

Financial Statements of

**TURKS & CAICOS FIRST INSURANCE COMPANY,  
LTD**

Year ended December 31, 2025

# **TURKS & CAICOS FIRST INSURANCE COMPANY, LTD**

Financial Statements  
Year ended December 31, 2025

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## **APPOINTED ACTUARY'S REPORT TO THE BOARD OF DIRECTORS**

We have valued the gross policy liabilities of \$1,720,717 of Turks & Caicos First Insurance Company, Ltd for its statement of financial position as at December 31, 2025 and their change in net income or loss in the statement of comprehensive income for the year then ended in accordance with generally accepted actuarial practice.

In our opinion, the valuation is appropriate, and the financial statements fairly present its results.

A handwritten signature in black ink that reads "Josh Warshaw". The signature is written in a cursive style with a large initial 'J' and 'W'. Below the signature is a solid horizontal line.

Mid Atlantic Actuarial Services LLC

18816 Hammock Lane  
Davidson, NC 28036  
U.S.A.

April 8, 2026



KPMG  
Chartered Accountants  
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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of  
TURKS & CAICOS FIRST INSURANCE COMPANY, LTD.

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

#### *Opinion*

We have audited the consolidated financial statements of Turks & Caicos First Insurance Company, Ltd. ("the Company") and its subsidiary (collectively "the Group"), set out on pages 5 to 60, which comprise the consolidated statement of financial position as at December 31, 2025, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of  
TURKS & CAICOS FIRST INSURANCE COMPANY, LTD.

### **Report on the Audit of the Consolidated Financial Statements (continued)**

#### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements that give a true and fair view 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Shareholders of  
TURKS & CAICOS FIRST INSURANCE COMPANY, LTD.

**Report on the Audit of the Consolidated Financial Statements (continued)**

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also (continued):

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG

Chartered Accountants  
Kingston, Jamaica

April 8, 2026

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Consolidated Statement of Financial Position

December 31, 2025

(Expressed in United States dollars)

	Notes	2025 \$	2024 \$
<b>ASSETS</b>			
Cash and cash equivalents	5	3,687,697	3,241,564
Investments in securities	6	1,634,860	1,553,748
Reinsurance contract assets	7(c)	2,018,212	864,562
Prepaid expenses and other receivables	8	180,915	116,006
Due from fellow subsidiary	9(a)(ii)	67,619	490,284
Investment property	10	3,000,000	2,700,000
Property and equipment	11	<u>584,458</u>	<u>625,022</u>
Total assets		<u>11,173,761</u>	<u>9,591,186</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Insurance contract liabilities	7(a)	3,900,460	2,951,078
Other payables and accrued charges	12	<u>395,535</u>	<u>432,870</u>
		<u>4,295,995</u>	<u>3,383,948</u>
Share capital	13(a)	2,500,000	2,500,000
Contributed surplus	13(b)	872,700	872,700
Investment revaluation reserve	13(c)	81,754	50,305
Retained earnings		<u>3,423,312</u>	<u>2,784,233</u>
		<u>6,877,766</u>	<u>6,207,238</u>
Total liabilities and shareholders' equity		<u>11,173,761</u>	<u>9,591,186</u>

The consolidated financial statements on pages 5 to 60 were approved by the Board of Directors on April 8, 2026 and signed on its behalf by:

 Director  
Stanley Williams

 Director  
Paul Lalor

The accompanying notes form an integral part of the consolidated financial statements.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
Year ended December 31, 2025

*(Expressed in United States dollars)*

	<u>Notes</u>	<u>2025</u> \$	<u>2024</u> \$
Insurance revenue	7(a)	7,595,682	6,903,865
Insurance service expense	7(a),17	<u>(2,913,539)</u>	<u>(2,215,036)</u>
Insurance service result before reinsurance contracts held	7(a)	4,682,143	4,688,829
Net expense from reinsurance contracts held	7(c)	<u>(3,590,343)</u>	<u>(3,595,174)</u>
<b>Insurance service result</b>		<u>1,091,800</u>	<u>1,093,655</u>
Income from financial instruments	14	59,592	60,584
Other investment revenue	15	<u>300,000</u>	<u>100,000</u>
<b>Net investment income</b>		<u>359,592</u>	<u>160,584</u>
Insurance finance income/(expense) from insurance contracts issued	7(a)	19,000	( 109,706)
Finance (income)/expense from reinsurance contracts held	7(c)	<u>( 8,000)</u>	<u>96,332</u>
<b>Net insurance finance income/(expense)</b>		<u>11,000</u>	<u>( 13,374)</u>
<b>Net insurance and investment result</b>		<u>1,462,392</u>	1,240,865
Other income	16	130,382	85,908
Other operating expenses	17	<u>( 553,695)</u>	<u>( 587,688)</u>
<b>Profit for the year</b>		<u>1,039,079</u>	<u>739,085</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Increase in fair value of FVOCI investments		<u>31,449</u>	<u>21,194</u>
Total other comprehensive income or the year		<u>31,449</u>	<u>21,194</u>
Total comprehensive income for the year		<u>1,070,528</u>	<u>760,279</u>

The accompanying notes form an integral part of the consolidated financial statements.

TURKS & CAICOS FIRST INSURANCE COMPANY LTD

Consolidated Statement of Changes in Shareholders' Equity  
Year ended December 31, 2025

*(Expressed in United States dollars)*

	<u>Share capital</u> [note 13(a)]	<u>Contributed surplus</u> [note 13(b)]	<u>Investment revaluation reserve</u> [note 13(c)]	<u>Retained earnings</u>	<u>Total</u>
<b>Balances at December 31, 2023</b>	<u>2,500,000</u>	<u>872,700</u>	<u>29,111</u>	<u>2,445,148</u>	<u>5,846,959</u>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	739,085	739,085
Other comprehensive income for the year:					
Increase in fair value of investments classified as FVOCI	<u>-</u>	<u>-</u>	<u>21,194</u>	<u>-</u>	<u>21,194</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>21,194</u>	<u>739,085</u>	<u>760,279</u>
<b>Transactions with owners:</b>					
Distribution to shareholders [note 13(d)]	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 400,000)</u>	<u>( 400,000)</u>
<b>Balances at December 31, 2024</b>	<u>2,500,000</u>	<u>872,700</u>	<u>50,305</u>	<u>2,784,233</u>	<u>6,207,238</u>
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,039,079	1,039,079
Other comprehensive income for the year:					
Increase in fair value of investments classified as FVOCI	<u>-</u>	<u>-</u>	<u>31,449</u>	<u>-</u>	<u>31,449</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>-</u>	<u>31,449</u>	<u>1,039,079</u>	<u>1,070,528</u>
<b>Transactions with owners:</b>					
Distribution to shareholders [note 13(d)]	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 400,000)</u>	<u>( 400,000)</u>
<b>Balances at December 31, 2025</b>	<u>2,500,000</u>	<u>872,700</u>	<u>81,754</u>	<u>3,423,312</u>	<u>6,877,766</u>

The accompanying notes form an integral part of the consolidated financial statements.

