

# **Colina Insurance Limited**

**Audited Consolidated Financial Statements  
Year Ended December 31, 2024  
With Report of Independent Auditors**

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of  
Colina Insurance Limited:

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of **Colina Insurance Limited** and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, 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 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' *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.

#### 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 consolidated financial statements. We are responsible for the direction, supervision and performance 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.

*Deloitte & Touche*

**Nassau, Bahamas**  
**May 23, 2025**

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23 May 2025

**Subject: 2024 Appointed Actuary's report to the shareholders**

I have valued the insurance contract liabilities of Colina Insurance Limited ("CIL") for its consolidated financial statements as of December 31, 2024, and the change in the consolidated statement of profit or loss for the year ended 2024 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In my opinion, the amount of insurance contract liabilities is appropriate for its purpose. The valuation conforms to accepted actuarial practice and the consolidated financial statements of CIL fairly present the results of the valuation.

Respectfully submitted,



Jacques Tremblay

Fellow of Canadian Institute of Actuaries, Member of the American Academy of Actuaries, Fellow of Society of Actuaries

Appointed Actuary for Colina Insurance Limited


**COLINA INSURANCE LIMITED**  
**Consolidated Statement of Financial Position**

At December 31, 2024 with corresponding figures at December 31, 2023  
(Expressed in Bahamian Dollars)

	Notes	December 31, 2024	December 31, 2023
<b>ASSETS</b>			
Cash and demand balances	7	\$ 32,191,931	\$ 24,662,221
Term deposits	6,7,8	7,140,818	7,029,293
Investment securities and other financial assets	6,8	544,052,485	507,643,091
Receivables and other assets	10	107,732,968	97,016,485
Insurance contract assets	9	1,475,277	1,345,471
Reinsurance contract assets	9	32,815,070	27,245,348
Mortgages and commercial loans	6,11	9,195,950	13,596,100
Investment properties	6,12	63,607,988	62,315,490
Equity-accounted investees	6,13	3,948,062	4,939,040
Property and equipment	14	17,408,660	15,209,490
Goodwill	15	2,711,243	2,711,243
Due from Parent	16	79,266	-
<b>Total assets</b>		<b>\$ 822,359,718</b>	<b>\$ 763,713,272</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	9	\$ 517,474,440	\$ 488,559,622
Investment contract liabilities	9	25,537,750	25,802,862
Other liabilities	17	55,508,380	61,596,055
Lease liabilities	18	618,043	875,255
<b>Total liabilities</b>		<b>599,138,613</b>	<b>576,833,794</b>
<b>EQUITY</b>			
Ordinary shares	20	\$ 3,000,000	\$ 3,000,000
Contributed capital		50,578,976	50,578,976
Revaluation reserve	21	13,687,032	12,149,310
Retained earnings		148,748,032	114,402,917
Total shareholder's equity		216,014,040	180,131,203
Non-controlling interests	19	7,207,065	6,748,275
<b>Total equity</b>		<b>223,221,105</b>	<b>186,879,478</b>
<b>Total liabilities and equity</b>		<b>\$ 822,359,718</b>	<b>\$ 763,713,272</b>

The accompanying notes on pages 10 - 99 - are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors on May 23, 2025 and signed on its behalf by:



T. Hilts - Chairman



E. M. Alexiou – Executive Vice-Chairman

**COLINA INSURANCE LIMITED**  
**Consolidated Statement of Profit or Loss**

For the Year Ended December 31, 2024, with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

	Notes	12 Months Ended December 31, 2024	12 Months Ended December 31, 2023
<b>Revenues:</b>			
Insurance revenue	24	\$ 118,334,864	\$ 116,762,238
Insurance service expenses	24	(98,489,138)	(107,027,136)
Net expenses from reinsurance contracts held	24	(5,717,536)	(6,376,276)
<b>Insurance service result</b>		<b>14,128,190</b>	<b>3,358,826</b>
Net investment income	25	59,148,586	66,000,985
<b>Net investment income</b>		<b>59,148,586</b>	<b>66,000,985</b>
Finance expenses from insurance contracts issued	25	(34,160,276)	(40,727,862)
Finance income from reinsurance contracts held	25	865,828	889,868
<b>Net insurance finance expenses</b>		<b>(33,294,448)</b>	<b>(39,837,994)</b>
<b>NET INSURANCE AND INVESTMENT RESULT</b>		<b>\$ 39,982,328</b>	<b>\$ 29,521,817</b>
Other income and fees		14,184,719	13,296,490
Share of (loss)/profit of equity-accounted investees	13	(990,978)	80,945
Other operating expenses	26	(6,812,597)	(8,129,812)
Other expenses		(53,091)	(232,017)
Other finance costs and interest	27	(3,637,250)	(2,796,223)
<b>Net income for the year</b>		<b>\$ 42,673,131</b>	<b>\$ 31,741,200</b>
Net income attributable to:			
Equity shareholders of the Company		\$ 42,003,803	\$ 31,230,742
Non-controlling interests	19	669,328	510,458
<b>Net income for the year</b>		<b>\$ 42,673,131</b>	<b>\$ 31,741,200</b>

The accompanying notes on pages 10 - 99 - are an integral part of these consolidated financial statements.

**COLINA INSURANCE LIMITED**  
**Consolidated Statement of Comprehensive Income**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

	Notes	12 Months Ended December 31, 2024	12 Months Ended December 31, 2023
<b>Net income for the year</b>		\$ 42,673,131	\$ 31,741,200
<b>Other comprehensive income/(loss):</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of investment property formerly owner-occupied	12	445,461	160,878
Share of OCI of Equity-Accounted Investees	13	(1)	(2,830)
Revaluation of land & building	21	1,861,357	-
<i>Items that are or will subsequently be reclassified to profit or loss</i>			
Reclassification during the year to profit or loss	21	(769,095)	-
<b>Other comprehensive income for the year</b>		1,537,722	158,048
<b>Total comprehensive income for the year</b>		<b>\$ 44,210,853</b>	<b>\$ 31,899,248</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		\$ 43,541,525	\$ 31,388,790
Non-controlling interests	19	669,328	510,458
<b>Total comprehensive income for the year</b>		<b>\$ 44,210,853</b>	<b>\$ 31,899,248</b>

The accompanying notes on pages 10 - 99 -are an integral part of these consolidated financial statements.

**COLINA INSURANCE LIMITED**  
**Consolidated Statement of Changes in Equity**

For the Year Ended December 31, 2024, with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

		Ordinary Share Capital	Contributed Capital	Revaluation Reserve	Retained Earnings	Non- controlling Interests	Total Equity
	Notes						
Balance at December 31, 2022		\$ 3,000,000	\$ 50,578,976	\$ 11,991,262	\$ 90,505,975	\$ 27,746,228	\$ 183,822,441
Net income for the year		-	-	-	31,230,742	510,458	31,741,200
Share of OCI of Equity-Accounted Investees	14	-	-	(2,830)	-	-	(2,830)
Revaluation of investment property formerly owner-occupied	21	-	-	160,878	-	-	160,878
Changes in non-controlling interests	19	-	-	-	-	(21,508,411)	(21,508,411)
Dividends paid to Parent	28	-	-	-	(7,333,800)	-	(7,333,800)
Balance, December 31, 2023		\$ 3,000,000	\$ 50,578,976	\$ 12,149,310	\$ 114,402,917	\$ 6,748,275	\$ 186,879,478
Net income for the year		-	-	-	42,003,801	669,328	42,673,129
Share of OCI of Equity-Accounted Investees	14	-	-	(1)	-	-	(1)
Reclassification during the year to profit or loss	21	-	-	(769,095)	769,095	-	-
Revaluation of investment property formerly owner-occupied	21	-	-	445,461	-	-	445,461
Revaluation of land & building	14	-	-	1,861,357	-	-	1,861,357
Changes in non-controlling interests	19	-	-	-	-	(210,538)	(210,538)
Dividends paid to Parent	28	-	-	-	(8,427,780)	-	(8,427,780)
Balance, December 31, 2024		\$ 3,000,000	\$ 50,578,976	\$ 13,687,032	\$ 148,748,033	\$ 7,207,065	\$ 223,221,106

The accompanying notes on pages 10 - 99 - are an integral part of these consolidated financial statements.



**COLINA INSURANCE LIMITED**  
**Consolidated Statement of Cash Flows**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

	Notes	12 Months Ended December 31, 2024	12 Months Ended December 31, 2023
<b>Cash flows from operating activities:</b>			
<b>Net income</b>		\$ 42,673,131	\$ 31,741,200
<i>Adjustments to reconcile net income to net cash provided by/(used in) operating activities:</i>			
Fair value gains on financial assets		(24,268,430)	(22,932,472)
Changes in provisions and expected credit losses for mortgage loans		3,239,744	(1,390,040)
Depreciation and impairment/amortization charges		1,813,927	1,366,245
Net realized (gains)/losses on fair value through profit or loss securities		(105,706)	20,957
Interest income		(37,455,990)	(45,586,505)
Dividend income		(906,626)	(821,945)
Net fair value loss/(gains) on investment properties		642,301	(539,940)
Finance costs and interest		3,637,250	2,796,223
Operating cash flows before changes in operating assets and liabilities		(10,730,399)	(35,346,277)
<i>Changes in operating assets and liabilities:</i>			
Changes in reinsurance contract assets and liabilities		(5,569,722)	(2,341,078)
Changes in insurance contract assets and liabilities		28,785,012	33,117,330
Changes in investment contract liabilities		(265,112)	(5,081,999)
Decrease in other assets		(11,240,388)	(48,485,367)
(Decrease)/increase in other liabilities		(6,087,676)	2,597,635
Net cash used in operating activities		(5,108,285)	(55,539,756)

(Continued)

The accompanying notes on pages 10 - 99 - are an integral part of these consolidated financial statements.

**COLINA INSURANCE LIMITED**  
**Consolidated Statement of Cash Flows**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

	Notes	12 Months Ended December 31, 2024	12 Months Ended December 31, 2023
<b>Cash flows from investing activities:</b>			
Decrease/(increase) in term deposits with original maturities greater than 90 days		4,251,525	(1,570,743)
Fair value through profit or loss securities purchased		(87,476,522)	(74,773,438)
Proceeds on disposal of fair value through profit or loss securities		75,441,264	59,712,729
Net decrease in mortgages and commercial loans		1,659,380	1,178,189
Additions to investment property		(1,489,338)	(3,528,672)
Interest received		37,676,800	42,729,253
Dividends received		906,626	821,945
Proceeds on disposal of property and equipment, net		-	445,904
Additions to property and equipment		(2,151,741)	(147,914)
Net cash provided by investing activities		28,817,994	24,867,253
<b>Cash flows from financing activities:</b>			
Proceeds from bank borrowings		-	30,000,000
Changes in non-controlling interests		-	(1,693,287)
Changes in other contracts		518,386	(602,428)
Repayment on bank borrowings		(4,108,963)	(2,108,218)
Changes in lease liabilities		201,410	(1,014,351)
Dividends paid to ordinary shareholders		(8,427,782)	(7,333,800)
Net cash (used in)/provided by financing activities		(11,816,949)	17,247,916
Net increase/(decrease) in cash and cash equivalents		11,892,760	(13,424,587)
Cash and cash equivalents, beginning of year		25,021,423	38,446,010
<b>Cash and cash equivalents, end of year</b>	7	<b>\$ 36,914,183</b>	<b>\$ 25,021,423</b>

(Concluded)

The accompanying notes on pages 10 - 99 - are an integral part of these consolidated financial statements.

# **COLINA INSURANCE LIMITED**

## **Notes to Consolidated Financial Statements**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

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### **1. REPORTING ENTITY**

Colina Insurance Limited ("the Company") was incorporated under the laws of the Commonwealth of The Bahamas on July 6, 1993.

The principal activity of the Company is the transaction of life and health insurance business. The Company is registered to operate as a life and health insurer in The Bahamas, The Cayman Islands, and The Turks and Caicos Islands.

The Company is wholly-owned by Colina Holdings Bahamas Limited ("the Parent" or "CHBL") whose majority shareholder is AF Holdings Ltd. ("AFH"). Both the Parent and AFH are Bahamian companies and the ordinary shares of the Parent are listed on the Bahamas International Securities Exchange. All significant balances and transactions with AFH and parties related to AFH are disclosed as related party transactions in these consolidated financial statements (See note 31).

The registered office of the Company is located at Trinity Place Annex, Frederick and Shirley Streets, P.O. Box N-4805, Nassau, The Bahamas and its principal place of business is located at 308 East Bay Street, P.O. Box N-47, Nassau, The Bahamas.

The consolidated financial statements of the Company and its subsidiaries (collectively, "the Group") for the year ended December 31, 2024 were authorized for issue in accordance with a resolution of the Company's Board of Directors on May 23, 2025.

### **2. MATERIAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

#### **2.1 Basis of preparation**

These consolidated financial statements are prepared in accordance with, and comply with, IFRS Accounting Standards (IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

The consolidated financial statements of the Group have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and investment properties that are required to be remeasured at fair value. The Company, with the concurrence of The Insurance Commission of The Bahamas, uses actuarial practices generally accepted in Canada for the valuation of its provision for future policyholder benefits. The adoption of IFRS 17 – Insurance Contracts, permits the Group to continue with this valuation policy.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period where there has been a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements.

All amounts in these financial statements are expressed in Bahamian dollars, unless otherwise stated.

#### **IFRS 17 – Insurance Contracts**

IFRS 17 – Insurance Contracts became effective January 1, 2023 and the Company has reflected in these financial statements the changes introduced on adoption of this standard. On the implementation of IFRS 17 – Insurance Contracts, the Group elected to change the classification of certain of its financial assets which are accounted for under IFRS 9 – Financial Instruments.

## **COLINA INSURANCE LIMITED**

### **Notes to Consolidated Financial Statements**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
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The standard has brought significant changes to the accounting for insurance and reinsurance contracts. With the adoption of IFRS 17, the Group has elected to designate some financial assets, previously held at amortized cost and fair value through other comprehensive income (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVPL).

#### *Recognition, measurement and presentation of insurance contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard and requires entities to identify and account for portfolios of insurance contracts, which comprise contracts that are subject to similar risks and are managed together.

IFRS 17 outlines a general measurement model (or general model) (GMM), which is modified for insurance contracts with direct participation features, described as the variable fee approach (VFA). The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach (PAA).

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. Market interest rates and the impact of policyholders' options and guarantees are also considered.

PAA is generally applied to short duration contracts where the policy contract boundary is one year or less. This includes contracts such as group life, group health and general insurance business. Under PAA, insurance contracts are measured based on unearned premiums. Contracts which are not eligible to be measured under PAA are primarily measured under GMM, unless the contracts have direct participation features which are then measured under the VFA.

#### *Transition*

The Group has applied a fair value approach for all years prior to January 1, 2021 and applied the full retrospective approach for all policies issued from January 1, 2021, applying alternative transition methods where the full retrospective approach was impracticable. A fair value approach that uses the fair value of the contracts at the date of transition was used to determine a value for the contractual service margin ('CSM'). The fair value approach enables an entity to determine the opening transition balances, even if the entity does not have reasonable and supportable information about the contracts that exist at the transition date.

The Group has identified, recognized and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied with any resulting net difference recognized in equity.

#### ***IFRS 9 – Financial Instruments***

IFRS 9 is generally effective for annual reporting periods beginning on or after January 1, 2018. In September 2016, the International Accounting Standards Board ("IASB") issued amendments to IFRS 4 - Insurance contracts ("IFRS 4"), which provided optional relief to eligible insurers in respect of IFRS 9. The options permit (a) entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 – Insurance contracts ("IFRS 17") a temporary exemption to defer the implementation of IFRS 9, or alternatively (b) give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9. The Group had not previously applied any version of IFRS 9 and was an eligible insurer that qualified for optional relief from the application of IFRS 9. As of January 1, 2018 (IFRS 9 effective date), the Group elected to apply the optional transitional relief under IFRS 4 that permitted the deferral of the adoption of IFRS 9 for eligible insurers.

The Group has adopted IFRS 9 as issued by the IASB in July 2014 which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, with a date of transition of January 1, 2022. This resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 *Financial Instrument: Disclosures*. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized as an adjustment to January 1, 2022 retained earnings.

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**Notes to Consolidated Financial Statements**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
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The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group. Further details of the specific IFRS 9 accounting policies applied in the current period (as well as the previous IAS 39 accounting policies applied in the comparative period) are described further within this note.

**Other amendments to IFRS and IAS**

The following are other IFRS and IAS effective on or after January 1, 2024. These standards have been adopted and have no material impact on the Group.

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 Non-current Liabilities with Covenants
- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback

**2.2 Basis of consolidation**

Listed below are the subsidiaries of the Company as at December 31, 2024:

<b>Name</b>	<b>Place of Incorporation</b>	<b>Shareholding</b>
<b>Mortgage Company</b>		
Colina Mortgage Corporation Ltd. ("CMCO")	The Bahamas	100%
<b>Investment Property Holding Companies</b>		
Bay St. Holdings Ltd.	The Bahamas	100%
Colina Real Estate Fund Ltd. ("CREFL")	The Bahamas	84%
ColImpco One Ltd.	The Bahamas	100%
Dax Limited	The Bahamas	100%
Goodman's Bay Development Company Limited ("GBDC")	The Bahamas	86%
IMPCO Properties (Bahamas) Limited	The Bahamas	100%
IMPCO Real Estate Holdings (Bahamas) Limited	The Bahamas	100%
NCP Holdings Ltd.	The Bahamas	100%
P.I. Investments Ltd.	The Bahamas	100%
Wednesday Holding Company Ltd.	The Bahamas	100%
<b>Investment Holding Companies</b>		
August Property Holdings Ltd.	The Bahamas	100%
Colina MTS Limited	The Bahamas	100%
Fairway Close Development Company Ltd.	The Bahamas	100%
Partner Investment Ltd.	The Bahamas	100%
PRO Health Holdings Ltd.	The Bahamas	100%
Sharp Investment Ltd.	The Bahamas	100%
<b>Investment Funds</b>		
CFAL Global Bond Fund Ltd. ("CGBF")	The Bahamas	100%
Ikonik Fund SAC Limited	The Bahamas	93%

The consolidated financial statements include the accounts of the Company and subsidiaries. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee

**COLINA INSURANCE LIMITED**  
**Notes to Consolidated Financial Statements**

For the Year Ended December 31, 2024 with corresponding figures for the Year Ended December 31, 2023  
(Expressed in Bahamian Dollars)

and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of equity in the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

Where the Company has control, subsidiaries are fully consolidated from the date on which control is transferred to the Company and are de-consolidated from the date on which control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Non-controlling interests consist of the amount of those interests at the date of the original business combination (See note 2.4) and the non-controlling interest's share of changes in equity since the date of the combination. Changes in the Group's ownership interest of consolidated subsidiaries that don't result in loss of control are accounted for directly in equity.

All material inter-company balances and transactions are eliminated on consolidation. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **2.3 Insurance Operations**

### **Material accounting policies for insurance contracts**

#### **A) Summary of measurement approaches**

The Company uses different measurement approaches, depending on the type of contract, as follows:

<b>Contracts issued</b>	<b>Product Classification</b>	<b>Measurement Model</b>
Traditional Life contracts	Insurance contracts	GMM
Universal Life contracts	Insurance contracts without direct participation features	GMM
Payout Annuities	Insurance contracts without direct participation features	GMM
Traditional Life	Insurance contracts with direct participation features	VFA
Annuities	Insurance contracts with direct participation features	VFA
Group and Individual Health	Insurance contracts	PAA
Group Life	Insurance contracts	PAA
Participation in reinsurance group health facilities	Insurance contracts	PAA

For underlying direct insurance contracts measured under GMM or VFA, the corresponding reinsurance contract portfolios are measured using GMM. For underlying direct insurance contracts measured under

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PAA, the corresponding reinsurance contract portfolios are measured using PAA. No reinsurance is held on Non-Par Annuities, Closed-Par Annuities and participation in reinsurance group health facilities.

**B) Definition and classification**

The Group issues insurance contracts that transfer significant insurance risk from the policyholder. The Group defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction. 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. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts and are not treated as insurance contracts.

Certain life policies issued by the Group contain direct participation features such as participating traditional life insurance contracts with direct participation features which entitle the policyholder to receive additional payments, supplementary to the main insurance benefit. Policy dividends, together with residual gains in the participating accounts constitute direct participation features. The Group accounts for these contracts under IFRS 17.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. The variability in the cash flows is assessed over the expected duration of a contract. The duration of the contract considers all cash flows within the boundary (see note 2.3 E)).

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. Investment components in some Universal Life policies comprise policyholder account values less applicable surrender fees. The Group uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the Fulfilment Cash Flows ("FCF") that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee.

