

**COMMUNITY-FIRST,
STRAIGHT-TALKING,
EXPERIENCED,
CONFIDENT,
READY,
ISLAND STRONG,
WE ARE
ALLSHORES
PREPARED,
RESILIENT,
DETERMINED,
COMMUNITY-FIRST,
STRAIGHT-TALKING,
EXPERIENCED**

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Forward-looking statements

This document contains certain forward-looking statements, including statements regarding strategy, integration progress and future priorities. These statements are based on current expectations and assumptions and are subject to risks and uncertainties that could cause actual outcomes to differ materially. Readers are cautioned not to place undue reliance on such statements, which reflect conditions and views as at the date of this report.

The year ended 31 December 2025 represented the first full financial year following the combination of BF&M Limited and Argus Group Holdings Limited. The Group delivered strong underlying performance, supported by disciplined underwriting and resilient investment income, with scale beginning to contribute more meaningfully following the amalgamation.

Results for the year reflect management’s focus on maintaining capital strength, service continuity and pricing discipline in a challenging operating environment, while continuing to progress the integration of the two businesses.

Financial highlights

GROSS WRITTEN PREMIUMS (\$) 0% ■

653.8_M

Pro-forma 2024: \$650.9m

NET EARNED PREMIUMS (\$) 9% ▲

358.3_M

Pro-forma 2024: \$330.2m

NET CLAIMS INCURRED – IFRS 4 (\$) 2% ▼

258.1_M

Pro-forma 2024: \$262.0m

INVESTMENT RETURN (\$) 31% ▲

55.5_M

Pro-forma 2024: \$42.3m

NET OPERATING EXPENSES (\$) 21% ▼

118.0_M

Pro-forma 2024: \$149.8m

Excludes Bermuda Tax credit of £20.8m

IFRS NET INCOME (\$) 4122% ▲

135.1_M

Pro-forma 2024: \$3.2m

Includes a \$45.8m one-off, noncash accounting gain arising from the amalgamation of Argus

UNDERLYING OPERATING PROFIT (\$) 77% ▲

62.4_M

Pro-forma 2024: \$35.3m

Excludes Bermuda tax credit of \$20.8m

UNDERLYING OPERATING ROE

16.8%

Pro-forma 2024: 10%

EARNINGS PER SHARE (\$)

14.34 PER SHARE

2024: \$1.15 per share

DIVIDENDS DECLARED (\$)

1.24 PER SHARE

2024: \$1.12 per share

These figures combine the historical results of BF&M and Argus, as if the amalgamation had occurred at the beginning of the comparative period. The pro-forma figures are unaudited and are presented for illustrative purposes only. They may not be representative of the results that would have been achieved had the amalgamation taken place on that date, and should not be relied upon as an indication of future performance.

A WARM WELCOME

L. Anthony Joaquin
Group Chair



When I wrote to BF&M and Argus shareholders in 2024 to propose the combination of the two companies, we described it as the best way forward for our investors, our customers, and the communities we serve. Having now completed our first full year operating as one business, I am pleased to report that the confidence expressed by both Boards at that time has been well placed.

2025 was a demanding year. The cost pressures that shaped the rationale for the combination — healthcare inflation, rising pharmaceutical costs, and the realities of operating at scale in a small market — have not eased. Against this backdrop, the strength of what we are now building as Allshores is becoming increasingly clear. The business is better positioned to manage these pressures than either organisation could have been alone, and our results reflect that. As we move forward, the focus is increasingly on realising the full potential of the business we have created.

That we achieved underlying operating earnings of \$62.4 million reflects both the strength of our underlying businesses and the early benefits of the amalgamation. The Board has approved a dividend of \$0.40 per share for the final quarter of 2025, a 42% increase on the same period in the prior year. With more than 80% of our shareholders based in Bermuda, it is particularly meaningful that these returns are largely reinvested into the community we serve. This connection between our performance and the strength of the communities we serve remains fundamental to our approach.

These results are a direct reflection of the people of Allshores. In a year of significant change, they were asked to integrate two established organisations while continuing to deliver for customers to the highest standard. I am proud of how they responded, and grateful for their commitment.

To our customers across all of our markets, thank you for your continued trust during this period of change. Maintaining the quality of your experience was our priority throughout the year, and it remains so.

Allshores enters 2026 as a stronger, more resilient, and more capable organisation. We approach the year ahead with confidence, and with a clear sense of the role we have to play and the opportunity ahead of us.

A handwritten signature in black ink, appearing to read 'L. Anthony Joaquin'. The signature is stylized and fluid.



BUILDING BETTER TOGETHER.

Abigail Clifford
Group President and
Chief Executive Officer

2025 was the year of making Allshores real — and in many ways, we are still just getting started. The legal combination of Argus and BF&M became a reality on 6 January 2025; however, legal completion and making the combination real are two different things.

The rest of the year was devoted to the latter: serving customers without interruption as a new combined group, supporting colleagues through significant change, setting clear priorities for the future, and delivering results for shareholders. That is what 2025 required of us, and I am proud of what we achieved.

As we move into 2026, our focus is on fully operating as one Allshores. While integration and optimisation work will continue, we are increasingly working as a single organisation. Our emphasis is shifting beyond integration towards transformation, growth, and realising the full potential of the business we have brought together.

The results

I am pleased to report that the financial performance of the combined group was strong in 2025. The Group generated underlying earnings from operations of \$62.4 million for the year ended 31 December 2025. The underlying operating return on equity was 16.8% and underlying operating return on tangible equity was 18.6%. Operating revenue, net of reinsurance, was \$559.5 million. The Board has approved a final dividend in respect of the final quarter of 2025 of \$0.40, an increase of 42% on the same period in the prior year.

These results were achieved against a backdrop of continued cost pressure across our health and pensions businesses, and constrained reinsurance capacity in some of our markets. Navigating these conditions while managing a major integration programme is, I believe, a strong reflection of the quality and resilience of the business we have built.

The combined Allshores is better placed to manage these pressures than either of its predecessors could have been. A broader, more diversified earnings base reduces our exposure to the challenges any single market or line of business can bring.

Continued →

Introducing Allshores

2025 marked the introduction of Allshores as both a brand and a shared identity across the organisation. Bringing Allshores to life internally — aligning colleagues around a common purpose and a clearer view of the role we play in the communities we serve — was an important step in making Allshores real for colleagues.

In December, we also introduced the Allshores brand externally in Bermuda. As our home market, Bermuda was the right environment to establish the brand publicly, learn, and build a strong foundation for a phased rollout across our other markets.

The Allshores brand is built on a straightforward idea: our role is not simply to be there when things go wrong but to help people stay well, stay protected, access care earlier, and navigate a world that is increasingly more complex. This applies across health, pensions, and general insurance alike.



**“ISLAND STRONG”
REFLECTS BOTH THE
RESILIENCE OF THE
ISLAND COMMUNITIES
WE SERVE AND THE
ROLE THAT WE PLAY IN
STRENGTHENING THEM.**



The brand platform we have introduced, “Island Strong”, captures that intent. It reflects both the resilience of the island communities we serve and the role we can play in strengthening them over time.

The integration

Bringing two established businesses together is never straightforward. Multiple systems, processes, different cultures — each with strengths and challenges. Our people were asked to navigate all of that while continuing to service our customers to the highest standard. I admire the way our teams rose to that challenge.

In our Health business, the migration of BF&M clients onto One Team Health, our overseas case management platform, was completed on schedule, bringing the combined membership under a single, consistent framework for the first time. Work to move all BF&M policyholders onto a single claims and policy administration platform is well advanced and will complete at annual renewal in 2026.

In our Property and Casualty businesses, 2025 was a year of careful groundwork. We have designed a unified product set for the combined business, with implementation to follow as systems and processes are brought together on a single platform. That work is underway and will gather pace through 2026. Our first reinsurance renewal as a combined group, on 1 April 2025, was successfully completed and validated the strength of the combined book.

In Pensions, we ran competitive tender processes to select new partners for investment management and administration. Implementation planning and preparation is underway, with changes coming into effect over the next 12 months. These initiatives will deliver investment strategies better suited to members’ needs at each stage of their working lives, lower costs, and a more modern experience.

These steps are part of a broader and longer-term evolution of the Group. We are progressively building the capabilities, platforms and operating disciplines of a more sophisticated, globally connected organisation, one focused on delivering better outcomes for customers and designed to operate efficiently at scale.

Continued →



“
**THE HEALTH AND
PROSPERITY OF THIS
COMMUNITY MATTERS
TO US IN A WAY THAT
GOES BEYOND THE
COMMERCIAL.**

Our people

I said at the outset that 2025 was the year Allshores became real. It became real because of our people: colleagues across our markets who gave more than was asked of them, and did so with professionalism, resilience and genuine commitment.

Bringing two organisations together inevitably creates uncertainty. We worked hard to manage that with transparency and care, and I believe we largely succeeded. But I am under no illusion that it was always easy, and I want to acknowledge that directly.

Our customers rely on us for some of the most important aspects of their lives: their health, their retirement security and the protection of their homes and businesses. Throughout a year of significant internal change, our people continued to show up for those customers without missing a beat. That is not something that happens by accident.

To every colleague who worked through the uncertainty of this past year and continued to give their best: thank you. You are the reason 2025 was a success.

Looking ahead

Allshores enters 2026 with a clear sense of what needs to be done. The integration moves into a demanding execution phase, and there is no shortage of work ahead. But we are also investing in our people, our systems and the communities we serve, and looking seriously at what growth beyond our existing markets could look like.

The business we are building has strong ambition behind it. Our customer model — helping people stay well, navigate complexity and feel more financially secure, is not unique to our markets. There are other island and similarly scaled communities facing the same challenges, and we believe we have something to offer them.

We have been part of the Bermuda community for generations, and with that comes a responsibility that goes beyond the commercial relationships we have with our customers. We are one of the few organisations on this island with the scale and commitment to invest meaningfully in its long-term wellbeing, and we intend to continue doing so.

I look forward to reporting further progress in the year ahead.

WE'RE ISLAND STRONG

Island life may look effortless from the outside, but it takes resilience and determination to live here. That's why Allshores is designing health, pension and insurance solutions that go beyond the status quo. We aren't just here to protect our customers – we're here to help prepare them for whatever island life throws at us next.



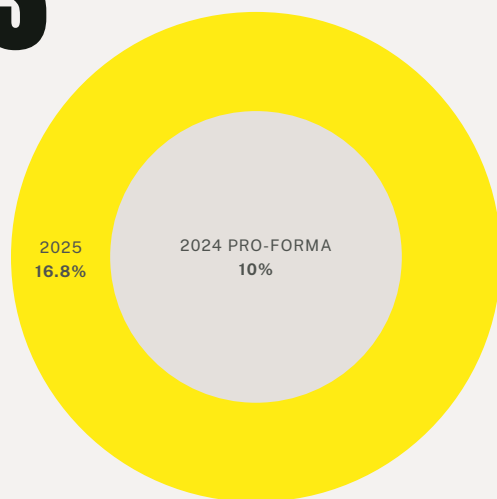
ISLAND STRONG

EARNINGS FROM OPERATIONS (\$)



ROBUST FINANCIAL RESULTS

OPERATING RETURN ON EQUITY (%)



Peter Dunkerley

EVP, Group Chief Financial Officer



Our performance

The year ended 31 December 2025 reflects the first full year of performance for the newly created Allshores Limited. I am pleased to report that the Group delivered robust financial results. Critically, we are delivering on our promise to shareholders that the combination of BF&M and Argus would unlock substantial value. Our first-year performance is driven by disciplined execution and the early benefits of scale, particularly in reinsurance, capital deployment and cost efficiency. There is much work to do as we continue to integrate, enhance and build the business, and this in turn will bring more value for all stakeholders.

Earnings from operations represent the clearest view of the Group's underlying financial performance which excludes one-off and certain non-cash items. For the year, the Group generated underlying earnings from operations of \$62.4 million, representing a meaningful improvement compared with the pro-forma prior year result.

The Group reported IFRS net income of \$135.1 million. This included significant non-cash items, the largest of which was a \$45.8 million non-cash accounting adjustment, known as a "bargain purchase gain." This arose from the amalgamation and was previously disclosed in the Company's half year results on 30 September 2025.

Returns and capital discipline

The Group delivered an underlying operating return on equity of 16.8%, with an underlying operating return on tangible equity of 18.6%. These returns reflect disciplined underwriting, resilient fee income and a stronger investment contribution.

The Group continues to maintain regulatory capital comfortably above required levels, providing resilience and flexibility to support both growth and capital returns. During the year the capital strength and resilience of the Group was affirmed by our rating agency, AM Best, with a financial strength rating of A (Excellent). We remain focused on delivering sustainable returns for shareholders, while deploying capital in a disciplined manner to support long-term value creation.

Continued →

Building shareholder value

Shareholders' equity increased materially during the year, driven by strong comprehensive income, partially offset by dividend distributions. The Group continues to maintain regulatory capital comfortably above required levels, providing resilience and flexibility to support both growth and capital returns.

Reflecting the strength of the Group's earnings and balance sheet, the Board increased the dividend for the final two quarters of 2025 from \$0.28 per share to \$0.40 per share.

FIG. 01 →

Disciplined underwriting performance

Underwriting performance improved during the year, supported by targeted pricing actions, disciplined risk selection and a more efficient reinsurance structure. The combined operating ratio improved materially as a result.

In Health, results continued to be driven by claims inflation, particularly in major medical, although this was partially offset by pricing actions and reinsurance recoveries. In Property and Casualty, results benefited from favourable reserve movements and strengthened reinsurance structures, particularly in Bermuda.

FIG. 02 →

Diversification and fee income

A diversified revenue base continues to support the resilience of the Group's performance. Fee-based income provides capital-efficient diversification and helps mitigate volatility in underwriting results over time.

FIG. 03 →

Continued →

FIG. 01 SHAREHOLDERS EQUITY (\$ MILLIONS)

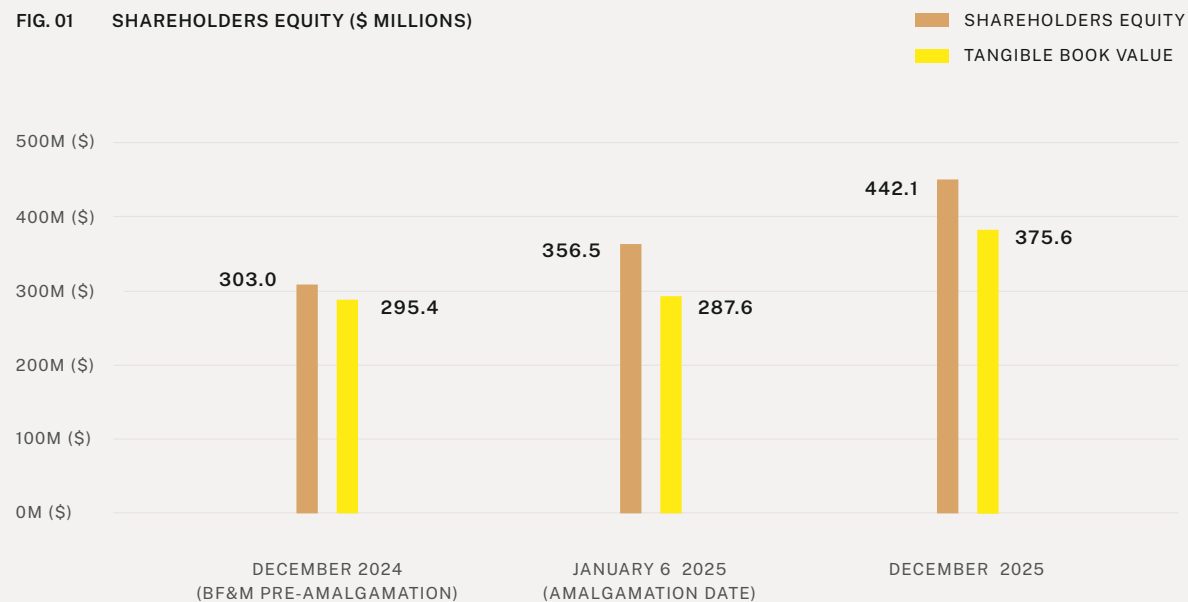


FIG. 02 NET EARNED PREMIUMS (\$ MILLIONS)

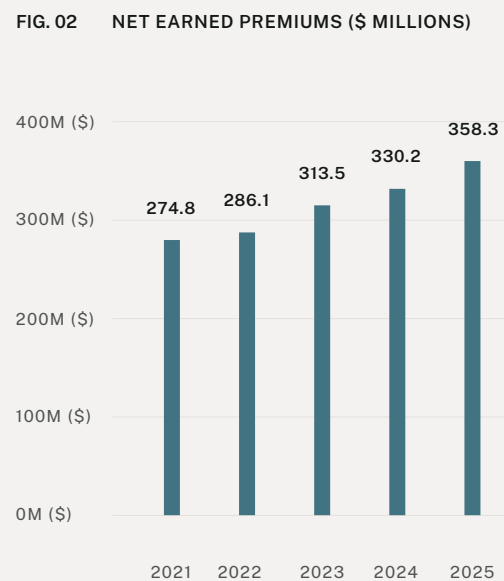


FIG. 03 FEE INCOME (\$ MILLIONS)

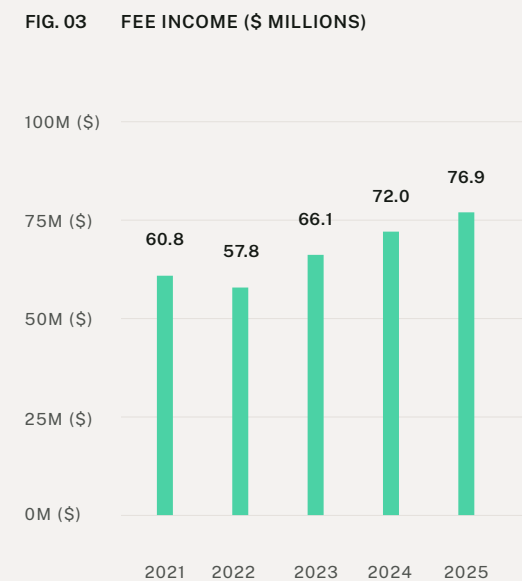


FIG. 04 COMBINED OPERATING RATIO

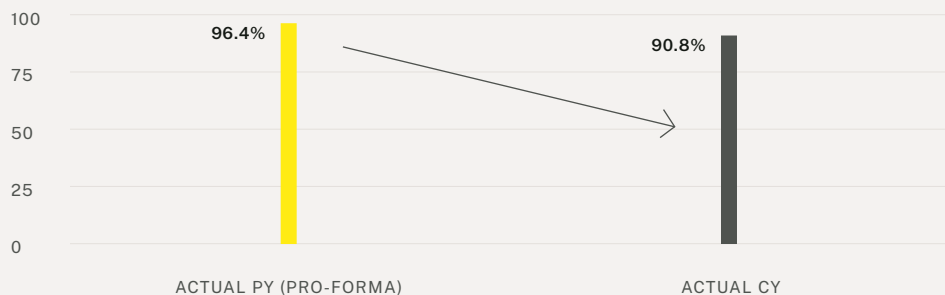


FIG. 05 INVESTMENT INCOME (LOSS), INC. CHANGE IN FV (\$ MILLIONS)

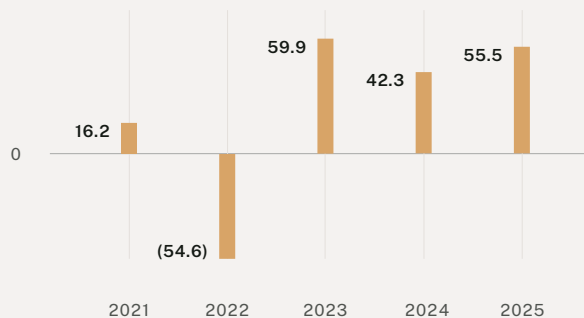


FIG. 06 ASSET ALLOCATION, INVESTMENTS

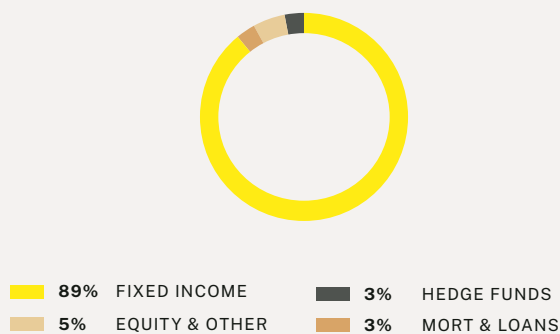


FIG. 07 BY SECTOR

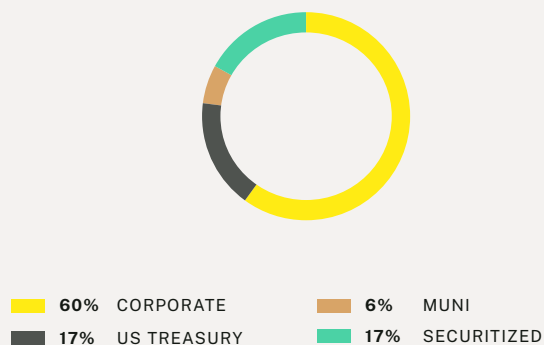
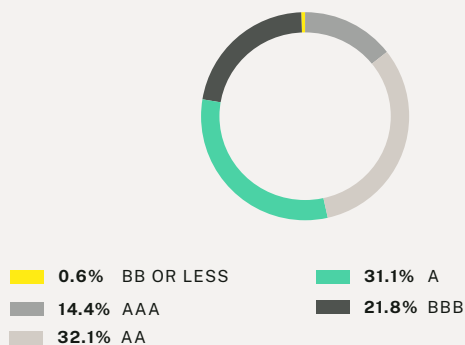


FIG. 08 BY CREDIT RATING



Risk and cost discipline

We remain focused on prudent risk management and operational discipline. This includes proactive claims management, cost control, and the use of reinsurance to manage exposure to large losses and catastrophe events.

← FIG. 04

Investment performance

Our investment approach prioritises capital preservation, liquidity, and risk discipline, ensuring the Group can meet policyholder obligations while supporting stable returns.

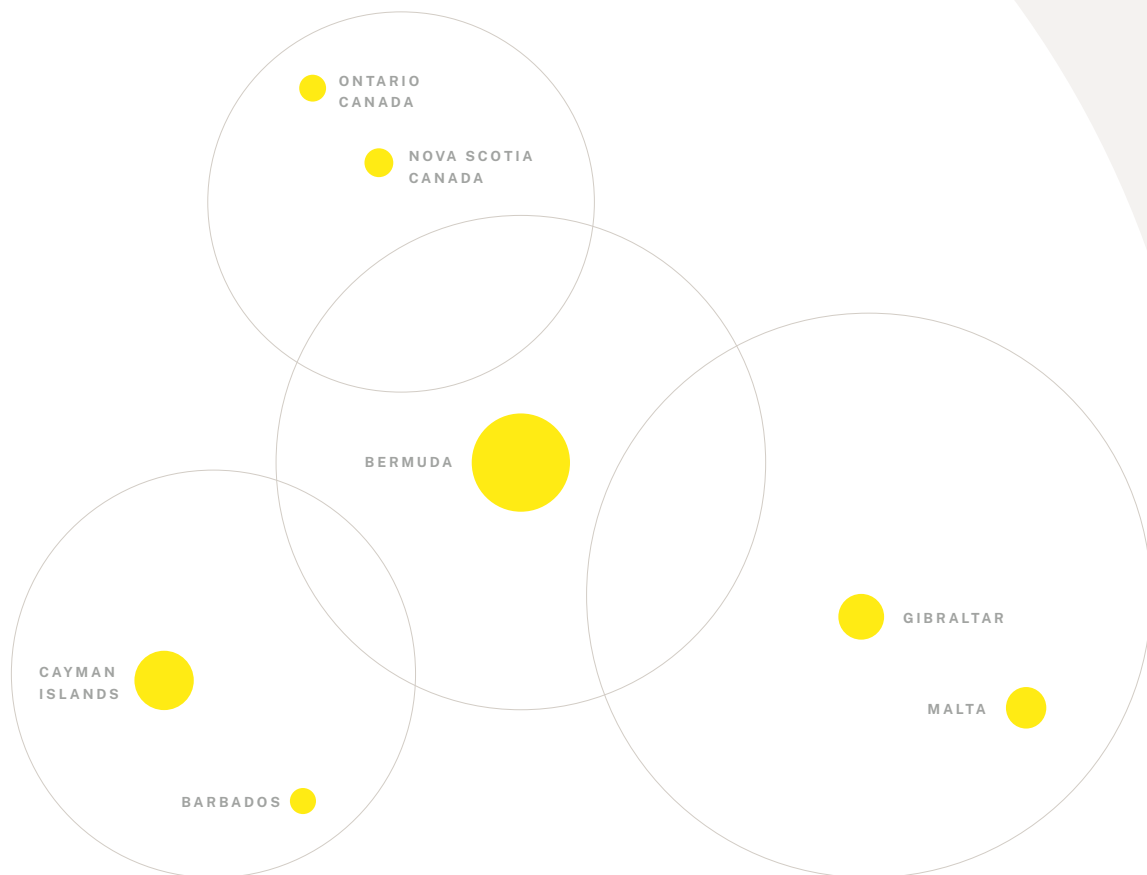
Investment performance during the year benefited from higher prevailing yields. Gross investment income was \$55.5 million, with approximately \$50.0 million net of interest rate-driven liability adjustments. Core investment income of \$34.6 million was modestly higher than the prior year, while the net total return on investment assets averaged 4.9% in 2025.

The portfolio remains conservatively positioned, with a strong emphasis on high-quality fixed income securities. Recent market conditions have reinforced the importance of maintaining a diversified and liquid portfolio. Exposure to private credit is approached cautiously, with a focus on resilience and risk-adjusted returns over the cycle.

← FIG. 05, 06, 07, 08

Looking ahead

The Group enters the next phase from a position of financial strength. Strong underlying earnings, a robust balance sheet, and disciplined risk management provide the capacity to support continued investment, manage risk, and deliver sustainable returns.



STRONGER TOGETHER

Alex Reynolds

EVP, Group Chief Corporate Development Officer



Integration and transformation

At a strategic level, the amalgamation was designed to strengthen the Group's financial position, increase business diversification, and improve capital efficiency. The 2025 results demonstrate that these objectives are being delivered.

The amalgamation was not, however, solely driven by financial considerations. In smaller, island-based markets, an insurer with a limited range of products or lines of business faces a double challenge: insufficient scale to absorb fixed costs, and insufficient diversification to absorb the impact of adverse experience in any one area. Both BF&M and Argus responded by building broader product ranges across multiple territories, and the enlarged Group inherits that model.

This multi-line, multi-territory approach brings operational and administrative complexity. The amalgamation gives us the opportunity to tackle that directly — centralising core services, rationalising platforms, and introducing more scaleable workflows — in a way that allows the Group to realise the cost and operational advantages of its increased scale.

Progress in 2025

Integration activity initially focused on de-duplication and early, lower-risk benefits. The consolidation of reinsurance programmes across the Group delivered immediate benefits from increased scale.

A more substantive milestone was bringing BF&M's overseas medical case management in-house. When a policyholder becomes ill and needs treatment overseas (most commonly in North America), their care is coordinated by a specialist case management team. Previously this service to BF&M clients was provided by an external third party; following the merger, it was transitioned to Argus's internal One Team Health function, delivering meaningful efficiencies while maintaining service quality for customers.

Continued →

A more substantive milestone

In Property and Casualty, we deliberately front-loaded design work in 2025 before committing to changes in operational processes or investing in a new policy administration system. The decisions involved are significant and not easily reversed, and investment in upfront design will underpin the success of the wider transformation.

2025 also saw the launch of the Allshores brand in Bermuda and across the organisation — a significant step in bringing the amalgamation to life and establishing a single identity for the combined Group.

The next phase

In 2026, integration moves into a demanding execution phase. In Employee Benefits, this includes the first joint renewal cycle in Health and the transition to a single pensions administration platform. In Finance, work is progressing to unify general ledger platforms and introduce a consistent invoicing platform. Across all areas, our Customer Impact Committee reviews all customer impacting changes, including those that arise out of our integration activities, to ensure that customer interests are protected and that any changes affecting customers are communicated clearly and effectively.

Integration improves how efficiently we operate, but it does not reduce the underlying cost of claims. In Health particularly, claims costs continue to rise due to increasing costs of overseas healthcare and pharmaceuticals — global trends affecting insurers across all the markets in which we operate. Claims costs are the principal driver of premiums, and rising claims inflation cannot be offset by operational efficiencies alone. What those efficiencies can do is provide greater financial headroom, helping to moderate the rate and pace of premium increases over time.

Beyond the impact on premiums, the integration and transformation programme is designed to deliver a better experience for customers. As our operating model simplifies, customers should find it easier to interact with us, through more streamlined claims handling, clearer communications and more consistent support across products and territories.



MORE HEALTHCARE, LESS SICKCARE



Peter Lozier

EVP Group Head of Benefits



Building a sustainable healthcare system for Bermuda

Having worked in healthcare across Bermuda and the wider region for most of my career, the financial reality of serious illness in a small community remains as sobering as ever. The pressures on the system come from different directions at once. Unpredictable acute events, such as a serious trauma requiring emergency air evacuation and intensive care overseas, can generate costs well in excess of \$500,000 and place an immediate, and unavoidable, pressure on the system. The new generation of treatments for cancer and other serious conditions are genuinely transformative, but a single patient on modern immunotherapy can generate pharmacy costs of \$300,000 or more in a year. And then there is the quieter, cumulative burden of chronic conditions — diabetes, heart disease, renal failure — where the cost is not dramatic in any single year, but compounds over potentially decades of continuous care. These are three very different challenges, and they require different responses. This has shaped our thinking and our actions over recent years, and in 2025 we made further concrete progress on a number of fronts described below.

Overseas care

Bermuda patients who need specialist treatment unavailable on the island travel overseas, very often to the United States. Two pressures are making this increasingly challenging: costs in North American healthcare continue to rise well above general inflation, and as Bermuda's population ages, more members are reaching the stage of life where specialist intervention becomes necessary. It is the combination of these two trends — more patients needing overseas care, at higher than ever costs — that makes this one of the hardest challenges we face.

Managing this well requires more than negotiating better terms with healthcare providers. It requires careful selection of overseas partners who understand the Bermuda context and genuine clinical integration, ensuring that local and overseas physicians communicate throughout a patient's journey and that care is properly managed on return. One Team Health (OTH) exists to do exactly that, and in 2025 we moved all BF&M clients onto the OTH

platform, bringing the combined membership under a single consistent framework for managing overseas referrals and associated costs.

Pharmacy

High-cost specialty drugs account for approximately 3% of prescriptions but over 30% of total drug spend and the number of members requiring them is growing. The new generation of treatments for diabetes, obesity, cancer and rare conditions are genuinely transformative, but managing their cost sustainably, for members and for the system as a whole, requires a more active approach to how they are accessed and priced.

In 2025, we ran a competitive tender to select a pharmacy partner for high-cost specialty medications and in early 2026 we announced a strategic partnership with The Phoenix Stores, Bermuda's largest pharmacy group. By directing a defined list of high-cost specialty drugs through their pharmacies and securing negotiated pricing, members filling these prescriptions at Phoenix benefit from lower, and in many cases zero, copays, whilst the negotiated pricing helps moderate the overall cost to the system over time. Routine prescriptions are entirely unaffected whilst physicians retain full prescribing authority.

Keeping people well

Simply reacting to claims is not enough. The most sustainable way to manage long-term healthcare costs, is to invest in keeping people healthy before conditions become acute and costly. In 2025, our population health programme delivered 40 community event days reaching over 900 people across the island, more than 700 flu vaccinations, and health education webinars on topics from nutrition to heart health, attended by participants from over 130 companies. We also ran a campaign encouraging members to complete their annual physical and expanded our preventative screening programme, both aimed at identifying health issues earlier, when they are easier to treat. We also sponsored the Employee Assistance Programme's weekly education webinar series throughout the year.

Across our medical practices, no-copay models make it easier for members to seek care earlier, before issues escalate. Programmes such as Diabetes Rewind target one of the most significant drivers of long-term cost, reducing complications, lowering out-of-pocket costs, and improving quality of life for members living with the condition.



Clinical investment

We have made a significant investment in a new health practice at 12 Wesley Street in Hamilton, delivered to full ADA-compliant standards and aligned with our Accreditation Canada programme. The facility provides a modern, accessible environment for primary and preventive care and will open in the second quarter of 2026. We are also making a significant investment in our new laboratory at 14 Wesley Street, which once opened in Autumn 2026, will enable more conditions to be screened and diagnosed locally.

