STRESS TESTED. STILL FIRST.

Bahamas First Holdings Limited | 2011 ANNUAL REPORT

BAHAMAS FIRST HOLDINGS LIMITED

Annual Report & Consolidated Financial Statements for the Year Ended December 31, 2011

MESSAGE from the Chairman

IAN D. FAIR
Chairman

2011 WILL LONG BE REMEMBERED as the year of catastrophes, including the earthquake in Christchurch, New Zealand, the earthquake and resulting tsunami in Japan, floods in Europe and for us Hurricane Irene - a major storm which unusually impacted the entire Bahamas archipelago.

It was a year of multiple events for the reinsurance and insurance industries on a global basis, with significant losses. Your President will comment on this in more detail.

Other than a year of heavy claims, the year for your Company was one of consolidation. We spent the year integrating our acquisition in Cayman into our Group and we are extremely satisfied with the progress on this and a number of other fronts.

2011 was a year of challenge for the world's economy, with mixed results. The economy of the United States continued in a positive direction albeit at a slow but steady rate. However, Europe saw multiple challenges, economic and political, especially with Greece, Italy, Portugal and Spain. As I write this year's message, the measures enacted in Europe seem to have at least stopped the downward spiral.

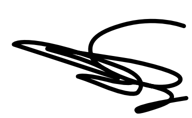
The so called developing world continued on a positive track, also at a slower pace of growth, led by China, Brazil and India.

For The Bahamas, 2011 was also a year of consolidation, with significant capital projects being undertaken, in both the public and private sectors, the benefits of which we will experience in the years to come.

During the year we said farewell, as a Director of your Company, to Katherine Mabe, who moved on from The Economical Insurance Group and welcomed Karen Gavan, their new CEO, as her replacement.

At the forthcoming Annual General Meeting we will recognize a significant milestone in your Company's history, with the retirement from the Board of Quentin Chisnall. Quentin joined NUA in October of 1970 and has served in multiple positions, as he and the Group grew over the past forty plus years, culminating as President and CEO. We are indebted to Quentin for the professionalism, commitment and dedication which he brought to his endeavours and which contributed so significantly to the development of your Company. During his years as an active employee, he personally led the initiatives to develop and mentor a number of persons that make up the current senior management team within the Group. I am confident that he will continue to challenge and support us from his well deserved retirement. We wish both he and Maria all the very best for their future.

We continue to face multiple challenges as we continue the steady and measured development of your Company. Each year brings new opportunities and issues, but that is the very essence of the corporate world and the free enterprise system! On behalf of your Board, we are greatly encouraged and grateful for the support that we continue to receive from our stakeholders. Our staff deserve special mention for their drive and commitment to the future development of your Company. On to 2012!



MESSAGE from the President

PATRICK G. W. WARD
President and CEO

WE ARE PLEASED to be able to report that your Company delivered another year of positive growth and development despite the exceptional level of claims activity during 2011.

The scale of global natural catastrophes in 2011 was massive, second only to 2005, when Hurricane Katrina and other losses generated billions of dollars in insurance claims. Within the last three decades, three of the largest ten individual natural catastrophe losses occurred in 2011, with combined insurance losses expected to exceed $100 billion.

Lloyd's of London reported its second largest loss, some £516 million for the full year, following a combined £4.5 billion in catastrophe claims. Unfortunately, The Bahamas did not escape this prevailing trend, as Hurricane Irene caused damage and destruction to a number of islands in our archipelago.

In addition to the hurricane related claims, we also experienced an unprecedented level of activity with regard to property fires during 2011, both in New Providence, and the immediate surrounding areas, and in other locations throughout The Bahamas. As a consequence, we experienced an escalation in gross claims to $58.8 million in 2011, compared to $20.2 million in 2010.

Fortunately, the results from our Cayman operation, Cayman First Insurance Company Limited (CFI) were much improved over the prior year; thereby mitigating the impact of The Bahamas based operations to the consolidated result.

The Group's total profit for the year was $1.0 million, compared to $2.5 million the prior year, while total comprehensive income was $0.8 million in 2011, compared to $2.9 million in 2010. Total comprehensive income attributable to the owners of the parent reduced to $0.5 million compared to $3.7 million in 2010.