TURKS & CAICOS FIRST INSURANCE COMPANY LTD

Consolidated Statement of Cash Flows  
Year ended December 31, 2025

*(Expressed in United States dollars)*

		<u>2025</u>	<u>2024</u>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		1,039,079	739,085
Adjustments for:			
Depreciation on property and equipment	11	41,380	42,869
Interest and dividend income	14	( 59,592)	( 60,584)
Unrealized gain on investment securities	16	( 72,212)	( 53,561)
Increase in fair value of investment property	10	( 300,000)	( 100,000)
		648,655	567,809
Changes in operating assets and liabilities:			
Reinsurance contract assets		(1,153,650)	2,627,386
Insurance contract liabilities		949,382	(1,906,603)
Prepaid expenses and other receivables		( 34,595)	21,071
Due from fellow subsidiary		422,665	( 513,083)
Other payables and accrued charges		( 37,335)	96,527
Net cash flows provided by operating activities		<u>795,122</u>	<u>893,107</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	11	( 816)	( 51,813)
Interest and dividend income received		63,628	57,187
Investment securities purchased		( 11,801)	( 13,074)
Net cash flows provided by/(used in) investing activities		<u>51,011</u>	<u>( 7,700)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid, being net cash used by financing activities	13(d)	( 400,000)	( 400,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		446,133	485,407
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>3,241,564</u>	<u>2,756,157</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u>3,687,697</u>	<u>3,241,564</u>

The accompanying notes form an integral part of the consolidated financial statements.

## TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements

December 31, 2025

*(Expressed in United States dollars)*

### 1. Corporate structure and nature of business

Turks & Caicos First Insurance Company, Ltd. (“the Company”) was incorporated on December 29, 1993 under the laws of the Turks and Caicos Islands (TCI) and, on January 21, 1994, was licensed under the Insurance Ordinance 1989 (the Ordinance) to write commercial and homeowners’ property insurance (general domestic property). On January 1, 1996 the license was extended to include the writing of vehicle insurance and further extended on January 1, 1997 to include the writing of yacht and pleasure craft insurance (marine). On August 19, 2015, the Company’s license was reissued to replace the original license and to include the writing of bond and contractors all risk insurance (liability) in addition to the existing classes of business.

These consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary Inter Island Insurance (1986) Ltd. (Inter Island), an insurance broker incorporated under the laws of TCI (together referred to as “the Group”).

ICWI (Cayman) Ltd. (ICWIC), a company incorporated in the Cayman Islands, is the Group’s parent. Atlantic and Caribbean Sea Development Limited, a company incorporated in Jamaica, is the Group’s ultimate parent. The Company’s registered office is at Cee’s Plaza, Suite No. 1 Church Folly, P.O. Box 86 Grand Turk, TCI.

### 2. Roles of the actuary and auditors

The actuary is appointed by the Board of Directors pursuant to the Insurance Act, 2001. With respect to preparation of financial statements, the actuary carries out an actuarial valuation of management’s estimates of the Group’s reinsurance contract assets and insurance contract liabilities and reports thereon to the policyholders and shareholders. Actuarially determined insurance contract assets or liabilities and insurance contract assets or liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force.

The valuation is made in accordance with accepted actuarial practice., as well as any other matter specified in any directive that may be made by regulatory authorities. The actuary’s report outlines the scope of his work and opinion. An actuarial valuation is prepared annually. The external auditors are appointed by the shareholders to conduct an independent and objective audit of the financial statements of the Group in accordance with International Standards on Auditing, and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuary and his report on the Group’s actuarially determined insurance contract liabilities. The auditors’ report outlines the scope of their audit and their opinion.

### 3. Statement of compliance and basis of preparation

#### (a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRS Accounting Standards’), and their interpretations issued by the International Accounting Standards Board.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*3. Statement of compliance and basis of preparation (continued)

## (a) Statement of compliance (continued):

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of revisions and future periods if the revision impacts both the reporting period and future period. See note 3(f) for details on significant estimate.

## (b) Basis of preparation and measurement:

The consolidated financial statements are prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair value.

## (c) New and amended standards that became effective during the year:

Certain new and amended standards and interpretations came into effect during the current financial year, none of which had any significant impact on these financial statements.

## (d) New and amended standards issued but not yet effective:

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027

Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a Group's main business activities.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*3. Statement of compliance and basis of preparation (continued)

(d) New and amended standards issued but not yet effective (continued):

- IFRS 18 *Presentation and Disclosure in Financial Statements* (continued)

All companies are required to report the newly defined ‘operating profit’ subtotal – an important measure for investors’ understanding of a Group’s operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the ‘investing’ category.

IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a ‘useful structured summary’ of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a Group provides more detailed disclosures about their nature.

IFRS 18 requires some ‘non-GAAP’ measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management’s view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

Companies are discouraged from labelling items as ‘other’ and will now be required to disclose more information if they continue to do so.

The Group is assessing the impact that this standard will have on its future financial statements.

(e) Functional and presentation currency

These consolidated financial statements are presented in United States (US) dollars, which is the Group’s functional currency. All financial information presented in US dollars has been rounded to the nearest dollar, unless otherwise stated.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*3. Statement of compliance and basis of preparation (continued)

## (f) Use of estimates and judgement

Information about assumptions and estimation uncertainties at December 31, 2025 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are shown below:

## (i) Insurance and reinsurance contracts

*Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that of the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios.

Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*3. Statement of compliance and basis of preparation (continued)

(f) Use of estimates and judgement (continued):

(i) Insurance and reinsurance contracts (continued)

*Risk adjustment for non-financial risk*

- The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an Group would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.
- The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

*Discount rates*

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

*Discount rates*

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

	1 year		5 years		10 years	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Insurance contracts						
issued and reinsurance						
held	3.48%	4.16%	3.73%	4.38%	4.18%	4.58%

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies

The Group has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Basis of consolidation

A “subsidiary” is an enterprise controlled by the Company. The Group controls an entity when it is exposed to or has rights to the variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

The Group’s consolidated financial statements present the results of operations and financial position of the Company and its wholly owned subsidiary, Inter Island, which principal activity in insurance brokerage.

In the prior year, the liquidation process of Cheshire was completed, and the residual assets were transferred to the Company (see note 1).

The financial information for the subsidiary is prepared for the same reporting period as the Group, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are consolidated from the date of acquisition, being the date at which the Company obtains control, and continue to be consolidated until the date at which such control ceases.

Business combinations are accounted for using the acquisition method of accounting. This method involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the acquisition date.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising on the loss of control is recognised in profit or loss. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(b) Property and equipment

- (i) Property and equipment are measured at cost or deemed cost, less accumulated depreciation and impairment losses [see accounting policy 4(c) “*Non-financial assets*”].

Freehold land and buildings that had been revalued to fair value prior to January 1, 2002, the date of transition to IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

- (ii) Depreciation:

Property and equipment with the exception of freehold land and work-in-progress, on which no depreciation is provided, are depreciated using the straight-line method at annual rates estimated to write-off the property and equipment over their estimated residual values at the end of their expected useful lives.

The annual depreciation rates are as follows:

Buildings	2½%
Building improvements	10%
Furniture, fixtures and equipment	10% & 20%
Motor vehicles	20%
Computer equipment	20% & 33⅓%

The depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted as appropriate.

(c) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Rental income from the lease of investment property is recognised as a component of ‘investment income’ on a straight-line basis over the term of the lease.

Investment property is carried at fair value using valuations performed annually by independent appraisers. Fair value is based on current prices for properties similar in location and conditions.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (d) Financial assets

*Initial recognition*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVTPL, transaction costs are added to this amount.

*Measurement categories*

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVPL)

*Debt instruments measured at amortised cost*

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

*Business model assessment*

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

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

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(d) Financial assets (continued)

*Business model assessment (continued)*

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

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the group's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of asset sales are also important aspects of the Group's assessment.

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

*Solely payment of principal and interest (SPPI) Test*

As a second step of its classification process the Group assesses the contractual terms to identify whether they meet the SPPI test.