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In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all 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.

All references to insurance contracts in these financial statements apply to insurance and reinsurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

**C) Unit of account**

The Group manages insurance contracts issued by product lines within an operating segment, where each product line 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 fiscal year (annual cohorts) and are:

1. contracts that are onerous at initial recognition;
2. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
3. 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 significant 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.

For contracts measured using the GMM and VFA, the Group develops rates or prices for the range of insurance contracts that may be issued under a given product form. Rates would typically be intended to result in similar levels of profitability across all insurance contracts issued.

Generally, for contracts measured using the PAA, the Group assumes that no such 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.

Similar to the treatment of the direct (underlying) contracts, the Group divides reinsurance contracts held into contracts with similar insurance risk. The risks for reinsurance contracts in the life business are mortality, morbidity, and longevity risks which correspond to portfolios of direct contracts. The Group manages all reinsurance treaties on the same basis as it does for line of business reporting described above for direct contracts. 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 fiscal year (annual cohorts) into groups of:

1. contracts for which there is a net gain at initial recognition, if any;
2. contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
3. remaining contracts in the portfolio, if any.

Transition approaches that were applied by the Group on adoption of IFRS 17 with respect to contracts aggregation requirements are included in note 3.1.6.



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Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes categories of components that have to be accounted for separately:

1. cash flows relating to embedded derivatives that are required to be separated;
2. cash flows relating to distinct investment components; and
3. promises to transfer distinct goods or distinct services other than insurance contract services.

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation of insurance contracts.

**D) Recognition and derecognition**

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

1. the beginning of the coverage period;
2. the date when the first payment from the policyholder is due or actually received, if there is no due date; and
3. when the Company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  - i. the beginning of the coverage period of the group; and
  - ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held; unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which 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.

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- 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 changes in estimates of the Fulfilment Cash Flows ("FCF"), 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:

- a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  - i. is not within the scope of IFRS 17;

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- ii. results in different separable components;
  - iii. results in a different contract boundary; or
  - iv. belongs to a different group of contracts;
- b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition.
- c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

- a. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group;
- b. adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the Liability for Remaining Coverage ("LRC") of the group) in the following manner, depending on the reason for the derecognition:
  - i. if the contract is extinguished, for the same amount as the adjustment to the FCF relating to future service;
  - ii. if the contract is transferred to a third party, for the amount of the FCF adjustment in (a) less the premium charged by the third party; or
  - iii. if the original contract is modified resulting in its derecognition, for the amount of the FCF adjustment in (a) adjusted for the premium that the Company 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; when recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received; and
- c. adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to net income / (loss):

- a. 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;
- b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- c. 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.

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**E) Measurement**

***Fulfilment cash flows within contract boundary***

The FCF 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 future cash flows:

- a. are based on a probability-weighted mean of the full range of possible outcomes;
- b. are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and 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. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the Liability for Incurred Claims ("LIC").

The estimates of future cash flows are adjusted using the 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 rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. For contracts measured under the PAA, the estimates of future cash flows are not adjusted for the time value of money except for long-term disability claims since these typically have a settlement period of over one year. Refer to note 3.1.2.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. 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.

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.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

***Contract boundary***

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:

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- a. 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
- b. both of the following criteria are satisfied:
  - i. 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
  - ii. 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, 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.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

***Insurance acquisition costs***

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:

- a. to that group; and
- b. 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.

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 flows 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 flows 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.

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The recoverability assessment is performed in two steps, as follows:

1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;
2. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

***Other pre-recognition cash flows within the contract boundary***

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 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.

***Risk adjustment for non-financial risk***

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and 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.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 3.1.3.

**F) Initial measurement - Groups of contracts not measured under the PAA**

***Contractual service margin***

The Contractual service margin ("CSM") is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

- a. the initial recognition of the FCF;
- b. cash flows arising from the contracts in the group at that date;
- c. the derecognition of any insurance acquisition cash flows asset; and
- d. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the "Onerous contracts – Loss component" section in note G) Subsequent measurement – Groups of contracts not measured under the PAA).

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For groups of reinsurance contracts held, any net gain or net cost at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in net income / (loss). For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- a. the initial recognition of the FCF; and
- b. cash flows arising from the contracts in the group at that date;
- c. any income recognised in net income / (loss) when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (c) above. This amount 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 contracts 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.

For insurance contracts acquired in a portfolio transfer or a business combination within the scope of IFRS 3, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a. the initial recognition of the FCF; and
- b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

**G) Subsequent measurement - Groups of contracts not measured under the PAA**

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- a. the LRC, comprising:
  - i. the FCF related to future service allocated to the group at that date; and
  - ii. the CSM of the group at that date; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- a. the asset for remaining coverage, comprising:
  - i. the FCF related to future service allocated to the group at that date; and
  - ii. the CSM of the group at that date; and
- b. the asset for the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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***Changes in fulfilment cash flows***

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a. changes that relate to current or past service are recognised in profit or loss; and
- b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b. changes in estimates of the present value of future cash flows in the LRC, except differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
- c. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b) and (c) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- b. changes in the FCF relating to the LIC;
- c. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
- d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- a. changes in the amount of the Company's share of the fair value of the underlying items; and
- b. changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
  - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes;

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- iii. changes in estimates of the present value of future cash flows in the LRC, except differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable;
- iv. differences between loans to a policyholder expected to become repayable in the period and the actual loan to a policyholder that becomes repayable in the period; and
- v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii)-(v) are measured using the current discount rates.

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

- a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b. changes in the FCF that do not vary based on the returns of underlying items:
  - i. changes in the FCF relating to the LIC; and
  - ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
  - iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

***Changes to the Contractual Service Margin (CSM)***

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group.
- b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

The Group prepares financial statements on a quarterly basis. The Group has elected to change the treatment of accounting estimates made in previous interim financial statements when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period. Detailed information about the estimates and assumptions used is included in note 3, together with information about the basis of calculation for the line items in the consolidated financial statements.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group.
- b. Interest accreted on the carrying amount of the CSM.
- c. Income recognised in the statement of income when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous



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underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.

- d. Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
- e. Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
- f. The amount recognised in net income / (loss) for insurance contract services received during the period, determined after all other adjustments above.

Income referred to in (c) above 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 is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

***Interest accretion on the CSM***

Under the GMM, interest is accreted on the CSM using an average discount rate determined at initial recognition that is applied to nominal cash flows that do not vary based on the returns of underlying items. The discount rate used for accretion of interest on the CSM is determined using the top-down approach. The locked-in discount rate for a group is determined as the average of the discount rates applied at the beginning and ending of each period.

***Adjusting the CSM for the changes in the FCF relating to future service***

Under the GMM, the CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the 'Changes in fulfilment cash flows' section earlier.

***Release of the CSM to profit or loss***

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- a. the quantity of benefits provided by contracts in the group;
- b. the expected coverage period of contracts in the group; and
- c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items, except for contracts measured under the VFA which use the current discount rate. For reinsurance contracts held, the CSM is released to net income / (loss) as insurance contract services are received from the reinsurer in the period.

The coverage period for these reinsurance contracts is determined based on the coverage period of all underlying contracts for which cash flows are included in the reinsurance contract boundary. Refer to the 'Contract boundary' section in note F) above.

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***Onerous contracts - Loss component***

When negative adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses, and it records the excess as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- a. expected incurred claims and other directly attributable expenses for the period;
- b. changes in the risk adjustment for non-financial risk for the risk expired; and
- c. finance income (expenses) from insurance contracts issued.

The amount of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, a loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held. The loss-recovery component results in an amount immediately recognised within the statement of income within the net income / (expense) from reinsurance contracts held.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

**H) Initial and subsequent measurement – Groups of contracts measured under the PAA**

The Group has determined that contracts within Group Life and Health lines of business almost always have a coverage period of one year or less and are eligible for PAA. Where contracts measured under the PAA have a coverage period of more than one year, the Group expects that the LRC under PAA will not be materially different from what would be expected using the GMM.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are expensed when incurred.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received. The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. the LRC; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- a. increased for premiums received in the period;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and

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- d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- a. the asset for remaining coverage; and
- b. the asset for 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:

- a. increased for ceding premiums paid in the period;
- b. decreased for the expected amounts of ceding premiums 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, because insurance premiums are due within the coverage period of contracts, which is one year or less. The Group has determined that for all groups of contracts issued for which there is no significant financing component, the LRC will not be discounted. At the inception of the contract, the Group considers the facts and circumstances, with the use of judgement, to determine if there is a significant financing component.

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.

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.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA and GMM, the LIC is measured similarly. Future cash flows are adjusted for the time value of money.

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 determined using a methodology similar to the GMM 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.

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 profit or loss 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

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reinsurance contracts 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.

**l) Amounts recognised in the statement of income within the insurance service result**

***Insurance revenue***

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - a. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. amounts allocated to the loss component;
    - ii. repayments of investment components and policyholder rights to withdraw an amount;
    - iii. insurance acquisition expenses; and
    - iv. amounts related to the risk adjustment for non-financial risk (see (b));
  - b. changes in the risk adjustment for non-financial risk, excluding:
    - i. changes included in insurance finance income / (expenses);
    - ii. changes that relate to future coverage (which adjust the CSM); and
    - iii. amounts allocated to the loss component; and
  - c. amounts of the CSM recognised for the services provided in the period.

In-period cash flow variances would go through CSM if they are investment component, premium-related or policy loan cash flow variances.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the applicable coverage units of each group. For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

***Insurance service expenses***

Insurance service expenses include the following:

- a. incurred claims and benefits, excluding investment component and policy loans, reduced by loss component allocations;
- b. 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;
- c. insurance acquisition cash flows amortisation;
- d. changes that relate to past service – changes in the FCF relating to the LIC; and
- e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and

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- f. insurance acquisition cash flows assets impairment net of reversals.

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of income.

***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:

- a. reinsurance expenses;
- b. incurred claims recovery, excluding investment components reduced by loss-recovery component
  - 1. allocations;
- c. other incurred directly attributable expenses;
- d. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- e. effect of changes in the risk of reinsurers' non-performance; and
- f. amounts relating to accounting for onerous groups of underlying insurance contracts issued:
  - i. income on initial recognition of onerous underlying contracts;
  - ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
  - iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses (ceding premiums) 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.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

For contracts measured under the GMM, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:

- a. claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
  - i. amounts allocated to the loss-recovery component;
  - ii. amounts related to the risk adjustment for non-financial risk (see (b));
- b. changes in the risk adjustment for non-financial risk, excluding:
  - i. changes included in finance income / (expenses) from reinsurance contracts held;
  - ii. changes that relate to future coverage (which adjust the CSM); and
  - iii. amounts allocated to the loss-recovery component;
- c. amounts of the CSM recognised for the services received in the period; and
- d. experience adjustments – arising from premiums paid in the period other than those that relate to future service.

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

***Premium taxes***

Premium taxes (i.e., transaction-based taxes) are cash flows within the boundary of an insurance contract and relate directly to the fulfilment of the insurance contract.

**J) Amounts recognised in the statement of income within net insurance finance income / expenses**

***Insurance finance income or expenses***

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

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the FCF and the CSM;
- b. the effect of changes in interest rates and other financial assumptions; and
- c. foreign exchange differences.

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the LIC; and
- b. the effect of changes in interest rates and other financial assumptions.

The Company includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option) is applied).

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

**2.4 Business combinations**

Business combinations are accounted for using the acquisition method. 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.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination,

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the Group has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date and any resulting gain or loss is recognized through profit or loss. It is then considered in the determination of goodwill.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognized as measurement period adjustments in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to an appropriate cash-generating unit that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## **2.5 Equity-accounted investees**

The Group's equity-accounted investees are accounted for using the equity method of accounting. An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. As goodwill relating to an associate forms part of the carrying amount of an equity-accounted investee and is not separately recognized, it is neither amortized nor individually tested for impairment.

After application of the equity method, the Group assesses at each reporting date whether there is any objective evidence that the entire carrying amount of the equity-accounted investee is impaired by comparing its carrying value to its recoverable amount. Any impairment losses are recognized immediately in the consolidated statement of profit or loss.

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The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income reflect the share of the profit or loss and OCI of associates, respectively. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the relevant associate.

Upon loss of significant influence over an associate, the Group measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

**2.6 Functional currency and foreign currency transactions**

The Group's functional and presentation currency is the Bahamian dollar. Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are translated to Bahamian dollars using the rates of exchange prevailing at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Income and expense items denominated in foreign currencies are translated at a rate of exchange that approximates the actual rate prevailing at the time of the transaction. Resulting differences are recognized in profit or loss in the reporting period in which they arise.

**2.7 Financial investments**

(a) Classification of financial assets

The Group utilizes a principles-based approach to the classification of financial assets. Debt instruments, are measured at fair value through profit or loss ("FVTPL") or amortised cost based on the nature of the cash flows of these assets and the Group's business model. Equity instruments are measured at FVTPL.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, or at FVTPL. Financial assets are recognised when the Group becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Therefore, in order to determine the appropriate basis, the following methods may be used:

- Business model assessment

Business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Group intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.



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- Solely payments of principal and interest ("SPPI")

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

Based on these factors, the Group classifies its debt instruments into one of the following measurement categories.

Measured at amortised cost

Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise, on specified dates, to cash flows that are solely payments of principal and interest, such as most loans and advances to banks and customers and some debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

Measured at fair value through profit and loss (FVTPL)

Debt instruments are classified in this category if they meet one or more of the criteria set out below and are so classified at inception:

- where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, or the debt instruments meet the "SPPI" criteria but fail to meet the criteria for amortised cost based on the business model assessment, the debt instruments are classified and measured at FVTPL; and
- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit-taking.

(c) Impairment of financial assets measured at amortised cost

At initial recognition of a financial asset, allowance (or provision in the case of some loan commitments and financial guarantees) is required for Expected Credit Losses (ECL) resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL are recognised are defined as 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment are defined as being in default or otherwise credit-impaired and are included in 'stage 3'.

To determine whether the lifetime credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available, including information from the past and forward-looking information. Factors, such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower's industry and economic environment, are considered in determining whether there has been a significant increase in the credit risk of the borrower.

(d) Definition of default

The Group determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;

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- there are other indications that the borrower is unlikely to pay, such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(e) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(f) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort, at the reporting date, about past events, current conditions and forecasts of future economic conditions.

Measurement

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the lifetime ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2022, the historical period for such review is limited. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling, and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. Stage 3 estimates will continue to leverage pre-January 1, 2022 processes for estimating losses on impaired loans, however, these processes will be updated as experience develops, including the requirement to consider multiple forward-looking scenarios. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

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The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgement.

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected lifetime losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward-looking information

The estimation and application of forward-looking information will require significant judgement. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three- year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

(g) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk.

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(h) Reclassified balances

The Group reclassifies debt instruments when and only where its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

(i) Classification of equity instruments

The Group classifies and subsequently measures all equity investments at FVTPL.

(j) Presentation in the statement of income

*Financial instruments measured at FVTPL*

Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in other investment income.

*Financial instruments measured at amortised cost*

- Interest income is included in interest income earned from financial assets measured at amortised cost in the consolidated statement of income.
- Credit impairment losses are presented in the consolidated statement of income.
- Gain or loss on derecognition of debt instruments is presented in the consolidated statement of income.

**2.8 Fair value measurement**

The Group measures financial instruments and non-financial assets such as investment properties and certain items of property and equipment at fair value at each reporting date. Fair value is defined under accounting guidance currently applicable to the Group to be the prices that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between open market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or;
- In the absence of a principal market, in the most advantageous and accessible market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

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- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no material changes in the Group's valuation techniques in the period represented in these consolidated financial statements.

**2.9 Investment properties**

Investment properties comprise freehold land and buildings, residential rental properties, and commercial properties that are held for long-term yields and capital appreciation. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and exclude the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, such properties are measured at estimated fair value based on open market value determined periodically by external appraisers with management valuations in intervening periods. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party, or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the consolidated statement of profit or loss.

Rental income from investment property is recognized in net investment income on a straight-line basis over the term of the lease.

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit or loss. In addition, it measures certain land and buildings at revalued amounts with changes in fair value being recognized in the revaluation reserve. The Group assesses its property holdings through the use of independent valuation specialists on a periodic basis, performing management assessments in the intervening years. For investment properties, a valuation methodology based on a discounted cash flow ("DCF") model was used management, as there is a lack of comparable market data due to the nature of the properties. For valuations prepared by an independent valuation specialist, the Income Approach Method (IA) and Replacement Cost Method (RC) were used. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Key assumptions used to determine the fair value of the properties and sensitivity analysis are discussed in note 12.

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**2.10 Property and equipment**

Property and equipment, with the exception of certain Land improvements and Buildings, are carried at cost less accumulated depreciation and any accumulated impairment losses. Land improvements and buildings are carried at their revalued amounts, as assessed by qualified independent property appraisers or management valuation in intervening periods. Depreciation is charged using the straight-line method to allocate the cost of the assets over their estimated useful lives, as follows:

- |                                     |                                      |
|-------------------------------------|--------------------------------------|
| • Furniture, fixtures and equipment | 5 to 10 years                        |
| • Computer hardware                 | 3 to 5 years                         |
| • Motor vehicles                    | 4 to 5 years                         |
| • Leasehold improvements            | 5 to 15 years, or shorter lease term |
| • Land improvements and buildings   | 5 to 40 years                        |

Land is not depreciated. The assets' useful lives are reviewed at each reporting date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of profit or loss.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in equity. After revaluation, the depreciable amount of revalued buildings is based on its revalued amount.

Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the consolidated statement of profit or loss and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

**2.11 Goodwill and other intangible assets**

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquiree at the acquisition date. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses related to goodwill cannot be reversed in future periods. Goodwill is allocated to Cash Generating Units ("CGUs") for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For goodwill arising from the purchase of insurance related business, goodwill is allocated to CGUs identified according to the nature and type of insurance contract by major block of business.

For each CGU, the impairment charge is calculated by comparing the present value of the in force and projected new business at time of purchase and currently to determine how much the value has decreased relative to the original amount of goodwill recorded.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 2.5.

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*Other intangible assets included in equity-accounted investees*

These intangible assets include customer relationships, non-competitive agreement, trade name, and software and are carried at cost less accumulated amortization. Intangible assets included in equity-accounted investees are amortized on a straight-line basis as follows:

Customer relationships	10 years
Non-competitive agreement	2 years
Trade name	5 to 9 years
Software	3 years

The carrying amount of intangible assets included in equity-accounted investees is reviewed at each reporting date to assess whether it is recorded in excess of its recoverable amount. Where the carrying value exceeds this estimated value the asset is written down to the recoverable amount.

**2.12 Pension business**

The pension business consists of third-party pension plans with fund accumulations at rates of interest determined by the Group. There are no future interest or annuity rate guarantees. The liability established for future pension benefits for each of these plans is equal to the fund balance at the valuation date. Such third-party pension liabilities are included in investment contract liabilities, see note 9.4.

**2.13 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

**2.14 Revenue recognition**

Non-insurance revenue comprises net investment income, commission income, investment management and other fees, and other income and fees. Revenue from contracts with customers is recognized when or as the underlying services are provided to the customer in a manner that depicts the Group's satisfaction of the performance obligations in the contract. Revenue is based on the transaction price in the contract with the customer, which is the amount of consideration which the Group is or expects to be entitled to for providing the underlying services.

Interest income for financial assets that are not classified as at FVPL is recognized using the effective interest method. Dividend income is recognized when the Group's right to receive payment is established – this is the ex-dividend date for equity securities. Commission income is earned on the completion of the sale and is recognized at a point in time, being the effective date of writing the policy. Interest income on financing of premiums to customers is recognized using the effective interest method over the financing period. The Group earns revenue from corporate advisory services, investment management services, pension management services, registrar and transfer agent services, and administrative services only ("ASO") insurance contracts. These other income and fees are recognized based on the consideration specified in the contract which is allocated to the performance obligations of the contract. The Group recognizes revenues related to these contracts either at a point in time or over time as the services specified have been transferred or provided. Investment management and other fee income is recorded on an accrual basis when the related trade is executed or over time as the service is provided.

The Group's policy for recognition of revenue from operating leases is described in note 2.19. For the revenue recognition policies surrounding insurance contracts, see note 2.3.

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**2.15 Defined contribution pension plan**

The Group's subsidiaries operate separate defined contribution pension plans. Contributions are made to the plans on a mandatory and voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's portion of the contributions is charged to the consolidated statement of profit or loss as employee/salespersons' benefits expense in the year to which they relate.