We sent five of our doctors overseas for advanced training in managing complex and chronic diseases, introduced extended cardiac monitoring, expanded laboratory partnerships with specialist facilities in the United States and United Kingdom, and brought clinical services directly into workplaces across the island. We hold ourselves to rigorous standards of clinical care covering the full range

of our activities. This commitment to accountability and transparency in how we deliver care is reflected in our patient satisfaction scores, which have improved consistently, with our Net Promoter Score now sitting in the range considered excellent by international benchmarks.

Looking ahead

The progress made in 2025 — in overseas care, pharmacy, population health and clinical infrastructure — reflects an approach to healthcare that goes beyond the traditional insurer role. It is work that has no natural endpoint; the goal is continuous improvement in the outcomes and experiences of the members we serve. Those members are the people who live and work in Bermuda; long-term residents and newcomers alike. Good healthcare matters to all of them, and to their families. It is also part of what makes Bermuda a place that people choose to come to, as well as a place that people are proud to call home.



THE PORTFOLIO IS DESIGNED TO GIVE MEMBERS THE BEST CHANCE OF A SECURE RETIREMENT WITHOUT REQUIRING THEM TO BE INVESTMENT EXPERTS.



Pensions and Wealth

Many working Bermudians are closer to retirement than they realise, and less prepared for it than they should be. Occupational pensions have been mandatory only since the late 1990s, the population is ageing, and the gap between what most people have saved and what a comfortable retirement actually requires is wider than it looks. Addressing that gap and giving members a better chance of a secure retirement is what drove our thinking in 2025 as we redesigned the pension offering for the combined Group.

Our approach in 2025

2025 was a year of deliberate preparation. We ran competitive tender processes to select both a new investment management partner and a new pension administration platform, choosing in each case on the basis of capability, cost and long-term benefit to members. We also took the opportunity to fundamentally review the investment structures we offer, to better serve the majority of our members. Implementation work began immediately following those decisions, with changes to come into effect from 2026 onwards. The expected benefits for our members are described below.

Changes expected in 2026

Simpler investment decisions

Many members do not revisit their fund choice as they get older. The result is that many carry more investment risk than is appropriate for their stage of life, often without realising it. Carrying that risk over many years can have a material impact on what they ultimately retire with.

Target Date Funds address this directly. Rather than relying on members to make ongoing investment decisions — decisions that require specialist expertise and time that most people cannot spare — the fund automatically adjusts its investment mix as retirement approaches. A member selects the fund aligned to their expected retirement date, and the rest is managed for them by an expert asset manager.

From 2026, we plan to introduce Target Date Funds as the default investment option for our pension scheme, managed by one of the world's leading asset managers. The portfolio is professionally managed and globally diversified, designed to give members the best possible chance of a secure retirement without requiring them to be investment experts.

Lower costs

Management fees compound over time in the same way investment returns do, but in the wrong direction. Even a modest annual reduction, sustained over a working lifetime, makes a meaningful difference to what a member retires with. Our new investment structure is expected to reduce fund management costs, with the benefit accruing to members over time.

A better member experience

Our new administration platform is expected to give members greater visibility over their pension, including fund performance, projected retirement income and benefit management, all in one place.

Looking ahead

Each of these changes matters individually, but together they represent a real step forward in how we support members through their retirement journey. The retirement challenge facing many Bermudians is genuine, and addressing it thoughtfully and continuously is a core part of what we are here to do. As these initiatives come into effect through 2026, we expect the pension experience for our members to be materially better.



BUILT TO BE RESILIENT

2025 was a solid year for our P&C business

The foundations are sound: the underwriting discipline is strong, the improvement in Caribbean performance is encouraging, and the design work completed in 2025 gives us a basis for the operational transformation ahead.

Across Bermuda, the Caribbean and our European operations in Malta, the combined business generated net income before investments of \$23.2 million. This result reflects disciplined underwriting, a relatively benign claims environment in Bermuda, and a material improvement in Caribbean performance.

The Caribbean result deserves particular mention. The business recorded a net loss of \$0.7 million in 2025, compared with a loss of \$7.1 million in the prior year. That improvement reflects the restructuring of our catastrophe reinsurance programme and better claims experience: real progress in a market that has required careful management.

In Malta, our European operations delivered net income before investments of \$4.9 million, driven by favourable claims movements in the motor book. Bermuda contributed \$18.9 million, supported by a relatively quiet North Atlantic storm season.

Alongside the financial performance, 2025 was a year of preparation. As described in the integration section of this report, we have deliberately front-loaded design work before committing to changes in operational processes or investing in a new policy administration system. The decisions involved are significant and not easily reversed. Getting the design right before we act is the right approach.

Our broking business, Antes, continued to develop its presence in Bermuda and Malta, balancing risk-bearing premium with fee-based income and serving customers and brokers across both markets.

Looking ahead

Our focus moving forward is to sharpen our market positioning, strengthen underwriting discipline, and continue evolving our business around the needs of our customers and distribution partners. We will build on this deliberately and with discipline — focused on delivering long-term value for our customers, our brokers, and the communities we serve.

STRONGER WHEN WE ARE CONNECTED



Jennifer Campbell
EVP, Group Chief Human
Resources Officer



In 2025, my focus has been clear: building a stronger, more connected organisation — from the inside out. As Allshores takes shape across markets, we have placed equal emphasis on how we support our people and how we show up in the communities we serve.

Building a stronger organisation

Over the past year, we invested in our people; strengthening leadership capability, deepening engagement, and creating clearer pathways for growth across the Group.

We brought our people leaders together through focused sessions on goal setting, performance conversations, and leading through change, equipping them with practical tools to support their teams.

We also made career opportunities more visible and accessible. The launch of a single, group-wide internal job board marked an important step forward, supporting internal mobility and helping our people build fulfilling careers within Allshores. Over the year, 49 employees were promoted, reflecting our commitment to developing talent from within.

Learning remains core to how we grow. Through LinkedIn Learning, our people accessed more than 3,000 learning videos, supporting both professional and personal development.

At the same time, we are evolving our performance management approach toward a more continuous, forward-looking model — emphasising regular feedback, clear expectations, and meaningful conversations about both outcomes and behaviours.

Creating a culture where people feel recognised and connected also remains a priority. Across the Group, we delivered engagement initiatives, from team events to recognition programmes, that ensure contribution and impact are visible.

We also continued to invest in future talent through internships and academic scholarships in Bermuda and the Cayman Islands — helping to build local capability and strengthen long-term community connections.

Creating an inclusive culture

Building a stronger organisation requires an inclusive one. In 2025, we brought together DEI programmes from across our legacy organisations into a unified approach aligned to how we operate as one company.

Our focus is clear: creating a workplace where people feel respected, supported, and able to contribute fully — recognising that diversity strengthens how we think, decide, and perform. This work is brought to life through three areas:

Celebrate — Recognising the diversity of our people and creating space for awareness, respect, and belonging.

Educate — Building capability through ongoing learning, including unconscious bias, psychological safety, and inclusive leadership.

Empower — Translating intent into action through leadership development, mentoring, and inclusive talent practices.

DEI in action

Our Employee Resource Groups and DEI Committee play an important role, ensuring diverse perspectives are represented and helping shape how we evolve.

“Over the past year, we’ve created more opportunities for people to be heard, contribute, and grow. That includes establishing our Employee Resource Groups under Allshores, expanding education, and ensuring diverse perspectives are reflected in how we make decisions. The real measure of progress is whether people feel they belong and whether they see a future for themselves here. That’s what we’re continuing to build.”

Lorenzo Ratteray
DEI Chair



**OUR FOCUS IS CLEAR:
CREATE A WORKPLACE
WHERE PEOPLE FEEL
RESPECTED, SUPPORTED,
AND ABLE TO CONTRIBUTE.**

Extending our impact

Our commitment to stronger communities extends beyond our organisation. In 2025, we contributed more than \$800,000 to the communities where we live and work — supporting initiatives that improve access to care, advance financial wellbeing, and strengthen resilience.

Equally important is how we show up. From sponsoring and participating in community walks that raise funds for local charities, to delivering health screenings, financial education, and local partnerships, our people are actively engaged in the communities they serve. These are practical, human moments of connection, where our role becomes tangible.

This is how we bring Island Strong to life: investing in long-term strength and building resilience ahead of need, recognising that when one part of the community moves forward, it carries through to all of us.

Looking ahead

As we continue to evolve as Allshores, my focus remains on building a high-performing, inclusive organisation — one that is deeply connected to the communities we serve, and where our people are supported to grow, contribute, and help shape what comes next.



EXECUTIVE LEADERSHIP



Abigail Clifford

Group President and
Chief Executive Officer



Jennifer Campbell

EVP, Group Chief
Human Resources Officer



Peter Dunkerley

EVP, Group Chief
Financial Officer



Peter Lozier

EVP, Group Head
of Benefits



Alex Reynolds

EVP, Group Chief Corporate
Development Officer



Gemma Rochelle

EVP, Group General Counsel
and Chief Compliance Officer



Hannah Ross

EVP, Group Chief Capital
and Risk Officer

BOARD OF DIRECTORS

L. Anthony Joaquin

Group Chair
Retired Managing Partner
Ernst & Young

David Brown

Chairman
Hamilton Insurance

Abigail Clifford

Group President and CEO
Allshores Limited

Gordon J. Henderson

Retired President and CEO
BMO Life Insurance Company

Andrew Lo

President and CEO
Embark

Paul C. J. Markey

Retired Chairman
AON Bermuda

Constantinos Miranthis

Former President and CEO
PartnerRe

Conor O'Dea

Retired Chairman / Director
Butterfield Bank (Cayman) Limited

E. Barclay Simmons

Chairman and CEO
Rose Investment Limited

Five-year IFRS financial summary

	2021	2022	2023	2024	2025
Total general fund assets (in millions)	\$1,129.3	\$924.8	\$966.3	\$995.7	\$1,768.4
Shareholders' equity (in millions)	\$312.8	\$284.0	\$300.0	\$303.0	\$442.1
Insurance revenue (in millions)	\$353.0	\$355.2	\$377.5	\$412.6	\$661.1
Shareholders' net income (in millions)	\$25.2	(\$11.1)	\$26.7	\$10.4	\$135.1
Return on common shareholders' equity	8.3%	(3.7%)	9.2%	3.4%	36.3%

Notes – IFRS 9 and IFRS 17 – comparability and accounting policy alignment

The Group reports under International Financial Reporting Standards (IFRS), including IFRS 9 and IFRS 17. The amalgamation of Argus Group Holdings Limited into a subsidiary of BF&M Limited was completed at the beginning of January 2025, with the combined group subsequently renamed Allshores Limited. As a result, the audited financial statements for FY2025 present comparative information for prior periods that reflects the historical results of BF&M Limited only, and not those of the combined group.

Accordingly, the comparative information included in these financial statements is not directly comparable to FY2025 results, as year-on-year movements primarily reflect the change in group structure rather than underlying operating performance. Shareholders should therefore exercise caution when considering comparative period information when assessing FY2025 performance for the enlarged group.

In addition, prior to the amalgamation, Argus Group and BF&M Limited applied certain IFRS accounting standards, including IFRS 9 and IFRS 17, differently in specific areas. While a single set of aligned accounting policies is now in place, these historical differences mean that unadjusted aggregation of the historical results of BF&M and Argus does not provide a sound basis for pro-forma comparison.

Financial statements

For the year ended 31 December 2025

The management of Allshores Limited (“the Group”) is responsible for the preparation of the consolidated financial statements contained in this report. These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards.

Management has established and maintains a system of financial reporting and internal controls to provide reasonable assurance that transactions are properly authorised and recorded. These controls include the careful selection, training, and supervision of qualified employees, the establishment of well-defined responsibilities, and the communication of policies relating to good conduct and business practice. Internal controls are reviewed and evaluated by the Group’s internal audit function.

The Audit, Compliance, and Corporate Risk Management Committee, composed of directors who are not officers or employees of the Group, reviews the consolidated financial statements on behalf of the Board of Directors before the statements are submitted to the shareholders.

The shareholders’ independent auditors, KPMG, have audited the consolidated financial statements of the Group in accordance with International Standards on Auditing and have expressed their opinion in their report to the Group’s shareholders. The auditors have unrestricted access to and meet periodically with the Audit, Compliance, and Corporate Risk Management Committee to review its findings regarding internal controls over the financial reporting process, auditing matters and reporting issues.

These consolidated financial statements have been authorised for issue by the Board of Directors on 7 May 2026. The Board of Directors has the power to amend these consolidated financial statements after issue, if required.



L. Anthony Joaquin, FCA, JP
Group Chair



Abigail Clifford, B.A., M.Sc.
Group President and Group Chief Executive Officer

To the Shareholders of Allshores Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Allshores Limited (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of listed entities in Bermuda. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of Liability for Incurred Claims (“LIC”) accounted for under the Premium Allocation Approach (“PAA”) (\$130.8 million)

Refer to Notes 2(B)(ii), 2(O), 5(C)(ii) and 23 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Liability for Incurred Claims (LIC) for short-duration lines of business, which consists of Property & Casualty (P&C) and short-duration Health and Life insurance contracts, is measured using the Premium Allocation Approach (PAA) and amounts to \$130.8 million as at 31 December 2025.</p> <p>The measurement of LIC involves determining the expected future cash flows for incurred claims which requires significant estimation uncertainty.</p> <p>The ultimate cost of claims is estimated using a range of standard actuarial claims projection techniques, including the Incurred Development Methodology, Bornhuetter-Ferguson, and Initial Expected Loss Ratio methods. The selection and application of these methodologies, and the determination of key assumptions involve significant judgment.</p> <p>Given the complexity, inherent estimation uncertainty, subjectivity in the determination of actuarial assumptions, and the reliance on historical and current claims data, this area has been determined to be a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Evaluated the design and implementation of the Group’s key controls over the liability measurement process.</p> <p>Evaluated the Group’s liability measurement methodologies and policies to consider whether they are appropriate and consistent with the requirements of the relevant accounting standards.</p> <p>Assessed the competence, capabilities, and objectivity of the external actuaries used by the Group to support the year-end liability measurement estimates.</p> <p>Involved our own actuarial specialists to assist us in evaluating the appropriateness of the actuarial methodologies applied against accepted actuarial market practices and in assessing the consistency of applying these methods.</p> <p>Challenged the Group’s key liability measurement assumptions by comparing them against historical industry experience and external market data.</p> <p>Performed independent reprojections of the liability on selected classes of insurance contracts to evaluate the consistency and reasonableness of the recorded liability.</p> <p>Evaluated the underlying results of the Group’s external actuaries and performing independent movement and trend analysis to further assess the reasonableness of the liability measurement.</p> <p>Evaluated the rationale supporting basis changes applied by the Group in the year-end liability measurement process.</p> <p>Tested, on a sample basis, the completeness and accuracy of the underlying data utilised in the reserving calculations by tracing it back to source systems.</p> <p>Tested the completeness and accuracy of the disclosures in Notes 2(B)(iii), 2(O), 5(C)(iii) and 23.</p>

To the Shareholders of Allshores Limited

Valuation of Liability (and Asset) for Remaining Coverage (“LRC”) accounted for under the General Measurement Model (“GMM”) (\$345 million)

Refer to Notes 2(B)(ii), 2(O), 5(C)(i) and 23 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Liability for Remaining Coverage (LRC) measured under the General Measurement Model (GMM) is primarily composed of the Group's long-duration life and annuity contracts. As at 31 December 2025, the insurance contract liabilities measured under the GMM amount to \$345 million.</p> <p>The measurement of the LRC under the GMM requires significant judgment as the LRC is measured by projecting expected cashflows using actuarial modelling techniques.</p> <p>The determination of the present value of future cash flows is subject to significant estimation uncertainty. The measurement process relies on actuarial models which increases the inherent risk of error.</p> <p>The key assumptions are mortality, expenses, and discount rate curves.</p> <p>Given the subjectivity in the Group's assumptions, significant management judgement, and the magnitude of the balance, this area has been determined to be a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Evaluated the design and implementation of the Group's key controls over the LRC measurement process, including the Group's use of the actuarial modelling system.</p> <p>Evaluated the Group's methodology papers and policy positions to consider whether the approaches applied in measuring the LRC under the GMM are appropriate and consistent with the requirements of the relevant accounting standards.</p> <p>Involved our own actuarial specialists to assist us in evaluating the appropriateness of the actuarial methodologies applied against accepted actuarial market practices and in assessing the consistency of applying these methods.</p> <p>Challenged the Group's key liability measurement assumptions, specifically mortality, expenses, and discount rate curves, by comparing them against historical industry experience, observable market experience, and external market data.</p> <p>Evaluated the underlying reserving results and performed independent movement and trend analysis to further assess the reasonableness of the liability measurement.</p> <p>Performed independent re-projections of the expected cashflows by replicating the modelling through independent re-runs using our own version of the actuarial software to evaluate the accuracy and reasonableness of the recorded liability.</p> <p>Tested, on a sample basis, the completeness and accuracy of the underlying reserving and model input data utilised in the reserving projections by tracing it back to source systems.</p> <p>Tested the completeness and accuracy of the disclosures in Notes 2(B)(iii), 2(O), 5(C)(i) and 23.</p>

Recognition and measurement of the fair value of the consideration transferred, and the intangible assets acquired, as part of the amalgamation (Consideration: \$43.2 million, Intangible Assets: \$68.2 million)

Refer to Notes 2(M), 3 and 18 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>On 6 January 2025, the amalgamation between BF&M Limited and Argus Group Holdings Limited was completed to form Allshores Limited. The transaction was accounted for as a business combination.</p> <p>The Group recognised total consideration transferred of \$43.2 million. This resulted in the recognition of acquired intangible assets of \$68.2 million, primarily consisting of customer relationships and contracts.</p> <p>The accounting for this business combination requires significant judgment in two primary areas: determining the fair value of the consideration transferred and measuring the fair value of the acquired intangible assets.</p> <p>The fair value of the consideration transferred is complex to determine due to the nature of the share exchange, requiring subjective judgment in determining and applying the appropriate acquisition date fair values, including the use of quoted share prices and consideration of prevailing market conditions.</p> <p>Simultaneously, identifying and measuring the fair value of the acquired intangible assets requires valuation techniques and modelling, which involves significant estimation uncertainty.</p> <p>Changes in the inputs used to value the consideration transferred, or in the critical valuation assumptions for intangible assets (particularly discount rates, growth rates, and customer attrition rates), can materially affect the fair value of the acquired assets.</p> <p>Given the financial significance of the transaction, the level of estimation uncertainty and the subjectivity in the Group's assumptions for both the consideration and the acquired assets, this area has been determined to be a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Evaluated the design and implementation of the Group's key controls over the business combination accounting process, including the valuation of the consideration transferred and the identification and valuation of acquired assets.</p> <p>Read the amalgamation agreement to understand the key terms and evaluated whether the accounting treatment applied by the Group is appropriate and consistent with the requirements of the relevant accounting standards.</p> <p>Challenged the calculation of the fair value of the consideration transferred by independently assessing the measurement and comparing share prices and exchange ratios to observable external market data and the terms of the amalgamation agreement.</p> <p>Evaluated the appropriateness of the share prices used in the determination of the fair value of the consideration transferred, including an assessment of the listed price being reflective of an active market.</p> <p>Corroborated the fair value of the consideration transferred using alternative observable valuation data points, where available.</p> <p>Involved our own valuation specialists to assist us in evaluating the appropriateness of the valuation methodologies applied to measure the acquired intangible assets against market practice.</p> <p>Challenged the Group's key valuation assumptions for the acquired intangible assets, specifically the discount rates, growth rates, and customer attrition rates, by comparing them against historical data, economic forecasts, and external market data.</p> <p>Evaluated the reasonableness of the future cash flow projections used in the intangible valuation models by comparing them to the Group's board-approved business plans and the historical performance of the acquired entities.</p> <p>Tested, on a sample basis, the completeness and accuracy of the underlying data utilised in the intangible valuation models and the fair value of consideration calculations by tracing it back to source systems.</p> <p>Tested the completeness and accuracy of the disclosures in Notes 2(M), 3 and 18.</p>

To the Shareholders of Allshores Limited

Other Information

Management is responsible for the other information. The other information, as set out on pages 03–21, comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group's financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 Gary Pickering.

KPMG Audit Limited

KPMG Audit Limited
Chartered Professional Accountants
Hamilton, Bermuda

May 7, 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025 (in thousands of Bermuda dollars)

Assets	Notes	2025 \$	2024 \$restated ⁽¹⁾
Cash and cash equivalents	9	136,875	89,258
Regulatory assets	10	42,772	28,148
Investments	11	1,252,185	699,227
Other assets	12	68,137	39,810
Reinsurance contract held assets	23	115,776	65,813
Investment properties	15	16,154	14,968
Property and equipment	16	65,982	14,494
Investment in associate		3,535	—
Tax recoverable	17	—	419
Deferred tax asset	17	477	422
Intangible assets	18	66,510	7,632
Investment in Argus Group Holdings	4	—	35,462
Total general fund assets		1,768,403	995,653
Segregated fund assets	19	3,264,211	1,559,395
Total assets		5,032,614	2,555,048
Liabilities			
Other liabilities	20	100,032	43,190
Tax payable	17	241	—
Loans payable	25	40,117	—
Retirement benefit obligations	21	3,233	529
Investment contract liabilities	22	620,482	337,302
Insurance contract liabilities	23	548,355	299,689
Reinsurance contract held liabilities	23	6,160	4,607
Total general fund liabilities		1,318,620	685,317
Segregated fund liabilities	19	3,264,211	1,559,395
Total liabilities		4,582,831	2,244,712

(1) – Restated for the changes in accounting policies as discussed in Note 2.1.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2025 (in thousands of Bermuda dollars)

Equity	Notes	2025 \$	2024 \$restated ⁽¹⁾
Share capital	24	9,690	9,388
Treasury shares	24	(3,332)	(6,988)
Contributed surplus		1,482	1,482
Share premium		77,165	74,207
Accumulated other comprehensive income/(loss)	29	3,875	(4,975)
Retained earnings		353,234	229,906
Total shareholders' equity		442,114	303,020
Non-controlling interests		7,669	7,316
Total equity		449,783	310,336
Total liabilities and equity		5,032,614	2,555,048

Approved by the Board of Directors.



L. Anthony Joaquin, FCA, JP
Group Chair



Abigail Clifford, B.A., M.Sc.
Group President and Group Chief Executive Officer

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

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2025 (in thousands of Bermuda dollars except for per share amounts)

	Notes	2025 \$	2024 \$restated ⁽¹⁾
Insurance revenue	13	661,138	412,605
Insurance service expenses		(379,466)	(205,488)
Net expenses from reinsurance contracts held		(181,149)	(186,503)
Insurance service result		100,523	20,614
Investment result	14	55,527	26,311
Change in investment contract liabilities	14	(14,175)	196
Income from associate	14	2	–
Net investment result		41,354	26,507
Net finance expenses from insurance contracts issued	14	(14,470)	(8,841)
Net finance income from reinsurance contracts held	14	1,117	1,596
Net insurance finance result		(13,353)	(7,245)
Fee and other income	27	79,478	25,476
Participating policyholders' net loss		(474)	(471)
Bargain purchase gain	3	45,805	–
Other operating expenses	28	(97,127)	(49,262)
Commission expense		(1,549)	(86)
Amortisation and depreciation expense		(14,004)	(3,632)
Interest expense		(3,628)	(211)
Net income before income taxes		137,025	11,690
Income tax expenses	17	(1,539)	(914)
Net income for the year		135,486	10,776
Net income attributable to:			
Shareholders		135,133	10,354
Non-controlling interests in subsidiaries		353	422
Net income for the year		135,486	10,776
Earnings Per Share:			
Basic and fully diluted	30	\$14.34	\$1.15

(1) – Restated for the changes in accounting policies as discussed in Note 2.1.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025 (in thousands of Bermuda dollars except for per share amounts)

	2025 \$	2024 \$restated ⁽¹⁾
Net income for the year	135,486	10,776
Other comprehensive income/(loss)		
Items that will not be reclassified to the income statement		
Re-measurement of retirement benefit obligations	(93)	107
Change in unrealised losses on equity investments	(512)	(4,905)
Items that may be subsequently reclassified to the income statement		
Change in insurance and reinsurance finance reserve	(9,911)	9,543
Change in unrealised gains/(losses) on bond investments	16,634	(6,014)
Currency translation differences	3,853	(675)
Participating policyholders' share of changes in OCI	(1,121)	(425)
Total other comprehensive income/(loss) after income taxes	8,850	(2,369)
Other comprehensive income attributable to:		
Shareholders	8,850	(2,384)
Non-controlling interests in subsidiaries	–	15
Total other comprehensive income/(loss) after income taxes	8,850	(2,369)
Comprehensive income	144,336	8,407
Comprehensive income attributable to:		
Shareholders	143,983	7,957
Non-controlling interests in subsidiaries	353	450
Comprehensive income	144,336	8,407

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 17.

(1) – Restated for the changes in accounting policies as discussed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025 (in thousands of Bermuda dollars except for per share amounts)

Notes	2025 \$	2024 \$restated ⁽¹⁾
Share capital		
Balance -beginning of year	9,388	9,273
Shares issued related to acquisition	60	—
Share grants issued under equity incentive plan	250	118
Share grants forfeited under equity incentive plan	(8)	(3)
Balance - end of year	9,690	9,388
Treasury shares		
Balance -beginning of year	(6,988)	(6,352)
Acquisition of shares	(1,081)	(636)
Shares issued related to acquisition	6,988	—
Share grants issued under equity incentive plan	(2,251)	—
Balance - end of year	(3,332)	(6,988)
Contributed surplus - beginning and end of year	1,482	1,482
Share premium		
Balance -beginning of year	74,207	69,494
Share grants issued under equity incentive plan	3,855	2,664
Share grants forfeited under equity incentive plan	(192)	230
Deferred share grant	(1,357)	1,819
Shares issued related to acquisition	652	—
Balance - end of year	77,165	74,207
Accumulated other comprehensive income/(loss)		
Balance -beginning of year	(4,975)	(2,591)
Other comprehensive income/(loss) for the year	8,850	(2,384)
Balance - end of year	3,875	(4,975)

(1) - Restated for the changes in accounting policies as discussed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2025 (in thousands of Bermuda dollars except for per share amounts)

	2025 \$	2024 \$restated ⁽¹⁾
Retained earnings		
Balance -beginning of year	229,906	228,723
Net income for the year	135,133	10,354
Cash dividends	(11,805)	(9,171)
Balance - end of year	353,234	229,906
Total equity attributable to shareholders of the Group	442,114	303,020
Attributable to non-controlling interest		
Balance -beginning of year	7,316	6,879
Net income for the year	353	422
Other comprehensive income for the year	—	15
Balance at the end of the period	7,669	7,316
Total equity	449,783	310,336

The dividends paid in 2025 and 2024 were \$11,805 (\$1.24 per share) and \$9,171 (\$1.12 per share) respectively. The 2024 fourth quarter dividend for shares held by Holdco 123 Limited, a subsidiary of Argus Group Holdings Limited ("Argus"), was withheld.

(1) - Restated for the changes in accounting policies as discussed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	Notes	2025 \$	2024 \$restated ⁽¹⁾
Cash flows from operating activities			
Income for the year before income taxes		137,025	11,690
Adjustments for:			
Bargain purchase gain		(45,805)	—
Investment income		(25,865)	(28,769)
Net realised (gain)/loss on investments		(3,033)	8,338
Change in fair value of investments		(26,781)	(11,093)
Net recovery on investments		—	2,392
Gain on sale of subsidiaries		—	(7,295)
Amortisation of fixed income discounts/premiums		(181)	—
Reversal of impairment of investments		333	—
Depreciation of property and equipment		5,310	1,656
Amortisation of investment properties		1,019	897
Amortisation of intangible assets		9,578	2,990
Impairment of intangible assets		—	44
Interest on lease liabilities		407	211
Interest on loan		3,703	—
Compensation expense related to shares and options		854	4,828
Changes in assets and liabilities:			
Regulatory assets		(6,933)	(2,019)
Other assets		(5,349)	(20,870)
Reinsurance contracts held assets		(12,215)	6,062
Reinsurance contracts held liabilities		—	(971)
Insurance contracts liabilities issued		(15,026)	16,043
Investment contract liabilities		51,891	12,868
Other liabilities		1,148	(474)
Retirement benefit obligations		(60)	62
Cash generated from/(used in) operations		70,020	(3,410)
Income taxes paid		(1,836)	(532)
Interest received		34,035	23,287
Dividends received		890	1,474
Net cash generated from operating activities		103,109	20,819

(1) – Restated for the changes in accounting policies as discussed in Note 2.1.

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	Notes	2025 \$	2024 \$restated ⁽¹⁾
Cash flows from investing activities			
Purchase of investments		(523,938)	(209,898)
Proceeds from sales of investments		462,711	189,009
Acquisition of Argus (Purchase price less-cash beginning of Argus)	3	36,518	—
Additions of property and equipment		(3,499)	(137)
Additions of investment properties		(56)	(215)
Net acquisition of intangible assets		(191)	19
Cash proceeds from sale of subsidiaries		—	17,600
Net cash used for investing activities		(28,455)	(3,622)
Cash flows from financing activities			
Cash dividends paid		(11,805)	(10,096)
Interest paid on lease liabilities		(407)	(211)
Loan repayments-interest		(3,477)	—
Loan repayments-Principal		(9,883)	—
Acquisition of treasury shares		(1,081)	(636)
Principal elements of lease payments		(1,536)	(694)
Net cash used for financing activities		(28,189)	(11,637)
Effect from changes in exchange rates		1,152	(199)
Increase in cash and cash equivalents		47,617	5,361
Cash and cash equivalents - beginning of year		89,258	83,897
Cash and cash equivalents - end of year		136,875	89,258

(1) – Restated for the changes in accounting policies as discussed in Note 2.1.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

1 Nature of the Group and its business

Allshores Limited (formerly BF&M Limited, the “Company”) is a Bermuda-domiciled holding company with subsidiaries operating in Bermuda, the Cayman Islands, Gibraltar, Malta, and Canada. The Company’s common shares are listed on the Bermuda Stock Exchange.

On 6 January 2025, Eleos Health Ltd., a subsidiary of BF&M Limited amalgamated with Argus Group Holdings Limited and its subsidiaries (“Argus”), a Bermuda-domiciled insurance company that operates predominantly in Bermuda, Gibraltar, Malta and Canada (See Note 3). Subsequently, on 14 May 2025, the Company changed its legal name to Allshores Limited, reflecting ongoing integration and rebranding initiatives under the Allshores brand.

Together with its subsidiaries (collectively, the “Group”), the Group operates in a range of insurance and related financial services, including property, casualty, motor, marine, life, health, and long-term disability insurance, annuities, pension plan management and investment services. The Group’s principal business activity is insurance.

During 2024, the Group disposed of two wholly-owned subsidiaries Barr’s Bay Properties Limited, and BF&M Properties Limited. Further details are provided in Note 4 Disposal of subsidiaries.

