,359,936
Additions	-	-	-	33,300	33,300
Amortisation	-	(341,820)	-	(864,038)	(1,205,858)
At December 31, 2024	<u>\$ 2,050,810</u>	<u>\$ 1,884,574</u>	<u>\$ -</u>	<u>\$ 3,251,994</u>	<u>\$ 7,187,378</u>
2023					
At January 1, 2023					
Cost	\$ 2,650,810	\$ 5,228,199	\$ 39,590	\$ 10,166,452	\$ 18,085,051
Accumulated amortisation	-	(2,701,435)	(31,672)	(6,932,852)	(9,665,959)
Net book amount	<u>\$ 2,650,810</u>	<u>\$ 2,526,764</u>	<u>\$ 7,918</u>	<u>\$ 3,233,600</u>	<u>\$ 8,419,092</u>
Year ended December 31, 2023					
Opening Net book amount	\$ 2,650,810	\$ 2,526,764	\$ 7,918	\$ 3,233,600	\$ 8,419,092
Additions	-	-	-	1,686,334	1,686,334
Impairment	(600,000)	-	-	-	(600,000)
Amortisation	-	(300,370)	(7,918)	(837,202)	(1,145,490)
At December 31, 2023	<u>\$ 2,050,810</u>	<u>\$ 2,226,394</u>	<u>\$ -</u>	<u>\$ 4,082,732</u>	<u>\$ 8,359,936</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Intangible assets with indefinite lives and goodwill acquired through business combinations have been allocated to a cash-generating unit for impairment testing as follows:

	2024	2023
Cayman's cash-generating unit - goodwill (P&C)	\$ 813,172	\$ 813,172
Cayman's cash-generating unit - goodwill (Health)	<u>1,237,638</u>	<u>1,237,638</u>
	<u>\$ 2,050,810</u>	<u>\$ 2,050,810</u>

The Group performed its annual impairment test as at December 31, 2024. The recoverable amounts of Cayman's cash-generating unit ("CGU") has been determined by the fair value less costs to sell calculation based on a discounted cash flow model using a 5-year cash flow forecast, and incorporating a Catastrophe event every 3 years. The discount rate and premium growth rate used in the cash flow model is 13.35% (2023: 14.41%) and 3% (2023: 3%) respectively. As the recoverable amounts exceeded the carrying amounts, management did not identify any impairment for the cash generating unit during 2024. During the year ended December 31, 2023, the Group recognised an impairment loss of \$600,000 related to goodwill.

13. BONDS PAYABLE

On October 15, 2010, the Company effected a private offering of Series II Redeemable Cumulative Variable Rate Corporate Bonds ("the bonds"), which bear interest at a rate of B\$ prime plus 2.00% per annum. The net proceeds were used for general corporate purposes. 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. 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.

	2024	2023
Series II Corporate Bonds		
\$7,500,000 at B\$ prime rate + 2.00%, presently 6.25% (2023: 6.25%) per annum - Due October 15, 2025	\$ 7,500,000	\$ 7,500,000
Accrued interest	<u>116,866</u>	<u>116,866</u>
Total	<u>\$ 7,616,866</u>	<u>\$ 7,616,866</u>

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

14. SHARE CAPITAL

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

	2024	2023
Common shares		
Authorised: 40,000,000 (2023: 40,000,000) at \$0.01 each		
Issued and fully paid: 36,511,589 (2023: 36,511,589) par value \$0.01 per share	\$ 365,116	\$ 365,116
Preference shares		
Authorised: 5,000,000 (2023: 5,000,000) at \$1.00 each		
Issued and fully paid: 5,000,000 (2023: 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:

	2024	2023
Profit for the year attributable to owners of the Company	\$ 6,687,941	\$ 1,791,500
Preference shares dividend paid	(350,000)	(350,000)
Profit for the year attributable to common shareholders	6,337,941	1,441,500
Weighted average number of common shares outstanding	36,511,589	36,511,589
Basic and diluted earnings per common share	\$ 0.17	\$ 0.04

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 (2023: \$0.08) per common share [total dividends \$2,920,928 (2023: \$2,920,928)] were declared and subsequently 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.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

15. GENERAL RESERVE

The Group has established a general reserve from retained earnings in the amount of \$4,000,000 (2023: \$4,000,000), which the Board of Directors has determined is not available for distribution.