The combined impact of the Hurricane and Fire Claims, both in direct claims and the loss of incoming reinsurance commissions was $6.5 million on a net basis. In order to preserve the future no claims benefit under a multi-year reinsurance contract protecting the company's net property exposures, we elected to waive the recovery of net property claims above the deductible.

The benefits that are anticipated in 2012 will provide the Company with a number of options and higher degree of flexibility with respect to our reinsurance placements. Notwithstanding the extra-ordinary claims burden, our solvency ratio remained flat at 73%, as it was in 2010, but the combined ratio increased to 103% from 98% the prior year.

On the positive side, our expense ratio continues to decline, ending up at 33% compared to 37% in 2010, a trend we expect to continue in the immediate future. The overall net underwriting income this year was $18.8 million, some 21% down compared to 2010, but in any event, the second highest result ever achieved in the history of your Company. As a result of the exceptional claims activity, the common share dividend payments for the year were reduced to four (4) cents a share or 44% of the full year payments in the prior year.

Once again, both Bahamas First General Insurance Company Limited (BFG) and CFI, were reaffirmed as A- (Excellent) by A.M. Best and, given the increased level of competitive threats in the markets in which we operate, this will become an increasingly important part of our profile.

As in any year when we are confronted with natural catastrophe claims events, our employees, at all levels, work exceedingly hard and we are grateful for their professional commitment which they so willingly display.

STRESS TESTED. STILL FIRST.

SUMMARY of Results

YEAR ENDED DECEMBER 31, 2011

In Bahamian $ '000s, except for per share data and ratios	2011	2010	% Change	2009
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Total assets	178,502	185,162	-4%	128,846
Equity attributable to owners of the parent	44,504	45,570	-2%	47,949
Book value per common share	**1.08**	**1.12**		**1.19**
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Gross premiums written	151,742	153,089	-1%	100,064
Net written premiums	61,116	62,036	-1%	34,282
Net premiums earned	61,531	61,509	0%	34,563
Commission income	22,710	25,742	-12%	18,843
Net claims incurred	31,607	26,982	17%	7,426
Net underwriting income	18,870	24,019	-21%	16,679
Other income	2,494	2,490	0%	1,677
Total comprehensive income	801	2,903	-72%	4,559
Total comprehensive income attributable to owners of the parent	499	3,700	-87%	5,187
Earnings per common share	**0.01**	**0.10**		0.13
RATIOS				
Solvency ratio	73%	73%		140%
Combined ratio	103%	98%		90%
Loss ratio	51%	44%		21%
Expense ratio	33%	37%		38%

SOLVENCY RATIO Total equity attributable to owners of the parent as a percentage of net written premiums
COMBINED RATIO Net underwriting expense & administrative cost as a percentage of net premiums earned
LOSS RATIO Net claims incurred as a percentage of net premiums earned
EXPENSE RATIO Administrative expenses as a percentage of net premiums earned

2011 Year in Review

AN ACCURATE DEPICTION of our experience during 2011 is captured in the theme for this year's reporting "Stress Tested and Still First".

At its core, there are a number of fundamental principles that should underlie the approach to business for a property and casualty company, particularly in a catastrophe exposed area. The ability to grasp the potential exposure or risks that we face, either on an individual or cumulative basis, and evaluate the extent to which a loss or series of losses could generate financial loss is one such factor. It is also important to have a pricing model that takes these factors into account, and the discipline to adhere to the rating guidelines developed in support of this endeavour.

A well designed reinsurance programme supported by a first class panel of reinsurers is vitally important as well. Having the appropriate infrastructure in place, both human and other resources, is also a critical success factor along with the financial wherewithal to withstand the volatility embedded in this line of business.

Stressing Claims Developments

The headline claims event for 2011 was the occurrence of Hurricane Irene on August 24, 2011.

This event generated approximately 1,000 claims across all lines of business, with a gross incurred loss figure of $28.5 million.

The primary locations impacted were Abaco, Eleuthera and parts of New Providence, both in terms of numbers of claims and incurred losses.

In addition to the natural catastrophe related claims, we also saw an unprecedented level of fire related losses for both commercial and homeowners' properties, two of which involved separate Bay Street fires, an area where there exists considerable conflagration risk because of the concentration in values and close proximity of properties. During the year, we also recorded our largest single fire claim which generated millions of dollars in gross losses for a long standing client.

