



FINANCIAL STATEMENTS

CG Atlantic General Insurance Ltd.
Year Ended December 31, 2025
With Independent Auditor's Report

CG Atlantic General Insurance Ltd.
Financial Statements
Year ended December 31, 2025

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Independent Auditor's Report

To the Shareholders of
CG Atlantic General Insurance Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CG Atlantic General Insurance Ltd. (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company 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 financial statements of public interest entities, and we have 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.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

This report is made solely to the Audit Committee as a body. Our audit work has been undertaken so that we might state to the Audit Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Audit Committee as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 Company's internal control.



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- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

Ernst + Young Ltd.

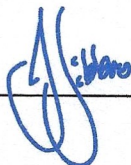
April 30, 2026

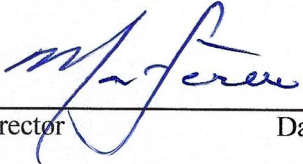
CG Atlantic General Insurance Ltd.
Statement of Financial Position
(In Thousands of Bahamian Dollars)

	At December 31	
	2025	2024
	\$	\$
Assets		
Cash and cash equivalents (Note 3)	11,107	10,073
Restricted cash (Note 3)	500	500
Financial assets (Note 4,13,15)	25,636	20,872
Accrued interest (Note 4)	366	280
Other assets	213	190
Amounts due from related companies (Note 13,15)	217	258
Reinsurance contract assets (Note 10)	14,015	10,420
Property, plant and equipment (Note 12)	228	233
Intangible assets (Note 11)	11	22
Total assets	52,293	42,848
Liabilities		
Other liabilities	339	388
Amounts due to related companies (Note 13,15)	1,449	1,059
Insurance contract liabilities (Note 9)	25,735	19,135
Income tax liabilities (Note 19)	417	—
Lease liabilities (Note 16)	33	57
Total liabilities	27,973	20,639
Shareholders' equity		
Share capital (Note 14)	12,750	12,750
Retained earnings	11,358	9,235
Fair value reserve of financial assets at FVTOCI	212	224
Total equity	24,320	22,209
Total liabilities and equity	52,293	42,848

See accompanying notes to financial statements.

On behalf of the Board:

Director  Date: April 30, 2026

Director  Date: April 30, 2026

CG Atlantic General Insurance Ltd.
Statement of Comprehensive Income
(In Thousands of Bahamian Dollars)

	Year Ended December 31	
	2025	2024
	\$	\$
Revenue		
Insurance contract revenue (Note 6,9,15)	56,553	56,141
Insurance service expense (Note 6,9,15)	(23,325)	(16,368)
Net expenses from reinsurance contract held (Note 6,10,15)	(28,350)	(33,094)
Insurance service result	4,878	6,679
Investment income (Note 4,7,15)	983	805
Investment expense (Note 4,7)	(104)	(63)
Insurance finance expense (Note 6,7)	(291)	(263)
Reinsurance finance income (Note 6,7)	53	93
Net financial result	5,519	7,251
Other operating expenses (Note 15,17)	(2,736)	(2,765)
Income before tax	2,783	4,486
Income tax (Note 19)	(417)	—
Net Income	2,366	4,486
Unrealised (loss) income on financial assets held at fair value through Other comprehensive income (FVTOCI) (Note 4)	(12)	83
Total comprehensive income for the year	2,354	4,569

See accompanying notes to financial statements.

CG Atlantic General Insurance Ltd.
Statement of Changes in Shareholders' Equity
(In Thousands of Bahamian Dollars)

	Share Capital	Retained Earnings	Fair value reserve of financial assets at FVTOCI	Total Equity
	\$	\$	\$	\$
Balance as at December 31, 2023	12,750	4,992	141	17,883
Dividends	—	(243)	—	(243)
Total comprehensive income	—	4,486	83	4,569
Balance as at December 31, 2024	12,750	9,235	224	22,209
Dividends	—	(243)	—	(243)
Total comprehensive income (loss)	—	2,366	(12)	2,354
Balance as at December 31, 2025	12,750	11,358	212	24,320

See accompanying notes to financial statements.

CG Atlantic General Insurance Ltd.
Statement of Cash Flows
(In Thousands of Bahamian Dollars)

	Year Ended December 31	
	2025	2024
	\$	\$
Operating activities		
Net income	2,366	4,486
Adjustments for:		
Depreciation and amortisation (Note 11,12)	94	100
Dividend and interest income (Note 4)	(1,044)	(874)
Finance costs (Note 16)	2	3
Bond amortisation (Note 4)	20	(9)
Allowance for expected credit losses charge (Note 4)	35	73
Operating cash flow before changes in operating working capital	1,473	3,779
Change in operating working capital (Note 18)	3,264	(29)
Cash flows provided by operating activities	4,737	3,750
Investing activities		
Proceeds from sale of financial assets	2,810	1,188
Purchase of financial assets	(7,641)	(4,926)
Interest and dividends received (Note 4)	1,044	874
Purchase of property, plant and equipment (Note 12)	(78)	(106)
Proceeds from sale of property, plant and equipment (Note 12)	—	11
Repayments from related companies (Note 15)	431	175
Proceeds from sale of intangible assets (Note 11)	—	2
Cash flows used in investing activities	(3,434)	(2,782)
Financing activities		
Payments on principal portion of lease liabilities (Note 16)	(26)	(27)
Dividends paid to Owners	(243)	(243)
Cash flows used in financing activities	(269)	(270)
Net change in cash and cash equivalents	1,034	698
Cash and cash equivalents at beginning of year	10,573	9,875
Cash and cash equivalents at end of year	11,607	10,573
Cash and cash equivalents comprise:		
Cash and cash equivalents	11,107	10,073
Restricted cash	500	500
	11,607	10,573

See accompanying notes to financial statements.

CG Atlantic General Insurance Ltd.

Notes to the Financial Statements (In Thousands of Bahamian Dollars)

Notes to Financial Statements

1. General

CG Atlantic General Insurance Ltd. (the Company), was incorporated under the Companies Act of the Commonwealth of The Bahamas, and its registered office is at One Millars Court, Nassau, Bahamas. The Company operates in The Bahamas and the Turks and Caicos Islands.

The Company is licensed to operate as a property and casualty insurance company in The Bahamas under the Insurance Act, 2005. It also holds a license to conduct business in the Turks and Caicos Islands, writing business through local agents.

The Company is 70% owned by its Majority Shareholder, Coralisle Group Ltd. (the Group), a holding company in Bermuda. Coralisle Group Ltd. is fully owned by Edmund Gibbons Limited (the ultimate parent), an entity domiciled in Bermuda.

The financial statements, including all notes, were authorized for issue by the Board of Directors on April 15, 2026.

2. Summary of Material Accounting Policies

Basis of Preparation

The preparation of Financial Statements in conformity with IFRS Accounting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results may differ from these estimates. The most significant estimation processes relate to assumptions used in measuring insurance and reinsurance contract liabilities, assessing assets for impairment and fair valuation of certain invested assets. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Although some variability is inherent in these estimates, management believes that the amounts recorded are appropriate. The material accounting policies used and the most significant judgments made by management in applying these accounting policies in the preparation of these financial statements are summarized below.

The Company presents its Statement of Financial Position broadly in order of liquidity. The following balances are generally classified as current:

- cash and cash equivalents, restricted cash, financial assets, accrued interest, other assets, amounts due from related companies and reinsurance contract assets.
- other liabilities, amounts due to related companies, insurance contract liabilities and income tax liabilities.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

The following balances are generally classified as non-current:

- property, plant and equipment (including right-of-use assets) and intangible assets.
- lease liabilities.