**2.16 Share-based payments**

The Group's subsidiaries operate separate Employee Share Ownership Plans ("ESOP"). Under these plans, eligible employees and salespersons can purchase common shares of the Company on the open market through regular payroll deductions up to a maximum of 10% of eligible earnings. Employee and salespersons' contributions are matched by the Company at rates ranging between 20% to 100% of eligible earnings. The Group's matching contribution fully vests to the employee or salesperson after a period of 1-4 years, subject to the individual plan requirements. These share-based payments to employees and salespersons are measured at the fair value of the equity instruments at the grant date. The cost of matching employee and salespersons' contributions amounted to \$72,180 in 2024 (2023: \$62,606) and is included in employee/salespersons' benefits expense.

**2.17 Taxation**

The Group is subject to tax on taxable gross premium income at the flat rate of 3% (2023: 3%). Premium taxes are recognized in the insurance service result in the consolidated statement of income. The Group is also subject to Value Added Tax ("VAT") on taxable supplies at the standard rate of 10% (2023: 10%). The Group is eligible, however, for input tax credits to reduce its VAT liability based on an apportionment formula based on its proportion of standard rated taxable supplies to non-taxable supplies. VAT incurred by the Group in excess of input tax credits received are apportioned to the Group's general and administrative expenses. Eligible subsidiary companies of the Group are also subject to a business licence tax at rates ranging from 0.75% to 2.25% on taxable turnover. There are no other corporate, income or capital gains taxes levied on the Group in The Bahamas or in any other jurisdictions in which the Group operates. There are no uncertain tax liabilities requiring accrual in the consolidated statement of financial position (2023: Nil).

**2.18 Segregated fund**

With the acquisition of Imperial Life in 2005, certain contracts were acquired which allow unit holders to invest in a segregated fund managed by the Group for their benefit. Substantially all risks and rewards of ownership accrue to the unit holders and, consequently, the assets held in the segregated fund account are excluded from the assets in the Group's general funds and are therefore not included in the consolidated statement of financial position. As of December 31, 2024, these net assets amounted to \$64.3 million (2023: \$61.7 million). The Group has entered into a sub-investment management agreement with Colina Financial Advisors Ltd. to manage a significant portion of these assets.

**2.19 Leases**

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets ("ROU" assets) representing the right to use the underlying assets.

**i) Right-of-use assets**

Right-of-use assets are initially measured at cost, comprising 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 the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.



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Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**ii) Lease liabilities**

Lease liabilities are 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 obtaining interest rates from external financial sources and make certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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 and 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 amortized cost using the effective interest rate 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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

The Group presents right-of-use assets that do not meet the definition of investment property in "property and equipment" and lease liabilities in "loans and borrowing" in the statement of financial position.

**iii) Short-term leases and leases of low value assets**

The Group applies the short-term lease recognition exemption to short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***Group as a lessor***

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the main lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising

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from the main lease, not with reference to the underlying asset. If a main lease is a short-term lease to which the Group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "rental income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

**2.20 Bank borrowings**

Bank borrowings are initially recognized at fair value, which is the cost of the consideration received, net of issue costs and any discount or premium on settlement. Subsequent to initial recognition, they are measured at amortized cost, using the effective interest rate method.

Borrowing costs are recognized as an expense when incurred.

**2.21 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 Company or a present obligation that is not recognized 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 recognized because it cannot be measured reliably.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company 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.

**2.22 New standards and interpretations not yet effective**

Certain new standards and amendments to existing standards have been issued but are not effective for the periods covered by these financial statements. The changes in standards and interpretations which may have an effect on future presentation, measurement or disclosure of the Group's financial statements include the following:

- Amendments to IAS 21 – The Effects of changes in Foreign Exchange Rates titled Lack of Exchangeability, effective January 1, 2025
- IFRS 7 and IFRS 9 – Amendments to the Classification and Measurement of Financial Instruments, effective January 1, 2026
- IFRS 18 – Presentation and Disclosures in Financial Statements, effective January 1, 2027
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures, effective January 1, 2027

The impact of the above standards on the Group is under assessment.

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**3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the sections below.

**3.1 Insurance and reinsurance contracts**

**CONTRACTS NOT MEASURED UNDER PAA**

**3.1.0 Areas of Judgement**

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts not measured under PAA are described in subsequent notes.

**Definition and classification**

- Whether contracts are within the scope of IFRS 17.
- For contracts determined to be within the scope of IFRS 17, what measurement model is applicable.
- The Group is required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts. The following contracts issued by the Group are considered:
  - Insurance contracts with direct participation features, based on the Group's assessment of whether contracts that are determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features as follows:
    - whether the pool of underlying items is clearly identified;
    - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
    - whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.
- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.

**Unit of account**

The Group is required to make judgements involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.
- Separation – whether components in insurance contracts are distinct (that is, they meet the separation criteria).
- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

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#### **Insurance contracts aggregation**

The Group is required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together). This includes the aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts, and a similar grouping assessment for reinsurance contracts held.

Areas of judgement include:

- The determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and
- Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of judgement.

#### **3.1.1 Methods used to measure insurance contracts**

##### **Mortality and morbidity rates**

The Company bases mortality and morbidity rate assumptions from credible mortality and morbidity tables published by actuarial associations including the Canadian Institute of Actuaries. An investigation into the Company's experience is carried out, and statistical methods are used to adjust the published tables to produce the probability-weighted expected rates in the future over the duration of the insurance contracts. Rates are differentiated between policyholder groups, based on gender and other parameters.

An increase in expected mortality and morbidity rates will increase the expected life and health claim cost which will reduce future expected profits of the Group.

##### **Lapse and Surrender Rates**

The Company derives assumptions about lapse and surrender rates based on Company experience. Historical lapse and surrender rates are derived from the Company's policy administration data. An analysis is then performed of the Company's historical rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to reflect the Company's own experience and any trends in the data, to arrive at the probability-weighted expected lapse and surrender rates. Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM.

##### **Expenses**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. Inflation is considered a non-financial assumption and is derived from the long-term expense increases based on the Group's experience and management's expectation of the related expense control measures.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational. The overheads are also consistently applied to all costs that have similar characteristics. An increase in the expected level of expenses will reduce the expected future profits of the Group.

#### **3.1.2 Discount rates**

The top-down approach was used to derive the discount rates. Under this approach, the discount rate is 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 comprises bonds issued by the Government of The Bahamas. The assets were selected to match the liability cash flows. The yield from the reference portfolio was adjusted

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to remove both expected and unexpected credit risk. These adjustments were estimated using information from observed historical levels of default relating to the bonds included in the reference portfolio.

Observable market information is available for up to 30 years. For the unobservable period, the yield curve was interpolated between the last observable point and an ultimate spot rate at 50 years using linear interpolation.

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

Product	2024				
	1 year	5 years	10 years	20 years	30 years
Life (issued and reinsurance held)	3.3%	5.1%	7.5%	6.7%	9.8%

Product	2023				
	1 year	5 years	10 years	20 years	30 years
Life (issued and reinsurance held)	3.1%	4.8%	6.9%	6.4%	9.5%

***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 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 Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company'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.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of changes in the mortality rates, the variability in policyholder behavior, and uncertainties regarding future inflation rates and expenses growth. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation. Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the CSM within the LRC for contracts measured under the GMM, and they increase the LIC for contracts measured under the PAA.

**3.1.3 Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

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The Group has estimated the risk adjustment using a margin approach, calibrated to the cost of capital and target confidence levels. The margin approach involves applying shocks to the insurance assumptions used to project expected cash flows to produce an increase in the FCF. Shocks are selected using the projected cost of insurance risk capital such that the resulting risk adjustment falls within the Group's target confidence level range.

The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level of 74% (2023: 74%).

#### **3.1.4 Amortization of CSM**

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognize as it provides services in the future. The amount of the CSM for a group of insurance contracts is recognized in net income / (loss) as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognizing any amounts in net income / (loss) to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- Recognizing in net income / (loss) the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured, maturity benefit or payout over the period of the contracts.

The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum potential loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

#### **3.1.5 Assets for insurance acquisition cash flows**

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period. Assets for insurance acquisition cash flows 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 recognized in insurance service expenses. Previously recognized impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

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**3.1.6 Determination of IFRS17 transition amount**

The Group has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to insurance contracts issued after December 31, 2020. The fair value approach was applied in circumstances where the full retrospective approach was impracticable. The transition approach was determined at the level of the group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17 as follows:

- Full retrospective approach

The CSM at initial recognition is based on initial assumptions when groups of contracts were recognized and rolled forward to the date of transition as if IFRS 17 has always been applied.

- Fair value approach

The CSM is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For the groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined at January 1, 2022 instead of at the date of initial recognition.

In determining the fair value, the Group has applied the requirements of IFRS 13, Fair Value Measurement. An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. Fair value is allocated to groups of contracts based on the present value of future cash flows of the respective contracts. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied. The fair value for reinsurance contracts held was determined under the presumption that the market participant is the same market participant that would purchase the underlying direct contracts.

For groups of reinsurance contracts covering onerous underlying contracts measured under the full retrospective approach, the loss-recovery component within the asset for remaining coverage was determined at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at that date and the percentage of claims for the underlying insurance contracts the Group expects to recover from the reinsurance contracts held.

**CONTRACTS MEASURED UNDER PAA**

**3.1.7 Areas of Judgement**

Areas of judgement which broadly impact the Group's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts measured under PAA are described in subsequent notes.

For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Group under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved. For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement. For insurance contracts measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous.

All contracts measured by the Group were determined to be non-onerous on initial recognition.

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**3.1.8 Liability for Incurred Claims**

Liability for incurred claims (LIC) is deemed a significant estimate for general insurance products as well as group products measured under PAA. The ultimate cost of outstanding claims is calculated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those 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 future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

**3.1.9 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 to the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The margin method was used to derive the risk adjustment for non-financial risk at the contract level. In the margin method, the risk adjustment is determined by applying margins to actuarial assumptions relating to non-financial risk. To determine the risk adjustment confidence level, the Group used an approach similar to the 'LICAT' approach outlined by the Canadian Institute of Actuaries (CIA) in an IFRS 17 educational note. This approach infers a reference loss distribution from a regulatory capital framework, which has the benefit of leveraging existing robust capital models. The LICAT approach relies on the Canadian insurance capital adequacy test (LICAT) framework which is assumed to follow a normal distribution, and models shocks at approximately the 85th percentile.

The resulting amount of the calculated risk adjustment corresponds to the confidence level of 74% (2023: 74%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024.



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**3.1.10 Sensitivity analysis to underwriting risk variables**

**a) Life Contract Risk**

The following tables present information on how reasonably possible changes in assumptions made by the Company with regard to underwriting risk variables impact product line insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

	LRC FCF as at year-end	CSM as at year-end	Total	Impact on LRC/FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
<b>At December 31, 2024</b>									
<b>(In B\$000s)</b>									
Insurance contract liabilities	\$ 460,550	\$ 26,792	\$ 487,342						
Reinsurance contract assets	(33,751)	5,579	(28,172)						
Net insurance contract liabilities	\$ 426,799	\$ 32,371	\$ 459,170						
<b>Mortality rate – 10% increase:</b>									
Insurance contract liabilities				\$ 24,068	\$ (22,844)	\$ 1,224	\$ 3,947	\$ (1,224)	\$ (1,224)
Reinsurance contract assets				(20,870)	19,878	(992)	25,458	992	992
Net insurance contract liabilities				\$ 3,198	\$ (2,966)	\$ 232	\$ 29,405	\$ (232)	\$ (232)
<b>Lapse rates – 10% increase:</b>									
Insurance contract liabilities				\$ 1,618	\$ (1,516)	\$ 102	\$ 25,276	\$ (103)	\$ (103)
Reinsurance contract assets				706	(670)	36	4,909	(35)	(35)
Net insurance contract liabilities				\$ 2,324	\$ (2,186)	\$ 138	\$ 30,185	\$ (138)	\$ (138)
<b>Expenses – 10% increase:</b>									
Insurance contract liabilities				\$ 4,902	\$ (4,763)	\$ 139	\$ 22,029	\$ (139)	\$ (139)
Reinsurance contract assets				(22)	21	(1)	5,600	1	1
Net insurance contract liabilities				\$ 4,880	\$ (4,742)	\$ 138	\$ 27,629	\$ (138)	\$ (138)
	LRC FCF as at year-end	CSM as at year-end	Total	Impact on LRC/FCF	Impact on CSM	Total increase (decrease) in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
<b>(In B\$000s)</b>									
Insurance contract liabilities	\$ 460,550	\$ 26,792	\$ 487,342						
Mortality rate – 10% increase				\$ 24,068	\$ (22,844)	\$ 1,224	\$ 3,947	\$ (1,224)	\$ (1,224)
Lapse rates – 10% increase				1,618	(1,516)	102	25,276	(103)	(103)
Expenses – 10% increase				4,902	(4,763)	139	22,029	(139)	(139)

No changes were made to the methods and assumptions used in preparing the above analysis.

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**b) Health Contract Risk**

The following table presents information on how reasonably possible changes in assumptions made by the Group with regard to underwriting risk variable impact the health contract business after mitigation by reinsurance contracts held. These contracts are measured under the PAA and, thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

	2024				2023			
	LIC as at year-end	Impact on LIC	Impact on profit before income tax	Impact on equity	LIC as at year-end	Impact on LIC	Impact on profit before income tax	Impact on equity
<i>(In B\$000s)</i>								
Insurance contract liabilities	\$ 29,946				\$ 27,141			
Reinsurance contract assets	(4,705)				3,693			
Net insurance contract liabilities	\$ 25,241				\$ 30,834			
<b>Unpaid claims and expenses – 10% increase:</b>								
Insurance contract liabilities	\$ 2,995	\$ (2,995)	\$ (2,995)		\$ 2,298	\$ (2,298)	\$ (2,298)	
Reinsurance contract assets	(549)	549	549		(125)	125	125	
Net insurance contract liabilities	\$ 2,446	\$ (2,446)	\$ (2,446)		\$ 2,173	\$ (2,173)	\$ (2,173)	
<b>Expenses – 10% increase:</b>								
Insurance contract liabilities	\$ 94	\$ (94)	\$ (94)		\$ 66	\$ (66)	\$ (66)	
Reinsurance contract assets	-	-	-		-	-	-	
Net insurance contract liabilities	\$ 94	\$ (94)	\$ (94)		\$ 66	\$ (66)	\$ (66)	
<b>Unpaid claims and expenses – 10% decrease:</b>								
Insurance contract liabilities	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Reinsurance contract assets	-	-	-		-	-	-	
Net insurance contract liabilities	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
<b>Expenses – 10% decrease:</b>								
Insurance contract liabilities	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	
Reinsurance contract assets	-	-	-		-	-	-	
Net insurance contract liabilities	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	

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**3.1.11 Methods used and judgements applied in determining the IFRS 17 transition amounts**

The Company adopted IFRS 17 retrospectively. The full retrospective approach was applied to the insurance contracts in force at the transition date. The Company has: identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied; derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

**3.2 Impairment of Financial Assets**

In determining ECL (defined in note 2.7 (f)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in note 2.7 under sections 'Measurement' and 'Forward-looking information'.

(a) Establishing staging for debt securities and deposits

The Group's internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies.

The scale is set out in the following table:

Category	Group Risk Rating	Classification	S&P	Moody's	Fitch	AM Best
Non-default	Investment Grade	1 Minimal risk	AAA, AA	Aaa, Aa	AAA, AA	aaa, aa
		2 Low risk	A	A	A	a
		3 Moderate risk	BBB	Baa	BBB	bbb
	Non-investment grade	4 Acceptable risk	BB	Ba	BB	bb
		5 Average risk	B	B	B	b
	Watch	6 Higher risk	CCC, CC	Caa, Ca	CCC, CC	ccc, cc
		7 Special mention	C	C	C	c
Default	8	Substandard			DDD	
	9	Doubtful	D	C	DD	d
	10	Loss			D	

The Group uses its internal credit rating model to determine in which of the three stages an asset is to be categorised for the purposes of ECL.

Once the assets have experienced a significant increase in credit risk, the investment will move from Stage 1 to Stage 2. The Group has assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or has a Group risk rating of 1-3 is considered low credit risk.

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade at origination and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded

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from investment grade to below investment grade, or (ii) are rated below investment grade at origination and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

(b) Establishing staging for other assets measured at amortised cost, other receivables and loan commitments

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop criteria

- accounts that are 30 calendar days or more past due.

The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

(c) Forward-looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for The Bahamas. Management assesses data sources from local government, International Monetary Fund (IMF) and other reputable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future for up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are reassessed on a quarterly basis.

**3.3 Fair value of securities not quoted in an active market**

The fair value of securities not quoted in an active market may be determined using reputable pricing sources, indicative prices from bond/debt market makers or other valuation techniques. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Group exercises judgement on the quality of pricing sources used. Where no market data is available, the Group may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The inputs into these models are primarily discounted cash flows.

The models used to determine fair values are periodically reviewed by experienced personnel. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

**3.4 Recognition and measurement of intangible assets**

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing-related, customer-related, contract-based or technology-based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

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(a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash-generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole. The Group uses the value in use methodology for testing goodwill impairment. 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.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation.

(b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible's value in use, estimates are required of future cash flows generated because of holding the asset.

**4. RESPONSIBILITY OF THE APPOINTED ACTUARY**

The Appointed Actuary is appointed by the Board of Directors and is responsible for carrying out an annual valuation of the Group's policy liabilities in accordance with accepted actuarial practice and reporting thereon to the Board of Directors. In performing the valuation, the Appointed Actuary makes assumptions as to the future rates of interest, asset default, mortality, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies taking into consideration the circumstances of the Group and the policies in force. The Appointed Actuary's report outlines the scope of the valuation and the actuary's opinion.

**5. SEGMENT INFORMATION**

For management purposes, the Group is organized into business units based on its products and services and has three reportable operating segments as follows:

- Life Division - whole life and term insurance, pension, annuity, and savings and investment products.
- Health Division –individual medical and group life and health medical insurance. Includes the Group's participation in International Reinsurance Managers, LLC ("IRM") reinsurance facilities
- Other – operations of its other subsidiary and associated companies.

Segment performance is evaluated based on profit or loss, which in certain respects is measured differently from profit or loss in the consolidated financial statements.

Intersegment transactions have occurred between operating segments at an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results would then include those transfers between business segments which would then be eliminated on consolidation.

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The segment results for the period ended December 31 are as follows:

<b>December 31, 2024</b>					
<b>(in \$000s)</b>	<b>LIFE</b>	<b>HEALTH</b>	<b>OTHER</b>	<b>TOTAL</b>	
Insurance revenue	\$ 30,590	\$ 87,745	\$ -	\$	<b>118,335</b>
Insurance service expense	(19,172)	(79,317)	-		<b>(98,489)</b>
Net expense from reinsurance contracts held	(3,930)	(1,788)	-		<b>(5,718)</b>
Insurance service result	7,488	6,640	-		<b>14,128</b>
Net investment income	60,150	14	(1,015)		<b>59,149</b>
Net finance expenses from insurance contracts	(34,160)	-	-		<b>(34,160)</b>
Net reinsurance income / (expenses) from reinsurance contracts	866	-	-		<b>866</b>
Net insurance finance expenses	(33,294)	-	-		<b>(33,294)</b>
Net insurance and investment result	34,344	6,654	(1,015)		<b>39,983</b>
Other income	3,696	-	9,498		<b>13,194</b>
Other expenses	(3,687)	-	(6,817)		<b>(10,504)</b>
<b>NET INCOME</b>	\$ 34,353	\$ 6,654	\$ 1,666	\$	<b>42,673</b>
<b>SEGMENT ASSETS</b>	\$ 749,674	\$ 72,363	\$ 243	\$	<b>822,280</b>
<b>SEGMENT LIABILITIES</b>	\$ 565,912	\$ 33,122	\$ -	\$	<b>599,034</b>

<b>December 31, 2023</b>					
<b>(in \$000s)</b>	<b>LIFE</b>	<b>HEALTH</b>	<b>OTHER</b>	<b>TOTAL</b>	
Insurance revenue	\$ 34,136	\$ 82,626	\$ -	\$	<b>116,762</b>
Insurance service expense	(24,954)	(82,073)	-		<b>(107,027)</b>
Net expense from reinsurance contracts held	(2,206)	(4,170)	-		<b>(6,376)</b>
Insurance service result	6,976	(3,617)	-		<b>3,359</b>
Net investment income	64,066	1,907	28		<b>66,001</b>
Net finance expenses from insurance contracts	(40,728)	-	-		<b>(40,728)</b>
Net reinsurance income / (expenses) from reinsurance contracts	890	-	-		<b>890</b>
Net insurance finance expenses	(39,838)	-	-		<b>(39,838)</b>
Net insurance and investment result	31,204	(1,710)	28		<b>29,522</b>
Other income	3,925	-	9,453		<b>13,378</b>
Other expenses	(2,796)	-	(8,363)		<b>(11,159)</b>
<b>NET INCOME</b>	\$ 32,333	\$ (1,710)	\$ 1,118	\$	<b>31,741</b>
<b>SEGMENT ASSETS</b>	\$ 700,706	\$ 62,802	\$ 205	\$	<b>763,713</b>
<b>SEGMENT LIABILITIES</b>	\$ 544,789	\$ 32,045	\$ -	\$	<b>576,834</b>

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**6. INVESTED ASSETS**

The following represent the Company's total invested assets which are comprised of the following:

	December 31, 2024	December 31, 2023
Term deposits	\$ 7,140,818	\$ 7,029,293
Investment securities and other financial assets	544,052,485	507,643,091
Mortgages and commercial loans	9,195,950	13,596,100
Investment properties	63,607,988	62,315,490
Equity-accounted investees	3,948,062	4,939,040
<b>Total invested assets</b>	<b>\$ 627,945,303</b>	<b>\$ 595,523,014</b>

Invested assets comprise 76.4% of total assets at December 31, 2024 (2023: 78.0%).

