FAMGUARD
CORPORATION

ANNUAL REPORT

2023

famguardbahamas.com

> "Our success, however, is not only measured by our strong financial results but the positive impact that we make in our community and the lives of our customers..."

Dodridge D. Miller
Chairman

SECTION ONE:
OVERVIEW OF THE COMPANY

CORPORATE PROFILE

FamGuard's group of companies provides a wide range of products and services to manage risk and build wealth:

- Life Insurance
- Health Insurance
- Annuities
- Employee Benefits
- Home, Auto & Commercial Insurance
- Residential & Commercial Mortgages

Family Guardian Insurance Company
Life & Health Insurance
www.familyguardian.com

BahamaHealth
Group & Individual Insurance
www.bahamahealth.com

FG Insurance Agents & Brokers
Property & Casualty Insurance
www.fgiagentsandbrokers.com

Click here to view our current Board of Directors

The Most Honourable Dodridge D. Miller, FB, FCCA, MBA, LLM - Chairman

Director since 2005
Director
Sagicor Financial Corporation
Barbados

Wendy Craigg, MBE

Director since 2017
Economic Advisor
Ministry of Finance
New Providence, The Bahamas

Norbert F. Boissiere

Director since 1983
Chairman Emeritus
FamGuard Corporation Ltd. &
Family Guardian Insurance Company
New Providence, The Bahamas

Glen O. A. Ritchie, CPA

Director since 2017
President
FamGuard Corporation Ltd. &
Family Guardian Insurance Company
New Providence, The Bahamas

M. Craig Roberts

Director since 1986
Consultant Counsel
Graham Thompson & Co.
New Providence, The Bahamas

Andre G. Mousseau, MBA

Director since 2021
President & CEO
Sagicor Financial Corporation
Toronto, Canada

A. Christine Woodman

Director since 2000
Property Management
New Providence, The Bahamas

M. Carmen Butler

Director since 2021
Private Consultancy Services
New Providence, The Bahamas

Bennet R. Atkinson, MBA, CPA

Director since 2005
Chartered Accountant
Ronald Atkinson & Co.
New Providence, The Bahamas

Raymond L. Winder

Director since 2022
Chartered Accountant
New Providence, The Bahamas

Sandra K. Osborne, SC, BSc, LLB, FCG

Director since 2005
Attorney-at-Law
Barbados

Catherine E. Pyfrom

Director since 2022
Artist
Quispamsis, NB, Canada

Duties of the Board of Directors

The Board of Directors of the Company has the obligation to oversee the conduct of the business of the Group and its subsidiaries and to supervise senior management, which is responsible for the day-to-day conduct of the business. The Board of Directors deals with all matters that materially impact the Company including overseeing the Company's performance, risk management and governance frameworks. The Board also has responsibility for setting the strategic objectives and risk appetite for the Company, and leading the culture and behaviour of the Company's employees. The Board is also obligated to comply with the Company's rules of business conduct and ethics and confirms that it has not breached this obligation.

The Board of Directors continuously reviews and enhances the Company's Corporate Governance Framework in light of evolving stakeholder expectations, legislative changes and the dynamic operating environment.

The Board of Directors has delegated certain of its responsibilities to committees of the Board. The Board's committees are generally responsible for reviewing matters specified in their mandates and making recommendations to the Board, which retains ultimate decision-making authority. The determination as to whether Board approval needs to be sought on a particular matter is the responsibility of the Board Chairman, the President, the Chairman of the Audit Committee and the Chairman of the Corporate Governance & Conduct Review Committee.

The Board of Directors has constituted the following committees:

- Human Resource & Compensation Committee
- Audit Committee
- Corporate Governance & Conduct Review Committee
- Technology Committee
- Investment & Risk Committee

Human Resource & Compensation Committee

The Human Resource & Compensation Committee is primarily responsible for approval of and, where appropriate, for making recommendations for approval by the Board of Directors with respect to matters related to compensation and benefit programs, the appointment and compensation of key members of senior management and the appointment of officers of the Company and its subsidiaries.

The Chairman of the Human Resource & Compensation Committee is Ms. M. Carmen Butler and the Committee members are Mrs. A. Christine Woodman, Ms. Sandra Osborne, SC and Ms. Catherine Pyfrom.

Audit Committee
The Audit Committee is responsible for the oversight of the financial reporting and internal controls of the Company, which includes the review and evaluation of the appropriate accounting principles and practices to be observed in the preparation of the accounts of the Company and its subsidiaries. The Audit Committee is responsible for the initial review of the Company's annual audited consolidated financial statements prior to consideration thereof by the Board of Directors. It approves the scope of the audit activities proposed each year to be conducted by the independent auditors. It also recommends the appointment and approves the terms of engagement of the independent auditors.

The Chairman of the Audit Committee is Mr. Bennet Atkinson and the Committee members are Mrs. Wendy Craigg, Mr. Andre Mousseau, and Mr. Raymond Winder.

Corporate Governance & Conduct Review Committee
This Committee oversees the development and the implementation of a sound Corporate Governance Architecture which complies with the laws of The Bahamas and international best practice. The purpose of the Committee is to develop and recommend to the Board policies and procedures to establish and maintain best practice standards of corporate governance and to direct the processes relating to director succession planning, director performance evaluation, communications and stakeholder engagement, insider trading and conduct review.

The Corporate Governance Architecture deals with:

(a) the ethical and business values that shape and guide the Company;

(b) policies and procedures governing essential operations;

(c) the structure, composition and internal operation of the Board;

(d) the respective roles and responsibilities of the Board and Management; and

(e) accountability and performance for both the Board and Management in the way they discharge their respective responsibilities.

The Chairman of the Corporate Governance & Conduct Review Committee is Ms. Sandra Osborne, SC and the Committee members are Mr. M. Craig Roberts and Mr. Raymond Winder.

Technology Committee

The Technology Committee is responsible for ensuring a best-practice approach to aligning the investments in information technology with business goals as determined by the Board of Directors of the Company. The goal is to effectively utilize state-of-the-art technology to provide superior customer service to the Company's clients and employees.

The Chairman of the Technology Committee is Mr. Raymond Winder and the Committee members are Mr. Bennet Atkinson, Mr. Dodridge Miller, Mrs. A. Christine Woodman and Mr. Glen Ritchie.

Investment & Risk Committee

The mandate of the Investment and Risk Committee is to oversee the investment of excess funds and clients' investment funds to ensure that such investment provides both short- and long-term returns that meet the reasonable investment expectations of policyholders, clients, pensioners and other investors while maintaining portfolio risks within acceptable limits.

The Committee also oversees the enterprise risk management framework that defines the Company's risk policies, risk appetite and risk limits. The Investment and Risk Committee assists the Board in ensuring that the results of regular enterprise-wide risk assessments are used to update the company's risk management framework.

The Chairman of the Investment and Risk Committee is Mrs. Wendy Craigg and the Committee members are Mrs. A. Christine Woodman, Mr. Andre Mousseau and Ms. M. Carmen Butler.

Any responsibility that is not delegated to a committee of the Board of Directors or senior management remains with the full Board of Directors.

Board Appointments & Training

The Board's induction process is set out in the Corporate Governance Manual, which is reviewed annually by the Corporate Governance and Conduct Review Committee. The Board of Directors is appointed annually by the Company's shareholders and the Board Chairman and the Chairmen of each Board Committee are selected by the Board of Directors.

Directors receive training at least once per year to ensure that they remain informed around key matters that impact their ability to perform their duties effectively. Additionally, to ensure that the Board has the skills and expertise needed to ensure its effectiveness in addressing business and governance issues, the Board uses a Skills Matrix which sets out the desired skills and experience the Board needs to carry out its duties and note which directors have the identified skills and experience. The Skills Matrix is reviewed on an annual basis.

Meetings of Board of Directors and Board Committees and their Conduct
The Board of Directors and its Committees aim to meet formally at least 4 times per year. The table below indicates current Director attendance at meetings during the year 2023.

Director	Number of Board Meeting Invitations	Number of Board Meetings Attended	Number of Committee Meeting Invitations	Number of Committee Meetings Attended
Dodridge D. Miller	4	4	4	2
Norbert F. Boissiere	4	2	0	0
M. Craig Roberts	4	4	4	4
A. Christine Woodman	4	4	12	12
Bennet R. Atkinson	4	4	10	10
Sandra K. Osborne, SC	4	3	8	8
Wendy M. Craigg	4	3	10	10
M. Carmen Butler	4	4	8	8
Andre Mousseau	4	2	10	7
Raymond Winder	4	4	14	13
Catherine Pyfrom	4	3	4	3
Glen O. A. Ritchie	4	4	4	3

The Board and Board Committee Chairmen establish meeting agendas to ensure adequate coverage of financial, strategic and other key risk areas throughout the year. The Board confirms that it, together with its various Committees has effectively carried out the Board and Board Committee Mandates during the year 2023 and has effectively given oversight to the Company's management of key risks.

The Audit Committee is comprised of four Directors whose general scope and purpose is to assist the Board in fulfilling its oversight responsibilities in the monitoring of the following:

(1) The integrity of the Company's financial statements;
(2) The Company's compliance with legal and regulatory requirements;
(3) The independent Auditor's qualifications and independence;
(4) The adequacy of the Company's internal audit functions and the External Auditor's scope, and
(5) The adequacy and effectiveness of risk management systems and the Company's internal controls.

YEAR IN REVIEW

Financial Reporting
During the year, the Audit Committee reviewed any significant reporting issues to gain an understanding of their impact on the financial statements. Such issues include: changes in the selection or application of accounting principles; the effect of regulatory and legal requirements; reviewing reports and analysis prepared by management and the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; reviewing the effect of new IFRS standards and amendments to existing standards; reviewing scope limitations, if any, of the independent auditor's activities; and, discussing with management and the independent auditor the annual audit report.

New IFRS Accounting Standards
The Group has adopted IFRS 17 and IFRS 9, which establish the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and financial instruments. The adoption of these standards required significant changes to the accounting and reporting process. The Audit Committee has been actively engaged in monitoring the implementation of IFRS 17 and IFRS 9, their combined impact on the financial statements and the effect they have had on the Group's underlying profit and solvency.

Internal Audit and Internal Controls
During the year the Committee reviewed with management and the internal auditors; the internal audit charter, plans, activities, staffing, and organizational structure of the internal audit function. The Committee held meetings with the internal auditors to review quarterly internal audit reports on significant findings and recommendations together with management's responses. The Committee is satisfied that the Company's internal controls and the internal audit department are functioning adequately in order to provide effective risk management.

External Audit
The Committee reviewed the performance and independence of the external auditors and recommended to the Board that PricewaterhouseCoopers be reappointed as the Company's auditors. The Committee reviewed all communications of the external auditors and met where necessary to discuss the scope and results of the audit. The Committee confirmed that appropriate practices are being followed to ensure the independence of the external auditors.

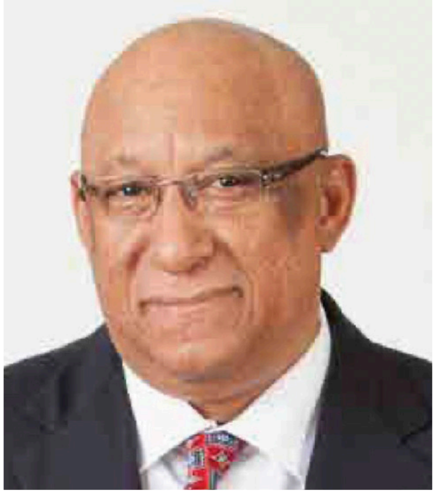
Compliance
The Committee reviewed the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) of any instances of non-compliance. The Committee reviewed the findings of any examinations by regulatory agencies and the reports from management and legal counsel regarding compliance matters. The Committee is satisfied that the compliance systems are functioning efficiently and effectively.

Reporting Responsibilities
The Committee provided quarterly reports to the board of directors about committee activities and any issues arising. The committee approved the quarterly and annual financial statements for presentation to the Board and for the Board's ultimate approval for issuance to the shareholders and regulators. The Committee reviews and approves the annual audited financial statements with the external auditors prior to publication. The Committee also reviews with the Board and the external auditors the going concern assumptions and is satisfied that the Company meets those assumptions as a going concern. The Committee is responsible for providing an open avenue of communication between the internal audit function, the external auditors and the board of directors.

The Committee together with the Board of Directors and management acknowledge responsibility for compliance with the rules of the Insurance Commission of The Bahamas and those of the Securities Commission of The Bahamas. The Committee is satisfied that the Company is in compliance with those rules.

The Audit Committee is satisfied that it has appropriately fulfilled its mandate to the best of its ability for the year ended December 31, 2023.

Bennet R. Atkinson
Chairman
Audit Committee



Dear Shareholders,

We are pleased to report that the Group recorded profits of $4.9 million for the year ended 31 December 2023, representing earnings of $0.16 per share for ordinary shareholders of the Company. These results reflect a 119.4% increase in profit over the corresponding prior period. Our financial results reflect the prudent management and strategic leadership by the Executive Team and the commitment and support of our staff and agents, which has allowed the Company to maintain its stability and strength amid change and economic uncertainties.

Effective 1 January 2023, the Group transitioned to the new International Financial Reporting Standards (IFRS) 9 and 17. These new standards materially changed the recognition and measurement of insurance contracts and financial assets and the corresponding presentation and disclosure in the financial statements. The Group restated the prior year comparative results and recognized the total impact on initial application in the opening consolidated statement of financial position as at 1 January 2022.

Underlying the Group's performance for 2023 was an increase in insurance revenue by 3.7% for the year to reach $100.4 million., This was supported by increased performance in both life and health business segments year over year. Return on common shareholders' equity totaled 4.20% an increase from the 1.95% reported at year-end 2022. The Group's statement of financial position remains strong with total assets of $377.4 million, and its solvency ratio measured at 234% is well in excess of the 150% minimum requirement of the Insurance Commission of the Bahamas.

Our success, however, is not only measured by our strong financial results but the positive impact that we make in our community and the lives of our customers by providing superior solutions that strengthen their financial security and enhance their quality of life. Our Doc Talk Series continues to provide an educational platform for members, staff, and the public to learn about various wellness initiatives and strategies to stay healthy. Within our communities, the Group continued with its annual Founders' Day initiative as well as other financial contributions to numerous social programs that positively impact the lives of Bahamians.

The digitization of new technology platforms implemented during the year, has also improved our customer service and optimized efficiencies in our operations. Over the next three years, The Company's strategic initiatives will be centered around growth and customer service, with the launch of new products to enhance the level of service we provide to our customers.

During the year, the Board of Directors approved a three-for-one stock split, increasing the outstanding and issued common shares to 30 million. An increase in outstanding shares provides greater marketability and liquidity for FamGuard shares. The Company's share price increased to $4.20 per share at year-end compared to the split-adjusted price of $3.78, delivering increased market value to our shareholders. FamGuard also returned $4.4 million to shareholders through dividends declared during the year, representing dividends per share of $0.36.

As we reflect on the achievements of the Company over the past year, I would like to extend sincere thanks on behalf of the Board of Directors to our management, staff, and sales team for their continued hard work and commitment to serving our clients. I also wish to thank our shareholders and clients for their continued confidence.

D. Miller

Dodridge D. Miller,
Chairman

Dear Shareholders,

I am pleased to highlight the financial performance and operational achievements of the Group for the year ending 31 December 2023.

The financial reporting for fiscal 2023 reflects the transition to the new International Financial Reporting Standards (IFRS) 9 and 17 effective 1 January 2023 which replaced International Accounting Standards (IAS) 39 and IFRS 4, respectively. As we advised at the initial implementation and continuing through 2023, the new standards affect business operations globally and have a significant impact on the presentation and disclosures of financial statements.

In accordance with the transition provisions of IFRS 9 and 17, the Group has restated its prior year comparative results to reflect the application of the new reporting standards.

FamGuard's 2023 performance highlights include:

- The Group recorded profits totaling $4.9 million, an increase of $2.7 million compared to the profit of $2.2 million recorded for the prior year.
- Insurance revenues increased to $100.4 million compared to $96.8 million in 2022. The results represent a 3.7% positive variance reflecting growth in all insurance business lines.
- FamGuard continued to fulfil its commitment to policyholders, incurring more than $86.0 million in insurance services expenses during the year.
- Net investment income increased by 21.6% to $18.0 million.
- Investment assets increased $8.5 million to $309.6 million.
- Total assets grew by $11.8 million to $377.4 million.
- Under the new IFRS 17 standard, total equity has increased by 15.8% to $120 million as of 31 December 2023, versus $103.6 million under the previous IFRS 4 standard at year-end 2022.

The strong results for 2023 are a testimony to the commendable efforts of our staff and sales team and reflect year-over-year premium revenue growth and persistency coupled with positive investment returns. The Group's performance aligns with key indicators that the country's post-pandemic economic recovery efforts are bearing fruit, notably the return to single-digit unemployment figures in 2023.

FamGuard continues to provide value to shareholders, with consistent dividend payments and an increasing share price. During 2023, the Company paid total dividends of $4.4 million with the Board declaring a 20% increase in dividends payable – from the previous $0.10 per share to $0.12 – for 23 August 2023. The Board also approved a 3-to-1 stock split effective 1 September 2023 to facilitate greater affordability and availability of shares for new and current investors. Since this date, the Company's share price, adjusted for the stock split, has seen a 31% increase in value.

As we continue to reinforce our operational efficiencies and service delivery through innovative technology, I am pleased to report that we rolled out our Illustrations and E-App on 1 October 2023 allowing all 160 of our sales agents in our Home Service and Financial Services divisions to submit insurance applications electronically via personal tablets.

Additionally, we have enhanced our BahamaHealth member experience with the launch of BH Pulse, our group administration portal which will eliminate numerous manual and paper-driven functionalities and streamline enrollment and claim submission processes.

In 2021, following the guidelines of International Organization for Standards (ISO) 27001, we developed a multi-year plan to strengthen Family Guardian's security posture and management of its client data. ISO specifies the requirements for establishing, implementing, maintaining and continually improving information security management systems. Our multi-year plan is scheduled for completion in 2025.

The Board approved our 3-Year Strategic Plan (2024 – 2026) which will emphasize growth and customer service with specific initiatives that focus on achieving targeted performance, preserving capital adequacy, maintaining a sound enterprise risk framework, and protecting franchise value. Moving ahead, we remain committed to adhering to sound corporate governance principles and dedicated to improving shareholder value.

We are ever committed to assisting in nation building and are pleased to support a broad range of programs that positively impact vulnerable citizens, youth development, and environmental protection. A highlight of our social outreach initiative is Founders' Day when we set aside one business day each year for our entire team to actively participate in volunteerism. In May, our sales and administrative staff provided fellowship, entertainment, and corporate contributions to eighteen organizations across the communities we serve. Our staff's personal commitment is also demonstrated through the Staff Charity Fund where voluntary financial contributions support charitable projects selected by the Fund's committee.

As we look forward to our 60th anniversary in 2025, we are excited to continue building on the Company's solid foundation of financial strength and stability. We are well positioned to meet the challenges of ever-changing economic and regulatory environments and remain resolved to increase value for our stakeholders and the communities we serve.

I extend my appreciation to our directors, management team, sales and administrative staff for their ongoing loyalty and support. I also thank our clients and shareholders for their continued confidence.

Glen O. A. Ritchie
President

2023 EXECUTIVE TEAM

[Click here to view our current Executive Team]

President
Glen O. A. Ritchie, CPA

Senior Vice President, Administration
(Human Resources, Public Relations & Marketing)
Kerry Higgs, Ph.D.

Senior Vice President, Legal, Audit, Risk & Compliance
Corporate Secretary
Bryinda Russell, MSc., PGDL, MICA, FLMI

Vice President, Systems Development & Architecture
Michael Hanna, ACS

Vice President, Technology
Jayson Clarke, MSc.

Vice President, Finance & Investments
Ramon Curtis, BSc., CPA, ALMI

Vice President, Home Service Sales
Ramona Neely

Vice President, Financial Services
Michael Adderley, B.Acc.

Vice President, BahamaHealth
Charlene Rodgers, FLMI, FLHC

Assistant Vice President, Projects and
Business Support, Operations
Marion Chestnut, ACS, AIAA

Assistant Vice President, Information Technology
Glen Pratt

Financial Controller
Sandra Payne, MSc., CPA

Assistant Vice President, Operations &
Customer Service
Renee Davis, CPA

“….the Company’s share price, adjusted for the stock split has seen a 31% increase in value.”

Glen O. A. Ritchie
President

For the year ended 31 December 2023
This Management Discussion and Analysis is dated 26 June 2024

OVERVIEW

FamGuard Corporation Limited (the "Company") is incorporated under the laws of the Commonwealth of The Bahamas and serves as an investment holding company with three wholly owned subsidiaries; Family Guardian Insurance Company Limited (FG), BahamaHealth Insurance Brokers Limited, and FG Insurance Agents & Brokers Limited (FGIAB) (together, "the Group"). FG is the principal operating unit and is licensed as an insurance company under the Insurance Act, 2005. FG sells life and health insurance products in The Bahamas. FGIAB operates as an agent and broker for general insurance products in the Bahamas. Effective 16 June 2023, the Company's subsidiaries FG Financial Limited and FG Capital Markets Limited were dissolved. The other wholly owned subsidiary within the group is inactive.

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements, on which the information presented in this report is based, incorporate the financial statements of the Company, entities controlled by the Company, and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Group transitioned to IFRS 17, Insurance Contracts, effective 1 January 2023. The adoption of the new standard has altered the timing and measurement of the recognition of insurance contracts. The presentation and disclosures within the financial statements have also been modified to conform with the standard. For further details of how the Group applied IFRS 17 and the impact on the financial statements, see Note 3 of the consolidated financial statements.

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4 Insurance Contracts (IFRS 4), to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has applied IFRS 9 retrospectively and restated comparative information for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 have been recognised in retained earnings as at 1 January 2022.

The application of all other new standards, amendments, and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Group's accounting policies or financial statements in the financial period of initial application.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the consolidated financial statements under IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

The Group evaluates such estimates on an ongoing basis, based upon historical results and experience, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as the forecasts as to how these might change in the future.

Due to the inherent uncertainty of the assumptions and estimates, the effect of certain accounting policies under different conditions or assumptions could be materially different from those reported in the consolidated financial statements.

RISK MANAGEMENT

The Group's risk management structure promotes making sound business decisions that balance risks and reward for the Group and its stakeholders. The objectives of the Group's risk management framework are to enhance its capital base through competitive earnings growth and to protect capital against inherent business risks. This means that the Group accepts certain levels of risk in order to generate returns, and it manages the levels of risk assumed through enterprise-wide risk management policies and procedures.

The Group's risk profile and risk appetite are reviewed and approved on an annual basis by the Board of Directors. The risk appetite is defined as the amount and type of risk that an organization is prepared to pursue, retain or take. Identified risks are assessed as to their potential financial impact and as to their likelihood of occurrence. Individual risks are assessed for their contribution to aggregate exposures by nature of risk or by correlation with other risks, before acceptance.

The management of risks within the Group is summarized in note 6 of the consolidated financial statements.

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") contains important information about FamGuard's business and its performance for the twelve months ended 31 December 2023 with comparative analysis for the corresponding periods ended 31 December 2022. The MD&A should be read in conjunction with the Group's annual financial statements, prepared in accordance with IFRS accounting standards in effect on the date of such information.