The exceptional accumulation of hurricane claims together with the various fire losses significantly impacted the underwriting result for our property and casualty operations here in The Bahamas. Fortunately, this was ultimately restricted to an earnings event as opposed to capital erosion occurrence.

The reinsurance recoveries, along with the very strong underwriting earnings from our Bahamas based business, not affected by the exceptional losses, were sufficiently strong to offset or mitigate the negative claims results.

Consequently, even within The Bahamas, we were able to generate an underwriting profit on a combined portfolio basis.

Respectable Premium Development in Difficult Circumstances

The operating environment, primarily related to the prevailing economic circumstances remained challenging throughout the region in 2011. Despite this fact, and the negative implications associated with this reality, we saw a very modest (1%) reduction in gross and net written premiums in 2011, compared to the prior year.

Gross Written Premium ($'000s):

2011	2010
$151.7	$153.1

Net Written Premium ($'000s):

2011	2010
$61.1	$62.0

In Cayman, we registered a 2% growth in gross and net written premiums over the prior year. CFI now accounts for 35% of our total premium writings across the Group.

The overall profitability of the CFI book of business increased significantly in 2011, underlined by the very strong property and casualty performance, and improving health portfolio.

The excellent technical results were also accompanied by a much improved expense ratio, as operating expenses declined year over year by a fairly significant amount, within CFI. In addition to this, the legacy issues associated with the Windsor Village Litigation matter are no longer a material factor from a bottom line perspective.

Continued...

2011 Year in Review

Within The Bahamas, gross written premiums were down by approximately 2% in 2011, compared to the prior year, while net written premiums were down by 4%. While the production numbers were down, our analysis of policy count and overall market share within The Bahamas indicates that we did not lose ground to our competitors in 2011.

Property: Primarily driven by economic factors, we have seen a shift by consumers to non-catastrophe forms of cover which are normally much less costly. In fact, the loss in aggregates booked for catastrophe exposures in 2011 was similar to the gain in aggregates booked for non-catastrophe related covers.

The extremely competitive landscape for property business in Cayman resulted in a small increase in written premiums in 2011 compared to 2010, reversing a trend from a year ago. The property account in Cayman delivered positive underwriting gains in 2011, partially offsetting the position in The Bahamas.

The combined property business for both locations totaled $73 million on a gross basis and represents an important segment of our overall revenue stream.

Motor & Liability: The combined portfolios of The Bahamas and Cayman account for gross premium writings of $30 million, and, as in prior years, generate a significantly disproportional part of our overall underwriting profit.

Within the Bahamas, we experienced a material growth in the number of vehicles insured, approximately 10% over the prior year, which firmly consolidates BFG's position in the market as the leading motor insurer. The main portion of this growth was in the Third Party cover segment, a fact that is also linked to consumer choices being driven by economic considerations.

The changes to the Road Traffic Act, already approved by the Bahamian Parliament, will result in a move away from what has traditionally been known as "Road Act" cover, to a broader form of protection for consumers. Based on our preliminary analysis, this is likely to have a net positive effect on both premiums and underwriting results. CFI was able to hold the line on production and market share in 2011, despite intense competition by new market entrants.

In both countries, we experienced very good loss ratios, even accounting for the impact of Hurricane Irene within The Bahamas.

Health: The Group's health related risks or exposure come exclusively from our operations in Cayman, generating gross premiums of $23 million in 2011. We have observed a continuing improvement in both the medical loss ratio and quality of the book following the implementation of a very stringent and targeted plan to bring the operation's performance in line with our expectations. At the same time, we continue to see benefits from initiatives linked to improved cost containment measures and enhanced operational efficiencies.

Marine: We have seen an improvement in the non-hurricane related performance of this line of business in 2011, here in The Bahamas, and new business prospects are starting to emerge within Cayman. Following a major review of the account, in conjunction with our reinsurance partners, we are embarking on a fresh strategic direction in relation to our approach to this line of business.

Investment Returns

The Group's investment portfolio (excluding cash and term deposits) is just over $38 million and continues to show improvement in the context of diversity or mix and quality of investment instruments. During the year, our combined holdings of equities declined from 39% (2010) of the portfolio to 33% in 2011 in keeping with a planned reduction.