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

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

*Equity instruments measured at fair value through other comprehensive income*

The Group applies the new category under IFRS 9 for equity instruments when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (d) Financial assets (continued)

*Equity instruments measured at fair value through other comprehensive income (continued)*

Equity instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

*Financial assets measured at fair value through profit or loss*

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

*Subsequent measurement**Debt instruments at amortised cost*

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

*Equity instruments at fair value through other comprehensive income*

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost as explained above. The ECL calculation for debt instruments at FVOCI is explained in policies that follows below. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

*Financial assets at fair value through profit or loss*

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other income when the right to the payment has been established.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (d) Financial assets (continued)

*Impairment of financial assets*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Impairment losses on financial instruments.
- Disclosures for significant judgements and estimates.

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

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

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

*Non-financial assets*

The carrying amount of the Group's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount, if the carrying amount is greater than its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(d) Financial assets (continued)

*The calculation of ECLs*

The mechanics of the ECL method are summarized below:

Stage 1	The 12m ECL is calculated as the portion of the LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a financial instrument has shown a significant increase in credit risk since origination, The Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For financial instruments considered credit-impaired, the Group recognises the lifetime expected credit losses. The method is similar to that for Stage 2 assets, with the PD set at 100%.

*Forward looking information*

In its ECL model, the Group relies on a broad range of forward-looking information as economic inputs such as GDP growth, unemployment rate and Central Bank rates. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the reporting date. To reflect this, qualitative adjustment or overlays are occasionally made as temporary adjustments when such differences are significantly material.

(e) Financial liabilities

*Initial recognition and subsequent measurement*

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through the statement of income, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (e) Financial liabilities (continued)

*Initial recognition and subsequent measurement (continued)*

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. The Group's financial liabilities include other payables and accrued charges, and insurance liabilities. The Group has not designated any financial liabilities upon initial recognition as at fair value through statement of income.

## (f) De-recognition of financial assets and liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial asset that is create or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if the Group currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## (g) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 – *Related Party Disclosures* as the “reporting entity”). An entity is related to a reporting entity if any of the following conditions applies:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(g) Related parties (continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity or any member of a group which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The Group has a related party relationship with its ultimate and intermediate holding companies and their subsidiaries, the directors of the group and those of its holding companies, its key management personnel, companies with common directors, its subsidiary and pension plans established for the benefit of its employees. "Key management personnel" represents certain senior officers of the group.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits that mature three months or less from the placement dates and are measured at amortised cost. These are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(i) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligations.

(j) Recognition of income

(i) *Insurance Revenue*

See note 4(k).

(ii) *Interest and similar income*

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement.

In its interest income calculated using the effective interest method the Group only includes interest on financial instruments at amortised.

Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate.

The Group calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

(iii) *Other investment income*

Dividend income is recognised when the irrevocable right to receive income is established. Usually this is the ex-dividend date for equity securities. Rental income from investment property under operating leases is recognised in profit or loss on a straight-line basis over the term of each lease.

(k) Insurance and reinsurance contracts classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Group issues non-life insurance to individuals and businesses. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Group also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Group does not issue any contracts with direct participating features.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment

*Separating components from insurance and reinsurance contracts*

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

*Level of aggregation*

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

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

The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstance.

The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (1) Insurance and reinsurance contracts accounting treatment (continued)

*Level of aggregation (continued)**Recognition*

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

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

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

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

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

*Contract boundary*

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

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

*Contract boundary (continued)*

A substantive obligation to provide insurance contract services ends when:

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

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has practical ability to reassess the risks transferred and can reprice contracts or benefits that fully reflects those reassessed risks; or
- has substantive right to terminate the contract.

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

*Measurement - premium allocation approach*

	<b>Adopted approach for IFRS 17</b>
Premium allocation approach (PAA) eligibility	Coverage period for property, motor, bonds, general accidents and marine insurance and reinsurance assumed is one year or less and so qualifies automatically for PAA. A number of Engineering and liability insurance include contracts with coverage period greater than one year. For these contracts, the PAA simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the General Measurement Model (“GMM”) based on a qualitative assessment.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

*Measurement - premium allocation approach (continued)*

	<b>Adopted approach for IFRS 17</b>
Insurance acquisition cash flows for insurance contracts issued	For all lines of business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for remaining coverage (LRC), adjusted for financial risk and time value of money	For all lines of business, there is no allowance as the premiums are received within one year of the coverage period.
Liability for incurred claims, (LIC) adjusted for time value of money	For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows.
Insurance finance income and expense	For all lines of business, the change in LIC as a result of changes in discount rates are captured within profit or loss.

*Insurance contracts – initial measurement*

The Group applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

*Insurance contracts – initial measurement (continued)*

- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

There is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

*Reinsurance contracts held – initial measurement*

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

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

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (1) Insurance and reinsurance contracts accounting treatment (continued)

*Insurance contracts – subsequent measurement*

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus, premiums received in the period;
- Minus insurance acquisition cash flows, with the exception of property insurance product line for which the Group chooses to expense insurance acquisition cash flows as they occur;
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group; and
- Minus the amount recognised as insurance revenue for the services provided in the period.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims.

The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group and include an explicit adjustment for non-financial risk (the risk adjustment).

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

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

*Reinsurance contracts held – subsequent measurement*

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(l) Insurance and reinsurance contracts accounting treatment (continued)

*Insurance acquisition cash flows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Group uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
- (i) to that group; and
  - (ii) to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

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

At the end of each reporting period, the Group revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Group recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

*Insurance contracts – modification and derecognition*

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

4. Material accounting policies (continued)

(1) Insurance and reinsurance contracts accounting treatment (continued)

*Insurance contracts – modification and derecognition (continued)*

The Group derecognises insurance contracts when (continued):

- The contract is modified such that the modification results in a change in the measurement model; or
- the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

*Insurance revenue*

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Group changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

*Insurance finance income and expense*

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

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

The Group disaggregates insurance finance income or expenses on its insurance contracts issued between profit or loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*4. Material accounting policies (continued)

## (l) Insurance and reinsurance contracts accounting treatment (continued)

*Net income or expense from reinsurance contracts held*

The Group presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

## (m) Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Some financial instruments lack an available trading market. These instruments have been valued using present value or other valuation techniques and the fair value shown may not necessarily be indicative of the amounts realisable in an immediate settlement of the instruments.

## (n) Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction from the proceeds of the share issue.

## (o) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, and annual vacation leave.

5. Cash and cash equivalents

This comprises cash in hand and at bank and certificates of deposit with CIBC Caribbean Bank (Bahamas) Limited (CIBC) and Scotiabank (Turks and Caicos) Limited with maturities of 90 days or less.

	<u>2025</u>	<u>2024</u>
	\$	\$
Current accounts	2,899,871	2,463,990
Certificates of deposits	<u>787,826</u>	<u>777,574</u>
	<u>3,687,697</u>	<u>3,241,564</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

6. Investments in securities

	<u>2025</u>	<u>2024</u>
	\$	\$
Debt instruments at amortised cost:		
Certificate of deposits	623,374	616,441
Term deposit (b)	<u>275,390</u>	<u>270,520</u>
Total debt instruments at amortised cost	<u>898,764</u>	<u>886,961</u>
Securities at FVTPL:		
Investment in funds	<u>587,949</u>	<u>515,737</u>
Equity instruments at FVOCI:		
Quoted investments	<u>148,147</u>	<u>151,050</u>
	<u>1,634,860</u>	<u>1,553,748</u>

a. Investments are due from the reporting date as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
No maturity date—equity instruments and investment in funds	736,096	666,787
3 months to 1 year	<u>898,764</u>	<u>886,961</u>
	<u>1,634,860</u>	<u>1,553,748</u>

- b. The term deposit represents a fixed bank deposit with CIBC (2024: CIBC), a TCI regulated entity of \$275,390 (2024: \$270,520). The deposit earns annual interest at 1.80% (2024: 1.80%) and matures on April 17, 2026 (2024: April 17, 2025).