The MD&A includes "forward-looking information" and forward-looking statements" and assumptions about the Group's business, operations, and financial performance. This forward-looking information and assumptions include but are not limited to statements about the Group's objectives and strategies to achieve those objectives, its plans, expectations, estimates, or intentions.

SUMMARY OF FINANCIAL PERFORMANCE

$100.4 M
INSURANCE REVENUE
+3.7% ▲

$4.20
SHARE PRICE
+16.1% ▲

TOTAL ASSETS **$378.1 M**	**DIVIDENDS PER SHARE** **$0.36**
NET INCOME **$4.9 M**	**EARNINGS PER ORDINARY SHARE** **$0.16**

For the twelve months ended 31 December 2023, FamGuard Corporation reported profits of $4.9 million, an increase of $2.7 million compared to the restated profit of the comparative prior period. These results reflect another strong financial year despite the impacts of global inflation, changes to financial reporting standards which impact the measurement and recognition of profit, and other external factors which continue to impact the economic environment in which we operate.

Earnings per share increased to $0.16 and reflect the increase in the number of shares outstanding due to the 3-for-1 share split which occurred in the third quarter of 2023. The Group's performance reflects strong year-over-year insurance revenue growth driven by an increase in core business in the life divisions, combined with positive investment returns and critical case management of health claims in our health division.

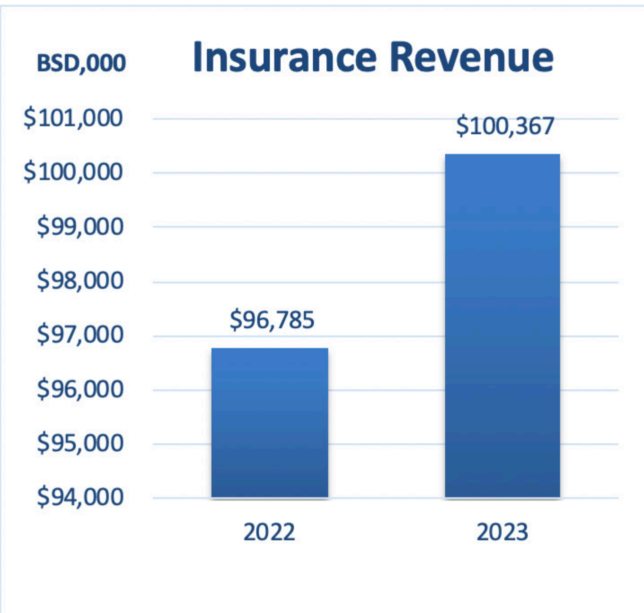
The Group's results reflect the implementation of IFRS 9 and 17 effective 1 January 2023. The new standards replace IAS 39 and IFRS 4 respectively, and materially changes the recognition and measurement of financial assets, financial liabilities, and insurance contracts, along with the corresponding presentation and disclosure in the financial statements. In accordance with the transition provisions, the Group restated the prior year comparative results and recognized the total impact on initial application in the opening consolidated statement of financial position as at 1 January 2022.

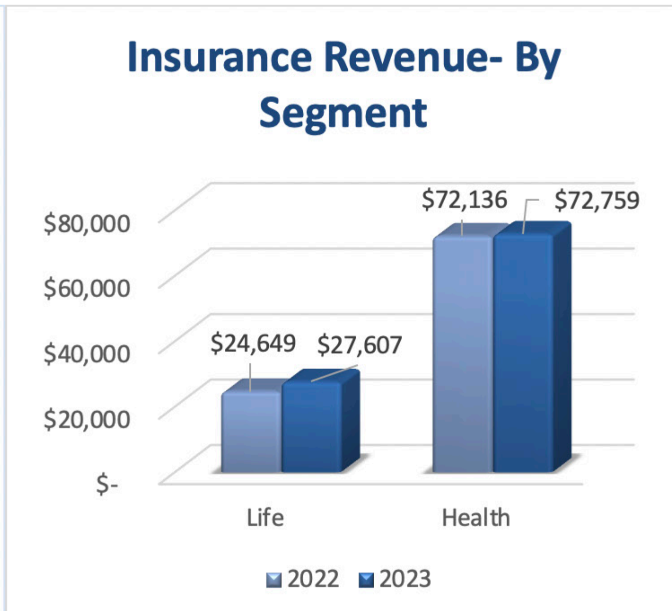
BSD, 000	
RETAINED EARNINGS	
	$
CLOSING BALANCE AT 31 DECEMBER 2021	64,465
IMPACT OF INITIAL APPLICATION OF IFRS 17	22,322
IMPACT OF INITIAL APPLICATION OF IFRS 9	(4,125)
OPENING BALANCE AS AT 1 JANUARY 2022	**82,661**

The Group reported Insurance revenue of $100.4 million for the twelve months ended 31 December 2023, compared to $96.8 million for the prior year. The results represent a 3.7% positive variance, which reflects insurance revenue growth for all divisions of the insurance company over 2022.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relates to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. The Group applies the premium allocation approach (PAA) to simplify the measurement of contracts where the policy's contract boundary is one year or less. This includes contracts, such as group life and health. Other insurance contracts are measured using the General Measurement Model (GMM). This includes individual life, and annuities and their associated reinsurance contracts held. Under GMM, the Group measures a group of insurance contracts as the total of the fulfillment cash flows, and the CSM.

Revenue from PAA ended the year at $75.3 million, a 1.1% increase over the prior year, mainly due to adjustments to premium rates on renewal of group medical premiums. GMM revenue reflected a 12.5% increase over 2022 and ended the year at $25.1 million. Positive variances reflect the recovery of acquisition expenses and an increase in the contractual service margin amortized into profits during the year. These positive variances were primarily emanating from the Home Service division which posted another strong year of performance.





Insurance service expenses increased by $5.5 million during the year, from $80.8 million to $86.2 million. Benefits incurred for the group division outpaced the prior period reflecting an uptick in both local and USD claims and an increase in medical costs. Net expenses from reinsurance contracts held totaled $6.1 million compared to $7.7 million in 2022. The positive variance reflects the reduction in reinsurance premium rates on the group and individual medical line of business during the 2023 renewal period and an increase in reinsurance recovered during the year from the reinsurer for policies that exceeded their retention.

Net investment income totaling $18.0 million was recorded for the year, a positive variance of $3.2 million compared to 2022. The investment portfolio was significantly impacted by the net fair value changes arising from fluctuations in international equity and bond market prices for assets the group held in international mutual funds. Unrealized gains for this fund during the period totaled $176,587 compared to a loss of $718,561 in 2022. Additionally, interest income on fixed-rate high-yielding debt securities, purchased during the prior and current periods, continued to contribute significantly to the investment income earned on the portfolio. The impact of these investment assets provides long-term fixed returns at high interest rates and is beneficial for risk management as a part of the Group's Asset Liability Management.

BSD, 000		
NET INVESTMENT INCOME	**2023**	**2022 (Restated)**
	$	$
INTEREST INCOME FROM FINANCIAL ASSETS MEASURED AT AMORTIZED COST AND FVOCI	3,469	3,680
OTHER INVESTMENT INCOME	13,987	11,649
NET CHANGE IN INVESTMENT CONTRACT LIABILITIES	(63)	114
(REVERSAL OF) / CREDIT IMPAIRMENT LOSSES ON FINANCIAL ASSETS	612	(642)
NET INVESTMENT INCOME	**18,005**	**14,801**

Net insurance finance expenses, which reflect the impact of interest rate movements and the returns earned by policyholders with insurance products with an investment component, totaled $12.1 million, a positive variance over 2022, primarily due to the changes in the yield curve during the period.

The loan portfolio of Family Guardian totaled $52.1 million at the end of December 2023, a net decline of $2.3 million over the 12-month period ending 31 December 2022 as principal payments in the normal course of debt servicing and loan repayments outpaced the disbursements of new loans during the year.

At year end, Family Guardian's mortgage portfolio delinquencies accounted for 20.8% of the loan portfolio representing 83 accounts, a decline over the 22.9% reported in December 2022. Family Guardian's non-performing ratio on the mortgage portfolio totaled 9.06% at quarter end.

The Group generated fees and other revenues for the year totaling $2.2 million, in line with the comparable prior period. Included in other income are commissions earned on property and casualty insurance business sold through FG Insurance Agents & Brokers totaling $906,919, an increase over the $809,986 recorded in the comparable period of 2022. Despite some limitations on reinsurance capacity within the property and casualty local market, net business written for the period increased by 11% compared to the comparative period of 2022 primarily due to an increase in premium rates and business sold on motor and home insurances.

Other operating expenses reflect an increase of 3.8% over 2022 and ended the year at $11.2 million. Throughout the year, the Group continued its strategic investments in information technology infrastructure and preparations for the implementation of the new International Financial Reporting Standard (IFRS) 17. As a result, increased consulting and professional fees were incurred as a part of these initiatives.

Other comprehensive income included gains and losses on available-for-sale investment assets, actuarial reserve movements for post-employment benefits, and the revaluation of the Group's land and buildings. Unrealized gains on available-for-sale equities totaled $2.4 million, a $1.3 million positive variance over the prior year due to increases in share prices for local equities held. Movements in the post-retirement benefit liability resulted in a loss of $21 thousand thousand as obligations remained relatively unchanged over the prior period. Revaluation of land and buildings of the group contributed $2.7 million to total other comprehensive income.

BSD, 000		
OTHER COMPREHENSIVE INCOME	**2023**	**2022 (Restated)**
	$	$
NET INCOME	4,915	2,241
CHANGES IN FAIR VALUE OF EQUITY INVESTMENTS AT FVOCI	2,438	1,136
REVALUATION OF PROPERTY & EQUIPMENT	2,775	-
REMEASUREMENT OF DEFINED BENEFIT OBLIGATION	(21)	259
TOTAL OTHER COMPREHENSIVE INCOME	**5,193**	**1,395**
TOTAL COMPREHENSIVE INCOME	**10,108**	**3,636**

The Group is organised into three main business segments; life insurance, health insurance and other.

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

PERFORMANCE BY SEGMENT (BSD ,000)	**DEC-2023**	**DEC-2022 Restated**
	$	$
Profitability Line Of Business		
Insurance Service Result		
Life Segment	4,902	4,876
Health Segment	3,133	3,454
Profit (Loss)		
Life Segment	5,074	2,368
Health Segment	1,407	1,260

SUMMARY OF QUARTERLY RESULTS

The Group's quarterly resiults are summarized in the tables below:

**Quarterly earnings per ordinary share data is not shown in BSD,000.*

BSD ,000					
FINANCIAL PERFORMANCE	**Q1**	**Q2**	**Q3**	**Q4**	**2023**
	$	$	$	$	$
INSURANCE REVENUE	25,669	25,080	25,933	23,685	100,367
INSURANCE SERVICE EXPENSES	(21,996)	(24,056)	(22,138)	(18,046)	(86,236)
NET EXPENSE FROM REINSURANCE CONTRACTS HELD	(980)	(907)	(1,483)	(2,725)	(6,095)
INSURANCE SERVICE RESULT	**2,693**	**117**	**2,312**	**2,914**	**8,036**
NET INVESTMENT INCOME	5,235	4,732	4,090	3,948	18,005
NET INSURANCE FINANCE EXPENSES	(3,072)	(2,366)	(3,356)	(3,284)	(12,078)
NET INSURANCE & INVESTMENT RESULT	**4,856**	**2,483**	**3,046**	**3,578**	**13,963**
OTHER INCOME	456	465	646	587	2,154
OTHER EXPENSES	(3,097)	(2,924)	(1,882)	(3,299)	(11,202)
NET INCOME	**2,215**	**24**	**1,810**	**866**	**4,915**
***QUARTERLY EARNINGS PER ORDINARY SHARE**	**0.07**	**0.00**	**0.06**	**0.03**	**0.16**

BSD ,000					
FINANCIAL PERFORMANCE	**Q1**	**Q2**	**Q3**	**Q4**	**2022**
	$	$	$	$	$
INSURANCE REVENUE	24,484	24,484	24,484	23,333	96,785
INSURANCE SERVICE EXPENSES	(20,540)	(20,540)	(20,540)	(19,156)	(80,776)
NET EXPENSE FROM REINSURANCE CONTRACTS HELD	(1,919)	(1,919)	(1,919)	(1,922)	(7,679)
INSURANCE SERVICE RESULT	**2,025**	**2,025**	**2,025**	**2,255**	**8,330**
NET INVESTMENT INCOME	4,269	3,094	4,403	3,035	14,801
NET INSURANCE FINANCE EXPENSES	(2,956)	(2,956)	(2,956)	(3,529)	(12,397)
NET INSURANCE & INVESTMENT RESULT	**3,338**	**2,163**	**3,472**	**1,760**	**10,733**
OTHER INCOME	416	441	530	911	2,298
OTHER EXPENSES	(2,513)	(2,446)	(2,506)	(3,325)	(10,790)
NET INCOME	**1,241**	**158**	**1,496**	**(654)**	**2,241**
***QUARTERLY EARNINGS PER ORDINARY SHARE**	**0.04**	**0.01**	**0.05**	**(0.02)**	**0.07**

The Group's balance sheet remains strong with total assets of $391.8 million, a growth of 4.3% over the prior year. Investment assets comprise $324 million, representing 83% of our total asset base, and are the primary driver for the increase in total assets. The increase in investment assets was mainly attributed to net purchases and changes in fair values in the equity portfolio.

BSD ,000			
FINANCIAL POSITION	**2023**	**2022 (Restated)**	**2021 (Restated)**
	$	$	$
INVESTMENT ASSETS	309,592	301,107	285,530
TOTAL ASSETS	377,434	365,650	347,347
INSURANCE CONTRACT LIABILITIES	248,920	242,299	221,351
TOTAL LIABILITIES	257,449	251,372	231,705
TOTAL EQUITY	119,985	114,278	115,642

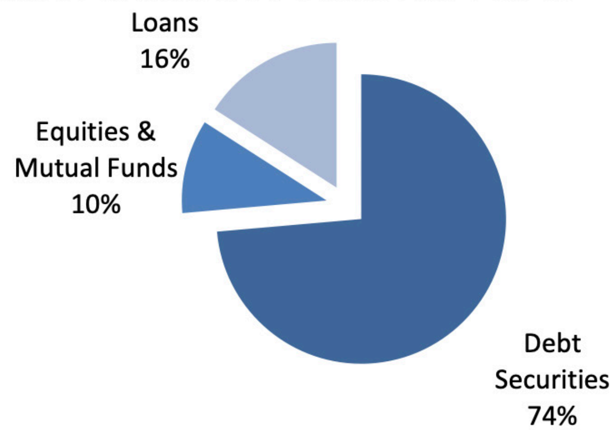
CSM represents a source of stored value for future insurance profits and is a component of insurance contract liabilities. The following table shows the change in CSM including its recognition into net income in the period, as well as the growth from new insurance sales activity.

BSD ,000		
CONTRACTUAL SERVICE MARGIN	**2023**	**2022**
	$	$
CONTRACTUAL SERVICE MARGIN, BEGINNING OF YEAR	**21,663**	**14,237**
CSM RECOGNIZED FOR SERVICES PROVIDED	(4,187)	(3,295)
CONTRACTS INITIALLY RECOGNIZED IN THE PERIOD	2,828	936
TOTAL CHANGES IN ESTIMATES THAT ADJUST THE CSM	5,068	9,209
INSURANCE FINANCE EXPENSES	995	576
TOTAL CHANGES IN THE STATEMENT OF PROFIT OR LOSS AND OCI	4,705	7,426
CONTRACTUAL SERVICE MARGIN AS AT YEAR END	**26,368**	**21,663**

The CSM increased by 21.7% compared to 31 December 2022, from $21.7 million to $26.4 million. This represents the unearned profit on long-term contracts that will be recognized over the life of the contracts. The growth in the CSM was driven by new business contributions of $2.75 million by traditional life contracts and $77,000 by annuities, and $5.1 million from changes in estimates that adjust the CSM. This was offset by the CSM release of $4.2 million, representing insurance services provided as of year-end.

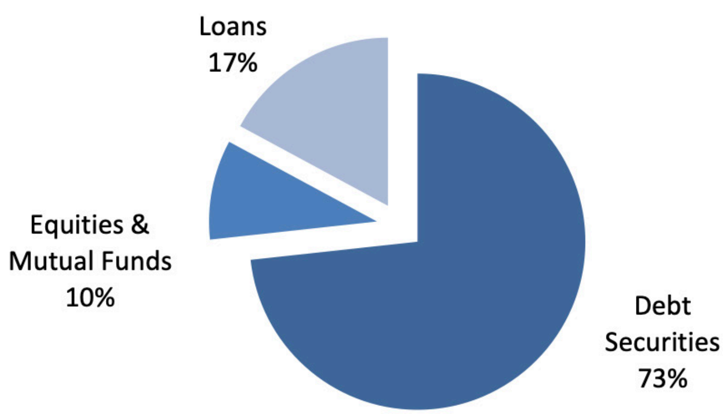
The Group's insurance contract liabilities are supported by investment assets which are allocated across different investment classes, the majority of which are debt and equity instruments and loans. The investment in these assets is consistent with our investment strategy which seeks to obtain long-term high-yielding assets with fixed rates to back our insurance policy liabilities.

INVESTMENT ASSETS 2023



INVESTMENT ASSETS 2022

RESTATED



On transition to the new standards, total capital of $97.4 million as at 1 January 2022 increased by $20.7 million mainly driven by changes in the insurance contract liabilities to comply with IFRS 17. The Group's total capital comprises CSM, revaluation reserves and common shareholders' equity. The Group's capital base consists of issued shares plus retained profits. As at 31 December 2023, total capital was $122.4 million, an increase of $5.7 million compared to 1 January 2023. The increase to total capital included reported net income of $4.9 million, an increase of $4.2 million in CSM, and an increase in other comprehensive income of $5.2 million, representing net unrealized gains on Fair Value through Other Comprehensive Income (FVOCI) assets, revaluation of property and equipment, and remeasurement of defined benefit obligations. This was partially offset by the payment of $4.4 million of dividends on common shares.

FINANCIAL STRENGTH	DEC-2023	DEC-2022 (Restated)
Local Solvency Ratio		
Minimum Requirement	150%	150%
Excess Capital Ratio	84%	76%
Solvency Ratio	**234%**	**226%**
Capital (BSD,000)		
Common shareholder's equity	67,089	71,299
Revaluation Reserve	26,528	21,315
Contractual service margin	26,368	21,663
Total Capital	**119,985**	**114,278**
Dividends		
Dividend per common share	$0.36	$0.50
Dividend yield	8.6%	13.4%

During the year, the Board of Directors approved a three-for-one stock split for all ordinary shares with a record date of 15 August 2023 and an effective date of 1 September 2023. After the stock split, the authorised ordinary shares of the Company were 45 million, of which 30 million shares were issued.

BSD ,000		
SHAREHOLDER RETURNS	**2023**	**2022 (Restated)**
	$	$
EARNINGS PER ORDINARY SHARE	0.16	0.07
MARKET VALUE PER SHARE	4.20	3.74
DIVIDENDS PER ORDINARY SHARE	0.36	0.50
RETURN ON ORDINARY SHAREHOLDER'S EQUITY	4.20%	1.95%
DIVIDEND YIELD	0.06	0.04
PRICE EARNINGS RATIO (P/E)	25.64	50.08

The Company's insurance subsidiary Family Guardian continues to maintain capital solvency measures above the local regulatory requirements prescribed by the Insurance Act of 2005. Family Guardian recorded a ratio of 234% for the local solvency ratio, well above the minimum requirement of 150%. During the year, Family Guardian's financial strength and creditworthiness rating was reaffirmed by AM Best, the insurance industry's leading global rating agency, at BBB+ (2022: BBB+).

"For the twelve months ended 31 December 2023, FamGuard Corporation reported profits of $4.9 million, an increase of $2.7 million..."

MD&A

SECTION TWO:
CONSOLIDATED FINANCIAL STATEMENTS

ECKLER

APPOINTED ACTUARY’S REPORT

To the Board of Directors and Shareholders of FamGuard Corporation Limited

I have valued the actuarial liabilities and other policy liabilities of FamGuard Corporation Limited for its consolidated financial statements prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2023.

In my opinion, the amount of the insurance contract liabilities is appropriate for this purpose and the consolidated financial statements fairly present the results of the valuation.

Ping-Teng Lin
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries
Member, Caribbean Actuarial Association
21 June 2024

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Independent auditors' report

To the Shareholders of FamGuard Corporation Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of FamGuard Corporation Limited (the Company) and its subsidiaries (together 'the Group') as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

- Overall group materiality: $1,179,000, which represents approximately 1% of the net assets of the Group.

- Full scope audits were performed for the Company as well as the Group's primary operating entity, Family Guardian Insurance Company Limited and one other subsidiary. Our audit procedures covered approximately 100% of the Group's net assets and approximately 100% of total revenue.

- Adoption of IFRS 17 *Insurance Contracts* (IFRS 17)
- Valuation of insurance contract liabilities - Estimation of fulfilment cash flows
- Inputs and assumptions used in the expected credit loss (ECL) model

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Family Guardian Insurance Company Limited, as the primary operating subsidiary of the Group, was classified as an individually financially significant component based on its overall contribution to the Group and a full scope audit was performed. Due to the nature of its insurance activities, this subsidiary also accounted for all of the key audit matters. Full scope audits were also performed for the Company and one other subsidiary, FG Insurance Agents and Brokers Limited.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	$1,179,000
How we determined it	Approximately 1% of the net assets of the Group
Rationale for the materiality benchmark applied	We considered the Group's financial stability, as represented by the net asset position, to be the most relevant benchmark in determining materiality and because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose approximately 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $59,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 17 Insurance Contracts (IFRS 17) *Refer to notes 3, 4(n), 5(a to e), 6 and 11 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.* The Group adopted IFRS 17 effective 1 January 2023 with a transition date of 1 January 2022 and restated comparative information for 2022 applying the transition provisions within the standard. The adoption of the standard significantly impacted how the Group recognises, measures, presents and discloses insurance contracts. The adoption of the standard resulted in an increase to total equity of $22.3 million at the transition date.	Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures, amongst others: • Evaluated the appropriateness of management's accounting policies and elections made in the adoption of the new standard. • Assessed the appropriateness and consistency of other key assumptions, including the discount rate and risk adjustment used in the measurement of the transition CSM, by comparing to published industry studies, market data, entity specific

Changes in accounting policies resulting from the adoption of IFRS 17 were applied using either the full retrospective approach or by applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was applied to all contracts measured under the premium allocation approach (PAA) and insurance contracts issued and reinsurance contracts held on or after 1 January 2019. The fair value approach was applied to all long term insurance contracts and reinsurance contracts in-force as at 31 December 2018. These changes required management judgment in developing and implementing accounting policies, including policies specific to the transition. We considered this a key audit matter as auditing the Group's transition to IFRS 17 was complex, given that it related to the measurement of the Group's insurance contract liabilities, including the transition Contractual Service Margin (transition CSM) included therein. This required the application of significant judgment due to the complexity of the models and in the determination of key assumptions, specifically the discount rate and risk adjustment relating to the measurement of the insurance contract liabilities, as well as the development of fair value assumptions used in the determination of the transition CSM.	facts and circumstances, our knowledge of the products and requirements of the standard. • Tested, on a sample basis, data inputs by tracing to underlying support and documentation such as executed policyholder insurance contracts. • Tested the methodology and calculations of the transition CSM through reconciliation of key inputs and review of the calculation logic within the models used by management. • Assessed the disclosures within the consolidated financial statements against the requirements of IFRS 17. Based on the results of our audit procedures, management's application of accounting policies as required by IFRS 17, in our view, was not unreasonable.
Valuation of insurance contract liabilities - Estimation of fulfilment cash flows *See notes 3, 4(n), 5 (a to e) and 11 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.* The Group's insurance contract liabilities represent a significant portion of its liabilities. As at 31 December 2023, insurance contract liabilities totaled $248.9 million or 97% of total liabilities. Insurance contract liabilities consist of: • Fulfilment cash flows (FCFs) which 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 uncertainty of those amounts.	Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures, amongst others: • Obtained an understanding of management's end to end process and evaluated the design of relevant controls supporting the determination of FCFs. • On a sample basis, tested the accuracy and completeness of the data used in the estimates of future cash flows.