Despite the heavy demand for cash, related to Hurricane Irene, the Groups' cash and term deposits remained strong at $15.8 million in 2011. One contributing factor in this respect was no doubt the renewed effort to manage outstanding receivables within the parameters of agreed contractual terms. This resulted in a reduction of trade receivables from $33.7 million in 2010, to $27 million in 2011.

During the year, the Group increased its shareholding in CFI from 75.24% to 83.48% (see Note 14 of the consolidated financial statements).

Capital Management

Regulatory changes that have already occurred within The Bahamas are an important driver of our capital management programme within this jurisdiction. At the close of 2011, BFG's capital and solvency position was significantly over the minimum requirement, by a margin of $6 million.

Regulatory changes within Cayman are starting to take shape, in relation to changes to capital and solvency requirements and other important areas, but we are confident that CFI's capital will be more than adequate to meet the minimum requirements.

A decade ago, the Group's equity stood at $20 million, representing a book value of $0.70 per share. Today's equity attributable to owners of the parent now stands at $44.5 million with a book value per share of $1.08, despite the fact that we have weathered no less than eight (8) named hurricanes and countless other loss events between 2001 and 2011.

Future Outlook

There are some encouraging signs that 2012 and beyond will usher in a more business friendly economic and operating outlook but we, nonetheless, anticipate further challenges in the immediate future.

The competitive threat posed by new entrants in both of the markets in which we operate means that we will have to continue to invest in people and other resources to ensure that we remain relevant to the marketplace.

PATRICK G. W. WARD
President and CEO

GLEN O. RITCHIE
Group VP and CFO

Our Staff:
Keeping Us First

People FIRST

THE BAHAMAS FIRST GROUP of Companies takes great pride in the quality of its staff and their collective and individual performance. Our continued growth and success reflects their commitment to the Company's intention to remain First in Insurance Today and Tomorrow. Commitment of this nature demands recognition of performance and providing opportunities for career growth and further professional development. This past year a number of employees from the Group were recognized for their accomplishments and their ability to take on new responsibilities.

V. Keith Rolle was seconded to CFI and appointed as its Senior Vice President, Business Development & Operations in July 2011. Mr. Rolle's secondment was the first senior level exchange between the companies in The Bahamas and Cayman since the Bahamas First acquisition of the CFI's operation which was announced in August 2010.

Richard A. Darville was promoted to Vice President- Claims & Support Services, BFG, to oversee the expanded capabilities and services of the Company's Claims Department. His promotion was effective January 2012.

To support the expanded capabilities of the Claims Department, **Paula A. L. Adderley** was appointed Claims Manager, Litigation, effective January 2011, and **Patrice R. Moxey** was named Claims Manager, Administration & Support Services effective January 2012.

The Claims Departments in The Bahamas and Cayman are also expanding and sharing skills with Nakia Williams, Claims Officer with BFG, on an exchange programme in Cayman with **Derrymore Lyon**, Claims Manager with CFI, in The Bahamas for a three month period.

NUA's management team was also strengthened. **Stanford A. Charlton** was promoted to Assistant Managing Director effective January 2012 with direct responsibility for business development and marketing together with other operational duties. **Gina Sands** was also promoted to Personal Lines Manager.

Three long time employees also retired from the Group in 2011: **Carolyn Miller**, Corporate Secretary, Bahamas First Corporate Services; Annette Woods, Executive Administrative Assistant, NUA; and Sandra Moore, Supervisor, GBA (Grand Bahama). The Company extends its thanks and appreciation to them for their many contributions.

A Continuing Community Commitment

Community FIRST

BAHAMAS FIRST recognizes our obligation to give back to the Bahamian and Cayman communities through our contributions to worthy social programmes and our corporate responsibility to the cultural fabric of the both countries. The wide range of contributions to a variety of organizations over the past year and the countless hours of volunteer time to various community organizations and causes by the staff of the Bahamas First Group of Companies reflects this historic and ongoing commitment.

Financial contributions and volunteer time by Bahamas First employees to the Persis Rodgers Home for the Aged is just one example of support programmes that make a difference in the community and enrich the lives of Bahamians. A recent visit to the Home by Bahamas First employees included : Left side from left to right Rashad Storr (back row), Kiesha Davis, Angella Stuart, Bonnie Nguyen (middle row) and Shevia Ferguson (front row); Right side from left to right) Nicole Leary, Shannon Darville (back row), Kimberley Hope, Kevin Hudson (middle row), Gina Sands and Linda Thompson (front row).