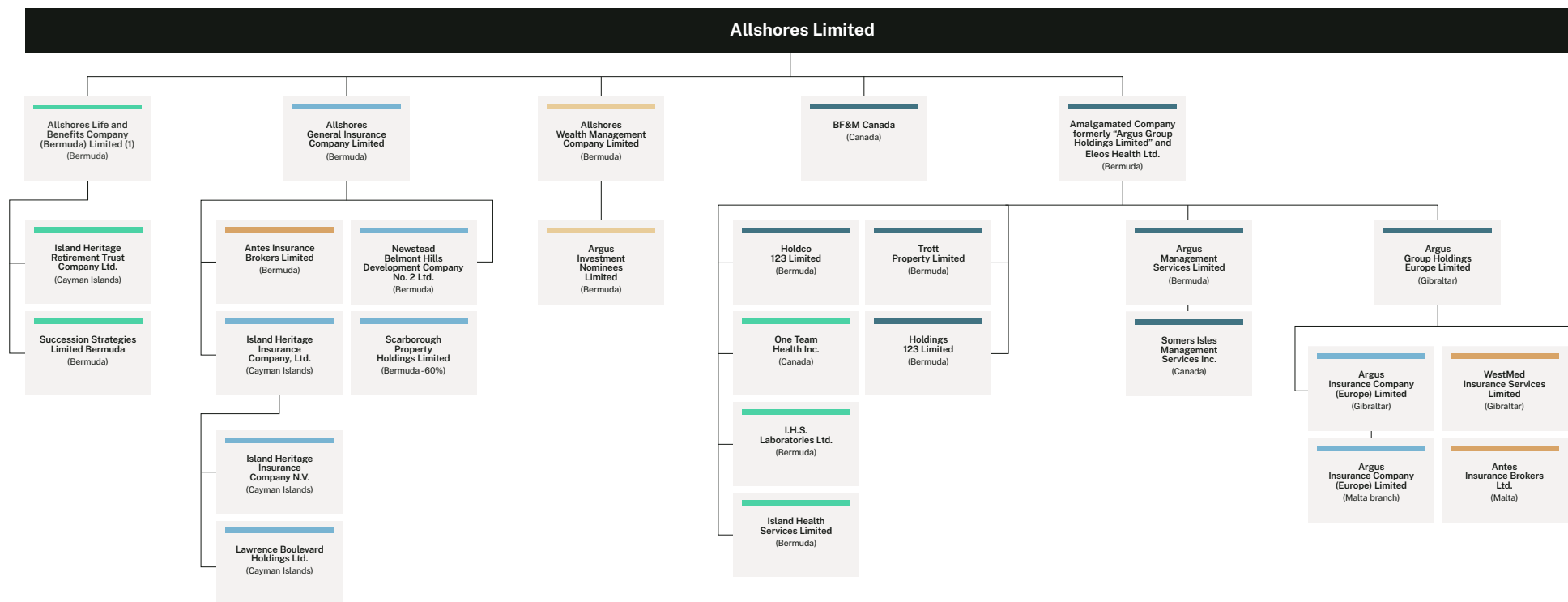
All subsidiary undertakings are included in the consolidated financial statements with any portion not owned by the Group reflected in non-controlling interest; in addition, all subsidiaries have a 31 December year-end.

On 7 May 2026 the Board of Directors approved the consolidated financial statements and authorised them for issue. The Board of Directors has the power to amend the consolidated financial statements after issue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

The Group has the following subsidiaries:



OPERATING SEGMENTS

● P&C ● Health and Life ● Brokerage Companies ● Wealth Management ● Corporate and Other

(1) The annuity and pension division of the entity is reported within the Wealth Management operating segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

2 Summary of Material Accounting Policies

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

A. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards (“IFRS”) as issued and adopted by the International Accounting Standards Board (“IASB”) and in accordance with the provisions of the Bermuda Companies Act 1981, as amended.

B. Basis of preparation

i) Basis of measurement

The consolidated financial statements have been compiled on a going concern basis and prepared on a historical cost basis except for the following items on the consolidated statement of financial position:

- Financial assets and financial liabilities at fair value through profit or loss (FVTPL) are measured at fair value;
- Financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value;
- Segregated fund assets and liabilities are measured at fair value based on quoted prices in active markets or independent valuation information provided by investment managers.
- The fulfillment cash flows (FCF) of an insurance contract is measured using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.
- Post-employment benefit liability is measured at the present value of the defined benefit obligation;
- Assets held-for-sale are measured at the lower of their carrying value and fair value less cost to sell; and
- Deposit administration pension plans, and self-funded group health policies investment contracts are measured at amortised cost. While deposit accounted annuity policies investment contracts are measured at FVTPL.

The consolidated statement of financial position is presented in order of decreasing liquidity.

ii) Critical estimates, judgments and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amount of the asset or liability affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Key sources of estimation uncertainty and areas where significant judgments have been made are listed below and discussed throughout the notes to these consolidated financial statements including:

- The actuarial assumptions used in the valuation of life and health insurance contract liabilities. Key assumptions are discussed in Note 23E and sensitivities are disclosed in Note 5C.
- The estimate of the ultimate liability arising from General insurance claims. Refer to Note 23E and Note 5C.
- Management exercises judgment in determining whether credit risk on financial assets carried at amortised cost has increased significantly since initial recognition and in choosing appropriate models and assumptions for the measurement of expected credit loss allowances, including the incorporation of estimated or forecast information. Refer to Note 21 and Note 5B.
- In the determination of the fair value of financial instruments, the Group's management exercises judgment in the determination of fair value inputs, particularly those items categorised within level 3 of the fair value hierarchy. Refer to Note 8.
- Management considers the synergies and future economic benefits to be realised in the initial recognition and measurement of intangible assets as well as evaluating recoverable amounts. The assessment of the carrying value of goodwill and intangible assets relies upon the use of forecasts and future results. Refer to Note 2N and Note 18.
- The actuarial assumptions used in determining the liability and expense of the Group's retirement benefit obligations. Management reviews previous experience of its plan members and market conditions for the year. Refer to Note 21.
- Management uses independent qualified appraisal services to assist in determining the fair value of investment properties or properties providing collateral for mortgages, for purposes of evaluating possible impairment. This fair value assessment requires judgments and estimates on future cash flows and general market conditions. Refer to Notes 8 and 15.
- In applying the acquisition method for business combinations as discussed in Notes 2.C(i) and 3, management is required to exercise judgement in determining whether transactions entered into in connection with a business combination should be accounted for as part of the overall acquisition or treated as separate transactions outside the scope of IFRS 3, Business Combinations. This judgement is particularly relevant where multiple arrangements are entered into with the same counterparty or related parties around the time of the acquisition. In assessing whether such transactions are linked to the business combination, management considers, among other factors, whether the transactions were negotiated as part of a single overall arrangement, whether they are interdependent, the timing of the transactions relative to the acquisition date, and whether the transactions primarily benefit the acquirer or the acquiree. Management has identified this assessment as a significant judgement in preparing the consolidated financial statements. Different conclusions as to whether transactions are linked to the business combination could have affected the determination of the consideration transferred, including the remeasurement of any pre-existing equity interests, as well as the recognition and measurement of assets acquired and liabilities assumed.
- In determining the fair value of consideration transferred for the acquisition of Argus, management applies significant judgment. The measurement is complex due to the nature of the share exchange and requires subjective judgment in selecting the appropriate measurement date, applying acquisition-date share prices, and evaluating the impact of market volatility and any necessary liquidity or other valuation adjustments under prevailing market conditions. The identification and valuation of acquired intangible assets also require the use of valuation techniques and models involving significant estimation uncertainty. Changes in key inputs — such as discount rates, growth assumptions, and customer attrition rates — may materially impact the valuation of acquired assets and the resulting bargain purchase gain.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

C. Consolidation

i) Business combination

The Group uses the acquisition method to account for business combinations. At the date of acquisition, the Group recognises the identifiable assets acquired and liabilities assumed as part of the overall business combination transaction at their fair value. Recognition of these items are subject to the definitions of assets and liabilities in accordance with the IASB's Framework for the Preparation and Presentation of Financial Statements. The Group may also recognise intangible items not previously recognised by the acquired entity, such as customer lists. Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined. Transactions arising from the amalgamation of the entities under common control are eliminated in the Group's consolidated financial statements.

ii) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date control is transferred to the Group and deconsolidated on the date control ceases. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

iii) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operational policies. Significant influence is normally presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Other indicators that may provide evidence of significant influence include representation on the board of directors of the investee, participation in policy-making processes and provision of technical information. Investment in associates is initially recognised at cost, which includes transaction costs. Thereafter, these investments are measured using the equity method.

Under the equity method, the Group records its proportionate share of income and loss from such investments on the consolidated statements of income and its proportionate share of consolidated statement of comprehensive income. When necessary, amounts reported by associates have been adjusted to conform with the Group's accounting policies.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in income from associates on the consolidated income statements.

iv) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

D. Determination of fair value

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is typically based on alternative valuation methods such as discounted cash flows and other techniques. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation methods and inputs. For bonds and fixed income securities, broker quotes are typically used when external public vendor prices are not available. Judgment is also applied in adjusting external observable data for items including liquidity and credit factors. A description of the fair value methodologies and assumptions by type of asset is included in Note 8.

E. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

F. Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). All amounts in the consolidated financial statements, excluding per share data or where otherwise stated, are in thousands of Bermuda dollars, which is the Group's presentation currency (the "presentation currency").

ii) Transactions and balances

Monetary assets and liabilities, including insurance and reinsurance contracts assets and liabilities, denominated in currencies other than the functional currency of the Group or its subsidiaries are translated into the functional currency using the rate of exchange prevailing at the consolidated statement of financial position date. Income and expenses are translated at rates of exchange in effect on the transaction dates. Foreign exchange gains and losses are expensed in the consolidated statement of income.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets classified as fair value through OCI are included in other comprehensive income.

iii) Group companies

The financial statements of foreign operations are translated from their respective functional currency to Bermuda dollars, the Group's presentation currency. Assets and liabilities are translated at rates of exchange for the period at the statement of financial position date, and income and expenses are translated using the average rates of exchange. The accumulated gains or losses arising from translation of functional currencies to the presentation currency are included in other comprehensive income on the consolidated statement of comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

G. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid financial assets with original maturities of three months or less and are readily convertible to known amounts of cash and which are subject to an insignificant change in value, and bank overdrafts.

H. Regulatory assets

Regulatory assets are held with Regulators as a legal requirement in order to provide services in the respective territories. Regulatory assets comprise deposits and fixed income securities. Refer to Note 21(i) and (ii) for the classification, recognition and subsequent measurement of fixed income securities held as regulatory assets.

I. Financial assets and financial liabilities

i) Recognition and initial measurement

Financial instruments are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

a) Financial assets

Classification

On initial recognition, financial assets are classified as measured at amortised cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification assigned depends on the contractual cash flow characteristics of the assets, how the assets are managed (i.e., the applicable business model), and whether the Group has made an election in order to reduce an accounting mismatch which would otherwise arise.

Assets at amortised cost comprise financial assets with contractual terms that give rise solely to interest and principal ("SPPI") cash flows, and which are held in a business model whose objective is to hold the assets to collect their cash flows. They are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income.

Financial assets are measured at FVTPL, either mandatorily (such as for equity instruments that are not plan assets) or by designation, where such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise were it to be measured at FVOCI or amortised cost. Net gains and losses on assets measured at FVTPL, including any interest or dividend income and foreign exchange gains and losses, are recognised in the consolidated statement of income.

Financial assets at FVTPL by the Group comprise certain debt instruments that are held to support insurance contract liabilities, and regulatory assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Debt instruments supporting insurance contract liabilities are held at FVTPL. The objective of the Group's business model is to fund the associated liabilities by applying techniques such as cash flow and duration matching. Financial risk changes on such liabilities flow through the consolidated statement of income.

Regulatory assets are held to fulfil requirements imposed by regulators and since there is moderate turnover in this portfolio, and the performance of the portfolio is evaluated on a total return basis, these assets are classified as at FVTPL.

Financial assets are measured at FVOCI when the instrument is held with the objective to collect the contractual cash flows and sell the asset, and the contractual term of the financial asset meets the SPPI test. Debt securities in this category are carried at fair value, with the intention of being held for an indefinite duration and may be sold in response to needs for liquidity, in response to changes in market conditions, or the requirement to stay within investment policy guidelines. On initial recognition, FVOCI investments are measured at fair value on the trade date. After initial measurement, FVOCI financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and presented on the consolidated statements of comprehensive income. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the consolidated statements of income.

Business model assessment

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and how information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- how risks are assessed and managed;
- how investment managers are compensated; and
- the frequency, volume, and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are SPPI

Key to determining whether financial assets meet the criteria for classification at amortised cost is assessing whether the contractual cash flows are SPPI. In performing this assessment the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows. Where the contractual terms deviate from a basic lending arrangement, the SPPI criterion would not be met, and such a financial asset would be measured at FVTPL.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

b) Financial liabilities

Classification

The Group classifies its financial liabilities as either FVTPL or amortised cost.

The Group's investment contract liabilities and segregated fund liabilities are held at FVTPL on initial recognition since the related assets are managed and their performance is evaluated on a fair value basis. For investment contract liabilities, net gains and losses, including any interest expenses and foreign exchange gains and losses, on these financial liabilities are recognised in the consolidated statement of income.

All other financial liabilities are measured at amortised cost.

c) Interest on financial instruments

Interest income and expenses are recognised in the consolidated statement of income using the effective interest rate method for financial instruments measured at amortised cost. If a financial asset is not credit-impaired, the gross carrying amount is used to calculate interest income. When a financial asset becomes credit impaired, interest income is calculated on the carrying amount net of the allowance for expected credit losses ("ECL").

iii) Impairment

The Group recognises allowances for ECL on financial assets measured at amortised cost and the carrying amount of such assets in the consolidated statement of financial position are net of the allowances for ECL.

The Group measures loss allowances at an amount equal to the lifetime ECL allowance, except in the following cases, for which the amount recognised is the 12-month allowance for ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk has not increased significantly since initial recognition.

Financial instruments for which the 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. The 12-month ECL is estimated based on default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are estimated based on all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as "Stage 3 financial instruments".

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The Group's ECL model is detailed in Note 5B.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past-due event; or
- the debtor entering bankruptcy or other financial reorganisation becoming probable.

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Write-off

The gross carrying amount of a financial asset, and the related allowance for ECL, is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

iv) Derecognition

a) Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of income.

b) Financial liabilities

The Group generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

J. Investment properties

Investment properties are defined as properties with an insignificant portion that is owner occupied and are held for long-term rental yields or capital appreciation and comprise freehold land and buildings. Properties that do not meet these criteria are classified as property and equipment. Investment properties are initially recognised at cost in the consolidated statement of financial position. Subsequently, investment properties are carried at historical cost less depreciation. Depreciation on investment properties is calculated using the straight-line method over 50 years, excluding land and its residual value. Rental income from investment properties

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

is recognised on a straight-line basis over the term of the lease in rental income in the consolidated statement of income. Expenditures relating to ongoing maintenance of investment properties are expensed. Subsequent costs are included in the asset's carrying amount 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 assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

K. Property and equipment

Owner occupied properties and all other assets classified as property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount 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. Expenditures relating to ongoing maintenance of property and equipment are expensed as incurred in other operating expenses in the consolidated statement of income.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives at the following rates:

Computer hardware	3 to 5 years
Motor vehicles	5 years
Furniture and equipment	5 to 10 years
Leasehold improvements	the shorter of the lease term or 5 to 10 years
Buildings	50 years

The assets' residual values, useful lives and method of depreciation are reviewed at the end of each reporting period and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is considered impaired and it is written down immediately to its recoverable amount. In the event of improvement in the estimated recoverable amount, the related impairment may be reversed.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in fee and other income in the consolidated statement of income.

L. Leases

i) The Group as a lessee

The Group leases various buildings and equipment. Rental contracts are typically made for fixed periods (2 to 10 years for buildings and 3 to 6 years for equipment) but may have extension options described further below. These leases do not include residual value guarantees or purchase options.

Lease contracts that contain an identified asset for which the Group has the right to direct the use of the identified asset and obtain substantially all of the economic benefits through the period of use are recognised on the consolidated statement of financial position as a right-of-use asset within property and equipment and a corresponding liability within other liabilities at the date at which the leased asset is available for use by the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments, less any lease incentives receivable; variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; lease payments for reasonably certain renewal options; and payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee 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:

- Where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- Because all third-party financing is to be arranged at the Group level, the use of the Group financing rates has been applied.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases with a lease term of 12 months or less and all leases of low-value assets are recognised as an expense in the consolidated statement of income.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The probability of renewal (or termination) is assessed using several factors such as: suitability and location of the asset; comparison to market rates; historical lease durations; costs and business disruption to replace the lease assets; and any other relevant factors.

Most extension options in equipment leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

ii) The Group as a lessor

Where the Group is the lessor under an operating lease for its investment properties, lease arrangements are fixed, and income is credited to the consolidated statement of income on a straight-line basis over the period of the lease. In addition, the tenant can renew their lease when their tenancy is nearing expiry. There are no contingent rentals included in the lease agreements.

M. Intangible assets

Intangible assets comprise finite-life intangible assets which are amortised on a straight-line basis over varying periods of up to 14 years, being the estimated expected lives. The estimated life is re-evaluated when there is objective evidence of impairment (refer to Note 2(N)). For assets that are not yet in use, impairment is assessed on an annual basis. Finite-life intangible assets include the following:

Customer relationships and contracts

These assets, which comprise customer lists, customer relationships and contracts acquired from the purchase of rights or as part of business combinations, were initially measured at fair value by estimating the net present value of future cash flows from the contracts in force at the date of acquisition. Subsequently, these assets are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over varying periods of up to 14 years, being the expected life of the business assumed. These assets include assets acquired on the acquisition of Argus, IHIC and BF&M Brokers and assets acquired from agents in the health, life, annuity and pension segment.

Distribution channels

These assets, which comprise agent and bank relationships acquired as part of business combinations, were initially measured at fair value by estimating the net present value of future cash flows from these relationships based on certain historical ratios of gross written premium arising from these distribution channels on business in force at the date of acquisition. Subsequently, these assets are carried as cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over 10 years, being the expected life of the business assumed and the business channel relationship. These assets include assets acquired on the acquisition of IHIC.

Software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as internally generated intangible assets when:

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- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software development include employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are expensed when incurred. Capitalised software development costs for projects in use are amortised on a straight-line basis over their useful lives, which range from 3 to 10 years.

N. Impairment of non-financial assets

The Group's non-financial assets comprise investment properties, property and equipment and intangible assets. Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever there is objective evidence of impairment. Objective evidence includes but is not limited to the following: (i) adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability; (ii) the likelihood of accelerated obsolescence arising from the development of new technologies and products; and (iii) the disintegration of the active market(s) to which the asset is related. If objective evidence of impairment exists, then the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised as part of amortisation expense in the consolidated statement of income. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions of the time value of money and the risks specific to the asset. Assets which cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (cash-generating units), except where the value in use of an asset can be estimated as being close to its fair value less costs to sell where fair value can be reliably determined.

O. Insurance and reinsurance contracts and investment contracts

The Group issues contracts that transfer insurance risk or both insurance and financial risk.

Insurance contracts issued are those contracts where the Group (the insurer) has accepted significant insurance risk from another party, the policyholder or ceding company, by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. In addition, the Group considers the proportion of premiums received to the benefit payable if the insured event did occur. Insurance contracts can also transfer financial risk. Contracts held by the

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Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held.

Life insurance contracts issued include term, whole life and universal life insurance contracts, group life insurance policies, and life contingent annuities. Whole life contracts may be participating or non-participating contracts. Life insurance contracts issued that contain participating features do not meet the definition of contracts with direct participation features set out in IFRS 17 Insurance Contracts since a specified pool of underlying assets is not clearly identified.

Term certain annuities issued expose the Group to financial risk primarily and are therefore classified as investment contracts and accounted for under IFRS 9 (see Note 2(l)).

Short-duration group life and health contracts issued, and the related reinsurance contracts held, automatically qualify for measurement under the premium allocation approach ("PAA") set out in IFRS 17 since the coverage periods (after also considering cancellation clauses) are 12 months or less. Long-duration life and annuity contracts are measured using the general measurement principles (collectively, the "GMM") of IFRS 17.

General insurance contracts (issued by IHIC and Allshores General) include property, casualty, motor, marine and other specialty insurance contracts. These contracts are all non-participating contracts.

General insurance contracts issued, and the related reinsurance contracts held, are measured using the PAA. Most contracts automatically qualify for this approach (given a one-year coverage duration), however certain contracts have longer durations and necessitated PAA eligibility testing. In performing this eligibility testing, various reasonably possible scenarios were tested, and it was concluded that the measurement of the liability for remaining coverage ("LRC") under the PAA approach would not differ significantly from the measurement if the general measurement principles of IFRS 17 were applied instead.

i) Aggregation and recognition of insurance and reinsurance contracts

a) Insurance contracts issued

Insurance contracts are aggregated into groups for IFRS 17 measurement purposes. Contracts are first assigned to portfolios by aggregating together those subject to similar risks that are also managed together. Portfolios are then subdivided into annual cohorts (i.e., by year of issue).

The Group has not identified any contracts that were onerous at initial recognition or at the date of transition to IFRS 17, however there is a risk that some groups of contracts included in a particular cohort may become onerous subsequently due to adverse experience. Hence, all contracts are included in a single "remaining" profitability group and loss component accounting is currently not applicable.

The Group's main life and health portfolios are:

- Long-duration under the GMM: Annuity and Individual Life contracts
- Short-duration under the PAA: Group Life and Group Health contracts.

In addition, the Group also has four General insurance portfolios namely, Property, Motor, Casualty and Marine.

Various contracts contain investment components which are non-distinct. The identification of and accounting for such components is discussed in Note 23(E).

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An insurance contract issued by the Group is recognised from the earliest of:

- the beginning of its coverage period; or
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder.

b) Reinsurance contracts held

Reinsurance contracts held are allocated into portfolios based on the direct risks covered. Some reinsurance contracts provide cover for underlying contracts that are included in different direct portfolios. These contracts are subdivided based on the underlying direct risks covered and allocated into portfolios on this basis since the covers were combined into one contract merely for administrative convenience. The different covers do not lapse together and can be priced and sold separately in the market.

Groups of reinsurance contracts held are initially recognised on the following date:

- Contracts providing proportionate coverage: The date on which any underlying insurance contract is initially recognised.
- Others: The beginning of the coverage period of the group of reinsurance contracts.

ii) Measurement of contracts under the GMM

a) Insurance contracts issued Initial measurement

On initial recognition, the Group measures a group of insurance contracts issued as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin ("CSM").

The risk adjustment for non-financial risk is the compensation required by the Group for bearing uncertainty that arises from non-financial risk.

The CSM represents the unearned profit that the Group will recognise as it provides services under those contracts. The CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

b) Insurance contracts - Subsequent measurement

The carrying amount of a group of insurance contracts issued at each reporting date is the sum of the LRC and the liability for incurred claims ("LIC").

After initial recognition, the LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date (see below).

The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid.

The fulfilment cash flows of groups of insurance contracts issued are measured at the reporting date using current estimates of future cash flows (Note 23E(i)(a)), current discount rates (Note 23E(i)(d)) and current estimates of the risk adjustment for non-financial risk (Note 23E(i)(e)).

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The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition;
- the amount recognised as insurance revenue because of the services provided in the year (see Note 13).

c) Reinsurance contracts held - GMM

To measure groups of reinsurance contracts held that cover the underlying insurance risks that are measured using GMM, the Group applies accounting policies and assumptions that are consistent with those applied to the associated insurance contracts issued.

iii) Measurement of contracts under the PAA

The Group uses the PAA to simplify the measurement of groups of General insurance and short-duration life, health contracts and a subset of group long term disability products for which the LRC would not differ materially from applying the GMM.

a) Insurance contracts issued

On initial recognition of each group of contracts, the carrying amount of the LRC is measured at the premiums received on initial recognition minus any insurance acquisition cash flows at that date. For certain life and health group insurance contracts, the Group expenses insurance acquisition cash flows as they are incurred.

Subsequently, the Group measures the carrying amount of the LRC at the end of each reporting period as: (a) the LRC balance at beginning of the period; plus (b) premiums received in the period; minus (c) directly attributable acquisition costs net of related amortisation (unless expensed as incurred); minus (d) amount recognised as insurance revenue for the period; minus (e) investment component paid or transferred to the LIC.

Since the Group expects that the period between providing each part of the services and the related premium due dates will be less than a year, the Group has chosen not to adjust the PAA LRC to reflect the time value of money and the effect of financial risk.

For General insurance, amounts receivable from brokers and agents are accounted for as part of the LRC.

The Group measures the LIC at the amount of fulfilment cash flows required to settle incurred claims, whether reported or not yet reported. The future cash flows are discounted (at current market rates) to reflect the time value of money and the effect of financial risk, unless they are expected to be paid in one year or less from the date the claims are incurred.

During the reporting period, no facts and circumstances were identified that would indicate that any groups of contracts are onerous.

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b) Reinsurance contracts held

The Group applies the same accounting policies to measure groups of reinsurance contracts held that cover the risks of insurance contracts measured under the PAA, adapted where necessary to reflect features that differ from those of insurance contracts.

iv) Contract derecognition

The Group derecognises a contract when it is extinguished -i.e., when the specified obligations in the contract expire or are discharged or cancelled.

v) Presentation

Portfolios of insurance contracts issued that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the consolidated statement of financial position.

The Group disaggregates amounts recognised in the consolidated statement of income into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) net insurance finance income or expenses.

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts issued, and on a net basis as "net expenses from reinsurance contracts held" in the insurance service result and net reinsurance finance income or expenses in the consolidated statement of income.

The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and net insurance/ reinsurance finance income or expenses by applying a systematic allocation method.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

a) Insurance revenue from contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations -i.e., as it provides services. For contracts not measured under the PAA, insurance revenue comprises the following items:

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- A release of the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses previously reserved for that were released in the year, are measured at the amounts expected at the beginning of the year.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue, and an equal amount as insurance service expenses.

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Release of the CSM

The amount of the CSM that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in insurance revenue the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

b) Insurance revenue from contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates the expected premium receipts to each period on the following bases:

- certain property and life and health contracts: the pattern of the expected release from risk; and
- other contracts: the passage of time.

c) Insurance service expenses

Insurance service expenses arising from insurance contracts issued are recognised in the consolidated statement of income generally as they are incurred. Insurance service expenses exclude repayments of investment components, and comprise the following items:

- Incurred claims and other costs associated with policy maintenance;
- Insurance acquisition cash flows incurred (life and health under the PAA) and amortised (General insurance PAA); and
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk, and changes thereon.

d) Net income/expenses from reinsurance contracts held

Net income/expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in the consolidated statement of income as it receives services under the reinsurance contracts held. For contracts not measured under PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration. These services include expected recoveries, a release of the reinsurance risk adjustment, and a release of the reinsurance CSM.

For contracts measured under PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

e) Net insurance and reinsurance finance income and expenses

Net insurance and reinsurance finance income and expenses comprises changes in the carrying amounts of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein. For contracts measured under GMM this primarily includes interest accreted on the FCF and the CSM and the effect of changes in interest rates and

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other financial assumptions. For contracts measured under the PAA this primarily includes interest accretion on LIC and the effect of changes in interest rates and other financial assumptions.

The Group presents net insurance finance income or expenses and net reinsurance finance income or expenses separately in the consolidated statement of income.

vi) Investment contracts

Investment contracts are those contracts that do not transfer significant insurance risk but do transfer financial risk from the policyholder. The Group issued contracts that in some instances contained a discretionary participation feature ("DPF"). This feature entitles the holder to receive, as a supplement to guaranteed benefits, a dividend. Dividends are paid on the policy anniversary and as long as the policy is in force. These contracts are referred to as participating contracts. IFRS allows the non-guaranteed, or participating, elements of such contracts to be classified as either a liability or as equity, depending on the nature of the obligation to the policyholder. The contracts issued by the Group contain constructive obligations to the policyholder with respect to the DPF of the contracts. The Group has therefore elected to classify these features as a liability.

Investment contracts with DPF's are accounted for in accordance with IFRS 17 and investment contracts without discretionary participating features are accounted for in accordance with IFRS 9, Financial Instruments. The Group's investment contracts include pension plans with a guaranteed rate of return, Self-funded group health policies, and annuities that do not transfer insurance risk. All new investment contracts issued are non-participating.

Liabilities for investment contracts have been designated at FVTPL or amortised cost. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in investment contract liabilities are recorded as a change in investment contract benefits expense in the consolidated statement of income. These liabilities are derecognised when the obligation of the contract is discharged, cancelled or expired.

P. Service contracts

Contracts issued by the Group that do not transfer significant insurance or financial risk from the customer are referred to as service contracts. These contracts are primarily for the provision of pension administration under segregated fund arrangement and investment management services. Fee income earned from these contracts is described in the Revenue Recognition accounting policy, Note 2T. Following the restructuring of GIA products (Note 22), the Group updated its accounting policy for acquisition costs arising from service contracts. Prior to the restructuring, legacy BF&M recognised deferred acquisition costs ("DAC") for its pension contracts, with an outstanding DAC balance of \$0.1 million before the restructuring.

The Group has elected to expense acquisition costs as incurred for these contracts, consistent with the accounting treatment applied to other fee-based business lines within the Group. The policy update better reflects the nature of the business arrangements following restructuring and commissions are immaterial relative to the size of the portfolio. The costs of tracking and maintaining DAC balances for these contracts would exceed expected benefit of recognising such amounts as assets. Accordingly, acquisition costs are recognised in consolidated statement of income when incurred.

Certain service contracts in the Group's brokerage business include profit commission, which is recognised on the underlying performance of the covered policies at the end of the underwriting cycle. Revenue is recognised when it is highly probable that a significant reversal in the amount of the revenue recognised will not occur.

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Q. Segregated funds assets and liabilities

Segregated funds assets and liabilities relates to contracts issued by the Group where the benefit amount to the policyholder is directly linked to the fair value of the investment held in the particular segregated fund. The underlying assets are registered in the name of the Group and the segregated fund policyholder has no direct access to the specific assets. The contractual arrangements are such that the segregated fund policyholder bears the risk and rewards of the fund's investment performance. There is also no insurance risk to the Group with these contracts. Segregated funds assets are recorded at fair value.

The fair value of the segregated funds liabilities is equal to the segregated funds assets. Investment income earned by the segregated funds and expenses incurred by the segregated funds offset and are not separately presented in the consolidated statement of income and are disclosed in Note 19. Fee income earned on the management of these contracts is included in commission and other income in the consolidated statement of income.

R. Current and deferred income tax

The tax expense for the year on the Group's European, Canadian and Cayman Islands operations comprises current and deferred tax. Tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effect of carry-forwards of unused tax losses are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. When management's assessment indicates that it is more likely than not that deferred income tax assets will not be realised, a valuation allowance is recorded against the deferred tax assets.

In December 2023, the Bermuda Government enacted a 15 per cent corporate income tax ("CIT") that comes in effect in 2025. The Group is not presently in scope of the requirements since CIT is applicable only to multinational enterprise groups with annual revenues of €750 million or more.

S. Employee benefits

The Group operates various post-employment benefit schemes, including defined benefit and defined contribution pension plans and post-employment medical plans.

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i) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. With respect to the Group's defined contribution plans, the Group pays contributions into the plan and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

A defined benefit plan is a pension plan in which the Group is obligated to pay a specified benefit based on a predetermined formula. The net liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. When the calculation results in a surplus, the asset recognised is limited to the present value of the future economic benefit available in the form of future refunds from the plan or reductions in future contributions to the plan (the asset limit). The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market interest rates of high-quality debt instruments.

Re-measurement of the net defined benefit asset or liability consists of actuarial gains and losses, the change in effect from asset limits and the return on plan assets, excluding amounts included in net interest on the net defined benefit asset or liability, and are charged or credited to other comprehensive income in the period in which they arise. Current service costs, past services cost, any gains or losses from curtailments and interest on the net defined benefit liability (asset) are recognised immediately in the consolidated statement of income.

ii) Other post-employment benefit obligations

In addition to pension benefits, the Group provides post-retirement benefits for health care to qualified Bermuda retirees. The entitlement to these benefits was conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. As the plan is closed to new participants, only the interest on the obligation is recognised in the consolidated statement of income. Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

iii) Share-based compensation

The Group has an Equity Incentive Plan under which the entity receives services from employees as consideration for equity instruments of the Group (both equity, and equity based but cash settled, transactions). Share grants are issued to employees equal to the fair value of the shares on the grant date. The amount of the benefit of these share grants is amortised over the vesting period as operating expense in the consolidated statement of income. Where share grants are forfeited due to failure by the employee to satisfy the service conditions, any expense previously recognised in relation to such shares is reversed effective the date of forfeiture.

If the Group grants share options to employees that vest in the future if service conditions are met, then the fair value of the options will be calculated at the date the options are granted. This fair value will be charged to the consolidated statement of income equally over the vesting period with adjustments made at each accounting date to reflect the best estimate of the number of options that will eventually vest. Expenses previously recognised related to share options are not reversed on forfeit.

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The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to share capital and share premium with a corresponding charge to operating expenses.

iv) Employee share purchase plan

The Group operates an employee share purchase plan that allows its employees to purchase the Group's common shares at below-market rates, subject to certain restrictions. Shares are offered at a discount to the shares' fair market value, as determined by the market share price on the date of purchase. Employees may purchase shares up to a maximum percentage of their gross salary. The discount is charged to compensation expense in the period in which the shares are purchased.

T. Revenue recognition

Revenue arising from the management of service contracts, pension administrative services and investment advisory and management services offered by the Group are included within fees and other income in the consolidated statement of income. Revenue is recognised at the point in time when services are rendered.

The majority of the revenue from service contracts is comprised of variable consideration and is recognised when it is highly probable that a significant reversal in the amount of the revenue recognised will not occur. Revenue comprises the fair value for services.