Prior year changes in the presentation of financial statements

Certain comparative information has been reclassified and/or updated to conform to the current year presentation and to enhance comparability.

Basis of Measurement

The financial statements have been compiled on the going-concern basis and prepared on the historical cost basis, except for:

- financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are stated at fair value.
- financial assets carried at amortised cost.
- Insurance contract liabilities and reinsurance contract assets are measured on a discounted risk adjusted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy for fair value).

Fair Value Measurement

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. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. The Company determines fair value by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximise the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, 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 Company is the current bid price. These investments are included in Level 1.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data. Most debt securities are classified within Level 2.

Level 3 – Model derived valuations in which one or more significant inputs or significant value drivers are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. In making the assessment, the Company considers factors specific to the asset or liability and such an assessment will involve significant management judgment. Because of the inherent uncertainty in the valuation of these Level 3 investments, fair values of such investments may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Company considers all cash on hand, time deposits with an original maturity of three months or less and money market funds which can be redeemed without penalty, net of overdrafts as equivalent to cash.

Restricted Cash and Cash Equivalents

The Company classifies cash and cash equivalents balances that are not available for immediate or general business use due to regulatory, licensing or legal restrictions as restricted cash and cash equivalents.

Financial Assets

The Company has the following classifications for measurement of financial assets: (i) financial assets at fair value through profit or loss, (ii) financial assets held at amortised cost, and (iii) financial assets at fair value through other comprehensive income.

Initial Recognition and Measurement

Management determines the classification at initial recognition and it is dependent on the nature of the assets and the purpose for which the assets were acquired. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income (OCI), it needs to give rise to cash flows that are ‘Solely Payments of Principal and Interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

Financial Assets Carried at Amortised Cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Comprehensive Income when the asset is de-recognised, modified or impaired. Financial assets classified as investments at amortised cost include Bahamas Government treasury notes.

Financial Assets at Fair Value Through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to the Statement of Comprehensive Income.

Financial assets classified as FVTOCI include holdings in Bahamas Government bonds.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Comprehensive Income as a component of net investment income.

The Company has not designated any financial assets under this classification.

Impairment of Financial Assets

The Company assesses all debt instruments not held at fair value through profit or loss to determine if an allowance for expected credit losses (ECLs) is required. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk, and so allowances for financial assets should be measured on a Lifetime ECL ("LTECL") basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default ("EAD") and Loss Given Defaults ("LGD").
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Under the general approach, ECL is categorized into one of three stages. Under stage 1 of the general approach, each financial asset or financial asset grouping will be measured for ECL that results from default events that are possible within the 12 months subsequent to the current fiscal period (12-month ECL) ("12mECL"). Under stages 2 and 3 of the general approach, the financial asset or financial asset group must recognise an ECL allowance for possible default events that may take place over the remaining life of the instrument (LTECL). The categorization of an individual asset or asset group into stage 1, stage 2 or stage 3 is determined by whether there was a significant increase in credit risk since the initial recognition to the reporting date, with the exception of an asset that is categorized as low credit risk.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

The stage 1 ECL classification is used for low credit risk assets or assets that have shown significant improvement in credit quality, and are reclassified from stage 2, or have had no significant change in credit risk since initial recognition.

The stage 2 ECL classification is used for assets for which there has been a significant decrease in credit quality since initial recognition, or stage 3 assets that have shown significant improvement in credit quality. The stage 3 ECL is reserved for assets considered to be credit impaired.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Further, the Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

All financial liabilities are recorded in the Statement of Financial Position at amortised cost using the effective interest method. Financial liabilities include accounts payable and accrued liabilities, included in other liabilities, which are all current liabilities. The carrying value of the Company's financial liabilities approximates their fair value.

Derecognition and modification of financial liabilities

The Company derecognises a financial liability when:

- its contractual obligations are discharged or cancelled, or expire; or
- its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Comprehensive Income.

Insurance and Investment Contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Contracts held by the Company under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. Contracts under which the Company does not accept significant insurance risk are classified as either investment contracts or considered service contracts and are accounted for in accordance with IFRS 9

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

Financial Instruments or IFRS 15 *Revenue from Contracts with Customers*, respectively. The Company does not have such contracts at the moment.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its term, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can be reclassified as insurance contracts if insurance risk subsequently becomes significant. All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, and reinsurance contracts held, unless specifically stated otherwise.

Level of Aggregation

The Company identifies portfolios of insurance contracts. The Company aggregates all insurance contracts issued into one portfolio and all reinsurance contracts held into one portfolio based on similar risk and are managed together. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

At this time, facts and circumstances do not indicate the possibility of any onerous contracts. Therefore, all contracts are classified in the remaining contracts group.

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

Contract Boundaries

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

- A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

Summary of Measurement Models

Direct Contracts

Property and Casualty Contracts: The Company issues Property, Motor, Marine and Liability insurance. These contracts are accounted for under the Premium Allocation Approach (“PAA”).

Reinsurance Contracts: Reinsurance contracts are accounted for under the PAA.

Contract Separation

Embedded derivatives:

When an embedded derivative is not closely related to the host insurance contract, it should be accounted for by applying IFRS 9 as if it was a standalone derivative and measured at FVTPL. Where IFRS 9 considers the embedded derivative as closely related to the host insurance contract then the embedded derivative is not separated and is accounted for applying IFRS 17 together with the host insurance contract. No clauses were identified by the Company in any contract which would indicate the presence of an embedded derivative requiring separation.

Investment components:

Distinct investment components are accounted for by applying IFRS 9. In assessing whether an investment component is distinct, the Company considers whether the investment and insurance components are not highly interrelated and a contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities (including entities issuing insurance contracts). No clauses were identified in the contracts which would indicate an obligation for the Company to repay a policyholder in all circumstances. Therefore, no investment components requiring separation were identified.

Distinct goods or Non-Insurance Services:

IFRS 17 paragraph 12 requires that any promise to transfer goods or non-insurance services to a policyholder must be unbundled from the host insurance contract by applying IFRS 15 Paragraph 7.

As with investment components and embedded derivatives, an assessment for the presence of goods and services will be required as each new treaty is issued under IFRS 17. Where goods and services are non-distinct (i.e. highly interrelated to the insurance component in the contract), they are not unbundled, and the entire contract is accounted for under IFRS 17.

Each of the insurance contracts underwritten and issued by the Company were reviewed for the inclusion of any distinct goods or services, which would require separation under paragraph 12 of IFRS 17. No clauses were identified in any contract which would indicate the presence of an embedded derivative requiring separation.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
(In Thousands of Bahamian Dollars)

Initial Recognition & Measurement

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

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

For insurance contracts issued, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition, less deferred acquisition costs.

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date an onerous group of underlying insurance contracts is recognised, if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

For reinsurance contracts held, on initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the amount of ceded premium paid.

Subsequent Measurement

For insurance contracts issued, subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received, and decreased by deferred acquisition costs and the amount recognised as insurance revenue for the coverage period.

For reinsurance contracts held, subsequently, the carrying amount of the liability for remaining coverage is increased by ceding premiums paid in the period and decreased by the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the liability for remaining coverage for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money and the effect of financial risk as the Company expects that the time between providing each part of the coverage and the related premium due date is not more than a year.