FCFs comprise unbiased and probability-weighted estimates of future cash flows, discounted to the present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk (risk adjustment).

- 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.

Measurement of the FCFs requires management judgements in estimating the expected future cash flows on a present value basis, in addition to applying a risk adjustment.

Estimates of expected cash flows incorporate best estimate assumptions for mortality, morbidity, longevity, expenses, and policyholder behaviour, as well as assumptions for discount rates and the risk adjustment. The assumptions are reviewed and updated at least annually by the Appointed Actuary.

We considered this a key audit matter due to the judgment applied by management when determining the FCFs, which in turn led to a high degree of judgment and effort in evaluating the assumptions described above.

- Assessed the reasonableness of management's best-estimate assumptions for mortality and policyholder behaviour (lapse and surrenders), and economic assumptions for discount rates, and the adjustment for non-financial risk by:
  - Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17.
  - Evaluating the Company's internal experience studies for appropriateness by considering published industry studies, market data and component specific facts and circumstances.
- Evaluated a sample of actuarial models used in management's determination of the FCFs, by:
  - Assessing the appropriateness of the model of product features including benefits, premium and account values used in the actuarial models to evaluate consistency with contractual terms.
  - Assessing the appropriateness of the application of best-estimate assumptions including experience studies, industry tables and guidance.
  - Assessing the disclosures within the consolidated financial statements against the requirements of IFRS 17.

Based on the results of our audit procedures, management's determination of FCFs, in our view, was not unreasonable.

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Inputs and assumptions used in the expected credit loss (ECL) model
See notes 3, 4(f), 5 (h) 6 and 7 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.

The Group adopted IFRS 9 Financial Instruments (IFRS 9) effective 1 January 2023.

The introduction of the expected credit loss model resulted in significant management judgement in determining the ECL on mortgage loans. As at 31 December 2023, mortgage loans totaled $52.3 million and had expected credit losses of $3.4 million.

The significant judgement and assumptions made by management include:

- Probabilities of default (PD): this represents the likelihood that the borrower will default on its obligation over the next twelve months or over the remaining lifetime of the obligation. To determine the PD for mortgage loans, the Group uses historical days past due to develop a transition matrix, which is adjusted by forward looking information.

- Loss given default (LGD): The LGD represents the Group's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

- Forward-looking assumptions: Management's determination of the forward-looking assumptions incorporates unemployment rates as well as the probability weightings applied to them.

We focused on this area as a result of the complexity and estimation uncertainty in the above assumptions, which form part of management's judgement and significantly impacts the result of the ECL model.

With the assistance of our internal specialists, we performed the following procedures, amongst others, over the inputs and assumptions used in the ECL model:

- Obtained an understanding of management's ECL model including the relevant data inputs, assumptions and methodology.

- Evaluated the appropriateness of the Group's ECL model methodology, data integrity and model performance in comparison to the requirements of the relevant IFRS Accounting Standards.

- Evaluated the design and tested the operating effectiveness of the relevant controls, including automated calculation of the days past due used to determine the PD rate.

- On a sample basis, tested the date of default and the maturity date to the terms of the underlying contract and recalculated the number of days past due.

- Assessed the competence and objectivity of management's appointed real estate appraisers to determine whether they are appropriately qualified and independent of the Group.

- On a sample basis, compared the collateral values recorded by management to the independent valuation appraisal reports.

- Assessed the key assumptions used by management's real estate appraisers, being comparable sales, against actual comparable sales data.

- On a sample basis, calculated the cost to sell and time to sell based on historical sales.
- Agreed unemployment rates used by management in the forward-looking information to externally published data.
- Tested the appropriateness of the model design and formulae used in management's model.

The results of our procedures indicated that the inputs and assumptions used by management for determining the ECL, in our view, were not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the FamGuard Annual Report 2023 (but does not include the consolidated financial statements and our auditors' report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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 scepticism 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Prince A. Rahming.

PricewaterhouseCoopers

Chartered Accountants
Nassau, Bahamas

28 June 2024

FamGuard Corporation Limited
(Incorporated under the laws of the Commonwealth of The Bahamas)

Consolidated Statement of Financial Position
As at 31 December 2023
(Expressed in Bahamian dollars)

	Notes	2023 $	2022 (Restated) Note 3 $	1-Jan 2022 (Restated) Note 3 $
ASSETS				
Cash on hand and at banks		13,608,959	13,987,239	13,180,153
Financial investment assets:				
Fair value through profit or loss	7	246,678,440	238,928,531	218,923,309
Fair value through other comprehensive income	7	13,126,504	10,566,618	9,430,600
Amortised cost, net	7	49,786,592	51,612,002	57,175,821
Total financial investment assets		309,591,536	301,107,151	285,529,730
Reinsurance contract assets	11	9,028,166	8,449,565	7,472,662
Receivables and other assets, net	8, 26	3,141,394	2,131,886	3,634,578
Right-of-use assets	21	523,916	570,830	617,743
Property and equipment, net	9	31,168,769	29,287,102	30,502,863
Intangible asset, net	10	10,371,588	10,116,232	6,409,214
Total assets		**377,434,328**	**365,650,005**	**347,346,943**
LIABILITIES				
Insurance contract liabilities	11	248,920,404	242,299,042	221,350,959
Investment contract liabilities	12	594,359	531,721	645,765
Other liabilities	14, 26, 27	7,355,740	7,921,826	9,052,343
Lease liabilities	21	578,387	619,772	656,229
Total liabilities		**257,448,890**	**251,372,361**	**231,705,296**
EQUITY				
Ordinary shares	17	2,000,000	2,000,000	2,000,000
Share premium	17	10,801,080	10,801,080	10,801,080
Revaluation reserve	16	26,528,360	21,315,130	20,179,112
Retained earnings		80,655,998	80,161,434	82,661,455
Total equity		**119,985,438**	**114,277,644**	**115,641,647**
Total liabilities and equity		**377,434,328**	**365,650,005**	**347,346,943**

These consolidated financial statements were approved by the Board of Directors on 25 June 2024, and signed on its behalf by:

Raymond Winder
Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

FamGuard Corporation Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2023
(Expressed in Bahamian dollars)

	Notes	2023 $	2022 $ Restated Note 3
Insurance revenue	18	100,366,724	96,784,724
Insurance service expenses	19	(86,235,561)	(80,775,694)
Net expense from reinsurance contracts held	13	(6,094,860)	(7,679,352)
Insurance service result		**8,036,303**	**8,329,678**
Interest income from financial assets measured at amortised cost	20	3,468,862	3,679,844
Other investment income	20	13,986,871	11,649,023
Net change in investment contract liabilities	20	(62,638)	114,044
Reversal of/(credit impairment losses) on financial assets	7, 20	611,766	(642,340)
Net investment income		**18,004,861**	**14,800,571**
Net finance expenses from insurance contracts issued	20	(12,207,468)	(12,477,124)
Net finance income from reinsurance contracts held	20	129,155	79,718
Net insurance finance expenses		**(12,078,313)**	**(12,397,406)**
Net insurance and investment result		**13,962,851**	**10,732,843**
Other income	24, 27	2,154,464	2,297,916
Other expenses	25, 27	(11,202,226)	(10,790,143)
Net income		**4,915,089**	**2,240,616**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to net income:			
Changes in the fair value of equity investments at FVOCI	16	2,438,386	1,136,018
Revaluation of land and buildings	16	2,774,844	-
Remeasurement of defined benefit obligation	28	(20,525)	259,363
Total other comprehensive income		**5,192,705**	**1,395,381**
Total comprehensive income		**10,107,794**	**3,635,997**
NET INCOME ATTRIBUTABLE TO:			
Ordinary shareholders		**4,915,089**	**2,240,616**
Basic and diluted earnings per ordinary share	29	**0.16**	**0.07**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Ordinary shareholders		**10,107,794**	**3,635,997**

The accompanying notes are an integral part of these consolidated financial statements.

FamGuard Corporation Limited

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023
(Expressed in Bahamian dollars)

	Notes	Ordinary Shares (Note 17) $	Share Premium (Note 17) $	Revaluation Reserve (Note 16) $	Retained Earnings $	Total $
Balance as at 31 December 2021 as previously reported	3	2,000,000	10,801,080	20,179,112	64,464,589	97,444,781
Impact of initial application of IFRS 17	3	-	-	-	22,321,905	22,321,905
Impact of initial application of IFRS 9	3	-	-	-	(4,125,039)	(4,125,039)
Restated balance as at 1 January 2022		**2,000,000**	**10,801,080**	**20,179,112**	**82,661,455**	**115,641,647**
Comprehensive income						
Net income		-	-	-	2,240,616	2,240,616
Other comprehensive income	16, 28	-	-	1,136,018	259,363	1,395,381
Total comprehensive income as restated		-	-	1,136,018	2,499,979	3,635,997
Transactions with owners						
Dividends declared and paid	31	-	-	-	(5,000,000)	(5,000,000)
Total transactions with owners		-	-	-	(5,000,000)	(5,000,000)
Restated balance as at 31 December 2022		**2,000,000**	**10,801,080**	**21,315,130**	**80,161,434**	**114,277,644**
Comprehensive income						
Net income		-	-	-	4,915,089	4,915,089
Other comprehensive income	16, 28	-	-	5,213,230	(20,525)	5,192,705
Total comprehensive income		-	-	5,213,230	4,894,564	10,107,794
Transactions with owners						
Dividends declared and paid	31	-	-	-	(4,400,000)	(4,400,000)
Total transactions with owners		-	-	-	(4,400,000)	(4,400,000)
Balance as at 31 December 2023		**2,000,000**	**10,801,080**	**26,528,360**	**80,655,998**	**119,985,438**

The accompanying notes are an integral part of these consolidated financial statements.

FamGuard Corporation Limited

Consolidated Statement of Cash Flows
Year Ended 31 December 2023
(Expressed in Bahamian dollars)

	Notes	2023 $	2022 Restated Note 3 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income		4,915,089	2,240,616
Adjustments for:			
Depreciation expense	9, 21	1,454,319	1,465,863
Amortisation of intangible asset	10	1,874,355	1,663,760
Fair value (gains)/losses on financial assets		(913,143)	532,714
(Reversal of)/impairment credit loss on financial assets	20	(611,766)	642,340
Interest income		(15,594,668)	(15,161,274)
Dividend income		(947,922)	(702,534)
Interest expense		38,650	41,178
Changes in reinsurance contract assets		(578,601)	(976,903)
Changes in insurance contract liabilities	11	6,621,362	20,948,083
(Increase)/decrease in receivables and other assets		(1,009,508)	1,502,692
Decrease in amortised cost financial investment assets		2,940,622	4,567,017
Increase/(decrease) in investment contract liabilities		62,638	(114,044)
Decrease in other liabilities		(566,086)	(1,130,517)
Proceeds from maturity of investment assets		38,307,911	13,107,539
Purchase of investment assets		(45,442,831)	(32,971,286)
Interest received		15,333,363	15,041,947
Dividends received		947,922	702,534
Net cash from operating activities		**6,831,706**	**11,399,725**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	9	(599,815)	(441,084)
Purchase of intangible asset	10	(2,130,136)	(5,078,059)
Net cash used in investing activities		**(2,729,951)**	**(5,519,143)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of principal portion of lease liabilities		(41,385)	(34,220)
Interest paid		(38,650)	(39,276)
Dividends paid on ordinary shares		(4,400,000)	(5,000,000)
Net cash used in financing activities		**(4,480,035)**	**(5,073,496)**
Net (decrease)/increase in cash and cash equivalents		**(378,280)**	**807,086**
CASH AND CASH EQUIVALENTS:			
Beginning of year		13,987,239	13,180,153
End of year		**13,608,959**	**13,987,239**

The accompanying notes are an integral part of these consolidated financial statements.

FamGuard Corporation Limited

Notes to the Consolidated Financial Statements
31 December 2023
(Expressed in Bahamian dollars)

1. General Information

FamGuard Corporation Limited (the "Company") is incorporated under the laws of the Commonwealth of The Bahamas ("The Bahamas") and serves as an investment holding company with three wholly owned subsidiaries: Family Guardian Insurance Company Limited (FG), BahamaHealth Insurance Brokers Limited, and FG Insurance Agents & Brokers Limited (FGIAB) (together, "the Group"). FG is the principal operating unit and is licensed as an insurance company under the Insurance Act, 2005. FG sells life and health insurance products in The Bahamas. FGIAB operates as an agent and broker for general insurance products in The Bahamas. Effective 16 June 2023, the Company's subsidiaries, FG Financial Limited and FG Capital Markets Limited, were dissolved. The other wholly owned subsidiary within the Group is inactive.

Information on the Group's structure is provided in Note 32.

The registered office of the Company is located at the offices of E. Dawson Roberts & Co., Parliament and Shirley Streets, Nassau, The Bahamas. The ordinary shares of the Company are listed on the Bahamas International Securities Exchange (BISX).

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed separately in Note 5 to the consolidated financial statements.

3. Changes to Material Accounting Policies

New standards, amendments and interpretations adopted by the Group

The Group has applied IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 17 *Insurance Contracts* (IFRS 17) for the first time in these consolidated financial statements. Additionally, the Group has adopted the amendments to IAS 8 – *Definition of Accounting Estimates* and the amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*.

IFRS 9 Financial Instruments
IFRS 9 replaced IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) for annual periods beginning on or after 1 January 2018. However, the Group elected, under the amendments to IFRS 4 *Insurance Contracts* (IFRS 4) to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

(Expressed in Bahamian dollars)

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 9 Financial Instruments (continued)

The Group has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. As allowed under IFRS 17, the Group has elected to present comparative information on its financial assets as if the requirements of IFRS 9 were applicable from 1 January 2022 (the classification overlay). The Group has applied the impairment requirements under IFRS 9 to those assets to which the new impairment requirements apply. Differences arising from the adoption of IFRS 9 have been recognised in retained earnings as at 1 January 2022.

The nature of the changes in accounting policies is summarised as follows:

Changes to classification and measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The determination is made at initial recognition, and the basis of classification depends on the Group's business model for managing its financial assets and the contractual cash flow characteristics of the financial asset.

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for the Group's financial assets as at 1 January 2023 (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

	IAS 39		IFRS 9	
	Measurement Category	**Carrying Amount**	**Measurement Category**	**Carrying Amount**
		$		**$**
FINANCIAL ASSETS				
Financial investment assets	FVTPL	17,098,470	FVTPL	17,098,470
Financial investment assets	Available-for-sale	11,760,659	FVOCI	10,566,618
Financial investment assets	Loans and receivables	224,257,841	FVTPL	221,830,061
Financial investment assets	Loans and receivables	70,575,386	Amortised cost	68,366,174
Cash on hand and at banks	Loans and receivables	13,987,239	Amortised cost	13,987,239
Receivable and other assets	Loans and receivables	11,436,344	Amortised cost	3,061,800

There were no changes to the classification and measurement for financial liabilities.

(Expressed in Bahamian dollars)

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 9 Financial Instruments (continued)

Changes to the impairment calculation

IFRS 9 requires the impairment of financial assets to be calculated using a forward-looking expected credit loss (ECL) approach that replaces the incurred loss impairment model required by IAS 39.

IFRS 9 requires the Group to record an allowance for ECL for all debt instruments not held at FVTPL. For debt instruments, the ECL is based on the portion of lifetime ECL's that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

The Group considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider an instrument to be in default when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances related to the Group's debt instruments measured at amortised cost. The increase in allowance was adjusted to retained earnings and restated the consolidated statement of financial position as at 1 January 2022.

Details of the Group's impairment accounting policy are disclosed in Note 4(f).

Transition disclosures

The quantitative impact of adopting IFRS 9 as at 1 January 2022 is disclosed below.

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of initial application date 1 January 2023 is, as follows:

	31-Dec-21 As previously reported	IFRS 9 Adjustments	IFRS 9 Adjustments	1-Jan-22 Restated
	Carrying value	Reclassified	Adjustments	Carrying value
	$	$	$	$
Financial investment assets - FVTPL:				
Debt securities	-	202,823,459	(3,622,817)	199,200,642
Equities	-	1,193,954	-	1,193,954
Mutual funds	18,528,713	-	-	18,528,713
Total FVTPL	18,528,713	204,017,413	(3,622,817)	218,923,309
Financial investment assets - FVOCI:				
Equities	10,624,554	(1,193,954)	-	9,430,600
Total FVOCI	10,624,554	(1,193,954)	-	9,430,600

FamGuard Corporation Limited

Notes to the Consolidated Financial Statements
31 December 2023
(Expressed in Bahamian dollars)
(Continued)

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 9 Financial Instruments (continued)

Transition disclosures (continued)

	31-Dec-21 As previously reported	IFRS 9 Adjustments	IFRS 9 Adjustments	1-Jan-22 Restated
	Carrying value $	Reclassified $	Adjustments $	Carrying value $
Financial assets at amortised cost:				
Cash and cash equivalents	13,180,153	-		13,180,153
Receivables and other assets	13,465,632	(9,209,296)	-	4,256,336
Debt securities	203,666,764	(202,823,459)	-	843,305
Loans	77,270,823	(20,436,085)	(502,222)	56,332,516
Total amortised cost	307,583,372	(232,468,840)	(502,222)	74,612,310
Total financial assets	**336,736,639**	**(29,645,381)**	**(4,125,039)**	**302,966,219**

	31-Dec-22 As previously reported	IFRS 9 Adjustments	IFRS 9 Adjustments	1-Jan-23 Restated
	Carrying value $	Reclassified $	Adjustments $	Carrying value $
Financial investments FVTPL:				
Debt securities	-	224,248,517	(3,612,497)	220,636,020
Equities	-	1,194,041	-	1,194,041
Mutual funds	17,098,470	-	-	17,098,470
Total FVTPL	17,098,470	225,442,558	(3,612,497)	238,928,531
Financial investments FVOCI:				
Equities	11,760,659	(1,194,041)	-	10,566,618
Total FVOCI	11,760,659	(1,194,041)	-	10,566,618
Financial assets at amortised cost:				
Cash and cash equivalents	13,987,239	-	-	13,987,239
Receivables and other assets	11,436,344	(8,669,411)	-	2,766,933
Debt securities	224,257,841	(224,248,517)	-	9,324
Loans	70,575,386	(19,053,099)	80,391	51,602,678
Total amortised cost	320,256,810	(251,971,027)	80,391	68,366,174
Total financial assets	**349,115,939**	**(27,722,510)**	**(3,532,106)**	**317,861,323**

Policy loans previously included in Loans under IFRS 4 totaling $20,436,086 at 31 December 2021 (31 December 2022: $19,053,199) were reclassified to insurance contract liabilities under IFRS 17.

(Expressed in Bahamian dollars)

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 9 Financial Instruments (continued)

Transition disclosures (continued)

Receivables and other assets totaling $8,447,788 at 31 December 2022 (31 December 2021: $9,209,296) were reclassified to insurance contract liabilities under IFRS 17.

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9:

	Provision under IAS 39 at 31 Dec 2021	Remeasurement	ECL under IFRS 9 at 1 January 2022
Impairment allowance for:	$	$	$
Loans at amortised cost	3,031,143	502,222	3,533,365
	3,031,143	502,222	3,533,365

	Provision under IAS 39 at 31 Dec 2022	Remeasurement	ECL under IFRS 9 at 1 January 2023
Impairment allowance for:	$	$	$
Loans at amortised cost	3,650,574	20,391	3,670,965
	3,650,574	20,391	3,670,965

IFRS 17 Insurance Contracts

IFRS 17 replaced IFRS 4 for annual periods beginning on or after 1 January 2023. The Group has restated comparative information in 2022 applying the transitional provisions to IFRS 17.

The nature of the changes in accounting policies for IFRS 17 is summarised as follows:

Scope
IFRS 17 introduces scope exemptions for specific types of contracts. The adoption of IFRS 17 did not result in a significant change in the scope of insurance contracts between IFRS 4 and IFRS 17.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 4(m).

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 17 Insurance Contracts (continued)

Recognition, measurement and presentation of insurance contracts
IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participating features. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, explicit risk adjustment for non-financial risk and a contractual service margin (CSM) unless the contract is onerous.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The Group applies the premium allocation approach (PAA) to simplify the measurement of contracts where the policy's contract boundary is one year or less. This includes contracts, such as group life and health. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Other insurance contracts are measured using the General Measurement Model (GMM). This includes individual life, and annuities and their associated reinsurance contracts held. Under GMM, the Group measures a group of insurance contracts as the total of the fulfillment cash flows, and the CSM.

Presentation and Disclosure
For presentation in the consolidated statement of financial position, the Group's aggregates portfolios of insurance contracts issued and reinsurance contracts held and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of reinsurance contracts held that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 17 Insurance Contracts (continued)

Recognition, measurement and presentation of insurance contracts (continued)

The line-item descriptions in the consolidated statement of comprehensive income have been changed significantly compared with the prior year. Previously the Group reported the following line items:

- Gross Premium income
- Policyholder benefits
- Change in reserves for future policyholder benefits

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held
- Reinsurance finance income or expense

The Group provides disaggregated qualitative and quantitative information in the notes to the consolidated financial statements about:

- Amounts recognised in its consolidated financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition
On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2019. For contracts issued prior to 2019, the fair value approach was applied.

On the transition date, 1 January 2022, the Group:
- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied (unless impracticable).
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

The Group used the fair value approach to determine the fair value amount used for establishing the insurance contract liabilities at the transition date. Details of the assumptions used are included in Note 5(e).

FamGuard Corporation Limited

Notes to the Consolidated Financial Statements
31 December 2023
(Expressed in Bahamian dollars)
(Continued)

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations adopted by the Group (continued)

IFRS 17 Insurance Contracts (continued)

Recognition, measurement and presentation of insurance contracts (continued)

Transition (continued)

The impact of transition to IFRS 9 and 17 on retained earnings is as follows:

	Retained Earnings $
Closing balance at 31 December 2021	64,464,589
Impact of initial application of IFRS 17	22,321,905
Impact of initial application of IFRS 9	(4,125,039)
Opening balance as at 1 January 2022	**82,661,455**

Amendments to IAS 1
The Group adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. The amendments did not result in any changes to the accounting policies, however impacted the accounting policy information disclosed in the consolidated financial statements. The amendments require the disclosure of "material" rather than "significant" accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand.