U. Share capital and treasury shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity.

Where the Group purchases the Group's common shares, for example as the result of a share buy-back, the consideration paid, including any directly attributable costs, is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transactions costs, is included in equity.

V. Dividend distribution

Dividend distribution to the Group's shareholders' is recognised as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Group's Board of Directors.

W. Earnings per share

Basic earnings per share is presented in the consolidated statement of income and is calculated by dividing the shareholders' net earnings for the year by the weighted average number of ordinary shares outstanding, excluding treasury shares, at the reporting date.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. When there is a loss, no potential common shares are included in the computation of fully diluted earnings per share.

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X. Non-current assets and disposal groups classified as held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied when a sale is highly probable and the assets are available for immediate sale in their present condition, subject only to terms that are usual and customary for sales of non-current assets and disposal groups. For a sale to be highly probable management are committed to sell the non-current asset or disposal group within one year from the date of classification as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Certain assets are specifically excluded from these measurement requirements. The assets in this category include financial assets, investment properties and insurance and reinsurance assets. These exempt assets are measured in accordance with the relevant accounting policies described within the Notes to these consolidated financial statements. The disposal group as a whole is then measured to the lower of its carrying amount and fair value less cost to sell. Any impairment loss for the disposal group is recognised as a reduction to the carrying amount of the non-current assets in the disposal group that are in scope of the measurement requirements.

Assets and liabilities in a disposal group classified as held for sale are presented separately in the consolidated statements of financial position.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation the comparative consolidated statement of income and consolidated statement of comprehensive Income is represented as if the operation had been discontinued from the start of the comparative year.

2.1. Voluntary changes of accounting policies

A. Presentation of insurance finance income or expenses and reclassification of supporting investment portfolios

During the year ended 31 December 2025, the Group implemented voluntary changes in accounting policies relating to:

- (i) the presentation of insurance finance income or expenses under IFRS 17; and
- (ii) the classification of certain investment portfolios under IFRS 9.

The Group determined that these changes provide more reliable and relevant information to users of the consolidated financial statements.

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Under legacy BF&M's previous accounting policy, insurance finance income or expenses arising from changes in discount rates was recognised entirely in net income. Following the amalgamation, the Group elected, for long-duration insurance contracts measured under the GMM, to present the portion of insurance finance income or expense arising from changes in discount rates in OCI, with only the accretion of interest on insurance contract liabilities recognised in net income.

In conjunction with this presentation change, the investment portfolios supporting the long-duration GMM insurance liabilities were reclassified from FVTPL to FVOCI.

Presenting the effects of changes in discount rates in OCI for both the GMM insurance liabilities and the related investment portfolios:

- better reflects the economic effects of the Group's asset-liability management ("ALM") strategy;
- reduces accounting mismatches between long-duration insurance contract liabilities and the assets supporting those liabilities;
- enhances comparability with peer insurers; and
- improves transparency of underlying underwriting performance by isolating market-driven volatility from operating results.

The Group concluded that this presentation provides more relevant information regarding the financial performance of long-duration insurance portfolios.

This change represents a voluntary change in accounting policy and has been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Comparative information has been restated accordingly.

The quantitative impact of these changes on the consolidated financial statements is presented below.

Impact on consolidated statement of comprehensive income (\$000s):

For the year ended 31 December 2024	As previously reported	Adjustment	As restated
Investment result	22,691	3,620	26,311
Net insurance finance result	(521)	(6,724)	(7,245)
Other comprehensive income – Change in unrealised gains on bond investments	–	(3,620)	(3,620)
Other comprehensive income – Change in insurance and reinsurance finance reserve	–	6,724	6,724
Net total	22,170	–	22,170

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Impact on consolidated statement of financial position (\$000s):

As at 31 December 2024	As previously reported	Adjustment	As restated
Accumulated other comprehensive loss	(8,079)	3,104	(4,975)
Retained earnings	233,010	(3,104)	229,906
Net total	224,931	–	224,931

These changes had no impact on the Group's total net cash flows.

B. Allocation of the CSM to discounted coverage units

Historically, Argus calculated coverage units on a discounted basis, whereas legacy BF&M applied an undiscounted approach for annuity liabilities. Following the amalgamation and integration of Argus, the Group reassessed this accounting policy and concluded that a discounted basis for determining coverage units and the subsequent amortisation of the contractual service margin ("CSM") represents the most appropriate approach for the Group.

The use of discounted coverage units is considered more appropriate for long-duration contracts because it better reflects the timing of service provision. Without discounting, later coverage periods may appear to provide disproportionately higher service allocation solely due to the deferral of interest accretion on the CSM, potentially resulting in a back-loaded release pattern that does not faithfully represent the pattern of services provided over the contract term.

In addition, the CSM accretes interest using a locked-in discount rate. Measuring coverage units on an undiscounted basis would create an accounting mismatch by disregarding the time value of money inherent in the CSM balance and the related interest accretion.

The discounted coverage unit methodology is also consistent with the historical practice applied to more than 60% of the acquired business portfolio from the legacy Argus book. Furthermore, BF&M's accounting policy framework permits the use of discounting when determining coverage units for deferred annuity contracts.

This represents a voluntary change in accounting policy under IAS 8. The quantitative and qualitative impact of the change was evaluated and determined.

2.2 New and revised accounting standards

New and revised accounting standards effective 1 January 2025

There were no new or revised accounting standards that became effective for the first time for the annual reporting period commencing 1 January 2025 that had a material impact on the Group's financial statements.

New and revised accounting standards not yet effective

(i) Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to the classification and measurement requirements of financial instruments under IFRS 9 Financial Instruments (IFRS 9), and IFRS 7 Financial Instruments: Disclosures (IFRS 7). These amendments clarify the classification of financial assets, including those with environmental, social, and governance (ESG) features, and provide guidance on the derecognition of financial liabilities settled through electronic payment systems. The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

(ii) IFRS 18 Presentation and Disclosure in the Financial Statements

In April 2024, the IASB issued a new standard – IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18) in response to investors’ concerns about the comparability and transparency of entities’ performance reporting. The standard replaces IAS 1 Presentation of Financial Statements and introduces new requirements for presentation of financial statements and disclosures within financial statements. The new requirements introduced in IFRS 18 will help to achieve comparability of the financial performance of similar entities, especially related to how ‘operating profit or loss’ is defined. The new disclosures required for some management-defined performance measures will also enhance transparency. The new standard will be effective for annual reporting periods beginning on or after 1 January 2027 and to be applied retrospectively. The Group is currently assessing the impact of the standard on its consolidated financial statements.

3 Business combination

On 6 January 2025, the Company acquired Argus in an all-stock transaction. In accordance with the Amalgamation Transaction Agreement, the Company issued 0.251 share for each Argus share held by Argus’ shareholders on the acquisition closing date. The net purchase price consideration of the acquisition, which includes the fair value of the Group’s pre-existing interest in Argus, was \$43.2 million.

From the acquisition date to 31 December 2025, the acquired business contributed revenue of \$291.4 million and net income of \$48.2 million. If the acquisition had occurred on 1 January 2025, management estimates that the consolidated revenue, and net income would not have been materially different.

The following table summaries the acquisition date fair value of consideration transferred:

Total Argus shares for issuance	15,058
Exchange ratio	0.251
Total BF&M shares issued in exchange	3,780
BF&M stock price	20
Fair value of purchase consideration for the Amalgamation	75,591
Settlement of pre existing ownership	(32,426)
Total Consideration	43,165

The fair value of the shares issued was based on the closing BF&M stock price on 19 December 2024 which was the latest stock price available as at the acquisition date.

The acquisition strengthens the Group’s market share in Bermuda, provides vertical integration benefits across supplier, producer, and service provider relationships, and expands geographic diversification into Europe.

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Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired, and liabilities assumed at the date of the acquisition.

	2025
Cash and cash equivalents	36,518
Regulatory assets	6,672
Investments	453,670
Other assets	22,114
Reinsurance contract held assets	36,640
Investment properties	2,150
Property and equipment	52,720
Investment in associate	3,533
Intangible assets	68,234
Segregated fund assets	1,280,918
Other liabilities	(55,791)
Loans payable	(50,000)
Retirement benefit obligations	(2,671)
Investment contract liabilities	(231,289)
Insurance contract liabilities	(252,399)
Reinsurance contract held liabilities	(1,131)
Segregated fund liabilities	(1,280,918)
Total identifiable net assets acquired	88,970

Bargain Purchase

Bargain purchase arising from the acquisition has been recognised as follows:

Purchase consideration	43,165
Fair value of identifiable net assets	(88,970)
Total bargain purchase gain	(45,805)

The bargain purchase gain arose primarily due to the identification and fair value measurement of intangible assets and the revaluation of other identifiable net assets acquired, which resulted in the total fair value of net assets exceeding the consideration transferred.

Transaction costs of \$5.4 million were incurred in connection with the acquisition and were expensed as incurred, within other operating expenses.

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4 Disposal of subsidiaries

Disposal of BF&M Properties, and Barr's Bay

In 2023, the Group committed to sell its headquarters and a wholly-owned-subsubsidiary company, Barr's Bay. The Group simultaneously committed to lease back a portion of Barr's Bay and all of the headquarters. The aforementioned transactions closed on 31 July 2024, the portions of the properties subject to lease back were accounted for as sale and lease back transactions under IFRS 16. The portion of Barr's Bay not leased back was treated as an outright sale. The combined impact of the transactions are as follows:

	2024 \$
Total consideration received	17,600
Carrying amount of net assets sold	(10,785)
Right of use asset	3,081
Lease liability	(2,601)
Gain on sale and lease back	7,295

The gain is recorded in fee and other income in the consolidated statement of income.

5 Management of financial and insurance risk

A. Risk management and objectives

The Group's primary objective in undertaking risk management activity is to manage risk exposures in line with risk appetite, minimising its exposure to unexpected financial loss and limiting the potential for deviation from anticipated outcomes. In this respect, a framework of limits and qualitative statements, aligned with the Group's risk appetite, is in place for material exposures. Key management recognises the critical importance of having efficient and effective risk management systems in place.

A significant part of the Group's business involves the acceptance and management of risk. The Group is exposed to insurance, market, credit, liquidity and operational risks and operates a formal risk management framework to ensure that all significant risks are identified and managed.

The Group seeks to manage its exposures to risk through control techniques which ensure that the residual risk exposures are within acceptable tolerances agreed by the Board of Directors. The Group has established a risk management function with terms of reference from the Board of Directors, its committees, and the associated executive management committees. This is supplemented with an organisational structure with documented delegated authorities and responsibilities from the Board of Directors to executive management committees and senior managers. The key control techniques for the major categories of risk exposure are summarised in the following sections.

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Risks are usually grouped by risk type: (i) financial, including credit, liquidity, and market; and (ii) insurance, including life and health insurance and short-term insurance risk. Risks falling within these types may affect a number of key metrics including those relating to the consolidated statement of financial position's strength, liquidity, and profit. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

Assets which relate to certain life insurance and investment contracts are managed for the account and risk of the Group's customers. They are segregated and managed to meet specific investment objectives of the policyholders. The assets back the insurance liabilities and the financial liabilities arising from these contracts. The fair value of the liabilities reflects the fair value of the assets.

B. Financial risks

i) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations and arises principally from the Group's reinsurance contract assets and financial assets. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposures – e.g., individual obligor default risk, country risk and sector risk.

The following policies and procedures are in place to manage this risk:

- Holding a diversified investment portfolio that focuses on quality of investment. The portfolio is monitored and reviewed regularly by management's Investment Committee and by the Board of Director's Finance, Compensation, and Corporate Governance Committee;
- Investment guidelines are in place that require the purchase of only investment-grade assets and minimise undue concentration of assets in any single issuer, industry group, asset class or credit rating, unless required by local law or regulation;
- Investment guidelines specify collateral requirements for mortgages and loans and receivables which include the underlying property or other security;
- Transacting business with well-established reinsurance companies with strong credit ratings;
- Transacting business with well-established financial institutions and diversification of holdings where possible; and
- Developing and maintaining the Group's processes for measuring ECL. This includes processes for determining and monitoring of significant increases in credit risk, such as identifying past-due amounts, placing at-risk exposures on credit watchlists, and scrutinising the borrower's financial position.

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Maximum exposure to credit risk

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

	2025 \$	2024 \$
Cash and cash equivalents	136,875	89,258
Regulatory assets	42,772	28,148
Fixed income securities – at amortised cost	612,658	–
Fixed income securities – at FVTPL	164,716	424,790
Fixed income securities – designated at FVOCI	295,812	127,216
Mortgages and loans	33,846	29,740
Other assets	68,137	39,810
Reinsurance contracts held assets	115,776	65,813
Total	1,470,592	804,775

Concentration of credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries.

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The following table provides details of the carrying value of fixed income securities by industry sector and geographic distribution:

	2025 \$	2025 \$	2024 \$	2024 \$
Assets held in:	Investments	Regulatory assets	Investments	Regulatory assets
Fixed income securities issued or guaranteed by:				
Financials	199,831	1,367	105,420	1,313
Government	70,523	35,985	39,753	7,898
U.S. Treasury and other agencies	147,543	2,792	81,419	3,734
Utilities and energy	98,740	516	60,936	752
Consumer staples and discretionary	125,048	1,023	52,134	887
Telecom	26,827	306	–	–
Computer technology products and services	38,129	464	15,846	444
Industrials and materials	42,000	319	36,289	308
Health Care Equipment and Services	18,580	–	–	–
Structured/Securitized	305,965	–	160,209	–
Total fixed income securities	1,073,186	42,772	552,006	15,336
Comprising:				
– at amortised cost	612,658	–	–	–
– at FVTPL	164,716	42,772	424,790	15,336
– at FVOCI	295,812	–	127,216	–

	2025 \$	2025 \$	2024 \$	2024 \$
Assets held in:	Investments	Regulatory assets	Investments	Regulatory assets
United States	984,287	5,756	512,705	6,443
Canada	10,548	349	6,081	340
Northern Europe	51,591	260	12,553	250
Asia-Pacific	3,434	1,203	4,831	1,155
United Kingdom	19,970	269	11,161	259
Caribbean	2,372	21,593	4,169	6,889
Other	984	13,342	506	–
Total fixed income securities	1,073,186	42,772	552,006	15,336
Comprising:				
– at amortised cost	612,658	–	–	–
– at FVTPL	164,716	42,772	424,790	15,336
– at FVOCI	295,812	–	127,216	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The carrying value of mortgages and loans by geographic location is shown in the following table:

	2025 \$	2024 \$
Bermuda	33,846	29,740
Total mortgages and loans	33,846	29,740

Credit quality of financial assets

The following tables set out information about the credit quality of financial assets, without taking into account collateral or other credit enhancements, at gross carrying amounts.

As at 31 December 2025	AAA \$	AA \$	A \$	BBB \$	BB and lower \$	Not rated \$	Total \$
Cash and cash equivalents							
- Stage 1	26,840	8,364	38,863	59,216	—	3,592	136,875
Regulatory assets							
- Held at FVTPL and not subject to ECL requirements	2,659	3,482	12,183	10,552	8,102	5,794	42,772
Fixed income securities							
- Held at FVTPL and not subject to ECL requirements	10,092	64,917	52,739	36,636	332	—	164,716
- Stage 1	124,401	296,666	282,472	202,326	956	—	906,821
- Stage 2	—	—	—	—	1,649	—	1,649
Mortgages *							
- Stage 1	—	—	—	—	—	31,851	31,851
- Stage 2	—	—	—	—	—	980	980
- Stage 3	—	—	—	—	—	974	974
Other assets							
- Stage 1 **	—	—	—	—	—	40	40
Total	163,992	373,429	386,257	308,730	11,039	43,231	1,286,678

*Includes residential properties foreclosed and pending sale which are all in Stage 3. **Other assets subject to ECL requirements comprise trade/contract receivables for which the ECL model is simplified and the ECL allowance is always based on lifetime ECLs.

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As at 31 December 2024	AAA \$	AA \$	A \$	BBB \$	BB and lower \$	Not rated \$	Total \$
Cash and cash equivalents							
– Stage 1	39,840	6,762	26,794	14,819	–	1,043	89,258
Regulatory assets							
– Held at FVTPL and not subject to ECL requirements	1,381	4,395	9,029	2,059	7,650	3,634	28,148
Fixed income securities							
– Held at FVTPL and not subject to ECL requirements	44,461	151,962	156,990	70,711	666	–	424,790
– Stage 1	15,957	20,659	52,773	37,827	–	–	127,216
Mortgages *							
– Stage 1	–	–	–	–	–	28,260	28,260
– Stage 2	–	–	–	–	–	1,154	1,154
– Stage 3	–	–	–	–	–	326	326
Other assets							
– Stage 1 **	–	–	–	–	–	39,810	39,810
Total	101,639	183,778	245,586	125,416	8,316	74,227	738,962

*Includes residential properties foreclosed and pending sale which are all in Stage 3. **Other assets subject to ECL requirements comprise trade/contract receivables for which the ECL model is simplified and the ECL allowance is always based on lifetime ECLs.

For reinsurance contracts held assets, the Group's reinsurance panel consists of 49 reinsurance companies, excluding facultative and fronting policies, all of which are rated A-or better by AM Best.

As disclosed in Note 2(l), certain financial liabilities are held at FVTPL. All credit risk changes in these liabilities are presented within net income on the consolidated statement of income since to present such changes in OCI would create an accounting mismatch between the liabilities and the assets supporting them. The changes in fair value of these financial liabilities that are attributable to changes in credit risk were insignificant in both 2025 and 2024.

Credit quality enhancements

The credit quality of mortgages and other loans is enhanced by the assignment of collateral. Mortgages comprise first mortgages on real property situated in Bermuda and are registered under The Mortgage Registration Act 1976 and The Trustee Act 1975. Other loans are secured by collateral assignments. The collateral cannot be alienated in absence of default.

The following table quantifies the extent to which collateral mitigates credit risk on mortgages and other loans that are in Stage 3:

	%
31 December 2025	
Mortgages and other loans *-Stage 3	203
31 December 2024	
Mortgages and other loans *-Stage 3	133

*Includes residential properties foreclosed and pending sale which are all in Stage 3 in both 2025 and 2024.

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Amounts arising from ECL on financial assets

The ECL allowance model is introduced in Note 2(l)(iii).

Stage 1 financial assets

Financial assets that have not had a significant increase in credit risk since initial recognition and fixed income securities that have low credit risk (i.e., with an external credit rating agency rating of “BBB” or better) at the reporting date are included in Stage 1.

ECL measurement in Stage 1

The loss allowance for Stage 1 financial assets is equal to the 12-month ECL. 12-month ECLs represent the portion of lifetime ECLs that result from default events possible within 12 months of the reporting date.

For Stage 1 mortgages, the 12-month ECL is calculated as the reporting date balance (including accrued interest) multiplied by the applicable ECL rate as described below.

Other financial assets in Stage 1 are low credit risk assets which are externally rated and the ECL allowance for these assets is measured using default rates published by a credit rating agency.

Movement from Stage 1 to Stage 2

Financial assets are moved from Stage 1 to Stage 2 when a significant increase in credit risk (“SICR”) occurs. Financial assets with low credit risk at the reporting date are assumed to not have undergone a SICR. Additionally, trade/contract receivables follow a simplified model whereby the loss allowance is always based on lifetime ECLs and SICR assessments are not performed.

When determining whether a SICR has occurred, the Group considers reasonable and supportable qualitative and quantitative information that is relevant and available without undue cost or effort.

For financial assets other than mortgages and trade/contract receivables, reports issued by rating agencies are reviewed for indications of deterioration such as rating downgrades and negative outlook reports.

For mortgages, given the size and nature of the Bermudian market and the constraints on the availability of relevant, timely macroeconomic information and of external sources of credit quality information, emphasis is placed on past-due information. Where available, qualitative information that comes to light is also incorporated using management judgment.

Notwithstanding the above, the Group considers that a SICR occurs when an asset is more than 30 days past due.

ECL measurement for Stage 2 assets and trade/contract receivables

For trade/contract receivables, the loss allowance is based on lifetime ECLs. For these balances, the group makes use of provision matrices incorporating the ageing of receivables and historical credit loss rates to calculate the ECL allowance on a collective basis.

The lifetime ECL allowance for Stage 2 mortgages is calculated by multiplying the applicable ECL rate as described below by the expected outstanding balance (including accrued interest) at each future year end for the remaining lifetime of the mortgage and discounting the resulting sum to arrive at the present value.

For other financial assets in Stage 2, the lifetime ECL allowance is measured using externally published default rates for individual exposures.

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Movement from Stage 2 to Stage 3

Financial assets are moved to Stage 3 when they become credit impaired or are considered to be in default, which is defined as when it is unlikely that full payment will be received. Factors considered in this determination are set out in Note 2(l)(iii). Notwithstanding the foregoing, it is presumed that financial assets that are more than 90 days past due are credit impaired.

ECL measurement for Stage 3 assets

The loss allowance for Stage 3 financial assets is also based on lifetime ECLs.

For Stage 3 mortgages, lifetime ECLs are calculated as the difference between the present value of expected net cash flows (usually sale proceeds after costs to sell) discounted at the mortgage contract interest rate, and the net carrying amount of the mortgage. Market fluctuations will impact the expected value of sale proceeds and can significantly impact the estimate of the ECL allowance. Management estimates that sales will occur within 12 months. An additional impairment of between \$nil and \$nil could be incurred if the sales occurred within 18-24 months. A 10% drop in the collateral value supporting Stage 3 mortgages would result in an increase in the ECL allowance of \$nil (2024 – \$nil).

Incorporation of forward-looking information

The ECL rates are derived from a combination of historical averages (10 year and 3 year) and scenario assumptions. Separate historical rates and scenarios are calculated for commercial and residential mortgages. A weighted average ECL is calculated from a best case, most likely, and worst-case scenarios for both commercial and residential mortgages, where the scenario assumptions are partly based on the historical loss rates. Management has determined that actual experienced historical loss rates combined with the current status of the mortgage book is the best methodology for estimating scenarios and future ECL rates. See above under Stage 1 regarding assessment of macroeconomic information.

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Loss allowance

The following tables show the reconciliation from the opening balance to the closing balance of the loss allowance by class of financial instruments. Transfers due to changes in credit risk are determined in accordance with the accounting policy set out in Note 2(H) and above. None of the Group's financial assets are purchased or originated credit-impaired and there are no instruments for which there has been a significant increase in credit risk that are not accounted for as Stage 2 or Stage 3 financial assets.

Mortgages	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January	28,260	1,154	326	29,740	30,836	—	1,340	32,176
Business combination	7,437	—	—	7,437	—	—	—	—
Additions due to new originations	—	—	—	—	346	—	—	346
Transfer to Stage 1	(5)	—	—	(5)	692	—	(692)	—
Transfer to Stage 2	—	1	—	1	(1,058)	1,154	(96)	(0)
Transfer to Stage 3	—	—	648	648	—	—	—	—
Derecognition due to repayments	(3,840)	(175)	—	(4,015)	(2,556)	—	(226)	(2,782)
Balance at 31 December	31,852	980	974	33,806	28,260	1,154	326	29,740
Fixed income held at amortised cost								
Balance at 1 January	—	—	—	—	—	—	—	—
Business combination	225,466	—	—	225,466	—	—	—	—
Addition due to new purchases	566,539	1,758	—	568,297	—	—	—	—
Transfer to Stage 2	(328)	(109)	—	(437)	—	—	—	—
Derecognition due to repayments	(180,668)	—	—	(180,668)	—	—	—	—
Balance at 31 December	611,009	1,649	—	612,658	—	—	—	—

*Includes residential properties foreclosed and pending imminent sale.

The Group also holds an allowance for ECL for trade/contract receivables (within other assets) amounting to \$nil at the end of 2025 (2024-\$nil). None of these receivables are credit impaired.

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The following table provides an explanation of how significant changes in the gross carrying amounts of financial instruments contributed to changes in the loss allowance:

	2025			2024		
	Increase (decrease) in gross carrying amount Stage 1	Increase (decrease) in gross carrying amount Stage 2	Increase (decrease) in gross carrying amount Stage 3	Increase (decrease) in loss allowance Stage 1	Increase (decrease) in loss allowance Stage 2	Increase (decrease) in loss allowance Stage 3
During the year ended 31 December						
Mortgages *	2,723	(175)	–	5	(1)	–
Fixed income held at amortised cost	360,083	1,758	–	220	109	–

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations as they become due. The following policies and procedures are in place to manage this risk:

- Management maintains levels of cash and short-term deposits, which are sufficient to fulfill the Group's short-term obligations;
- Short-term cash flow needs are adequately met by operating cash flows and proceeds from mortgage and loan repayments;
- The Group closely manages operating liquidity through cash flow matching of assets and liabilities on its life insurance, annuities, and pensions business. Investments in various types of assets occur with a view to match them to the liabilities of various durations;
- Investments are graded internally on a liquidity level (1 to 4) and the Group looks to maintain adequate levels in highly liquid (1 and 2) securities;
- The ability of the Group's subsidiaries in certain jurisdictions to pay dividends and transfer funds is regulated. The Group maintains appropriate dividend and capital policies to ensure movement of cash flow through the Group as needed;

Arrangements with reinsurers are made to ensure that recoverables are received in a timely fashion in the event of a liquidity crisis.

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The maturity profile of financial assets at 31 December 2025 is as follows:

	Within 1 year \$	2 to 3 years \$	4 to 5 years \$	Over 5 years \$	Total \$	Effective interest rate ranges \$
Mortgages *	3,194	4,976	5,342	20,294	33,806	4.5%-9.0%
Regulatory assets	31,216	7,608	3,740	208	42,772	1.38%-6.95%
Fixed income securities-at amortised cost	108,902	122,001	74,568	307,187	612,658	1.50%-7.0%
Fixed income securities –at FVTPL	21,537	47,075	32,589	63,515	164,716	0.85%-7.05%
Fixed income securities-at FVOCI	4,289	25,721	19,694	246,108	295,812	0.55%-7.62%
Total	169,138	207,381	135,933	637,312	1,149,764	
Percent of total	14.7%	18.0%	11.8%	55.4%	100%	

*Includes residential properties foreclosed and pending sale. The timing of the realisation of sale proceeds could differ from current expectations.

The maturity profile of financial assets at 31 December 2024 is as follows:

	Within 1 year \$	2 to 3 years \$	4 to 5 years \$	Over 5 years \$	Total \$	Effective interest rate ranges \$
Mortgages *	2,448	4,516	4,517	18,259	29,740	4.50%-9.00%
Regulatory assets	17,269	2,873	7,505	501	28,148	1.50%-6.95%
Fixed income securities –at FVTPL	60,644	103,040	109,969	151,137	424,790	0.46%-8.55%
Fixed income securities-at FVOCI	496	1,232	568	124,920	127,216	0.55%-7.62%
Total	80,857	111,661	122,559	294,817	609,894	
Percent of total	13.3%	18.3%	20.1%	48.3%	100.0%	

*Includes residential properties foreclosed and pending sale. The timing of the realisation of sale proceeds could differ from current expectations.

The maturity profile of non-insurance liabilities at 31 December 2025 is as follows:

	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Investment contract liabilities	207,738	91,035	321,709	620,482
Loan payable	15,516	24,601	—	40,117
Other liabilities	95,183	2,287	2,562	100,032
Total	318,437	117,923	324,271	760,631

The maturity profile of non-insurance liabilities at 31 December 2024 is as follows:

	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Investment contract liabilities	102,287	235,015	—	337,302
Other liabilities	38,971	1,875	2,344	43,190
Total	141,258	236,890	2,344	380,492

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The following table provides a maturity analysis of the Group's insurance and reinsurance contract liabilities, which reflects the dates on which the cash flows are expected to occur.

	Within 1 year \$	1-2 years \$	2-3 years \$	3-4 years \$	4-5 years \$	More than 5 years \$	Total \$
31 December 2025							
Insurance contract liabilities	193,500	47,304	36,632	30,624	27,538	212,757	548,355
Reinsurance contract held liabilities	2,322	179	186	175	197	3,101	6,160
Total	195,822	47,483	36,818	30,799	27,735	215,858	554,515
31 December 2024							
Insurance contract liabilities	140,170	12,845	12,083	11,360	10,689	112,542	299,689
Reinsurance contract held liabilities	222	239	215	233	231	3,467	4,607
Total	140,392	13,084	12,298	11,593	10,920	116,009	304,296

Certain insurance contract liabilities measured under GMM have provisions which enables the holder to demand payment upon cancellation, the total value of such features is approximately \$40,818 (2024-\$40,804).

The expected maturity profile of insurance and reinsurance contract liabilities presented above is significantly affected by the insurance risk assumptions set out in Note 5(C).

iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk), and market prices (price risk).

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has operations in several jurisdictions and revenue and expenses are denominated in several local currencies. The Group is not significantly exposed to foreign exchange risk because of the following:

- The majority of the Group's assets, liabilities, and earnings are denominated in Bermuda, Cayman, Bahamian or United States dollars;
- The Bermuda, Cayman and Bahamian dollars are pegged to the United States dollar;
- The Bermuda dollar is at par with the United States dollar; and
- The Group's Canadian operation is fully integrated. Its monetary assets and liabilities are not considered material.

The Group regularly monitors currency translation fluctuations. Generally, the Group looks to match the currency of its local assets to the currency of the local liabilities they support or to the United States dollar as the currency of the liabilities is generally pegged to the United States dollar. This achieves the objective of mitigating risk of loss arising from movements in currency.

The summary quantitative information about the Group's exposure to foreign currency transaction risk arising from insurance and reinsurance contracts and financial instruments at the reporting date was as follows:

Currency risk	Sterling	Euro	CAD
Financial assets	22,902	44,986	9,132
Financial liabilities	1,858	10,021	8,173
Insurance and reinsurance assets	1,289	2,367	—
Insurance and reinsurance liabilities	10,461	18,813	—

A reasonably possible strengthening or weakening of the sterling, euro or canadian dollar against all other currencies at the reporting date would have affected the measurement of insurance and reinsurance contracts and financial instruments denominated in a foreign currency and affected net income and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	December 31, 2025	
	Change in exchange rate	Impact on net income/equity
Sterling		
Financial instruments	+/-10%	+/-2,104
Insurance and reinsurance contracts	+/-10%	+/- (917)
Euro		
Financial instruments	+/-10%	+/-3,497
Insurance and reinsurance contracts	+/-10%	+/- (1,645)
CAD		
Financial instruments	+/-10%	+/-96
Insurance and reinsurance contracts	+/-10%	-

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Interest rate risk

Interest rate risk is price volatility produced by changes in the overall level of interest rates. Change in market interest rates can impact the reinvestment of matured investments, as the returns available on the new investment may be significantly different from the returns previously achieved. The Group manages these risks through:

- Asset allocation and diversification of the investment portfolio;
- Utilisation of a formal process for managing the matching of assets and liabilities;
- Investing in assets that are suitable for the products sold;
- Investing in fixed income assets that closely match the life liability product cash flows for products with fixed and highly predictable benefit payments; and
- Quantifying and reviewing regularly the risk associated with the mismatch in portfolio duration and cash flow.

The sensitivity analysis for interest rate risk illustrates how the values of interest-sensitive assets and certain liabilities would have fluctuated because of changes in interest rates at the reporting date, and the consequential immediate impact such fluctuations would have had on net income.

Assets are notionally segmented to correspond to the different liability categories of the Group. The impact of interest rate risk on the Group's GMM actuarial liabilities is as follows:

If interest rates on fixed income investments supporting GMM actuarial liabilities shifted parallel by 100 basis points higher/lower, the immediate impact to net income and equity would have been (\$22,600)/\$25,736 (2024 (\$11,532)/\$13,418) lower/higher. This impact was calculated using a discounted cash flow method.

If interest rates on other fixed-income investments shifted parallel by 100 basis points higher/lower, the immediate impact to net income and equity (excluding any liability effects) would have been (\$20,969)/\$20,785 (2024 (\$11,738)/\$11,975) lower/higher. This interest rate sensitivity impact was calculated using the effective duration method.

Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting the market.

The Group's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities. None of the Group's equity and fund investments are linked with or notionally allocated to supporting the Group's insurance contract liabilities hence such liabilities do not carry price risk.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector, and market.

A 10% increase/decrease in the value of the Group's equity and fund portfolio would increase/decrease the Group's comprehensive income by \$13,980 (2024-\$11,642) and the Group's other components of equity by \$535 (2024-\$3,653). The price risk sensitivity impact was calculated by using the ending balances in equity and funds at a 10% increase/decrease.