Insurance Acquisition Costs

Commission and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised. All other costs such as allocated acquisition expenses and premium tax are recognised as expenses when incurred.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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Onerous Contracts Initial Recognition Parameter

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfillment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfillment cash flows are adjusted for the time value of money and the effect of financial risk if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Liabilities for Incurred Claims

The Company employs a hybrid approach, including the Bornhuetter-Ferguson method with the Incurred (Paid) Loss Development method, to estimate liabilities for incurred claims. The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfillment cash flows relating to incurred claims. The fulfillment cash flows are estimated using the input of assessment for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and include an explicit adjustment for non-financial risk (the risk adjustment). In addition, the fulfillment cash flows include internal loss adjustment expenses, which include estimated internal costs and other expenses that are expected to be incurred to finalize the settlement of the losses. The fulfillment cash flows are discounted unless the cash flows are expected to be paid in one year or less from the date the claims are incurred.

The discount rate is based on the risk free rate, plus an illiquidity premium. The Company has estimated the risk adjustment using a Cost of Capital approach. The risk adjustment is only applied to fulfillment cash flows related to past service.

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

Discounting period	2025	2024
1 year	4.04 %	4.70 %
3 years	4.26 %	4.91 %
5 years	4.44 %	5.17 %

Derecognition and Contract Modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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On the derecognition of a contract from within a group of contracts:

- the fulfillment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group.

Salvage and Subrogation

Recoveries from salvage and subrogation are recorded as an offset to claims costs. Expected future subrogation recoveries are included in the liabilities for incurred claims.

Presentation

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. All insurance finance income or expenses are included in profit or loss.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued, comprising of an allocation of reinsurance premiums paid and amounts recoverable from reinsurers.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

Computer hardware	5 years
Motor vehicles	5 years
Leasehold improvements	5 - 10 years
Furniture and office equipment	5 - 15 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible Assets

Finite-life intangible assets are amortised on a straight-line basis over their useful life. The Company has classified software costs as intangible assets if they are not an integral part of the computer equipment. Finite-life intangible assets are recorded at cost less accumulated amortisation. Amortisation is provided for on a straight line basis over the following estimated useful lives.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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Computer software

5 years

Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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

The right-of-use assets are also subject to periodic review for impairment. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset as follows:

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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Right-of-use asset	6 years
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Lease Liabilities

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

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

Short-Term Leases

The Company applies the short-term lease recognition exemption under IFRS 16 to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Fees and Commission Income

Fees and commission income primarily represent fees earned from reinsurance commission income. Fees and commission income are recorded on an accrual basis when services are rendered.

Investment Income

Interest on cash and cash equivalents and debt securities are recorded on an accrual basis using the effective annual interest rate method. Dividend income is recognised when the right to receive the dividend is established.

Defined Contribution Plan

Contributions to the defined contribution plan are recognised as an expense in net income or loss in the Statement of Comprehensive Income or Loss as incurred. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient funds to pay all employees the benefits relating to employee service in current and prior periods.

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Notes to the Financial Statements (continued)
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Retiree Health Benefits

Company employees are part of the Coralisle Retirees Pension and Health Insurance benefits (Coralisle Plan) whereby, the retirees will be reimbursed by the Company for a portion or the entirety of their Medical Plan premiums if they meet certain criteria. This plan is sponsored by the Ultimate Parent. There is no contractual agreement or stated policy with the Ultimate Parent for charging the Company its share of net defined benefit cost and therefore, the portion of premium paid for the eligible retiree is included in expenses.

Provisions and Contingent Liabilities

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company, in conjunction with internal counsel, makes its best estimate of the likelihood or outcome of these actions and considers this in the Company's accrued liabilities based on information as of the date the financial statements are available to be issued. The Company does not disclose information usually required by IAS 37 on the grounds to not prejudice seriously the outcome of any litigation but does not believe that adverse decisions in any pending or threatened proceedings will have a material impact on the financial condition or future results of operations.

Value Added Tax

Premium tax is charged by the Government of The Bahamas on gross written premiums at a rate of 3% for the year ended December 31, 2025 (2024 - 3%). Premium tax is charged by the Government of Turks & Caicos Islands on gross written premiums at a rate of 2.5% for the year ended December 31, 2025 (2024 -2.5%).

The rate of Value Added Tax (VAT) is 10% (2024 - 10%) and is payable on gross written premium plus premium tax on business written in The Bahamas. There is no related VAT exposure on business written in the Turks & Caicos Islands.

The premiums written are disclosed net of premium tax and VAT and presented as insurance contract revenue in the Statement of Comprehensive Income.

Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

At December 31, 2025 and 2024, there is no deferred tax recognized by the Company.

New Standards, Interpretations and Amendments to Published Standards

New and Future Changes in Accounting Policy and Disclosure

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board (IASB) or the IFRS Interpretations Committee (IFRIC) that are mandatory for annual reporting periods beginning on or after January 1, 2025. Several amendments and interpretations apply for the first time in 2025, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following tables summarize all new and future pronouncements issued by IASB in 2025.

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Notes to the Financial Statements (continued)
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New Pronouncements	Standard	Effective date	First time applied	Applicability
Lack of exchangeability - Amendments	IAS 21	Jan 01, 2025	Dec 2025	Not applicable

Future Pronouncements	Standard	Effective date	First time applied	Applicability
Classification and Measurement of Financial Instruments - Amendments	IFRS 9 & IFRS 7	Jan 01, 2026	Dec 2026	Not applicable
Contracts referencing nature-dependent electricity	IFRS 9 & IFRS 7	Jan 01, 2026	Dec 2026	Not applicable
Annual Improvements to IFRS Accounting Standards - Volume 11	Vol 11	Jan 01, 2026	Dec 2026	Not applicable
Presentation and Disclosure in Financial Statements	IFRS 18	Jan 01, 2027	Dec 2027	Applicable
Subsidiaries without Public Accountability	IFRS 19	Jan 01, 2027	Dec 2027	Not applicable
Translation to a Hyperinflationary Presentation Currency	IAS 21	Jan 01, 2027	Dec 2027	Not applicable
Sale or Construction of Assets between an investor and its Associate or Joint Venture - Amendments	IFRS 10 & IAS 28	Date postponed		

Applicable New Accounting Standards

In 2024, the IASB issued IFRS 18 (Presentation and Disclosure in Financial Statements), which replaces IAS 1. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the Statement of Comprehensive Income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.

IFRS 18 and all consequential amendments are effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted and must be applied retrospectively. The Company has not adopted this change in standard for the year ended 2025, however plans to adopt this within the timeline mandated by the IASB.

3. Cash and Cash Equivalents

Cash and cash equivalents comprise cash available for use and restricted cash required by a regulator for licensing. Restricted cash is not available for general use.

Cash and cash equivalents represent current account and demand deposit balances, with 100% (2024 - 100%) held by financial institutions, members of A+ rated financial banking groups.

As at December 31, 2025 and 2024, the Company holds a statutory deposit with the Company’s local attorney, in accordance with the provision of Chapter 16.06 of the Turks and Caicos Islands Insurance Ordinance and Subsidiary Legislation as amended. This amount presented as restricted cash, is required to operate in Turks & Caicos Islands.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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4. Financial Assets

At the Statement of Financial Position date, financial assets are classified as follows:

	2025		2024	
	Carrying Value	Cost/ Amortised Cost	Carrying Value	Cost/ Amortised Cost
	\$	\$	\$	\$
At fair value through OCI	25,636	25,603	20,872	20,886

For all securities, regardless of classification, the Company's largest concentration in any one investee, or group of investees, is 100% (2024 - 100%). The investee is The Bahamas Government.

At Fair Value Through Other Comprehensive Income (FVTOCI)

	2025	2024
	\$	\$
Bahamas Government Registered Stock	25,636	20,872

The Bahamas Government Registered Stock bear interest at rates varying between prime rate plus 3.63% and 6.62% (2024 - prime rate plus 2.50% and 6.10%) per annum and mature between May 2026 to September 2054 (2024 - March 2025 to April 2049).