The fixed deposit may not be removed or reduced below \$250,000 (2024: \$250,000) without the prior written approval of the Financial Services Commission (FSC) in TCI [see note 21 (e)].

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*7. Insurance contracts and reinsurance

## (a) Insurance contract liabilities

The below table represents the reconciliation of changes in insurance contracts by remaining coverage and incurred claims.

	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
<b>Year ended 2025</b>	\$	\$	\$	\$
Insurance contract liabilities, at the beginning of the year	<u>1,961,232</u>	<u>876,846</u>	<u>113,000</u>	<u>2,951,078</u>
<b>Changes in the statement of comprehensive income</b>				
<b>Insurance revenue</b>	<u>(7,595,682)</u>	<u>-</u>	<u>-</u>	<u>(7,595,682)</u>
Insurance service expense:				
Incurred claims and the other insurance service expenses	-	2,434,239	-	2,434,239
Insurance acquisition cash flows amortisation	379,300	-	-	379,300
Adjustments to liabilities for incurred claims	<u>-</u>	<u>9,000</u>	<u>91,000</u>	<u>100,000</u>
<b>Insurance service expenses</b>	<u>379,300</u>	<u>2,443,239</u>	<u>91,000</u>	<u>2,913,539</u>
<b>Insurance service result</b>	<u>(7,216,382)</u>	<u>2,443,239</u>	<u>91,000</u>	<u>(4,682,143)</u>
Net finance expenses/income from insurance contracts	<u>-</u>	<u>( 19,000)</u>	<u>-</u>	<u>( 19,000)</u>
Total changes in statement of comprehensive income	<u>(7,216,382)</u>	<u>2,424,239</u>	<u>91,000</u>	<u>(4,701,143)</u>
<b>Cash flows</b>				
Premiums received	7,871,916	-	-	7,871,916
Claims and other insurance service expenses paid	-	(1,784,369)	-	(1,784,369)
Insurance acquisition cash flows	<u>( 437,022)</u>	<u>-</u>	<u>-</u>	<u>( 437,022)</u>
	<u>7,434,894</u>	<u>(1,784,369)</u>	<u>-</u>	<u>5,650,525</u>
<b>Net closing balance as at 31 December 2025</b>	<u>2,179,744</u>	<u>1,516,716</u>	<u>204,000</u>	<u>3,900,460</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

7. Insurance contracts and reinsurance (continued)

(a) Insurance contract liabilities (continued)

The below table represents the reconciliation of changes in insurance contracts by remaining coverage and incurred claims (continued):

	Liabilities for remaining coverage	Liabilities for incurred claims		Total
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment	
<b>Year ended 2024</b>	\$	\$	\$	\$
Insurance contract liabilities, at the beginning of the year	<u>2,001,682</u>	<u>2,785,999</u>	<u>70,000</u>	<u>4,857,681</u>
<b>Changes in the statement of comprehensive income</b>				
<b>Insurance revenue</b>	<u>(6,903,865)</u>	-	-	<u>(6,903,865)</u>
Insurance service expense: Incurred claims and the other insurance service expenses	-	1,802,381	-	1,802,381
Insurance acquisition cash flows amortisation	358,655	-	-	358,655
Adjustments to liabilities for incurred claims	-	<u>11,000</u>	<u>43,000</u>	<u>54,000</u>
<b>Insurance service expenses</b>	<u>358,655</u>	<u>1,813,381</u>	<u>43,000</u>	<u>2,215,036</u>
<b>Insurance service result</b>	<u>(6,545,210)</u>	<u>1,813,381</u>	<u>43,000</u>	<u>(4,688,829)</u>
Net finance expenses/income from insurance contracts	-	<u>109,706</u>	-	<u>109,706</u>
Total changes in statement of comprehensive income	<u>(6,545,210)</u>	<u>1,923,087</u>	<u>43,000</u>	<u>(4,579,123)</u>
<b>Cash flows</b>				
Premiums received	6,865,728	-	-	6,865,728
Claims and other insurance service expenses paid	-	(3,832,240)	-	(3,832,240)
Insurance acquisition cash flows amortisation	<u>( 360,968)</u>	-	-	<u>( 360,968)</u>
	<u>6,504,760</u>	<u>(3,832,240)</u>	-	<u>2,672,520</u>
<b>Net closing balance as at 31 December 2024</b>	<u>1,961,232</u>	<u>876,846</u>	<u>113,000</u>	<u>2,951,078</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)  
December 31, 2025

(Expressed in United States dollars)

7. Insurance contracts and reinsurance (continued)

(b) Assets for insurance acquisition cash flows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance at January 1	129,287	126,974
Amounts incurred during the year	437,022	360,968
Amounts derecognised and included in the measurement of insurance contracts	(379,300)	(358,655)
Balance at 31 December	<u>187,009</u>	<u>129,287</u>

Assets for insurance acquisition cash flows are presented in the carrying amount of the insurance contract liabilities. The company expects to derecognise the assets for insurance acquisition cash flow within one year after the reporting date.

(c) Reinsurance contract assets

The below table represents the reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims.

	<u>Remaining coverage</u>		<u>Incurred claims</u>	
	Excluding loss recovery component	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	Total
<b>Year ended 2025</b>	\$	\$	\$	\$
Reinsurance contract assets at the beginning of the year	<u>272,615</u>	<u>547,947</u>	<u>44,000</u>	<u>864,562</u>
Reinsurance expense	(5,240,441)	-	-	(5,240,441)
Net income from reinsurance contracts	998,915	-	-	998,915
Recoveries on incurred claims and other incurred reinsurance service expense	-	<u>591,183</u>	<u>60,000</u>	<u>651,183</u>
<b>Net expenses from reinsurance contracts</b>	(4,241,526)	591,183	60,000	(3,590,343)
Net finance income from reinsurance contracts	-	( 8,000)	-	( 8,000)
<b>Total changes in the statement of comprehensive income</b>	(4,241,526)	<u>583,183</u>	<u>60,000</u>	(3,598,343)
<b>Cash flows</b>				
Premiums paid	4,941,237	-	-	4,941,237
Amounts received from reinsurers relating to incurred claims	-	(189,244)	-	( 189,244)
	<u>4,941,237</u>	(189,244)	-	<u>4,751,993</u>
<b>Net closing balance as at 31 December 2025</b>	<u>972,326</u>	<u>941,886</u>	<u>104,000</u>	<u>2,018,212</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)  
December 31, 2025

(Expressed in United States dollars)

7. Insurance contracts and reinsurance (continued)

(c) Reinsurance contract assets (continued)

The below table represents the reconciliation of changes in reinsurance contracts by remaining coverage and incurred claims (continued).