**7. CASH AND CASH EQUIVALENTS**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	December 31, 2024	December 31, 2023
Term deposits	\$ 7,140,818	\$ 7,029,293
Less: Deposits with original maturities of greater than 90 days	(2,418,566)	(6,670,091)
Short-term deposits (cash equivalents)	4,722,252	359,202
Cash and demand balances	32,191,931	24,662,221
<b>Total cash and cash equivalents</b>	<b>\$ 36,914,183</b>	<b>\$ 25,021,423</b>

Term deposits with original maturities of less than 90 days totaled \$4,722,252 (2023: \$359,202). The weighted-average interest rate on deposits with original maturities greater than 90 days is 1.7% (2023: 2.4%) per annum.

Included in deposits with original maturities of greater than 90 days are restricted balances held in favour of regulatory bodies in the Turks & Caicos Islands and the Cayman Islands totaling \$2,969,325 (2023: \$2,985,880). No restricted amounts are included in cash and demand balances (2023: Nil).

**8. INVESTMENT SECURITIES AND OTHER FINANCIAL ASSETS**

Investment securities and other financial assets comprise equity and debt securities classified into the following categories:

	2024	2023
<b>Fair Value through Profit or Loss</b>		
Equity securities	\$ 32,295,941	\$ 26,611,836
Debt securities	511,756,544	481,031,255
<b>Total investment securities and other financial assets</b>	<b>\$ 544,052,485</b>	<b>\$ 507,643,091</b>

Financial assets at fair value through profit or loss includes financial instruments in the Bahamas Investment Fund (See note 30).

Investment securities and other financial assets include government debt securities which are mainly comprised of fixed rate and variable rate bonds tied to the Bahamian \$ Prime Rate issued by The Bahamas Government. These securities have interest rates ranging from 4.35% to 9.00% per annum (2023: from 4.35% to 6.75% per annum) and scheduled maturities between 2025 and 2065 (2023: between 2024 and 2065).

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Included in debt securities classified as FVTPL is \$2,188,639 (2023: \$2,188,674) representing restricted balances held in favour of the CILStatutory Trust. The CILStatutory Trust was established by the Company in accordance with the Insurance Act, 2005 and Insurance (General) Regulations 2010 (as amended) which require that certain assets be deposited in favour of the Insurance Commission of The Bahamas by registered insurers in respect of entities which propose to carry on life, health, or general insurance business.

The movements in the categories of investment securities are as follows:

	FVTPL		Total
<b>At December 31, 2022</b>	<b>\$</b>	<b>489,485,991</b>	<b>489,485,991</b>
Additions		74,773,438	74,773,438
Disposals and maturities		(59,712,729)	(59,712,729)
Unrealized fair value gains/(losses), net		22,932,472	22,932,472
Realized gains/(losses), net		(20,957)	(20,957)
Deconsolidation of Class "A" CGBF		(19,815,124)	(19,815,124)
<b>At December 31, 2023</b>	<b>\$</b>	<b>507,643,091</b>	<b>\$ 507,643,091</b>
Additions		87,558,660	87,558,660
Disposals and maturities		(75,441,264)	(75,441,264)
Unrealized fair value gains/(losses), net		24,186,292	24,186,292
Realized gains/(losses), net		105,706	105,706
<b>At December 31, 2024</b>	<b>\$</b>	<b>544,052,485</b>	<b>\$ 544,052,485</b>

The following table shows an analysis of financial instruments by level within the fair value hierarchy:

At December 31, 2024	Level 1		Level 2	Total Fair Value		
<i>Financial assets designated at fair value through profit or loss:</i>						
Equity securities	\$	16,580,825	\$	10,606,175	\$	27,187,000
Shares in investment funds		-		5,108,941		5,108,941
Government securities		-		454,072,237		454,072,237
Preferred shares		-		5,435,023		5,435,023
Other debt securities		-		18,004,284		18,004,284
Sovereign debt		-		34,245,000		34,245,000
Total investment securities	\$	16,580,825	\$	527,471,660	\$	544,052,485

The Group did not have any financial instruments classified as Level 3 as at December 31, 2024.

At December 31, 2023	Level 1		Level 2		Total Fair Value
<i>Financial assets designated at fair value through profit or loss:</i>					
Equity securities	\$	13,280,960	\$	9,011,289	\$ 22,292,249
Shares in investment funds		-		4,319,587	4,319,587
Government securities		-		426,964,327	426,964,327
Preferred shares		-		5,403,222	5,403,222
Other debt securities		-		19,098,706	19,098,706
Sovereign debt		-		29,565,000	29,565,000
<b>Total investment securities</b>	<b>\$</b>	<b>13,280,960</b>	<b>\$</b>	<b>494,362,131</b>	<b>\$ 507,643,091</b>

The Group did not have any financial instruments classified as Level 3 as at December 31, 2023.



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The following table presents the fair value and the amount of change in the fair value of the Company's financial assets as at and for the year ended December 31, 2024 and 2023 showing separately the fair value of financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") and the fair value of financial assets that do not give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding ("non-SPPI"):

2024					
Financial Assets	Total Carrying Value	SPPI Financial Assets		Non-SPPI Financial Assets	
		Fair Value	Change in Fair Value	Fair Value	Change in Fair Value
Term deposits	\$ 7,140,818	\$ -	\$ -	\$ 7,140,818	\$ -
Equity securities	\$ 27,187,000	\$ -	\$ -	\$ 27,187,000	\$ -
Shares in investment funds	\$ 5,108,941	\$ -	\$ -	\$ 5,108,941	\$ -
Government securities	\$ 454,072,237	\$ -	\$ -	\$ 454,072,237	\$ -
Preferred shares	\$ 5,435,023	\$ -	\$ -	\$ 5,435,023	\$ -
Other debt securities	\$ 18,004,284	\$ -	\$ -	\$ 18,004,284	\$ -
Sovereign debt	\$ 34,245,000	\$ 34,245,000	\$ -	\$ -	\$ -

2023					
Financial Assets	Total Carrying Value	SPPI Financial Assets		Non-SPPI Financial Assets	
		Fair Value	Change in Fair Value	Fair Value	Change in Fair Value
Term deposits	\$ 7,029,293	\$ -	\$ -	\$ 7,029,293	\$ -
Equity securities	\$ 22,292,249	\$ -	\$ -	\$ 22,292,249	\$ -
Shares in investment funds	\$ 4,319,587	\$ -	\$ -	\$ 4,319,587	\$ -
Government securities	\$ 426,964,327	\$ -	\$ -	\$ 426,964,327	\$ -
Preferred shares	\$ 5,403,222	\$ -	\$ -	\$ 5,403,222	\$ -
Other debt securities	\$ 19,098,706	\$ -	\$ -	\$ 19,098,706	\$ -
Sovereign debt	\$ 29,565,000	\$ 29,565,000	\$ -	\$ -	\$ -

## 9. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES

### 9.1 Composition of the balance sheet

The groups of insurance contracts and reinsurance contracts held are set out in the table below, along with presentation of current and non-current portions of the balances:

2024							
(In B\$000s)	Life	Health	P&C	Total	Current	Non-Current	Total
Insurance contract assets	1,475	-	-	\$ 1,475	(111)	1,586	\$ 1,475
Insurance contract liabilities	488,817	28,657	-	\$ 517,474	70,273	447,201	\$ 517,474
Reinsurance contract assets	28,172	4,643	-	\$ 32,815	15,042	17,773	\$ 32,815
Reinsurance contract liabilities	-	-	-	\$ -	-	-	\$ -

2023							
(In B\$000s)	Life	Health	P&C	Total	Current	Non-Current	Total
Insurance contract assets	1,345	-	-	\$ 1,345	106	1,239	\$ 1,345
Insurance contract liabilities	461,419	27,141	-	\$ 488,560	70,447	418,113	\$ 488,560
Reinsurance contract assets	23,553	3,692	-	\$ 27,245	12,210	15,035	\$ 27,245
Reinsurance contract liabilities	-	-	-	\$ -	-	-	\$ -

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**9.2 Insurance Contracts Issued**

The following tables explain the components of insurance contract and reinsurance contract assets and liabilities, in addition to changes in these balances for the year.

**(a) Insurance Contracts - Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims components (LIC)**

(In B\$000s)	2024						TOTAL
	LRC		For contracts not under PAA	LIC			
				For contracts under PAA			
	Excluding Loss Component	Loss Component		PV of future cash flows	Risk Adjustment for non-financial risk		
Opening insurance contract assets	\$ (1,459)	\$ 8	\$ 106	\$ -	\$ -	\$ (1,345)	
Opening insurance contract liabilities	\$ 403,876	\$ 10,500	\$ 43,306	\$ 28,771	\$ 2,107	\$ 488,560	
Net Insurance Contract balances, beginning of year	\$ 402,417	\$ 10,508	\$ 43,412	\$ 28,771	\$ 2,107	\$ 487,215	
Insurance revenue	(118,335)	-	-	-	-	(118,335)	
Insurance service expenses:							
Incurred claims and other directly attributable expenses	-	(231)	16,851	93,196	2,243	112,059	
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	16	(13,784)	(2,338)	(16,106)	
Losses on onerous contracts and reversal of those losses	-	(77)	-	-	-	(77)	
Insurance acquisition cash flows amortisation	2,613	-	-	-	-	2,613	
Insurance service expenses	2,613	(308)	16,867	79,412	(95)	98,489	
Investment components	(23,004)	-	23,004	-	-	-	
Insurance service result	(138,726)	(308)	39,871	79,412	(95)	(19,846)	
Finance expenses from insurance contracts issued recognised in profit or loss	34,154	6	-	-	-	34,160	
Total amounts recognised in comprehensive income	(104,572)	(302)	39,871	79,412	(95)	14,314	
CASH FLOWS							
Premiums received	\$ 148,834	\$ -	\$ -	\$ -	\$ -	\$ 148,834	
Claims and other directly attributable expenses paid	-	(5,576)	(41,555)	(80,247)	-	(127,378)	
Insurance acquisition cash flows	(6,983)	-	-	-	(3)	(6,986)	
Total cash flows	141,851	(5,576)	(41,555)	(80,247)	(3)	14,470	
Net insurance contract liabilities, end of year	\$ 439,696	\$ 4,630	\$ 41,728	\$ 27,936	\$ 2,009	\$ 515,999	
Insurance contract assets	\$ (1,593)	\$ 7	\$ 111	\$ -	\$ -	\$ (1,475)	
Insurance contract liabilities	\$ 441,290	\$ 4,623	\$ 41,617	\$ 27,935	\$ 2,009	\$ 517,474	
Net insurance contract liabilities, end of year	\$ 439,697	\$ 4,630	\$ 41,728	\$ 27,935	\$ 2,009	\$ 515,999	

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(In B\$000s)	2023							TOTAL
	LRC		For contracts not under PAA	LIC		Risk Adjustment for non-financial risk		
	Excluding Loss Component	Loss Component		For contracts under PAA				
				PV of future cash flows				
Opening insurance contract assets	\$ (1,207)	\$ -	\$ 104	\$ -	\$ -	\$ -	\$ (1,103)	
Opening insurance contract liabilities	\$ 373,717	\$ 5,544	\$ 43,684	\$ 30,230	\$ 2,025	\$ -	\$ 455,200	
Net Insurance Contract balances, beginning of year	\$ 372,510	\$ 5,544	\$ 43,788	\$ 30,230	\$ 2,025	\$ -	\$ 454,097	
Insurance revenue	(116,762)	-	-	-	-	-	(116,762)	
Insurance service expenses:								
Incurred claims and other directly attributable expenses	-	2,518	18,013	92,089	1,766	-	114,386	
Changes that relate to past service – changes in the FCF relating to the LIC	-	-	34	(10,105)	(1,684)	-	(11,755)	
Losses on onerous contracts and reversal of those losses	-	2,366	-	-	-	-	2,366	
Insurance acquisition cash flows amortisation	2,023	-	7	-	-	-	2,030	
Insurance service expenses	2,023	4,884	18,054	81,984	82	-	107,027	
Investment components	(23,314)	-	23,314	-	-	-	-	
Insurance service result	(138,053)	4,884	41,368	81,984	82	-	(9,735)	
Finance expenses from insurance contracts issued recognised in profit or loss	40,646	80	-	-	-	-	40,726	
Total amounts recognised in comprehensive income	(97,407)	4,964	41,368	81,984	82	-	30,991	
CASH FLOWS								
Premiums received	\$ 134,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,389	
Claims and other directly attributable expenses paid	-	-	(41,744)	(83,443)	-	-	(125,187)	
Insurance acquisition cash flows	(7,075)	-	-	-	-	-	(7,075)	
Total cash flows	127,314	-	(41,744)	(83,443)	-	-	2,127	
Net insurance contract liabilities, end of year	\$ 402,417	\$ 10,508	\$ 43,412	\$ 28,771	\$ 2,107	\$ -	\$ 487,215	
Insurance contract assets	\$ (1,459)	\$ 8	\$ 106	\$ -	\$ -	\$ -	\$ (1,345)	
Insurance contract liabilities	\$ 403,876	\$ 10,500	\$ 43,306	\$ 28,771	\$ 2,107	\$ -	\$ 488,560	
Net insurance contract liabilities, end of year	\$ 402,417	\$ 10,508	\$ 43,412	\$ 28,771	\$ 2,107	\$ -	\$ 487,215	

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**(b) Insurance Contracts - Reconciliation of the measurement components of insurance contract liabilities**

***Long-term insurance contracts not measured under PAA***

	2024			TOTAL
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	
<b>(In B\$000s)</b>				
Opening insurance contract assets	\$ (1,346)	\$ 1	\$ -	\$ (1,345)
Opening insurance contract liabilities	401,955	36,716	22,748	461,419
<b>Net, insurance contract liabilities, beginning of year</b>	<b>\$ 400,609</b>	<b>\$ 36,717</b>	<b>\$ 22,748</b>	<b>\$ 460,074</b>
<b>Changes that relate to current service:</b>				
CSM recognised for the services provided	-	-	(4,516)	(4,516)
Change in the risk adjustment for non-financial risk for the risk expired	-	(4,130)	-	(4,130)
Experience adjustments – relating to insurance service expenses	(3,960)	-	-	(3,960)
<b>Total changes that relate to current service</b>	<b>(3,960)</b>	<b>(4,130)</b>	<b>(4,516)</b>	<b>(12,606)</b>
<b>Changes that relate to future service:</b>				
Changes in estimates that adjust the CSM	(8,361)	1,478	6,883	-
Changes in estimates that result in onerous contract losses or reversals of those losses	165	163	-	328
Contracts initially recognised in the period	(2,421)	2,129	1,152	860
<b>Total changes that relate to future service</b>	<b>(10,617)</b>	<b>3,770</b>	<b>8,035</b>	<b>1,188</b>
<b>Changes that relate to past service:</b>				
Changes that relate to past service – changes in the FCF relating to the LIC	15	-	-	15
<b>Total changes that relate to past service</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>15</b>
<b>Insurance service result</b>	<b>(14,562)</b>	<b>(360)</b>	<b>3,519</b>	<b>(11,403)</b>
Finance expenses from insurance contracts issued recognised in profit or loss	32,045	1,591	524	34,160
<b>Finance expenses from insurance contracts held</b>	<b>32,045</b>	<b>1,591</b>	<b>524</b>	<b>34,160</b>
<b>Total amounts recognized in comprehensive income</b>	<b>17,483</b>	<b>1,231</b>	<b>4,043</b>	<b>22,757</b>
<b>CASH FLOWS:</b>				
Premiums received	55,249	-	-	55,249
Claims and other directly attributable expenses paid	(43,756)	-	-	(43,756)
Insurance acquisition cash flows	(6,982)	-	-	(6,982)
<b>Total cash flows</b>	<b>4,511</b>	<b>-</b>	<b>-</b>	<b>4,511</b>
<b>Net, insurance contract liabilities, end of year</b>	<b>\$ 422,603</b>	<b>\$ 37,948</b>	<b>\$ 26,791</b>	<b>\$ 487,342</b>
Closing insurance contract assets	(1,476)	1	-	(1,475)
Closing insurance contract liabilities	424,079	37,947	26,791	488,817
<b>Net, insurance contract liabilities, end of year</b>	<b>\$ 422,603</b>	<b>\$ 37,948</b>	<b>\$ 26,791</b>	<b>\$ 487,342</b>

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	2023			
(In B\$000s)	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	TOTAL
Opening insurance contract assets	\$ (1,116)	\$ 1	\$ 12	\$ (1,103)
Opening insurance contract liabilities	372,756	36,865	14,622	424,243
<b>Net, insurance contract liabilities, beginning of year</b>	<b>\$ 371,640</b>	<b>\$ 36,866</b>	<b>\$ 14,634</b>	<b>\$ 423,140</b>
<b>Changes that relate to current service:</b>				
CSM recognised for the services provided	-	-	(3,024)	(3,024)
Change in the risk adjustment for non-financial risk for the risk expired	-	(4,066)	-	(4,066)
Experience adjustments – relating to insurance service expenses	(4,492)	-	-	(4,492)
<b>Total changes that relate to current service</b>	<b>(4,492)</b>	<b>(4,066)</b>	<b>(3,024)</b>	<b>(11,582)</b>
<b>Changes that relate to future service:</b>				
Changes in estimates that adjust the CSM	(12,490)	3,104	9,387	1
Changes in estimates that result in onerous contract losses or reversals of those losses	4,461	(2,715)	-	1,746
Contracts initially recognised in the period	(2,866)	2,034	1,452	620
<b>Total changes that relate to future service</b>	<b>(10,895)</b>	<b>2,423</b>	<b>10,839</b>	<b>2,367</b>
<b>Changes that relate to past service:</b>				
Changes that relate to past service – changes in the FCF relating to the LIC	34	-	-	34
<b>Total changes that relate to past service</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>34</b>
<b>Insurance service result</b>	<b>(15,353)</b>	<b>(1,643)</b>	<b>7,815</b>	<b>(9,181)</b>
Finance expenses from insurance contracts issued recognised in profit or loss	38,934	1,494	299	40,727
<b>Finance expenses from insurance contracts held</b>	<b>38,934</b>	<b>1,494</b>	<b>299</b>	<b>40,727</b>
<b>Total amounts recognized in comprehensive income</b>	<b>23,581</b>	<b>(149)</b>	<b>8,114</b>	<b>31,546</b>
<b>CASH FLOWS:</b>				
Premiums received	54,200	-	-	54,200
Claims and other directly attributable expenses paid	(41,738)	-	-	(41,738)
Insurance acquisition cash flows	(7,074)	-	-	(7,074)
<b>Total cash flows</b>	<b>5,388</b>	<b>-</b>	<b>-</b>	<b>5,388</b>
<b>Net, insurance contract liabilities, end of year</b>	<b>\$ 400,609</b>	<b>\$ 36,717</b>	<b>\$ 22,748</b>	<b>\$ 460,074</b>
Closing insurance contract assets	(1,346)	1	-	(1,345)
Closing insurance contract liabilities	401,955	36,716	22,748	461,419
<b>Net, insurance contract liabilities, end of year</b>	<b>\$ 400,609</b>	<b>\$ 36,717</b>	<b>\$ 22,748</b>	<b>\$ 460,074</b>

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(c) **Insurance Contracts - Impact of contracts recognized in the period**

(In B\$000s)	2024			2023		
	Non-Onerous	Onerous	TOTAL	Non-Onerous	Onerous	TOTAL
<b>Estimates of the present value of future cash outflows:</b>						
-Insurance acquisition cash flows	\$ 5,129	\$ 1,368	\$ 6,497	\$ 4,774	\$ 1,223	\$ 5,997
-Claims and other directly attributable expenses	13,682	2,526	16,208	13,147	2,398	15,545
<b>Total estimates of the PV of future cash outflows</b>	18,811	3,894	22,705	17,921	3,621	21,542
<b>Estimates of the present value of future cash inflows:</b>						
-Risk adjustment for non-financial risk	(21,479)	(3,646)	(25,125)	(20,982)	(3,534)	(24,516)
-CSM	1,518	611	2,129	1,501	533	2,034
	1,152	-	1,152	1,452	-	1,452
<b>Increase (decrease) in insurance contract liabilities from contracts recognized in the period</b>	\$ 2	\$ 859	\$ 861	\$ (108)	\$ 620	\$ 512

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The following tables show amounts determined on transition to IFRS17 for insurance revenue and the CSM by transition method.