The maturity profile of Bahamas Government Registered Stock as at balance sheet date is as follows:

	2025	2024
	\$	\$
Due less than one year	1,392	2,755
From one year to five years	8,602	4,461
Over five years	15,642	13,656
	<u>25,636</u>	<u>20,872</u>

As at December 31, 2025, the Company had \$1,640 (2024 – \$1,648) of Bahamas Government Registered Stock with maturity dates ranging from March 2026 to April 2039 (2024 – May 2025 to April 2039) in a trust held with Butterfield Bank to meet requirements of the Insurance Act 2005 (Bahamas), and as such this amount is not available for general corporate use.

Included in accounts receivable and accrued interest in the balance sheet is accrued interest totaling \$366 (2024 – \$280) on financial assets at FVTOCI.

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The Bahamas Government Registered Stock are traded on the Bahamas International Securities Exchange, a securities market in The Commonwealth of The Bahamas. As a result of active trading on this market, the Company recorded an unrealised gain of \$47 (2024 - \$10) through Other Comprehensive Income.

Included in net investment income in the Statement of Comprehensive Income is a charge of \$(35) (2024 - \$(73)) related to the movement in allowance for expected credit losses on Bahamas Government Registered Stock.

Fair Value Hierarchy

The following table presents the fair value hierarchy for the Company's financial assets as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed	\$	\$	\$	\$
Financial assets at FVTOCI	—	25,636	—	25,636

The following table presents the fair value hierarchy for the Company's financial assets as of December 31, 2024.

	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed	\$	\$	\$	\$
Financial assets at FVTOCI	—	20,872	—	20,872

(a) Financial Assets in Level 1

The fair value of investments traded in active markets is based on quoted market prices at the statement of financial position date. Investments included in Level 1 comprise primarily domestic and foreign quoted equity shares and managed funds. There are currently no investments in Level 1.

(b) Financial Assets in Level 2 and 3

The fair value of investments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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Specific valuation techniques include 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. If all significant inputs required to determine the fair value of an investment are observable, the investment is included in Level 2. Investments included in Level 2 comprise primarily of Bahamas Government Registered Stock.

Fair values of the Company's interests in unquoted managed fund investments are based upon the Net Asset Values of the underlying investment funds as reported by the investment managers or their independent administrators. The Company's ability to redeem its managed fund investments at the reported net asset value per share (or its equivalent) determines whether the managed fund investment is categorized within Level 2 or Level 3 of the fair value hierarchy. If the managed fund can be redeemed within a time period of 3 months with no gates or other redemption restrictions it is classified within Level 2. Otherwise, the managed fund is classified within Level 3. There are currently no investments in Level 3.

There were no reclassifications of investments between Level 1, Level 2, or Level 3 during the year ended December 31, 2025 and 2024.

A review of the fair value hierarchy classifications is conducted on an ongoing basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets and liabilities. Reclassifications impacting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the period in which the reclassifications occur.

Investment Income and Expense

Investment income and expenses comprise the following:

	2025	2024
	\$	\$
Dividend and interest income	1,044	874
Intercompany and related party interest income	(6)	(5)
Bond amortisation	(20)	9
Management fees	(104)	(63)
Allowance for expected credit losses charge	(35)	(73)
	<u>879</u>	<u>742</u>

5. Gross Written Premiums

Gross written premiums (GWP) represents the full premium amount contractually due from policyholders for insurance contracts issued during the year. Premiums are recognized as policies are written.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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	2025	2024
	\$	\$
Gross written premium	57,171	56,917

6. Insurance Service and Finance Results

The following table presents an analysis of the insurance revenues and expenses recognised in the period.

	2025	2024
	\$	\$
Insurance contract revenue		
Insurance contract revenue measured under PAA	56,553	56,141
Expenses from reinsurance contracts held		
Allocation of reinsurance premium paid	(34,748)	(34,000)
Claims recovered from the reinsurer	1,074	381
Adjustments to liabilities for incurred claims	5,324	525
	(28,350)	(33,094)
Expenses from insurance contracts issued		
Incurred claims and other incurred insurance service expenses	(14,410)	(7,289)
Changes relating to past service - adjustment to liabilities for claims incurred	2,674	2,164
Insurance acquisition expenses	(11,589)	(11,243)
	(23,325)	(16,368)
Finance expenses from insurance contracts issued		
Interest accreted	(269)	(289)
Effect of changes in interest rates and other financial assumptions	(22)	26
	(291)	(263)
Finance income from reinsurance contracts held		
Interest accreted	53	37
Effect of changes in interest rates and other financial assumptions	—	56
	53	93
Total insurance service and finance result	4,640	6,509

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Notes to the Financial Statements (continued)
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7. Insurance and Investment Results

The following table presents an analysis of the investment income and net insurance finance results recognised in the period.

	2025	2024
	\$	\$
Finance expenses from insurance contracts issued		
Interest accreted	(269)	(289)
Effect of changes in interest rates and other financial assumptions	(22)	26
	(291)	(263)
Finance income from reinsurance contracts held		
Interest accreted	53	37
Effect of changes in interest rates and other financial assumptions	—	56
	53	93
Net finance loss from insurance and reinsurance contracts	(238)	(170)
Summary of the amount recognized in OCI		
Based on the assumption of the accounting policy choice, does not disaggregate insurance finance expense between profit or loss and OCI		
Net investment (loss) income	(12)	83
Summary of the amounts recognized in statement of comprehensive income		
Insurance service result	4,878	6,679
Net investment income (Note 4)	879	742
Net finance loss from insurance and reinsurance contracts	(238)	(170)
Net insurance and investment result	5,519	7,251

CG Atlantic General Insurance Ltd.
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8. Claims development

The claims development table below presents actual claims payments compared with previous years reserves for the claims, net of reinsurance, as at December 31, 2025.

Reporting year/period ended:	2018	2019	2020	2021	2022	2023	2024	2025	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At end of reporting year/period	4,691	24,508	3,140	4,294	5,316	3,862	4,349	5,606	
One year later	4,696	21,406	3,220	3,939	4,875	3,737	4,170	—	
Two years later	4,358	20,840	3,356	3,984	4,696	3,609	—	—	
Three years later	4,182	20,826	3,897	4,092	4,589	—	—	—	
Four years later	4,159	20,718	3,910	4,107	—	—	—	—	
Five years later	4,050	20,895	3,927	—	—	—	—	—	
Six years later	4,071	20,906	—	—	—	—	—	—	
Seven years later	4,091	—	—	—	—	—	—	—	
Eight years later	—	—	—	—	—	—	—	—	
Nine years later	—	—	—	—	—	—	—	—	
Ten years later	—	—	—	—	—	—	—	—	
Current estimate of net cumulative claims	4,091	20,906	3,927	4,107	4,589	3,609	4,170	5,606	51,005
Cumulative payments to date	(3,981)	(20,601)	(3,620)	(3,762)	(4,226)	(3,280)	(3,338)	(3,165)	(45,973)
Net liabilities for accident years 2018 - 2025	110	305	307	345	363	329	832	2,441	5,032
Net liabilities for prior accident year									567
Effect of discounting									33
Effect of the risk adjustment margin for non-financial risk									179
Net liabilities for incurred claims									5,811

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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9. Reconciliation of insurance contract liabilities

The roll-forward of liabilities for insurance contracts showing liabilities for remaining coverage and liabilities for incurred claims are disclosed in the tables below:

	2025				Total
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	
	\$	\$	\$	\$	\$
Opening insurance contract liabilities	13,230	—	5,705	200	19,135
Changes in the statement of comprehensive income					
Insurance contract revenue					
Insurance contract revenue measured under PAA	(56,553)	—	—	—	(56,553)
Insurance service expenses					
Incurred claims and other insurance service expenses	11,589	—	14,410	—	25,999
Adjustments to liabilities for incurred claims	—	—	(2,779)	105	(2,674)
Insurance service result	(44,964)	—	11,631	105	(33,228)
Insurance finance expenses from insurance contracts	—	—	291	—	291
Total changes in the statement of comprehensive income	(44,964)	—	11,922	105	(32,937)
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	56,731	—	—	—	56,731
Claims and other insurance service expenses paid (including investment components)	(11,584)	—	(5,610)	—	(17,194)
Total cash flows	45,147	—	(5,610)	—	39,537
Closing insurance contract liabilities	13,413	—	12,017	305	25,735

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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	2024				
	Excluding loss component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	Total
	\$	\$	\$	\$	\$
Opening insurance contract liabilities	13,702	—	4,888	146	18,736
Changes in the statement of comprehensive income					
Insurance contract revenue					
Insurance contract revenue measured under PAA	(56,141)	—	—	—	(56,141)
Insurance service expenses					
Incurred claims and other insurance service expenses	11,243	—	7,289	—	18,532
Adjustments to liabilities for incurred claims	—	—	(2,218)	54	(2,164)
Insurance service result	(44,898)	—	5,071	54	(39,773)
Insurance finance expenses from insurance contracts recognized in profit or loss	—	—	263	—	263
Total changes in the statement of comprehensive income	(44,898)	—	5,334	54	(39,510)
Investment components excluded from insurance revenue and insurance service expenses					
Cash flows					
Premiums received (including investment components)	55,719	—	—	—	55,719
Claims and other insurance service expenses paid (including investment components)	(11,293)	—	(4,517)	—	(15,810)
Total cash flows	44,426	—	(4,517)	—	39,909
Closing insurance contract liabilities	13,230	—	5,705	200	19,135

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Notes to the Financial Statements (continued)
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10. Reconciliation of reinsurance contract assets

The roll-forward of the net asset for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims arising on insurance ceded to reinsurers are disclosed in the tables below:

	2025				Total
	Excluding Loss Component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	
	\$	\$	\$	\$	\$
Opening reinsurance contract assets	9,286	—	1,114	20	10,420
Changes in the statement of comprehensive income					
Reinsurance contract revenue					
Allocation of reinsurance premiums paid	(34,748)	—	—	—	(34,748)
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	1,074	—	1,074
Reinsurance service expenses					
Changes in recoveries for past claims	—	—	5,218	106	5,324
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	53	—	53
Reinsurance service result	(34,748)	—	6,345	106	(28,297)
Investment components excluded from reinsurance revenue and reinsurance service expenses					
Cash flows					
Premiums paid	42,491	—	—	—	42,491
Amounts received from reinsurers relating to incurred claims	(9,525)	—	(1,074)	—	(10,599)
Total cash flows	32,966	—	(1,074)	—	31,892
Closing reinsurance contract assets	7,504	—	6,385	126	14,015

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	2024				
	Excluding Loss Component	Loss Component	Estimates of PV of Future Cash Flows	Risk adj. for non-financial risk	Total
	\$	\$	\$	\$	\$
Opening reinsurance contract assets	9,406	—	500	16	9,922
Changes in the statement of comprehensive income					
Reinsurance contract revenue					
Allocation of reinsurance premiums paid	(34,000)	—	—	—	(34,000)
Recoveries on incurred claims and other incurred reinsurance service expenses	—	—	381	—	381
Reinsurance service expenses					
Changes in recoveries for past claims	—	—	521	4	525
Finance income or expenses from reinsurance contracts recognised in profit or loss	—	—	93	—	93
Reinsurance service result	(34,000)	—	995	4	(33,001)
Investment components excluded from reinsurance revenue and reinsurance service expenses					
Cash flows					
Premiums paid	43,766	—	—	—	43,766
Amounts received from reinsurers relating to incurred claims	(9,886)	—	(381)	—	(10,267)
Total cash flows	33,880	—	(381)	—	33,499
Closing reinsurance contract assets	9,286	—	1,114	20	10,420

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11. Intangible Assets

Intangible assets as at December 31, 2025, are detailed below:

	2024	Additions	Disposals	2025
Cost	\$	\$	\$	\$
Computer software	797	—	—	797
Accumulated amortisation	\$	\$	\$	\$
Computer software	775	11	—	786
Net book value	<u>22</u>			<u>11</u>

Intangible assets as at December 31, 2024 are detailed below:

	2023	Additions	Disposals	2024
Cost	\$	\$	\$	\$
Computer software	865	—	(68)	797
Accumulated amortisation	\$	\$	\$	\$
Computer software	819	22	(66)	775
Net book value	<u>46</u>			<u>22</u>

No impairment was recorded as of December 31, 2025 and 2024.

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12. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2025, comprises the following:

	2024	Additions	Disposals	2025
Cost	\$	\$	\$	\$
Leasehold improvements	157	6	—	163
Right-of-use assets	141	—	—	141
Computer hardware	653	—	—	653
Furniture and office equipment	475	72	—	547
Motor vehicles	94	—	—	94
	1,520	78	—	1,598
	2024	Depreciation	Disposals	2025
Accumulated depreciation	\$	\$	\$	\$
Leasehold improvements	51	16	—	67
Right-of-use assets	88	24	—	112
Computer hardware	626	12	—	638
Furniture and office equipment	446	14	—	460
Motor vehicles	76	17	—	93
	1,287	83	—	1,370
Net book value	233			228

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Property, plant and equipment as at December 31, 2024, comprises the following:

	2023	Additions	Disposals	2024
Cost	\$	\$	\$	\$
Leasehold improvements	403	96	(342)	157
Right-of-use assets	141	—	—	141
Computer hardware	1,372	7	(726)	653
Furniture and office equipment	1,007	3	(535)	475
Motor vehicles	104	—	(10)	94
	3,027	106	(1,613)	1,520
	2023	Depreciation	Disposals	2024
Accumulated depreciation	\$	\$	\$	\$
Leasehold improvements	382	5	(336)	51
Right-of-use assets	65	23	—	88
Computer hardware	1,332	20	(726)	626
Furniture and office equipment	970	11	(535)	446
Motor vehicles	62	19	(5)	76
	2,811	78	(1,602)	1,287
Net book value	216		233	

No impairment was recorded as of December 31, 2025 and 2024.

13. Risk Management and Financial Instruments

The activities of the Company involve the use of insurance contracts and financial instruments. As such, the Company is exposed to insurance risks and financial risks. This note presents information about the Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is also guided by the risk management framework of the Group. The Board has established an Investment Management Committee and Audit Committee, which along with the Group CEO and the Group Risk Oversight Committee are responsible for developing and monitoring the Company's risk management policies. The committees and Group CEO report regularly to the Board of Directors on their activities.

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The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Investment Management Committee, Risk Oversight Committee and Audit Committee of the Group are standing committees of the Board of Directors and assist the Board in fulfilling its oversight responsibilities relating to the financial reporting process, internal accounting and financial controls, audit and risk review process, risk assessment and risk management and compliance with legal and regulatory requirements. The Investment Management Committee, Risk Oversight Committee and Audit Committee meet at least four times per annum and report to the Board of Directors on their performance with regards to their respective terms of reference.

The principles used by the Company in managing its insurance risks are set out below.

Insurance Risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Company insures the risks of individuals and companies located in The Bahamas and Turks and Caicos Islands.