	<u>Remaining coverage component</u>			Total
	Excluding loss recovery component	Estimates of the present value of future cash flows	Risk adjustment for non- financial risk	
<b>Year ended 2024</b>	\$	\$	\$	\$
Reinsurance contract assets at the beginning of the year	<u>780,666</u>	<u>2,654,282</u>	<u>57,000</u>	<u>3,491,948</u>
Reinsurance expense	(4,886,072)	-	-	(4,886,072)
Net income from reinsurance contracts	930,853	-	-	930,853
Recoveries on incurred claims and other incurred reinsurance service expense	<u>-</u>	<u>373,045</u>	<u>(13,000)</u>	<u>360,045</u>
<b>Net expenses from reinsurance contracts</b>	(3,955,219)	373,045	(13,000)	(3,595,174)
Net finance income from reinsurance contracts	<u>-</u>	<u>96,332</u>	<u>-</u>	<u>96,332</u>
<b>Total changes in the statement of comprehensive income</b>	(3,955,219)	<u>469,377</u>	<u>(13,000)</u>	<u>(3,498,842)</u>
<b>Cash flows</b>				
Premiums paid	3,447,168	-	-	3,447,168
Amounts received from reinsurers relating to incurred claims	<u>-</u>	<u>(2,575,712)</u>	<u>-</u>	<u>(2,575,712)</u>
	<u>3,447,168</u>	<u>(2,575,712)</u>	<u>-</u>	<u>871,456</u>
<b>Net closing balance as at 31 December 2024</b>	<u><u>272,615</u></u>	<u><u>547,947</u></u>	<u><u>44,000</u></u>	<u><u>864,562</u></u>

8. Prepaid expenses and other receivables

	<u>2025</u>	<u>2024</u>
	\$	\$
Prepayments	39,811	33,318
Other asset	86,732	52,379
Other receivables (i)	<u>54,372</u>	<u>30,309</u>
	<u><u>180,915</u></u>	<u><u>116,006</u></u>

(i) No impairment losses have been recognised in profit or loss relating to other receivables.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

9. Related party balances/transactions

- (a) The statement of financial position includes balances, arising in the ordinary course of business with related parties, as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
(i) Insurance receivable from related parties – directors	<u>97,396</u>	<u>102,583</u>
(ii) Due from fellow subsidiary: The Insurance Company of the West Indies Limited	<u>(67,619)</u>	<u>(490,284)</u>
(iii) Commissions payable – director	<u>17,723</u>	<u>3,639</u>

- (b) Related party balances are unsecured, interest free and repayable on demand.

- (c) The statement of profit or loss includes the following income earned from, and expenses incurred in, transactions with related parties. The transactions were in the ordinary course of business.

	<u>2025</u>	<u>2024</u>
	\$	\$
Management fees - parent company (see note 17)	140,000	140,000
Commissions paid - director	78,974	43,763
Gross premiums written - directors' and other related parties	<u>(480,277)</u>	<u>(506,917)</u>

- (d) Transactions with key management personnel:

Compensation of key management personnel is as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Salaries and short-term employment benefits (excluding directors' fees)	142,795	139,054
Directors' fees (see note 17)	<u>72,000</u>	<u>72,000</u>
	<u>214,795</u>	<u>211,054</u>

10. Investment property

Investment property comprises land located at Cheshire Hall and Richmond Hill in Providenciales, which are carried at fair value.

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance at January 1	2,700,000	2,600,000
Change in fair value recognised in profit or loss	<u>300,000</u>	<u>100,000</u>
Balance at December 31	<u>3,000,000</u>	<u>2,700,000</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

10. Investment property (continued)

The fair value of investment property was determined in January (2024: March), by Construction Advisory Services Limited, a qualified independent property valuator. The valuation model is in accordance with those recommended by the International Valuation Standards Committee and is consistent with the principles of IFRS 13.

There is no rental income earned and related expenses incurred on the property during the year and in the prior years.

Changes in fair values are recognised as gains in profit or loss. All gains are unrealised.

The fair value measurement for investment property of \$3,000,000 (2024: \$2,700,000) has been categorised as a level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring fair value as well as the significant unobservable inputs used.

Valuation techniques	Significant inputs	Inter-relationship between key inputs and fair value measurement
<p><b>Market based approach:</b> This technique takes into account a comparison of similar properties for which the size, terms, location and conditions of sale are known.</p> <p>The application of this approach produces a value indication for the property through comparison with similar properties. Where possible, consideration of the three most appropriate comparable sales.</p>	<ul style="list-style-type: none"> <li>• The price per square foot.</li> <li>• Market comparability adjustment.</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• The value per square foot of land greater/(less) than judged.</li> <li>• The comparability adjustment was greater/(less) than judged.</li> <li>• The level of current and future economic activities in the location and the impact on the strength of demand is greater/(less) than judged.</li> </ul>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

11. Property and equipment

	<u>Land, building and building improvements</u>	<u>Furniture, fixtures, equipment and computer</u>	<u>Motor vehicles</u>	<u>Total</u>
	\$	\$	\$	\$
At cost or deemed cost:				
December 31, 2023	1,049,760	169,120	94,499	1,313,379
Additions	<u>-</u>	<u>6,313</u>	<u>45,500</u>	<u>51,813</u>
December 31, 2024	<u>1,049,760</u>	<u>175,433</u>	<u>139,999</u>	<u>1,365,192</u>
Additions	<u>-</u>	<u>816</u>	<u>-</u>	<u>816</u>
December 31, 2025	<u>1,049,760</u>	<u>176,249</u>	<u>139,999</u>	<u>1,366,008</u>
Depreciation:				
December 31, 2023	473,457	155,091	68,753	697,301
Charge for the year	<u>18,936</u>	<u>5,442</u>	<u>18,491</u>	<u>42,869</u>
December 31, 2024	492,393	160,533	87,244	740,170
Charge for the year	<u>18,936</u>	<u>5,278</u>	<u>17,166</u>	<u>41,380</u>
December 31, 2025	<u>511,329</u>	<u>165,811</u>	<u>104,410</u>	<u>781,550</u>
Net book values:				
December 31, 2025	<u>538,431</u>	<u>10,438</u>	<u>35,589</u>	<u>584,458</u>
December 31, 2024	<u>557,367</u>	<u>14,900</u>	<u>52,755</u>	<u>625,022</u>

12. Other payables and accrued charges

	<u>2025</u>	<u>2024</u>
	\$	\$
Accrued charges	195,539	184,086
Other payables	<u>199,996</u>	<u>248,784</u>
	<u>395,535</u>	<u>432,870</u>

13. Capital and reserves

(a) Share capital

	<u>2025</u>	<u>2024</u>
	\$	\$
<i>Authorised, issued and fully paid:</i>		
\$2,500,000 (2024: 2,500,000) ordinary shares of US\$1 par value each	<u>2,500,000</u>	<u>2,500,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*13. Capital and reserves (continued)

## (b) Contributed surplus

	<u>2025</u>	<u>2024</u>
	\$	\$
Contributed surplus	<u>872,700</u>	<u>872,700</u>

In July 2000, certain shareholders of the Company entered into an agreement to transfer 1,000,000 of their ordinary shares to new shareholders in exchange for the introduction of \$600,000 of cash into the Company. This introduction of cash was recorded as contributed surplus.

In August 2005, the Board resolved that an additional 10,000 shares in the capital of the Company be issued to a shareholder for services rendered. The fair value of services rendered was deemed to be \$20,200, resulting in the difference of \$10,200 between the par value of the shares issued and the value of the services rendered being recorded as contributed surplus.

In March 2007, 175,000 ordinary shares were issued at a deemed value of \$2.50 per share in lieu of management and director compensation. The excess of deemed value over par value, totalling \$262,500 was recognised as contributed surplus, being \$150,000 in lieu of management compensation and \$112,500 in lieu of directors' remuneration

## (c) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of investments classified as FVOCI until the assets are derecognised or impaired.

## (d) Distribution to shareholders

On August 22, 2025, the Board declared cash dividends of \$400,000 or US\$0.16 per ordinary share held at December 31, 2024. These dividends were paid in full in September 2025.

On September 09, 2024, the Board declared cash dividends of \$400,000 or US\$0.16 per ordinary share held at December 31, 2022. These dividends were paid in full in October 2024.