16. REVALUATION RESERVE

The movement in the revaluation reserve is as follows:

	Land & Buildings	Investments	Total
Balance at December 31, 2022	\$ 7,886,387	\$ 6,757,815	\$ 14,644,202
Net increase in fair value of OCI investments	<u>-</u>	<u>2,759,464</u>	<u>2,759,464</u>
Other comprehensive income	<u>-</u>	<u>2,759,464</u>	<u>2,759,464</u>
Balance at December 31, 2023	7,886,387	9,517,279	17,403,666
Net decrease in fair value of OCI investments	<u>-</u>	<u>(721,196)</u>	<u>(721,196)</u>
Other comprehensive loss	<u>-</u>	<u>(721,196)</u>	<u>(721,196)</u>
Balance at December 31, 2024	<u>\$ 7,886,387</u>	<u>\$ 8,796,083</u>	<u>\$ 16,682,470</u>

In accordance with the Group's accounting policy, freehold land and buildings are subject to a revaluation exercise that is performed by an independent professional appraiser every three years. Freehold land and buildings were independently valued in September 2022. The next appraisal is due in 2025 or when the fair value of a revalued asset differs materially from its carrying amount due to the current economic condition, whichever is earlier.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

17. NON-CONTROLLING INTEREST

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

	2024	2023
NCI percentage	<u>12.30%</u>	<u>12.30%</u>
Total assets	\$ 63,646,397	\$ 61,400,338
Total liabilities	26,047,876	26,066,392
Net assets	37,598,521	35,333,946
Insurance revenue	\$ 75,586,672	\$ 80,739,382
Insurance service result	3,142,122	(164,039)
Total comprehensive income/(loss)	2,264,575	(852,217)
Cash flows from/(used in) operating activities	\$ 2,043,997	\$ (2,679,583)
Cash flows used in investment activities	(8,409,282)	(2,145,702)
Cash flows used in financing activities	(46,954)	(46,322)

During 2023 and 2024, BFHIL acquired nil shares from minority shareholders resulting in no change in percentage holdings.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

18. EXPENSES

An analysis of the 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 within the consolidated statement of comprehensive income:

	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

	2023			
	Acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
Salaries, benefits and bonuses	4,894,070	3,325,749	8,413,125	16,632,944
Depreciation and amortisation	556,118	633,369	1,176,512	2,365,999
General and administrative expenses	4,145,052	5,348,896	4,639,391	14,133,339
Total	9,595,240	9,308,014	14,229,028	33,132,282

19. OTHER INCOME, NET

	2024	2023
Rental income	\$ 38,500	\$ 16,800
Amortisation of discounts on bonds (Note 6)	(127,565)	(172,049)
Amortisation of premiums on treasury bills	170,754	55,051
(Loss)/gain on disposal of property and equipment	(9,202)	200
Other income	62,774	87,402
Total	\$ 135,261	\$ (12,596)

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

20. NET FINANCE EXPENSES FROM INSURANCE AND REINSURANCE CONTRACTS

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

	2024	2023
<u>Finance income (expenses) from insurance contracts issued</u>		
Interest accreted	(1,047,857)	(946,949)
Effect of changes in interest rates and other financial assumptions	<u>(7,153)</u>	<u>(57,652)</u>
Finance expenses from insurance contracts issued	<u>(1,055,010)</u>	<u>(1,004,601)</u>
<u>Finance income (expenses) from reinsurance contracts held</u>		
Interest accreted	666,197	590,210
Effect of changes in interest rates and other financial assumptions	<u>(143,559)</u>	<u>110,164</u>
Finance income from reinsurance contracts held	<u>522,638</u>	<u>700,374</u>
Net finance expenses from insurance and reinsurance contracts	<u>(532,372)</u>	<u>(304,227)</u>

21. 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 \$554,068 (2023: \$506,759), which are included in insurance service expenses and other operating expenses in the consolidated statement of comprehensive income.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

22. RELATED PARTY TRANSACTIONS AND BALANCES

No expense has been recognised in the period for ECLs in respect of 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.