**(d) Insurance Contracts - Amounts determined on transition to IFRS17 – Insurance revenue and the CSM by transition method**

Life Risk - Insurance Contracts Issued (In B\$000s)	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	TOTAL	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	TOTAL
<b>Insurance revenue</b>	\$ 2,798	\$ 27,019	<b>\$ 29,817</b>	\$ 7,116	\$ 27,019	<b>\$ 34,135</b>
<b>CSM as at beginning of year</b>	3,640	19,108	<b>22,748</b>	1,537	13,097	<b>14,634</b>
<b>Changes that relate to current service:</b>						
CSM recognised for the services provided	(1,413)	(3,103)	<b>(4,516)</b>	(472)	(2,552)	<b>(3,024)</b>
<b>Changes that relate to future service:</b>						
Changes in estimates that adjust the CSM	(441)	7,324	<b>6,883</b>	1,052	8,335	<b>9,387</b>
Contracts initially recognised in the period	1,152	-	<b>1,152</b>	1,452	-	<b>1,452</b>
Experience adjustments – arising from premiums received in the period that relate to future service	-	-	<b>-</b>	-	-	<b>-</b>
<b>Total changes that relate to future service</b>	(702)	4,221	<b>3,519</b>	2,032	5,783	<b>7,815</b>
Finance expenses from insurance contracts issued	97	428	<b>525</b>	71	228	<b>299</b>
<b>Total amounts recognised in comprehensive income</b>	(605)	4,649	<b>4,044</b>	2,103	6,011	<b>8,114</b>
<b>CSM as at year-end</b>	\$ 3,035	\$ 23,757	<b>\$ 26,792</b>	\$ 3,640	\$ 19,108	<b>\$ 22,748</b>

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**9.3 Reinsurance Contracts Held**

**(a) Reinsurance Contracts - Reconciliation of the remaining coverage and incurred claims components**

	2024						
	Remaining Coverage		LIC	Incurred Claims			
	Excluding Loss-Recovery Component	Loss-Recovery Component	For contracts not under the PAA	PV of future cash flows	Risk Adjustment for non-financial Risk	TOTAL	
(In B\$000s)							
Opening reinsurance contract assets	\$ 13,846	\$ 787	\$ 8,518	\$ 3,860	\$ 234	\$ 27,245	
Opening reinsurance contract liabilities	-	-	-	-	-	-	
Net, reinsurance contract assets, beginning of year	\$ 13,846	\$ 787	\$ 8,518	\$ 3,860	\$ 234	\$ 27,245	
Net income (expenses) from reinsurance contracts held:							
Reinsurance expenses	(19,026)	-	-	-	-	(19,026)	
Other incurred directly attributable expenses	-	-	-	-	-	-	
Incurred claims recovery	-	(29)	7,943	5,724	183	13,821	
Changes that relate to past service - changes in the FCF relating to incurred claims	-	-	-	(1,102)	(210)	(1,312)	
Income on initial recognition of onerous underlying contracts	-	710	-	-	-	710	
Reversals of a loss-recovery component other than change in the FCF of reinsurance contracts held	-	90	-	-	-	90	
Net income (expenses) from reinsurance contracts held:	(19,026)	771	7,943	4,622	(27)	(5,717)	
Finance expenses from reinsurance contracts held recognised in profit or loss	796	70	-	-	-	866	
Finance expenses from reinsurance contracts held	796	70	-	-	-	866	
Total amounts recognized in comprehensive income	(18,230)	841	7,943	4,622	(27)	(4,851)	
CASH FLOWS							
Premiums paid net of ceding commissions and other directly attributable expenses paid	20,471	-	-	-	-	20,471	
Recoveries from reinsurance	-	-	(6,062)	(3,988)	-	(10,050)	
Total cash flows	20,471	-	(6,062)	(3,988)	-	10,421	
Net, reinsurance contract assets, end of year	\$ 16,087	\$ 1,628	\$ 10,399	\$ 4,494	\$ 207	\$ 32,815	
Closing reinsurance contract assets	\$ 16,087	\$ 1,628	\$ 10,399	\$ 4,494	\$ 207	\$ 32,815	
Closing reinsurance contract liabilities	-	-	-	-	-	-	
Net, reinsurance contract assets, end of year	\$ 16,087	\$ 1,628	\$ 10,399	\$ 4,494	\$ 207	\$ 32,815	



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	2023							
	Remaining Coverage		LIC	Incurred Claims				
	Excluding Loss-Recovery Component	Loss-Recovery Component	For contracts not under the PAA	PV of future cash flows	Risk Adjustment for non-financial Risk			TOTAL
(In B\$000s)								
Opening reinsurance contract assets	\$ 7,570	\$ 911	\$ 12,543	\$ 4,134	\$ 331	\$		25,489
Opening reinsurance contract liabilities	(1,012)	-	120	264	42			(586)
Net, reinsurance contract assets, beginning of year	\$ 6,558	\$ 911	\$ 12,663	\$ 4,398	\$ 373	\$		24,903
Net income (expenses) from reinsurance contracts held:								
Reinsurance expenses	(17,721)	-	-	-	-			(17,721)
Other incurred directly attributable expenses	-	-	-	3,573	138			3,711
Incurred claims recovery	-	(290)	9,769	-	-			9,479
Changes that relate to past service - changes in the FCF relating to incurred claims	-	-	-	(1,685)	(277)			(1,962)
Income on initial recognition of onerous underlying contracts	-	444	-	-	-			444
Reversals of a loss-recovery component other than change in the FCF of reinsurance contracts held	-	(328)	-	-	-			(328)
Net income (expenses) from reinsurance contracts held:	(17,721)	(174)	9,769	1,888	(139)			(6,377)
Finance expenses from reinsurance contracts held recognised in profit or loss	840	50	-	-	-			890
Finance expenses from reinsurance contracts held	840	50	-	-	-			890
Total amounts recognized in comprehensive income	(16,881)	(124)	9,769	1,888	(139)			(5,487)
CASH FLOWS								
Premiums paid net of ceding commissions and other directly attributable expenses paid	24,169	-	-	-	-			24,169
Recoveries from reinsurance	-	-	(13,914)	(2,426)	-			(16,340)
Total cash flows	24,169	-	(13,914)	(2,426)	-			7,829
Net, reinsurance contract assets, end of year	\$ 13,846	\$ 787	\$ 8,518	\$ 3,860	\$ 234	\$		27,245
Closing reinsurance contract assets	\$ 13,846	\$ 787	\$ 8,518	\$ 3,860	\$ 234	\$		27,245
Closing reinsurance contract liabilities	-	-	-	-	-			-
Net, reinsurance contract assets, end of year	\$ 13,846	\$ 787	\$ 8,518	\$ 3,860	\$ 234	\$		27,245

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**(b) Reinsurance Contracts - Reconciliation of the measurement components**

(In B\$000s)	2024			TOTAL
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	
Opening reinsurance contract assets	\$ 16,773	\$ 13,168	\$ (6,388)	\$ 23,553
Opening reinsurance contract liabilities	-	-	-	-
<b>Net, reinsurance contract assets, beginning of year</b>	<b>\$ 16,773</b>	<b>\$ 13,168</b>	<b>\$ (6,388)</b>	<b>\$ 23,553</b>
<b>Changes that relate to current service:</b>				
CSM recognised for the services provided	-	-	1,137	1,137
Change in the risk adjustment for non-financial risk for the risk expired	-	(1,406)	-	(1,406)
Experience adjustments – relating to insurance service expenses	(4,463)	-	-	(4,463)
<b>Total changes that relate to current service</b>	<b>(4,463)</b>	<b>(1,406)</b>	<b>1,137</b>	<b>(4,732)</b>
<b>Changes that relate to future service:</b>				
Changes in estimates that adjust the CSM	(728)	540	188	-
Contracts initially recognised in the period	235	741	(265)	711
CSM adjustment for income on initial recognition of onerous underlying contracts	-	-	(1)	(1)
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	(10)	101	-	91
Experience adjustments – arising from premiums received in the period that relate to future service	-	-	-	-
<b>Total changes that relate to future service</b>	<b>(503)</b>	<b>1,382</b>	<b>(78)</b>	<b>801</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(4,966)</b>	<b>(24)</b>	<b>1,059</b>	<b>(3,931)</b>
Finance expenses from reinsurance contracts held recognised in profit or loss	443	672	(250)	865
Finance expenses from reinsurance contracts held recognised in OCI	-	-	-	-
<b>Finance expenses from reinsurance contracts held</b>	<b>443</b>	<b>672</b>	<b>(250)</b>	<b>865</b>
<b>Total amounts recognized in comprehensive income</b>	<b>(4,523)</b>	<b>648</b>	<b>809</b>	<b>(3,066)</b>
<b>CASH FLOWS:</b>				
Premiums paid net of ceding commissions and other directly attributable expenses paid	13,746	-	-	13,746
Recoveries from reinsurance	(6,061)	-	-	(6,061)
<b>Total cash flows</b>	<b>7,685</b>	<b>-</b>	<b>-</b>	<b>7,685</b>
<b>Net reinsurance contract assets, end of year</b>	<b>\$ 19,935</b>	<b>\$ 13,816</b>	<b>\$ (5,579)</b>	<b>\$ 28,172</b>
Closing reinsurance contract assets	19,935	13,816	(5,579)	28,172
Closing reinsurance contract liabilities	-	-	-	-
<b>Net reinsurance contract assets, end of year</b>	<b>\$ 19,935</b>	<b>\$ 13,816</b>	<b>\$ (5,579)</b>	<b>\$ 28,172</b>

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(In B\$000s)	2023			
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	TOTAL
Opening reinsurance contract assets	\$ 20,057	\$ 12,718	\$ (10,329)	\$ 22,446
Opening reinsurance contract liabilities	(389)	19	93	(277)
<b>Net, reinsurance contract assets, beginning of year</b>	<b>\$ 19,668</b>	<b>\$ 12,737</b>	<b>\$ (10,236)</b>	<b>\$ 22,169</b>
<b>Changes that relate to current service:</b>				
CSM recognised for the services provided	-	-	949	949
Change in the risk adjustment for non-financial risk for the risk expired	-	(1,359)	-	(1,359)
Experience adjustments – relating to insurance service expenses	(1,911)	-	-	(1,911)
<b>Total changes that relate to current service</b>	<b>(1,911)</b>	<b>(1,359)</b>	<b>949</b>	<b>(2,321)</b>
<b>Changes that relate to future service:</b>				
Changes in estimates that adjust the CSM	(4,780)	537	4,244	1
Contracts initially recognised in the period	400	681	(636)	445
CSM adjustment for income on initial recognition of onerous underlying contracts	181	(179)	-	2
Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	(330)	(330)
Experience adjustments – arising from premiums received in the period that relate to future service	-	-	-	-
<b>Total changes that relate to future service</b>	<b>(4,199)</b>	<b>1,039</b>	<b>3,278</b>	<b>118</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(6,110)</b>	<b>(320)</b>	<b>4,227</b>	<b>(2,203)</b>
Finance expenses from reinsurance contracts held recognised in profit or loss	518	751	(379)	890
Finance expenses from reinsurance contracts held recognised in OCI	-	-	-	-
<b>Finance expenses from reinsurance contracts held</b>	<b>518</b>	<b>751</b>	<b>(379)</b>	<b>890</b>
<b>Total amounts recognized in comprehensive income</b>	<b>(5,592)</b>	<b>431</b>	<b>3,848</b>	<b>(1,313)</b>
<b>CASH FLOWS:</b>				
Premiums paid net of ceding commissions and other directly attributable expenses paid	16,614	-	-	16,614
Recoveries from reinsurance	(13,917)	-	-	(13,917)
<b>Total cash flows</b>	<b>2,697</b>	<b>-</b>	<b>-</b>	<b>2,697</b>
<b>Net reinsurance contract assets, end of year</b>	<b>\$ 16,773</b>	<b>\$ 13,168</b>	<b>\$ (6,388)</b>	<b>\$ 23,553</b>

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**(c) Reinsurance Contracts – Impact of contracts recognized in the period**

	2024			2023		
	Contracts not originated in a net gain	Contracts originated in a net gain	TOTAL	Contracts not originated in a net gain	Contracts originated in a net gain	TOTAL
<b>(In B\$000s)</b>						
Estimates of the present value of future cash inflows	\$ -	\$ (5,547)	<b>\$ (5,547)</b>	\$ -	\$ (4,975)	<b>\$ (4,975)</b>
Estimates of the present value of future cash outflows	-	5,313	<b>5,313</b>	-	4,576	<b>4,576</b>
Risk adjustment for non-financial risk	-	(740)	<b>(740)</b>	-	(681)	<b>(681)</b>
Other pre-recognition cash flows derecognised	-	-	<b>-</b>	-	-	<b>-</b>
CSM	-	974	<b>974</b>	-	1,080	<b>1,080</b>
<b>Increase (decrease) in reinsurance contract assets from contracts recognized in the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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(d) **Reinsurance Contracts – Amounts determined on transition to IFRS 17 – CSM by transition method**

Life Risk - Reinsurance Contracts Held (In B\$000s)	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	TOTAL	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	TOTAL
<b>CSM as at beginning of year</b>	\$ 1,773	\$ 4,615	<b>\$ 6,388</b>	\$ 878	\$ 9,358	<b>\$ 10,236</b>
<b>Changes that relate to current service:</b>						
CSM recognised for the services provided	-	(1,137)	<b>(1,137)</b>	(222)	(727)	<b>(949)</b>
<b>Changes that relate to future service:</b>						
Changes in estimates that adjust the CSM	118	(305)	<b>(187)</b>	439	(4,353)	<b>(3,914)</b>
Contracts initially recognised in the period	265	-	<b>265</b>	636	-	<b>636</b>
Experience adjustments – arising from premiums received in the period that relate to future service	-	-	<b>-</b>	-	-	<b>-</b>
<b>Total changes that relate to future service</b>	383	(305)	<b>78</b>	1,075	(4,353)	<b>(3,278)</b>
Finance expenses from reinsurance contracts held	62	188	<b>250</b>	42	337	<b>379</b>
<b>Total amounts recognised in comprehensive income</b>	445	(1,254)	<b>(809)</b>	895	(4,743)	<b>(3,848)</b>
<b>CSM as at year-end</b>	<b>\$ 2,218</b>	<b>\$ 3,361</b>	<b>\$ 5,579</b>	<b>\$ 1,773</b>	<b>\$ 4,615</b>	<b>\$ 6,388</b>

**9.4 Investment Contract Liabilities**

	2024	2023
Third party pension liabilities	\$ 23,714,525	\$ 23,478,253
Segregated fund liabilities	1,607,802	2,097,479
Other liabilities	215,423	227,130
<b>Total other liabilities</b>	<b>\$ 25,537,750</b>	<b>\$ 25,802,862</b>

Interest on third party pension plans is at rates between 4.1% to 4.5% (2023: 4.1% to 4.5%).

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**10. RECEIVABLES AND OTHER ASSETS**

Receivables and other assets are comprised of the following:

	2024	2023
Financial assets		
Net balances receivable on ASO plans	\$ 88,655,952	\$ 76,028,647
Accrued interest income	6,106,066	6,825,846
Participation in IRM reinsurance facilities	6,851,411	6,577,989
Non-financial assets		
Properties assumed under mortgage defaults	1,341,059	1,715,400
Land held for development	4,426,185	4,426,185
Prepayments and other assets	352,295	1,442,418
Total receivables and other assets	\$ 107,732,968	\$ 97,016,485

*Administrative Services Only (ASO) receivables*

Included in receivables and other assets are net amounts due from groups to whom the Group provides administrative services only ("ASO").

*Participation in IRM reinsurance facilities*

The Group participates in reinsurance facilities managed by International Reinsurance Managers, LLC ("IRM"), an underwriting management company domiciled in the United States of America which provides group health reinsurance services to small and medium sized insurance companies in the Caribbean and Latin America. The Group's participation in these facilities varies from 10% to 50% for differing underwriting years and its interest is included above. The underlying assets of the reinsurance facilities are principally comprised of US Treasury money market instruments.

**11. MORTGAGES AND COMMERCIAL LOANS**

Mortgages and commercial loans are comprised of the following:

	2024	2023
Mortgages and commercial loans	\$ 24,458,337	\$ 26,117,717
Accrued interest	17,173,972	16,674,998
Subtotal	41,632,309	42,792,715
Less: allowances for impairment / provisions	(32,436,359)	(29,196,615)
Mortgages and commercial loans, net	\$ 9,195,950	\$ 13,596,100

Mortgages and commercial loans are classified into the following categories:

	2024	2023
Residential mortgages	\$ 10,729,478	\$ 12,040,789
Commercial mortgages	11,030,648	11,379,717
Commercial paper	2,698,211	2,697,211
Subtotal	24,458,337	26,117,717
Accrued interest	17,173,972	16,674,998
Total	\$ 41,632,309	\$ 42,792,715

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The totals represent the Group's gross exposure on mortgages and commercial loans. It is the Group's policy not to lend more than 75% of collateralized values.

Included in residential mortgages at December 31, 2024 are loans to employees and salespersons amounting to \$1,075,117 (2023: \$1,279,222).

Provisions on mortgages and commercial loans are as follows:

	<b>2024</b>		<b>2023</b>	
Residential mortgages	\$	4,542,778	\$	5,437,014
Commercial mortgages		8,514,136		5,726,451
Commercial paper		2,350,152		2,499,239
Accrued interest		17,029,293		15,533,911
<b>Total provisions on mortgages and commercial loans</b>	<b>\$</b>	<b>32,436,359</b>	<b>\$</b>	<b>29,196,615</b>

The movement in loan loss provisions is as follows:

	<b>2024</b>		<b>2023</b>	
Balance, beginning of year	\$	29,196,615	\$	30,586,655
Increase in provisions		3,944,926		2,130,510
Provisions written back to income		(705,182)		(3,520,550)
<b>Balance, end of year</b>	<b>\$</b>	<b>32,436,359</b>	<b>\$</b>	<b>29,196,615</b>

	<b>12-month ECL</b>				<b>Total</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>		
<b>Loss allowance as at January 1, 2023</b>	\$ 69,311	\$ 17,424	\$ 30,499,920	\$	30,586,655
Net remeasurement of loss allowance	(59,632)	(16,043)	(3,444,875)		(3,520,550)
Release in provisions of financial assets	-	-	2,130,510		2,130,510
<b>Loss allowance as at December 31, 2023</b>	9,679	1,381	29,185,555		29,196,615
Net remeasurement of loss allowance	(6,585)	(1,381)	(697,216)		(705,182)
Release in provisions of financial assets	-	-	3,944,926		3,944,926
<b>Loss allowance as at December 31, 2024</b>	<b>\$ 3,094</b>	<b>\$ -</b>	<b>\$ 32,433,265</b>	<b>\$</b>	<b>32,436,359</b>

As of the reporting date, the approximate weighted average interest rates on mortgages and commercial loans are as follows:

	<b>2024</b>	<b>2023</b>
Residential mortgages	7.55%	6.69%
Commercial mortgages	9.28%	7.53%
Commercial paper	7.90%	7.90%

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**12. INVESTMENT PROPERTIES**

The Group's investment properties consist of land holdings, residential rental properties, and commercial office rental properties and are carried at fair value. All investment properties have been classified as Level 3 in the fair value measurement hierarchy and there were no transfers from or to Level 3 during the period. Movements in investment properties classified by category are as follows:

	Land	Residential	Commercial	Total
At December 31, 2022	\$ 3,240,000	\$ 630,000	\$ 54,216,000	58,086,000
Additions	-	-	3,082,768	3,082,768
Transfers from property & equipment (note 14)	-	-	445,904	445,904
Gain from fair value adjustments through revaluation reserve (note 20)	-	-	160,878	160,878
Gain from fair value adjustments (note 24)	5,000	-	534,940	539,940
At December 31, 2023	\$ 3,245,000	\$ 630,000	\$ 58,440,490	\$ 62,315,490
Additions	-	-	1,489,338	1,489,338
Gain from fair value adjustments through revaluation reserve (note 20)	-	-	445,461	445,461
Gain/(loss) from fair value adjustments (note 24)	(300,000)	8,000	(350,301)	(642,301)
At December 31, 2024	\$ 2,945,000	\$ 638,000	\$ 60,024,988	\$ 63,607,988

A revaluation gain of \$445,461 (2023: revaluation gain of \$160,878) was recognized through the revaluation reserve for an investment property which was originally owner-occupied and transferred from property and equipment to investment property. Net gains/(losses) on all other investment properties from fair value adjustments are included in net investment income on the consolidated statement of profit or loss (note 25).