Amendments to IAS 8
The Group adopted the amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendment did not have an impact on the Group's consolidated financial statements other than which has been disclosed above.

New standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted.

3. Changes to Material Accounting Policies (Continued)

New standards, amendments and interpretations issued but not yet effective (continued)

The Group has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new conceptions surrounding the presentation of the statement of profit or loss including required disclosures in the financial statements for certain profit or loss performance measures that are reported outside of an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The new standard is effective for periods beginning on or after 1 January 2025. The Group has not assessed the impact of the new standards on its consolidated financial statements.

There are no other IFRS Accounting Standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

4. Material Accounting Policies

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

(a) Going Concern

The directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

(b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company, entities (including structured entities) controlled by the Group and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. Material Accounting Policies (Continued)

(b) Principles of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Net income and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in the subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

4. Material Accounting Policies (Continued)

(b) Principles of consolidation (continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest and other components of equity. A gain or loss is recognised in the consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to net income or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

A listing of the Group's subsidiaries is set out in Note 32.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the President and CEO who are together considered to be the chief operating decision maker. The President and CEO assess the financial performance and position of the Group, and make strategic decisions.

(d) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entities operates (functional currency), the Bahamian dollar. The consolidated financial statements are presented in Bahamian dollars, which is also the Group's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the consolidated statement of comprehensive income. Translation differences on monetary financial assets measured at fair value through profit or loss are included as part of the fair value gains and losses.

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4. Material Accounting Policies (Continued)

(e) Cash and cash equivalents

For purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, demand balances with banks and bank term deposits with contractual maturities of three months or less from the date of acquisition.

(f) Financial assets and liabilities

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (that is, the date on which the Group commits to purchase or sell the asset).

At initial recognition, the Group measures a financial asset or financial liability at its fair value, plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in the consolidated statement of comprehensive income . Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at fair value through other comprehensive income (FVOCI).

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference when the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

Amortised cost and effective interest rate

Amortised cost ("AC") is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Amortised cost and effective interest rate (continued)

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is, its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in net income.

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of asset sales are also important aspects of the Group's assessment.

4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Business model assessment (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI Test

As a second step of its classification process the Group assesses the contractual terms to identify whether they meet the 'solely payments of principal and interest', or SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Classification and subsequent measurement

The Group classifies its financial assets into the following categories:

(i) AC
(ii) FVOCI
(iii) FVTPL

i) AC

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest income from financial assets measured at amortized cost in the consolidated statement of comprehensive income using the EIR method.

For loans and other receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

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4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Classification and subsequent measurement (continued)

i) AC (continued)

The carrying amount of the asset is reduced and the amount of the loss is recognised in consolidated net income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

ii) FVOCI

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets). Gains and losses are recognised in the revaluation reserve in other comprehensive income and are not subsequently reclassified to net income when derecognised. Dividends from such investments are recognised in net income when the Group's right to receive payment is established.

iii) FVTPL

Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the consolidated statement of comprehensive income within other investment income in the period in which it arises.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Derecognition

A financial asset, or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Group considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss.

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4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Impairment

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the appropriate effective interest rate.

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

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:
(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) 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.

The Group considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs the Group considers three scenarios (a base case, best case, and worst case). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Impairment (continued)

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

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

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

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

The Group allocates its assets subject to ECL calculations into one of these categories, determined as follows:

Stage 1 The 12 month ECL (12mECL) is calculated as the portion of the lifetime ECL (LTECL) that represent the ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the three scenarios as explained above.

Stage 2 When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL's. The mechanics are similar to those explained above, including the use of multiple scenarios, but PD's and LGD's are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

Stage 3 For debt instruments considered credit impaired, the Group recognises the lifetime expected credit losses for these instruments; the method is similar to that for LTECL assets, with the PD set at 100%.

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4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Forward looking information

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate the Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables that are most closely correlated with credit losses in the relevant portfolio. In determining the ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions.

When management determines the macro-economic factors that impact the portfolios of financial assets, they determine all the readily available information within the market. Management assesses data sources from the government, International Monetary Fund (IMF) and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for the portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the long-term average performance is then used for the remaining life of the product.

In its ECL models, the Group relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Central Bank rates
- Unemployment rates

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit impairment losses expense. There were no write-offs over the periods reported in these consolidated financial statements.

Financial liabilities

Financial liabilities are classified at initial recognition, as financial liabilities at FVTPL or financial liabilities at AC. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings net of directly attributable transaction costs.

4. Material Accounting Policies (Continued)

(f) Financial assets and liabilities (continued)

Financial liabilities (continued)

Subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL. Financial liabilities are classified as held for trading if they eliminate or significantly reduce an accounting mismatch. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net income when the liabilities are derecognised as well as through the effective interest amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest.

Trade and other payables, represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

(g) Property and equipment

Freehold land and buildings are shown at fair value, based on periodic, normally triennial, valuations by external independent appraisers, less accumulated depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is adjusted to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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4. Material Accounting Policies (Continued)

(g) Property and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in net income, the increase is first recognised in net income. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to net income.

Land and work-in-progress are not depreciated. For other asset categories, depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Freehold buildings	2.5% per annum
Freehold building improvements	5 - 20% per annum
Freehold land improvements	10% per annum
Furniture and equipment	10% - 20% per annum
Motor vehicles	25% per annum
Computer hardware	20%-33% per annum
Leasehold improvements	Shorter of period of the leases and estimated economic life of the improvements

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. 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.

Right of use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease term transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer any amounts included in revaluation reserves in respect of those assets to retained earnings.

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4. Material Accounting Policies (Continued)

(h) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Acquired computer software licenses and website development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs directly associated with the development of identifiable and unique software products controlled by the Group, and which will generate economic benefits exceeding costs beyond one year, are also recognised as intangible assets.

Amortisation is recognised on a straight-line basis over their estimated useful lives as follows:

Computer Software	10%-33% per annum

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(i) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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4. Material Accounting Policies (Continued)

(j) Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Employee benefits

i) Pension obligations

The Group has a defined contribution pension plan for eligible agents and employees whereby the Group pays contributions to a pension plan separately administered by the Group. The Group has no further payment obligations once the contributions have been paid. The plan requires participants to contribute 5% of their gross earnings and commissions and the Group contributes 5% of eligible earnings. The Group's contributions to the defined contribution pension plan are recognised in the consolidated statement of comprehensive income in the year to which they relate.

ii) Postretirement medical benefit plan

The Group provides supplementary health insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The benefits under this plan are contributory. For the postretirement medical benefit plan, the cost of providing benefits is determined using the projected unit credit method, with independent actuarial valuations being carried out at the end of each annual reporting period. The post-retirement plan is a contributory plan. Retirees are assumed to pay the full retiree costs, less the Group's subsidy. The employee's subsidy for medical costs is set to a fixed dollar amount.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of the defined benefit costs in the consolidated statement of comprehensive income in operating expenses. Curtailment gains and losses are accounted for as past service costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

4. Material Accounting Policies (Continued)

(k) Employee benefits (continued)

ii) Postretirement medical benefit plan (continued)

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to net income.

Past service cost is recognised in net income in the period of a plan amendment. The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

iii) Share-based payments

The Group operates an Executive Incentive Plan for key management employees. Under this plan, eligible employees are granted common shares of the Group as special awards upon promotion to or hiring at the executive level. The share-based payments are measured at the fair value of the equity instruments at the grant date. From the date of granting, each award will vest at a rate of 20% of the shares which are the subject of the award, for each completed year of service. Participants receive all earnings by way of dividend on the shares and the accretions from the date of the grant of the award. Upon termination of employment, all shares vested are distributed to the participant. The Group makes cash awards to the plan as the need arises and the plan purchases shares on the open market at market value. The cost of these benefits to the Group are included in employee salary and benefit expenses.

(l) 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 new shares are shown in equity as a deduction from the proceeds.

4. Material Accounting Policies (Continued)

(m) Insurance Contracts

Summary of measurement approaches

The Group uses different measurement approaches, depending on the portfolio of insurance contracts issued as follows:

Contracts Issued	Product Classification	Measurement Model
Home Service Life	Life	GMM
Home Service Health	Health	PAA
Financial Services Life	Life	GMM
Financial Services Annuities	Annuities	GMM
BahamaHealth	Health	PAA
Creditor Life (Single)	Group Creditor	GMM
Creditor Life (Level)	Group Creditor	PAA

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

Definition and Classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred. Insurance contracts can also transfer financial risk. The Group issues life, health, and annuity contracts.

Separating components from insurance and reinsurance contracts

The Group assesses its life and health insurance products to determine whether they contain components which must be accounted for under another IFRS standard rather than IFRS 17 (distinct non-insurance components). After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include distinct components that require separation.

Some contracts issued by the Group include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in IFRS 17. 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.

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Separating components from insurance and reinsurance contracts (continued)

Investment components which are highly interrelated with the insurance contract are considered non-distinct if they cannot be measured separately from the insurance components. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. The surrender options are considered non distinct investment components as the Group is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

Level of aggregation

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Group identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Group has defined portfolios of insurance contracts issued based on its product lines, namely life, health and annuity contracts due to the fact that the products are subject to similar risks and managed together. The expected profitability of these portfolios at inception is determined based on the existing actuarial valuation models which take into consideration existing and new business. The groups of contracts for which the fair value approach has been adopted on transition include contracts issued more than one year apart.

The insurance contract portfolios are divided into:

- A group of contracts that are onerous at initial recognition
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- A group of the remaining contracts in the portfolio

The reinsurance contracts held portfolios are divided into:

- A group of contracts on which there is a net gain on initial recognition
- A group of contracts that have no significant possibility of a net gain arising subsequent to initial recognition; and
- A group of the remaining contracts in the portfolio

4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Recognition

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date;
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

The Group recognises a group of reinsurance contracts held it has entered into from the earliest of the following:

The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and

The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Several reinsurance contracts held by the Group provide proportionate cover. Therefore, the Group does not recognise proportional reinsurance contract held until at least one underlying direct insurance contract has been recognised.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Onerous groups of contracts

The Group issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Group has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due.

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Initial measurement

Contract boundary

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:
  - The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio, and
  - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

For life contracts with renewal periods, the Group assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals are established by the Group by considering all the risks and terms covered for the policyholder, with reference to the pricing of contracts with equivalent risks and terms on the renewal dates. The Group reassesses the contract boundary of each group at the end of each reporting period.

Premium Allocation Approach ("PAA")

The PAA is an optional simplified measurement model in IFRS 17 that is available for insurance and reinsurance contracts that meet the eligibility criteria. The Group has measured several portfolios using the PAA.

When measuring the liabilities remaining coverage, the PAA is similar to the Group's previous accounting treatment for short duration contracts and therefore the Group does not expect a significant impact to measurement. Certain lines of business within the Group primarily issue insurance contracts with a coverage period of 12 months or less, which

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Initial measurement (contimued)

Premium Allocation Approach ("PAA") (continued)

automatically qualify for the (PAA). For insurance contracts with greater than 12 months of coverage, the Group has established a methodology for assessing whether the measurement of the liability for remaining coverage differs significantly than the measurement under the GMM to determine whether they qualify for the PAA.

The PAA does not have the concept of a contractual service margin and therefore, upon transition, the insurance contract liabilities and reinsurance held assets will be recorded on a fully retrospective basis.

	IFRS 17 Options	Adopted Approach
PAA Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	The coverage period for the BahamaHealth and Home Service Health contracts is one year or less and therefore qualifies automatically for the PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group.	The Group has elected to expense all acquisition expenses as incurred.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	The Group has elected to not adjust for the time value of money for portfolios measured under the PAA.

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Initial measurement (continued)

Premium Allocation Approach ("PAA") (continued)

	IFRS 17 Options	Adopted Approach
Liability for incurred claims adjusted for time value of money	Where cash flows are expected to be paid in one year or less from the date the claims are incurred, an entity is not required to adjust future cashflows for the time value of money.	The Group has elected to not adjust for the time value of money for portfolios measured under the PAA.

General Model *("GMM")*

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows; and
- A contractual service margin (CSM) representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group.

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims
- Payments to policyholders resulting from embedded surrender value options
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs
- Claims handling costs

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Initial measurement (continued)

General Model *("GMM") (continued)*

- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts; and
- Transaction-based taxes.

The Group incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Group estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders;
- Other information about the known or estimated characteristics of the insurance contracts;
- Historical data about the Group's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions; and
- Current pricing information, when available.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to net income (through insurance revenue) over the period of the contract in a systematic and rational way.

Reinsurance contracts held- initial measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer; and
- The Group recognises both day 1 gains and day 1 losses at initial recognition in the consolidated statement of financial position as a CSM and releases this to net income as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Reinsurance contracts held- initial measurement (continued)

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component in the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Group enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

Insurance contracts- subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in net income because it relates to future service to be provided.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition;
- The changes in fulfilment cash flows relating to future service, except to the extent that:
  - Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss, or
  - Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
- The effect of any currency exchange differences on the CSM; and
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period, before any allocation, over the current and remaining coverage period.

4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Insurance contracts- subsequent measurement (continued)

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts, and any related cash flows such as insurance acquisition cash flows and insurance premium taxes, and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in net income while differences related to premiums received (or due) for future services are adjusted against the CSM.

- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk, recognised in the consolidated statement of comprehensive income rather than adjusting the CSM. Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the 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. The same applies to a policyholder loan that becomes repayable.

- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in net income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the group comprising the fulfilment cash flows related to past service allocated to the group at that date.

Reinsurance contracts held- subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in net income if the related changes arising from the underlying ceded contracts have been recognised in net income Alternatively, changes in the fulfilment cash flows adjust the CSM.

- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to net income and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Group has established a loss-recovery component, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reversals are consistent with reversal of the loss component of underlying groups of contracts issued.

Insurance Contracts- Modification and derecognition

The Group derecognises insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Insurance Acquisition cashflows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the consolidated statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the consolidated statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts.

Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are recognised are included in the carrying amount of the related portfolios of insurance contracts issued.

The Group disaggregates the amounts recognised in the consolidated statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expenses, net expense from reinsurance contracts held, and insurance finance income or expenses.

The Group disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance Revenue

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components).

4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Insurance Revenue (continued)

The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows, which are amortised using the same methodology as the CSM.

For the significant judgements applied to the amortisation of the CSM, please refer to Note 5.

Loss components

The Group has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Group uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

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4. Material Accounting Policies (Continued)

(m) Insurance Contracts (continued)

Loss-recovery components

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must 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. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

Net income or expense from reinsurance contracts held

The Group presents separately on the face of the consolidated statement of comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

Insurance Finance income or expense

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

- the effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk, but excludes any such changes for groups of insurance contracts with discretionary participation features that would adjust the contractual service margin.

4. Material Accounting Policies (Continued)

(n) Non-insurance revenue recognition

Fee and non-insurance commission income are recognised on an accrual basis when the service has been provided and the performance obligation met. Commissions earned on insurance policies are recognised when the policies are written and the Group has no further significant service obligations associated with the policy. The recognition of profit commissions is dependent on the loss experience underlying the relevant policies.

Dividend income from investments is recognised when the shareholder's right to receive payments has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income which forms an integral part of the effective interest rate of a loan (i.e., commitment fees) is deferred and recognised as income over the life of the loan.

(o) 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.

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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) <u>Right-of-use assets</u>
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially recognised at the present value of the lease liability, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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4. Material Accounting Policies (Continued)

(o) Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments, including insubstance fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented on the consolidated statement of financial position (see Note 21).

iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

(p) Taxation

Under the current laws of The Bahamas, the country of domicile of the Group, there are no income, capital gains or other corporate taxes imposed. The Group is subject to tax on gross premiums written at a rate of 3% and Value Added Taxes, applied at a rate of 10% on goods and services purchased. The Group's insurance subsidiary is subject to a business license tax at a rate of 2.25% on non-insurance revenue. The Group's subsidiary which operates as an agent and broker for general insurance products is subject to a business license tax at a rate of 0.75% of taxable income.

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4. Material Accounting Policies (Continued)

(q) Earnings per share

Basic earnings per share is calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury shares. There are no dilutive transactions that would have an impact on earnings per share.

(r) Dividend distribution

Dividend distribution to the ordinary shareholders is recognised in the consolidated financial statements in the year in which the dividends are declared by the Board of Directors. Dividends declared after the year end, but before the approval of the consolidated financial statements, are disclosed as a subsequent event.

(s) Related parties

Related parties are defined as follows:
(i) Controlling shareholders;
(ii) Subsidiaries;
(iii) Associates;
(iv) Individuals owning, directly or indirectly, an interest in the voting power that gives them significant influence over the enterprise, i.e. normally more than 20% of shares (plus close family members of such individuals);
(v) Key management personnel - persons who have authority for planning, directing and controlling the enterprise (plus close family members of such individuals);
(vi) Directors; and,
(vii) Enterprises owned by the individuals described in (i), (iv), (v), and (vi).

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Key sources of estimation uncertainty-critical accounting estimates

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain amounts included in or affecting the Group's consolidated financial statements and related disclosure must be estimated, requiring the Group to make assumptions with respect to values or conditions which cannot be known with certainty at the time the consolidated financial statements are prepared. A "critical accounting estimate" is one which is both important to the portrayal of the Group's financial condition and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

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5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

The Group evaluates such estimates on an ongoing basis, based upon historical results and experience, prevailing market prices, current financial information and audited statements, changes in market conditions, consultation with experts, trends and other methods considered reasonable in the particular circumstances, as well as the forecasts as to how these might change in the future.

Insurance Contracts
Areas of judgment which impact the Group's reporting include 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 below:

a. Methods used to measure insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. The Group primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions were used when estimating future cash flows:

Mortality and Morbidity Rates – Assumptions are based on standard industry and population mortality/morbidity tables, according to the type of contract written. The assumptions reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. Where appropriate, an allowance is made for expected future mortality improvements. Assumptions are differentiated by relevant risk drivers, such as gender, underwriting class and contract type.

Longevity – Assumptions are based on standard industry tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.

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.

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 and are consistently applied to all costs that have similar characteristics.

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5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

a. Methods used to measure insurance contracts (continued)

Lapse and Surrender Rates – Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

b. Discount Rates

The bottom-up approach was used to derive the discount rates for the cash flows that do not vary based on the returns on underlying items for all contracts. Under this approach, the discount rates are determined as risk-free rates plus the liquidity adjustment which is based on a reference asset that has been selected to be consistent with the liquidity characteristics of the product. The risk-free rates are determined based on The Bahamas Government bonds.

The timing of cash flows is reflected by constructing a discount curve, so that each cash-flow is discounted consistent with the timing of the cash flow. In constructing the discount curve, a portion is based on market information (the observable period) and beyond that period, these discount rates are estimated (the unobservable period). The observable period is the same time period where information on risk-free interest rates is deep and liquid and the market information is available for up to 30 years. In the unobservable period, risk-free rates are interpolated between the last observable point and an ultimate risk-free rate at year 70. The ultimate risk-free rate is estimated using historical averages.

The spot rates applied for discounting of future cash flows are listed below:

	2023				
	1 Year	5 Years	10 Years	20 Years	30 Years
Liquid	3.43%	4.21%	5.73%	6.47%	7.63%
Illiquid	3.91%	4.71%	6.25%	7.03%	8.23%

	2022				
	1 Year	5 Years	10 Years	20 Years	30 Years
Liquid	3.32%	4.16%	5.66%	6.39%	7.53%
Illiquid	3.80%	4.66%	6.17%	6.95%	8.13%

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

c. 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 insurance risk, lapse risk and expense 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.

The Group has estimated the risk adjustment using a margin approach. This amount is measured as the present value of the difference between estimated future cash flows with a margin applied to non-financial assumptions including mortality, morbidity, longevity, lapse and expense assumptions and estimated future cash flows without this adjustment. Margins generally range from 5% to 20% depending on the uncertainty in the determination of the assumption. The level of uncertainty, and hence the margin chosen, varies by assumption and by line of business and other factors. For health policies, the risk adjustment is set as a margin on the best estimate liability. The risk adjustment is determined separately for reinsurance contracts held applying the same margins as the underlying contracts.

The risk adjustment of the insurance contracts issued and insurance contracts held for life and health policies corresponds to a confidence level of 80-85% (2022: 80-85%).

d. Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or 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 recognising any amounts in profit or 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; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

d. Amortisation of the Contractual Service Margin (continued)

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 life insurance contracts, the quantity of benefits is the contractually agreed sum insured 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, they are discounted using the applicable discount rates determined at initial recognition.

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.

e. Determination of IFRS 17 Transition

The Group has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was applied to insurance contracts issued on or after 1 January 2019. For contracts issued prior to 2019, the fair value approach was applied.

The transition approach was determined at the level of 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 assumption when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 has always been applied.

Fair value approach
The CSM (or loss component) is determined as the difference between the fair value of the group of insurance contracts and the fulfillment 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 these groups, the discount rates on initial application were determined as at 1 January, 2022 instead of at the date of initial recognition.

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5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

e. Determination of IFRS 17 Transition (continued)

In determining the fair value, the Group has applied the requirements of IFRS 13, *Fair Value Measurement* (IFRS 13). 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. 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.

f. Liability for incurred claims

The ultimate cost of outstanding claims for short term contracts is estimated by using a range of standard actuarial claims projection techniques. 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 analysed by accident years and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order 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.

g. Revaluation of property and equipment

The Group measures its land and buildings at revalued amounts triennially, with changes in fair value being recognised in the revaluation reserve in the consolidated statement of financial position. The valuation techniques, are based on different methods including cost, market, and income approaches. The valuation methodology includes observable assumptions for properties, performed by an independent appraiser to determine the fair value with reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and the condition of the respective property. Management considers that the valuation methodologies and assumptions utilized are appropriate for determining the fair value of the Group's land and buildings.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

h. Impairment of financial assets

In determining the ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions, and forecasts of economic conditions.

- Establishing staging for other assets measured at amortised cost, mortgage loans and loan commitments.

Exposures are considered to have resulted in a SICR and are moved to stage 2 based on the following:

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 criterion is a backstop rather than a primary driver of moving exposures into stage 2.

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 and historical performance. Management assesses data sources from the government, International Monetary Fund (IMF) and other reliable 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 up to three years and subsequently the long-term average performance is then used for the remaining life of the product. These projections are re-assessed quarterly.

i. Retirement benefit obligation

The Group's retirement benefit obligation is discounted at a rate determined by reference to market yields at the end of the reporting period on high quality Government bonds. Significant judgment is required when determining the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include whether there is a deep market in the bonds, quality of the bonds and the identification of outliers which are excluded.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty-critical accounting estimates (continued)

i. Retirement benefit obligation (continued)

Other key assumptions for retirement benefit obligations include medical, dental and vision cost trend rates and mortality rates. Medical rates are determined by the current year's average per capita costs for all participants. Average per capita costs for retirees was estimated by age groupings. The Group bases the estimates for mortality on tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience.

j. Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Group based on historical experience and other factors that are considered to be relevant. 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 recognised as standard within the industry. The inputs into these models are primarily recent similar arm's length market transactions, if available, and reference to the current fair value of another instrument that is substantially the same.