	2024	2023
Short-term benefits	\$ 2,193,503	\$ 2,333,473
Post employment benefits	<u>59,904</u>	<u>90,211</u>
Total	<u>\$ 2,253,407</u>	<u>\$ 2,423,684</u>
Commission expense	<u>\$ 370,277</u>	<u>\$ 302,461</u>

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

	2024	2023
Receivables from key management personnel	<u>\$ 2,719</u>	<u>\$ 20,531</u>

23. CONTINGENCIES

In the normal course of its business, the Group is involved in various legal proceedings incidental to its operations. Based on legal advice and the Group's assessment of the facts, management does not believe that these proceedings give rise to any present obligation requiring a separate provision under IAS 37. Any expected insurance-related cash outflows arising from such matters are included in the measurement of insurance contract liabilities in accordance with IFRS 17. Accordingly, no separate provision has been recognised.

BAHAMAS FIRST HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 (CONTINUED)

(Expressed in Bahamian dollars)

24. SEGMENTED INFORMATION

The Group's operating segments are identified based on the 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 December 31, 2024 and 2023 are as follows:

	Bahamas	Cayman		
	<u>P&C</u>	<u>P&C</u>	<u>H&L</u>	<u>Total</u>
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
	Bahamas	Cayman		
	<u>P&C</u>	<u>P&C</u>	<u>H&L</u>	<u>Total</u>
2023				
Insurance service result	\$ 13,984,672	\$ 5,009,347	\$ (4,474,009)	\$ 14,520,010
Depreciation and amortisation	1,879,691	238,471	247,837	2,365,999
Interest expense	988,766	81,800	81,800	1,152,366
Segment profit/(loss) for the year	3,449,021	3,706,078	(5,515,921)	1,639,178
Total segment assets	110,268,556	40,104,852	25,813,916	176,187,324
Total segment liabilities	74,338,500	20,237,876	5,764,579	100,340,955
Capital expenditure	1,799,223	65,044	248,828	2,113,095

* * * * *



Corporate Governance Framework

The corporate governance framework of Bahamas First Holdings Limited is based on the belief that good governance requires adherence to all legal requirements, regulations and stated Group policies, and a mature culture of responsibility. It includes an engaged Board whose members possess a diverse range of skills and experience, an effective Board Committee structure, clear and transparent communication with our shareholders, strong risk management processes and ethos, and a principled corporate philosophy that directs how we operate to meet our strategic objectives.

Corporate Governance

Bahamas First's directors and management are committed to conducting business in an ethical, fair and transparent manner in accordance with high standards of corporate governance.

The Board and management team lead by example. We have a robust corporate governance framework in place and are committed to fostering a culture of compliance that values personal and corporate integrity, accountability, and continuous improvement.

Our policies and practices are implemented through the specific responsibilities of the Corporate Governance Committee as follows:

- annually reviewing the adequacy of the Group's corporate governance practices and principles and recommending to the Board any changes or new practices it considers appropriate;
- considering and recommending to the Board any new committees it believes are appropriate, and developing mandates for such committees; monitoring regulatory developments and best practices relating to corporate governance issues and recommending appropriate changes to the Board;
- monitoring investor relations activities and any material transactions with significant shareholders;
- overseeing the preparation of any public disclosure about the Group's corporate governance practices, including any report to be included in the proxy circular for its annual meeting; and
- reviewing the Group's Code of Business Conduct annually and, within its purview, making recommendations to the Board and overseeing compliance, complaint resolution and investigations related to the Code.

The Role of the Board

The Board is accountable to shareholders for the performance of the Group. It directs and monitors the business and affairs of the Group on behalf of shareholders and is responsible for the Group's overall corporate governance.

The Board Chair provides leadership to enhance Board effectiveness and to manage the affairs of the Board in accordance with the Group's by-laws, foundational documents and governance policies.