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C. Insurance risk

Insurance risk is any risk other than financial risk that is transferred from the holder of the contract to the issuer. 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. Insurance risk is implicit in the Group's insurance business and arises as a consequence of the type and volume of business written and the concentration of risk in particular policies or groups of policies subject to the same risks.

i) Life and health insurance risk

Insurance risk in the Group arises through its exposure to mortality and morbidity risks and exposure to worse than anticipated operating experience on factors such as persistency levels and management and administration expenses.

Management of life and health insurance risks

The Group has developed an insurance risk policy and guidelines. Individual insurance risks are managed at a business unit level but are also monitored at the Group level.

The impact of insurance risk is monitored by the business units as part of the control cycle of business management. Exposure is monitored through the assessment of liabilities and the asset liability management framework. At the Group level the overall exposure to insurance risk is measured through management reporting, stress testing, and Bermuda Solvency Capital Requirement ("BSCR") analysis.

The Board of Directors considers the reinsurance coverage across the life and health businesses. It confirms that guidance and procedures are in place for each of the major components of life insurance risk, and that the businesses mitigate against any insurance risk within the parameters for the overall Group risk appetite.

The Board of Directors has also developed guidance for business units on management of a number of areas of insurance risk to ensure best practice is shared throughout the Group and common standards are adopted.

The individual life and health insurance risks are managed as follows:

- Mortality and morbidity risks are mitigated by use of reinsurance. The Group companies select reinsurers, from those approved by the Group, based on local factors, but assess the overall programme to manage Group-wide risk exposures and monitor that the aggregation of risk ceded to individual reinsurers is within the Group appetite for credit risk. In the case of default by a reinsurer, this does not release the Group from its liability to the insured policyholders.
- Longevity risk: Whilst individual Group companies are responsible for reserving and pricing for annuity business, the Group monitors the exposure to this risk and the capital implications to manage the impact on the Group-wide exposure and the capital funding that Group companies may require as a consequence.
- Persistency risk: Where possible the financial impact of lapses is reduced through appropriate product design. Group companies also implement specific initiatives to improve retention of policies which may otherwise lapse.
- Product design and pricing risk arises from poorly designed or inadequately priced products and can lead to both financial loss and reputational damage to the Group. Guidelines have been developed to support the Group companies through the complete cycle of the product development process, financial analysis and pricing.
- Expense risk is primarily managed by the Group companies through the assessment of profitability and frequent monitoring of expense levels.

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Concentration risk

The following table shows the Health and Life and Wealth Management operating segments insurance liabilities by geographic area.

31 December 2025		Health and life	Annuities	Total
Territory		\$	\$	\$
Bermuda	Gross	98,861	301,894	400,755
	Net	80,487	301,894	382,381
Bahamas	Gross	6,568	—	6,568
	Net	6,933	—	6,933
Total	Gross	105,429	301,894	407,323
	Net	87,420	301,894	389,314

31 December 2024		Health and life	Annuities	Total
Territory		\$	\$	\$
Bermuda	Gross	78,682	120,093	198,775
	Net	76,873	120,093	196,966
Bahamas	Gross	6,992	—	6,992
	Net	7,617	—	7,617
Total	Gross	85,674	120,093	205,767
	Net	84,490	120,093	204,583

Assumptions and methodology

The nature of life and health insurance business is such that a number of assumptions are made in compiling these consolidated financial statements. Assumptions are made about investment returns, mortality rates, lapse rate, morbidity, expenses, and premium payment patterns in connection with the in-force policies for each business unit. Assumptions are best estimates based on historic and expected experience of the business. The estimate of the ultimate liability arising from life and health insurance contracts is a significant accounting estimate.

The valuation of liabilities was performed based on requirements in IFRS 17. Note 23(E) sets out a broad definition of future cash flows, the policy for discounting those cash flows and how those cash flows were adjusted for non-financial risk, however the underlying actuarial assumptions fundamental to the valuation (being mortality, morbidity, expenses, policyholder behaviour (lapse and premium payment pattern), policyholder dividend levels) are discussed below. In some instances, approximations are used due to the nature of liabilities. The approximations are not expected to change the results materially.

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For the year ended 31 December 2025 (in thousands of Bermuda dollars)

a) Mortality/Longevity

Mortality refers to the rates at which death is expected to occur for defined classes of insured. Management reviews the Group's mortality experience annually. Given the relatively small size of the in-force block, the Group's mortality assumption is a credibility-weighted blend between internal experience and standard industry tables. For life insurance and life contingent annuities, the assumed mortality assumption includes future mortality improvement based on prescribed minimum mortality improvement rates promulgated by the Canadian Actuarial Standards Board ("ASB"). The effect of which is to increase insurance contract liabilities for annuities, while decreasing for life insurance.

For life products, a higher mortality would be financially adverse to the Group. For annuity products, a lower mortality would be financially adverse to the Group.

b) Morbidity

Morbidity refers to the likelihood that an insured will contract or develop any number of illnesses. The Group's portfolio of group and individual health business is large enough for an internal analysis of lag and is used, along with an analysis of experience, as the basis for setting annually renewable premiums. A very small block of individual disability business assumes industry standard morbidity rates when setting assumptions. Morbidity also refers to both the rates of accident or sickness and the rates of recovery therefrom. An increase in medical claim rates net of reinsurance would increase the actuarial liabilities.

c) Expenses

Actuarial liabilities provide for future administrative policy-related expenses. These include the costs of premium collection, claims adjudication and processing, related consulting services, preparation and distribution of policy statements and related indirect expenses and overheads. A unit expense study is performed to determine an appropriate estimate of expenses by liability type. An inflation assumption is incorporated in the estimate of future expenses.

d) Lapse

The best estimate lapse assumption is based on a combination of industry and the Group's lapse experience and pricing assumptions for newer products.

Policyholders may allow their policies to terminate prior to the end of the contractual period by choosing not to continue to pay premiums or by exercising one of the non-forfeiture options contained in the contract. Assumptions for termination experience on life insurance are based on industry and the Group's experience. Termination rates vary by plan, policy duration and method of premium payment. For universal life policies, it is also necessary to set assumptions about premium cessation occurring prior to termination of the policy.

e) Premium payment patterns

Universal life liabilities are sensitive to the amount of discretionary premium received from the policyholders. A premium persistency assumption is made for all universal life products and can vary by plan, age and policy duration.

f) Policyholder dividends

Future policyholder dividends are included in the determination of actuarial liabilities for participating policies, with the assumption that future policyholder dividends will change to reflect the experience of the respective participating accounts consistent with the participating policyholder dividend policies.

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g) Sensitivity test analysis

There is considerable judgment required by management in making assumptions in the measurement of insurance and investment contract liabilities. Application of different assumptions may result in a different measure of the liabilities. Therefore, sensitivity testing is widely used to measure the capital required and volatility in earnings due to exposure to life and health insurance risks. This assessment is taken at both business unit level and at Group level where the impact of aggregation of similar risks can be measured. This enables the Group to determine whether action is required to reduce risk, or whether that risk is within the overall risk appetite.

The Group uses a number of sensitivity test-based risk management tools to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital more efficiently. Sensitivities to economic and operating experience are regularly produced on all of the Group's financial performance measurements to inform the Group's decision making and planning processes, and as part of the framework for identifying and quantifying the risks to which each of its business units, and the Group as a whole, are exposed.

The table below analyses how the CSM, net income and equity would have increased (decreased) if changes in risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	Change in assumption	Increase in fulfilment cash flows		Effect on CSM		Effect on net income/equity	
		Gross	Net	Gross	Net	Gross	Net
31 December 2025							
Mortality rate – life products	+3%	604	250	(634)	(70)	30	(180)
Mortality rate – annuity products	-3%	2,140	2,140	(2,426)	(2,426)	286	286
Morbidity – medical claims	+1%	2,971	2,971	–	–	(2,971)	(2,971)
Expenses	+10%	21	30	(2,034)	(2,051)	2,014	2,021
Termination rate	+10%	1,079	358	198	1,210	(1,276)	(1,567)

	Change in assumption	Increase in fulfilment cash flows		Effect on CSM		Effect on net income/equity	
		Gross	Net	Gross	Net	Gross	Net
31 December 2024							
Mortality rate – life products	+3%	639	255	(706)	(82)	67	(173)
Mortality rate – annuity products	-3%	719	719	(1,072)	(1,072)	353	353
Morbidity – medical claims	+1%	1,079	1,079	–	–	(1,079)	(1,079)
Expenses	+10%	1,115	1,115	(1,512)	(1,512)	397	397
Termination rate	+10%	558	604	(1,161)	(1,429)	603	825

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ii) General insurance risk

Types of risk

General insurance risk in the Group arises from:

- Fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations;
- Unexpected claims arising from a single source;
- Unexpected increases in reinsurance costs;
- Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
- Inadequate reinsurance protection or other risk transfer techniques; and
- Inadequate reserves.

The majority of the general insurance business underwritten by the Group is of a short-term nature such as property, motor and marine insurances. The Group's general insurance exposures are located in Bermuda, Gibraltar, Malta, and throughout the Caribbean, climate change may impact the frequency and severity of tropical cyclone activity in the regions in which Group writes general insurance, which in turn may impact the frequency and severity of claims. Furthermore for casualty insurances the Group is exposed to changing legal and litigation trends, and societal expectations. The Group's underwriting strategy and appetite is agreed by the Board of Directors and communicated via specific policy statements and guidelines. Like the life insurance risk, general insurance risk is managed primarily at a business unit level with oversight at a Group level.

Management of general insurance risks

The Group's insurance risk policy sets out the overall framework for the management of insurance risk. As part of the framework, a structure of delegated pricing and underwriting authorities is in place. Pricing is based on assumptions which consider past experience and trends. Insurance exposures are limited through the purchase of reinsurance. Overall, the Group seeks to be conservative in its acceptance of insurance risks by establishing strict underwriting criteria and limits. The underwriting policy is clearly documented, setting out risks which are unacceptable and the terms applicable for non-standard risks.

Significant insurance risks will be reported through the risk management framework. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The LIC for these contracts comprise a provision for claims incurred but not yet reported ("IBNR"), a provision for reported claims not yet paid at the end of the reporting period.

Management under the direction of the Board of Directors monitors and develops the management of insurance risk in the general insurance business units and assesses the aggregate risk exposure. It is responsible for the development, implementation and review of the Group policies for underwriting, claims, reinsurance, and reserving that operate within the risk management framework.

The Group has developed mechanisms that identify, quantify and manage accumulated exposures to contain them within the limits of the appetite of the Group. Where appropriate such mechanisms are employed throughout the business units to promote the adoption of best practice as standard.

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Reinsurance strategy

Reinsurance is used to reduce potential loss to the Group from individual large risks and catastrophic events. It may also be used to manage capital or to provide access to specialist underwriting expertise.

Significant reinsurance programmes are reviewed annually at both the business unit and Group level, to verify that the levels of protection being purchased reflect any developments in exposure and the risk appetite of the Group. The reinsurance arrangements include quota share, excess of loss catastrophe treaties and parametric coverages. In addition to the overall Group reinsurance programme, individual business units are permitted to purchase additional reinsurance protection.

Reinsurance purchases are in line with the strategy set out in the Group's Reinsurance policy. The basis of these purchases is underpinned by extensive financial and capital modeling and actuarial analysis to optimise the cost and capital efficiency benefits from the reinsurance programme.

The reinsurance is placed with providers who meet the Group's counterparty security requirements, and large reinsurance placements may also require approval from the Board of Directors.

Management evaluates the remaining reinsurance coverage available from the Group's excess of loss catastrophe treaties subsequent to claims activity related to catastrophic events and, in the current year, have concluded that the remaining available coverage will be sufficient to absorb potential adverse development on unsettled claims.

Concentration risk

Processes are in place to manage catastrophe risk in individual business units and at a Group level. The Group cedes much of its catastrophe risk to third-party reinsurers but retains a pooled element for its own account gaining diversification benefits.

The concentration of insurance risk before and after reinsurance by territory in relation to the type of general insurance business risk accepted is summarised below, with reference to the carrying amount of the insurance reserve liabilities (gross and net of reinsurance) arising from general insurance contracts:

31 December 2025		Property	Motor	All other	Total
Territory		\$	\$	\$	\$
Bermuda	Gross	19,748	24,720	6,472	50,940
	Net	(4,836)	6,290	4,236	5,690
Malta	Gross	3,197	14,949	3,950	22,096
	Net	3,311	12,573	3,432	19,316
Gibraltar	Gross	3,251	6,413	4,431	14,095
	Net	1,765	6,195	4,398	12,358
Cayman/Other Caribbean	Gross	33,723	14,135	6,043	53,901
	Net	(9,905)	11,043	4,763	5,901
Total	Gross	59,919	60,217	20,896	141,032
	Net	(9,665)	36,101	16,829	43,265

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31 December 2024 Territory		Property \$	Motor \$	All other \$	Total \$
Bermuda	Gross	16,448	9,803	4,420	30,671
	Net	(10,946)	9,443	3,391	1,888
Cayman/Other Caribbean	Gross	42,211	14,005	7,038	63,254
	Net	16,599	9,337	6,077	32,013
Total	Gross	58,659	23,808	11,458	93,925
	Net	5,653	18,780	9,468	33,901

Assumptions and methodology

The valuation of liabilities was performed based on requirements in IFRS 17. The measurement of the LRC for General insurance is discussed in Note 2(O)(iii). For the general insurance LIC, Note 23(E) sets out a broad definition of future cash flows, the policy for discounting those cash flows and how those cash flows were adjusted for non-financial risk, however the underlying actuarial assumptions fundamental to the valuation (being ultimate claim and expense levels) are discussed below.

The ultimate cost of outstanding contract liabilities are estimated by using a range of standard actuarial claims projections techniques, such as the Incurred Development Methodology, Bornhuetter-Ferguson and Initial Expected Loss Ratio method. The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. Historical claims development is analysed by accident period. Claims development is analysed for each geographical area as well as by line of business.

General insurance business claims reserving

The subsidiaries writing general insurance business have a documented reserving policy setting out the basis on which liabilities are to be determined using statistical analysis and actuarial experience. Policies for each subsidiary are in line with relevant local regulation and legislation.

Management monitors and conducts quarterly reviews of the Group's general insurance claims provisions, and their adequacy.

The Group has claims departments dealing with the mitigation of risks surrounding known exposures. These departments investigate and adjust claims with the assistance and advice of external loss adjusters. The claims are reviewed individually on a quarterly basis and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments. The adequacy of the Group's general insurance claims provisions is ultimately overseen by the Board of Directors.

The estimate of the ultimate liability arising from short term insurance contracts is a significant accounting estimate. These liabilities are divided into 2 categories, which are both reported in the LIC: the provision for IBNR and the provision for the cost of reported claims not yet paid. Also included in the LIC are provisions for adverse development (Risk Adjustment) and unallocated loss adjustment expenses.

The estimation of the IBNR claims is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many

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years after the event that gave rise to the claims. For casualty contracts, the IBNR liability will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Any estimate of future costs is subject to the inherent uncertainties in predicting the course of future events. Assumptions are made around costs such as repairs, jury decisions, court interpretations and legislative changes. Consequently, the amounts recorded in respect of unpaid claims may change significantly in the short term. Management engages independent actuaries to assist them in making such estimates based on the Group's own loss history and relevant industry data.

Sensitivity analysis

The following provides information about the impact of changes in the best estimate undiscounted ultimate claims liability under reasonably possible scenarios.

	Change in assumption	Effect on liability		Effect on net income		Effect on equity	
		Gross \$	Net \$	Gross \$	Net \$	Gross \$	Net \$
31 December 2025							
Ultimate claims liability	+ 5%	3,347	1,988	3,347	1,988	3,347	1,988
Ultimate claims liability	-5%	(3,347)	(1,988)	(3,347)	(1,988)	(3,347)	(1,988)

	Change in assumption	Effect on liability		Effect on net income		Effect on equity	
		Gross \$	Net \$	Gross \$	Net \$	Gross \$	Net \$
31 December 2024							
Ultimate claims liability	+ 5%	1,941	1,033	1,941	1,033	1,941	1,033
Ultimate claims liability	-5%	(1,941)	(1,033)	(1,941)	(1,033)	(1,941)	(1,033)

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6 Capital management and regulatory compliance

The Group's policy is to maintain a strong consolidated capital base. The Group manages its capital to ensure its continued ability to provide an adequate return to shareholders, exceed insurance regulatory capital requirements, provide flexibility to take advantage of growth opportunities, maintain a strong credit rating, and to support the risks associated with the business of the Group. The Group's capital base is defined as shareholders' equity as disclosed in the consolidated statement of financial position.

The Bermuda Monetary Authority ("BMA") is the regulator of the Group. Under the laws and regulations of Bermuda, the Group must maintain a minimum amount of statutory capital and surplus based on the enhanced capital requirement. As at 31 December 2025, the Group exceeded the minimum requirement.

Management monitors the adequacy of the Group's capital from the perspective of the Bermuda insurance regulations and The Bermuda Companies Act (1981) as well as the regulatory requirements of the other jurisdictions in which it operates. The Group's practice is to maintain the capitalisation of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements within the various jurisdictions.

The Group's investment policies emphasise the preservation of capital and the maintenance of a diversified investment portfolio, which together serve to minimise the risk that investment activities pose to the Group's capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The regulatory requirements for jurisdictions with significant activities are as follows:

A. Bermuda

Under The Insurance Act 1978 (Bermuda) ("the Act"), amendments thereto and the Insurance Account Rules 2016 ("the Legislation"), the Group and the Group's Bermuda-based insurance subsidiaries are required to annually prepare and file a statutory financial return, a capital and solvency return and audited financial statements prepared under Generally Accepted Accounting Principles. In addition, the Group submits a quarterly financial return. The Bermuda Solvency and Capital Requirement ("BSCR") is the prescribed form of capital and solvency return in Bermuda. The BSCR includes a standardised model for assessing the minimum capital required to be held by a company based on a measure of risk associated with an insurance company's assets, liabilities, premiums and catastrophe risk exposure. The BMA requires all Groups and insurers to maintain their minimum statutory capital and surplus at a level which is 120% of the amount calculated in accordance with the BSCR.

The Act also requires the Group's Bermuda based insurance subsidiaries which write general business, to meet minimum liquidity ratios whereby defined relevant assets must exceed 75% of defined relevant liabilities.

The Act limits the maximum amount of annual dividends and distributions that may be paid by the Group's insurance subsidiaries. These insurance subsidiaries are prohibited from declaring or paying any dividend of more than 25% of its total statutory capital and surplus, as shown in the previous year statutory balance sheet, unless at least seven days before payment of the dividend it files with the BMA an affidavit that it will continue to meet its minimum capital requirement as described above. In addition, the subsidiaries must obtain the BMA's prior approval before reducing its total statutory capital, as shown in the previous financial year statutory balance sheet, by 15% or more.

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In addition, The Bermuda Companies Act (1981) limits the Group's ability to pay dividends and distributions to shareholders if there are reasonable grounds for believing that the Group would be unable to pay its liabilities as they become due or if the realisable value of its assets would be less than the aggregate of its liabilities, issued share capital and share premium accounts.

B. Cayman Islands

The Cayman Islands Monetary Authority ("CIMA") has statutory powers that enable it to use its discretion to require the Group to conduct its Cayman operations in accordance with general or specific conditions which may be imposed by CIMA or may be agreed between CIMA and IHIC. IHIC is required to maintain capital in excess of the greater of approximately \$300 for domestic insurers or \$1,000 for external insurers, and an amount determined as per a prescribed formula set out in legislation. The formula prescribes the minimum capital requirements for the IHIC's assets and liabilities on a risk basis and also provides for a margin for catastrophe risk. IHIC holds both a domestic insurer license and an external insurer Class A license. Additionally, IHIC has regulated insurance operations in several other jurisdictions throughout the Caribbean. As at 31 December 2025, IHIC was in compliance with its regulatory requirements.

C. Gibraltar

Subsidiary Argus Insurance Company (Europe) Limited (AICEL) is regulated by the Financial Services Commission (FSC) in Gibraltar. On 1 January 2016, the Solvency II capital requirements came into force. The Solvency Capital Requirement (SCR) the amount of funds that insurance and reinsurance undertakings are required to hold in the European Union. The SCR should reflect a level of eligible own funds that enables insurance undertakings to absorb significant losses and that gives reasonable assurance to policyholders and beneficiaries that payments will be made as they fall due. AICEL is in compliance with the Solvency I and Solvency II requirements and exceeds the Required Minimum Margin and SCR. The Solvency II return and SCR are not required to be audited.

The BMA has been declared by the European Commission to be fully equivalent to Solvency II. Consequently, Bermuda shall be considered by all European Member States as applying an equivalent statutory insurance regime in accordance with the requirements of Solvency II.

The FSC in Gibraltar has confirmed that it recognises the BMA as the Group's Supervisor and the FSC will focus its supervision on AICEL as a solo entity.

7 Segmental information

The Group is organised into operating segments based on their products and services. These operating segments mainly operate in the financial services industry. The Chief Executive Officer reviews the business and make strategic decisions primarily by operating segments. All the operating segments meet the definition of a reportable segment.

During the year ended 31 December 2025, the Group revised the structure of its reportable segments to better reflect changes in business strategy and management structure, following the recent amalgamation with Argus.

Comparative information has been reclassified to conform with the current period's presentation. The reclassification had no impact on previously reported consolidated net income, total assets, liabilities and equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Health and Life

This operating segment includes group and individual health and accident, life, disability products and health care providers offered in Bermuda and the Cayman Islands.

Wealth Management

This operating segment includes investment and asset management, annuities, pensions and financial planning offered in Bermuda and the Cayman islands.

Property and Casualty

This operating segment includes the following products: personal and commercial fire, windstorm, burglary, public liability, marine, special types, personal automobile, personal auto-cycle, workmen's compensation and commercial vehicles in Bermuda, the Cayman Islands and other Caribbean, Malta and Gibraltar.

Brokerage Companies

This operating segment is comprised of insurance brokers in Bermuda, Malta and Gibraltar.

Corporate and other

Corporate and other operations consist of corporate level income and expenses and returns from investments not allocated to any operating segments. It also represents the combined operations of a holding and management companies, net of intercompany eliminations. The Group centrally manages certain shared service functions, with the related costs allocated to operating segments based on factors such as headcount and time studies, where applicable. Certain corporate costs that are not directly attributable to specific segments are not allocated and are retained within Corporate and other.

Measurement basis

The accounting policies of the segments are generally the same as those for the Group as a whole, adjustments are made at the Group level where differences exist. The Group evaluates performance of operating segments on the basis of profit or loss from operations.

Intersegment income is recorded at management's estimate of current market prices.

The segmental information provided to the CEO for the reportable segments for the year ended 31 December 2025 is as follows:

Results by segment	Health and life \$	Wealth Management \$	Property and Casualty \$	Brokerage Companies \$	Corporate and other \$	Total \$
Insurance revenue	290,710	19,021	351,407	—	—	661,138
Insurance service expenses	(254,842)	(11,653)	(112,971)	—	—	(379,466)
Net expenses from reinsurance contracts held	1,543	—	(182,692)	—	—	(181,149)
Insurance service result	37,411	7,368	55,744	—	—	100,523
Investment result	10,778	26,312	16,632	9	1,796	55,527
Change in investment contract liabilities	—	(14,175)	—	—	—	(14,175)
Income from associate	—	—	2	—	—	2
Net finance expenses from insurance contracts issued	(814)	(10,381)	(3,275)	—	—	(14,470)
Net finance income from reinsurance contracts held	(55)	—	1,172	—	—	1,117
Fee and other income	34,004	33,354	1,938	7,321	2,861	79,478
Participating policyholders' net income/(loss)	(842)	368	—	—	—	(474)
Bargain purchase gain	—	—	—	—	45,805	45,805
Other operating expenses	(43,080)	(20,100)	(21,523)	(7,229)	(5,195)	(97,127)
Commission expense	(68)	(1,444)	—	(37)	—	(1,549)
Amortisation and depreciation expense	(1,109)	(1,505)	(2,026)	(283)	(9,081)	(14,004)
Interest expense	—	—	(9)	—	(3,619)	(3,628)
Income tax expenses	—	—	(1,354)	11	(196)	(1,539)
Non-controlling interest in subsidiaries	—	—	353	—	—	353
Shareholders' net income/(loss)	36,225	19,797	46,948	(208)	32,371	135,133

Intersegment income is recorded at management's estimate of current market prices.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

The segmental information provided to the CEO for the reportable segments for the year ended 31 December 2024 is as follows:

Results by segment	Health and life \$	Wealth Management \$	Property and Casualty \$	Brokerage Companies \$	Corporate and other \$	Total \$
Insurance revenue	133,817	5,256	273,532	—	—	412,605
Insurance service expenses	(126,520)	(4,389)	(74,631)	—	52	(205,488)
Net expenses from reinsurance contracts held	(1,599)	—	(184,852)	—	(52)	(186,503)
Insurance service result	5,698	867	14,049	—	—	20,614
Investment result	955	22,744	10,119	—	(7,507)	26,311
Change in investment contract liabilities	—	196	—	—	—	196
Net finance expenses from insurance contracts issued	(2,475)	(4,152)	(2,214)	—	—	(8,841)
Net finance income from reinsurance contracts held	(85)	—	1,681	—	—	1,596
Fee and other income	308	12,893	9,745	—	2,530	25,476
Participating policyholders' net income/(loss)	(581)	110	—	—	—	(471)
Other operating expenses	(8,953)	(12,023)	(22,029)	—	(6,257)	(49,262)
Amortisation and depreciation expense	—	—	(1,028)	—	(2,604)	(3,632)
Commission expense	—	(86)	—	—	—	(86)
Interest expense	—	—	(12)	—	(199)	(211)
Income taxes	—	—	(495)	—	(419)	(914)
Non-controlling interest in subsidiaries	—	—	422	—	—	422
Shareholders' net income/(loss)	(5,133)	20,549	9,394	—	(14,456)	10,354

While the Group's performance is managed by operating segments, total assets and liabilities are reviewed based on geography, which includes capital allocations.

As at December 31, 2025	Cayman Islands and other Caribbean operations					Total
	Bermuda		Malta	Gibraltar	Canada	
Total Assets	4,775,213	153,776	44,928	44,084	14,613	5,032,614
Total Liabilities	4,463,263	58,977	33,866	16,598	10,127	4,582,831

As at December 31, 2024	Cayman Islands and other Caribbean operations					Total
	Bermuda		Malta	Gibraltar	Canada	
Total Assets	2,407,135	133,768	—	—	14,145	2,555,048
Total Liabilities	2,160,167	79,338	—	—	5,207	2,244,712

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

8 Fair value measurements

A. Fair value methodologies and assumptions

Management has assessed that the carrying values of cash and cash equivalents, and regulatory assets approximate their fair values.

The fair value of fixed income securities which are carried at FVTPL is determined using quoted prices in active markets for identical or similar securities. When quoted prices in active markets are not available, fair value is determined using market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices, and reference data including market research publications. In limited circumstances, non-binding broker quotes are used.

The fair value of equity and fund securities is determined using quoted prices in active markets for identical or similar securities. When quoted prices in active markets are not available, fair value is determined using equity valuation models, which include discounted cash flow analysis and other techniques that involve benchmark comparison. Valuation inputs primarily include projected future operating cash flows and earnings, dividends, market discount rates, and earnings multiples of comparable companies.

For disclosure purposes, the fair values of mortgages and loans classified as amortised cost are determined by discounting the expected future cash flows using a current market interest rate applicable to financial instruments with a similar yield, credit quality and maturity characteristics. Valuation inputs typically include benchmark yields and risk-adjusted spreads from current lending activities or loan issuances. For impaired mortgages, fair value reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral.

Fair values for investment properties and residential properties foreclosed pending sale are assessed annually and reviewed quarterly for material changes. The fair value is assessed using the most recently available reports from qualified external appraisal services. Investment properties are appraised externally at least once every three years. The Bermuda property was externally valued as at 6 January 2025. Values are estimated using 1) the income approach to estimate the present value of discounted projected future cash flows using current rental values, assessed rental values or market rental values at a market discount rate; or 2) determined having regard to recent market transactions for similar properties in similar locations or where such information is not readily available, other valuation techniques such as the income capitalisation model are used. The methodologies and inputs used in these models are in accordance with real estate industry valuation standards. Valuation inputs include estimated rental value, rental growth rates, vacancy rates, discount rates, future operating expenses and terminal growth rates. Changes in valuation inputs can have a significant impact on fair value assessed.

The fair value of investments for accounts of segregated fund holders is determined using quoted prices in active markets or independent valuation information provided by investment managers. The fair value of direct investments within investments for accounts of segregated fund holders, such as short-term securities and government and corporate debt securities, is determined according to valuation methodologies and inputs described above in the respective asset type sections.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Liabilities for investment contracts are held at FVTPL. Contracts recorded at FVTPL are measured at fair value at inception and each subsequent reporting period. Changes in investment contract liabilities are recorded as a change in investment contract benefits expense in the consolidated statement of income.

B. Fair value hierarchy

The Group categorises its fair value measurements according to a three-level hierarchy. The hierarchy prioritises the inputs used by the Groups valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined as follows:

i) Level 1

Fair value is based on quoted market prices for identical assets and liabilities in an active market at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

ii) Level 2

Fair value for level 2 are inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These inputs include the following:

- Quoted prices for similar assets and liabilities in an active market.
- Quoted prices for identical or similar assets in a market that is not active, the prices are not current, or price quotations vary substantially over time or for which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves.

In addition, fund investments classified in Level 2 are fair valued using the net asset value of the fund, as reported by the respective fund administrator. For these fund investments, management believes that the Group could have redeemed its investment at the net asset value per share at the statement of financial position date.

iii) Level 3

If one or more of the significant inputs is not based on observable market data, the financial assets are included in level 3. Where estimates are used, these are based on a combination of independent third-party evidence and internally developed models using market observable data where possible. A transfer from level 2 to level 3 would occur primarily due to decreased observability of inputs in the valuation methodology. Conversely, transfers out of level 3 would primarily occur due to increased observability of inputs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

C Assets and liabilities measured at fair value

The following table presents the Group's assets and liabilities measured at fair value in the consolidated statement of financial position, categorised by level under the fair value hierarchy:

As at 31 December 2025	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
At FVTPL:				
Fixed income securities	39,261	125,455	—	164,716
Segregated fund assets	2,121,261	1,142,950	—	3,264,211
Regulatory assets	30,398	12,374	—	42,772
Equity and fund investments	57,079	82,720	—	139,799
At FVOCI:				
Fixed income securities	37,054	258,758	—	295,812
Equity and fund investments	2,197	—	3,157	5,354
Total assets measured at fair value on a recurring basis	2,287,250	1,622,257	3,157	3,912,664
Liabilities				
At FVTPL:				
Investment contract liabilities	—	390	—	390
Segregated fund liabilities	2,121,261	1,142,950	—	3,264,211
Total liabilities measured at fair value on a recurring basis	2,121,261	1,143,340	—	3,264,601

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

As at 31 December 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
At FVTPL:				
Fixed income securities	77,119	347,671	—	424,790
Segregated fund assets	1,470,835	88,560	—	1,559,395
Regulatory assets	16,546	11,602	—	28,148
Equity and fund investments	43,052	73,365	—	116,417
Designated at fair value through other comprehensive income:				
Fixed income securities	768	126,448	—	127,216
Equity and fund investments	—	35,462	1,066	36,528
Total assets measured at fair value on a recurring basis	1,608,320	683,108	1,066	2,292,494
Asset Held for Sale	—	(35,462)	—	(35,462)
Total assets measured at fair value on a recurring basis	1,608,320	647,646	1,066	2,257,032
Liabilities				
At FVTPL:				
Investment contract liabilities	—	337,302	—	337,302
Segregated fund liabilities	—	1,559,395	—	1,559,395
Total liabilities measured at fair value on a recurring basis	—	1,896,697	—	1,896,697

Additional information pertaining to assets measured at fair value on a recurring basis which fall into Level 3 of the fair value hierarchy is provided below.

The following tables depict the changes in Level 3 assets for the reporting periods presented:

	Unquoted securities at FVOCI \$
Opening balance on 1 January 2025	1,066
Business combination	2,757
Realised losses recognised in Net income*	(666)
Closing balance on 31 December 2024	3,157

* Presented within Investment result in the consolidated statement of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	Unquoted securities at FVOCI \$	Derivatives at FVTPL \$	Total \$
Opening balance on 1 January 2024	1,066	2,739	3,805
Realised losses recognised in Net income*	—	(2,739)	(2,739)
Closing balance on 31 December 2024	1,066	—	1,066

* Presented within Investment result in the consolidated statement of income.