In the absence of observable market prices, the Group values its investments using valuation methodologies applied on a consistent basis. For some investments where little market activity may exist, management's determination of fair value is then based on the best information available in the circumstances and may incorporate management's own assumptions and involves a significant degree of judgement, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risk.

The Group uses the discounted cash flow method to value debt investments that are not publicly traded or whose market prices are not readily available. The discounted cash flow method projects the expected cash flows of the debt instrument based on contractual terms and discounts such cash flows back to the valuation date using a market-based yield. The market-based yield is estimated using yields of similar publicly traded debt instruments, subject to a liquidity discount.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

6. Management of Insurance and Financial Risk

Insurance and reinsurance contracts expose the Group to insurance risk. In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk.

(Expressed in Bahamian dollars)

6. Management of Insurance and Financial Risk (Continued)

Fair value of financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The following table depicts the classification of financial assets and liabilities and insurance contracts:

	2023			
	FVTPL	FVOCI	Amortised Cost	Total
	$	$	$	$
FINANCIAL ASSETS				
Cash on hand and at banks	-	-	13,608,959	13,608,959
Financial investment assets	246,678,440	13,126,504	49,786,592	309,591,536
Receivables and other assets	-	-	2,178,495	2,178,495
Total financial assets	**246,678,440**	**13,126,504**	**65,574,046**	**325,378,990**
FINANCIAL LIABILITIES				
Investment contract liabilities	594,359	-	-	594,359
Other liabilities	-	-	7,355,740	7,355,740
Lease liabilities	-	-	578,387	578,387
Total financial liabilities	**594,359**	-	**7,934,127**	**8,528,486**

	2022-Restated			
	FVTPL	FVOCI	Amortised Cost	Total
	$	$	$	$
FINANCIAL ASSETS				
Cash on hand and at banks	-	-	13,987,239	13,987,239
Financial investment assets	238,928,531	10,566,618	51,612,002	301,107,151
Receivables and other assets	-	-	1,325,001	1,325,001
Total financial assets	**238,928,531**	**10,566,618**	**66,924,242**	**316,419,391**
FINANCIAL LIABILITIES				
Investment contract liabilities	531,721	-	-	531,721
Other liabilities	-	-	7,921,826	7,921,826
Lease liabilities	-	-	619,772	619,772
Total financial liabilities	**531,721**	-	**8,541,598**	**9,073,319**

6. Management of Insurance and Financial Risk (Continued)

Fair value of financial instruments (continued)

For financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates.

The following methods and assumptions have been used:

i) Investment securities at FVTPL are measured at fair value by reference to quoted prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount of these items.

ii) Investment securities classified as FVOCI are measured at fair value by reference to quoted market prices or dealer quotes when available (level 1). If quoted market prices are not available, then fair values are based on pricing models or other recognised valuation techniques. (level 3).

iii) Investments in unit trusts are based on prices quoted by the fund managers.(level 2).

iv) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value or for which fair value is disclosed, grouped into levels 1 to 3 based on the degree to which the fair value is observable. These instruments are reported at fair value on a recurring basis (i.e., at the end of each reporting period).

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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6. Management of Insurance and Financial Risk (Continued)

Fair value of financial instruments (continued)

	Level 1	Level 2	Level 3	Total
31 December 2023	$	$	$	$
FVPTL				
Sovereign bonds	-	199,351,392	-	199,351,392
Corporate bonds	-	8,363,241	19,674,285	28,037,526
Mutual funds	17,303,333	551,140	-	17,854,473
Equities	-	1,435,049	-	1,435,049
FVOCI				
Equities	-	13,126,504	-	13,126,504
	17,303,333	**222,827,326**	**19,674,285**	**259,804,944**

	Level 1	Level 2	Level 3	Total
31 December 2022 (Restated)	$	$	$	$
FVPTL				
Sovereign bonds	-	197,496,176	-	197,496,176
Corporate bonds	-	5,883,999	17,255,846	23,139,845
Mutual funds	16,673,470	425,000	-	17,098,470
Equities	-	1,194,041	-	1,194,041
FVOCI				
Equities	-	10,566,618	-	10,566,618
	16,673,470	**215,565,834**	**17,255,846**	**249,495,150**

The following table reconciles the level 3 investment assets:

	2023	2022 Restated
	$	$
Opening Balance	17,255,846	17,714,989
Purchases	7,000,000	149,347
Sales/redemptions	(4,641,351)	(643,018)
Change in accrued interest	59,790	34,528
Closing balance	**19,674,285**	**17,255,846**

Level 3 investments include corporate bonds. The fair values of these investments have been derived from market yields of government instruments of similar durations adjusted for credit risk of the borrower.

6. Management of Insurance and Financial Risk (Continued)

Fair value of financial instruments (continued)

The following table summarises the quantitative information about the significant unobservable inputs used to measure the Group's Level 3 financial instruments:

Unobservable inputs	Range of unobservable inputs		Relationship to fair value
	2023	2022	
Credit spreads within local market	1% - 5%	1% - 5%	Increases in credit spreads of the underlying assets will have a direct correlation to fair value

The fair values for all other financial instruments which are not carried at fair value but for which fair value is required to be disclosed, are classified as Level 2 with the exception of loans at amortised cost which are classified as Level 3. The fair value of cash and cash equivalents and other financial assets approximate their carrying amount as they are short term and highly liquid. For loans at amortised cost, they are variable rate loans which reset to market rates and according to the fair value approximates the carrying value.

Insurance risk

The Group issues short term and long term contracts that transfer insurance risk.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

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 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 expected. Insurance events are random and the actual number and amounts of claims and benefits will vary from year to year from the estimate established via 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.

6. Management of Insurance and Financial Risk (Continued)

Insurance risk (continued)

The main risks that the Group is exposed to are, as follows:

- Mortality risk – risk of loss arising due to the incidence of policyholder death being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder behavior risk – risk of loss arising due to policyholder experiences, lapses and surrenders, being different than expected

The objective of the Group is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by the implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Group purchases reinsurance as part of its risk mitigation program. Reinsurance held is placed on an excess of loss and proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

For the life insurance contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. The Group seeks to limit its exposure to loss on any single insured and to recover benefits paid, by ceding premiums to reinsurers under excess coverage and quota share contracts. Under the excess coverage contracts, the Group retains a range of $75,000 to $100,000 (2022: $75,000 to $100,000) coverage per individual life and individual accidental death benefit. The Group also seeks to limit the exposure to catastrophic loss on the portfolio of insureds by ceding premiums to a reinsurer. The Group retains coverage up to $500,000 under this policy. Under the quota share contracts, the Group retains 50% of the face amount per individual life and accidental death benefit to a maximum of $100,000 on any one life insured. Individual and group medical retention limit is retained at $300,000 (2022: $300,000) per member.

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6. Management of Insurance and Financial Risk (Continued)

Insurance risk (continued)

The Group's insurance contracts issued (both before and after reinsurance held) is shown below.

	2023			2022 (Restated)		
	Insurance contracts	**Reinsurance**	**Net**	**Insurance contracts**	**Reinsurance**	**Net**
	$	$	$	$	$	$
Insurance Contracts issued						
Life contracts	235,571,651	7,383,359	228,188,292	227,869,836	6,585,461	221,284,375
Health contracts	9,061,662	1,644,807	7,416,855	10,003,484	1,864,104	8,139,380
Immediate annuity contracts	4,287,091	-	4,287,091	4,425,722	-	4,425,722
Total insurance contracts issued	**248,920,404**	**9,028,166**	**239,892,238**	**242,299,042**	**8,449,565**	**233,849,477**

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6. Management of Insurance and Financial Risk (Continued)

Insurance risk (continued)

The following tables show the estimate of claims by calendar year (rounded in thousands), gross of reinsurance for short term health insurance contracts measured under the PAA for the past 10 years.

	Year claim is incurred										
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	\$'000	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**
Estimate of ultimate gross claims											
End of year incurred	36,567	43,834	39,830	45,109	55,709	60,896	38,946	45,496	50,364	51,272	468,023
One year later	35,711	43,971	40,703	46,899	55,583	60,052	39,815	46,278	53,524		
Two years later	35,885	43,968	40,820	46,966	55,660	60,026	39,940	46,597			
Three years later	35,888	44,072	40,825	46,970	55,640	59,987	39,990				
Four years later	35,900	44,066	40,828	46,967	55,645	59,988					
Current (31 December 2023) estimate of ultimate gross claims	35,900	44,066	40,828	46,967	55,645	59,988	39,990	46,597	53,524	51,272	474,777
Cumulative claims liabilities-2014 to 2023	35,900	44,066	40,828	46,967	55,645	59,988	39,990	46,539	53,312	43,235	466,464
Cumulative claims liabilities- prior years	-	-	-	-	-	-	0	58	212	8,037	8,313
Effect of discounting											-
LIC not considered within IBNR											560
Effect of the risk adjustment for non-financial risk											401
Gross LIC for the contracts originated											9,274

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6. Management of Insurance and Financial Risk (Continued)

Insurance risk (continued)

The following tables show the estimate of claims by calendar year (rounded in thousands), net of reinsurance for short term health insurance contracts measured under the PAA, for the past 10 years.

	Year claim is incurred										
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Estimate of ultimate net claims											
End of year incurred	34,718	41,712	38,260	42,528	51,055	53,468	37,993	43,964	48,912	50,164	442,774
One year later	33,682	41,296	38,927	42,846	50,290	52,374	39,014	44,573	51,217		
Two years later	33,807	41,294	39,024	42,897	50,371	52,326	39,146	44,832			
Three years later	33,812	41,397	39,028	42,901	50,354	52,286	39,196				
Four years later	33,824	41,392	39,032	42,898	50,359	52,288					
Current (31 December 2023) estimate of ultimate net claims	33,824	41,392	39,032	42,898	50,359	52,288	39,196	44,832	51,217	50,164	445,202
Net cumulative claims liabilities-2014 to 2023	33,824	41,392	39,032	42,898	50,359	52,288	39,190	44,778	51,012	42,416	437,189
Net cumulative claims liabilities- prior years	-	-	-	-	-	-	6	54	205	7,748	8,013
Effect of discounting											-
LIC not considered within IBNR											(538)
Effect of the risk adjustment for non-financial risk											401
Net LIC for the contracts originated											7,876

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6. Management of Insurance and Financial Risk (Continued)

Insurance risk (continued)

Sensitivities

The following sensitivity analysis shows the instantaneous impact (gross and net of reinsurance) on the contractual service margin, net income and equity for reasonably possible movements in key assumptions with all other assumptions held constant for contracts measured under the GMM. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. Sensitivity information will also vary according to the current economic assumptions.

31 December 2023	Change in assumptions	Effect on CSM		Effect on net income		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net
		$	$	$	$	$	$
Mortality/morbidity rates	+10%	(9,256,683)	(9,256,683)	(1,818,472)	(1,512,699)	(1,818,472)	(1,512,699)
Mortality/morbidity rates	-10%	10,717,023	10,717,023	19,548	(231,356)	19,548	(231,356)
Expenses	+10%	(3,280,195)	(3,280,195)	(495,577)	458,276	(495,577)	458,276
Expenses	-10%	3,279,282	3,279,282	(188,806)	(225,701)	(188,806)	(225,701)
Lapse and surrender	+10%	(4,894,569)	(4,894,569)	(110,756)	(109,349)	(110,756)	(109,349)
Lapse and surrender	-10%	4,682,383	4,682,383	120,901	117,909	120,901	117,909

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6. Management of Insurance and Financial Risk (Continued)

Insurance risk (continued)

Sensitivities (continued)

31 December 2022 (Restated)	Change in assumptions	Effect on CSM		Effect on net income		Effect on equity	
		Gross	Net	Gross	Net	Gross	Net
		$	$	$	$	$	$
Mortality/morbidity rates	+10%	(9,799,807)	(9,799,807)	(1,967,562)	(1,012,641)	(1,967,562)	(1,012,641)
Mortality/morbidity rates	-10%	11,734,285	11,734,285	295,981	94,281	295,581	94,281
Expenses	+10%	(3,107,360)	(3,107,360)	(113,309)	(54,622)	(113,309)	(54,622)
Expenses	-10%	3,137,436	3,137,436	13,594	12,053	13,594	12,053
Lapse and surrender	+10%	(5,548,328)	(5,548,328)	(183,122)	(86,614)	(183,122)	(86,614)
Lapse and surrender	-10%	5,474,403	5,474,403	21,725	759	21,725	759

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6. Management of Insurance and Financial Risk (Continued)

Liquidity risk

The Group is exposed to daily calls on its available cash resources from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Group maintains sufficient liquidity (cash and marketable securities) to meet all contractual liabilities as they fall due. The following table shows the undiscounted payout pattern, net of premiums, of the actuarial liabilities.

	2023							
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**6 to 10 years**	**Over 10 years**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Insurance contract liabilities	30,948,288	5,218,491	6,738,193	8,381,278	9,733,921	62,063,235	598,143,495	721,226,901
Reinsurance contract assets	1,999,620	326,079	96,700	(47,998)	(206,923)	(2,474,013)	(40,987,482)	(41,294,017)
Total	**32,947,908**	**5,544,570**	**6,834,893**	**8,333,280**	**9,526,998**	**59,589,222**	**557,156,013**	**679,932,884**

	2022							
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**6 to 10 years**	**Over 10 years**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Insurance contract liabilities	33,134,250	6,557,236	8,023,701	9,176,330	10,338,120	62,825,907	556,302,347	686,357,891
Reinsurance contract assets	2,393,470	404,746	170,444	(31,184)	(170,680)	(2,536,574)	(37,177,582)	(36,947,360)
Total	**35,527,720**	**6,961,982**	**8,194,145**	**9,145,146**	**10,167,440**	**60,289,333**	**519,124,765**	**649,410,531**

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6. Management of Insurance and Financial Risk (Continued)

Liquidity risk (continued)

The following table summarises the maturity profile of financial assets of the Group.

	2023					
	Not Classified	**Up to 1 year**	**1 to 5 years**	**6 to 10 years**	**Over 10 years**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
ASSETS						
Cash on hand and at banks	-	13,608,959	-	-	-	13,608,959
Receivables and other assets	-	3,186,311	-	-	-	3,186,311
Financial investment assets						
FVTPL securities	17,854,473	16,083,778	24,563,740	39,266,942	148,909,507	246,678,440
FVOCI securities	13,126,504	-	-	-	-	13,126,504
Amortised cost securities	(3,010,434)	298,789	4,213,667	9,299,220	38,985,350	49,786,592
	27,970,543	33,177,837	28,777,407	48,566,162	187,894,857	326,386,806
LIABILITIES						
Other liabilities	-	8,363,556	-	-	-	8,363,556
Lease liabilities	-	35,804	174,603	56,298	547,681	814,386
	-	8,399,360	174,603	56,298	547,681	9,177,942

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6. Management of Insurance and Financial Risk (Continued)

Liquidity risk (continued)

	2022 (Restated)					
	Not Classified	**Up to 1 year**	**1 to 5 years**	**6 to 10 years**	**Over 10 years**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
ASSETS						
Cash on hand and at banks	-	13,987,239	-	-	-	13,987,239
Receivables and other assets	-	2,254,915	-	-	-	2,254,915
Financial investment assets						
FVTPL securities	17,098,470	18,040,909	24,276,940	36,107,240	143,404,972	238,928,531
FVOCI securities	10,566,618	-	-	-	-	10,566,618
Amortised cost securities	(2,773,413)	988,101	2,187,186	8,917,807	42,292,231	51,611,912
	24,891,675	35,271,164	26,464,126	45,025,047	185,697,203	317,349,215
LIABILITIES						
Other liabilities	-	8,851,740	-	-	-	8,851,740
Lease liabilities	-	38,650	186,772	73,092	595,906	894,420
	-	8,890,390	186,772	73,092	595,906	9,746,160

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6. Management of Insurance and Financial Risk (Continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market interest rates.

The Group's investment policy sets out the assessment and determination of what constitutes market risk. Guidelines are set out for asset allocation and portfolio limits to manage exposure and ensure that assets are held to deliver income and gains needed to meet the Group's contractual requirements. Compliance with the policy is monitored and exposures are reported to the Group's risk committee. The policy is reviewed regularly for pertinence and changes in the risk environment.

The nature of the Group's exposure to market risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates.

The Group is not subject to significant currency risk as its principal transactions are carried out in Bahamian dollars. The Group's financial assets are primarily denominated in the same currencies as its insurance contract liabilities.

Interest rate risk

The Group manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contracts liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored regularly.

A maturity analysis of the Group's investment asset and insurance contract liabilities is included in the liquidity risk section.

For loans at amortised cost and debt instruments measured at fair value through profit or loss, these are subject to floating interest rates. If future interest rates were increased or decreased by 1%, net investment income in the statement of comprehensive income would increase or decrease by $2,826,686 (2022: $2,755,552).

(Expressed in Bahamian dollars)

6. Management of Insurance and Financial Risk (Continued)

Interest rate risk (continued)

The Group's exposure to interest rate risk sensitive insurance and reinsurance contracts and investment contract liabilities are, as follows:

	2023 $	2022 Restated $
Insurance Contract Assets		
Insurance contracts issued	-	-
Reinsurance contracts held	7,310,947	6,511,224
Total	**7,310,947**	**6,511,224**
Insurance Contract Liabilities		
Insurance contracts issued	215,059,377	229,369,558
Reinsurance contracts held	-	-
Total	**215,059,377**	**229,369,558**
Financial investments		
Investment contract liabilities	594,359	531,721
Total	**594,359**	**531,721**

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on net income and equity for life insurance contracts issued. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the instantaneous impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

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6. Management of Insurance and Financial Risk (Continued)

Interest rate risk (continued)

31 December 2023	Change in assumptions	Effect on net income		Effect on equity	
		Gross	Net	Gross	Net
Life insurance contracts issued		$	$	$	$
Interest Rates	1%	28,930,695	29,188,411	28,930,695	29,188,411

31 December 2022	Change in assumptions	Effect on net income		Effect on equity	
		Gross	Net	Gross	Net
Life insurance contracts issued		$	$	$	$
Interest Rates	1%	27,496,579	27,711,711	27,496,579	27,711,711

6. Management of Insurance and Financial Risk (Continued)

Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Group manages its risk through the Investment and Risk Committee, which monitors the price movement of securities on BISX.

If future market prices for instruments with quoted prices and measured at FVOCI and FVTPL were to increase or decrease by 10% this would result in an increase or decrease in equity of $21,696,147 (2022: $20,657,521) and net income of $1,312,650 (2022: $1,056,662), respectively. Management mitigates this risk by diversification of its portfolio.

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

Credit Risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Group's exposure to credit risk.

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by management. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, and by monitoring exposures in relation to such limits. It is the Group's policy to invest in high-quality financial instruments with a low risk of default.

6. Management of Insurance and Financial Risk (Continued)

Credit Risk (continued)

Credit risk arising from balances held with banks is managed by placing deposits with approved financial institutions and within credit limits assigned. Credit limits are reviewed by the Group's Board of Directors on an annual basis.

The Group manages and controls credit risk on mortgage loans by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Mortgage loans are fully collateralised by real estate and the approval loan limit is 75% to 90% of the collateral value.

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 publicly available financial information prior to finalisation of any contract. The Group has one main reinsurer for its long-term insurance contracts, a large multinational corporation that has an AM Best Rating of A+ and a Standard & Poors (S&P) rating of AA-. Reinsurance contract assets associated with the Group's main reinsurer is $7,378,212 (2022: $6,836,997).

The Group invests in debt instruments which have been issued or guaranteed by The Government of The Bahamas and companies that are in good standing and have had no history of default on payment of principal or interest. The Group minimises its exposure to credit risk by holding a diversified portfolio of debt instruments with established maximum holding limits for each investment asset group. The Group also has established limits on investments held with any one institution.

Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Group's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations, resulting in insignificant credit risk exposures to the Group.

Reinsurance contract assets are analysed in the table below using the Group's credit risk rating. The table represents the credit risk exposure of the Group, which equals the maximum exposure to credit risk. The concentration of credit risk has not significantly changed compared to the prior year.

	2023			
	AAA	AA	A	Total
	$	$	$	$
Reinsurance contract assets	-	9,028,166	-	9,028,166

(Expressed in Bahamian dollars)

6. Management of Insurance and Financial Risk (Continued)

Credit Risk (continued)

	2022-Restated			
	AAA	AA	A	Total
	$	$	$	$
Reinsurance contract assets	-	8,449,565	-	8,449,565

Maximum exposure to credit risk

The following table summaries the Group's maximum exposure to credit risk related to financial assets. The maximum credit exposure is the carrying value of the assets net of any allowances for credit loss.

	Investment Grade	Non-investment Grade	Not Rated	Total
As at 31 December 2023	$	$	$	$
Cash on hand and at banks	13,608,959	-	-	13,608,959
Financial investment assets				
Debt instruments at FVTPL	-	227,388,918	-	227,388,918
Debt instruments at amortised cost	-	-	49,279,731	49,279,731
Receivables and other assets	-	-	3,186,311	3,186,311
	13,608,959	**227,895,779**	**52,466,042**	**293,970,780**

	Investment Grade	Non-investment Grade	Not Rated	Total
As at 31 December 2022 (Restated)	$	$	$	$
Cash on hand and at banks	13,987,239	-	-	13,987,239
Financial investment assets				
Debt instruments at FVTPL	-	220,636,020	-	220,636,020
Debt instruments at amortised cost	-	9,324	51,602,678	51,612,002
Receivables and other assets	-	-	3,186,311	3,186,311
	13,987,239	**220,645,344**	**54,788,989**	**289,421,572**

Impairment assessment

The Group's ECL assessment and measurement method is set out below.

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

6. Management of Insurance and Financial Risk (Continued)

Impairment assessment (continued)

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include internal rating of the counterparty indicating default or near-default.

The Group considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL.

In rare cases when an instrument is identified as defaulted, it is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

The Group assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios. Note 7 includes the carrying value of the Group's loans measured at amortised cost for which an allowance for expected credit losses has been calculated.

For the Group's other financial assets including cash at banks these have been assessed as Stage 1 and no allowance for expected credit losses has been recorded as such provision was not material.

Capital risk management

The Group manages its capital to ensure that the operating companies have sufficient capital resources to carry out their activities, to meet the regulatory requirements, and to maximise the return to shareholders. The Group manages its capital requirements by assessing shortfalls between reported and regulated capital levels.

Regulatory capital requirements are set and regulated by the Insurance Commission of The Bahamas. These requirements are established to ensure sufficient solvency margins are maintained by Insurers. Capital adequacy is calculated on a regular basis by management, reviewed by the Board of Directors, and filed with the regulator.

(Expressed in Bahamian dollars)

6. Management of Insurance and Financial Risk (Continued)

Capital risk management (continued)

In addition to the solvency margins required by the regulator, the Group seeks to maintain internal capital targets at levels higher than the regulatory requirements in evaluating business and strategic opportunities. The Group exceeded both the regulatory and internal capital requirements at year end.