The Board has adopted a Board Mandate, which details its role and responsibilities, including, but not limited to:

- setting the 'tone from the top' through influencing the corporate culture, ethical standards and reputation of the Group;
- approving the strategic objectives and direction of the Group and overseeing management's implementation of those strategic objectives;
- monitoring the Group's operational performance generally, including its financial state and the effectiveness of the Group's sustainability strategies;
- approving major expenditures, transactions, budgets, funding plans and capital management initiatives;
- monitoring the integrity, effectiveness and consistency of the Group's risk management framework, controls and systems;
- setting the overall remuneration framework for the Group;
- appointing, setting the remuneration of and assessing the performance of the CEO, as well as approving the appointment and remuneration of senior executives and overseeing their performance;
- overseeing executive succession planning; and
- monitoring the effectiveness of the Group's governance practices, including overseeing shareholder reporting and engagement and compliance with the Group's continuous disclosure obligations.

The Role of Management

The CEO, together with the executive team, is responsible for the development and implementation of strategy and the overall day-to-day running of the Company.

Consistent with the Company's primary objective to enhance long-term shareholder value, this includes operational, financial and strategic delivery, risk management and compliance, leadership, analytics, marketing and management's provision of accurate, timely and clear information to enable the Board to perform its responsibilities. Bahamas First has employment contracts in place with senior executives which set out the terms of their employment.

Directors and Officers



Alison J. Treco
Executive Chair

Ms. Treco is a member of the Institute of Chartered Accountants in England and Wales. She joined KPMG UK in 1980 and in 1984 transferred to KPMG's office in The Bahamas. After 24 years with KPMG, Ms. Treco became a director and shareholder of FT Consultants Ltd., which provides accounting, advisory and restructuring services to local and international clients. Ms. Treco has served as a Director of Bahamas First Holdings Limited since 2012 and was appointed Chair of the Board, effective May 25, 2018. She was appointed Executive Chair, effective August 1, 2023.



Michele Fields
Director

Mrs. Fields is an Associate of the Institute of Chartered Accountants in England and Wales. She started her career with KPMG UK in 1978 before transferring to the Bahamas office in 1982. She joined the management team of Global Life Assurance Bahamas Ltd. (now Colina Insurance Limited) in 1994. Mrs. Fields has over 30 years of insurance experience. She joined the Insurance Commission of The Bahamas in 2009, becoming Superintendent in 2012, and served until her retirement in 2023. Mrs. Fields was appointed as a Director of Bahamas First Holdings in May 2024.



Linda Goss
Director

Ms. Goss is a Fellow of the Canadian Institute of Actuaries and the Casualty Actuarial Society. She has 40 years of experience in the property and casualty insurance industry and was Senior Vice President & Chief Actuary at Economical Mutual Insurance Company before her retirement in 2021. Ms. Goss is the principal owner of Linda Goss Consulting. Ms. Goss was first elected as a Director of Bahamas First Holdings Limited in March 2014 and was re-elected as a Director in August 2021 after a short absence.

Directors and Officers



Kenwood Kerr
Director

Mr. Kerr is a member of the Society of Trust and Estate Practitioners (STEP) and an associate member of the Chartered Institute of Arbitrators. He is the Founder, President and CEO of Providence Advisors Ltd. ("Providence"), a Bahamian financial services company. Prior to launching Providence, he worked with SG Hambros, Colina Financial Advisors (CFAL), Fidelity Bank & Trust and Coutts. He has been involved in providing investment management and corporate advisory services for more than 30 years and continues to serve on various other company Boards. Mr. Kerr was elected to the Bahamas First Holdings Limited Board in April 2019.



Liam McFarlane
Director

Mr. McFarlane is a Fellow of the Canadian Institute of Actuaries and the Casualty Actuary Society and serves as Chief Risk and Actuarial Officer at Definity Insurance Company ("Definity"). Prior to working with Definity, Mr. McFarlane was a Partner at Ernst & Young LLP in Toronto, where he led the Canadian actuarial practice. Mr. McFarlane was elected to the Board of Bahamas First Holdings Limited in November 2020.