Community involvement by the Group is guided by the Corporate Culture Committee (CCC). The CCC consists of representatives at the managerial and line levels from each functional area of the Bahamas First Group of Companies. Its members are responsible for coordinating programmes and activities that enhance and promote the Company's culture both internally and externally.

Along with financial donations directly filtered to non-profit organizations from Bahamas First, CCC members are also actively involved in community outreach programmes such as the Children's Emergency Hostel and Waste Not Bahamas, a recycling initiative with proceeds from the recycled cans donated to a children's charity or organization. CCC members in 2011 included: Annette McSweeney, Bonnie Nguyen (Chairman), Denise Vaval, Gina Sands, Jamaal Davis, Kevin Hudson, Kimberley Hope, Nikez McDonald, Paulette Sands, Rashad Storr and Sanchez Brooks.

In The Bahamas, organizations supported by Bahamas First Group of Companies and our employees in 2011 included:

Alpha Kappa Alpha Sorority Inc.
Bahamas Air Sea Rescue Association
Bahamas Association For Social Health
Bahamas Human Resources Development Association
Bahamas Red Cross
Governor General's Youth Awards
International Cultural Festival
Organization of Young Professionals - OYP
Partners For Eleuthera
Persis Rodgers Home for the Aged
Physically Challenged Children's Committee
Pilot Club of Nassau
Project Read Bahamas
Various Basketball and Sporting Clubs
RBPF - Forensic Science Section
RBPF - Police Staff
Special Olympics Bahamas
Various Church Organizations
The Canadian Women's Club
The College Of The Bahamas
The Bahamas Children's Emergency Hostel
The Red Ribbon Ball
Youth Against Violence

The Cayman Cancer Society Fair, Sept. 2011. L-R are Grace Webb, Seeta Paltoo, Sidney General, Ronda Goff, Priscilla Pouchie and Frances Campbell.

In Cayman, support was provided to:

Cayman Breast Cancer Foundation
Cayman Road Safety Handbook
Cayman Islands Marathon
Cayman Islands Red Cross
Cayman Islands Veterans Association
Cayman Islands Volleyball Federation
C.I. Government Children and Family Services
Governor's Awards
RCIPS Welfare Fund
Special Olympics
Sports Association of the Sister Islands
Various Church, School and Sporting Organizations

Directors & Officers

IAN D. FAIR CHAIRMAN
Mr. Fair has been the Chairman of the Board and a member of the Board of Directors since 1999. He is Chairman of the Bahamas International Securities Exchange and Deputy Chairman of Butterfield Bank (Bahamas) Limited. He also serves as Chairman of The Bahamas Maritime Authority.

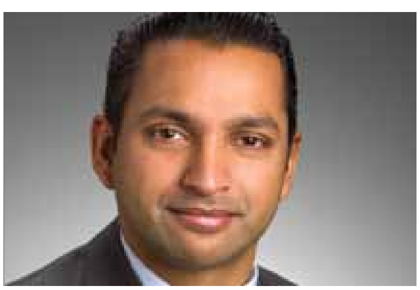
PATRICK G.W. WARD DIRECTOR
Group President & CEO
Mr. Ward has been a Director since 1998 and prior to that President and Managing Director of Bahamas First General Insurance Company Ltd. He is President and CEO of Bahamas First Holdings Limited, Bahamas First General Insurance Company Limited and Bahamas First Corporate Services. He also serves as Chairman of the National Insurance Board.

JOHN A.G. DUNKLEY DIRECTOR
Mr. Dunkley has been a Director since 1996. He was President and Managing Director of Nassau Underwriters Brokers & Agents up to December 31, 2010, and a Director of Bahamas First Corporate Services Ltd. He was also a Board member for Bahamas First General Insurance Company Limited from 1991 to 1997.

QUENTIN CHISNALL DIRECTOR
A Director since the inception of Bahamas First Holdings Limited (BFH) in 1996, Mr. Chisnall also served as the first President until December 2003. He has served and is still a Director on the Boards of several BFH subsidiary companies. Mr. Chisnall was also the Managing Director of Nassau Underwriters Agency Limited for a 23 year period until 1996. Mr. Chisnall will retire from the Board at the next AGM.