In accordance with the Group's policy for the valuation of investment property holdings in intervening periods, the fair values of all properties at December 31, 2024 were based on management using the Discounted Cash Flow Method (DCF), Income Approach Method (IA), Replacement Cost Method (RC) and the Sales Comparison Method (SC). (2023: DCF and SC).

Significant unobservable inputs used in the valuations in 2024 were as follows:

Property Classification	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land and land lots	SC	Sales price / acre	\$10,000 - \$325,000 (\$11,998)
Residential	IA	Sales price / sq.ft.	\$334 (\$330)
Commercial office	DCF	Estimated rental rate / sq.ft. / p.a.	\$24 - \$82
		Discount rate	10%
		Rent growth p.a.	2%
		Expense inflation p.a.	3%
	RC	Capitalization rate for terminal value	8.50%
		Vacancy rate	28.2%
		Replacement cost/sq.ft	\$50-\$282 (\$191)
	IA	Capitalization rate	9%



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Significant unobservable inputs used in the valuations in 2023 were as follows:

Property Classification	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land and land lots	SC	Sales price / acre	\$10,000 - \$325,000 (\$11,998)
Residential	SC	Sales price / sq.ft.	\$330 (\$330)
Commercial office	DCF	Estimated rental rate / sq.ft. / p.a. Discount rate	\$7 - \$82 9.8% to 11%
		Rent growth p.a. Expense inflation p.a. Capitalization rate for terminal value Vacancy rate	2% - 3% 2% - 3% 8.5% - 9.75% 5% - 24%
	SC	Sales price / sq. ft.	\$50 (\$50)

Under the Income Approach (IA) method, the projected net annual income net of estimated building expenses is determined and is divided by the capitalization rate. The capitalization rate is the expected rate of return used on similar investments.

The Replacement Cost (RC) method bases the cost of replacing the subject property with a structure providing similar utility. The cost estimate may not be necessarily based on similar materials if considered appropriate by the appraiser based on current construction standards.

Under the Discounted Cash Flow (DCF) method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. A market-derived discount rate is applied to establish the present value of the income streams associated with the property. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of the inflows and outflows are determined by events such as lease renewals, and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of property. Periodic cash flows are typically estimated as gross rental income less vacancy, non-recoverable expenses, maintenance and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Under the Sales Comparison (SC) method, fair value is determined by a comparison of recent property sales similar to the subject property. The prices for these properties provide the basis for estimating the value of the subject by comparison. Appropriate adjustments are made for the differences in the properties as they compare to the subject property. The adjusted process yields various indicators of value which are analyzed and correlated to provide a value estimate for the subject property.

Significant increases (decreases) in estimated rental values and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the property. Significant increase (decrease) in long-term vacancy rates and discount rates in isolation would result in a significantly lower (higher) fair value. Increases/(decreases) in the capitalization rate would result in a significantly lower (higher) fair value.

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Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate and an opposite change in the long term vacancy rate.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase, construct or develop investment property for repair, maintenance and enhancement.

Investment properties, with carrying values totaling approximately \$12.2 million (2023: \$12.2 million), have been mortgaged in support of loans advanced to subsidiary companies by the Group. The referenced loans have been eliminated on consolidation. Rental income from investment properties totaled \$5,248,634 (2023: \$5,113,504), (See note 25). Direct expenses related to generating rental income from investment properties, amounting to \$1,411,870 (2023: \$2,369,526), are included in general and administrative expenses. Repairs and maintenance costs included in these direct expenses total \$425,103 (2023: \$432,706).

**13. EQUITY-ACCOUNTED INVESTEEES**

Equity-accounted investees are comprised of:

	2024	2023
Walk-In Holdings Limited	\$ 3,948,062	\$ 4,553,831
SBL Ltd.	-	385,209
<b>Total</b>	<b>\$ 3,948,062</b>	<b>\$ 4,939,040</b>

Gains and losses from the Group's equity-accounted investees are comprised of the following:

	2024	2023
Share of profit / (loss) of equity-accounted investees		
Walk-In Holdings Limited	\$ (605,769)	\$ 83,889
SBL Ltd.	(385,209)	(2,944)
<b>Total share of profit / (loss) of equity-accounted investees</b>	<b>\$ (990,978)</b>	<b>\$ 80,945</b>

Gains and losses recognized in revaluation reserve from the Group's equity-accounted investees are comprised of the following:

	2024	2023
Share of OCI of equity-accounted investees		
Walk-In Holdings Limited	\$ (72)	\$ (2,830)
SBL Ltd.	-	-
<b>Total share of OCI of equity-accounted investees (note 20)</b>	<b>\$ (72)</b>	<b>\$ (2,830)</b>

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*Walk-In Holdings Limited*

In November 2007, the Group, through its wholly-owned subsidiary, PRO Health Holdings Ltd., acquired interest in Walk-In Holdings Limited ("WIHL"), a privately-held company incorporated in The Bahamas at a cost of \$3,402,631. At the balance sheet date, the Group owns 31% (2023: 31%) of WIHL. WIHL owns and operates medical clinics in The Bahamas.

The investment in WIHL is comprised of the following:

	2024	2023
Total assets	\$ 13,526,433	\$ 13,414,047
Total liabilities	(772,484)	(1,069,553)
Net assets of WIHL	\$ 12,753,949	\$ 12,344,494
Company's share of WIHL's net assets	\$ 3,948,062	\$ 3,821,130
Goodwill	-	732,701
Total investment in WIHL	\$ 3,948,062	\$ 4,553,831

Management estimates that the carrying value of the investment in WIHL approximates its fair value at the reporting date.

The Group's share of WIHL's comprehensive net income is as follows:

	12 Months Ended Dec. 31, 2024	12 Months Ended Dec. 31, 2023
Total revenue	\$ 8,971,836	\$ 8,405,008
Net Income before OCI for the period	\$ 409,456	\$ 270,610
Other comprehensive income for the period	-	9,133
Total comprehensive income for the period	\$ 409,456	\$ 279,743
Share of WIHL's net profit	\$ 126,932	\$ 83,889
Impairment charge of Goodwill	\$ (732,701)	\$ -
Share of WIHL's OCI through revaluation reserve	\$ (72)	\$ (2,831)

*SBL Ltd.*

In July 2009, Colina Holdings Bahamas Limited and the Company, purchased 7% and 12% of SBL Ltd. ("SBL") at a cost of \$3 million and \$5 million respectively. In considering the classification of its 19% equity holding in SBL, the Group classified its investment in SBL as an equity-accounted investee as two of the ten Board members of SBL were also Directors of the Company. In May 2009, SBL acquired the issued and outstanding shares of Ansbacher (Bahamas) Limited ("ABL") and in July 2009, merged ABL subsequently with Sentinel Bank & Trust Limited ("SBT") with the surviving entity retaining the name Ansbacher (Bahamas) Limited. ABL's principal activities comprised private and specialist banking, wealth protection and management, and fiduciary services.

In December 2015, the Parent purchased 1 Series B Preference Share of ABL with a par value of \$0.01 and Share Premium of \$4,999,999.99 for a total investment of \$5 million. The Preference Share was issued at the rate of 7% per annum and is cumulative and non-voting and was redeemed on March 31, 2022.

In January 2022, Deltec Bank and Trust Limited ("Deltec") and SBL Ltd. executed a share purchase agreement for Ansbacher (Bahamas) Limited ("ABL"). The transaction received regulatory approvals and was finalized effective March 31, 2022.

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At the time of the sale, the investment in SBL was comprised of the following:

		<b>As at March 31, 2022*</b>
Total assets	\$	541,974,169
Total liabilities		(507,702,765)
Net assets of SBL	\$	34,271,404
Share of SBL's net assets	\$	6,165,072
Share of SBL's OCI through revaluation reserve		346,495
	\$	6,511,567

(\*) Prior to sale to Deltec

The carrying value of the investment in SBL approximated its fair value at the reporting date. Up to the sale date, the Group's share of SBL's comprehensive net income through March 31, 2022 was as follows:

		<b>3 Months Ended Dec. 31, 2022</b>
Total revenue	\$	5,958,535
Net Income before OCI for the period	\$	264,474
Other comprehensive loss for the period		(1,585,462)
Total comprehensive loss for the period	\$	(1,320,988)
Share of SBL's net profit	\$	50,250
Share of SBL's OCI through revaluation reserve	\$	(301,238)

At the closing of the ABL transaction the Company received a cash payment of \$3,802,749. During 2023, the Company received post-closing payments in accordance with the SPA totalling \$84,562. During 2024, a provision was set against all remaining balances outstanding.

*Goodwill and Other Intangible Assets in Equity-Accounted Investees*

The following table shows an analysis of goodwill and other intangible assets included in equity-accounted investees for the years ending December 31, 2024 and 2023:

	<b>Other Intangibles</b>			
	<b>Goodwill</b>		<b>Assets</b>	<b>Total</b>
Balance as of December 31 , 2022	\$ 732,701	\$ -	\$ -	732,701
Amortization	-	-	-	-
Disposals during the year	-	-	-	-
Balance as of December 31 , 2023	\$ 732,701	\$ -	-	732,701
Amortization	-	-	-	-
Impairment charges during the year	(732,701)	-	-	(732,701)
Balance as of December 31 , 2024	\$ -	\$ -	-	-

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**14. PROPERTY AND EQUIPMENT**

	Land, land improvements and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
<b>Cost / revalued amounts:</b>					
At January 1, 2023	\$ 28,182,007	\$ 1,397,349	\$ 2,337,906	\$ 89,104	\$ 32,006,366
Additions	-	72,165	32,567	43,182	147,914
Disposals	(731,377)	-	-	-	(731,377)
Transfers to Investment Property (See Note 12)	(445,904)	-	-	-	(445,904)
At December 31, 2023	\$ 27,004,726	\$ 1,469,514	\$ 2,370,473	\$ 132,286	\$ 30,976,999
Revaluation adjustment (See Note 20)	1,861,357	-	-	-	1,861,357
Additions	811,553	4,651	1,282,579	52,957	2,151,740
Disposals	(160,666)	-	-	(21,500)	(182,166)
At December 31, 2024	\$ 29,516,970	\$ 1,474,165	\$ 3,653,052	\$ 163,743	\$ 34,807,930
<b>Accumulated depreciation:</b>					
At January 1, 2023	\$ 11,687,802	\$ 1,342,867	\$ 2,038,459	\$ 63,513	\$ 15,132,641
Disposals	(731,377)	-	-	-	(731,377)
Depreciation charge	1,202,007	31,479	125,979	6,780	1,366,245
At December 31, 2023	\$ 12,158,432	\$ 1,374,346	\$ 2,164,438	\$ 70,293	\$ 15,767,509
Disposals	(160,666)	-	-	(21,500)	(182,166)
Depreciation charge	1,576,643	10,986	205,409	20,889	1,813,927
At December 31, 2024	\$ 13,574,409	\$ 1,385,332	\$ 2,369,847	\$ 69,682	\$ 17,399,270
<b>Net book value:</b>					
At December 31, 2024	\$ 15,942,561	\$ 88,833	\$ 1,283,205	\$ 94,061	\$ 17,408,660
At December 31, 2023	\$ 14,846,294	\$ 95,168	\$ 206,035	\$ 61,993	\$ 15,209,490

Property, plant and equipment includes ROU assets with a net book value of \$988,491 (2023: \$1,235,532) related to leased properties that do not meet the definition of investment property:

	2024	2023
Gross	\$ 2,356,557	\$ 2,315,813
Accumulated depreciation	(1,835,250)	(1,630,267)
Total ROU assets	\$ 521,307	\$ 685,546

ROU assets have an average lease term of 6 years (2023: 6 years)

The revalued amounts of land, land improvements and buildings is comprised of the following:

	2024	2023
Land and land improvements	\$ 5,162,519	\$ 4,648,501
ROU assets (gross)	2,356,557	2,315,813
Buildings	21,997,894	20,040,412
Total cost/revalued amount	\$ 29,516,970	\$ 27,004,726

Properties are stated at their revalued amounts, as assessed by qualified independent property appraisers or management valuation in intervening periods. The revalued amount is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation reserve in equity.

If land, land improvements and buildings were stated on a historical cost basis, the carrying amount would be approximately \$6.7 million (2023: \$6.7 million).

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**15. GOODWILL and OTHER INTANGIBLE ASSETS**

Goodwill

Goodwill is comprised of the following at period end:

	<b>2024</b>		<b>2023</b>	
Cost	\$	10,473,068	\$	10,473,068
Accumulated impairment charges		(7,761,825)		(7,761,825)
Net book amount	\$	2,711,243	\$	2,711,243
Balance, beginning of year	\$	2,711,243	\$	2,711,243
Impairment charge		-		-
Balance, end of year	\$	2,711,243	\$	2,711,243

Goodwill is comprised of goodwill that was acquired because of insurance company mergers and acquisitions by the Company. For the purposes of impairment testing, the goodwill at December 31, 2024 and December 31, 2023 have been allocated to the "Health" CGU.

The recoverable amount of goodwill related to insurance acquisitions was based on its value in use determined by the present value of projected net cash flows of the Health CGUs.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	<b>2024</b>		<b>2023</b>	
Discount rate		9.25% to 13.0%		9.25% to 13.0%
Growth rate on terminal value		2.0% to 3.0%		2.0% to 3.0%
Growth rate on revenues		2.4% to 4.0%		2.4% to 4.0%
Growth rate on expenses		2.0% to 3.5%		2.0% to 3.5%

For the insurance and subsidiary acquisitions, three and five years of cash flows, respectively, were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined based on estimates by management.

**16. DUE TO/FROM PARENT**

Balances Due to/from Parent relate to intercompany balances between the Company and its Parent totalling \$79,266 at December 31, 2024 (2023: \$Nil). Balances Due to/from Parent are interest free and due on demand.

**17. OTHER LIABILITIES**

Other liabilities are comprised of the following:

	<b>2024</b>		<b>2023</b>	
Accrued expenses and other liabilities	\$	29,546,547	\$	32,579,888
Bank borrowings		25,961,833		29,016,167
Total other liabilities	\$	55,508,380	\$	61,596,055

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Included in other liabilities are bank borrowings. The Board of Directors, by resolution dated November 16, 2022, authorized Colina to enter into a non-revolving demand instalment loan facility with FCIB for \$30 million for the purpose of purchasing Government of The Bahamas Bonds.

The loan carries an interest rate of Bahamian \$Prime minus 0.25% per annum with an interest rate floor of 4.0% and will be repaid by regular semi-annual principal payments of \$1.5 million each, plus semi-annual interest payments with any outstanding principal and interest included with the last scheduled payment.

This loan is collateralized by a pledge of Colina's holdings in Class C of the CFAL Global Bond Fund Ltd. in the amount of US\$60 million and is subject to a minimum value of twice the amount outstanding on the facility at all times. Throughout the reporting period, Colina has complied with all financial covenants in connection with this facility.

The loan agreement is dated January 10, 2023 and the proceeds of the loan facility were received on January 27, 2023 and immediately used by Colina for the purchase of Bahamas Government Bonds.

## 18. LEASE LIABILITIES

### *Lease liabilities*

The Group has lease contracts for property and other real estate used in its operations. Leases generally have lease terms between 3 and 20 years, inclusive of renewable clauses that are likely to be exercised. Where lease terms are for periods of 12 months or less or are for low value, the Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemption.

The carrying amounts of ROU assets recognized and the movements during the period are included in note 14 with Property and Equipment.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
At the beginning of the year	\$ 875,255	\$ 1,804,029
Additions	201,410	-
Accretion of interest	46,673	85,577
Payments	(505,295)	(530,638)
Lease terminations	-	(483,713)
As at December 31,	\$ 618,043	\$ 875,255
Within 1 year	\$ 425,656	\$ 414,427
1-5 years	192,387	460,828
Total	\$ 618,043	\$ 875,255

The following are the amounts recognized in profit or loss:

	2024	2023
Depreciation expense ROU assets	\$ 365,650	\$ 395,347
Interest expense on lease liabilities (note 26)	46,673	85,577
Total amount recognized in profit or loss	\$ 412,323	\$ 480,924

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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**19. NON-CONTROLLING INTERESTS**

<i>(In B\$'000s)</i>	<b>2024</b>			
	<b>GBDC</b>	<b>CGBF</b>	<b>CREFL</b>	<b>Total</b>
<b>% ownership by NCI as at December 31, 2024</b>	<b>14.0%</b>	<b>0.0%</b>	<b>14.9%</b>	
Total assets	\$ 38,773	\$ -	\$ 13,587	
Total liabilities	323	-	447	
Net assets	\$ 38,450	\$ -	\$ 13,140	
Net assets attributable to NCI	\$ 5,281	\$ -	\$ 1,926	\$ <b>7,207</b>
Total revenues	\$ 4,131	\$ -	\$ 1,554	
Net profit	\$ 4,127	\$ -	\$ 576	
Other comprehensive income / (loss)	-	-	-	
Total comprehensive income	\$ 4,127	\$ -	\$ 576	
Profit allocated to NCI	\$ 579	\$ -	\$ 90	\$ <b>669</b>
<i>(In B\$'000s)</i>	<b>2023</b>			
	<b>GBDC</b>	<b>CGBF</b>	<b>CREFL</b>	<b>Total</b>
<b>% ownership by NCI as at December 31, 2023</b>	<b>14.0%</b>	<b>0.0%</b>	<b>14.9%</b>	
Total assets	\$ 36,430	\$ -	\$ 13,466	
Total liabilities	606	-	901	
Net assets	\$ 35,824	\$ -	\$ 12,565	
Net assets attributable to NCI	\$ 4,911	\$ -	\$ 1,837	\$ <b>6,748</b>
Total revenues	\$ 2,639	\$ -	\$ 1,870	
Net profit	\$ 1,817	\$ -	\$ 846	
Other comprehensive income / (loss)	-	-	-	
Total comprehensive income	\$ 1,817	\$ -	\$ 846	
Profit/(loss) allocated to NCI	\$ 244	\$ 165	\$ 101	\$ <b>510</b>



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**20. SHARE CAPITAL**

	2024	2023
Authorized:		
1,000,000 Ordinary Shares of B\$1.00 each (2023: 1,000,000)	\$ 1,000,000	\$ 1,000,000
20,000 Ordinary Shares of B\$0.01 each (2023: 20,000)	\$ 200	\$ 200
Issued and fully paid:		
1,000,000 Ordinary Shares of B\$1.00 each (2023: 1,000,000)	\$ 1,000,000	\$ 1,000,000
20,000 Ordinary Shares of B\$0.01 each (2023: 20,000)	\$ 200	\$ 200
Share Premium	\$ 1,999,800	\$ 1,999,800
	\$ 3,000,000	\$ 3,000,000

In August 2010, the Board of Directors by resolution, authorized an additional 20,000 Ordinary Shares with a par value of \$0.01 to be offered at a share premium of \$99.99 each.

The Company then immediately offered to its Parent these additional 20,000 Ordinary Shares by converting \$2,000,000 of its share premium into paid up share capital of \$2,000,000 in the Company, resulting in the additional issued shares with a value of \$200 and the accompanying share premium of \$1,999,800.

**21. REVALUATION RESERVE**

The revaluation reserve is comprised of the net gain/(loss) on remeasurement of revaluation adjustments related to land and buildings. Also included in the revaluation reserve are unrealized gains related to the purchase of additional equity in a subsidiary company subsequent to the date control was first established.

	Subsidiary Acquisitions	Land and Building	Equity- Accounted Investees	Total
Balance as of December 31 , 2022	\$ 2,291,925	\$ 9,485,591	\$ 213,746	\$ 11,991,262
Net fair revaluation gains of Equity-Accounted Investees (note 13)	-	-	(2,830)	(2,830)
Revaluation of investment property (note 12)	-	160,878	-	160,878
Balance as of December 31 , 2023	\$ 2,291,925	\$ 9,646,469	\$ 210,916	\$ 12,149,310
Revaluation of land and building	-	1,861,357	-	1,861,357
Reclassification during the year to profit or loss	-	(769,095)	-	(769,095)
Net fair revaluation losses of Equity-Accounted Investees (note 13)	-	(1)	-	(1)
Revaluation of investment property (note 12)	-	445,461	-	445,461
Balance as of December 31 , 2024	\$ 2,291,925	\$ 11,184,191	\$ 210,916	\$ 13,687,032

**22. CONTINGENT LIABILITIES AND COMMITMENTS**

The Group has the following contingent liabilities and commitments as of the year-end reporting date:

*Legal proceedings and regulations*

The Group operates in the insurance and financial services industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

The Group is also subject to insurance solvency regulations in all the jurisdictions in which it operates and has complied with all regulations. There are no contingencies associated with the Group's compliance or lack of compliance with such regulations.