7. Financial Investment Assets

Financial investment assets comprise the following:

	2023 $	2022 Restated $
Financial investments FVTPL:		
Debt Securities		
Sovereign bonds	199,351,392	197,496,176
Corporate bonds	28,037,526	23,139,845
Mutual Funds	17,854,473	17,098,470
	245,243,391	237,734,491
Equities		
Quoted equities	1,435,049	1,194,041
Total FVTPL	246,678,440	238,928,531
Financial investments FVOCI:		
Equities		
Quoted equities	13,126,504	10,566,618
Total FVOCI	13,126,504	10,566,618
Financial investments amortised costs, net of ECL:		
Debt Securities		
Sovereign bonds	506,861	9,324
Loans	49,279,731	51,602,678
Total amortised cost, net	49,786,592	51,612,002
Total financial investments	**309,591,536**	**301,107,151**

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7. Financial Investment Assets (Continued)

The Group has interests in various structured entities that are not consolidated. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group has an interest in a structured entity when it has a contractual or non-contractual involvement that exposes it to variable returns from the performance of the entity. The Group's interest includes investments in mutual fund that are listed on The Bahamas International Securities Exchange ("BISX"). Maximum exposure to loss is equal to the carrying amount disclosed in Note 6 of the consolidated financial statements.

Debt and equity instruments at FVTPL have interest rates ranging from 4.0% to 10.0% per annum (2022: 4.0% to 10.0%) and scheduled maturities between 2024 and 2053 (2022: 2023 and 2052).

In 2011, in accordance with the Insurance Act 2005 (Amended), the Group established a Trust Account (the "Family Guardian Statutory Deposit Trust") in which $2,000,000 of Bahamas Government Registered Stock have been placed in Trust. This amount is restricted for regulatory purposes; however, the interest income on these stocks accrues to the Group.

The table below presents the components of the Group's loans designated at amortised cost.

	2023	2022
	$	$
Mortgage Loans	52,104,585	54,348,846
Accrued Interest	185,562	188,977
	52,290,147	54,537,823
Less: Deferred Commitment fees	(295,769)	(161,732)
Less: Allowance for expected credit losses	(3,440,761)	(3,570,183)
Total Mortgage Loans	48,553,617	50,805,908
Margin Loans	726,114	796,770
Total loans	**49,279,731**	**51,602,678**

An interest rate of 5.25% per annum (2022: 5.25%) is charged on residential mortgage loans to directors, officers, and staff with two or more years of service. Included in total loans are mortgages to related parties which carry interest rates between 5.0% to 5.25% (2022: 5.0% to 5.25%) in the amount of $367,601 (2022: $411,166). Related party interest income from mortgages for the year ended 31 December 2023 is $19,187 (2022: $18,923) and related party interest receivable on mortgages as at 31 December 2023 is $1,342 (2022: $937).

As at 31 December 2023, the Group had non-performing mortgage loans of $4,718,115 (2022: $4,960,161).

(Expressed in Bahamian dollars)

7. Financial Investment Assets (Continued)

The table below disclosed the gross carrying value of loans measured at amortised cost by Stage.

	Stage 1	Stage 2	Stage 3	Total
31 December 2023	$	$	$	$
Commercial mortgages	216,667	24,235	434,549	675,451
Residential mortgages	41,072,629	6,072,939	4,283,566	51,429,134
	41,289,296	**6,097,174**	**4,718,115**	**52,104,585**
Accrued interest	132,937	52,625	-	185,562
Total gross mortgage loans	**41,422,233**	**6,149,799**	**4,718,115**	**52,290,147**
Margin Loans	726,114	-	-	726,114
Total gross loans	**42,148,347**	**6,149,799**	**4,718,115**	**53,016,261**

	Stage 1	Stage 2	Stage 3	Total
31 December 2022 (Restated)	$	$	$	$
Commercial mortgages	78,634	-	487,838	566,472
Residential mortgages	41,812,128	7,497,923	4,472,323	53,782,374
	41,890,762	**7,497,923**	**4,960,161**	**54,348,846**
Accrued interest	129,414	59,563	-	188,977
Total gross mortgage loans	**42,020,176**	**7,557,486**	**4,960,161**	**54,537,823**
Margin Loans	796,770	-	-	796,770
Total gross loans	**42,816,946**	**7,557,486**	**4,960,161**	**55,334,593**

Margin loans are fully collaterised by the borrower's investment portfolio and the resultant ECL is $Nil. (2022: $Nil).

As at 31 December 2023, the Group had non-performing mortgage loans of $4,718,115 (2022: $4,960,161).

During the year, the Group sold properties under power of sale. The fair value of the collateral sold under power of sale was $256,035 (2022: $215,000). The unrecoverable portion of the principal was provided for and is included in impairment for credit losses in the consolidated statement of comprehensive income.

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7. Financial Investment Assets (Continued)

Financial investment assets measured at FVOCI comprise of:

	2023	2022 Restated
Equity assets at (FVOCI):	$	$
(a) Equity securities-Ordinary Shares		
At beginning of year	10,566,618	9,430,600
Purchase of equities	121,500	-
Net change in fair value	2,438,386	1,136,018
	13,126,504	10,566,618

The table below shows the composition of FVTPL and FVOCI securities according to those securities that were mandatorily designated, and those that were designated by election.

	2023				
	Mandatory Designation	Designated by Election	Mandatory Designation	Designated by Election	Total
	FVTPL		FVOCI		
	$	$	$	$	$
Equities	1,435,049	-	-	13,126,504	14,561,553
Mutual Funds	17,854,473	-	-	-	17,854,473
Debt Securities	-	227,388,918	-	-	227,388,918
Closing net book amount	**19,289,522**	**227,388,918**	-	**13,126,504**	**259,804,944**

	2022-Restated				
	Mandatory Designation	Designated by Election	Mandatory Designation	Designated by Election	Total
	FVTPL		FVOCI		
	$	$	$	$	$
Equities	1,194,041	-	-	10,566,618	11,760,659
Mutual Funds	17,098,470	-	-	-	17,098,470
Debt Securities	-	220,636,021	-	-	220,636,021
Closing net book amount	**18,292,511**	**220,636,021**	-	**10,566,618**	**249,495,150**

The maximum exposure to credit risk for debt securities measured at fair value is disclosed in the table above. There have been no changes in fair value as a result of credit risk as at 31 December 2023 or 2022.

Mortgage loans are collaterised by the underlying residential and commercial properties. The values ascribed to these properties have been considered in arriving at the LGDs for each mortgage loan. The total value of the collateral as at year end with respect to mortgage loans that were credit-impaired at the reporting date (stage 3) was $14,359,336 (2022: $15,513,680).

(Expressed in Bahamian dollars)

7. Financial Investment Assets (Continued)

Loss Allowances

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

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognized in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and lifetime ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions.

The following tables contain an analysis of the loss allowance for financial investments for which an ECL allowance is recognised.

	Stage 1	Stage 2	Stage 3	Total
Mortgage Loans	$	$	$	$
As at 1 January 2023	**42,020,176**	**7,557,486**	**4,960,161**	**54,537,823**
Transfers				
Transfer from stage 1 to 2	(2,601,633)	2,601,633	-	-
Transfer from stage 1 to 3	(383,214)	-	383,214	-
Transfer from stage 2 to 1	2,902,991	(2,902,991)	-	-
Transfer from stage 2 to 3	-	(468,909)	468,909	-
Transfer from stage 3 to 1	331,088	-	(331,088)	-
Transfer from stage 3 to 2	-	264,526	(264,526)	-
New financial assets originated	2,867,122	-	-	2,867,122
Fully derecognised financial assets	(1,311,480)	(552,716)	(495,180)	(2,359,376)
Change in principal and interest	(2,402,817)	(349,230)	(3,375)	(2,755,422)
As at 31 December 2023	**41,422,233**	**6,149,799**	**4,718,115**	**52,290,147**

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7. Financial Investment Assets (Continued)

Loss Allowances (continued)

Mortgage Loans	**Stage 1** $	**Stage 2** $	**Stage 3** $	**Total** $
As at 1 January 2022	**46,175,947**	**7,061,470**	**6,119,061**	**59,356,478**
Transfers				
Transfer from stage 1 to 2	(1,927,817)	1,927,817	-	-
Transfer from stage 1 to 3	(525,841)	-	525,841	-
Transfer from stage 2 to 1	1,184,239	(1,184,239)	-	-
Transfer from stage 2 to 3	-	(1,232,679)	1,232,679	-
Transfer from stage 3 to 1	1,275,799	-	(1,275,799)	-
Transfer from stage 3 to 2	-	1,302,636	(1,302,636)	-
New financial assets originated	746,700	-	-	746,700
Fully derecognised financial assets	(2,803,001)	(183,371)	(307,405)	(3,293,777)
Change in principal and interest	(2,105,850)	(134,148)	(31,580)	(2,271,578)
As at 31 December 2022	**42,020,176**	**7,557,486**	**4,960,161**	**54,537,823**

Allowance for expected credit losses	**Stage 1** $	**Stage 2** $	**Stage 3** $	**Total** $
As at 1 January 2023	**506,771**	**1,039,960**	**2,023,452**	**3,570,183**
Transfers				
Transfer from stage 1 to 2	(95,560)	95,560	-	-
Transfer from stage 1 to 3	(2,376)	-	2,376	-
Transfer from stage 2 to 1	342,504	(342,504)	-	-
Transfer from stage 2 to 3	-	(97,156)	97,156	-
Transfer from stage 3 to 1	43,685	-	(43,685)	-
Transfer from stage 3 to 2	-	41,891	(41,891)	-
New financial assets originated	21,977	-	-	21,977
Fully derecognised financial assets	(7,500)	(74,696)	(74,431)	(156,627)
Changes to inputs used in ECL	(191,885)	220,565	(23,452)	5,228
As at 31 December 2023	**617,616**	**883,620**	**1,939,525**	**3,440,761**

(Expressed in Bahamian dollars)

7. Financial Investment Assets (Continued)

Loss Allowances (continued)

	Stage 1	Stage 2	Stage 3	Total
Allowance for expected credit losses	$	$	$	$
As at 1 January 2022	**1,208,116**	**1,104,965**	**1,220,284**	**3,533,365**
Transfers				
Transfer from stage 1 to 2	(109,746)	109,746	-	-
Transfer from stage 1 to 3	(62,446)	-	62,446	-
Transfer from stage 2 to 1	162,506	(162,506)	-	-
Transfer from stage 2 to 3	-	(190,026)	190,026	-
Transfer from stage 3 to 1	256,631	-	(256,631)	-
Transfer from stage 3 to 2	-	251,465	(251,465)	-
New financial assets originated	4,634	-	-	4,634
Fully derecognised financial assets	(101,818)	(31,212)	(61,374)	(194,404)
Changes to inputs used in ECL	(851,106)	(42,472)	1,120,166	226,588
As at 31 December 2022	**506,771**	**1,039,960**	**2,023,452**	**3,570,183**

The Group has limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance.

The most significant period-end assumptions used for the ECL were as follows:

		Outlook
Unemployment rate	Base	Stable
	Upside	Positive
	Downside	Negative

8. Receivables and Other Assets, net

Receivables and other assets comprise:

	2023	2022 Restated
	$	$
Other receivables and other assets	294,652	155,089
Employee receivables	994,086	389,404
Receivables from general insurance clients	914,299	824,259
Prepayments and deposits	962,899	806,885
	3,165,936	2,175,637
Less: allowance for expected credit losses	(24,542)	(43,751)
	3,141,394	**2,131,886**

(Expressed in Bahamian dollars)

8. Receivables and Other Assets, net (Continued)

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for receivables from general insurance clients.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of receivables from general insurance clients over a period of 12 months before 31 December 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group has identified the unemployment rate of The Bahamas (which is the country in which its services are provided) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The table below outlines the expected credit loss allowance for receivables from general insurance clients as at 31 December 2023 and 2022, respectively:

31 December 2023	**Current**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	$	**$**	**$**	**$**	**$**
Loss rate	-	-	-	8.5%	2.7%
Receivables from general insurance clients	77,263	409,117	139,859	288,060	914,299
Expected Credit loss allowance	-	-	-	24,542	24,542

31 December 2022	**Current**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	$	**$**	**$**	**$**	**$**
Loss rate	-	-	-	12.0%	5.3%
Receivables from general insurance clients	104,569	70,143	284,806	364,741	824,259
Expected Credit loss allowance	-	-	-	43,751	43,751

Movement in expected credit loss allowance for trade receivables as at 31 December 2023 and 2022, respectively, follows:

	2023	**2022 Restated**
	$	$
Balance, beginning of year	43,751	78,371
Bad debt expense	-	-
Bad debt recoveries	(19,209)	(34,620)
Balance, end of year	**24,542**	**43,751**

(Expressed in Bahamian dollars)

9. Property and Equipment

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

2023	Freehold Land & Improvements	Freehold Buildings & Improvements	Furniture & Equipment	Motor Vehicles	Computer Hardware	Leasehold Improvements	Work in Progress	Total
	$	$	$	$	$	$	$	$
Year ended 31 December 2023								
Opening net book amount	10,651,124	17,587,520	226,954	11,928	578,003	40,385	191,188	29,287,102
Additions	-	38,170	20,586	-	403,999	19,641	117,419	599,815
Revaluations	481,016	2,293,828	-	-	-	-	-	2,774,844
Transfers/adjustments	-	23,338	13,200	-	426	67,260	(189,813)	(85,589)
Depreciation charge	(20,369)	(1,025,806)	(94,023)	(2,044)	(242,958)	(22,203)	-	(1,407,403)
Closing net book amount	**11,111,771**	**18,917,050**	**166,717**	**9,884**	**739,470**	**105,083**	**118,794**	**31,168,769**
As at 31 December 2023								
Cost or revaluation	11,111,771	18,917,050	5,598,823	98,691	3,546,178	1,271,959	-	40,544,472
Work in progress	-	-	-	-	-	-	118,794	118,794
Accumulated depreciation	-	-	(5,432,106)	(88,807)	(2,806,708)	(1,166,876)	-	(9,494,497)
Net book amount	**11,111,771**	**18,917,050**	**166,717**	**9,884**	**739,470**	**105,083**	**118,794**	**31,168,769**

2022	Freehold Land & Improvements	Freehold Buildings & Improvements	Furniture & Equipment	Motor Vehicles	Computer Hardware	Leasehold Improvements	Work in Progress	Total
	$	$	$	$	$	$	$	$
Year ended 31 December 2022								
Opening net book amount	10,651,122	18,575,267	264,462	13,973	777,606	37,393	183,040	30,502,863
Additions	-	-	26,704	-	89,011	-	325,369	441,084
Transfers/adjustments	19,400	10,489	25,632	-	-	23,805	(317,221)	(237,895)
Depreciation charge	(19,398)	(998,236)	(89,844)	(2,045)	(288,614)	(20,813)	-	(1,418,950)
Closing net book amount	**10,651,124**	**17,587,520**	**226,954**	**11,928**	**578,003**	**40,385**	**191,188**	**29,287,102**
As at 31 December 2023								
Cost or revaluation	10,683,516	19,615,709	5,565,037	98,691	3,136,061	1,160,144	-	40,259,158
Work in progress	-	-	-	-	-	-	191,188	191,188
Accumulated depreciation	(32,392)	(2,028,189)	(5,338,083)	(86,763)	(2,558,058)	(1,119,759)	-	(11,163,244)
Net book amount	**10,651,124**	**17,587,520**	**226,954**	**11,928**	**578,003**	**40,385**	**191,188**	**29,287,102**

(Expressed in Bahamian dollars)

9. Property and Equipment (Continued)

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last revaluation of the Group's land and buildings was performed 31 December 2023 and was performed by a qualified independent property appraiser.

The fair value of the land and buildings were determined based on valuations using the income capitalisation method, sales method and the cost method which were used to derive an "as is" value, which was determined to be the assets' highest and best use.

Had the Group's land and buildings been measured on a historical cost basis, their carrying amount would have been $7,322,593 and $12,663,962 respectively. (2022: $7,322,593 and $13,648,629), respectively as at 31 December 2023.

Details of the Group's freehold land and buildings, as per the fair value hierarchy at 31 December 2023, is as follows:

	2023			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Freehold land	-	-	11,111,771	11,111,771
Freehold buildings	-	-	18,917,050	18,917,050
	-	-	**30,028,821**	**30,028,821**

	2022			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Freehold land	-	-	10,651,124	10,651,124
Freehold buildings	-	-	17,587,520	17,587,520
	-	-	**28,238,644**	**28,238,644**

The assets are required to be measured at fair value on a recurring basis. There were no transfers between the various levels during the year.

Significant inputs on land and building revaluations in 2023 were as follows:

Property Classification	Valuation technique	Unobservable inputs	Range of unobservable inputs
Land	Sales Comparison	Market and Exposure time	12 months
Commercial office	Discounted Cash flow	Capitalisation rate for terminal value	9%
		Vacancy rate	5%
	Sales Comparison	Sales price/sq.ft	$14 - $31
	Income approach	Capitalisation rate	9%
		Vacancy rate	5%

FamGuard Corporation Limited

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10. Intangible Asset

	2023		
	Computer Software	**Work in Progress**	**Total**
	$	**$**	**$**
Year ended 31 December 2023			
Opening net book amount	2,932,415	7,183,817	10,116,232
Additions	12,400	2,117,736	2,130,136
Transfers/adjustments	1,657,174	(1,657,174)	-
Disposals - cost	(425)	-	(425)
Amortisation	(1,874,355)	-	(1,874,355)
Closing net book amount	**2,727,209**	**7,644,379**	**10,371,588**
As at 31 December 2023			
Cost or revaluation	12,517,557	-	12,517,557
Work in progress	-	7,644,379	7,644,379
Accumulated amortisation	(9,790,348)	-	(9,790,348)
Net book amount	**2,727,209**	**7,644,379**	**10,371,588**

	2022		
	Computer Software	**Work in Progress**	**Total**
	$	**$**	**$**
Year ended 31 December 2022			
Opening net book amount	4,573,751	1,835,463	6,409,214
Additions	22,424	5,348,354	5,370,778
Transfers/adjustments	-	-	-
Disposals - cost	-	-	-
Amortisation	(1,663,760)	-	(1,663,760)
Closing net book amount	**2,932,415**	**7,183,817**	**10,116,232**
As at 31 December 2022			
Cost or revaluation	10,995,419	-	10,995,419
Work in progress	-	7,183,817	7,183,817
Accumulated amortisation	(8,063,004)	-	(8,063,004)
Net book amount	**2,932,415**	**7,183,817**	**10,116,232**

Fully amortised computer software totaling $3.2 million (2022: $3.2m) remain in use by the Group.

FamGuard Corporation Limited

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(Continued)

11. Insurance and Reinsurance Contracts

On transition to IFRS 17, the Group applied the fair value approach for groups of contracts issued prior to 1 January 2019. Contracts issued since 31 December 2018 were transitioned via the full retrospective method.

The groups of insurance contracts issued and reinsurance contracts held are set out in the table below:

	2023	2022 (Restated)
	$	$
Insurance contract assets	-	-
Insurance contract liabilities	248,920,404	242,299,042
Reinsurance contract assets	9,028,166	8,449,565
Reinsurance contract liabilities	-	-

The current portion of reinsurance contract assets is $1,999,620 (2022: $2,393,470) and insurance contract liabilities is $30,948,288 (2022: $33,134,250).

The Group disaggregates information to provide disclosure in respect of life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the Group is managed.

The following table presents insurance contracts and reinsurance contract assets and liabilities by contract type and summarizes the contracts by those measured under the premium allocation approach (PAA) and those not measured under PAA.

	2023	2022 (Restated)
	$	$
Insurance contracts issued		
Contracts measured under PAA	9,061,662	10,003,484
Contracts not measured under PAA	239,858,742	232,295,558
	248,920,404	**242,299,042**
Reinsurance contracts held		
Contracts measured under PAA	1,644,807	1,864,104
Contracts not measured under PAA	7,383,359	6,585,461
	9,028,166	**8,449,565**

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(Continued)

11. Insurance and Reinsurance Contracts (Continued)

The table below discloses the roll forward of insurance contracts and reinsurance contract assets and liabilities, and the changes in these balances for the period.

Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Long-term insurance contracts not measured under PAA

	2023			
	LRC		LIC	
	Excluding loss component $	Loss component $	$	Total $
Insurance contract liabilities as at 1 January	**213,241,589**	**865,281**	**18,188,688**	**232,295,558**
Insurance revenue	**(25,051,044)**	-	-	**(25,051,044)**
Contracts under fair value approach	(14,129,654)	-	-	(14,129,654)
Other contracts	(10,921,390)	-	-	(10,921,390)
Insurance service expenses	**3,528,052**	**(43,807)**	**14,642,369**	**18,126,614**
Incurred claims and other expenses	-	(584,216)	14,340,165	13,755,949
Amortisation of insurance acquisition cash flows	3,528,052	-	-	3,528,052
Changes that relate to future service	-	540,409	-	540,409
Changes that relate to past service	-	-	302,204	302,204
Insurance service result	**(21,522,992)**	**(43,807)**	**14,642,369**	**(6,924,430)**
Insurance finance expense	12,206,909	559	-	12,207,468
Total changes in the statement of comprehensive income	**(9,316,083)**	**(43,248)**	**14,642,369**	**5,283,038**
Investment components and premium refunds	(20,890,865)	-	20,890,865	-
Cash flows				
Premiums received	46,293,707	-	-	46,293,707
Claims and other expenses paid	-	-	(35,934,006)	(35,934,006)
Insurance acquisition cash flows	(8,079,555)	-	-	(8,079,555)
Total cash flows	**38,214,152**	-	**(35,934,006)**	**2,280,146**
Insurance contract liabilities as at 31 December	**221,248,793**	**822,033**	**17,787,916**	**239,858,742**

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(Expressed in Bahamian dollars)
(Continued)

11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims components (continued)

Long-term insurance contracts not measured under PAA (continued)

	2022			
	LRC		LIC	
	Excluding loss component $	Loss component $	$	Total $
Insurance contract liabilities as at 1 January	**193,315,936**	**676,738**	**20,128,852**	**214,121,526**
Insurance revenue	(22,260,891)	-	-	(22,260,891)
Contracts under fair value approach	(13,808,075)	-	-	(13,808,075)
Other contracts	(8,452,816)	-	-	(8,452,816)
Insurance service expenses	2,626,254	146,789	12,529,806	15,302,849
Incurred claims and other expenses	-	(84,457)	12,529,806	12,445,349
Amortisation of insurance acquisition cash flows	2,626,254	-	-	2,626,254
Changes that relate to future service	-	231,246	-	231,246
Changes that relate to past service	-	-	-	-
Insurance service result	**(19,634,637)**	**146,789**	**12,529,806**	**(6,958,042)**
Insurance finance expense	12,435,370	41,754	-	12,477,124
Total changes in the statement of comprehensive income	**(7,199,267)**	**188,543**	**12,529,806**	**5,519,082**
Investment components and premium refunds	(10,357,138)	-	10,357,138	-
Cash flows				
Premiums received	45,545,522	-	-	45,545,522
Claims and other expenses paid	-	-	(24,827,108)	(24,827,108)
Insurance acquisition cash flows	(8,063,464)	-	-	(8,063,464)
Total cash flows	**37,482,058**	-	**(24,827,108)**	**12,654,950**
Insurance contract liabilities as at 31 December	**213,241,589**	**865,281**	**18,188,688**	**232,295,558**

(Expressed in Bahamian dollars)

11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims components (continued)

Short-term insurance contracts measured under PAA

	2023			
	LRC	LIC		
	Excluding loss component $	Present value of future cash flows $	Risk adjustment $	Total $
Insurance contract (assets)/liabilities as at 1 January	**(407,511)**	**8,910,995**	**1,500,000**	**10,003,484**
Insurance revenue	**(75,315,680)**	-	-	**(75,315,680)**
Insurance service expenses	-	69,208,319	(1,099,372)	68,108,947
Incurred claims and other expenses	-	68,113,405	-	68,113,405
Changes that relate to past service	-	1,094,914	(1,099,372)	(4,458)
Insurance service result	**(75,315,680)**	**69,208,319**	**(1,099,372)**	**(7,206,733)**
Total changes in the statement of comprehensive income	**(75,315,680)**	**69,208,319**	**(1,099,372)**	**(7,206,733)**
Cash flows				
Premiums received	74,797,950	-	-	74,797,950
Claims and other expenses paid	-	(68,533,039)	-	(68,533,039)
Total cash flows	**74,797,950**	**(68,533,039)**	-	**6,264,911**
Insurance contract (assets)/liabilities as at 31 December	**(925,241)**	**9,586,275**	**400,628**	**9,061,662**

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(Continued)

11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the liability for remaining coverage and the liability for incurred claims components (continued)

Short-term insurance contracts measured under PAA (continued)

	2022			
	LRC	LIC		
	Excluding loss component $	Present value of future cash flows $	Risk adjustment $	Total $
Insurance contract (assets)/liabilities as at 1 January	**(1,436,631)**	**7,749,031**	**917,033**	**7,229,433**
Insurance revenue	(74,523,833)	-	-	(74,523,833)
Insurance service expenses	-	64,889,878	582,967	65,472,845
Incurred claims and other expenses	-	64,215,415	-	64,215,415
Changes that relate to past service	-	674,463	582,967	1,257,430
Insurance service result	**(74,523,833)**	**64,889,878**	**582,967**	**(9,050,988)**
Total changes in the statement of comprehensive income	**(74,523,833)**	**64,889,878**	**582,967**	**(9,050,988)**
Cash flows				
Premiums received	75,552,953	-	-	75,552,953
Claims and other expenses paid	-	(63,727,914)	-	(63,727,914)
Total cash flows	**75,552,953**	**(63,727,914)**	-	**11,825,039**
Insurance contract (assets)/liabilities as at 31 December	**(407,511)**	**8,910,995**	**1,500,000**	**10,003,484**

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(Continued)

11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the measurement components of insurance contract balances

Long-term insurance contracts not measured under PAA

	2023			
	Present value of future cash flows $	**Risk adjustment for non-financial risk $**	**CSM $**	**Total $**
Insurance contract liabilities as at 1 January	177,944,369	32,688,104	21,663,085	232,295,558
Changes that relate to current service				
CSM recognised in profit or loss for the services received	-	-	(4,186,956)	(4,186,956)
Change in the risk adjustment for non-financial risk for the risk expired	-	(3,191,317)	-	(3,191,317)
Experience adjustments	(388,769)	-	-	(388,769)
	(388,769)	(3,191,317)	(4,186,956)	(7,767,042)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(5,682,471)	614,094	5,068,377	-
Changes in estimates that result in onerous contract losses or reversal of losses	(958,019)	206,855	-	(751,164)
Contracts initially recognised in the period	(4,421,090)	2,884,696	2,827,966	1,291,572
	(11,061,580)	3,705,645	7,896,343	540,408
Changes that relate to past service	302,204	-	-	302,204
Insurance service result	**(11,148,145)**	**514,328**	**3,709,387**	**(6,924,430)**
Insurance finance expense	9,078,986	2,133,181	995,301	12,207,468
Total changes in the statement of comprehensive income	**(2,069,159)**	**2,647,509**	**4,704,688**	**5,283,038**
Cash flows				
Premiums received	46,293,707	-	-	46,293,707
Claims and other directly attributable expenses paid	(35,934,006)	-	-	(35,934,006)
Insurance acquisition cash flows	(8,079,555)	-	-	(8,079,555)
Total cash flows	**2,280,146**	-	-	**2,280,146**
Insurance contract liabilities as at 31 December	**178,155,356**	**35,335,613**	**26,367,773**	**239,858,742**

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(Continued)

11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the measurement components of insurance contract balances (continued)

Long-term insurance contracts not measured under PAA (continued)

	2022			
	Present value of future cash flows $	**Risk adjustment for non-financial risk $**	**CSM $**	**Total $**
Insurance contract liabilities as at 1 January	**171,055,041**	**28,829,280**	**14,237,205**	**214,121,526**
Changes that relate to current service				
CSM recognised in profit or loss for the services received	-	-	(3,295,086)	(3,295,086)
Change in the risk adjustment for non-financial risk for the risk expired	-	(2,951,090)	-	(2,951,090)
Experience adjustments	(943,110)	-	-	(943,110)
	(943,110)	(2,951,090)	(3,295,086)	(7,189,286)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(11,358,437)	2,149,478	9,208,959	-
Changes in estimates that result in onerous contract losses or reversal of losses	(348,102)	213,422	-	(134,680)
Contracts initially recognised in the period	(3,022,645)	2,452,367	936,202	365,924
	(14,729,184)	4,815,267	10,145,161	231,244
Changes that relate to past service	-	-	-	-
Insurance service result	**(15,672,294)**	**1,864,177**	**6,850,075**	**(6,958,042)**
Insurance finance expense	9,906,672	1,994,647	575,805	12,477,124
Total changes in the statement of comprehensive income	**(5,765,622)**	**3,858,824**	**7,425,880**	**5,519,082**
Cash flows				
Premiums received	45,545,522	-	-	45,545,522
Claims and other directly attributable expenses paid	(24,827,108)	-	-	(24,827,108)
Insurance acquisition cash flows	(8,063,464)	-	-	(8,063,464)
Total cash flows	**12,654,950**	-	-	**12,654,950**
Insurance contract liabilities as at 31 December	**177,944,369**	**32,688,104**	**21,663,085**	**232,295,558**

FamGuard Corporation Limited

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(Continued)

11. Insurance and Reinsurance Contracts (Continued)

Components of new business

The table below discloses the components of new business for insurance contracts issued:

	2023		
	Onerous	**Non-Onerous**	**Total**
	$	**$**	**$**
Life insurance contracts issued			
Estimate of present value of future cash outflows:			
Excluding insurance acquisition cashflows	3,471,070	10,982,901	14,453,971
Estimate of insurance acquisition cashflows	2,792,868	4,576,397	7,369,265
Estimate of present value of future cash outflows	6,263,938	15,559,298	21,823,236
Estimate of present value of future cash inflows	(5,881,558)	(20,362,768)	(26,244,326)
Risk adjustment for non-financial risk	909,192	1,975,504	2,884,696
CSM	-	2,827,966	2,827,966
Increase in insurance contract liabilities from contracts recognised in the year	**1,291,572**	**-**	**1,291,572**

	2022		
	Onerous	**Non-Onerous**	**Total**
	$	**$**	**$**
Life insurance contracts issued			
Estimate of present value of future cash outflows:			
Excluding insurance acquisition cashflows	6,716,062	4,784,398	11,500,460
Estimate of insurance acquisition cashflows	3,162,101	3,763,277	6,925,378
Estimate of present value of future cash outflows	9,878,163	8,547,675	18,425,838
Estimate of present value of future cash inflows	(10,662,670)	(10,785,813)	(21,448,483)
Risk adjustment for non-financial risk	1,150,432	1,301,936	2,452,368
CSM	-	936,202	936,202
Increase in insurance contract liabilities from contracts recognised in the year	**365,925**	**-**	**365,925**

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11. Insurance and Reinsurance Contracts (Continued)

Contractual service margin

The table below discloses the impact on the current period of the transition approaches adopted to establishing CSM's for insurance contract portfolios:

	2023		
	Fair Value Approach $	All Other Contracts $	Total $
Contractual service margin as at 1 January	**9,603,238**	**12,059,847**	**21,663,085**
Changes that relate to current services			
CSM recognised for services provided	(1,508,101)	(2,678,855)	(4,186,956)
Changes that relate to future services			
Contracts initially recognised in the period	-	2,827,966	2,827,966
Changes in estimates that adjust the contractual service margin	1,600,255	3,468,122	5,068,377
	1,600,255	6,296,088	7,896,343
Insurance service result	**92,154**	**3,617,233**	**3,709,387**
Insurance finance expense	396,220	599,081	995,301
Total changes in the statement of comprehensive income	**488,374**	**4,216,314**	**4,704,688**
Contractual service margin as at 31 December	**10,091,612**	**16,276,161**	**26,367,773**

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11. Insurance and Reinsurance Contracts (Continued)

Contractual service margin (continued)

	2022		
	Fair Value Approach $	**All Other Contracts $**	**Total $**
Contractual service margin as at 1 January	**6,643,211**	**7,593,994**	**14,237,205**
Changes that relate to current services			
CSM recognised for services provided	(1,272,506)	(2,022,580)	(3,295,086)
Changes that relate to future services			
Contracts initially recognised in the period	-	936,202	936,202
Changes in estimates that adjust the contractual service margin	3,987,908	5,221,051	9,208,959
	3,987,908	6,157,253	10,145,161
Insurance service result	**2,715,402**	**4,134,673**	**6,850,075**
Insurance finance expense	244,625	331,180	575,805
Total changes in the statement of comprehensive income	**2,960,027**	**4,465,853**	**7,425,880**
Contractual service margin as at 31 December	**9,603,238**	**12,059,847**	**21,663,085**

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11. Insurance and Reinsurance Contracts (Continued)

Contractual service margin (continued)

Included within the allocation of reinsurance premiums are non-recoverable expenses incurred by the Group, directly attributable to fulfilment of reinsurance contracts held.

A loss-recovery component was set up upon the initial recognition of an onerous group of underlying insurance contracts. It has been adjusted subsequently to reflect changes in the loss component of the related onerous group of underlying insurance contracts, such that the loss-recovery component does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Changes in the expected fulfilment cash flows on reinsurance contracts held which relate to groups of underlying insurance contracts are recognised in profit and loss if the changes in expected fulfilment cash flows from the group of underlying insurance contracts issued was also recognised in profit and loss.

The table below discloses the roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising business ceded to reinsurers:

(Expressed in Bahamian dollars)

11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the asset for remaining coverage and the asset for incurred claims components

Long-term reinsurance contracts not measured under PAA

	2023			
	ARC		AIC	
	Excluding loss recovery component $	Loss recovery component $	$	Total $
Reinsurance contract assets as at 1 January	**2,244,015**	**192,104**	**4,149,342**	**6,585,461**
Allocation of reinsurance premiums	(4,444,460)	-	-	(4,444,460)
Recognition of loss recovery from onerous underlying contracts	-	336,178	-	336,178
Amounts recoverable for claims and expenses incurred	-	(230,139)	-	(230,139)
Changes in fulfillment cash flows which relate to onerous underlying contracts	-	(68,058)	2,341,741	2,273,683
Reinsurance investment components	-	-	(63,222)	(63,222)
Net income or expense from reinsurance contracts held	**(4,444,460)**	**37,981**	**2,278,519**	**(2,127,960)**
Reinsurance finance income	111,470	17,685	-	129,155
Effect of changes in non-performance risk of reinsurers	399	-	-	399
Total changes in the statement of comprehensive income	**(4,332,591)**	**55,666**	**2,278,519**	**(1,998,406)**
Cash flows				
Premiums and similar expenses paid	4,495,704	-	-	4,495,704
Amounts received	-	-	(1,699,400)	(1,699,400)
Total cash flows	**4,495,704**	**-**	**(1,699,400)**	**2,796,304**
Reinsurance contract assets as at 31 December	**2,407,128**	**247,770**	**4,728,461**	**7,383,359**

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11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the asset for remaining coverage and the asset for incurred claims components (continued)

Long-term reinsurance contracts not measured under PAA (continued)

	2022			
	ARC		AIC	
	Excluding loss recovery component $	Loss recovery component $	$	Total $
Reinsurance contract assets as at 1 January	**1,717,945**	**-**	**3,685,126**	**5,403,071**
Allocation of reinsurance premiums	(4,158,245)	-	-	(4,158,245)
Recognition of loss recovery from onerous underlying contracts	-	176,027	-	176,027
Amounts recoverable for claims and expenses incurred	-	28,873	-	28,873
Changes in fulfillment cash flows which relate to onerous underlying contracts	-	(19,628)	1,482,650	1,463,022
Reinsurance investment components	-	-	462,425	462,425
Net income or expense from reinsurance contracts held	(4,158,245)	185,272	1,945,075	(2,027,898)
Reinsurance finance income	72,886	6,832	-	79,718
Effect of changes in non-performance risk of reinsurers	239	-	-	239
Total changes in the statement of comprehensive income	**(4,085,120)**	**192,104**	**1,945,075**	**(1,947,941)**
Cash flows				
Premiums and similar expenses paid	4,611,190	-	-	4,611,190
Amounts received	-	-	(1,480,859)	(1,480,859)
Total cash flows	4,611,190	-	(1,480,859)	3,130,331
Reinsurance contract assets as at 31 December	**2,244,015**	**192,104**	**4,149,342**	**6,585,461**

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11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the asset for remaining coverage and the asset for incurred claims components (continued)

Short-term reinsurance contracts measured under PAA

	2023		
	ARC	AIC	
	Excluding loss recovery component $	Present value of future cash flows $	Total $
Reinsurance contract assets as at 1 January	-	1,864,104	1,864,104
Allocation of reinsurance premiums	(5,988,218)	-	(5,988,218)
Amounts recoverable for claims and expenses incurred	-	835,406	835,406
Changes in amounts recoverable arising from changes in liability for incurred claims	-	1,185,513	1,185,513
Net income or expense from reinsurance contracts held	**(5,988,218)**	**2,020,919**	**(3,967,299)**
Total changes in the statement of comprehensive income	**(5,988,218)**	**2,020,919**	**(3,967,299)**
Cash flows			
Premiums and similar expenses paid	5,988,218	-	5,988,218
Amounts received	-	(2,240,216)	(2,240,216)
Total cash flows	**5,988,218**	**(2,240,216)**	**3,748,002**
Reinsurance contract assets as at 31 December	-	**1,644,807**	**1,644,807**

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11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the asset for remaining coverage and the asset for incurred claims components (continued)

Short-term reinsurance contracts measured under PAA (continued)

	2022		
	ARC	AIC	
	Excluding loss recovery component $	Present value of future cash flows $	Total $
Reinsurance contract assets as at 1 January	-	2,069,591	2,069,591
Allocation of reinsurance premiums	(7,287,076)	-	(7,287,076)
Amounts recoverable for claims and expenses incurred	-	1,191,591	1,191,591
Changes in amounts recoverable arising from changes in liability for incurred claims	-	443,792	443,792
Net income or expense from reinsurance contracts held	**(7,287,076)**	**1,635,383**	**(5,651,693)**
Total changes in the statement of comprehensive income	**(7,287,076)**	**1,635,383**	**(5,651,693)**
Cash flows			
Premiums and similar expenses paid	7,287,076	-	7,287,076
Amounts received	-	(1,840,870)	(1,840,870)
Total cash flows	**7,287,076**	**(1,840,870)**	**5,446,206**
Reinsurance contract assets as at 31 December	**-**	**1,864,104**	**1,864,104**

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11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the measurement components of reinsurance contract balances

Long-term reinsurance contracts not measured under PAA

	2023			
	Present value of future cash flows $	Risk adjustment for non-financial risk $	CSM $	Total $
Reinsurance contract assets as at 1 January	**(92,769)**	**7,843,278**	**(1,165,048)**	**6,585,461**
Changes that relate to current service				
CSM recognised in profit or loss for the services received	-	-	(368,844)	(368,844)
Change in the risk adjustment for non-financial risk for the risk expired	-	(475,535)	-	(475,535)
Experience adjustments	(1,326,398)	-	-	(1,326,398)
	(1,326,398)	(475,535)	(368,844)	(2,170,777)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(1,133,319)	122,829	1,010,490	-
Contracts initially recognised in the period	(201,600)	508,505	29,273	336,178
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contract	34,757	45,970	(310,866)	(230,139)
	(1,300,162)	677,304	728,897	106,039
Changes that relate to past service				
Changes that relate to past service - adjustments to the incurred claims	(63,222)	-	-	(63,222)
Effect of changes in the risk of reinsurers non-performance	399	-	-	399
	(62,823)	-	-	(62,823)
Net income/(expenses) from reinsurance contracts held	(2,689,383)	201,769	360,053	(2,127,561)
Finance income/(expense) from reinsurance contracts held	(311,937)	493,631	(52,539)	129,155
Total changes in the statement of comprehensive income	**(3,001,320)**	**695,400**	**307,514**	**(1,998,406)**
				-
Cash flows				
Premiums paid, net of ceding commissions and other directly attributable expenses paid	4,495,704	-	-	4,495,704
Recoveries from reinsurance	(1,699,400)	-	-	(1,699,400)
Total cash flows	**2,796,304**	-	-	**2,796,304**
Reinsurance contract assets as at 31 December	**(297,785)**	**8,538,678**	**(857,534)**	**7,383,359**

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11. Insurance and Reinsurance Contracts (Continued)

Reconciliation of the measurement components of reinsurance contract balances (continued)

Long-term reinsurance contracts not measured under PAA (continued)

	2022			
	Present value of future cash flows $	**Risk adjustment for non-financial risk $**	**CSM $**	**Total $**
Reinsurance contract assets as at 1 January	**229,222**	**7,085,895**	**(1,912,046)**	**5,403,071**
Changes that relate to current service				
CSM recognised in profit or loss for the services received	-	-	(255,649)	(255,649)
Change in the risk adjustment for non-financial risk for the risk expired	-	(414,990)	-	(414,990)
Experience adjustments	(2,024,584)	-	-	(2,024,584)
	(2,024,584)	(414,990)	(255,649)	(2,695,223)
Changes that relate to future service				
Changes in estimates that adjust the CSM	(1,212,679)	134,975	1,077,704	-
Contracts initially recognised in the period	(364,926)	467,236	73,716	176,026
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contract	50,378	53,262	(74,767)	28,873
	(1,527,227)	655,473	1,076,653	204,899
Changes that relate to past service				
Changes that relate to past service - adjustments to the incurred claims	462,426	-	-	462,426
Effect of changes in the risk of reinsurers non-performance	238	-	-	238
	462,664	-	-	462,664
Net income/(expenses) from reinsurance contracts held	(3,089,147)	240,483	821,004	(2,027,660)
Finance income/(expense) from reinsurance contracts held	(363,176)	516,900	(74,006)	79,718
Total changes in the statement of comprehensive income	**(3,452,323)**	**757,383**	**746,998**	**(1,947,942)**
Cash flows				
Premiums paid, net of ceding commissions and other directly attributable expenses paid	4,611,191	-	-	4,611,191
Recoveries from reinsurance	(1,480,859)	-	-	(1,480,859)
Total cash flows	**3,130,332**	-	-	**3,130,332**
Reinsurance contract assets as at 31 December	**(92,769)**	**7,843,278**	**(1,165,048)**	**6,585,461**

(Expressed in Bahamian dollars)

11. Insurance and Reinsurance Contracts (Continued)

The following tables disclose the impact on the current period of the transition approaches adopted to establishing CSM's for reinsurance contract portfolios:

	2023 Fair Value Approach $	All Other Contracts $	Total $
Contractual service margin as at 1 January	**(769,885)**	**(395,163)**	**(1,165,048)**
Changes that relate to current services			
CSM recognised for services received	60,367	(429,211)	(368,844)
Changes that relate to future services			
Contracts initially recognised in the period	-	29,274	29,274
Changes in estimates that adjust the CSM	785,808	224,682	1,010,490
Changes in the CSM due to reversal of a loss-recovery component onerous contracts	-	(310,866)	(310,866)
	785,808	(56,910)	728,898
Reinsurance finance income	(36,696)	(15,844)	(52,540)
Total changes in the statement of comprehensive income	**809,479**	**(501,965)**	**307,514**
Contractual service margin as at 31 December	**39,594**	**(897,128)**	**(857,534)**

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11. Insurance and Reinsurance Contracts (Continued)

	2022		
	Fair Value Approach $	**All Other Contracts $**	**Total $**
Contractual service margin as at 1 January	**(1,558,665)**	**(353,381)**	**(1,912,046)**
Changes that relate to current services			
CSM recognised for services received	132,840	(388,489)	(255,649)
	132,840	(388,489)	(255,649)
Changes that relate to future services			
Contracts initially recognised in the period	-	73,717	73,717
Changes in estimates that adjust the CSM	720,112	357,591	1,077,703
Changes in the CSM due to reversal of a loss-recovery component onerous contracts	-	(74,767)	(74,767)
	720,112	356,541	1,076,653
Reinsurance finance income	(64,172)	(9,834)	(74,006)
Total changes in the statement of comprehensive income	**788,780**	**(41,782)**	**746,998**
Contractual service margin as at 31 December	**(769,885)**	**(395,163)**	**(1,165,048)**

(Expressed in Bahamian dollars)

11. Insurance and Reinsurance Contracts (Continued)

The following tables disclose the components of new business reinsurance contracts held:

	2023		
	Contracts purchased	Contracts acquired	Total
	$	$	$
Reinsurance contracts held			
Estimate of present value of future cash inflows	1,974,818	-	1,974,818
Estimate of present value of future cash outflows	(2,176,418)	-	(2,176,418)
Risk adjustment for non-financial risk	508,505	-	508,505
CSM	29,273	-	29,273
Increase in reinsurance contract assets from contracts recognised in the year	**336,178**	-	**336,178**

	2022		
	Contracts purchased	Contracts acquired	Total
	$	$	$
Reinsurance contracts held			
Estimate of present value of future cash inflows	1,863,167	-	1,863,167
Estimate of present value of future cash outflows	(2,228,094)	-	(2,228,094)
Risk adjustment for non-financial risk	467,236	-	467,236
CSM	73,717	-	73,717
Increase in reinsurance contract assets from contracts recognised in the year	**176,026**	-	**176,026**

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11. Insurance and Reinsurance Contracts (Continued)

CSM recognition in net income

The expected timeline for the CSM recognition for reinsurance contracts held is in line with insurance contracts issued.

The table below discloses when the CSM is expected to be in net income in future years:

	2023						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Insurance contracts issued							
Insurance contracts	3,854,465	3,093,577	2,565,540	2,182,252	1,879,395	12,792,544	26,367,773
Reinsurance contracts	-	-	-	-	-	-	-
	3,854,465	3,093,577	2,565,540	2,182,252	1,879,395	12,792,544	26,367,773
Reinsurance contracts held							
Insurance contracts	(182,886)	30,087	119,661	142,914	133,440	614,318	857,534
	(182,886)	30,087	119,661	142,914	133,440	614,318	857,534

	2022						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Insurance contracts issued							
Insurance contracts	3,104,706	2,498,665	2,074,641	1,763,115	1,524,653	10,697,307	21,663,087
Reinsurance contracts	-	-	-	-	-	-	-
	3,104,706	2,498,665	2,074,641	1,763,115	1,524,653	10,697,307	21,663,087
Reinsurance contracts held							
Insurance contracts	(145,477)	33,637	128,750	158,255	153,085	836,798	1,165,048
	(145,477)	33,637	128,750	158,255	153,085	836,798	1,165,048

(Expressed in Bahamian dollars)

12. Investment Contract Liabilities

	2023	2022
	$	$
Investment contract liabilities	594,359	531,721

The fair value of financial liabilities is based on a discounted cash flow valuation technique. The discount rate is determined by current market assessment of the time value of money and risk specific to the liability.