There is a concentration of industry risk which is managed through its underwriting strategy and reinsurance arrangements. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The Company predominantly funds its net insurance liabilities (net of reinsurance recoveries) through its cash and in the normal course of its operations. In the event of a catastrophe, the net insurance liabilities may require funding through the disposal of the Company's portfolio of investments.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date).

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Notes to the Financial Statements (continued)
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The majority of the insurance risk to which the Company is exposed is of a short-tail nature, as policies generally cover a 12-month period. The duration of claims liability varies as presented below:

	2025	2024
Net short-term insurance liabilities – property risk	1 year	1 year, 5 months
Net short-term insurance liabilities – casualty risk	8 months	7 months

The Company provides coverage for motor vehicle, motor cycle, property, marine and general liability risks in The Bahamas and Turks and Caicos Islands with the following per risk treaty limits:

	Treaty Limit Per Risk (in millions of Bahamian dollars)	
	2025	2024
	\$	\$
Property	10	10
Motor liability	10	10
General liability	5	5
Marine	1	1
Engineering	13	13
Professional indemnity and directors & officers liability	3	3
Bonds	3	3

Contract Risk

Insurance contract risk is the risk that a loss arises from the following reasons:

- Fluctuation in the timing, frequency and severity of claims relative to expectations;
- Inadequate reinsurance protection, and;
- Large unexpected losses arising from a single event such as a catastrophe.

Insured events can occur at any time during the coverage period and can generate losses of variable amounts. An objective of the Company is to ensure that sufficient claims liabilities are established to cover future insurance claim payments related to past insured events. The Company's success depends upon its ability to accurately assess the risk associated with the insurance contracts underwritten by the Company. The Company establishes claims liabilities to cover the estimated liability for the payment of all losses, including loss adjustment expenses incurred with respect to insurance contracts underwritten by the Company. Claims liabilities do not represent an exact calculation of the liability. Rather, claims liabilities are the Company's best estimates of its expected ultimate cost of resolution and administration of claims.

The composition of the Company's insurance risk, as well as the methods employed to mitigate risks, are described below.

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Notes to the Financial Statements (continued)
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Risk Related to the Timing, Frequency and Severity of Claims

Due to the occurrence of claims being unforeseeable, the Company is exposed to the risk that the number and the severity of claims would exceed the estimates.

Strict claim review policies are in place to assess all new and ongoing claims. Regular detailed reviews of claims handling procedures and frequent investigations of possible fraudulent claims reduce the Company's risk exposure. Furthermore, the Company enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that could negatively impact the business.

Catastrophe Risk

Catastrophe risk is the risk of occurrence of a catastrophe defined as any one claim, or group of claims related to a single event such as large fires, hurricanes or windstorms. Catastrophes can have a significant impact on the underwriting income of an insurer.

The Company has limited its exposure to catastrophe risk by imposing maximum claim amounts on certain contracts, as well as by using reinsurance arrangements. The Company purchases a combination of proportional and non-proportional reinsurance to manage catastrophe exposure. Retention limits for the excess of loss reinsurance vary by product line.

Reinsurance Protection

In the normal course of business, the Company limits the amount of loss on any one policy by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the Company's liability as the primary insurer. In the event that the reinsurers are unable to meet their obligations under the reinsurance agreements, the Company would also be liable for the reinsured amount.

The Company reinsures its property risks under a property quota share treaty under the following terms:

	2025	2024
Property quota share	\$	\$
Limit per risk	6,000	6,000
Event limit	260,210	244,000
% ceded	62.5 %	62 %

In addition to the property quota share treaty, for any one risk event, there is a property per risk excess of loss treaty which further reduces the Company's net loss to \$312 (2024 - \$305).

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The Company also has a surplus treaty for property risks under the following terms:

	2025	2024
Property surplus treaty	\$	\$
Limit per risk	4,000	4,000
Event limit	40,320	32,560

For larger individual property risks the Company obtains the additional coverage by way of prearranged facilities and facultative reinsurance. The Company also purchases property catastrophe reinsurance. The coverage and cost is shared by all property and casualty companies in the Group. A company related through common control provides cover to reduce the treaty deductible from \$10,000 (2024 - \$12,760) on the first event and from \$5,850 (2024 - \$10,000) for the second event to the below:

	2025	2024
	\$	\$
First event - Per event exposures in excess of	3,000	3,000
Second event - Per event exposures in excess of	3,000	3,000
Limited to a maximum of	260,000	260,000
Optional third event - Limited to a maximum of	30,000	30,000

The third event cover provides reinsurance protection for losses impacting the layer US\$10,000 in excess of US\$10,000 and US\$30,000 in excess of US\$20,000.

The Company's motor and general liability exposure is limited through the purchase of excess of loss reinsurance which covers the maximum limits insured on any one risk in all jurisdictions.

	2025	2024
Motor	\$	\$
Loss limit per occurrence	1,000	1,000

Exposure to Insurance Risk

Key Assumptions

The principal assumption underlying the unpaid claim estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of

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assumptions include variation in interest rates and delays in settlement.

Sensitivities

The claims liabilities to certain assumptions are presented in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Sensitivity Factor	Description of Sensitivity Factor Applied			
Average number of claims (frequency)	The impact of a change in number of claims by 10%			
Average claim costs (severity)	The impact of a change in average claim cost by 10%			
	Number of Claims +10%	Number of Claims -10%	Claim Costs +10%	Claim Costs -10%
	Increase (Decrease)			
	\$	\$	\$	\$
At December 31, 2025				
Impact on profit*	(563)	563	(563)	563
Impact on shareholder's equity*	(563)	563	(563)	563

*Net of reinsurance

Financial Risk

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies of the Company are discussed below:

Credit Risk

Credit risk is the risk that a counter-party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum credit risk exposure is the carrying value of assets less any provisions for irrecoverable amounts. The Company is exposed to credit risk in the following areas:

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Cash and Investments

The Company maintains its cash and cash equivalents with financial institutions that management believes to be of high credit quality. Credit risk associated with these balances is managed by placing funds with banks and financial institutions that have strong credit ratings. The Company evaluates the creditworthiness of counterparties on an ongoing basis, considering factors such as financial strength, credit ratings, and market conditions. The Company monitors the financial stability of these institutions and does not anticipate any losses on such balances.

All cash is held in reputable financial institutions in The Commonwealth of The Bahamas.

Investment asset allocation is determined by the Company's Investment Committee who manages the distribution of the assets to achieve the Company's investment objectives and to mitigate credit risks. Divergence from target asset allocations and the composition of the portfolio is monitored by the Company's Board of Directors and Investment Committee.

Expected credit loss on financial assets

The Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Purchased or originated credit impaired financial assets ("POCI") are financial assets that are credit impaired at initial recognition. These financial assets are always measured on the basis of lifetime expected credit loss.

Debt instruments measured at FVTOCI

The following table shows the fair value of the Company's debt instruments measured at FVTOCI by credit risk based on its internal credit rating system.