Dr. Samir Mikhael
Director

Dr. Mikhael is a Fellow of the Royal College of Physicians and Surgeons of Canada. A retired Ophthalmic Surgeon, Dr. Mikhael holds several medical posts both in The Bahamas and internationally. He is a former Chair of the Medical Staff at Doctors Hospital, serving from 2003 to 2018. Currently, he is the Managing Director of the parent holding company for Lowe's Wholesale, JBR Building Supplies and Tops Lumber. He was elected to the Board of Bahamas First Holdings Limited in July 2015. Prior to this, he served on the NUA Board, beginning in 2004.

Directors and Officers



Dawn Patton
Director

Ms. Patton is a member of the Bahamas Institute of Chartered Accountants. She was a partner of PriceWaterhouseCoopers (PWC) until her retirement in 2016. She worked with PWC for 30 years, primarily in The Bahamas but with a five-year stint in Cayman as a partner, and 18 months in London earlier in her career. Mrs. Patton's primary client focus was on international and local clients in the financial services industry. Mrs. Patton was elected to the Bahamas First Holdings Limited Board in June 2019.



Darcel G. Smith-Williamson
Corporate Secretary

Ms. Smith-Williamson is an attorney-at-law, admitted to the Bar of England and Wales through The Honourable Society of the Middle Temple, as well as to the Bahamas Bar. She is also a Certified Anti-Money Laundering Specialist. With over 18 years of legal and regulatory experience, her career has evolved from public law in the Office of the Attorney-General to corporate and private practice at top tier law firms in The Bahamas. Currently, Mrs. Smith-Williamson holds the position of Group Chief Legal and Compliance Officer for the Bahamas First Group, where she oversees operations in both The Bahamas and the Cayman Islands. In addition, she serves as the Chair of the Bahamas Insurance Association's Legislative Committee and is a member of the Bahamas Bar Association. Mrs. Smith-Williamson was appointed Corporate Secretary of the Board of Bahamas First Holdings, effective March 1, 2025.

Board Committees

* The current composition of Board Committees and movement of Directors are noted below.

Audit Committee

The Committee assists the Board in fulfilling its oversight responsibilities as they relate to the Group's accounting policies, financial reporting, internal control and the legal and regulatory environment.

Dawn Patton, Chair

Linda Goss

Liam McFarlane

Michele Fields

Finance & Investment Committee

The Committee focuses on two objectives: financial risk management and investment policy oversight.

Kenwood Kerr, Chair

Alison J. Treco

Dr. Samir Mikhael

Abraham Thoppil

Human Resources & Compensation Committee

The Committee is responsible for reviewing and approving the Group's compensation plan, and evaluating executive performance.

Dr. Samir Mikhael, Chair

Liam McFarlane

Michele Fields

** Judith Whitehead served until April 24, 2024.*

Corporate Governance, Conduct Review & Nominations Committee

The Committee measures the Group's governance against best practices and makes recommendations for Board appointments and composition.

Michele Fields, Chair (appointed Chair, effective May 14, 2024)

Alison J. Treco

Dawn Patton

**Paul MacDonald and Judith Whitehead served as members of the committee until March 13, 2024, and April 24, 2024, respectively.*

Technical Insurance Committee

The Committee is responsible for ensuring adherence to risk management guidelines as well as reviewing and assessing technical and reinsurance matters.

Linda Goss, Chair

Liam McFarlane

Dr. Samir Mikhael

** Paul MacDonald served as a member of the committee until March 13, 2024.*

Information Technology Committee

The Committee is responsible for ensuring that the Company's technology programmes support the Company's business objectives and strategies and provide for appropriate data security and data privacy and advising the Board on technology-related matters. This Committee is also responsible for overseeing risks related to the quality and effectiveness of the Company's information technology security, data privacy and disaster recovery capabilities.