The following table sets out information about significant unobservable inputs used to determine fair values of Level 3 assets:

	Valuation approach	Significant unobservable inputs utilised in valuation		Relationship of unobservable inputs to fair value
Unquoted equity securities at FVOCI	The value of the investee company was derived using estimations of future cash flows for a set period of time and the terminal value, which were then discounted using a risk-adjusted rate. A constant, long-term earnings growth factor was applied in determining the terminal value.	<p><i>Earnings growth factor:</i> The earnings growth factor was estimated based on market information for similar companies.</p> <p><i>Risk-adjusted discount rate:</i> The discount rate was determined using a capital asset pricing model and reflects current market assessments of the time value of money and the risk specific to the investee company.</p>	2.00%	A higher earnings growth factor and lower discount rate would increase the FV; a lower growth factor and higher discount rate would decrease FV.
Derivatives at FVTPL	Derivatives consisted of a long position in call options over the equity securities of Argus and were valued using the industry-standard Black-Scholes option pricing model. One of the key inputs to the model is the volatility measure - the only significant input that is unobservable. Other observable inputs are the risk-free rate, time to expiration, the current market price of the underlying security and the exercise price.	<p><i>Volatility:</i> Historical volatility levels of the underlying security were calculated for a range of time periods using exchange-quoted price history information. Management then applied a judgmental overlay to account for, among other factors, low trading frequency and low traded volumes. The midpoint of this range of adjusted volatility measures was used in the model.</p>		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

D. Assets and liabilities not measured at fair value

For assets and liabilities not measured at fair value in the consolidated statement of financial position, the following table discloses fair value information categorised by level in the preceding hierarchy:

As at 31 December 2025	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets classified as amortised cost:				
Cash and cash equivalents	136,875	—	—	136,875
Financial income securities	70,351	539,597	—	609,948
Mortgages*	—	—	31,902	31,902
Policy loan	—	40	—	40
Other non-financial assets:				
Investment properties	—	—	32,150	32,150
Total assets not measured at fair value but for which fair value is disclosed	207,226	539,637	64,052	810,915
Liabilities				
Investment contract liabilities	—	—	623,586	623,586
Total liabilities not measured at fair value but for which fair value is disclosed	—	—	623,586	623,586

*Includes Residential properties foreclosed and pending sale.

As at 31 December 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets classified as amortised cost:				
Cash and cash equivalents	89,258	—	—	89,258
Mortgages*	—	—	26,845	26,845
Other non-financial assets:				
Investment properties	—	—	27,850	27,850
Total assets not measured at fair value but for which fair value is disclosed	89,258	—	54,695	143,953

*Includes Residential properties foreclosed and pending sale.

9 Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and in hand	127,694	82,702
Short-term bank deposits	9,181	6,556
Total	136,875	89,258

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For the year ended 31 December 2025 (in thousands of Bermuda dollars)

10 Regulatory assets

	2025 \$	2024 \$
Regulatory assets	29,430	28,148
Restricted cash	13,342	—
Total	42,772	28,148

Regulatory assets represent cash and fixed income security amounts placed on deposit with banks and government bodies to satisfy licensing criteria in certain jurisdictions in which the Group operates. These assets cannot be removed nor the accounts reduced without the prior written consent of the relevant regulator.

11 Financial instruments

The carrying amounts of the Group's financial assets and financial liabilities are set out below:

31 December 2025	FVTPL \$	Amortised cost \$	FVOCI \$	Total carrying amount \$
Financial assets				
Cash and cash equivalents	—	136,875	—	136,875
Regulatory assets	42,772	—	—	42,772
Recognised within investments:				
Fixed income securities	164,716	612,658	295,812	1,073,186
Equity and fund investments	139,799	—	5,354	145,153
Mortgages*	—	33,806	—	33,806
Policy loan	—	40	—	40
Segregated fund assets	3,264,211	—	—	3,264,211
Total financial assets	3,611,498	783,379	301,166	4,696,043
Financial liabilities				
Investment contract liabilities	390	620,092	—	620,482
Segregated fund liabilities	3,264,211	—	—	3,264,211
Total financial liabilities	3,264,601	620,092	—	3,884,693

* Includes residential properties foreclosed and pending sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

31 December 2024	FVTPL \$	Amortised cost \$	FVOCI \$	Total carrying amount \$
Financial assets				
Cash and cash equivalents	—	89,258	—	89,258
Regulatory assets	28,148	—	—	28,148
Recognised within investments:				
Fixed income securities	424,790	—	127,216	552,006
Equity and fund investments	116,417	—	36,526	152,943
Mortgages*	—	29,740	—	29,740
Segregated fund assets	1,559,395	—	—	1,559,395
	2,128,750	118,998	163,742	2,411,490
Assets held for sale	—	—	(35,462)	(35,462)
Total financial assets	2,128,750	118,998	128,280	2,376,028
Financial liabilities				
Investment contract liabilities	337,302	—	—	337,302
Segregated fund liabilities	1,559,395	—	—	1,559,395
Total financial liabilities	1,896,697	—	—	1,896,697

* Includes residential properties foreclosed and pending sale.

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12 Other assets

	2025 \$	2024 \$
Insurance premium receivable from policyholders, agents and brokers	4,401	—
Insurance contract receivables from third party administrators and other	103	—
Other receivables	26,154	31,513
Accrued investment income	9,591	5,189
Other deferred costs	102	329
Tenant allowances	541	495
Total Other financial assets	40,892	37,526
Bermuda Tax credit	20,805	—
Income tax receivable	120	—
Prepaid expenses	6,320	2,284
Total	68,137	39,810

During the year ended 31 December 2025, the Group recognised a receivable of \$20.8 million in respect of the Bermuda Substance-Based Tax Credit (“SBTC”). The SBTC was introduced by the Government of Bermuda in December 2025 as part of its corporate income tax framework. Although Allshores Limited does not expect to incur corporate income tax in the near term, the SBTC provides a credit that may be applied against future corporate income tax liabilities or, where unused, may be refunded in cash. The credit has been recognised as there is reasonable assurance that the Group has complied with the relevant conditions attached to the regime and that the credit will be realised.

The benefit has been presented as a net reduction of operating expenses in the consolidated statement of income, reflecting the substance of the incentive as support for maintaining economic substance in Bermuda.

The SBTC rewards entities that maintain meaningful economic substance in Bermuda and comprises two primary components:

Job-Based Benefit – calculated based on eligible Bermuda payroll and employment-related factors, including Bermudian employment levels, headcount and employment growth; and Expense-Based Benefit – calculated based on qualifying Bermuda operating expenditures, subject to a payroll-linked cap.

The SBTC is subject to a transition mechanism that phases in the proportion of the calculated credit eligible for recognition. In 2025, 50% of the calculated credit was eligible for recognition, increasing to 75% in 2026 and 100% from 2027 onward.

SBTC credits are first applied to offset any corporate income tax liability (none arose for the Group in the current year). Any excess credit is refundable in cash and is expected to be realised within four years. The receivable recognised at year end represents management’s best estimate of the amount recoverable under the regime.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

13 Insurance revenue

The tables, below, analyse the Group’s insurance revenue in the consolidated statement of income. The Group disaggregates information in Notes 13, 14 and 23 to provide disclosures in respect of the following major insurance product lines separately:

- Long-duration life and annuities under the GMM
- Short-duration life and health under the PAA
- Property and casualty under the PAA
- Cayman and other Caribbean operations under the PAA

These reporting levels were determined based on how the Group is managed.

The table below analyses the Group’s insurance revenue in the consolidated statement of income:

	2025				
	Health and Life		Wealth Management	Property and Casualty	
	PAA \$	GMM \$	GMM \$	PAA \$	Total \$
CSM recognised for services provided	—	1,339	4,594	—	5,933
Change in risk adjustment for non-financial risk for risk expired	—	442	750	—	1,192
Expected incurred claims and other insurance service expenses	—	2,697	13,677	—	16,374
Total revenue from contracts not measured under the PAA	—	4,478	19,021	—	23,499
Revenue from contracts measured under the PAA	286,232	—	—	351,407	637,639
Total insurance revenue	286,232	4,478	19,021	351,407	661,138

	2024				
	Health and Life		Wealth Management	Property and Casualty	
	PAA \$	GMM \$	GMM \$	PAA \$	Total \$
CSM recognised for services provided	—	1,233	637	—	1,870
Change in risk adjustment for non-financial risk for risk expired	—	490	122	—	612
Expected incurred claims and other insurance service expenses	—	2,772	4,497	—	7,269
Total revenue from contracts not measured under the PAA	—	4,495	5,256	—	9,751
Revenue from contracts measured under the PAA	129,322	—	—	273,532	402,854
Total insurance revenue	129,322	4,495	5,256	273,532	412,605

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

14 Net investment income and net financial result

The Group disaggregates information in this note according to the major product lines mentioned in Note 13. This note also discloses net investment income on non-insurance business and categorises these amounts under “Corporate and other”.

	Health and life	Wealth Management	Property and Casualty	Brokerage Companies	Corporate and other	Total 2025
	\$	\$	\$	\$	\$	\$
Results by segment						
Net investment return						
Interest income on financial assets not measured at FVTPL (calculated using the effective interest rate method)	18	38,643	—	9	762	39,432
Net gains on FVTPL financial assets	10,736	—	15,931	—	1,034	27,701
Net gains/(losses) on derecognition of financial assets held at amortised cost	(162)	5,546	—	—	—	5,384
Net loss on FVOCI financial assets	—	(3,974)	—	—	—	(3,974)
Dividend income	186	—	701	—	—	887
Fee income on financial assets not measured at FVTPL	—	(1,348)	—	—	—	(1,348)
Net credit impairment loss on financial assets	—	(440)	—	—	—	(440)
Less: Crediting interest on guaranteed contracts for the account of customers	—	(12,115)	—	—	—	(12,115)
Total investment result	10,778	26,312	16,632	9	1,796	55,527
Net finance expenses from insurance contracts issued						
Interest accreted	(32)	(7,710)	(4,014)	—	—	(11,756)
Effect of changes in interest rates and other financial assumptions	(782)	(2,671)	739	—	—	(2,714)
Total net finance expenses from insurance contracts issued	(814)	(10,381)	(3,275)	—	—	(14,470)
Net finance income from reinsurance contracts held						
Interest accreted	—	—	1,346	—	—	1,346
Effect of changes in interest rates and other financial assumptions	(55)	—	(174)	—	—	(229)
Total net finance income from reinsurance contracts held	(55)	—	1,172	—	—	1,117
Movement in investment contract liabilities	(14,175)	—	—	—	—	(14,175)
Income from associate	—	—	2	—	—	2
Total net investment income and net insurance financial result	(4,266)	15,931	14,531	9	1,796	28,001
Represented by:						
Amounts recognised in the consolidated statement of income:						
– Within net investment income	(3,397)	26,312	16,634	9	1,796	41,354
– Within net insurance finance result	(869)	(10,381)	(2,103)	—	—	(13,353)
Total net investment income and net insurance financial result	(4,266)	15,931	14,531	9	1,796	28,001

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	Health and life	Wealth Management	Property and Casualty	Brokerage Companies	Corporate and other	Total 2024
	\$	\$	\$	\$	\$	\$
Results by segment						
Net investment return						
Interest income on financial assets not measured at FVTPL (calculated using the effective interest rate method)	—	8,528	—	—	—	8,528
Net gains on FVTPL financial assets	761	21,034	9,547	—	(5,474)	25,868
Net losses on FVOCI financial assets	—	(771)	—	—	—	(771)
Dividend income	194	—	572	—	708	1,474
Fee income on financial assets not measured at FVTPL	—	(64)	—	—	—	(64)
Net credit impairment loss on financial assets	—	126	—	—	(2,741)	(2,615)
Less: Crediting interest on guaranteed contracts for the account of customers	—	(6,109)	—	—	—	(6,109)
Total Investment result	955	22,744	10,119	—	(7,507)	26,311
Net finance expenses from insurance contracts issued						
Interest accreted	(196)	(6,555)	(2,228)	—	—	(8,979)
Effect of changes in interest rates and other financial assumptions	64	60	14	—	—	138
Total net finance expenses from insurance contracts issued	(132)	(6,495)	(2,214)	—	—	(8,841)
Net finance income from reinsurance contracts held						
Interest accreted	74	(147)	1,523	—	—	1,450
Effect of changes in interest rates and other financial assumptions	(17)	5	158	—	—	146
Total net finance income from reinsurance contracts held	57	(142)	1,681	—	—	1,596
Movement in investment contract liabilities	196	—	—	—	—	196
Total net investment income and net insurance financial result	1,076	16,107	9,586	—	(7,507)	19,262
Represented by:						
Amounts recognised in the consolidated statement of income:						
- Within net investment income	1,151	22,744	10,119	—	(7,507)	26,507
- Within net insurance finance result	(75)	(6,637)	(533)	—	—	(7,245)
Total net investment income and net insurance financial result	1,076	16,107	9,586	—	(7,507)	19,262

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

15 Investment properties

	2025 \$	2024 \$
Cost	31,338	29,133
Accumulated amortisation & impairment	(15,184)	(14,165)
Net book amount	16,154	14,968
Year ended 31 December		
At beginning of year	14,968	15,650
Business combination	2,150	—
Additions and capital improvements	55	215
Amortisation	(1,019)	(897)
Closing net book amount	16,154	14,968

Investment properties located in Bermuda consist of 30 Woodbourne, owned by Scarborough, a 60% owned subsidiary, and Exchange House, owned by Barr's Bay, which was sold during the year, see note 4. Included in the Group's investment properties are condominium units and fractional apartments.

At 31 December 2025, investment properties with a net book value of \$16,154 (2024 - \$14,968) were estimated to be valued at \$32,150 (2024 - \$27,850) on the basis of their estimated open market value for existing use. During the year ended 31 December 2025 there were no impairments of investment properties for continuing operations (2024 - \$nil).

Rental income generated from these investment properties during the year amounted to \$2,113 (2024: \$2,425).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

16 Property and equipment

A. Property and equipment comprises:

	Land and buildings \$	Furniture, equipment and leasehold improvements \$	Computer hardware \$	Motor Vehicles \$	Total \$
At 1 January 2024					
Cost	12,075	4,343	2,962	126	19,506
Accumulated amortisation	(1,199)	(3,290)	(1,899)	(126)	(6,514)
Net book amount	10,876	1,053	1,063	—	12,992
Year ended 31 December 2024					
Transfer to held for sale assets -cost	—	260	—	—	260
Transfer to held for sale assets -accumulated amortisation	—	(59)	—	—	(59)
Additions	3,083	140	104	—	3,327
Disposals	(51)	(7)	(100)	(70)	(228)
Disposals-accumulated amortisation	49	7	100	70	226
Amortisation charge	(925)	(273)	(458)	—	(1,656)
Effect of movement in exchange rates	(264)	(48)	(56)	—	(368)
Closing net book amount	12,768	1,073	653	—	14,494
At 31 December 2024					
Cost	14,814	4,680	2,758	56	22,308
Accumulated amortisation	(2,046)	(3,607)	(2,105)	(56)	(7,814)
Total net book amount	12,768	1,073	653	—	14,494
Year ended 31 December 2025					
Business combination	50,031	2,458	206	25	52,720
Additions	2,105	1,341	53	—	3,499
Amortisation charge	(3,992)	(920)	(391)	(7)	(5,310)
Effect of movements in exchange rates -cost	563	291	132	2	988
Effect of movements in exchange rates -accum depn	(205)	(92)	(110)	(2)	(409)
Closing net book amount	61,270	4,151	543	18	65,982
At 31 December 2025					
Cost	67,513	8,770	3,149	83	79,515
Accumulated amortisation	(6,243)	(4,619)	(2,606)	(65)	(13,533)
Net book amount	61,270	4,151	543	18	65,982

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

B. Leases:

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 15.

i) Amounts recognised in the consolidated statement of financial position:

	2025 \$	2024 \$
Right-of-use assets		
Land and buildings	6,638	5,652
Furniture, equipment and leasehold improvements	4	19
	6,642	5,671
Lease liabilities		
Other liabilities	6,923	5,588
	6,923	5,588

Additions to the right-of-use assets during the year were \$2,847 (2024-\$3,087).

ii) Amounts recognised in the consolidated statement of income:

	2025 \$	2024 \$
Amortisation charge of right-of-use assets		
Land and buildings	2,203	759
Furniture, equipment, and leasehold improvements	15	42
	2,218	801
Interest expense	407	211
Expenses relating to leases of low-value assets (included in operating expenses)	88	79

The total cash outflow for leases was \$2,085 (2024-\$905).

iii) The maturity profile of lease liabilities at 31 December 2025 is as follows:

	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Lease liabilities	1,964	2,397	2,562	6,923

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

The maturity profile of lease liabilities at 31 December 2024 is as follows:

	Within 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Lease liabilities	1,214	1,792	2,582	5,588

17 Income taxes

Income tax is calculated and payable on the profits of subsidiaries domiciled in Canada, Gibraltar, Malta and Cayman.

Gibraltar and Malta

Subsidiaries domiciled in Gibraltar are subject to normal Gibraltar corporation tax at a rate of 12.5 percent on all taxable profits. The subsidiary domiciled in Malta is subject to normal Malta corporation tax at a rate of 35 percent on all taxable profits. Malta operates a tax refund system whereby, upon distribution of dividends out of taxable profits, the shareholders are generally entitled to a 6/7th refund of tax paid by the distributing company subject to the satisfaction of certain criteria. The effective tax rate after approval of the tax refund is 5 percent.

Canada and the Caribbean

Subsidiaries domiciled in Canada are subject to Canada Revenue Agency corporate income tax rates, rules and regulations. The statutory income tax rates for subsidiaries domiciled in Canada are 29 percent and 26.5 percent on all taxable profits.

Subsidiary domiciled in Cayman is subject to normal corporation tax at a rate of 13 percent on all taxable profits.

Income Taxes related to the OECD's International Pillar Two Tax Reform were issued in May 2023. The OECD aims to establish a global minimum tax ("GMT") for large international companies. In response to the OECD's reforms, in December 2023, a 15 per cent corporate income tax ("CIT") was enacted in Bermuda. The Group is not presently in scope of the requirements since CIT is applicable only to multinational enterprise groups with annual revenues of €750 million or more. As at 31 December 2025, certain other jurisdictions in which the Group operates, including Barbados and Canada, have enacted legislation to adopt GMT. Other jurisdictions in which the Group operates, including the Cayman Islands, have not yet announced or enacted final local rules.

A. Income tax

The income tax expense comprises:

	2025 \$	2024 \$
Current tax	1,591	944
Deferred tax	(52)	(30)
Total income tax expense	1,539	914

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

The taxation charge on taxable income differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2025 \$	2024 \$
Income before corporation tax for subsidiaries subjected to Corporate tax	12,661	(2,365)
Tax calculated at effective rates	2,588	869
Income not subject to tax	(102)	32
Tax over accrual	47	13
Expenses not deductible for tax	32	—
Movement in unrecognised deferred tax assets on trading losses	(1,112)	—
Other	86	—
Total Income tax expense	1,539	914

B. Deferred taxes

The deferred tax asset and deferred tax liability relate to the following items:

	2025 \$	2024 \$
Deferred tax assets:		
Taxable losses carried forward	1,111	—
Insurance contract liabilities	—	174
Reinsurance contract assets	—	407
Tax charge related to components of other comprehensive income	—	485
Accelerated tax depreciation	56	922
Deferred tax asset	1,167	1,988
Deferred tax liabilities:		
Taxable losses carried forward	(690)	—
Accelerated tax depreciation	—	(876)
Insurance contract liabilities	—	(690)
Deferred tax liability	(690)	(1,566)
Net deferred tax asset	477	422

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

C. Tax payable/recoverable

	2025 \$	2024 \$
Tax recoverable at beginning of year	1,459	1,548
Tax payments made	545	(82)
Other	—	(7)
Total tax recoverable at end of year	2,004	1,459
Tax payable at beginning of year	(1,040)	(728)
Business combination	(432)	—
Tax payments made	1,291	614
Current tax expense for year	(1,591)	(944)
Tax over accrual	9	—
Other	(482)	18
Tax payable at end of year	(2,245)	(1,040)
Net tax (payable)/recoverable	(241)	419

D. Impact to other comprehensive loss

The tax credit/(charge) relating to components of OCI is as follows:

	2025		
	Before tax \$	Tax (charge) credit \$	After tax \$
Re-measurements of retirement benefit obligations	(93)	—	(93)
Unrealised gain/(losses) on fair value through OCI investments	16,122	—	16,122
Insurance and reinsurance finance reserve	(9,911)	—	(9,911)
Currency translation differences	4,348	(495)	3,853
Participating policyholders' shares of changes in OCI	(1,121)	—	(1,121)
Total other comprehensive income	9,345	(495)	8,850
	2024		
	Before tax \$	Tax (charge) credit \$	After tax \$
Re-measurements of retirement benefit obligations	107	—	107
Unrealised losses on fair value through OCI investments	(10,919)	—	(10,919)
Insurance and reinsurance finance reserve	9,543	—	9,543
Currency translation differences	(1,094)	419	(675)
Participating policyholders' shares of changes in OCI	(425)	—	(425)
Total other comprehensive loss	(2,788)	419	(2,369)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

18 Intangible assets

The carrying amounts of intangible assets are as follows:

	Finite Life				Total \$
	Customer relationships and contracts \$	Distribution channels \$	Brand \$	Software development cost \$	
At 1 January 2024					
Cost	9,370	14,500	2,040	31,631	57,541
Accumulated amortisation	(8,266)	(14,500)	(2,040)	(22,050)	(46,856)
Net book value	1,104	—	—	9,581	10,685
Year ended 31 December 2024					
Additions	—	—	—	284	284
Disposals	—	—	—	(127)	(127)
Disposals – accumulated amortisation	—	—	—	(176)	(176)
Amortisation	(705)	—	—	(2,285)	(2,990)
Impairment losses	—	—	—	(44)	(44)
Closing net book value	399	—	—	7,233	7,632
At 31 December 2024					
Cost	9,370	14,500	2,040	31,788	57,698
Accumulated amortisation	(8,971)	(14,500)	(2,040)	(24,555)	(50,066)
Total net book value	399	—	—	7,233	7,632
Year ended 31 December 2025					
Additions	61,300	—	—	191	61,491
Business combination	—	—	—	6,934	6,934
Amortisation	(5,316)	—	—	(4,262)	(9,578)
Effect of movements in exchange rates - cost	—	—	—	107	107
Effect of movements in exchange rates - accumulated amortisation	—	—	—	(76)	(76)
Closing net book value	56,383	—	—	10,127	66,510
At 31 December 2025					
Cost	70,670	14,500	2,040	39,020	126,230
Accumulated amortisation	(14,287)	(14,500)	(2,040)	(28,893)	(59,720)
Net book value	56,383	—	—	10,127	66,510

Impairment losses and the amortisation charge on intangibles assets are included in amortisation expense in the consolidated statement of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

A. Software development costs

Costs associated with the development of information systems are deferred to the extent that the cost satisfies the criteria under IAS 38 – Intangible assets, until such time that management determines that a component is available for use in the manner expected and then it is amortised over its expected useful life. Annually, the Group reviews its software development costs available for use, for evidence of impairment. The Group impaired software development costs of \$nil in 2025 (2024 – \$44). Annually in accordance with IAS 36, the Group reviews whether there is any indication that an impairment loss previously recognised for an asset either not longer exists or has decreased. The amount of any reversal that can be recognised is restricted to the carrying value that would have been recognised if the original impairment had not occurred. For significant software development costs not available for use, management performs an impairment assessment annually in accordance with IAS 36, using the methodology described in Note 2(J)(ii).

19 Segregated funds

The Group's segregated funds net assets were comprised entirely of mutual funds for both the 2025 and 2024 years.

	2025 \$	2024 \$
Segregated funds assets – beginning of year	1,559,395	1,353,193
Additions:		
Business combination	1,280,918	–
Pension contributions	356,214	169,372
Net realised and unrealised gains	415,124	181,477
Total additions	2,052,256	350,849
Deductions:		
Payments to policyholders and their beneficiaries	(317,706)	(130,360)
Management fees	(29,734)	(14,287)
Total deductions	(347,440)	(144,647)
Net additions to segregated funds	1,704,816	206,202
Total segregated funds assets – end of year	3,264,211	1,559,395

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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20 Other liabilities

	2025 \$	2024 \$
Payables and accrued expenses	79,962	35,619
Due to policyholders, agents and brokers	7,756	–
Deferred commission income	1,077	–
Lease liabilities	6,923	5,588
Dividends payable	4,314	1,983
Total	100,032	43,190

21 Retirement benefit obligations

A. Defined contribution pension plan

The Group has established a defined contribution pension plan for eligible qualifying employees. Contributions by the Group to the defined contribution plan are subject to certain vesting requirements and are generally a set percentage of an employee's annual income and matched against employee contributions. The cost of the defined contribution pension plan is not reflected in the tables below. An expense of \$1,331 (2024 – \$1,292) equating to the service cost for the year for these employees was reported during the year.

B. Post retirement medical plan

The Group sponsors a post-retirement medical benefit plan for its Bermuda employees. The main benefit provided is for health care. Prior to 1 January 2012, the Group paid 50% of the total premiums paid to the insurer and the pensioner paid the balance. Retirees after 31 December 2011 pay 100% of their premiums if they want to continue to be covered by the plan. This change reduced the number of current employees who will be prospectively entitled to benefits. The plan is closed to new entrants from employees hired after 1999.

Cash contributions to the plan by the Group during 2025 were \$167 (2024 – \$173).

C. Defined benefit pension plan

The Group also sponsors a defined benefit pension plan for eligible employees in Bermuda, which follows the National Pension Scheme (Occupational Pensions) Act 1998 regulatory framework. The plan is closed to new entrants for employees hired after 1999. The defined benefit plan is administered by a separate fund that is legally separated from the Group. Responsibility for governance of the plan including investment and contributions lies jointly with the Group and the Trustees of the pension fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Under the plan, the pension amount at retirement is based on an employee's highest three years average earnings. The scheme is generally funded through payments determined by periodic actuarial calculations. Cash contributions to the plan by the Group during 2025 were –\$nil (2024 –\$nil).

The Group measures the fair value of assets and the accrued benefit obligations as of 31 December. The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligation were carried out as of 31 December 2025.

The following table provides a summary of the defined benefit pension and post-retirement medical plans' estimated financial position at 31 December 2025 and 2024:

	2025 \$	2024 \$
Defined benefit pension plan (asset) / liability	(872)	(921)
Medical benefit plan (asset) / liability	4,105	1,450
Total retirement benefit obligations	3,233	529

	Defined benefit pension plan		Medical benefit plan	
	2025 \$	2024 \$	2025 \$	2024 \$
Changes in benefit obligation				
Balance –beginning of year	31,909	34,963	1,450	1,513
Business combination	–	–	2,671	–
Current service cost	111	138	5	–
Interest expense	1,240	1,386	165	71
Actuarial (gains)/losses due to changes in:				
Experience	714	179	192	(23)
Economic assumption changes	(909)	1,478	(18)	62
Changes in asset ceiling, excluding amounts included in interest expense	1,231	(3,225)	–	–
Benefits paid	(2,217)	(3,010)	(360)	(173)
Total benefit obligation – end of year	32,079	31,909	4,105	1,450

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	Defined benefit pension plan		Medical benefit plan	
	2025 \$	2024 \$	2025 \$	2024 \$
Changes in plan assets				
Fair value –beginning of year	32,830	35,885	–	–
Return on plan assets	2,391	5	–	–
Employer contributions	–	–	167	173
Plan expenses	(52)	(50)	–	–
Benefits paid	(2,218)	(3,010)	(167)	(173)
Total fair value of plan assets – end of year	32,951	32,830	–	–
Net (benefit)/liability recognised in the consolidated statement of financial position	(872)	(921)	4,105	1,450

Amounts recognised in respect of these plans:

	Defined benefit pension plan		Medical benefit plan	
	2025 \$	2024 \$	2025 \$	2024 \$
Net benefit cost recognised in consolidated statement of income				
Current service cost	111	138	5	–
Interest expense	1,240	1,386	165	71
Expected return on plan assets	(1,458)	(1,804)	–	–
Administrative expense	52	50	–	–
Interest on effect of asset ceiling	183	378	–	–
Total net benefit cost	128	148	170	71

	Defined benefit pension plan		Medical benefit plan	
	2025 \$	2024 \$	2025 \$	2024 \$
Re-measurement effects recognised in OCI				
Return on plan assets (excluding amounts included in interest income)	(933)	1,799	–	–
Actuarial gains and losses due to change in:				
Experience	714	179	190	(23)
Financial assumptions	(909)	1,478	(18)	62
Adjustments for restrictions on the defined benefit asset	1,049	(3,604)	–	–
Total re-measurements effects	(79)	(148)	172	39

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For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Asset allocation and fair values of the plan assets by major category for the defined benefit pension plan is as follows:

	2025			2024		
	Quoted \$	Unquoted \$	Total \$	Quoted \$	Unquoted \$	Total \$
Equity and fund instruments	11,142	—	11,142	8,652	—	8,652
Fixed income instruments	21,617	—	21,617	24,010	—	24,010
Real estate	—	167	167	—	295	295
Other	—	25	25	—	(127)	(127)
Total asset allocation	32,759	192	32,951	32,662	168	32,830

Plan assets include the Group's ordinary shares with a fair value of \$1,008 (2024 - \$1,120).

Risk

Through its defined benefit pension plan and post-employment medical plan, the Group is exposed to a number of risks, the most significant are detailed below:

Changes in bond yields – a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the fair value of the plans' bond holdings.

Life expectancy – The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Inflation risk – The pension obligation is linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with equities inflation, meaning that an increase in inflation will also increase the deficit of the plan or reduce the surplus of the plan.

As the Group's defined benefit plan is closed to new entrants, the volatility associated with future service accruals for active members has been limited and will decline over time.

Actuarial assumptions

	Defined benefit pension plan		Medical benefit plan	
	2025 %	2024 %	2025 %	2024 %
Discount rate	5.00	4.60	4.40-4.50	4.30
Compensation increase	4.25	3.85	—	—
Medical claims inflation	—	—	5.00	5.00

The significant weighted-average assumptions as of 31 December 2025 and 2024 are:

The expected return on assets assumption for pension cost purposes is the weighted average of expected long-term asset return assumptions by asset class and is selected from a range of possible future asset returns.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. As the defined benefit plan is closed to new entrants, these assumptions translate into an average life expectancy in years for a pensioner who retired at age 65.

	Defined benefit pension plan		Medical benefit plan	
	2025 In years	2024 In years	2025 In years	2024 In years
Male	20.76	20.68	20.76	20.68
Female	22.66	22.62	22.66	22.62

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Significant judgment is used in setting the assumptions used to calculate the Group's retirement benefit obligations. The sensitivity analysis has been determined based on reasonably possible changes of the significant assumptions occurring at the end of the reporting period. Changes in trend rate assumptions by 1% in either direction will change the retirement benefit obligation as follows:

	BF&M Defined benefit pension plans		BF&M Medical benefit plans	
	Increase 2025	Decrease 2025	Increase 2025	Decrease 2025
Discount rate	2,212	2,600	82	92
Compensation increase / medical claims inflation	95	91	n/a	n/a
Average life expectancy	838	864	95	91

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and a change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

For the funded plan, the Group ensures that the investment positions are managed with an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. The Group's ALM objective is to match assets to the pension's obligation by investing in long-term fixed interest securities with maturities that match the benefits payments as they fall due.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the process used to manage its risk from previous periods. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

The funding requirements are based on a local actuarial measurement framework. In this framework the discount rate is set on a risk-free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases should be paid immediately to the fund.

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Expected contributions to post-employment benefit plans for the year ending 31 December 2026 are \$165.

The weighted average duration of the defined benefit obligation is 9.29 years. The weighted average duration of the medical plan obligation is 6.39 years.

Future benefit payments

The following table sets forth the expected future benefit payments of the defined benefit pension and medical plan.