	Financial assets through other comprehensive income				
	2025				
	ECL Staging			POCI	Total
	Stage 1	Stage 2	Stage 3		
Internal rating grade	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$	\$	\$
B1	25,636	—	—	—	25,636

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Internal rating grade	Financial assets through other comprehensive income				
	2024				
	ECL Staging			POCI	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	\$	\$	\$	\$	\$
B1	20,872	—	—	—	20,872

The following table shows an analysis of changes in the fair value and the corresponding ECLs:

	Financial assets through other comprehensive income				
	2025				
	ECL Staging			POCI	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	\$	\$	\$	\$	\$
Fair value as at 1 January	20,872	—	—	—	20,872
New assets originated or purchased	7,641	—	—	—	7,641
Assets derecognised or matured	(2,810)	—	—	—	(2,810)
Change in fair value	(67)	—	—	—	(67)
At 31 December	25,636	—	—	—	25,636

	Financial assets through other comprehensive income				
	2024				
	ECL Staging			POCI	Total
	Stage 1 12 month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL		
	\$	\$	\$	\$	\$
Fair value as at 1 January	17,115	—	—	—	17,115
New assets originated or purchased	4,926	—	—	—	4,926
Assets derecognised or matured	(1,188)	—	—	—	(1,188)
Change in fair value	19	—	—	—	19
At 31 December	20,872	—	—	—	20,872

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Financial assets through comprehensive income					
2025					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month	Lifetime	Lifetime		
	ECL	ECL	ECL		
	\$	\$	\$	\$	\$
ECL as at 1 January	(200)	—	—	—	(200)
New assets originated or purchased	(35)	—	—	—	(35)
ECL as at 31 December	(235)	—	—	—	(235)

Financial assets through comprehensive income					
2024					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month	Lifetime	Lifetime		
	ECL	ECL	ECL		
	\$	\$	\$	\$	\$
ECL as at 1 January	(127)	—	—	—	(127)
New assets originated or purchased	(73)	—	—	—	(73)
ECL as at 31 December	(200)	—	—	—	(200)

Geographical Concentration

The geographical concentration of financial assets at fair value through other comprehensive income is as follows:

	2025	2024
	\$	\$
Bahamas	25,636	20,872

Insurance Balances Receivable

The Company's exposure to credit risk on its insurance balances receivable is influenced by the financial stability of entities and individuals that purchase insurance products. This credit risk is controlled by monitoring the aging of all amounts outstanding on an ongoing basis and monitoring the customers' financial health by reference to the media and discussions with the customers. A provision is made for non-recovery if considered necessary.

Collateral is not held against any of the outstanding balances; however the Company has the right to cancel the policy for non-payment. Based on the Company's current aging analysis, all premiums receivable over 30 days are considered to be past due but not impaired. Customer accounts that are over

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90 days past due are considered for impairment by management. Cancellation or extension of the terms of the credit is considered on a case by case basis.

Reinsurance Contract Assets

Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company; consequently, allowances are established for amounts deemed uncollectible. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of its reinsurers to minimize the exposure to significant losses from reinsurer insolvencies.

With the exception of Coralisle Re Ltd., a related company, the Company reviews the creditworthiness of reinsurers on an annual basis and generally enters and maintains contracts with reinsurers that (1) have been rated as A- or higher by the AM Best credit rating agency and (2) have in excess of \$500 million in capital and surplus. Current financial statements of the reinsurers are reviewed annually. Based on the individual reinsurance agreements, the Company may have the right to offset amounts due to reinsurers against any amounts due from reinsurers.

Amounts due from reinsurers are assessed regularly for any indication of impairment. At December 31, 2025, \$201 (2024 - \$61) was due from reinsurers who generally have an A.M. Best rating of at least A-. Management considers that there is no significant credit risk associated with any of the Company's reinsurers.

Related-Party Receivables

The Company applies the simplified approach for assessing ECLs on balances due from related parties. At December 31, 2025 and 2024, all amounts are considered collectible and no expected ECLs were recognized.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company is exposed to daily calls on its available cash resources for the payment of claims, policy benefits and operating expenses. In order to manage the Company's liquidity risk, management seeks to maintain levels of cash and short-term deposits sufficient to meet its liabilities when due, under normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The following table summarizes the contractual recovery or settlement of other assets held (within 12 months from the Statement of Financial Position date) and the maturity profile of the Company's liabilities relating to financial instruments and insurance contracts:

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	2025				2024			
	Within 1 Year	1-5 Years	5 Years and above	Total	Within 1 Year	1-5 Years	5 Years and above	Total
Financial assets	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	11,107	—	—	11,107	10,073	—	—	10,073
Restricted cash	500	—	—	500	500	—	—	500
Financial assets	1,392	8,602	15,642	25,636	2,755	4,461	13,656	20,872
Accrued interest	366	—	—	366	280	—	—	280
Other assets	213	—	—	213	190	—	—	190
Amounts due from related companies	217	—	—	217	258	—	—	258
Reinsurance contract assets	14,015	—	—	14,015	10,420	—	—	10,420
	27,810	8,602	15,642	52,054	24,476	4,461	13,656	42,593

	2025				2024			
	Within 1 Year	1-5 Years	5 Years and above	Total	Within 1 Year	1-5 Years	5 Years and above	Total
Financial liabilities	\$	\$	\$	\$	\$	\$	\$	\$
Other liabilities	339	—	—	339	388	—	—	388
Amounts due to related companies	1,449	—	—	1,449	1,059	—	—	1,059
Insurance contract liabilities	25,735	—	—	25,735	19,135	—	—	19,135
Income tax liabilities	417	—	—	417	—	—	—	—
Lease liabilities	25	8	—	33	23	34	—	57
	27,965	8	—	27,973	20,605	34	—	20,639
Liquidity margin	(155)	8,594	15,642	24,081	3,871	4,427	13,656	21,954

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Market Risk

Market risk is the risk that changes in market prices such as equity prices, interest rates and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest-Rate Risk

The Company invests in fixed interest debt securities, and managed funds, the fair values of which are affected by changes in interest rates. The coupon rates and maturity dates associated with the fixed interest debt securities held by the Company are disclosed in Note 4. Details of interest rate risk on related party balances are disclosed in Note 15.

	2025	2024
	\$	\$
Reinsurance contract assets	14,015	10,420
Insurance contract liabilities	25,735	19,135
Debt instruments at FVTOCI	25,636	20,872
Total	65,386	50,427

		2025		2024	
		Increase (Decrease)			
	Change in interest rate	Profit before tax	Equity	Profit before tax	Equity
		\$	\$	\$	\$
Reinsurance contract assets and insurance contract liabilities	+100bps	53	45	57	57
Debt instruments	+100bps	—	(649)	—	(394)
Reinsurance contract assets and insurance contract liabilities	-100bps	(55)	(47)	(60)	(60)
Debt instruments	-100bps	—	649	—	394

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Foreign Currency Risk

The majority of the Company's financial assets and liabilities are denominated in Bahamian Dollars therefore the Company is not normally exposed to significant currency risk.

Limitations of Sensitivity Analysis

The sensitivity information included in this note demonstrates the estimated impact of a change in a major input assumption while other assumptions remain unchanged. In reality, there are normally significant levels of correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Furthermore, estimates of sensitivity may become less reliable in unusual market conditions such as instances when risk free interest rates fall towards zero.

14. Capital Management and Statutory Requirements

The Company's capital base is structured to exceed regulatory targets and desired capital ratios, provide flexibility to take advantage of growth opportunities and provide an adequate return to shareholders. The objective is to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Company to take advantage of opportunities for expansion.

The Company needs to comply with the insurance capital requirements stipulated within the Insurance Act of The Bahamas (2005) and with regulations mandated by the Insurance Commission of The Bahamas. The minimum capital requirement is equal to \$2,000 plus 20% of net premiums up to \$10,000 and 18% of net premiums exceeding \$10,000. As at December 31, 2025 and 2024 the Company has met this requirement:

	2025	2024
	\$	\$
Available capital	21,378	19,613
Minimum capital requirement	4,773	4,761
Margin of solvency	16,605	14,852

The Company is also required to establish and maintain a statutory deposit in accordance with the Insurance Act and with regulations mandated by the Insurance Commission of The Bahamas. The Company has met this requirement by holding a Statutory Deposit Trust with a recognized financial institution appointed as trustees. As at December 31, 2025, the amount of \$1,755 (2024 – \$1,680) held in the Trust comprised of cash and Bahamas Government Registered Stock.