Linda Goss, Chair (appointed Chair, effective April 9, 2024)

Kenwood Kerr

Liam McFarlane

Gordon Philip

** Paul MacDonald served as a member of the committee until March 13, 2024.*

The BFH Group Retirement Fund Committee

Plan Administrator:

Colonial Pension Services (Bahamas) Limited

Trustee/Custodian:

Butterfield Trust (Bahamas) Limited

Investment Committee

Company Representative: **Andrae Thompson, Chairman**

Independent Representative: **Kenwood Kerr, Secretary**
Staff Representative: **Area Wilson-Pratt**

Directors' Meetings and Attendance

(2024)

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company are listed below:

Director	Board Meetings		Committee Meetings	
	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Alison J. Treco*	9	9	8	8
Judith A. Whitehead*	2	2	2	2
Linda Goss*	9	9	14	14
Dr. Samir Mikhael	9	7	9	8
Kenwood Kerr	9	8	7	6
Dawn Patton	9	9	7	7
Paul MacDonald*	9	3	5	5
Liam McFarlane	9	8	15	13
Michele Fields*	4	4	3	3

* Alison J. Treco served as a member of the Audit Committee until August 2024.

* Judith A. Whitehead retired as a member of the the Board, and of the Corporate Governance and Human Resources committees in April 2024.

* Linda Goss joined the Information Technology Committee in April 2024.

* Paul MacDonald retired as a member of the Board, and of the Technical Insurance, Corporate Governance, Human Resources and Information Technology committees in March 2024.

*Michele Fields joined the Board of Directors in April 2024. She joined the Corporate Governance Committee in May 2024 and the Audit Committee in November 2024.

Enterprise Risk Management

The Group has implemented the Three Lines Model as part of its enterprise risk management framework. The Board has approved and management has implemented a robust Enterprise Risk Management Policy. The Internal Audit Function is supported by a reputable internal audit firm who has a track record of being effective in the performance of their duties. The Group reviews its selection of auditors from time to time to ensure the highest audit standards are being upheld.

Additionally, the internal auditors review the risk management policies and processes and report directly to the Audit Committee. The Committee reports regularly to the Board of Directors on its activities.

Risk Management Practices

Effective assurance and risk management practices help Bahamas First to achieve its strategic objectives, enable compliance with its legal obligations and protect the best interests of the Company and its shareholders.

Risk Identification and Management

The Board has established policies for the oversight and management of material business risks and internal controls. The Audit Committee and the Technical Insurance Committee oversee the policies, internal controls and procedures that the Group uses to identify business risks, manage those risks and enable compliance with relevant regulatory requirements. The design and implementation of the risk management and internal control systems to manage the Group's material business risks are the responsibility of management.

The Board has adopted the following key elements for the oversight and management of material business risks:

- On a quarterly basis, the Board reviews with Management the principal business risks to the Company to gain and maintain reasonable assurance that appropriate procedures are implemented to identify, monitor, manage and mitigate those risks.
- The Board will gain and maintain reasonable assurance that effective systems are in place to monitor the integrity of the Company's internal controls and management information systems.
- The Board will gain and maintain reasonable assurance that management processes are in place to address and comply with applicable laws and regulations, including applicable corporate, securities and regulatory requirements.
- The Board will confirm and monitor that processes are in place to comply with the Company's bylaws, Code and the Company's ethics reporting programme.

In addition to the above, risk assessments are also performed for individual material projects, capital expenditure, products and risks as required.

Code of Business Conduct

The Company is not aware of any non-compliance by the Directors and employees with respect to their individual compliance with the Company's Code of Business Conduct.

Human Resources Policies

The Human Resources Policies and Procedures Manual has been provided as a central reference for all managers, supervisors and employees and applies to all employees across the Group. The Manual forms part of the employment contract, guiding management and employees with respect to the operation of the Human Resources Department and the conduct of all employees.

All policies and procedures must be consistent with the Group's Core Values and its approach to:

- employing talented individuals whose creativity and imagination will support and contribute to achieving the Group's business objectives;
- communicating the Group's standards and expectations in all aspects of employment including performance;

- valuing diversity and assuring equal employment opportunity and a workplace where relationships are based on mutual trust and respect;
- treating all employees, contractors, customers and stakeholders, in a professional, courteous, non-discriminatory manner;
- providing safe, effective working conditions; and
- providing competitive terms and conditions in the workplace.

The Group's Human Resources policies include, but are not limited to the following:

- Employee Handbook & Manual
- Confidentiality Agreement
- Flex Time Policy
- Anti-Sexual Harassment Policy
- Code of Business Conduct
- Remote Work Policy
- Dress Code Policy

From time to time the Group's policies are reviewed to ensure that we remain aligned with our Core Values.