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*Contingent liabilities*

The Group may have contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material loss will arise from the contingent liabilities. Other than as disclosed in note 8, as at December 31, 2024, the Group did not provide any guarantees to third parties in the ordinary course of business. (2023: Nil).

The Group, is from time to time, in connection with its normal operations, named as a defendant in actions for damages and costs allegedly sustained by the plaintiffs. The Board of Directors is of the opinion, based upon the advice of counsel, that the final outcome of such actions will not have a material adverse effect on the financial position of the Group.

*Commitments*

*Lending:* The Company had no commitments to extend credit for mortgages and commercial loans at December 31, 2024 (2023: Nil).

*Purchase of property and equipment:* The Company had no commitments for the purchase of capital equipment or services at December 31, 2024 (2023: Nil).

**23. FUTURE MINIMUM LEASE PAYMENTS RECEIVABLE**

The Group derives rental income from certain of its investment properties under non-cancellable rental agreements. See also note 25. The future minimum lease payments due to be received under these agreements as of December 31, 2024 are as follows:

	At December 31, 2024	At December 31, 2023
Less than one year	\$ 2,373,512	\$ 2,373,511
One to two years	2,374,816	2,374,815
Two to three years	2,408,630	2,408,629
Three to four years	2,263,851	2,263,850
Four to five years	1,887,270	1,887,269
More than five years	1,557,119	1,557,118
<b>Total</b>	<b>\$ 12,865,198</b>	<b>\$ 12,865,192</b>

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**24. INSURANCE REVENUE AND SERVICE EXPENSES**

(a) **Insurance service result**

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line is included in the following tables.

(In B\$000s)	2024		TOTAL
	LIFE	HEALTH	
<b>Insurance revenue:</b>			
For contracts not measured under the PAA:			
The amounts relating to the changes in the LRC:			
- Expected incurred claims and other directly attributable expenses	\$ 21,542	\$ -	\$ 21,542
- Change in the risk adjustment for non-financial risk for the risk expired	3,248	-	3,248
- CSM recognised for the services provided	3,250	-	3,250
- Experience adjustments – arising from premiums received in the period other than those that relate to future service	(64)	-	(64)
Insurance acquisition cash flows recovery	2,614	-	2,614
Insurance revenue from contracts not measured under the PAA	\$ 30,590	-	30,590
Insurance revenue from contracts measured under the PAA	-	87,745	87,745
<b>Total Insurance Revenue</b>	<b>\$ 30,590</b>	<b>\$ 87,745</b>	<b>\$ 118,335</b>
<b>Insurance service expenses:</b>			
Incurred claims and other directly attributable expenses	(19,234)	(95,438)	(114,672)
Changes that relate to past service – changes in the FCF relating to the LIC	(16)	16,122	16,106
Losses on onerous contracts and reversal of those losses	77	-	77
Insurance acquisition cash flows amortisation	-	-	-
<b>Total Insurance Service Expenses</b>	<b>\$ (19,173)</b>	<b>\$ (79,316)</b>	<b>\$ (98,489)</b>
<b>Net income (expenses) from reinsurance contracts held:</b>			
Reinsurance expenses – contracts not measured under the PAA:			
Amounts relating to the changes in the remaining coverage:			
- Expected incurred claims and other directly attributable expenses recovery	7,571	-	7,571
- Change in the risk adjustment for non-financial risk for the risk expired	-	-	-
- CSM recognised for the services received	(12,596)	-	(12,596)
- Experience adjustments – arising from ceded premiums paid in the period other than those that relate to future service	1,143	-	1,143
Reinsurance expenses – contracts not measured under the PAA	(3,882)	-	(3,882)
Reinsurance expenses – contracts measured under the PAA	-	5,906	5,906
Other incurred directly attributable expenses	-	-	-
Incurred claims recovery	-	(6,383)	(6,383)
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	(1,359)	(1,359)
Income on initial recognition of onerous underlying contracts	-	-	-
<b>Total net income/(expenses) from reinsurance contracts held</b>	<b>\$ (3,882)</b>	<b>\$ (1,836)</b>	<b>\$ (5,718)</b>
<b>TOTAL INSURANCE SERVICE RESULT</b>	<b>\$ 7,535</b>	<b>\$ 6,593</b>	<b>\$ 14,128</b>

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	2023		
	LIFE	HEALTH	TOTAL
<i>(In B\$000s)</i>			
<b>Insurance revenue:</b>			
For contracts not measured under the PAA:			
The amounts relating to the changes in the LRC:			
- Expected incurred claims and other directly attributable expenses	\$ 24,305	\$ -	\$ 24,305
- Change in the risk adjustment for non-financial risk for the risk expired	4,810	-	4,810
- CSM recognised for the services provided	3,024	-	3,024
- Other amounts, including other pre-recognition cash flows assets derecognised at the date of initial recognition	2,026	-	2,026
Insurance acquisition cash flows recovery	(29)	-	(29)
Insurance revenue from contracts not measured under the PAA	34,136	-	34,136
Insurance revenue from contracts measured under the PAA	-	82,626	82,626
<b>Total Insurance Revenue</b>	<b>\$ 34,136</b>	<b>\$ 82,626</b>	<b>\$ 116,762</b>
<b>Insurance service expenses:</b>			
Incurred claims and other directly attributable expenses	(20,531)	(93,855)	(114,386)
Changes that relate to past service – changes in the FCF relating to the LIC	(34)	11,791	11,757
Losses on onerous contracts and reversal of those losses	(2,374)	-	(2,374)
Insurance acquisition cash flows amortisation	(2,024)	-	(2,024)
<b>Total Insurance Service Expenses</b>	<b>\$ (24,963)</b>	<b>\$ (82,064)</b>	<b>\$ (107,027)</b>
<b>Net income (expenses) from reinsurance contracts held:</b>			
Reinsurance expenses – contracts not measured under the PAA:			
Amounts relating to the changes in the remaining coverage:			
- Expected incurred claims and other directly attributable expenses recovery	216	-	216
- Change in the risk adjustment for non-financial risk for the risk expired	(1,360)	-	(1,360)
- CSM recognised for the services received	949	-	949
- Experience adjustments – arising from ceded premiums paid in the period other than those that relate to future service	(11,605)	-	(11,605)
Reinsurance expenses – contracts not measured under the PAA	(11,800)	-	(11,800)
Reinsurance expenses – contracts measured under the PAA	-	(5,921)	(5,921)
Other incurred directly attributable expenses	-	-	-
Incurred claims recovery	9,478	3,710	13,188
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	(1,961)	(1,961)
Income on initial recognition of onerous underlying contracts	118	-	118
<b>Total net income/(expenses) from reinsurance contracts held</b>	<b>\$ (2,204)</b>	<b>\$ (4,172)</b>	<b>\$ (6,376)</b>
<b>TOTAL INSURANCE SERVICE RESULT</b>	<b>\$ 6,969</b>	<b>\$ (3,610)</b>	<b>\$ 3,359</b>

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**(b) Expected recognition of the contractual service margin**

The following tables summarize the expected recognition of the contractual service margin based on the estimate of the CSM using discounted overage units to allocate the CSM to each year:

<i>(In B\$000s)</i>	<b>2024</b>		<b>2023</b>	
	<b>Insurance</b>	<b>Reinsurance</b>	<b>Insurance</b>	<b>Reinsurance</b>
	<b>Contracts</b>	<b>Contracts</b>	<b>Contracts</b>	<b>Contracts</b>
<b>Number of years until expected to be recognized</b>	<b>Issued</b>	<b>Held</b>	<b>Issued</b>	<b>Held</b>
1 Year	\$ 3,115	\$ 755	\$ 2,726	\$ 871
2 Years	2,731	656	2,378	757
3 Years	2,440	570	2,113	660
4 Years	2,178	497	1,877	576
5 Years	1,939	432	1,663	500
6 to 10 Years	6,856	1,463	5,813	1,671
>10 Years	7,533	1,206	6,178	1,353
<b>Total</b>	<b>\$ 26,792</b>	<b>\$ 5,579</b>	<b>\$ 22,748</b>	<b>\$ 6,388</b>

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**25. INVESTMENT INCOME AND INSURANCE FINANCE EXPENSES**

An analysis of net investment income and net insurance finance expenses by reporting segment is presented below:

(InB\$000s)	2024			TOTAL
	Life	Health	Other	
<b>Net investment income (expenses) – underlying assets:</b>				
Unrealized gains/(losses) on FVTPL investments, net	\$ 24,120	\$ (23)	\$ 171	\$ 24,268
Realized gains/(losses) on FVTPL investments, net	105	-	1	106
Interest income	33,846	(22)	159	33,983
Dividend income	890	(2)	19	907
Mortgages and commercial loans (net)	(115)	-	(2,186)	(2,301)
Rental income (note 12)	4,979	(42)	312	5,249
Net fair value loss on investment properties (note 12)	(609)	5	(38)	(642)
Other management fees and income (net)	(2,303)	19	(137)	(2,421)
<b>Total net investment income – underlying assets</b>	<b>60,913</b>	<b>(65)</b>	<b>(1,699)</b>	<b>59,149</b>
<b>Total net investment income</b>	<b>\$ 60,913</b>	<b>\$ (65)</b>	<b>\$ (1,699)</b>	<b>\$ 59,149</b>
<b>Finance income (expenses) from insurance contracts issued:</b>				
Changes in value of underlying assets of contracts measured under the VFA	\$ (22,079)	\$ -	\$ -	\$ (22,079)
Interest accreted	(9,368)	-	-	(9,368)
Effect of changes in interest rates and other financial assumptions	(2,713)	-	-	(2,713)
<b>Total finance expenses from insurance contracts issued</b>	<b>(34,160)</b>	<b>-</b>	<b>-</b>	<b>(34,160)</b>
<b>Finance income (expenses) from reinsurance contracts held:</b>				
Interest accreted	601	-	-	601
Effect of changes in interest rates and other financial assumptions	265	-	-	265
Effect of changes in FCF at current rates when CSM is unlocked at locked- in rates	-	-	-	-
<b>Total finance income from reinsurance contracts held</b>	<b>866</b>	<b>-</b>	<b>-</b>	<b>866</b>
<b>Net insurance finance expenses</b>	<b>\$ (33,294)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (33,294)</b>
<b>Summary of the amounts recognised in profit or loss:</b>				
Net investment income	\$ 60,913	\$ (65)	\$ (1,699)	\$ 59,149
Net insurance finance expenses	(33,294)	-	-	(33,294)
<b>Total amounts recognised in profit or loss</b>	<b>\$ 27,619</b>	<b>\$ (65)</b>	<b>\$ (1,699)</b>	<b>\$ 25,855</b>
<b>Summary of the amounts recognised:</b>				
Insurance service result	\$ 7,535	\$ 6,593	\$ -	\$ 14,128
Net investment income	60,913	(65)	(1,699)	59,149
Net insurance finance expenses	(33,294)	-	-	(33,294)
<b>Net insurance and investment result</b>	<b>\$ 35,154</b>	<b>\$ 6,528</b>	<b>\$ (1,699)</b>	<b>\$ 39,983</b>

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(InB\$000s)	2023			
	Life	Health	Other	TOTAL
<b>Net investment income (expenses) – underlying assets:</b>				
Net gains on FVTPL investments	\$ 22,269	\$ 663	\$ -	\$ 22,932
Interest income	34,576	1,029	-	35,605
Dividend income	795	24	-	819
Mortgages and commercial loans (net)	3,184	95	-	3,279
Rental income (note 12)	4,966	148	-	5,114
Net fair value gains on investment properties (note 12)	526	14	-	540
Other management fees and income (net)	(2,250)	(66)	28	(2,288)
<b>Total net investment income – underlying assets</b>	<b>64,066</b>	<b>1,907</b>	<b>28</b>	<b>66,001</b>
<b>Finance income (expenses) from insurance contracts issued:</b>				
Changes in value of underlying assets of contracts measured under the VFA	\$ (24,725)	\$ -	\$ -	\$ (24,725)
Interest accreted	(8,004)	-	-	(8,004)
Effect of changes in interest rates and other financial assumptions	(7,999)	-	-	(7,999)
<b>Total finance expenses from insurance contracts issued</b>	<b>(40,728)</b>	<b>-</b>	<b>-</b>	<b>(40,728)</b>
<b>Finance income (expenses) from reinsurance contracts held:</b>				
Interest accreted	\$ 347	\$ -	\$ -	\$ 347
Effect of changes in interest rates and other financial assumptions	543	-	-	543
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	-	-
<b>Total finance income from reinsurance contracts held</b>	<b>890</b>	<b>-</b>	<b>-</b>	<b>890</b>
<b>Net insurance finance expenses</b>	<b>\$ (39,838)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (39,838)</b>
<b>Summary of the amounts recognised in profit or loss:</b>				
Net investment income	\$ 64,066	\$ 1,907	\$ 28	\$ 66,001
Net insurance finance expenses	(39,838)	-	-	(39,838)
<b>Total amounts recognised in profit or loss</b>	<b>\$ 24,228</b>	<b>\$ 1,907</b>	<b>\$ 28</b>	<b>\$ 26,163</b>
<b>Summary of the amounts recognised:</b>				
Insurance service result	\$ 6,969	\$ (3,610)	\$ -	\$ 3,359
Net investment income	64,066	1,907	28	66,001
Net insurance finance expenses	(39,838)	-	-	(39,838)
<b>Net insurance and investment result</b>	<b>\$ 31,197</b>	<b>\$ (1,703)</b>	<b>\$ 28</b>	<b>\$ 29,522</b>

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**26. EXPENSES BY NATURE**

An analysis of the expenses incurred by the Group in the reporting period is included in the table below:

	2024				2023			
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	TOTAL	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	TOTAL
<i>(In B\$000s)</i>								
Salaries and employee/salesperson benefits	\$ 2,036	\$ 9,479	\$ 2,830	\$ 14,345	\$ 1,821	\$ 8,221	\$ 2,604	\$ 12,646
Fees, insurance, licences	602	5,279	503	6,384	758	6,610	661	8,029
Advertising and communications expense	657	2,187	1,001	3,845	691	2,060	889	3,640
Premium and other taxes	-	4,145	-	4,145	-	3,964	17	3,981
Depreciation and amortisation	151	875	136	1,162	187	1,035	173	1,395
Premises and maintenance	602	1,448	875	2,925	601	1,379	925	2,905
Audit, legal and other professional fees	1,075	1,867	1,112	4,054	1,125	1,262	1,207	3,594
Other expenses	-	20	356	376	-	-	1,654	1,654
<b>Total</b>	<b>\$ 5,123</b>	<b>\$ 25,300</b>	<b>\$ 6,813</b>	<b>\$ 37,236</b>	<b>\$ 5,183</b>	<b>\$ 24,531</b>	<b>\$ 8,130</b>	<b>\$ 37,844</b>



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**27. OTHER FINANCE COSTS AND INTEREST**

Other finance costs and interest are comprised of:

	<b>2024</b>		<b>2023</b>	
Interest on liabilities due to ASO groups	\$	1,490,006	\$	1,407,841
Interest on lease liabilities (note 17)		46,673		85,578
Other interest costs		2,100,571		1,302,804
<b>Total other finance costs and interest</b>	<b>\$</b>	<b>3,637,250</b>	<b>\$</b>	<b>2,796,223</b>

**28. DIVIDENDS PER SHARE**

Dividends to the Parent are recognized as a liability in the period in which they are declared by the Board of Directors. Dividends paid by the Company to its Parent in 2024 totalled \$8,427,782 (\$8.43 per ordinary share) (2023: \$7,333,800 (\$7.33 per ordinary share)).

**29. PENSION PLAN**

The Group's subsidiaries operate various defined contribution plans for eligible administrative employees and salespersons which are administered by CFAL. Under the respective plans, eligible staff and salespersons contribute between 5% to 7.5% of pensionable earnings with the subsidiary Companies contributing between 5% to 7.5%. The subsidiary Group's matching contributions vest with the employee/salesperson on various scales but fully vest after five to ten years. Pension expense for the year was \$405,665 and is included in salaries and employee/salespersons' benefits expense (2023: \$403,266).

**30. UNIT LINKED FUNDS AND INVESTMENT PLANS**

Certain policy contracts allow the policyholder to invest in units in a notional fund called the Bahamas Investment Fund (the "BIF"). The value of the units is linked to the performance of the underlying assets of the BIF. These assets may be varied by the Company from time to time and neither the policyholder nor any other person who may be entitled to benefit has any legal or beneficial interest in the BIF or the units or any underlying assets, which are solely the property of the Group.

Certain policy contracts, obtained through the acquisition of the former Colina in 2002, allow the policyholder to acquire units in a notional investment fund known as the Colina Investment Plan (the "CIP"). The value of the units is based on the performance of the underlying assets of the CIP. These assets may be varied from time to time.

Depending on the issue date of their policy, the Group may have guaranteed investors in the CIP a minimum rate of return of either 4% or 4.5% per annum, payable at maturity. The liabilities in relation to these guarantees are included in the provision for future policy benefits.

Issuance of new CIP policies was discontinued in January 2001.

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The underlying assets of the BIF and CIP that are included in their respective categories in the reporting at December 31, 2024 are as follows:

	<b>Bahamas Investment Fund</b>		<b>Colina Investment Plan</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Equities - listed	\$ 4,179,330	\$ 4,230,382	\$ 893,750	\$ 1,803,779
Preferred shares - unquoted	400,000	400,000	68,000	68,000
Government securities	6,125,700	6,125,700	724,520	723,537
Debt securities - unquoted	421,429	432,143	7,137	10,714
Other assets	-	-	60,285	207,902
Cash	39,739	78,537	89,086	103,629
Due from/(to) general fund	50,410	163,123	(85,572)	(478,242)
<b>Total assets</b>	<b>\$ 11,216,608</b>	<b>\$ 11,429,885</b>	<b>\$ 1,757,206</b>	<b>\$ 2,439,319</b>

**31. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties are entities or individuals where there is effective control or significant influence by the Company, its directors, AFH or its shareholders. All significant balances and transactions with related parties, are disclosed in these consolidated financial statements as being with related parties.

*Year-end balances arising from sales/purchases of products and /or services*

The following related party amounts are included in the consolidated statement of financial position as at December 31:

	<b>AFH</b>		<b>Other affiliates</b>		<b>Other related parties</b>		<b>Key Management/ Directors</b>		<b>Total 2024</b>	<b>Total 2023</b>
<b>Assets</b>										
ROU assets	\$	-	\$	247,613	\$	-	\$	-	\$ 247,613	\$ 529,169
Receivables and other assets	\$	41,614	\$	101,527	\$	69,905	\$	-	\$ 213,046	\$ 81,541
<b>Liabilities</b>										
Loans and other borrowings	\$	-	\$	345,478	\$	-	\$	-	\$ 345,478	\$ 715,887
Other liabilities	\$	-	\$	-	\$	372,004	\$	-	\$ 372,004	\$ 804,938

Loans advanced to related parties included in mortgages and commercial loans carried interest rates of 5.5% p.a. (2023: 5.5%)

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*Transactions with related parties*

The following transactions were carried out with related parties:

	AFH		Other affiliates		Other related parties		Total 2024	Total 2023
<b>Revenues</b>								
Group medical insurance	\$	255,059	\$	950,149	\$	925,727	\$ 2,130,935	\$ 2,095,785
Investment management and other fees		-		-		98,725	98,725	78,403
Rental income		-		-		93,941	93,941	176,413
<b>Total</b>	<b>\$</b>	<b>255,059</b>	<b>\$</b>	<b>950,149</b>	<b>\$</b>	<b>1,118,393</b>	<b>\$ 2,323,601</b>	<b>\$ 2,350,601</b>
<b>Expenses</b>								
Management and consulting fees	\$	125,528	\$	-	\$	-	\$ 125,528	\$ 123,921
Legal fees		-		144,394		-	144,394	100,029
Investment management fees		-		-		1,989,081	1,989,081	2,058,356
Administration, Registrar and Transfer Agent fees		-		23,536		50,000	73,536	72,986
Property management fees		-		61,920		-	61,920	61,920
Advertising and marketing		-		124,681		-	124,681	104,063
Property rental		-		532,800		-	532,800	532,800
Medical lab expenses		-		-		444,429	444,429	617,533
General insurance		-		-		590,132	590,132	524,016
Interest and financing costs		-		-		30,193	30,193	51,712
Other		-		282,508		3,547	286,055	290,799
<b>Total</b>	<b>\$</b>	<b>125,528</b>	<b>\$</b>	<b>1,169,840</b>	<b>\$</b>	<b>3,107,381</b>	<b>\$ 4,402,749</b>	<b>\$ 4,538,135</b>

*Key management personnel compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and its subsidiaries, directly or indirectly, including any director (whether executive or otherwise) of the Group. Compensation for key management personnel for the year ended December 31, 2024 was \$3,054,688 (2023: \$2,920,181).