CG Atlantic General Insurance Ltd.
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The Company's capital base consists of:

	2025	2024
	\$	\$
Authorized ordinary shares: 12,000,000 shares of \$1.00 each	12,000	12,000
Issued and fully paid ordinary shares:		
5,750,000 shares of \$1.00 each	5,750	5,750
Issued and fully paid preferred shares:		
500,000 8.5% redeemable cumulative preference shares of \$1.00 each	500	500
3,000,000 2% redeemable convertible non-cumulative preference shares of \$1.00 each	3,000	3,000
3,500 4% redeemable cumulative preference shares of \$1,000 each	3,500	3,500
	12,750	12,750

15. Related-Party Transactions

Year-end Balances

The amounts due to and from companies related through common control are due on demand. As of December 31, 2025 and 2024, no provisions are held against amounts due from related parties.

	2025	2024
	\$	\$
Due (to) from related parties		
Gibbons Management Services Limited (GMSL)	3	3
Coralisle Insurance Brokers (TCI) Ltd. (CIB)	214	214
Coralisle Group Ltd. (The Group)	(827)	(873)
CG Atlantic Medical & Life Insurance Ltd. (CGAML)	(57)	(182)
Coralisle Pension Services (Bahamas) Ltd. (CPSB)	(8)	(4)
CG Atlantic Insurance Agents & Brokers Ltd. (CGAA)	(557)	41
	(1,232)	(801)
Total due from related parties	217	258
Total due to related parties	(1,449)	(1,059)
	(1,232)	(801)

The balance due from GMSL bears interest at 5% (December 31, 2024 - 5%) per annum. The balances due to and from CGAA are unsecured and bear interest at 3% (2024 - 3%).

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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	2025	2024
Net interest income (expense)	\$	\$
CG Atlantic Insurance Agents & Brokers Ltd.	(6)	(8)
Gibbons Management Services Limited	—	3
	(6)	(5)

Balances with all other related parties are non-interest bearing.

Investments

Coralisle Pension Services (Bahamas) Ltd., which is a company related through common control, acts in the capacity of a fiduciary in providing investment advisory services to the Company and charged a management fee of \$83 (December 31, 2024 – \$56) which is included in net investment income on the Statement of Comprehensive Income.

Income and Expenses

The Group's subsidiaries insure the commercial and health risks of several related parties. These risks are written at standard commercial rates and are subject to the normal reinsurance protections of the Company. Below is the summary of income and expenses involving related parties:

	2025	2024
Income (expenses)	\$	\$
Insurance contract revenue (1)	206	200
Insurance service expense (2)	(3,522)	(3,426)
Management fee revenues (3)	70	63
Salaries and staff related benefits (4)	(326)	(294)
Administrative expenses (5)	1,475	1,440
Management fee expense (6)	(381)	(359)
Expenses reimbursement on management agreement (7)	(54)	(41)
Property (8)	(154)	(154)
	(2,686)	(2,571)

(1) The Company provided insurance coverage on the premises owned by CGAML, a company related through common control.

(2) The Company pays commissions to cover allocated expenses of CGAA and CIB relating to sale of the Company's insurance products.

(3) The Company has a management agreement with CGAA effective January 1, 2012, whereby the Company provides management functions to CGAA for a fee.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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(4) The Company participates in a defined contribution pension plan controlled and operated by a Trust Fund. The administration of the plan is provided by CPSB, a company related through common ownership. The employees make a 5% salary contribution, with an equal amount being contributed by the Company, which is its maximum constructive obligation under the scheme. Consequently, the actuarial risk and investment risk fall on the employee. The contributions are paid into a deposit account administered by Butterfield Trust (Bahamas) Limited. The Company also engaged CGAML for medical coverage for its employees.

(5) The Company is reimbursed for all costs incurred in the operations of CGAA.

(6) The Company pays a management fee to the Group as reimbursement for costs incurred in the normal course of business operations.

(7) The Company, entered in the agreement with CIC for the provision of all functions, services necessary and incidental to the successful management of the Company for an annual fee. In addition to this, CIC is reimbursed for all related costs incurred in the performance of this management agreement.

(8) The Company rents office space from CGAML, a company related through common control. All services are bought and sold from/to companies related through common control on normal commercial terms and conditions.

Key Management Compensation

Compensation to key management employees deemed to be related parties under IAS 24 was as follows:

	2025	2024
	\$	\$
Short term employee benefits	707	676
Defined contribution pension and medical insurance	95	90
	802	766

16. Leases

The Company has a lease contract for a building with three-year terms with an option to renew for a further three years. Set out below are the carrying amounts of lease liabilities and movements for the lease contract during the period:

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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	2025	2024
	\$	\$
As at January 1	57	81
Accretion of interest	2	3
Payments	(26)	(27)
As at December 31	33	57
Current	25	23
Non-current	8	34

The following are the amounts recognized in profit or loss:

	2025	2024
	\$	\$
Depreciation expense on right-of-use assets	24	23
Interest expense on lease liabilities	2	3
Total amount recognized in comprehensive income	26	26

17. Other Operating Expenses

	2025	2024
	\$	\$
Salaries	691	672
Group charges	381	359
Staff related expenses	7	8
Property	112	123
Amortisation	30	45
IT	693	845
Professional	378	317
Office	17	14
Travel	161	157
Finance charges	180	163
Other expenses	59	32
Memberships & subscriptions	6	8
Communication	21	22
Total expenses	2,736	2,765

Audit and Audit Related fees

Audit and Audit Related fees are expensed as incurred. Total Audit and Audit Related fees were \$118 and \$127 for the years ended December 31, 2025 and 2024, respectively. Audit and Audit Related fees are recorded in “Other operating expenses” within the Statement of Comprehensive Income.

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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There were no non-audit related fees paid to our auditors with respect to the Company.

18. Change in Operating Working Capital

	2025	2024
	\$	\$
Decrease (increase) in:		
Accrued interest	(86)	(5)
Reinsurance contract assets	(3,595)	(498)
Other assets	(23)	1
Increase (decrease) in:		
Other liabilities	(49)	74
Insurance contract liabilities	6,600	399
Income tax liabilities	417	—
	<u>3,264</u>	<u>(29)</u>

19. Income Tax

In November 2024, The Bahamas enacted a Domestic Minimum Top-up Tax (“DMTT”) in accordance with the OECD’s Pillar Two initiative. This DMTT is applicable to the Company from fiscal year 2025 and will result in a minimum effective tax rate of 15% of net income for those entities as calculated under the relevant legislation (based on the OECD’s GLoBE rules).

Additionally, the IASB previously issued “International Tax Reform – Pillar Two Model Rules”, which amended IAS 12 to provide a temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of Pillar Two Model Rules, which the Company has applied.

At December 31, 2025 and 2024, there is no deferred tax recognized by the Company.

Income tax expense is comprises of:

	2025	2024
	\$	\$
Current tax expense	417	—

CG Atlantic General Insurance Ltd.
Notes to the Financial Statements (continued)
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The basis of the income tax expense is as follows:

	2025	2024
	\$	\$
Income before tax	2,783	4,486
Income tax calculated at a tax rate of 15% (2024 - 0%)	417	—

20. Events after the reporting date

The Company has completed its subsequent events evaluation for the period subsequent to the Statement of Financial Position through April 30, 2026, the date the financial statements were available to be issued.

There were no subsequent events requiring disclosure or recognition in the audited financial statements.