Integrity of Reporting

The Board and management have established controls that are designed to safeguard the Group's interests and the integrity of its reporting. These include accounting, financial reporting, sustainability and client risk rating (Anti-Money Laundering/ Know Your Customer (AML/ KYC)) and other internal control policies and procedures which are directed at monitoring whether the Group complies with regulatory requirements. In accordance with the Group's system of internal sign offs prior to approval of its financial

statements for a relevant period, both the CEO and the CFO provide declarations of their opinion to the Board that, following the completion of appropriate enquiries,

- the financial records of the Group have been properly maintained; and
- the financial statements of the Group comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group; and
- that the opinion has been formed on the basis of a sound and effective system of risk management and internal control.

Nomination Process for Board Members

Board members are typically nominated by the Corporate Governance, Conduct Review & Nominations Committee, but they can also be nominated by a Director or a Shareholder. The Committee is responsible for identifying qualified individuals. In making its candidacy recommendations, the Committee will, after conducting the reviews, examinations and inquiries it believes are appropriate, consider:

- the competencies and skills that the Board considers to be necessary for the Board as a whole, its chair and its committees to possess, in light of the opportunities and risks facing the Group, its strategy and its succession planning needs;
- the competencies and skills that the Board considers to be necessary for each existing

director to possess and that the Committee considers necessary for any new nominee to possess;

- the ability of potential nominees to devote sufficient time and resources to his or her duties as a Board member;
- the independence requirements applicable to the Board and each committee;
- the requirements of committees for distinctive or specialised expertise; and
- the most recent performance evaluation of the Board, Board committees and individual directors.

Procedure

1. The Nominating Committee will receive recommendations for new board members from current board members.

2. The Committee then reviews and discusses the resumés of potential candidates, assessing their skills and experience to determine if they meet qualifications for the position.

3. Finally, the Committee will recommend the candidates to the full Board for formal approval. Nominees are not present at this meeting to allow for open discussion by the Board.

The following Board members will stand for re-election at the Company's 2025 Annual General Meeting:

- **Alison J. Treco**
- **Michele Fields**
- **Linda Goss**
- **Kenwood Kerr**
- **Liam McFarlane**
- **Dr. Samir Mikhael**
- **Dawn Patton**

During the year ended December 31, 2024, the Company has been substantively compliant with the Securities Industry (Corporate Governance) Rules and is committed to consistently reviewing and updating the Company's degree of compliance.

Key Contacts

Head Office

Bahamas First Center
32 Collins Avenue
Nassau, Bahamas
T: (242) 302-3900
F: (242) 302-3901

General Inquiries

T: (242) 302-3900
askus@bahamasfirst.com

Auditors

Deloitte
2nd Terrace West
Centreville
P.O. Box N-7120
Nassau, Bahamas

Attorneys

The Bahamas

Graham Thompson & Co.
Sassoon House
Shirley St. & Victoria Ave.
P.O. Box N-272
Nassau, Bahamas

Cayman Islands

Maples and Calder
Ugland House
P.O. Box 309
Grand Cayman, KY1-1104
Cayman Islands

Registrar & Transfer Agent

Bahamas Central Securities
Depository Limited (BCSD)
Suite 202
Fort Nassau Centre
British Colonial Hilton
Nassau, Bahamas

Investor Materials

Bahamas First Holdings Limited's securities trade on the Bahamas International Securities Exchange (BISX) under the following symbols:

Ordinary Shares – **BFH**
Preference Shares – **BFHP**
Bonds – **BFHB**

For investor information, including additional copies of our Annual Report or other financial literature, please visit our website at bahamasfirst.com/financial-reports or contact us via email at askus@bahamasfirst.com or via phone at **(242) 302-3900**.

Bahamas **FIRST** 

BAHAMAS FIRST HOLDINGS LIMITED

Bahamas First Center
32 Collins Avenue
Nassau, The Bahamas

+1 242-302-3900
www.bahamasfirst.com
askus@bahamasfirst.com