	2026	2027	2028	2029	2030 and beyond
	\$	\$	\$	\$	\$
Pension	2,285	2,293	2,432	2,458	30,980
Medical	370	351	326	299	3,212
Total	2,655	2,644	2,758	2,757	34,192

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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22 Investment contract liabilities

The composition of investment contract liabilities and the movement in liabilities are shown below:

Composition of investment contract liabilities	2025 \$	2024 \$
Guaranteed interest pension	620,092	336,870
Term certain annuities	390	432
Total investment contract liabilities	620,482	337,302

Investment contract liabilities carried at fair value	2025 \$	2024 \$
At 1 January	337,302	324,434
Pension contributions	55,648	68,842
Net investment income	20,839	5,901
Benefits paid	(36,653)	(44,178)
Management fees deducted	(234)	(260)
Net transfers out	(4,306)	(17,437)
Product restructuring and reclassification	(372,206)	—
Total at 31 December	390	337,302

In the above reconciliation, the investment return from the underlying assets represents changes in the fair value of the investment contract liabilities due to the changes in market conditions. The amount due to the investors is contractually determined based on the performance of the underlying assets. The effect of this feature on the fair value of the liabilities is asset-specific performance risk, not credit risk of the liability; accordingly, no amount of fair value gain or loss required an allocation to OCI.

Investment contract liabilities carried at amortised cost	2025 \$
Business combination	231,289
Product restructuring and reclassification	372,206
Pension contributions	49,684
Net investment income	11,676
Benefits paid	(47,572)
Management fees deducted	(1,235)
Net transfer in/(out)	4,029
Others	15
At 31 December	620,092

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Product restructuring and reclassification

As part of the integration activities following the amalgamation, and effective 1 December 2025, the Group restructured certain pension products by converting them into a Guaranteed Interest Account (“GIA”) product. The restructured product has the following key characteristics:

- Open-ended structure with no contractual maturity dates;
- Daily liquidity and daily NAV computation;
- Crediting rates linked to the supporting portfolio's yield and reset every three months;
- Guaranteed principal with short-term guaranteed crediting rates;
- Returns to the company derived from the spread between asset yields and crediting rates; and
- A “buy and hold” approach to asset management, with no active trading to realise fair value gains.

Following the product restructuring effective 1 December 2025 as described above, the related investment contract liabilities was deemed extinguished. The new liability under the revised structure was initially recognised at fair value on the date the contracts were revised and subsequently measured at amortised cost. The revised GIA structure also represents a significant and demonstrable change in the manner in which the supporting fixed income asset portfolio is managed. The Group reassessed the business model for these assets in accordance with IFRS 9 and concluded that it has shifted from “hold to collect and sell” to “hold to collect”. Under the revised structure:

- The supporting fixed income assets are managed with the objective of holding instruments to maturity to collect contractual principal and interest cash flows, rather than realising fair value gains;
- Active trading has ceased, and assets are no longer managed for short-term liquidity or market movements;
- Returns to the Group are derived from the interest margin between asset yields and the crediting rates applied to investment contract liabilities, rather than from asset sales;
- Portfolio performance is evaluated solely based on interest income and book yield, with customer crediting rates aligned to the portfolio's current book yield; and
- Liquidity is primarily managed through short-term instruments and periodic rate resets, with a dedicated liquidity sleeve of short-duration assets that mature and roll off regularly.

Based on the revised structure, liquidity requirements are expected to be limited, as cash inflows from ongoing contributions are forecast to be net positive. In rare instances of material redemptions, liquidity would be met predominantly through operating cash and the short-term liquidity sleeve, rather than through the sale of longer-dated assets. As a result of this change in business model, effective 1 December 2025, the supporting fixed income assets are measured at amortised cost, having previously been measured at FVTPL, on a prospective basis. The assets meet the contractual cash flow characteristics requirement, with contractual cash flows representing solely payments of principal and interest. Subsequent to the change in measurement basis, the assets are accounted for using the effective interest method, with interest income recognised in net investment income. Expected credit losses are recognised in accordance with IFRS 9.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

23 Insurance and reinsurance contracts

The table below analyses the carrying amounts of insurance contracts issued and reinsurance contracts held within the consolidated statement of financial position.

December 31, 2025	Note	Health and life GMM \$	Health and life PAA \$	Wealth Management GMM \$	Property and casualty PAA \$	Total \$
Insurance contracts						
Insurance contract liabilities	A	55,951	49,478	301,894	141,032	548,355
Reinsurance contracts held						
Reinsurance contract held assets	A	—	(18,009)	—	(97,767)	(115,776)
Reinsurance contract held liabilities	A	3,787	2,373	—	—	6,160

December 31, 2024 (restated)	Note	Health and life GMM \$	Health and life PAA \$	Wealth Management GMM \$	Property and casualty PAA \$	Total \$
Insurance contracts						
Insurance contract liabilities	A	54,710	30,964	120,093	93,922	299,689
Reinsurance contracts held						
Reinsurance contract held assets	A	—	(5,791)	—	(60,022)	(65,813)
Reinsurance contract held liabilities	A	4,607	—	—	—	4,607

A. Movements in insurance and reinsurance contract balances

The disclosures in this note are for the net insurance contract asset or liability and the net reinsurance held contract asset or liability. Certain reconciliations or other disclosures that are provided for GMM contracts are not required for PAA contracts. Included within insurance contract liabilities in the consolidated statement of financial position, however excluded from the reconciliations in Note 23 A (i)(a), are amounts in respect of policyholders' surplus which are disclosed in Note 23 A (i)(c).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

i. Health and Life under the GMM

a) Insurance contracts

Analysis by remaining coverage and incurred claims

	Liabilities for remaining coverage			Liabilities for remaining coverage		
	Excluding loss component 2025	Liabilities for incurred claims 2025	Total 2025	Excluding loss component 2024	Liabilities for incurred claims 2024	Total 2024
	\$	\$	\$	\$	\$	\$
Opening insurance contract liabilities	46,357	6,726	53,083	50,063	8,084	58,147
Business combination	710	—	710	—	—	—
Insurance revenue						
Contracts under fair value transition approach	(4,478)	—	(4,478)	(4,495)	—	(4,495)
Total insurance revenue – all transition methods	(4,478)	—	(4,478)	(4,495)	—	(4,495)
Insurance service expenses						
Incurred claims and insurance service expenses	—	5,639	5,639	—	2,781	2,781
Adjustments to liabilities for incurred claims	—	(546)	(546)	—	(602)	(602)
Total insurance service expenses	—	5,093	5,093	—	2,179	2,179
Investment components	(2,405)	2,405	—	(3,242)	3,242	—
Total insurance service result	(6,883)	7,498	615	(7,737)	5,421	(2,316)
Insurance finance income or expenses						
The effect of changes in time value of money and financial risk	343	166	509	2,011	167	2,178
Total insurance finance income or expenses	343	166	509	2,011	167	2,178
Total changes in the consolidated statement of income	(6,540)	7,664	1,124	(5,726)	5,588	(138)
Other comprehensive income						
The effect of changes in time value of money and financial risk	1,150	—	1,150	(3,640)	—	(3,640)
Total other comprehensive income	1,150	—	1,150	(3,640)	—	(3,640)
Cash flows						
Premiums received	5,378	—	5,378	5,660	—	5,660
Claims and other insurance service expenses paid, including investment components	—	(7,414)	(7,414)	—	(6,946)	(6,946)
Total cash flows	5,378	(7,414)	(2,036)	5,660	(6,946)	(1,286)
Closing insurance contract liabilities	47,055	6,976	54,031	46,357	6,726	53,083

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Analysis by measurement component – contracts not measured under the PAA

	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM Fair value approach \$	Total \$
31 December 2025				
Opening insurance contract liabilities	35,018	3,467	14,598	53,083
Business combination	968	4	(262)	710
Changes that relate to current services				
CSM recognised for services provided	–	–	(1,339)	(1,339)
Change in risk adjustment for non-financial risk for risk expired	–	(345)	–	(345)
Experience adjustments not related to future service	2,798	–	–	2,798
Changes that relate to future services				
Changes in estimates that adjust the CSM	(6,591)	1,322	5,290	21
Changes that relate to past services				
Changes in estimates in LIC fulfilment cash flows	301	(96)	–	205
Experience adjustments in claims and other insurance service expenses in LIC	(724)	(1)	–	(725)
Total insurance service result	(4,216)	880	3,951	615
Insurance finance income or expenses				
The effect of changes in time value of money and financial risk	1,262	(145)	(608)	509
Total insurance finance income or expenses	1,262	(145)	(608)	509
Total changes in the consolidated statement of income	(2,954)	735	3,343	1,124
Other comprehensive income				
The effect of changes in time value of money and financial risk	1,049	101	–	1,150
Total other comprehensive income	1,049	101	–	1,150
Cash flows				
Premiums received	5,378	–	–	5,378
Claims and other insurance service expenses paid, including investment components	(7,414)	–	–	(7,414)
Total cash flows	(2,036)	–	–	(2,036)
Closing insurance contract liabilities	32,045	4,307	17,679	54,031

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM Fair value approach \$	Total \$
31 December 2024				
Opening insurance contract liabilities	40,956	3,667	13,524	58,147
Changes that relate to current services				
CSM recognised for services provided	—	—	(1,232)	(1,232)
Change in risk adjustment for non-financial risk for risk expired	—	(395)	—	(395)
Experience adjustments not related to future service	(115)	—	—	(115)
Changes that relate to future services				
Changes in estimates that adjust the CSM	(1,752)	226	1,526	—
Changes that relate to past services				
Changes in estimates in LIC fulfilment cash flows	279	—	—	279
Experience adjustments in claims and other insurance service expenses in LIC	(757)	(96)	—	(853)
Total insurance service result	(2,345)	(265)	294	(2,316)
Insurance finance income or expenses				
The effect of changes in time value of money and financial risk	1,287	111	780	2,178
Total insurance finance income or expenses	1,287	111	780	2,178
Total changes in the consolidated statement of income	(1,058)	(154)	1,074	(138)
Other comprehensive income				
The effect of changes in time value of money and financial risk	(3,594)	(46)	—	(3,640)
Total other comprehensive income	(3,594)	(46)	—	(3,640)
Cash flows				
Premiums received	5,660	—	—	5,660
Claims and other insurance service expenses paid, including investment components	(6,946)	—	—	(6,946)
Total cash flows	(1,286)	—	—	(1,286)
Closing insurance contract liabilities	35,018	3,467	14,598	53,083

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

b) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

	Remaining coverage component		Remaining coverage component			
	Excluding loss-recovery component	Incurred claims component	Total	Excluding loss-recovery component	Incurred claims component	Total
	2025	2025	2025	2024	2024	2024
	\$	\$	\$	\$	\$	\$
Opening reinsurance contract held assets	–	–	–	(33)	689	656
Opening reinsurance contract held liabilities	(5,035)	428	(4,607)	(5,915)	337	(5,578)
Net opening balance	(5,035)	428	(4,607)	(5,948)	1,026	(4,922)
Business combination	(372)	–	(372)	–	–	–
Allocation of the premiums paid - fair value approach						
CSM recognised for services provided	(452)	–	(452)	(238)	–	(238)
Change in risk adjustment for non-financial risk for risk transferred	(149)	–	(149)	(136)	–	(136)
Expected recoveries of incurred claims and other insurance service expenses	(939)	–	(939)	(975)	–	(975)
Total allocation of premiums paid	(1,540)	–	(1,540)	(1,349)	–	(1,349)
Amounts recovered from reinsurance						
Recoveries of incurred claims and other insurance service expenses	–	1,337	1,337	–	422	422
Changes related to past service (changes related to incurred claims component)	–	(269)	(269)	–	(278)	(278)
Total amounts recovered from reinsurance	–	1,068	1,068	–	144	144
Total net expenses from reinsurance	(1,540)	1,068	(472)	(1,349)	144	(1,205)
Reinsurance finance income or expenses						
The effect of changes in time value of money and financial risk	(178)	–	(178)	(142)	–	(142)
Total reinsurance finance income or expenses	(178)	–	(178)	(142)	–	(142)
Total changes in the consolidated statement of income	(1,718)	1,068	(650)	(1,491)	144	(1,347)
Other comprehensive income						
The effect of changes in time value of money and financial risk	1,119	–	1,119	596	–	596
Total other comprehensive income	1,119	–	1,119	596	–	596
Cash flows						
Premiums paid	1,747	–	1,747	1,808	–	1,808
Amounts recovered	–	(1,024)	(1,024)	–	(742)	(742)
Total cash flows	1,747	(1,024)	723	1,808	(742)	1,066
Closing reinsurance contract held liabilities	(4,259)	472	(3,787)	(5,035)	428	(4,607)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Analysis by measurement component – Contracts not measured under the PAA

	Estimates of present value of future cash flows 2025 \$	Risk adjustment for non-financial risk 2025 \$	CSM Fair value approach 2025 \$	Total 2025 \$	Estimates of present value of future cash flows 2024 \$	Risk adjustment for non-financial risk 2024 \$	CSM Fair value approach 2024 \$	Total 2024 \$
Opening reinsurance contract held assets	—	—	—	—	619	20	17	656
Opening reinsurance contract held liabilities	(7,605)	1,086	1,912	(4,607)	(8,035)	1,045	1,412	(5,578)
Net opening balance	(7,605)	1,086	1,912	(4,607)	(7,416)	1,065	1,429	(4,922)
Business combination	(376)	(1)	5	(372)	—	—	—	—
Changes that relate to current services								
CSM recognised for services received	—	—	(353)	(353)	—	—	(237)	(237)
Change in risk adjustment for non-financial risk for risk expired	—	(100)	—	(100)	—	(103)	—	(103)
Experience adjustments not related to future service	302	—	—	302	(587)	—	—	(587)
Changes that relate to future services								
Changes in estimates that adjust the CSM	(3,680)	1,252	2,377	(51)	(649)	15	634	—
Changes relate to past services								
Experience adjustments in claims and other insurance service expenses in LIC	(236)	(34)	—	(270)	(244)	(34)	—	(278)
Total net expenses from reinsurance	(3,614)	1,118	2,024	(472)	(1,480)	(122)	397	(1,205)
Reinsurance finance income or expenses								
The effect of changes in time value of money and financial risk	(178)	81	(81)	(178)	(256)	28	86	(142)
Total reinsurance finance income or expenses	(178)	81	(81)	(178)	(256)	28	86	(142)
Total changes in the consolidated statement of income	(3,792)	1,199	1,943	(650)	(1,736)	(94)	483	(1,347)
Other comprehensive income								
The effect of changes in time value of money and financial risk	1,823	(704)	—	1,119	481	115	—	596
Total comprehensive income	1,823	(704)	—	1,119	481	115	—	596
Cash flows								
Premiums paid	1,747	—	—	1,747	1,808	—	—	1,808
Amounts recovered	(1,024)	—	—	(1,024)	(742)	—	—	(742)
Total cash flows	723	—	—	723	1,066	—	—	1,066
Closing reinsurance contracts held liabilities	(9,227)	1,580	3,860	(3,787)	(7,605)	1,086	1,912	(4,607)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

c) Policyholders' surplus

Amounts in respect of policyholders' surplus as set out below are included within insurance contract liabilities in the consolidated statement of financial position, however are excluded from the reconciliations in Note 23 A (i)(a):

	Total \$
Policyholders' surplus reconciliation	
Included within insurance contract liabilities for remaining coverage:	
Total policyholders' surplus on 31 December 2025	1,920
Change in policyholders' surplus:	
Opening balance, 1 January 2024	1,331
Net income after dividends, prior to shareholders' attribution	347
Less: attribution to shareholders	(51)
Closing balance, 31 December 2024	1,627
Net income after dividends, prior to shareholders' attribution	524
Less: attribution to shareholders	(231)
Closing balance, 31 December 2025	1,920

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

ii. Health and Life under the PAA

a) Insurance contracts

Analysis by remaining coverage and incurred claims

	2025				Total \$
	Liabilities for remaining coverage	Liabilities for incurred claims			
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non- financial risk \$		
Opening insurance contract liabilities	(1,978)	30,856	2,086		30,964
Business combination	1,053	19,294	105		20,452
Insurance revenue					
Post transition	(286,232)	—	—		(286,232)
Total insurance revenue	(286,232)	—	—		(286,232)
Insurance service expenses					
Incurred claims and insurance service expenses	—	249,207	702		249,909
Amortisation of insurance acquisition cash flows	2,047	60	—		2,107
Changes that relate to past service (changes in fulfilment cash flows re LIC)	—	(3,721)	1,454		(2,267)
Total insurance service expenses	2,047	245,546	2,156		249,749
Total insurance service result	(284,185)	245,546	2,156		(36,483)
Net insurance finance income or expenses					
The effect of changes in time value of money and financial risk	—	282	23		305
Total net insurance finance income or expenses	—	282	23		305
Total changes in the consolidated statement of income	(284,185)	245,828	2,179		(36,178)
Cash flows					
Premiums received	281,483	—	—		281,483
Claims and other insurance service expenses paid	—	(245,196)	—		(245,196)
Insurance acquisition cash flows	(2,047)	—	—		(2,047)
Total cash flows	279,436	(245,196)	—		34,240
Closing insurance contract liabilities	(5,674)	50,782	4,370		49,478

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	2024				Total \$
	Liabilities for remaining coverage	Liabilities for incurred claims		Total \$	
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non- financial risk \$		
Opening insurance contract liabilities	(7,721)	26,082	1,836	20,197	
Insurance revenue					
Post transition	(129,322)	—	—	(129,322)	
Total insurance revenue	(129,322)	—	—	(129,322)	
Insurance service expenses					
Incurred claims and insurance service expenses	—	122,556	1,435	123,991	
Amortisation of insurance acquisition cash flows	1,525	—	—	1,525	
Changes that relate to past service (changes in fulfilment cash flows re LIC)	—	21	(1,196)	(1,175)	
Total insurance service expenses	1,525	122,577	239	124,341	
Total insurance service result	(127,797)	122,577	239	(4,982)	
Net insurance finance income or expenses					
The effect of changes in time value of money and financial risk	—	121	11	132	
Total net insurance finance income or expenses	—	121	11	132	
Total changes in the consolidated statement of income	(127,797)	122,698	250	(4,850)	
Cash flows					
Premiums received	135,065	—	—	135,065	
Claims and other insurance service expenses paid	—	(117,924)	—	(117,924)	
Insurance acquisition cash flows	(1,525)	—	—	(1,525)	
Total cash flows	133,540	(117,924)	—	15,616	
Closing insurance contract liabilities	(1,978)	30,856	2,086	30,964	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

b) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

	2025				Total \$
	Remaining coverage component	Incurred claims component		Total \$	
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non- financial risk \$		
Opening reinsurance contract held assets	(506)	6,175	122	5,791	
Business combination	2,683	4,440	7	7,130	
Allocation of the premiums paid					
Post transition	(24,752)	17,272	—	(7,480)	
Total allocation of premiums paid	(24,752)	17,272	—	(7,480)	
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	—	10,587	238	10,825	
Changes related to past service (changes related to incurred claims component)	—	(1,665)	335	(1,330)	
Total amounts recovered from reinsurance	—	8,922	573	9,495	
Total net expenses from reinsurance	(24,752)	26,194	573	2,015	
Net reinsurance finance income or expenses					
The effect of changes in time value of money and financial risk	—	114	9	123	
Total net reinsurance finance income or expenses	—	114	9	123	
Total changes in the consolidated statement of income	(24,752)	26,308	582	2,138	
Cash flows					
Premiums paid	20,937	—	—	20,937	
Amounts recovered	—	(20,360)	—	(20,360)	
Total cash flows	20,937	(20,360)	—	577	
Net closing balance	(1,638)	16,563	711	15,636	
Closing reinsurance contract held assets	735	16,563	711	18,009	
Closing reinsurance contract held liabilities	(2,373)	—	—	(2,373)	
Net closing balance	(1,638)	16,563	711	15,636	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	2024			Total \$
	Remaining coverage component	Incurred claims component		
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non- financial risk \$	
Opening reinsurance contract held assets	(894)	6,161	183	5,450
Allocation of the premiums paid				
Post transition	(6,706)	—	—	(6,706)
Total allocation of premiums paid	(6,706)	—	—	(6,706)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expenses	—	8,056	91	8,147
Changes related to past service (changes related to incurred claims component)	—	(1,679)	(156)	(1,835)
Total amounts recovered from reinsurance	—	6,377	(65)	6,312
Total net expenses from reinsurance	(6,706)	6,377	(65)	(394)
Net reinsurance finance income or expenses				
The effect of changes in time value of money and financial risk	—	53	4	57
Total net reinsurance finance income or expenses	—	53	4	57
Total changes in the consolidated statement of income	(6,706)	6,430	(61)	(337)
Cash flows				
Premiums paid	7,094	—	—	7,094
Amounts recovered	—	(6,416)	—	(6,416)
Total cash flows	7,094	(6,416)	—	678
Closing reinsurance contract held assets	(506)	6,175	122	5,791

(Continued on next page).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

iii. Wealth and Management under the GMM

a) Insurance contracts

Analysis by remaining coverage and incurred claims

	2025			2024		
	Liabilities for remaining coverage Excluding loss component \$	Liabilities for Incurred claims \$	Total \$	Liabilities for remaining coverage Excluding loss component \$	Liabilities for Incurred claims \$	Total \$
Opening insurance contract liabilities	118,445	1,648	120,093	115,064	1,136	116,200
Business combination	168,873	2,038	170,911	–	–	–
Insurance revenue						
Contracts under full retrospective transition approach	(328)	–	(328)	(174)	–	(174)
Contracts under fair value transition approach	(16,972)	–	(16,972)	(4,701)	–	(4,701)
Post transition	(1,721)	–	(1,721)	(381)	–	(381)
Total insurance revenue – all transition methods	(19,021)	–	(19,021)	(5,256)	–	(5,256)
Insurance service expenses						
Incurred claims and insurance service expenses	–	13,396	13,396	–	4,442	4,442
Amortisation of insurance acquisition cash flows	2	–	2	–	–	–
Adjustments to liabilities for incurred claims	–	(1,745)	(1,745)	–	(53)	(53)
Total insurance service expenses	2	11,651	11,653	–	4,389	4,389
Investment components	(15,094)	15,094	–	(6,180)	6,180	–
Total insurance service result	(34,113)	26,745	(7,368)	(11,436)	10,569	(867)
Insurance finance income or expenses						
The effect of changes in time value of money and financial risk	10,381	–	10,381	4,152	–	4,152
Total insurance finance income or expenses	10,381	–	10,381	4,152	–	4,152
Total changes in the consolidated statement of income	(23,732)	26,745	3,013	(7,284)	10,569	3,285
Other comprehensive income						
The effect of changes in time value of money and financial risk	9,955	–	9,955	(2,323)	–	(2,323)
Total other comprehensive income	9,955	–	9,955	(2,323)	–	(2,323)
Cash flows						
Premium received	24,480	–	24,480	13,047	–	13,047
Claims and other insurance service expenses paid, including investment components	–	(26,518)	(26,518)	–	(10,057)	(10,057)
Insurance acquisition cash flows	(40)	–	(40)	(59)	–	(59)
Total cash flows	24,440	(26,518)	(2,078)	12,988	(10,057)	2,931
Closing insurance contract liabilities	297,981	3,913	301,894	118,445	1,648	120,093

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

Analysis by measurement component – contracts not measured under the PAA

	2025						Total \$
	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM				
			Full retrospective approach \$	Fair value approach \$	Post transition \$		
Opening insurance contract liabilities	105,117	2,712	1,147	7,089	4,028	120,093	
Business combination	152,924	5,533	5,308	1,804	5,342	170,911	
Changes that relate to current services							
CSM recognised for services provided	–	–	(191)	(3,546)	(857)	(4,594)	
Change in risk adjustment for non-financial risk for risk expired	–	(749)	–	–	–	(749)	
Experience adjustments not related to future service	(990)	–	–	–	–	(990)	
Changes that relate to future services							
Contracts initially recognised in the year	(4,010)	582	–	–	3,428	–	
Changes in estimates that adjust the CSM	(4,982)	(4,580)	(653)	6,612	4,313	710	
Changes that relate to past services							
Changes in estimates in LIC fulfilment cash flows	(28)	(1)	–	–	–	(29)	
Experience adjustments in claims and other insurance service expenses in LIC	(1,716)	–	–	–	–	(1,716)	
Total insurance service result	(11,726)	(4,748)	(844)	3,066	6,884	(7,368)	
Insurance finance income or expenses							
The effect of changes in time value of money and financial risk	9,517	334	12	242	276	10,381	
Total insurance finance income or expenses	9,517	334	12	242	276	10,381	
Total changes in the consolidated statement of income	(2,209)	(4,414)	(832)	3,308	7,160	3,013	
Other comprehensive income							
The effect of changes in time value of money and financial risk	10,318	990	(1,353)	–	–	9,955	
Total other comprehensive income	10,318	990	(1,353)	–	–	9,955	
Cash flows							
Premiums received	24,480	–	–	–	–	24,480	
Claims and other insurance service expenses paid, including investment components	(26,518)	–	–	–	–	(26,518)	
Insurance acquisition cash flows	(40)	–	–	–	–	(40)	
Total cash flows	(2,078)	–	–	–	–	(2,078)	
Closing insurance contract liabilities	264,072	4,821	4,270	12,201	16,530	301,894	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	2024						Total \$
	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM				
			Full retrospective approach \$	Fair value approach \$	Post transition \$		
Opening insurance contract liabilities	104,261	2,831	1,192	5,671	2,245	116,200	
Changes that relate to current services							
CSM recognised for services provided	—	—	(60)	(435)	(142)	(637)	
Change in risk adjustment for non-financial risk for risk expired	—	(121)	—	—	—	(121)	
Experience adjustments not related to future service	(56)	—	—	—	—	(56)	
Changes that relate to future services							
Contracts initially recognised in the year	(2,064)	194	—	—	1,870	—	
Changes in estimates that adjust the CSM	(1,279)	(94)	(42)	1,522	(107)	—	
Changes that relate to past services							
Changes in estimates in LIC fulfilment cash flows	(53)	—	—	—	—	(53)	
Total insurance service result	(3,452)	(21)	(102)	1,087	1,621	(867)	
Insurance finance income or expenses							
The effect of changes in time value of money and financial risk	3,493	109	57	331	162	4,152	
Total insurance finance income or expenses	3,493	109	57	331	162	4,152	
Total changes in the consolidated statement of income	41	88	(45)	1,418	1,783	3,285	
Other comprehensive income							
The effect of changes in time value of money and financial risk	(2,116)	(207)	—	—	—	(2,323)	
Total other comprehensive income	(2,116)	(207)	—	—	—	(2,323)	
Cash flows							
Premiums received	13,047	—	—	—	—	13,047	
Claims and other insurance service expenses paid, including investment components	(10,057)	—	—	—	—	(10,057)	
Insurance acquisition cash flows	(59)	—	—	—	—	(59)	
Total cash flows	2,931	—	—	—	—	2,931	
Closing insurance contract liabilities	105,117	2,712	1,147	7,089	4,028	120,093	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

iv. Property and Casualty insurance under the PAA

a) Insurance contracts

Analysis by remaining coverage and incurred claims

	2025				Total \$
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$		
Opening insurance contract liabilities	51,810	38,551	3,561		93,922
Business combination	18,055	40,478	1,793		60,326
Insurance revenue					
Post transition	(351,407)	—	—		(351,407)
Total insurance revenue	(351,407)	—	—		(351,407)
Insurance service expenses					
Incurred claims and insurance service expenses	(3,182)	95,166	2,435		94,419
Amortisation of insurance acquisition cash flows	40,063	—	—		40,063
Changes that relate to past service (changes in fulfilment cash flows re LIC)	—	(19,449)	(2,062)		(21,511)
Total insurance service expenses	36,881	75,717	373		112,971
Total insurance service result	(314,526)	75,717	373		(238,436)
Net insurance finance income or expenses					
The effect of changes in time value of money and financial risk	—	4,316	(1,041)		3,275
Effect of movement in the exchange rates	1,201	2,000	114		3,315
Total net insurance finance income or expenses	1,201	6,316	(927)		6,590
Total changes in the consolidated statement of income	(313,325)	82,033	(554)		(231,846)
Cash flows					
Premiums received	344,394	—	—		344,394
Claims and other insurance service expenses paid	140	(90,145)	—		(90,005)
Insurance acquisition cash flows	(35,759)	—	—		(35,759)
Total cash flows	308,775	(90,145)	—		218,630
Closing insurance contract liabilities	65,315	70,917	4,800		141,032

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	2024				Total \$
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$		
Opening insurance contract liabilities	45,517	40,983	4,374		90,874
Insurance revenue					
Post transition	(273,532)	—	—		(273,532)
Total insurance revenue	(273,532)	—	—		(273,532)
Insurance service expenses					
Incurred claims and insurance service expenses	—	47,531	1,727		49,258
Amortisation of insurance acquisition cash flows	31,919	—	—		31,919
Changes that relate to past service (changes in fulfilment cash flows re LIC)	—	(3,963)	(2,583)		(6,546)
Total insurance service expenses	31,919	43,568	(856)		74,631
Total insurance service result	(241,613)	43,568	(856)		(198,901)
Net insurance finance income or expenses					
The effect of changes in time value of money and financial risk	—	2,171	43		2,214
Total net insurance finance income or expenses	—	2,171	43		2,214
Total changes in the consolidated statement of income	(241,613)	45,739	(813)		(196,687)
Cash flows					
Premiums received	279,738	—	—		279,738
Claims and other insurance service expenses paid	—	(48,171)	—		(48,171)
Insurance acquisition cash flows	(31,832)	—	—		(31,832)
Total cash flows	247,906	(48,171)	—		199,735
Closing insurance contract liabilities	51,810	38,551	3,561		93,922

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

b) Reinsurance contracts held

Analysis by remaining coverage and incurred claims

	2025				Total \$
	Remaining coverage component		Incurred claims component		
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$		
Opening reinsurance contract held assets	24,389	32,978	2,655		60,022
Business combination	9,616	18,435	700		28,751
Allocation of the premiums paid					
Post transition	(227,731)	—	—		(227,731)
Total allocation of premiums paid	(227,731)	—	—		(227,731)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	—	55,800	909		56,709
Changes related to past service (changes related to incurred claims component)	—	(10,267)	(1,403)		(11,670)
Total amounts recovered from reinsurance	—	45,533	(494)		45,039
Total net expenses from reinsurance	(227,731)	45,533	(494)		(182,692)
Net reinsurance finance income or expenses					
The effect of changes in time value of money and financial risk	70	2,170	(1,068)		1,172
Effect of movement in the exchange rates	(277)	770	26		519
Total net reinsurance finance income or expenses	(207)	2,940	(1,042)		1,691
Total changes in the consolidated statement of income	(227,938)	48,473	(1,536)		(181,001)
Cash flows					
Premiums paid	242,009	—	—		242,009
Amounts recovered	—	(52,014)	—		(52,014)
Total cash flows	242,009	(52,014)	—		189,995
Closing reinsurance contract held assets	48,076	47,872	1,819		97,767

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	2024				Total \$
	Remaining coverage component		Incurred claims component		
	Excluding loss component \$	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$		
Opening reinsurance contracts held assets	30,567	31,940	3,262		65,769
Allocation of the premiums paid					
Post transition	(206,524)	—	—		(206,524)
Total allocation of premiums paid	(206,524)	—	—		(206,524)
Amounts recovered from reinsurance					
Recoveries of incurred claims and other insurance service expenses	—	21,022	1,501		22,523
Changes related to past service (changes related to incurred claims component)	—	1,459	(2,310)		(851)
Total amounts recovered from reinsurance	—	22,481	(809)		21,671
Total net expenses from reinsurance	(206,524)	22,481	(809)		(184,852)
Net reinsurance finance income or expenses					
The effect of changes in time value of money and financial risk	—	1,479	202		1,681
Total net reinsurance finance income or expenses	—	1,479	202		1,681
Total changes in the consolidated statement of income	(206,524)	23,960	(607)		(183,171)
Cash flows					
Premiums paid	200,346	—	—		200,346
Amounts recovered	—	(22,922)	—		(22,922)
Total cash flows	200,346	(22,922)	—		177,424
Closing reinsurance contract held assets	24,389	32,978	2,655		60,022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

B. Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components arising from the initial recognition of insurance contracts not measured under PAA in the year.

a) Insurance contracts

	2025 \$	2024 \$
Claims and other insurance service expenses payable	19,791	10,924
Insurance acquisition cash flows	40	59
Estimates of present value of cash outflows	19,831	10,983
Estimates of present value of cash inflows	(23,841)	(13,047)
Risk adjustment for non-financial risk	582	194
CSM	3,428	1,870
Increase in insurance contract liabilities from contracts recognised in the year	—	—

C. Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in the consolidated statement of income after the reporting date for contracts not measured under the PAA.

i. Health and Life Insurance contracts under GMM

Projected recognition of the CSM into net income – as at 31 December 2025	All years \$	Less than 1 year \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	4 to 5 years \$	5 to 10 years \$	More than 10 years \$
Insurance contracts issued	17,679	1,206	1,089	999	921	856	3,441	9,167
Reinsurance contracts held	(3,860)	(347)	(305)	(276)	(250)	(230)	(885)	(1,567)
Total	13,819	859	784	723	671	626	2,556	7,600

Projected recognition of the CSM into net income – as at 31 December 2024	All years \$	Less than 1 year \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	4 to 5 years \$	5 to 10 years \$	More than 10 years \$
Insurance contracts issued	14,598	1,066	950	855	784	724	2,887	7,332
Reinsurance contracts held	(1,912)	(216)	(186)	(162)	(144)	(130)	(484)	(590)
Total	12,686	850	764	693	640	594	2,403	6,742

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

ii. Wealth Management Insurance contracts under GMM

Projected recognition of the CSM into net income – as at 31 December 2025	All years \$	Less than 1 year \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	4 to 5 years \$	5 to 10 years \$	More than 10 years \$
Insurance contracts issued	33,001	4,120	3,682	3,274	2,908	2,573	8,892	7,552
Total	33,001	4,120	3,682	3,274	2,908	2,573	8,892	7,552

Projected recognition of the CSM into net income – as at 31 December 2024	All years \$	Less than 1 year \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	4 to 5 years \$	5 to 10 years \$	More than 10 years \$
Insurance contracts issued	12,264	653	642	625	611	597	2,761	6,375
Total	12,264	653	642	625	611	597	2,761	6,375

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

D. Non-life claims development

The table below illustrates how estimates of cumulative claims for the Group have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position. Balances have been translated at the exchange rates prevailing at the reporting date.