14. Income from financial instruments

	<u>2025</u>	<u>2024</u>
	\$	\$
Dividends	3,819	3,050
Interest income	<u>55,773</u>	<u>57,534</u>
	<u>59,592</u>	<u>60,584</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*

15. <u>Other investment revenue</u>		
	<u>2025</u>	<u>2024</u>
	\$	\$
Revaluation gains on investment property	<u>300,000</u>	<u>100,000</u>
16. <u>Other income</u>		
	<u>2025</u>	<u>2024</u>
	\$	\$
Credit balances and other deposits written off	29,105	8,181
Other commission	29,065	24,166
Unrealized gain on investment funds at FVTPL	<u>72,212</u>	<u>53,561</u>
	<u>130,382</u>	<u>85,908</u>
17. <u>Operating expenses</u>		
	<u>2025</u>	<u>2024</u>
	\$	\$
Claims and benefits	1,719,242	1,076,420
Fees and commissions	379,300	358,655
Audit and accountancy	113,519	174,178
Advertising and promotion	27,054	37,172
Bad debt	8,323	( 16,040)
Bank interest and charges	76,619	63,583
Management fees [note 9(c)]	140,000	140,000
Data maintenance	3,532	3,440
Depreciation - property and equipment	41,380	42,870
Donations	2,000	2,500
Insurance	36,587	33,906
Legal and professional fees	65,505	75,995
Other administrative expenses	72,899	99,849
Registration fees	2,755	6,503
Property maintenance	12,748	14,560
Printing and stationery	-	155
Repairs and maintenance	12,702	2,718
Directors' fees [note 9(d)]	72,000	72,000
Salaries and related costs	680,701	613,903
Travelling and entertainment	<u>368</u>	<u>357</u>
	<u>3,467,234</u>	<u>2,802,724</u>
Represented by:		
Insurance service expenses	2,913,539	2,215,036
Other operating expenses	<u>553,695</u>	<u>587,688</u>
	<u>3,467,234</u>	<u>2,802,724</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*18. Taxation

Under current TCI law, the Company is not required to pay any taxes in TCI on either income or capital gains. Consequently, no tax liability or expense has been recorded in these consolidated financial statements.

19. Reinsurance ceded

During the years ended December 31, 2025 and 2024, the total amount of premiums ceded under the Company's policies categorised by type of reinsurance were as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Quota share	4,933,459	4,457,986
Motor vehicle excess of loss	257,060	259,815
Facultative	226,660	197,353
Property excess of loss	<u>244,737</u>	<u>214,942</u>
	<u>5,661,916</u>	<u>5,130,096</u>

20. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

The Company's management of insurance risk is a critical aspect of the business. The primary insurance activity carried out by the Company is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policy written by the Group are as follows:

Motor insurance  
Property insurance  
Liability insurance

The Group manages its insurance risk through its underwriting policy that includes, *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

Underwriting strategy:

The Group seeks to underwrite a balanced portfolio of risks at rates and terms that will produce underwriting results consistent with its long term objectives.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

20. Insurance risk management (continued)

The board of directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.

Reinsurance strategy:

The Group reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

Ceded reinsurance includes credit risk, and the Group monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The board of directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria. They also monitor its adequacy on an ongoing basis. Credit risk on reinsurance is addressed in more detail in note 21.

Terms and conditions of general insurance contracts:

The table below provides an overview of the terms and conditions of general insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend.

<b>Type of contract</b>	<b>Terms and conditions</b>	<b>Key factors affecting future cash flows</b>
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the market value of the vehicle and policy limits in respect of third party damage and bodily injury.	<p>In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the condition of the road network, failure by some motorists to obey traffic signals and an overall increase in the incidence of motor vehicle theft. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.</p> <p>Although majority of bodily injury claims have a relatively long tail, the majority of the claims incurred by the Group are settled in the short term. In general, these claims involve higher estimation uncertainty.</p>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*20. Insurance risk management (continued)

Terms and conditions of general insurance contracts (continued):

The table below provides an overview of the terms and conditions of general insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend.

<b>Type contract</b>	<b>Terms and conditions</b>	<b>Key factors affecting future cash flows</b>
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholders against the loss or damage to their own material property and business interruption arising from this damage.	<p>The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property.</p> <p>The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay (property) business is therefore classified as “short-tailed” and expense deterioration and investment return is of less importance in estimating provisions.</p> <p>The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.</p>
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	<p>The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions.</p> <p>Although majority of bodily injury claims have a relatively long tail, the majority of the claims incurred by the Group are settled in the short term. In general, these claims involve higher estimation uncertainty.</p>

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process and reinsurance. The Group monitors and reacts to changes in trends of injury awards, litigation and frequency of claims.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

20. Insurance risk management (continued)

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process and reinsurance. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, and risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the Group makes assumptions that costs will increase in line with the latest available financial and actuarial forecasts.

The following table shows the concentration of net insurance contract liabilities by type of contract:

	2025			2024		
	Insurance Contract liabilities	Reinsurance contracts held	Net	Insurance contract liabilities	Reinsurance contracts held	Net
	\$	\$	\$	\$	\$	\$
Motor	1,294,568	( 84,099)	1,210,469	1,566,857	( 86,099)	1,480,758
Property	1,677,516	(1,164,667)	512,849	1,173,902	(702,442)	471,460
Liability	869,997	( 741,650)	128,347	178,752	( 36,551)	142,201
Other insurance issued	<u>58,379</u>	<u>( 27,796)</u>	<u>30,583</u>	<u>31,567</u>	<u>( 39,470)</u>	<u>( 7,903)</u>
Total net insurance contracts	<u>3,900,460</u>	<u>(2,018,212)</u>	<u>1,882,248</u>	<u>2,951,078</u>	<u>(864,562)</u>	<u>2,086,516</u>

Sensitivities

The liability for incurred claims is sensitive to the key assumptions 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 sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

20. Insurance risk management (continued)

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

	<u>(Increase)/decrease in profit for the year</u>	
	2025	2024
	\$'000	\$'000
Ultimate claims 10% (2024:10% increase)	(89,525)	(62,737)
Ultimate claims 10% (2024:10% decrease)	<u>89,525</u>	<u>62,737</u>

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Group. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

Analysis of gross claims development

	<u>Accident year</u>						
	<u>2020 and prior</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
Estimate of undiscounted cumulative claims at end of							
accident year	181,399	809,048	3,532,853	4,671,118	1,298,650	934,913	11,427,982
-one year later	354,508	730,649	2,909,033	4,687,554	1,196,536	-	9,878,280
-two years later	354,821	740,147	2,790,770	5,414,657	-	-	9,300,395
-three years later	460,121	702,882	2,781,070	-	-	-	3,944,073
-four years later	351,611	725,882	-	-	-	-	1,077,493
-five years later	<u>591,651</u>	-	-	-	-	-	<u>591,651</u>
Estimate of undiscounted net cumulative claims	591,651	725,882	2,781,070	5,414,657	1,196,536	934,913	11,644,709
Cumulative net payments to date	<u>(396,651)</u>	<u>(710,097)</u>	<u>(2,787,070)</u>	<u>(4,598,657)</u>	<u>(1,113,639)</u>	<u>(473,879)</u>	<u>(10,079,993)</u>
Undiscounted net claims liabilities	195,000	15,785	(6,000)	816,000	82,897	461,034	1,564,716
Effect of discounting							( 48,000)
Risk adjustment							<u>204,000</u>
Gross liability for incurred claims							<u>1,720,716</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