13. Net Expense from Reinsurance Contracts Held

	2023	2022
Net expenses from reinsurance contracts held	$	$
Contracts not measured under PAA		
Allocation of premiums paid	(4,444,460)	(4,158,245)
Amounts received from reinsurers	2,316,500	2,130,347
Effect of changes in non-performance risk of reinsurers	399	239
	(2,127,561)	(2,027,659)
Contracts measured under PAA		
Allocation of premiums paid	(5,988,218)	(7,287,076)
Amounts received from reinsurers	2,020,919	1,635,383
	(3,967,299)	(5,651,693)
	6,094,860	7,679,352

14. Other Liabilities

Other liabilities are comprised of the following:

	2023	2022 Restated
	$	$
General payables and accruals	2,590,340	3,033,993
Employee liabilities	3,265,055	3,395,171
Regulatory fees and Statutory payables	1,173,655	1,170,304
Due to insurer	326,690	322,358
	7,355,740	7,921,826

The carrying amounts of payables and accruals are considered to approximate their fair values.

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15. Bank Overdraft Facilities

The Group has bank overdraft facilities of $250,000 (2022: $250,000). Amounts utilised under the facilities attract interest at Nassau prime rate of 4.25% plus 1.5% (2022: 4.25% plus 1.5%).

16. Revaluation Reserve

Revaluation reserve is comprised of the following:

	Financial Investment Assets Revaluation $	Fixed Assets Revaluation $	Total Revaluation Reserve $
Balance as of 31 December 2021	2,140,845	18,038,267	20,179,112
Unrealised gain on equity instruments	1,136,018	-	1,136,018
Balance as of 31 December 2022	3,276,863	18,038,267	21,315,130
Unrealised gain on equity instruments	2,438,386	-	2,438,386
Revaluation of land and buildings	-	2,774,844	2,774,844
Balance as of 31 December 2023	5,715,249	20,813,111	26,528,360

17. Share Capital

During the year, the Group approved a three-for-one stock split for all ordinary shares with a record date of 15 August 2023 and an effective date of 1 September 2023. After the stock split, the authorised ordinary shares of the Company was 45,000,000 of which 30,000,000 shares were issued.

The Company's share capital is comprised as follows:

	Variable Rate Cumulative Redeemable Preference Shares of $1,000 each par value		Ordinary Shares	
			of $0.07 each par value	of $0.20 each par value
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Authorised	10,000	10,000	45,000,000	15,000,000
Issued and fully paid	-	-	2,000,000	2,000,000
Shares outstanding at beginning of year	-	-	10,000,000	10,000,000
Shares outstanding at end of year	-	-	30,000,000	10,000,000

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17. Share Capital (Continued)

The movement in ordinary issued shares during the year is as follows:

	2023 $	2022 $
Balance at beginning of year	10,000,000	10,000,000
Stock split (3:1)	20,000,000	-
Balance at end of year	30,000,000	10,000,000

The excess of the issue and purchase price of the ordinary over the par value less the costs incurred with the tender offer have been credited to the share premium account. The total share premium at year-end was $10,801,080 (2022:$10,801,080).

18. Insurance Revenue

Insurance revenue recognised in the period is comprised of:

	2023 $	2022 $
Contracts Not Measured Under the PAA		
CSM recognised for services provided	4,186,956	3,295,086
Change in risk adjustment for non-financial risk for risk expired	3,030,339	2,928,303
Expected insurance service expenses incurred:		
Claims	11,165,009	10,583,742
Expenses	3,140,688	2,827,506
Recovery of insurance acquisition cash flows	3,528,052	2,626,254
Total Revenue from Contracts Not Measured Under PAA	**25,051,044**	**22,260,891**
Contracts Measured Under the PAA		
Insurance revenue from contracts measured under the PAA	75,315,680	74,523,833
Total Revenue from Contracts Measured Under PAA	**75,315,680**	**74,523,833**
Total Insurance Revenue	**100,366,724**	**96,784,724**

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19. Insurance Service Expenses

Insurance service expenses recognised in the year is comprised of:

	2023	2022
Insurance Service Expenses	**$**	**$**
Contracts not measured under PAA		
Incurred claims and other directly attributable expenses	(13,755,949)	(12,445,350)
Losses on onerous contracts and reversal of losses	(540,408)	(231,246)
Changes related to past services	(302,204)	
Insurance acquisition cash flows amortised	(3,528,052)	(2,626,254)
	(18,126,613)	(15,302,850)
Contracts measured under PAA		
Incurred claims and other directly attributable expenses	(68,113,405)	(64,215,414)
Changes related to past services	4,457	(1,257,430)
	(68,108,948)	(65,472,844)
Total insurance service expenses	**(86,235,561)**	**(80,775,694)**

20. Investment income and Insurance finance result

Investment income and insurance finance result recognised in the year is comprised of:

	2023	2022 Restated
	$	**$**
Interest income- Amortised cost Investments		
Loans	3,434,058	3,649,743
Deposits	3,498	3,959
Debt securities	6,861	1,552
Other receivables	24,445	24,590
	3,468,862	3,679,844
Other investment income		
Interest income	12,125,806	11,481,430
Dividend income	947,922	702,534
Realised loss on financial assets measured at amortised cost	-	(2,227)
Unrealised gain/(loss) on financial assets	913,143	(532,714)
	13,986,871	11,649,023
Net change in investment contract liabilities	(62,638)	114,044
Total investment income	17,393,095	15,442,911
Release of (credit impairment losses) expected credit losses	611,766	(642,340)
Net investment income	**18,004,861**	**14,800,571**

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20. Investment income and Insurance finance result (Continued)

	2023 $	2022 (Restated) $
Insurance finance expense from insurance contracts issued		
Interest accreted to insurance contracts	(7,254,237)	(6,035,332)
Interest accreted on CSM using locked-in rates	(995,301)	(575,805)
Changes in interest rates and other financial assumptions	(3,957,930)	(5,865,987)
Total recognised in net income	**(12,207,468)**	**(12,477,124)**
Rensurance finance income from insurance contracts issued		
Interest accreted to reinsurance contracts	176,823	149,798
Interest accreted on CSM using locked-in rates	(52,540)	(74,006)
Changes in interest rates and other financial assumptions	4,872	3,926
Total recognised in net income	**129,155**	**79,718**

21. Leases

Amounts recognised in the consolidated statement of financial position:

	2023 $	2022 $
Right-of-use assets:		
Land and buildings	523,916	570,830
Lease liabilities:		
Current	45,831	40,574
Non-current	532,556	579,198
	578,387	619,772

Additions to the right-of-use assets during 2023 were $Nil (2022: $Nil).

Amounts recognised in the consolidated statement of comprehensive income:

	2023 $	2022 $
Depreciation charge of right-of-use assets:		
Buildings	46,916	46,913
Interest expense on lease liabilities:		
Interest Expense	38,650	41,178

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21. Leases (Continued)

The Group leases certain office premises under non-cancellable operating leases. Lease terms are negotiated on an individual basis and range from 12 months to 20 years. In prior periods, the Group's leases were classified as operating leases. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date on which the leased asset was available for use by the Group. Right-of-use assets and lease liabilities that arise from leases are initially measured at present value. Lease liabilities include the net present value of fixed payments, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the incremental borrowing rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the Group uses recent third party financing received as a starting point and adjusts the rate to reflect changes in financing conditions.

The Group is exposed to potential increases in future lease payments, which are not included in the lease liability. When adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use assets.

22. Taxation

There are no corporate, income or capital gains taxes levied in The Bahamas and the Group, therefore, pays no taxes on its net income. However, taxes based on gross premium income, levied at 3% (2022: 3%), for the year ended 31 December 2023 amounted to $3,498,914 (2022: $3,417,395).

The Group is also subject to Value Added Tax ("VAT") on taxable supplies at a standard rate of 10%. The Group is eligible for input tax deductions, based on an apportionment formula using the premiums for standard rated taxable and exempt supplies. VAT incurred by the Group in excess of the input tax deductions is included in operating expenses in the consolidated statement of comprehensive income.

23. Pension Plan

The Group's pension costs, net of forfeitures in respect to the Plan for the year ended 31 December 2023, amounted to $598,950 (2022: $685,988) and are included in operating expenses in the consolidated statement of comprehensive income.

24. Other Income

The Group derives revenue from contracts with customers for the transfer of services over time and at a point in time. Commissions are earned by the Group on non-life and medical insurance policies and are recognised when the policies are written, as the Group has no further significant performance obligations associated with the policies. Commissions are calculated as a percentage of the insurance premiums for which the policy was sold and are recognised at a point in time.

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24. Other Income (Continued)

Set out below is the disaggregation of the Group's revenue from contracts by major product line. This presentation is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 *Operating Segments*.

	2023	2022
	$	$
Revenue from External Customers	1,272,476	1,154,090
Timing of revenue recognition		
Interest Expense		
Services transferred at a point in time	1,272,476	1,154,090
Services transferred over time	-	-
Total revenue from contracts with customers	**1,272,476**	**1,154,090**
Other fees	**881,988**	**1,143,826**
Total	**2,154,464**	**2,297,916**

25. Other Expenses

Expenses incurred by the Group in the reporting year consist of the following:

	2023			
	Expenses attributed to insurance acquisition cash flows	**Other directly attributable expenses**	**Other operating expenses**	**Total**
	$	$	$	$
Employee salaries & benefits	3,262,343	3,842,054	3,937,916	11,042,313
Auditor's remuneration	-	499,792	77,386	577,178
Statutory expenses	-	45,865	277,141	323,006
Office expenses	370,505	318,562	580,276	1,269,343
Depreciation and amortization	1,685,536	536,561	928,711	3,150,808
Premises & Maintenance	-	44,744	517,030	561,774
Communication & Technology	993,500	316,264	468,785	1,778,549
Professional fees	70,000	871,633	863,277	1,804,910
Marketing & Public Relations	201,553	-	995,015	1,196,568
Other Expenses	637,421	203,173	2,556,689	3,397,283
	7,220,858	6,678,648	11,202,226	25,101,732

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Notes to the Consolidated Financial Statements
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25. Other Expenses (Continued)

	2022-Restated			
	Expenses attributed to insurance acquisition cash flows	**Other directly attributable expenses**	**Other operating expenses**	**Total**
	$	$	$	
Employee salaries & benefits	3,310,687	3,832,130	4,085,587	11,228,404
Auditor's remuneration	-	242,142	79,181	321,323
Statutory expenses	-	183,682	274,268	457,950
Office expenses	277,308	256,015	504,706	1,038,029
Depreciation and amortization	1,637,026	565,874	926,723	3,129,623
Premises & Maintenance	-	19,262	317,902	337,164
Communication & Technology	1,279,006	442,116	615,600	2,336,722
Professional fees	70,000	575,161	917,400	1,562,561
Marketing & Public Relations	211,818	-	755,560	967,378
Other Expenses	639,213	217,208	2,313,216	3,169,637
	7,425,058	6,333,590	10,790,143	24,548,791

Included in auditor's remuneration are fees paid to the Group's auditors for audit related services.

26. Commitments and Contingent Liabilities

Outstanding commitments to extend credit under mortgage loan agreements amounted to $1,052,829 as at 31 December 2023 (2022: $1,029,047).

The Group has been named as a defendant in several legal actions arising in the normal course of its business affairs. Management believes that the resolution of these matters will not have a material impact on the Group's financial position.

The Group is contingently liable for $5,000 (2022: $5,000) in respect of customs bonds.

27. Related Party Balances and Transactions

Related parties of the Group are those defined in Note 4(s).

(Expressed in Bahamian dollars)

27. Related Party Balances and Transactions (Continued)

Balances and transactions not disclosed elsewhere in these consolidated financial statements are disclosed below:

	2023 $	2022 $
Other related party balances:		
Receivables and other assets	223,481	260,350
Other liabilities	475,160	206,966
Managements fees	132,000	132,000

Compensation of key management personnel:

	2023 $	2022 $
Salaries and other short-term employee benefits	2,314,971	2,919,726
Commissions	343,740	272,736
	2,658,711	3,192,462

Directors' remuneration:

In 2023, the total remuneration of the directors was $652,250 (2022: $629,226).

On 2 December 2021, the Board of Directors approved the award of 10,000 units of shadow stock to the Chairman of the Board. The value of the shadow stock on the date of grant was $95,100, based on the fair market value per share of the Group's common stock. On his retirement, the Chairman will be entitled to be paid in cash the current value of the shadow stock. This value will be determined by the share price on the Stock Exchange of the underlying shares on his retirement date. The cost of these benefits to the Group amounted to $Nil (2022: $17,100) and are included in operating expenses.

Employees' incentive plan:

The Group sponsors a plan as an on-going incentive system for its key employees. The plan holds 33,500 shares (2022: 33,500 shares) of the Company and these shares are awarded to the plan participants on an annual basis for services rendered in the previous year or as special awards for a promotion or upon hiring at the executive level. The Group makes cash awards as the need arises to the plan and the plan purchases the shares as needed on the open market at market value. The shares vest over a period of 10 years. The cost of these benefits to the Group amounted to $nil (2022:$ nil) and are included in employee salary and benefit expenses.

The Group introduced a post-retirement medical plan on 1 January 1999 for employees who retire after that date. Employees at age 65 or older with 10 or more years of service to the Group are eligible for subsidised post-retirement medical benefits. The Group's contributions will be provided as premium payments are due, for retired participants. Retirees are assumed to pay the full retiree costs, less the Group's subsidy. The employer contribution subsidy for medical costs is set to a fixed dollar amount.

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28. Post-Retirement Medical Benefit

The most recent actuarial valuation was carried out by an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Amounts recognised in the consolidated statement of comprehensive income consists of:

	Other Postemployment Benefits	
	2023	**2022**
	$	**$**
Components of benefit cost recognised in net income:		
Current service cost	115,566	166,175
Interest cost	87,294	95,364
Net benefit cost recognised in statement of comprehensive income	**202,860**	**261,539**

	2023	**2022**
	$	**$**
Components of benefit cost recognised in other comprehensive income:		
Actuarial loss/(gain) due to experience	20,525	(144,587)
Actuarial gain due to liability assumption changes	-	(114,776)
Actuarial loss/(gain) on defined benefit obligation	20,525	(259,363)

	2023	**2022**
	$	**$**
Total benefit cost recognised in statement of comprehensive income:		
Cost recognised in net income	202,860	261,539
Remeasurement effects recognised in other comprehensive income	20,525	(259,363)
Total benefit cost recognised in statement of comprehensive income	**223,385**	**2,176**

The current service cost, interest expense and past service cost for the year are included in the employee salaries and benefits expense in the statement of comprehensive income. The re-measurement of the defined benefit obligation is included in other comprehensive income.

There are no assets associated with the Group's post-retirement medical benefit plan.

(Expressed in Bahamian dollars)

28. Post-Retirement Medical Benefit (Continued)

Funded Status

The funded status at the end of the year, and the related amounts recognised in the consolidated statement of financial position are as follows:

	Other Postemployment Benefits	
	2023	**2022**
	$	**$**
Funded status, beginning of year		
Benefit obligation, on funded plans	(1,960,365)	(1,889,678)
Net amount recognised, end of year	(1,960,365)	(1,889,678)

Amounts recognised in the consolidated statement of financial position are as follows:

	2023	**2022**
	$	**$**
Liabilities	(1,960,365)	(1,889,678)

The weighted average assumptions used to determine the defined benefit obligation at the end of the year were as follows:

	2023	**2022**
Discount rate	4.50%	4.50%
Medical cost trend rate	N/A	N/A
Dental/Vision cost trend	0.00%	0.00%
Mortality	RP2000	RP2000

The sensitivity of the post-retirement medical benefit to changes in the principal assumptions is as follows:

	2023		**2022**
	Change in assumptions	**Increase/(decrease) in DBO**	**Increase/(decrease) in DBO**
		$	$
Discount rate	1% Increase	(157,324)	(153,691)
	1% Decrease	157,324	153,691
Life expectancy	1 Year increase	73,346	64,969
	1 Year decrease	(73,346)	(64,969)

(Expressed in Bahamian dollars)

28. Post-Retirement Medical Benefit (Continued)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the post-retirement medical benefit, to significant actuarial assumptions, the same method has been applied as when calculating the liability recognised within the consolidated statement of financial position. There have been no changes from the prior period in the methods and assumptions used in preparing the sensitivity analysis.

The Group expects to contribute $137,220 (2022: $132,173) to the post-retirement benefits plan in 2023. This benefit is expected to be paid from corporate assets.

29. Earnings Per Share

Basic earnings per share is calculated by dividing the net income for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares issued and outstanding at the consolidated statement of financial position date.

During the year, the Group approved a three-for-one stock split for all ordinary shares with a record date of 15 August, 2023 and an effective date of 1 September 2023. After the stock split, the authorised ordinary shares of the Group was 45,000,000 of which 30,000,000 shares were issued.

Accordingly, relevant figures and calculations have been restated for the prior period.

Earnings per ordinary share are comprised of the following:

	2023	**2022 Restated**
Weighted average number of ordinary shares outstanding	30,000,000	30,000,000

	2023	**2022 Restated**
	$	$
Profit attributable to ordinary shareholders	4,915,089	2,240,616
Basic and diluted earnings per ordinary share	0.16	0.07

30. Business Segments

The Group is organised into three main business segments; life insurance, health insurance and other. All other segments are deemed insignificant to the Group's operations. The Group identifies its reportable operating segments by product line consistent with the reports used by Management. These segments and their respective products are as follows:

- *Life Insurance* - offers a range of ordinary life insurance and industrial life insurance.
- *Health Insurance* - offers a range of group medical, individual medical, sick and accident, and hospitalisation insurance.
- *Other* – includes the operations of its general insurance agency and broker and its other subsidiaries.

No inter-segment transactions occurred in 2023 and 2022. The revenue from external parties reported to Management is measured in a manner consistent with that in the consolidated statement of comprehensive income. The amounts provided to Management with respect to total assets and liabilities are measured in a manner consistent with that in the consolidated statement of financial position. All activities of the Group are deemed to be operating within the same geographical area.

Segment net income represents the net income earned by each segment after allocation of central administration costs and salaries, investment income, and other gains and losses. This is the measure reported to Management for the purpose of assessment of segment performance. No single customer contributed 10% or more to the Group's revenue for both 2023 and 2022. All assets are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

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30. Business Segments (Continued)

The segment results for the period ended 31 December rounded to the nearest thousand are as follows:

	2023				
	LIFE	**HEALTH**	**OTHER**	**ELIMINATIONS**	**TOTAL**
	$'000	$'000	$'000	$'000	$'000
Insurance revenue	27,608	72,759	-	-	100,367
Insurance service expense	(18,636)	(67,600)	-	-	(86,236)
Net expense from reinsurance contracts held	(4,069)	(2,026)	-	-	(6,095)
Insurance service result	4,903	3,133	-	-	8,036
Net investment income	16,551	1,422	6,432	(6,400)	18,004
Net finance expenses from insurance contracts	(12,207)	-	-	-	(12,207)
Net reinsurance income/(expenses) from reinsurance contracts	129	-	-	-	129
Net insurance finance expenses	(12,078)	-	-	-	(12,078)
Net insurance and investment result	**9,376**	**4,555**	**6,432**	**(6,400)**	**13,963**
Other income	**513**	**369**	**1,285**	**(13)**	**2,154**
Other expenses	**(4,814)**	**(3,517)**	**(2,884)**	**13**	**(11,202)**
NET INCOME	**5,075**	**1,407**	**4,834**	**(6,400)**	**4,915**
Segment assets	**318,118**	**58,334**	**23,541**	**(22,559)**	**377,434**
Segment Liabilities	**244,327**	**8,680**	**4,527**	**(85)**	**257,449**

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30. Business Segments (Continued)

	2022				
			Restated – Note 2		
	LIFE	**HEALTH**	**OTHER**	**ELIMINATIONS**	**TOTAL**
	$'000	$'000	$'000	$'000	$'000
Insurance revenue	24,649	72,136	-	-	96,785
Insurance service expense	(15,747)	(65,029)	-	-	(80,776)
Net expense from reinsurance contracts held	(4,026)	(3,653)	-	-	(7,679)
Insurance service result	4,876	3,454	-	-	8,330
Net investment income	13,792	983	7,026	(7,000)	14,801
Net finance expenses from insurance contracts	(12,477)	-	-	-	(12,477)
Net reinsurance income/(expenses) from reinsurance contracts	80	-	-	-	80
Net insurance finance expenses	(12,397)	-	-	-	(12,397)
Net insurance and investment result	**6,271**	**4,437**	**7,026**	**(7,000)**	**10,733**
Other income	**764**	**380**	**1,167**	**(13)**	**2,298**
Other expenses	**(4,667)**	**(3,557)**	**(2,579)**	**13**	**(10,790)**
NET INCOME	**2,368**	**1,260**	**5,613**	**(7,000)**	**2,242**
Segment assets	**348,990**	**16,030**	**23,505**	**(22,875)**	**365,650**
Segment Liabilities	**241,000**	**10,099**	**5,927**	**(5,654)**	**251,372**

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31. Dividends

Dividends to the Company's ordinary shareholders are recognised as a liability in the period in which they are declared by the Board of Directors. Dividends paid to ordinary shareholders of the Company totaled $4,400,000 (2022: $5,000,000) and represented $0.36 per share (2022: $0.50).

Date	Total	Per share	Date	Total	Per share
	$	$		$	$
27 February 2023	1,000,000	0.10	10 February 2022	1,000,000	0.10
22 March 2023	1,000,000	0.10	11 May 2022	1,000,000	0.10
16 August 2023	1,200,000	0.12	4 August 2022	1,000,000	0.10
7 December 2023*	1,200,000	0.04	28 November 2022	1,000,000	0.10
			1 December 2022	1,000,000	0.10

**Subsequent to 3:1 stock split*

32. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of Entity	Principal Activity	Place of Incorporation	Ownership Interest 2023	Ownership Interest 2022
Family Guardian Insurance Company Limited	Life & Health Insurance	The Bahamas	100%	100%
FG Financial Limited	Administration of Pension and Mutual Funds	The Bahamas	-	100%
FG Capital Markets Limited	Investment Brokerage & Advisory	The Bahamas	-	100%
FG Insurance Agents & Brokers Limited	General Insurance Agency	The Bahamas	100%	100%
BahamaHealth Insurance Brokers Limited	Health Insurance Administration	The Bahamas	100%	100%

Effective 31 May 2019, the Group disposed of the Securities Business of FG Capital Markets and the Pension Services Business of FG Financial Limited. The disposal was treated as a discontinued operation. During the year, these companies were removed from the register of companies.

33. Subsequent Events

i) On 13 February 2024, the Board of Directors declared a fourth-quarter dividend of $0.04 per share or $1,200,000 to shareholders of record as at 26 February 2024 and paid 1 March 2024.

ii) On 3 May 2024, the Board of Directors declared a first-quarter dividend of $0.04 per share or $1,200,000 to shareholders of record as at 15 May 2024 and paid 22 May 2024.

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