Claims development disclosure is not required when the expected settlement period of claims is less than one year. The Group settles all claim for life insurance within 12 months of the reporting date.

i) Property and casualty insurance under PAA

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ⁽¹⁾	Total
Estimates of undiscounted gross cumulative claims	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At the end of accident year	81,040	669,763	17,938	604,063	18,584	27,123	30,301	23,547	34,155	228,922	—
1 year later	77,231	603,079	16,511	524,655	16,837	29,516	27,095	22,706	29,323	—	—
2 years later	78,486	595,127	15,413	531,747	16,687	29,170	25,439	22,953	—	—	—
3 years later	76,898	595,520	15,161	532,644	17,033	28,878	23,944	—	—	—	—
4 years later	76,354	594,679	14,539	527,858	17,173	28,030	—	—	—	—	—
5 years later	76,481	592,325	14,601	527,056	16,784	—	—	—	—	—	—
6 years later	75,247	590,880	14,710	525,729	—	—	—	—	—	—	—
7 years later	74,963	591,122	14,514	—	—	—	—	—	—	—	—
8 years later	74,745	590,458	—	—	—	—	—	—	—	—	—
9 years later	74,686	—	—	—	—	—	—	—	—	—	—
Current estimates of cumulative claims	74,686	590,458	14,514	525,729	16,784	28,030	23,944	22,953	29,323	228,922	1,555,343
Cumulative gross claims paid	(74,434)	(587,506)	(14,158)	(525,274)	(16,075)	(27,002)	(21,770)	(19,913)	(25,610)	(171,062)	(1,482,804)
Gross liabilities — accident years 2016 — 2025	252	2,952	356	455	709	1,028	2,174	3,040	3,713	57,860	72,539
Gross liabilities — accident years before 2016	—	—	—	—	—	—	—	—	—	—	610
Expense adjustment (ULAE)	—	—	—	—	—	—	—	—	—	—	1,269
Effect of discounting	—	—	—	—	—	—	—	—	—	—	(3,501)
Risk adjustment	—	—	—	—	—	—	—	—	—	—	4,800
Gross liabilities for incurred claims included in the statement of financial position	—	—	—	—	—	—	—	—	—	—	75,717

(1) Claims development arising from the business combination has been presented entirely within the 2025 accident year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 ⁽¹⁾	Total
Estimates of undiscounted cumulative claims, net of reinsurance	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At the end of accident year	20,733	25,387	13,835	20,548	12,731	15,663	16,128	15,870	21,004	133,753	—
1 year later	19,129	25,334	12,720	19,580	11,729	16,153	15,385	16,235	18,883	—	—
2 years later	18,724	24,233	11,970	19,609	11,393	16,322	15,029	16,021	—	—	—
3 years later	18,565	23,914	11,727	19,643	11,223	16,301	14,658	—	—	—	—
4 years later	18,156	23,968	11,288	19,334	10,947	16,231	—	—	—	—	—
5 years later	18,221	23,851	11,336	18,793	10,819	—	—	—	—	—	—
6 years later	18,428	24,023	11,269	18,729	—	—	—	—	—	—	—
7 years later	18,323	23,992	11,258	—	—	—	—	—	—	—	—
8 years later	18,304	23,820	—	—	—	—	—	—	—	—	—
9 years later	18,288	—	—	—	—	—	—	—	—	—	—
Current estimates of cumulative net claims	18,288	23,820	11,258	18,729	10,819	16,231	14,658	16,021	18,883	133,753	282,460
Cumulative net claims paid	(18,038)	(23,580)	(11,053)	(18,601)	(10,357)	(15,506)	(13,353)	(14,181)	(15,893)	(118,481)	(259,043)
Net liabilities — accident years 2016 — 2025	250	240	205	128	462	725	1,305	1,840	2,990	15,272	23,417
Gross liabilities — accident years before 2016	—	—	—	—	—	—	—	—	—	—	342
Expense adjustment (ULAE)											1,269
Effect of discounting											(1,983)
Risk adjustment											2,981
Net liabilities for incurred claims included in the statement of financial position	—	—	—	—	—	—	—	—	—	—	26,026

(1) Claims development arising from the business combination has been presented entirely within the 2025 accident year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

E. SIGNIFICANT JUDGEMENTS AND ESTIMATES FOR INSURANCE AND REINSURANCE CONTRACTS

i. Fulfilment cash flows

Fulfilment cash flows comprise:

- estimates of future cash flows (see a. below);
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows (see d. below); and
- a risk adjustment for non-financial risk (see e. below).

a. Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience.

When estimating future cash flows, the Group considers current expectations of future events that might affect those cash flows, including expected inflation. Estimates of any relevant market variables are consistent with observable market prices when available.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing, to the extent such discretion is not constrained by regulation, market practice or policyholder expectations. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

The determination of contract boundaries involves significant judgement. In assessing contract boundaries, the Group evaluates whether it has the practical ability to reassess the risks of a particular policyholder and, as a result, set a price or level of benefits that fully reflects those risks.

Pricing reassessment rights are considered substantive where the Group can reprice contracts at a level that fully reflects the risk of the policyholder without significant limitations. Where such rights exist, cash flows are included only up to the next reassessment date.

For certain products, constraints arising from regulation, market practice and policyholder expectations limit the Group's ability to fully reprice risk. In these cases, contract boundaries extend beyond the contractual repricing date. This judgement affects the measurement of insurance contract liabilities and the timing of profit recognition.

Acquisition costs may be internal or external. Internal acquisition costs are derived from cost and time studies. If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group. If insurance acquisition cash flows are directly attributable to a portfolio, but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

b. Actuarial assumptions – Life and health insurance

Actuarial assumptions utilised in the valuation of life and health insurance business are discussed in Note 5C.

c. Actuarial assumptions - General insurance

Key assumptions related to the valuation of the Group's General insurance business include views on policyholder behaviour and future claim and expense levels, including views on inflation (see a. above).

d. Discount rates

Current rates are used to discount expected cash flows occurring after the reporting date. These discount rates reflect the time value of money and the liquidity characteristics of the future cash flows. A discount curve is established to align the rates to the expected timing of the future cash flows. For insurance business, part of the discount curve is based on available market information (referred to as the observable period), while the remainder of the curve is determined using extrapolation techniques (the unobservable period).

Beginning in 2025, the Group adopted a hybrid approach to determine the discount curves, incorporating elements of both bottom-up and top-down methodologies. Under this approach, the discount rates are determined primarily from observable risk-free yield curves, with adjustments made to reflect the illiquidity characteristics of the underlying insurance contract liabilities. The illiquidity premium is informed by yields implicit in a notional reference portfolio of assets, adjusted to remove expected and unexpected credit losses. Separate discount curves are prepared for each of the currencies of the key operating territories of the Group: USD, Euro, GBP.

The reference portfolio used to inform the illiquidity premium comprises a mix of fixed income instruments, structured securities and mortgages, with a range of maturities and levels of credit risk.

Within the observable period, interpolation is applied to derive rates for non-available term structures that are reflective of current market conditions. Beyond the observable period, linear extrapolation is applied from the last available term structure to grade to the ultimate risk-free rate. Consistent with updated industry guidance, the grading period to the ultimate rate extends to 70 years.

The illiquidity premium applied in the extrapolated portion of the curve is determined in accordance with industry guidance and is limited to the minimum of the observed liquidity premium at year 30 plus 50 basis points and 150 basis points.

This change reflects updated technical guidance issued by the Canadian Institute of Actuaries and evolving industry practice regarding the determination of discount rates for long-duration insurance liabilities. The Group monitored the development and market adoption of the updated guidance during 2023 and 2024 and adopted the revised methodology in 2025 once it had gained broader industry acceptance.

The Group considers the adoption of the hybrid approach to represent a change in estimate reflecting updated technical guidance and evolving industry practice. The impact of the change was not material and resulted in substantially similar discount rates to those determined under the previous methodology.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

The following tables provide a summary of the spot discount curves used to present value cash flows that do not vary based on the returns on underlying items for all major products:

As at 31 December 2025	1 year	5 years	10 years	30 years	Ultimate
Annuity, Life and health and General insurance (USD)	3.83%	4.23%	4.92%	5.88%	5.63%
General insurance (EUR)	2.29%	2.95%	3.58%	4.48%	4.32%
General insurance (GBP)	3.99%	4.43%	5.13%	6.23%	5.24%

As at 31 December 2024	1 year	5 years	10 years	30 years	Ultimate
Annuity, Life and health (USD)	4.70%	4.79%	5.15%	5.84%	4.81%
General insurance (USD)	4.66%	4.91%	5.33%	n/a	n/a

e. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and is the compensation the Group requires for bearing uncertainties arising from non-financial risks (such as mortality, morbidity, and lapse risk) that affect the amount and timing of cash outflows required to fulfil insurance contracts.

For life insurance, the risk adjustment is determined using a margin approach. This approach utilises margin percentages to adjust individual best-estimate non-financial assumptions. Where relevant, the percentages determined at the legal entity level are applied to each non-financial assumption to determine the risk adjustment at the contract level.

For General insurance, the risk adjustment for non-financial risk is determined using a quantile approach. This approach involves calculating the value-at-risk at the selected confidence level.

In determining the risk adjustment, the Group considers both favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion.

Diversification benefits are incorporated into the calculations at the legal entity level.

The Group does not consider the effect of reinsurance in determining the risk adjustment for non-financial risk on underlying insurance contracts - rather the risk adjustment for reinsurance held is included in the measurement of the reinsurance contract asset or liability and represents the risk transferred to the reinsurer. This risk adjustment for reinsurance held is calculated using the same methodologies as for the underlying contracts.

Beginning in 2025, the risk adjustment corresponds to a confidence level of approximately 90%, within the acceptable range of 80% to 95%, for all periods presented. The selected confidence level reflects the Group's overall risk appetite and tolerance for non-financial risk.

Prior to 2025, the Group calibrated the risk adjustment using separate confidence levels by line of business, with Life and Health insurance contracts corresponding to a confidence level of approximately 80 -85% and General insurance contracts corresponding to a confidence level of approximately 75%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

The updated calibration aligns the determination of the risk adjustment with the Group's enterprise risk management framework and the risk appetite established by the Group Risk Management function, reflecting the current scale, composition and risk profile of the Group's insurance exposures.

ii. Contractual service margin

a. Determination of coverage units

See also Note 2 (O).

Management makes judgements to determine the appropriate coverage units that adequately reflect the quantity of insurance contract services provided over the issued insurance contract's coverage period. Coverage units for issued insurance contracts were determined on the following basis:

Contract type	Basis for determining covering units
Contracts providing periodic benefits	Periodic benefit payout amounts
Contracts providing lump sum benefits	Actual face value of benefit amounts
Contracts providing both periodic and lump sum benefits	Weighted average sum of the expected present value of the periodic benefit payout amounts and actual face value payout amounts

For reinsurance contracts held that provide proportionate coverage, reinsurance coverage units are determined on the same basis as the underlying contracts. For reinsurance contracts held that provide non-proportional coverage, the expected amount of underlying benefits to be covered in the period is used to determine the quantity of reinsurance coverage units.

An analysis of the expected timing of the allocation of the CSM to the consolidated statement of income is disclosed in (C).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

24 Equity

A. Share capital

	2025 \$	2024 \$
Authorised – 20,000,000 (2024 – 20,000,000) common shares of a par value of \$1 each	20,000	20,000
Issued and fully paid –		
Common shares of a par value of \$1 each	9,690	9,388

Common shares in issue in the Group rank pari passu with any new common shares issued in the Group. All the common shares in issue carry the same right to receive all dividends and other distributions declared, made or paid by the Group.

A reconciliation of the number of shares outstanding at the beginning and at the end of the year is as follows:

	2025 # of shares	2024 # of shares
At 1 January	9,387,677	9,273,263
Shares issued related to acquisition	59,873	–
Share grants issued under the equity incentive plan	250,000	117,664
Share grants forfeited under the equity incentive plan	(7,656)	(3,250)
Total at 31 December	9,689,894	9,387,677

B. Share premium and contributed surplus

Share premium comprises additional paid in capital in excess of the par value. This reserve is not ordinarily available for distribution. Contributed surplus represents additional paid in capital.

C. Share buy back

In 2016, the Group's Board of Directors authorised a share repurchase program up to a maximum of 500,000 shares, increased to 600,000 in 2022. As at 31 December 2024, the Group had repurchased 528,586 shares for a total of \$10,759. The repurchased shares are held as treasury shares until reissued or cancelled. The program expired in August 2024 and may be renewed at the discretion of the Group and upon approval by the Bermuda Stock Exchange. In 2025, the Group's Board of Directors authorised the repurchase of common shares up to an aggregate value of \$5,000 from the 9,447,550 shares currently outstanding. As at 31 December 2025, the Group had repurchased 62,345 shares for a total of \$1,081.

The repurchase of shares is at the discretion of the Group. The repurchased shares are held as treasury shares until reissued or cancelled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

D. Treasury shares

Treasury shares are shares of Allshore Limited that are held by the Group primarily for the purpose of issuing shares under the employee share purchase scheme or the equity incentive plan. Shares were acquired through purchases on the Bermuda Stock Exchange.

	2025 \$	2025 # of shares	2024 \$	2024 # of shares
At 1 January	6,988	324,543	6,352	299,468
Shares issued related to the acquisition	(6,988)	(324,543)	636	25,075
Acquisition of shares	1,081	62,345	–	–
Shares issued under the equity incentive plan	2,251	137,627	–	–
Total at 31 December	3,332	199,972	6,988	324,543

E. Accumulated other comprehensive loss

This consists of gains and losses on financial instruments designated at FVOCI, along with translation adjustments arising from the consolidation of the Canadian and European subsidiaries, and actuarial gains and losses on employee benefit plans.

F. Employee share purchase plan

During 2025, nil (2024 – nil) shares were purchased by employees of the Group. The Group suspended the Employee share purchase plan as a result of the pending Argus acquisition. The fair value of the shares was credited to either share capital or treasury shares depending on the source of the shares and share premium. The discount was charged to compensation expense.

G. Shares held by the Group's defined benefit pension scheme

As at 31 December 2025, 55,992 (2024 – 55,992) shares of the Group were owned within the investment portfolio of the Group's defined benefit pension scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

25 Loan payable

On 12 August 2024, Argus entered into a USD\$50 million delayed-draw, non-revolving term loan facility with a syndicate of lenders pursuant to a senior facility agreement (the "Facility Agreement"). This financing was required to fund Argus's acquisition of minority shares of BF&M prior to the effective date of the amalgamation between Argus and BF&M.

Following the amalgamation, BF&M assumed the liabilities of Argus as borrower under the Facility Agreement.

The facility is available as a single utilisation and is repayable in a single bullet payment on the applicable termination date, which falls three years after completion, with two optional one-year extensions available subject to lender consent.

The facility also includes mandatory prepayment provisions, under which the Group is required to prepay amounts equal to certain dividend payments made by the Company, subject to annual limits. These provisions do not amend the contractual maturity date of the Facility but may accelerate cash outflows if dividends are declared.

Interest is payable at Term SOFR plus a variable margin, initially 3.50% per annum, with potential step-downs based on the Group's consolidated total net debt to total capitalisation ratio and step-ups if maturity extensions are exercised or while an event of default is continuing. A ticking fee applies to undrawn commitments.

The Facility Agreement contains customary financial covenants, including those relating to leverage, capital adequacy, cash-flow coverage, and consolidated net worth, as well as operational restrictions on indebtedness, disposals, dividends, guarantees, and acquisitions.

During the year, the Group made principal payments of \$9.9 million (2024 - \$nil). Interest expense for the year was \$3.6 million (2024 - \$nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

26 Share based payments

Restricted share grants and restricted unit grants

During the year 112,363 (2024 - 117,664) common shares and 35,406 (2024 - 27,534) units were issued to certain employees in respect of restricted share grants and restricted unit grants. These are held by the Group and are restricted from sale or use by the employees for three years from the grant date. Restricted unit grants differ from restricted share grants in that no common shares are issued at the time of the grant; instead they are paid in cash after the vesting date. The amount of the benefit to these employees totalled \$2,437 (2024 - \$3,431), excluding impact of dividends. This benefit was measured using the 20-day average share price prior to the grant date.

The terms of the Restricted Share Agreements in place stipulate that upon a change in control, any unvested portion of the restricted stock grants issued become immediately vested and non-forfeitable. In the agreements, a change in control is defined as a change in beneficial ownership of more than 35%. During the year, the change in control provision within these restricted stock agreements was triggered. In accordance with the provisions of IFRS 2 - Stock Based Compensation, when the vesting of awards is accelerated, the entity recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period. The amount charged to compensation expense in the current year totalled \$701 (2024 - \$5,204). The carrying amount of the liability in respect of restricted unit grants, which is included in other liabilities, is \$614 (2024 - \$nil).

Long-term incentive plan

During the year ended 31 December 2025, the Group introduced a long term incentive plan for senior executives, which is accounted for in accordance with IFRS 2 Share based Payment. The plan includes both cash settled and equity settled awards that vest subject to service and performance conditions over a three year period. Equity instruments under the plan will be issued after the end of the performance period, such that any dilution will arise in future periods.

For the year ended 31 December 2025, the Group recognised share based payment expense of \$1,200, included within compensation and benefits expense in the consolidated statement of income.

The accounting for the plan requires judgement in determining the grant date and estimation in measuring the fair value of awards. Fair values have been estimated using valuation techniques appropriate to the award terms, including a Monte Carlo model for market based performance conditions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

27 Fee and other income

The following tables present fee income from service contracts and rental income by reportable segment:

	Health and life 2025 \$	Wealth Management 2025 \$	Property and Casualty 2025 \$	Brokerage Companies 2025 \$	Corporate and other 2025 \$	Total 2025 \$
Fee income from service contracts:						
Pension administration asset-based income	33,736	27,981	76	—	—	61,793
Administrative services and other fees	268	—	1	14	2,861	3,144
Rental income	—	699	1,861	—	—	2,560
Investment management fee	—	4,674	—	—	—	4,674
Commission income from brokerage services rendered	—	—	—	7,307	—	7,307
Total other income	34,004	33,354	1,938	7,321	2,861	79,478

	Health and life 2024 \$	Wealth Management 2024 \$	Property and Casualty 2024 \$	Brokerage Companies 2024 \$	Corporate and other 2024 \$	Total 2024 \$
Fee income from service contracts						
Pension administration asset-based income	—	12,893	—	—	—	12,893
Administrative services and other fees	308	—	2	—	2,530	2,840
Rental income	—	—	2,448	—	—	2,448
Gain on sale and lease back	—	—	7,295	—	—	7,295
Total other income	308	12,893	9,745	—	2,530	25,476

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

28 Operating expenses

	2025 \$	2024 \$
Wages and salaries	89,964	34,914
Professional and consulting fees	13,997	6,847
Audit Fee	3,198	1,858
Post retirement benefit costs	270	1,291
IT maintenance contracts	13,506	7,590
Advertising and business development	3,259	2,214
Bank charges and foreign currency purchase tax	3,962	1,851
Office rent, building and utilities costs	4,444	1,573
Share expense	703	5,204
Compliance, legal and regulatory	5,364	2,145
Office and administration expenses	4,642	551
Travel	2,192	572
Bad debt	1,230	383
Memberships and subscriptions	174	161
Directors Fee	1,252	775
Training and development	121	157
Other	1,939	(89)
Bermuda Tax Credit	(20,805)	—
Total operating expenses	129,412	67,997
Represented by:		
Insurance service expenses:		
Amounts attributed to insurance acquisition cash flows	16,742	3,232
Other directly attributable insurance service expenses	15,543	15,503
Other operating expenses	97,127	49,262
Total operating expenses	129,412	67,997

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

29 Components of accumulated other comprehensive income/(loss)

	2025 \$	2024 \$
Items that will not be subsequently reclassified to the income statement		
Balance-beginning of year	(6,936)	(2,123)
Remeasurement of retirement benefit obligation	(93)	107
Non-controlling interest	—	(15)
Unrealised gains/(losses) on equity investments	(512)	(4,905)
Balance - end of year	(7,541)	(6,936)
Items that may be subsequently reclassified to the income statement		
Balance-beginning of year	3,104	—
Change in unrealised gains on bond investments	16,634	(6,014)
Change in insurance and reinsurance finance reserve	(9,911)	9,543
Participating policyholders' share of changes in OCI	(1,121)	(425)
Balance - end of year	8,706	3,104
Currency translation differences		
Balance-beginning of year	(1,143)	(468)
Unrealised foreign exchange losses on translation of foreign operations	3,853	(675)
Balance - end of year	2,710	(1,143)
Total accumulated other comprehensive income/(loss)	3,875	(4,975)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

30 Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2025			2024		
	Income \$	# of weighted average shares	Per share amount \$	Income \$	# of weighted average shares	Per share amount \$
Basic earnings per share:						
Income available to common shareholders	135,133	9,424,090	14.34	10,354	9,024,191	\$1.15
Diluted earnings per share:						
Income available to common shareholders and assumed conversions	135,133	9,424,090	14.34	10,354	9,024,191	\$1.15

There are no share options granted to employees of the Group and thus there is no dilutive or anti-dilutive impact on earnings per share.

31 Related parties

On 4 December 2024, Holdco 123 Limited, incorporated in Bermuda, acquired 3,394,403 shares of the Group from Lawrie (Bermuda) Limited, which represents 36.2% of the Group's shares. The remaining shares are widely held.

As disclosed in Note 2C(i), a number of the subsidiaries transacted with the Group during the year in the normal course of business. These transactions are eliminated on consolidation.

Key management personnel have been defined as the executive team and the Board of Directors of the Group. The following transactions were carried out with key management:

A. Sales of insurance contracts and other services

	2025 \$	2024 \$
Sales of insurance contracts and pension services:		
Key management	174	117
Purchase of services:		
Key management	499	976

B. Key management compensation

The following table shows compensation to key management:

	2025 \$	2024 \$
Salaries and other short-term employee benefits	11,995	5,135
Post-employment benefits	461	196
Termination Benefits	1,533	1,220
Share based payments	498	1,815
Total	14,487	8,366

Pursuant to Regulation 6.8 (3) of Section 11A of the Bermuda Stock Exchange Listing Regulations, the total interests of all directors and officers of the Group in the common shares of the Group at 31 December 2025 were 61,699 (2024 - 177,143) shares. No rights to subscribe for shares in the Group have been granted to or exercised by any director or officer, other than those disclosed in Note 26.

C. Loans to related parties

Loans are extended to key management of the Group (and their families) and to companies related to key management. Mortgage terms are typically no more than 20 years in duration and interest rates are consistent with rates charged by the Group to non-related parties.

	2025 \$	2024 \$
At 1 January	2,570	1,968
Adjustments to changes in key management	(972)	638
Loans repaid	(211)	(210)
Interest charges	70	174
Total at 31 December	1,457	2,570

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

D. Self-insurance

The Group self-insures its office building reported in investment properties. The insured assets are reinsured through the Group's reinsurance programme and is subject to the same terms and conditions as other reinsured insurance contracts.

32 Subsidiaries with material non-controlling interest

Set out below is the summarised financial information for the aggregate of each subsidiary that has non-controlling interests that are material to the Group.

	Scarborough	
	2025	2024
Summarised statement of financial position	\$	\$
Total assets	19,843	19,571
Total liabilities	238	848
Total net assets	19,605	18,723

	Scarborough	
	2025	2024
Summarised comprehensive income	\$	\$
Total income	2,164	2,160
Total benefits and expenses	(1,282)	(1,106)
Net income	882	1,054
Other comprehensive income		
Items that will not be reclassified to profit or loss	—	36
Total comprehensive income	—	1,090
Total income attributable to non-controlling interest	882	422

	Scarborough	
	2025	2024
Summarised statement of financial position	\$	\$
Net cash generated from operating activities	168	1,751
Net cash generated from/(used in) investing activities	856	(215)
Net increase in cash and cash equivalents	1,024	1,536
Cash and cash equivalents at beginning of year	3,050	1,514
Cash and cash equivalents at end of year	4,014	3,050

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025 (in thousands of Bermuda dollars)

33 Commitments and contingencies

A. Operating leases

i) Group as Lessor

The Group has entered into non-cancellable operating leases on space within the Group's investment property. These agreements include an extension option and terminate between 2026 and 2033. The future minimum lease payments receivable are as follows:

	2025	2024
	\$	\$
No later than 1 year	1,088	2,104
Later than 1 year and no later than 5 years	1,358	4,043
Later than 5 years	—	1,899
Total	2,446	8,046

B. Commitments

The Group has commitments made in the normal course of business that are to be disbursed upon fulfilment of certain contract conditions. The Group has committed in principle to making donations to various local charities. The amount to be disbursed is unknown but will be determinable on an annual basis subject to contract terms. The Group also expects capital expenditures related to renovation work on its investment property.

C. Contingencies

The Group and its subsidiaries are from time to time subject to legal actions arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty and it is possible that an adverse resolution could have a material effect on the consolidated financial statements of the Group.

34 Subsequent events

A. Dividends

On 22 April 2026, the Group, declared a dividend to be paid to shareholders of record at 4 May 2026. The dividend will be paid on or about 7 May 2026 at \$0.40 per share.

DIRECTORS AND OFFICERS

Allshores General Insurance Company (Bermuda) Limited

Directors

Constantinos Miranthis
Chair

Paul Markey
Andrew Lo
David Brown
Abigail Clifford

Officers

Abigail Clifford
Group President & CEO

Peter Dunkerley
EVP, Group Chief
Financial Officer

Jennifer Campbell
EVP, Group Chief Human
Resources Officer

Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer

Peter Lozier
EVP, Group Head of Benefits

Alex Reynolds
EVP, Group Chief Corporate
Development Officer

Hannah Ross
EVP, Group Chief Capital
& Risk Officer

Janice Fernandes
Corporate Secretary

Hein Moore
Group Head of Compliance*
*subject to regulatory approval

Allshores Life and Benefits Company (Bermuda) Limited

Directors

Gordon Henderson
Chair

Constantinos Miranthis
E. Barclay Simmons
Abigail Clifford

Officers

Abigail Clifford
Group President & CEO

Peter Dunkerley
EVP, Group Chief
Financial Officer

Jennifer Campbell
EVP, Group Chief Human
Resources Officer

Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer

Peter Lozier
EVP, Group Head of Benefits

Alex Reynolds
EVP, Group Chief Corporate
Development Officer

Hannah Ross
EVP, Group Chief Capital
& Risk Officer

Janice Fernandes
Corporate Secretary

Allshores Wealth Management Company (Bermuda) Limited

Directors

Gordon Henderson
Chair

Constantinos Miranthis
E. Barclay Simmons
Abigail Clifford

Officers

Abigail Clifford
Group President & CEO

Peter Dunkerley
EVP, Group Chief
Financial Officer

Jennifer Campbell
EVP, Group Chief Human
Resources Officer

Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer

Peter Lozier
EVP, Group Head of Benefits

Alex Reynolds
EVP, Group Chief Corporate
Development Officer

Hannah Ross
EVP, Group Chief Capital
& Risk Officer

Janice Fernandes
Corporate Secretary

Island Heritage Insurance Company Limited

Directors

Conor O'Dea
Chair

Abigail Clifford
Gordon Henderson
Paul Markey

Officers

Abigail Clifford
Group President & CEO

Peter Dunkerley
EVP, Group Chief
Financial Officer

Victoria Rankin
Group Head of P&C
(Caribbean)*

Janice Fernandes
Corporate Secretary

Karysa Ebanks
Group Head of Talent
Management

Hein Moore
Compliance Officer*

Sasha Castle-Hart
MLRO*
*subject to CIMA approval

Island Heritage Retirement Trust Company Limited

Directors

Conor O'Dea
Chair

Abigail Clifford
Peter Lozier

Officers

Peter Dunkerley
EVP, Group Chief
Financial Officer

Peter Lozier
EVP, Group Head of Benefits

Hein Moore
Designated Compliance
Officer*

Sasha Castle-Hart
MLRO

Janice Fernandes
Corporate Secretary
*subject to CIMA approval

Argus Group Holdings (Europe) Limited

Directors

Peter Dunkerley
Chair
Abigail Clifford

Argus Insurance Company (Europe) Limited

Directors

Michel Macelli
Chair

Alex Bonavia
Abigail Clifford
Peter Dunkerley
Constantinos Miranthis
Donovan Schembri*
*Conditional approval received.

WestMed Insurance Services Limited*

Directors

Peter Dunkerley
Chair

Alex Bonavia
Abigail Clifford
Lawrence Pavia
*Being wound up.

**Antes Insurance
Brokers Limited**

Directors

Paul Markey
Chair
Abigail Clifford
Peter Dunkerley
Lawrence Pavia
Kevin Galea Pace

**Argus Group
Holdings Limited**

Directors

Abigail Clifford
Chair
Peter Dunkerley
Gemma Rochelle

Officers

Peter Dunkerley
EVP, Group Chief
Financial Officer
Gemma Rochelle
Company Secretary

**Argus Investment
Strategies Fund Limited***

Directors

E. Barclay Simmons
Chair
Peter Dunkerley
Abigail Clifford
Constantinos Miranthis

Officers

Constantinos Miranthis
Deputy Chair
Peter Dunkerley
EVP, Group Chief
Financial Officer
Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer
Janice Fernandes
Corporate Secretary
*Being wound up.

**Antes Insurance
Brokers (Bermuda) Limited**

Directors

Paul Markey
Chair
Abigail Clifford
Andrew Lo
Kevin Galea Pace

Officers

Abigail Clifford
Group President & CEO
Peter Dunkerley
EVP, Group Chief
Financial Officer
Jennifer Campbell
EVP, Group Chief Human
Resources Officer
Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer
Peter Lozier
EVP, Group Head of Benefits
Alex Reynolds
EVP, Group Chief Corporate
Development Officer
Hannah Ross
EVP, Group Chief Capital
& Risk Officer
Ryan Eve
Vice President Broking
Dawn Bell
Corporate Secretary

**One Team
Health, Inc.**

Directors

Peter Dunkerley
Chair
Peter Lozier
Abigail Clifford

Officers

Peter Dunkerley
EVP, Group Chief
Financial Officer
Derek Goldberg
Group Head of Employee
Benefits Administration
Thomas Healy
Group Head of Finance
Dawn Bell
Company Secretary

**Island Health
Services Limited**

Directors

David Brown
Chair
Abigail Clifford
Peter Lozier
Peter Dunkerley

Officers

Peter Lozier
EVP, Group Head of Benefits
Thomas Healy
Group Head of Finance
Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer
Tawanna Wedderburn
Head of Medical Practice
Operations
Dawn Bell
Corporate Secretary

**I.H.S.
Laboratories Limited**

Directors

David Brown
Chair
Peter Lozier
Deputy Chair
Abigail Clifford
Dr. Basil Wilson
Peter Dunkerley

Officers

Dr. Basil Wilson
Clinical Director
Peter Lozier
Deputy Chair
EVP, Group Head of Benefits
Thomas Healy
Group Head of Finance
Gemma Rochelle
EVP, Group General Counsel
& Chief Compliance Officer
Tawanna Wedderburn
Head of Medical Practice
Operations
Dawn Bell
Corporate Secretary

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