20. Insurance risk management (continued)

Analysis of net claims development

	Accident year						Total
	2020 and prior	2021	2022	2023	2024	2025	
	\$	\$	\$	\$	\$	\$	\$
Estimate of undiscounted cumulative claims at end of							
accident year	142,849	160,615	593,260	659,282	839,218	862,779	3,258,003
-one year later	236,278	121,235	510,873	695,087	809,655	-	2,314,217
-two years later	236,591	106,823	512,709	828,040	-	-	1,684,163
-three years later	334,891	110,558	501,009	-	-	-	946,458
-four years later	235,229	116,558	-	-	-	-	351,787
-five years later	<u>402,170</u>	-	-	-	-	-	<u>402,170</u>
Estimate of undiscounted net cumulative claims	402,170	116,558	501,009	828,040	809,655	862,779	3,520,211
Cumulative net payments to date	(281,289)	(110,773)	(507,009)	(608,278)	(724,758)	(473,879)	(2,695,966)
Undiscounted net claims liabilities	120,901	15,785	( 6,000)	219,762	84,897	388,900	824,245
Effect of discounting							( 29,000)
Risk adjustment							<u>100,000</u>
Net liability for incurred claims							<u>895,245</u>

Reconciliation of net liability for incurred claims is as follows;

Liability for incurred claims	1,720,716
Assets for incurred claims	(1,045,886)
Due from Reinsurer - Claims Paid	<u>220,415</u>
	<u>895,245</u>

21. Financial risk management

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

Credit risk  
Liquidity risk  
Market risk

Risk management framework

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

21. Financial risk management (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Group is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance and investment contracts. The goal of the investment management process is to optimise the net of taxes, risk-adjusted investment income and risk-adjusted total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

The asset/liability matching process is largely influenced by estimates of the timing of payments required in terms of insurance. These estimates are re-evaluated on a regular basis. There are also criteria for ensuring the matching of assets and liabilities as investment markets change.

Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the Group's underwriting policy.

Secondly, the risk is managed through the use of reinsurance. The Group arranges proportional reinsurance at the risk level and purchases excess of loss covers for motor, property and liability business. The Group assesses the costs and benefits associated with the reinsurance programme on a regular basis.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation.

The Group's key areas of exposure to credit risk include:

- debt securities and cash and cash equivalents
- reinsurers' share of insurance liabilities (components of reinsurance contract assets)
- amounts due from reinsurers in respect of payments already made to policyholders
- amounts due from related parties

The nature of the company's exposure to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Management of credit risk

The company manages its credit risk in respect of debt securities by placing limits on its exposure to a single counterparty, by reference to information available in the market place relating to the financial standing of the counterparty. The company has a policy of investing only in high quality corporate bonds and government issued debts.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*21. Financial risk management (continued)

## (a) Credit risk (continued)

## Management of credit risk (continued)

The company operates a policy to manage its reinsurance counterparty exposures. The company assesses the credit worthiness of all reinsurers by reviewing public rating information and from internal investigations. The impact of reinsurer default is measured regularly and managed accordingly.

Cash and Cash equivalents is managed in line with the company's policy. Cash and Cash equivalents are subject to the impairment requirements of IFRS 9, however these are assessed to have little or no impairment loss due to the reputable financial institutions in which they are held. Excess funds are invested for short periods of time, depending on the company's cash flow requirements. These surplus funds are placed with approved financial institutions with no concentration of funds being at any specific counterparty and thereby mitigating potential financial loss.

All related party transactions are pre-authorized and approved by management during the budgeting process and subsequently in the normal course of business.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy. The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

## (i) Exposure to credit risk:

The table below provides information regarding the credit risk exposure of the Group. The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance contract assets.

	<u>2025</u>	<u>2024</u>
	\$	\$
Cash and cash equivalents	3,687,697	3,241,564
Debt instruments at amortised cost	898,764	886,961
Reinsurance contract assets	2,018,212	864,562
Other receivables	<u>54,372</u>	<u>30,501</u>
Total credit risk exposure	<u>6,659,045</u>	<u>5,023,588</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*21. Financial risk management (continued)

## (b) Credit risk (continued)

Management of credit risk (continued)

## (i) Exposure to credit risk:

*Credit exposure by credit rating*

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit ratings of counterparties:

	<u>2025</u>			
	<u>AA</u>	<u>BBB+</u>	<u>Not Rated</u>	<u>Total</u>
	\$	\$	\$	\$
Cash and cash equivalents	-	-	3,687,697	3,687,697
Debt instruments at amortised cost	-	898,764	-	898,764
Other receivables	-	-	54,372	54,372
Reinsurance contract assets	<u>2,018,212</u>	-	-	<u>2,018,212</u>
	<u>2,018,212</u>	<u>898,764</u>	<u>3,742,069</u>	<u>6,657,259</u>
	<u>2024</u>			
	<u>AA</u>	<u>BBB+</u>	<u>Not Rated</u>	<u>Total</u>
	\$	\$	\$	\$
Cash and cash equivalents	-	-	3,241,564	3,241,564
Debt instruments at amortised cost	-	886,961	-	886,961
Other receivables	-	-	30,309	30,309
Reinsurance contract assets	<u>864,562</u>	-	-	<u>864,562</u>
	<u>864,562</u>	<u>886,961</u>	<u>3,271,873</u>	<u>5,023,396</u>

The Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

The Group has no financial assets or reinsurance assets that would have been past due or impaired, whose terms have been renegotiated.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*21. Financial risk management (continued)

## (a) Credit risk (continued):

Management of credit risk (continued):

## (i) Exposure to credit risk (continued):

The group does not hold any collateral as security or any credit enhancements, credit derivatives and netting arrangements that do not qualify for offset.

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

## (ii) Impairment assessment

*Significant increase in credit risk, default and cure*

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

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk.

Such events include:

- Internal rating of the counterparty indicating default or near-default.
- The counterparty having past due liabilities to public creditors or employees.
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

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

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*21. Financial risk management (continued)

## (a) Credit risk (continued):

Management of credit risk (continued):

There has been no significant increase in credit risk or default for financial assets during the year.

*Expected credit loss*

The Group assesses the possible default events within 12 months for the calculation of the 12m ECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

## (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial and insurance liabilities. The Group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk may arise from a number of potential areas, such as a duration mismatch between assets and liabilities and unexpectedly high levels of claims. The nature of the Group's exposure to liquidity risk and its objectives, policies and processes for managing liquidity risk have not changed significantly from the prior year.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Consequently, the Group invests in marketable securities that can be readily realised as its obligations under insurance contracts fall due and in the event of reasonably foreseeable abnormal circumstances. The Group also manages this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The Group is subject to a liquidity limit imposed by the regulator. The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)  
December 31, 2025

(Expressed in United States dollars)

21. Financial risk management (continued)

(b) Liquidity risk (continued)

*Maturity profile*

The following table summarises the maturity profile of financial liabilities of the Group based on remaining undiscounted contractual cash flows.

	2025							Total
	Up to 1 year	1-2 years	2-5 years	3-4 years	4-5 years	5 > years	No maturity	
	\$	\$	\$	\$	\$	\$	\$	\$
Insurance contract liabilities	3,046,223	822,893	16,154	77	1,279	13,834	-	3,900,460
Other payables and accrued charges	<u>395,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,535</u>
Total financial liabilities	<u>3,441,758</u>	<u>822,893</u>	<u>16,154</u>	<u>77</u>	<u>1,279</u>	<u>13,834</u>	<u>-</u>	<u>4,295,995</u>

	2024							Total
	Up to 1 year	1-2 years	2-5 years	3-4 years	4-5 years	5 > years	No maturity	
	\$	\$	\$	\$	\$	\$	\$	\$
Insurance contract liabilities	2,467,080	463,355	16,060	426	3,375	782	-	2,951,078
Other payables and accrued charges	<u>432,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,870</u>
Total financial liabilities	<u>2,899,950</u>	<u>463,355</u>	<u>16,060</u>	<u>426</u>	<u>3,375</u>	<u>782</u>	<u>-</u>	<u>3,383,948</u>

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises in the Group due to fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on all of its financial assets. The Group is not materially exposed to foreign exchange rate risk.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Group's exposures to market risk and its objectives, policies and processes for managing market risk have not changed significantly from the prior year.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*21. Financial risk management (continued)

## (c) Market risk (continued)

## Management of market risk

The Board of Directors manages market risk in accordance with its asset/liability management framework. For each of the major components of market risk the Group has policies and procedures in place which detail how each risk should be managed and monitored. The management of each of these major components of major risk and the exposure of the Group at the reporting date to each major risk are addressed below.