*Directors' fees*

Fees paid to Directors for services rendered on the Company's Board and Board Committees for the year ended December 31, 2024 totaled \$256,500 (2023: \$225,038).

**32. RISK MANAGEMENT**

The Group is concerned about the risks inherent in its business activities (insurance risk) and the risks associated with the management of the financial assets and liabilities (financial risk) which support the operational activities.

*Corporate Governance*

The primary objective of the Company's Corporate Governance framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognizes the critical importance of having efficient and effective risk management systems in place. The Group has a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers.

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*Regulatory Framework*

Regulators are primarily interested in protecting the rights of the policyholders and have established guidelines and regulations by which the Group is required to comply to ensure that the Group is satisfactorily managing affairs for their benefit. The operations of the Group are subject also to regulatory requirements in the foreign jurisdictions in which it operates. The Group's regulators are interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from changes in the economic environment. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as they arise.

The following discuss the key risk exposures for the Group.

**INSURANCE RISK**

Insurance risk is the risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim.

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 and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The main objective of the Group is to ensure that sufficient reserves are available to provide for the liabilities associated with the insurance contracts it issues. The risk exposure can be mitigated by diversification across portfolios in terms of type and amount of risk, geographical location and type of industry covered.

Below is a discussion of insurance risks specific to the lines of coverage provided by the Group.

**(a) Contracts not measured under PAA**

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below indicates the concentration of insured benefits across four bands of insured benefits per coverage insured rounded to the nearest thousand.

	2024 (in \$000s)	2023 (in \$000s)
\$0 to \$49,999	\$ 289,372	\$ 304,895
\$50,000 to \$99,999	700,308	713,531
\$100,000 to \$149,999	1,923,332	1,904,866
\$150,000 and over	3,650,704	3,508,836
Total	\$ 6,563,716	\$ 6,432,128

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The Group's contractual service margin and financial results can be impacted by possible movements in key assumptions, such as the discount rate, timing of cash flows, and rates of lapse and mortality. The correlation of assumptions will have a significant effect in determining the ultimate impacts. Sensitivity information will also vary according to the current economic assumptions. See note 3.1.11 for further information.

The Group's financial results will be affected by changes in the rates of mortality, morbidity, lapse, other policyholder behavior and expenses (insurance risks). The nature of those impacts and the extent to which they impact current period earnings depend on the change, the extent to which it relates to past, current or future periods and, where applicable, the extent to which the change impacts onerous or non-onerous groups of contracts.

Changes in the rates of current or future insurance risk that relate to the LIC relate to past service and will impact earnings in the period that those changes are realised. Changes in the rates of insurance risk experienced in the current period that related to the LRC will also impact earnings in the period that those changes are realised.

Changes in the rates of insurance risk expected in the future and changes in the rates of insurance risk experienced in the current period, in relation to the LRC, will affect expected cash flows. To the extent that the changes relate to onerous groups of contracts, or the CSM on non-onerous groups is insufficient to offset any adverse impact of the changes, the impact of the changes will be recognised in earnings in the period realised. Where the changes impact non-onerous groups of contracts, the impact of changes in the LRC will be offset by changes in the CSM with a corresponding change in the CSM release that will be expected in future periods. For contracts under the GMM, given that the CSM is determined at locked-in rates, the CSM release will partially offset the changes in the LRC.

Where the insurance contracts are reinsured, the impacts of changes on direct contracts will be offset to the extent of the reinsurance.

**(b) Contracts measured under PAA**

***Group and Health Insurance contracts***

The Group offers Group Life and Group Health insurance contracts, where the period of coverage is one year or less. These contracts are measured under PAA. The Group is exposed to mortality and morbidity risk together with the risk of inflation on expenses and claims.

The Group manages risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants.

The Company follows the policy of underwriting and reinsuring contracts of insurance, which generally limit the liability for any one risk. In addition, catastrophe reinsurance is obtained to limit liability to a maximum of 10% of the Company's capital and reserves in the event of a series of claims arising out of a single occurrence.

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

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

Management does not anticipate that there will be any issues with the collection of amounts due from reinsurers as they become due, and is not aware of any disputes with reinsurers, overdue amounts or any specific credit issues.

The reinsurance program used by the Company is reviewed and approved by the Board on an annual basis.

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*Liability for incurred claims – claims development*

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate claims liability for accident years (Health 2019 – 2024 and P&C 2021-2024) has changed at successive year ends, up to 2024. Updated unpaid claims and other directly attributable expenses related to claims management in each successive year, as well as amounts paid to date, are used to derive the revised amounts for the ultimate claims liability for each accident year used in the development calculations. The most recent estimate is then reconciled to the liability for incurred claims recognised in the statement of financial position.

Gross Health Insurance Claims Development

<b>Gross claims development:</b> <b>(In B\$000s)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Estimate of ultimate claim costs (gross of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management):							
At end of accident year	\$ 33,849	\$ 28,573	\$ 38,947	\$ 44,753	\$ 54,005	\$ 57,822	
1 year later	34,236	28,423	42,951	45,348	52,574		
2 years later	34,130	28,216	43,121	45,373			
3 years later	34,151	28,232	43,092				
4 years later	34,150	28,223					
5 years later	34,150						
Cumulative gross claims and other directly attributable expenses paid	(34,150)	(28,223)	(43,092)	(45,370)	(52,458)	(37,281)	(240,574)
<b>Gross cumulative claims liabilities - accident years from 2019-2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>116</b>	<b>20,541</b>	<b>20,660</b>
Gross cumulative claims liabilities – prior accident years							841
Effect of discounting							-
Effect of the risk adjustment margin for non-financial risk							2,011
Non-actuarial balances included in LIC							6,434
<b>Gross LIC for the contracts originated</b>							<b>\$ 29,946</b>

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Net Health Claims Development

<b>Net claims development:</b> <b>(In B\$000s)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Estimate of ultimate claim costs (net of reinsurance, undiscounted, inclusive of other directly attributable expenses related to claims management):							
At end of accident year	\$ 33,048	\$ 28,203	\$ 38,194	\$ 42,391	\$ 51,265	\$ 54,752	
1 year later	32,510	28,229	40,493	42,743	48,755		
2 years later	32,634	28,022	40,657	42,570			
3 years later	32,656	28,039	40,630				
4 years later	32,655	28,030					
5 years later	32,655						
Cumulative net claims and other directly attributable expenses paid	(32,655)	(28,030)	(40,630)	(42,567)	(48,646)	(35,223)	(227,751)
<b>Net cumulative claims liabilities - accident years from 2019-2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>109</b>	<b>19,529</b>	<b>19,641</b>
Net cumulative claims liabilities – prior accident years							841
Effect of discounting							-
Effect of the risk adjustment margin for non-financial risk							1,802
Non-actuarial balances included in LIC							2,959
<b>Net LIC for the contracts originated</b>							<b>\$ 25,243</b>

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**FINANCIAL RISK**

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, credit risk, liquidity risk and capital risks.

These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements. The risk that the Group primarily faces due to the nature of its investments and liabilities is interest rate risk.

The Group manages these positions within an asset liability management ("ALM") framework that has been developed to maximize long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM is to match cash flows from assets to the liability cash flows arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

**CREDIT RISK**

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. From this perspective, the Group's credit risk exposure is primarily concentrated in its deposits placed with other financial institutions, loans to policyholders and other clients, and amounts due from reinsurers and insurance contract holders.

The Group's deposits are primarily placed with well-known high quality financial institutions. Loans to policyholders are generally collateralized by cash surrender values of the respective policies. Mortgage loans are adequately secured by properly registered legal charges on real property. With respect to the Group's unsecured commercial paper loans and other material unsecured receivables, management is satisfied that the debtors concerned are both financially able and willing to meet their obligations to the Group except in those instances where impairment provisions have been made.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. Management assesses the Group's reinsurance placement policy by assessing the creditworthiness of all reinsurers by reviewing credit grades provided by rating agencies and other publicly available financial information. The Group's main reinsurer is Munich Reinsurance Company Canada Branch (Life).

To limit its exposure of potential loss on an insurance policy, the Group may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have well-established capability to meet their contractual obligations and which generally have a Group risk rating of "Investment Grade". The Group limits the amount of loss on any one policy by reinsuring certain levels of risk in various areas of exposure with other insurers.

Generally, the Group has retention limits on insurance policies as follows:

	<b>2024</b>		<b>2023</b>	
Individual life	\$	50,000	\$	50,000
Individual accidental death and dismemberment	\$	50,000	\$	50,000
Individual personal accident	\$	50,000	\$	50,000
Group accidental death and dismemberment	\$	50,000	\$	50,000
Individual and Group Medical	\$	300,000	\$	300,000

Reinsurance ceded does not discharge the Group's liability as the primary insurer and failure of reinsurers to honour their obligations could result in losses to the Group.



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The following table provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's internal assessments of the credit ratings of counterparties. The table also includes an aging analysis of financial assets, providing information regarding the Group's exposures on amounts current, and past due:

December 31, 2024 (in \$000s)	Balances with no scheduled repayment dates	Current		Unit Linked	Past due but not impaired		Total
		Investment Grade	Non- Graded		30 - 90 days	>90 days	
Financial assets							
Term deposits	\$ -	\$ 7,141	\$ -	\$ -	\$ -	\$ -	\$ 7,141
FVPL securities	-	16,568	514,664	12,820	-	-	544,052
Mortgages and commercial loans	-	-	6,708	-	397	2,091	9,196
Cash and demand balances	32,063	-	-	129	-	-	32,192
Other financial assets	6,851	6,106	88,656	-	-	-	101,613
<b>Total financial assets</b>	<b>\$ 38,914</b>	<b>\$ 29,815</b>	<b>\$ 610,029</b>	<b>\$ 12,949</b>	<b>\$ 397</b>	<b>\$ 2,091</b>	<b>\$ 694,194</b>

December 31, 2023 (in \$000s)	Balances with no scheduled repayment dates	Current		Unit Linked	Past due but not impaired		Total
		Investment Grade	Non- Graded		30 - 90 days	>90 days	
Financial assets							
Term deposits	\$ -	\$ 7,029	\$ -	\$ -	\$ -	\$ -	\$ 7,029
FVPL securities	-	11,658	482,191	13,794	-	-	507,643
Mortgages and commercial loans	-	-	4,952	-	1,767	6,877	13,596
Cash and demand balances	24,480	-	-	182	-	-	24,662
Other financial assets	6,578	6,826	76,029	-	-	-	89,433
<b>Total financial assets</b>	<b>\$ 31,058</b>	<b>\$ 25,513</b>	<b>\$ 563,172</b>	<b>\$ 13,976</b>	<b>\$ 1,767</b>	<b>\$ 6,877</b>	<b>\$ 642,363</b>

Financial assets are subject to credit impairment losses which are recognized in the consolidated statement of profit or loss. The following tables summarize the credit risk exposure of financial investments for which an ECL allowance is recognized. The gross carrying amounts of investments below represent the Group's maximum exposure to credit risk on these assets.

Debt instruments - amortised cost	2024				Total	2023 Total
	Stage 1 12-month ECL	Stage 2 12-month ECL	Stage 3 12-month ECL			
Credit grade:						
Investment grade	\$ 38,097	\$ -	\$ -	\$ 38,097		27,498
Non-investment grade	94,832	335	32,444	127,611		117,167
Gross carrying amount	132,929	335	32,444	165,708		144,665
Loss allowance	110	-	-	110		134
Carrying amount	\$ 133,039	\$ 335	\$ 32,444	\$ 165,818	\$	144,799

**Loss allowances**

The allowance for ECL is recognized in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial assets experiencing significant movement in credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments de-recognized in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the movement between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and model assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies.

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The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 12-month ECL	Stage 2 12-month ECL	Stage 3 12-month ECL	Total
<b>Debt instruments - amortised cost</b>				
<b>Loss Allowance as at January 1, 2024</b>	\$ 150	\$ (16)	\$ -	\$ 134
Changes to inputs used in ECL calculation	(40)	16	-	(24)
<b>Loss Allowance as at December 31, 2024</b>	\$ 110	\$ -	\$ -	\$ 110

**IFRS9 carrying values**

The following tables explain the changes in the carrying value between the beginning and the end of the period due to these factors. The gross carrying amounts of investments below represent the Group's maximum exposure to credit risk on these assets.

	Stage 1 12-month ECL	Stage 2 12-month ECL	Stage 3 12-month ECL	Total
<b>Debt instruments - amortised cost</b>				
<b>Gross carrying amount as at January 1, 2024</b>	\$ 112,537	\$ 1,953	\$ 30,176	\$ 144,666
Changes in principal and interest	20,392	(1,618)	2,268	21,042
<b>Gross carrying amount as at December 31, 2024</b>	\$ 132,929	\$ 335	\$ 32,444	\$ 165,708

**FOREIGN CURRENCY RISK**

The Group is not directly exposed to foreign currency risk, as investments and insurance contracts are denominated in Bahamian and United States dollars. The Bahamian Dollar (B\$) is fixed to the US Dollar (US\$) at the rate of B\$1 = US\$1.

**PRICE RISK**

The Group is subject to price risk on its equity securities due to changes in market values. One of the primary objectives of the Group's risk management policy is to mitigate potential adverse impacts of market movements. The Group mitigates this risk by establishing overall limits of equity holdings for each investment portfolio and by maintaining diversified holdings within each portfolio of equity securities. The Group has a relatively small investment in local equities which are exposed to market price risk arising from uncertainties about the future values of the investment. A sensitivity analysis has therefore not been presented. Securities reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors and/or respective Board Committees review and approve equity investment decisions meeting thresholds established in each respective subsidiary's Investment guidelines.

**INTEREST RATE RISK**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This is primarily a concern with fixed and fluctuating interest rate investments which the Group intends to hold for the long-term.

The Group's fixed income debt securities, mortgage portfolio and cash and cash equivalents are subject to interest rate risk. Fluctuations in interest rates impact the level of gains and losses on the Group's interest-bearing investments.

Increasing interest rates by 10% will increase interest rate sensitive returns, increasing profit or loss and equity by \$3.4 million (2023: \$3.8 million) while a decrease in interest rates of 10% will decrease interest rate sensitive returns, decreasing profit or loss and equity by \$3.4 million (2023: \$3.8 million).

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**LIQUIDITY RISK**

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial or insurance liabilities, because of the inability to generate sufficient cash or its equivalent in a timely and cost-effective way. The Group is exposed to daily calls on its available cash resources, mainly from claims arising from insurance contracts. In respect of significant insured events the Group is exposed to a liquidity risk associated with the timing differences between cash flows and expected reinsurance recoveries to meet its insurance liability obligation.

Asset liability matching is a tool used by the Group to mitigate liquidity risks. The Group has adopted a policy of investing in assets with cash flow characteristics that match the cash flow characteristics of its expected future cash flows. The primary purpose of this matching is to increase the likelihood that cash flows from these assets are synchronized with the timing and the amounts of payments that expect to be paid to policyholders.

The following tables indicate the timing of undiscounted cash flows arising from insurance liabilities, net of reinsurance, as at period end:

<b>December 31, 2024</b>							
<b>(In B\$000s)</b>	<b>Up to a Year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>No term</b>	<b>Not Classified</b>	<b>TOTAL</b>	
Life	\$ 11,156	\$ 73,177	\$ 1,390,547	\$ -	\$ 20,414	\$	1,495,294
Health	9,470	129	-	-	8,913		18,512
<b>Total</b>	<b>\$ 20,626</b>	<b>\$ 73,306</b>	<b>\$ 1,390,547</b>	<b>\$ -</b>	<b>\$ 29,327</b>	<b>\$</b>	<b>1,513,806</b>

<b>December 31, 2023</b>							
<b>(In B\$000s)</b>	<b>Up to a Year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>No term</b>	<b>Not Classified</b>	<b>TOTAL</b>	
Life	\$ 10,324	\$ 69,598	\$ 1,302,870	\$ -	\$ 13,814	\$	1,396,606
Health	10,984	372	-	-	9,475		20,831
<b>Total</b>	<b>\$ 21,308</b>	<b>\$ 69,970</b>	<b>\$ 1,302,870</b>	<b>\$ -</b>	<b>\$ 23,289</b>	<b>\$</b>	<b>1,417,437</b>

The table below summarizes the expected recovery or settlement of assets:

<b>December 31, 2024</b> <b>(in \$000s)</b>	<b>Current</b>	<b>Non-Current</b>	<b>Unit Linked</b>	<b>Total</b>
Term deposits	\$ 7,141	\$ -	\$ -	\$ 7,141
Investment securities	-	531,232	12,820	544,052
Mortgages and commercial loans	6,708	2,488	-	9,196
Investment properties	-	63,608	-	63,608
Equity-accounted investees	-	3,948	-	3,948
Cash and demand balances	32,063	-	129	32,192
Insurance contract assets	-	1,475	-	1,475
Reinsurance contract assets	-	32,815	-	32,815
Receivables and other assets	91,156	16,517	60	107,733
Property and equipment	-	17,409	-	17,409
Goodwill	-	2,711	-	2,711
Other intangible assets	79	-	-	79
<b>Total Assets</b>	<b>\$ 137,147</b>	<b>\$ 672,203</b>	<b>\$ 13,009</b>	<b>\$ 822,359</b>

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<b>December 31, 2023</b> <b>(in \$000s)</b>	<b>Current</b>	<b>Non-Current</b>	<b>Unit Linked</b>	<b>Total</b>
Term deposits	\$ 7,029	\$ -	\$ -	\$ 7,029
Investment securities	-	493,849	13,794	507,643
Mortgages and commercial loans	4,952	8,644	-	13,596
Investment properties	-	62,316	-	62,316
Equity-accounted investees	-	4,939	-	4,939
Cash and demand balances	24,480	-	182	24,662
Insurance contract assets	-	1,346	-	1,346
Reinsurance contract assets	7,099	20,146	-	27,245
Receivables and other assets	19,797	77,012	208	97,017
Property and equipment	-	15,209	-	15,209
Goodwill	-	2,711	-	2,711
<b>Total Assets</b>	<b>\$ 63,357</b>	<b>\$ 686,172</b>	<b>\$ 14,184</b>	<b>\$ 763,713</b>

**OPERATIONAL RISK**

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems. Internal processes include activities relating to accounting, reporting, operations, compliance and personnel management. Such risk manifests itself in various breakdowns, errors and business interruptions and can potentially result in financial losses and other damage to the Group.

The Group regularly assesses new systems which will better enable the Group to monitor and control its exposure to operational risk in order to keep operational risk at appropriate levels.

**CAPITAL RISK**

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or return of capital to the shareholders. The Company fully complied with all externally imposed capital requirements during the reported financial period and no changes were made to the Company's capital base, objectives, policies and processes from the prior year.

Externally imposed capital requirements for Colina in The Bahamas are set and regulated by the Insurance Commission of The Bahamas. These requirements are put in place to ensure sufficient solvency margins. At December 31, 2024, Colina was in excess of the risk-based capital requirement as set by the Insurance Commission of The Bahamas. Further objectives are set by management and the Board to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximize shareholders' value. For the purposes of assessing its capital position, Colina uses the capital on its consolidated statement of financial position excluding goodwill and with limitations placed on all but the strongest forms of capital.

Colina is registered as a Class "A" external insurer in the Cayman Islands and capital requirements for its Cayman business is set and regulated by the Cayman Islands Monetary Authority. Colina is registered as an domestic long-term insurer under Section 5. (1)(a) of the Insurance Ordinance (CAP 16.06) to carry on business from within the Turks and Caicos Islands. Capital requirements for Colina's business in the Turks and Caicos Islands are set and regulated by the Turks and Caicos Islands Financial Services Commission. At December 31, 2024, Colina was in compliance with the capital requirements all jurisdictions in which it operates.

**33. OTHER SUBSEQUENT EVENTS**

*Dividends declared for the Parent*

The Board of Directors, by resolution dated April 10, 2025, authorized the payment of an ordinary dividend of \$7.58 per issued and outstanding ordinary share totalling \$7,731,600 to be paid to its Parent, subject to regulatory requirements. Regulatory approvals were subsequently received and the record date for this ordinary dividend was set to April 25, 2025.