## (i) Interest rate risk:

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest rate risk.

The Group manages its interest rate risk by matching, where possible, the duration and profile of assets and liabilities to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest-bearing financial assets are primarily represented by relatively short term investments, which have been contracted at fixed and floating interest rates for the duration of the term.

The nature of the Group's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior year.

At the reporting date the interest profile of the Group's interest-bearing financial instruments was:

	<u>Carrying amount</u>	
	2025	2024
	\$	\$
Fixed rate instruments:		
Financial assets	<u>1,686,590</u>	<u>1,664,535</u>

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*21. Financial risk management (continued)

## (c) Market risk (continued)

Management of market risk (continued)

## (ii) Equity price risk

Equity price risk arises from equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise investment returns.

A 1.5% (2024: 6%) increase in the market price at the reporting date would cause an increase in other comprehensive income of \$2,222 (2024: \$9,437). A 1% (2024: 2%) decrease would cause a decrease in other comprehensive income of \$1,481 (2024: \$3,146).

## (d) Operational risk

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

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Group's senior management team.

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

*(Expressed in United States dollars)*

21. Financial risk management (continued)

(e) Capital risk management

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements. The Group's objectives when managing capital are:

- To comply with the capital requirements set by the regulators
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business

The FSC has the following requirements for each licensed insurance company:

The Group's fixed term investment account may not be removed or reduced below US\$250,000 (2024: US\$250,000) without the prior written approval of the Superintendent of Insurance of the FSC in TCI.

Solvency ratios are established on the basis of the risk assessment for each particular entity. As a guideline issued by the FSC, the minimum solvency margin of the Group is calculated as 20% of net annual premiums if net annual premium is not greater than US\$5 million or US\$1 million plus 10% of net annual premiums in excess of US\$5 million, if net annual premiums are greater than US\$5 million.

There has been no change in the Group's management of capital during the year. The group was in compliance with the regulatory imposed capital and solvency requirements at December 31, 2025 and 2024.

22. Fair value of financial instruments

Fair value amounts represent estimates of the arm's length consideration that would currently be agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Where quoted market prices are not available, the fair values of these instruments have been determined using a generally accepted alternative method.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

<u>Financial instrument</u>	<u>Method</u>
Cash and cash equivalents, insurance and other receivables, insurance and other payables, reinsurance assets, insurance contract provisions, and due from/to subsidiary.	Assumed to approximate their carrying values, due to their relative short-term nature (in some instance due on demand), or bears market rates of interest applicable to similar instruments.
Quoted equities	Bid prices quoted by the relevant stock exchanges.
Other securities and corporate bonds	Prices of bonds and other securities at reporting date as quoted by broker/dealer, where available

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

22. Fair value of financial instruments (continued)

The Group considers relevant and observable market prices in its valuations where possible.

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It includes fair value information for financial assets and liabilities not measured at fair value where the carrying amount is a reasonable approximation of fair value due to their short-term nature and which are in the level 2 fair value hierarchy. There are no level 3 investments.

	2025						
	Carrying amount						
	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Total
	\$	\$	\$	\$	\$	\$	
<b>Financial assets</b>							
<b>measured at fair value:</b>							
Investments in funds	-	587,949	-	587,949	-	587,949	587,949
Quoted investments	<u>148,147</u>	<u>-</u>	<u>-</u>	<u>148,147</u>	<u>148,147</u>	<u>-</u>	<u>148,147</u>
	<u>148,147</u>	<u>587,949</u>	<u>-</u>	<u>736,096</u>	<u>148,147</u>	<u>587,949</u>	<u>736,096</u>
<b>Financial assets not measured at fair value:</b>							
Cash and cash equivalents	-	-	3,687,697	3,687,697	-	3,687,697	3,687,697
Debt instruments at amortised cost	-	-	898,764	898,764	-	898,764	898,764
Due from fellow subsidiary	-	-	67,619	67,619	-	67,619	67,619
Other receivables	<u>-</u>	<u>-</u>	<u>54,372</u>	<u>54,372</u>	<u>-</u>	<u>54,372</u>	<u>54,372</u>
	<u>-</u>	<u>-</u>	<u>4,708,452</u>	<u>4,708,452</u>	<u>-</u>	<u>4,708,452</u>	<u>4,708,452</u>
<b>Financial liabilities not measured at fair value:</b>							
Other payables and accrued charges	<u>-</u>	<u>-</u>	<u>395,535</u>	<u>395,535</u>	<u>-</u>	<u>395,535</u>	<u>395,535</u>
	<u>-</u>	<u>-</u>	<u>395,535</u>	<u>395,535</u>	<u>-</u>	<u>395,535</u>	<u>395,535</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025

(Expressed in United States dollars)

22. Fair value of financial instruments (continued)

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It includes fair value information for financial assets and liabilities not measured at fair value where the carrying amount is a reasonable approximation of fair value due to their short-term nature and which are in the level 2 fair value hierarchy (continued).

	2024						
	Carrying amount						
	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Total
	\$	\$	\$	\$	\$	\$	
<b>Financial assets measured at fair value:</b>							
Investments in funds	-	515,737	-	515,737	-	515,737	515,737
Quoted investments	<u>151,050</u>	<u>-</u>	<u>-</u>	<u>151,050</u>	<u>151,050</u>	<u>-</u>	<u>151,050</u>
	<u>151,050</u>	<u>515,737</u>	<u>-</u>	<u>666,787</u>	<u>151,050</u>	<u>515,737</u>	<u>666,787</u>
<b>Financial assets not measured at fair value:</b>							
Cash and cash equivalents	-	-	3,241,564	3,241,564	-	3,241,564	3,241,564
Debt instruments at amortised cost	-	-	886,961	886,961	-	886,961	886,961
Due from fellow subsidiary	-	-	490,284	490,284	-	490,284	490,284
Other receivables	<u>-</u>	<u>-</u>	<u>30,309</u>	<u>30,309</u>	<u>-</u>	<u>30,309</u>	<u>30,309</u>
	<u>-</u>	<u>-</u>	<u>4,649,118</u>	<u>4,649,118</u>	<u>-</u>	<u>4,649,118</u>	<u>4,649,118</u>
<b>Financial liabilities not measured at fair value:</b>							
Other payables and accrued charges	<u>-</u>	<u>-</u>	<u>432,870</u>	<u>432,870</u>	<u>-</u>	<u>432,870</u>	<u>432,870</u>
	<u>-</u>	<u>-</u>	<u>432,870</u>	<u>432,870</u>	<u>-</u>	<u>432,870</u>	<u>432,870</u>

TURKS & CAICOS FIRST INSURANCE COMPANY, LTD

Notes to Consolidated Financial Statements (continued)

December 31, 2025*(Expressed in United States dollars)*22. Fair value of financial instruments (continued)*Determination of fair value and fair values hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.