JUDITH WHITEHEAD DIRECTOR
A Director since 2005, Mrs. Whitehead is the Managing Partner of Graham Thompson & Co, a leading law firm in Nassau, Bahamas. She has served on various other company and civic boards.

KAREN GAVAN DIRECTOR
A Director since June 2011, Ms. Gavan is President and Chief Executive Officer of The Economical Insurance Group. She has 30 years of experience in the Canadian financial services industry. Ms. Gavan was formerly the Chief Operating Officer of Transamerica Life Canada and AEGON Fund Management Inc. She is a Fellow of the Institute of Chartered Accountants of Ontario and holds the ICD.D designation from the Institute of Corporate Directors.



BHARAT KANNAN DIRECTOR
A Director since June 2011, Mr. Kannan is Vice President, Finance and Controller of The Economical Insurance Group (TEIG). He started at TEIG in 2001 and has over 15 years of financial experience. Mr. Kannan is a member of the Institute of Chartered Accountants of Ontario and holds a Chartered Financial Analyst (CFA) designation.

J. LASHELL ADDERLEY SECRETARY
Miss Adderley is the Corporate Secretary of BFH and its subsidiary companies. She also serves as the Group's Legal and Compliance Manager. Prior to joining BFH, Miss Adderley worked as a Civil Litigation Attorney.

Financial Statements

Independent Auditor's Report

Deloitte.

Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville
P. O. Box N-7120
Nassau, Bahamas

Tel: +1 (242) 302-4800
Fax: +1 (242) 322-3101
http://www.deloitte.com

To the Shareholders of
Bahamas First Holdings Limited:

We have audited the consolidated financial statements of Bahamas First Holdings Limited (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Bahamas First Holdings Limited as at December 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte & Touche

A member firm of
Deloitte Touche Tohmatsu

April 2, 2012

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

ASSETS	Notes	2011	2010
Cash		$ 11,614,327	$ 9,001,888
Term deposits	6	4,222,503	8,073,973
Trade accounts receivable, net	4, 9, 24	26,980,097	33,740,514
Sundry receivables and prepayments	24	2,721,516	3,058,314
Deferred commission costs	10	5,217,081	5,433,185
Deferred reinsurance premiums	10	36,206,160	38,070,944
Deferred reinsurance costs	10	2,696,425	2,703,865
Unpaid claims recoverable from reinsurers	4, 11	27,374,217	17,022,413
Investments	7	37,791,683	38,057,890
Investment in associate	8	372,880	305,769
Property and equipment	13	11,927,311	14,081,798
Intangible assets and goodwill	4, 15	11,378,112	11,493,455
Provision for litigation recoverable	12	-	1,177,015
Due from escrow agent	12	-	2,940,680
TOTAL		**$ 178,502,312**	**$ 185,161,703**

LIABILITIES & EQUITY	Notes	2011	2010
LIABILITIES:			
Accrued liabilities		$ 2,248,382	$ 2,838,945
Trade accounts payable		4,816,320	7,523,797
Unearned commission income	10	8,196,216	8,979,515
Unearned premiums	10	51,616,194	53,895,111
Unpaid claims	4, 11	43,618,032	34,025,371
Provision for litigation	12, 25	895,289	9,774,748
Loan payable	14	5,222,812	5,398,258
Bonds payable	16	15,248,438	15,276,563
Total liabilities		**131,861,683**	**137,712,308**
EQUITY:			
Common shares	17	365,055	363,055
Preference shares	17	5,000,000	5,000,000
Contributed surplus		14,882,944	14,639,446
Treasury shares	17	(256,316)	(256,316)
General reserve	18	4,000,000	4,000,000
Revaluation reserve	19	2,082,849	2,287,486
Retained earnings		18,429,784	19,535,923
Total equity attributable to owners of the parent		44,504,316	45,569,594
Non-controlling interest		2,136,313	1,879,801
Total equity		**46,640,629**	**47,449,395**
TOTAL		**$ 178,502,312**	**$ 185,161,703**

See notes to consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors on March 30, 2012 and are signed on its behalf by:

________________Chairman
Ian D. Fair

________________Director
Patrick G. W. Ward

Consolidated Statement of Comprehensive Income

YEAR ENDED DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

	Notes		2011		2010
UNDERWRITING INCOME:					
Gross premiums written	20, 24	$	151,742,115	$	153,089,047
Movement in unearned premiums	10		2,278,917		2,217,462
			154,021,032		155,306,509
Premiums ceded to reinsurers			(90,625,633)		(91,053,081)
Movement in deferred reinsurance premiums	10		(1,864,784)		(2,744,083)
Net premiums earned			61,530,615		61,509,345
Commission income			22,709,884		25,742,428
Total underwriting income			**84,240,499**		**87,251,773**
UNDERWRITING EXPENSES:					
Net claims incurred	11		31,607,090		26,982,489
Commission expense			15,352,668		16,458,535
Cost of excess of loss reinsurance			15,517,182		16,835,866
Premium tax			2,893,808		2,956,383
Total underwriting expenses			**65,370,748**		**63,233,273**
Net underwriting income			**18,869,751**		**24,018,500**
OTHER EXPENSES:					
Salaries, benefits and bonuses	22, 23, 24		10,293,556		12,041,870
General and administrative expenses			10,111,236		10,950,790
Total other expenses			**20,404,792**		**22,992,660**
NET TECHNICAL RESULTS			(1,535,041)		1,025,840
MOVEMENT IN PROVISION FOR LITIGATION	12		46,344		(3,908,400)
LITIGATION RECOVERY	12		-		2,940,680
OTHER INCOME, NET	21		2,493,838		2,490,267
PROFIT FOR THE YEAR			1,005,141		2,548,387
OTHER COMPREHENSIVE INCOME (LOSS):					
Unrealized (loss) gain on available-for-sale investments	19		(204,637)		508,404
Revaluation of land and buildings	19		-		(153,476)
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR			(204,637)		354,928
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**$**	**800,504**	**$**	**2,903,315**
ATTRIBUTABLE TO:					
OWNERS OF THE PARENT			499,443		3,699,633
NON-CONTROLLING INTEREST			301,061		(796,318)
		$	800,504	$	2,903,315
BASIC AND DILUTED EARNINGS PER					
COMMON SHARE	17	**$**	**0.01**	**$**	**0.10**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

YEAR ENDED DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

	Attributable to owners of the parent								
	Common Shares	**Preference Shares**	**Contributed Surplus**	**Treasury Shares**	**General Reserve**	**Revaluation Reserve**	**Retained Earnings**	**Non-Controlling Interest**	**Total**
Balance at December 31, 2009	**$362,955**	**$5,000,000**	**$17,101,172**	**$(256,316)**	**$4,000,000**	**$1,932,558**	**$19,808,310**	**$1,156,017**	**$49,104,696**
Profit (loss) for the year	-	-	-	-	-	-	3,344,705	(796,318)	2,548,387
Other comprehensive income	-	-	-	-	-	354,928	-	-	354,928
Total comprehensive income (loss)	-	-	-	-	-	354,928	3,344,705	(796,318)	2,903,315
Changes in shareholders' interest in subsidiaries (Note 14)	-	-	(2,476,626)	-	-	-	-	1,520,102	(956,524)
Shares issued (Note 17)	100	-	14,900	-	-	-	-	-	15,000
Preference shares dividend paid (Note 17)	-	-	-	-	-	-	(350,000)	-	(350,000)
Dividends paid ($0.09 per common share) (Note 17)	-	-	-	-	-	-	(3,267,092)	-	(3,267,092)
Balance at December 31, 2010	**$363,055**	**$5,000,000**	**$14,639,446**	**$(256,316)**	**$4,000,000**	**$2,287,486**	**$19,535,923**	**$1,879,801**	**$47,449,395**
Profit for the year	-	-	-	-	-	-	704,080	301,061	1,005,141
Other comprehensive loss	-	-	-	-	-	(204,637)	-	-	(204,637)
Total comprehensive income (loss)	-	-	-	-	-	(204,637)	704,080	301,061	800,504
Change in shareholders' interest in CFI (Note 14)	-	-	45,498	-	-	-	-	(45,498)	-
Non-controlling interest participation in CFI's rights offering (Note 14)	-	-	-	-	-	-	-	949	949
Shares issued (Note 17)	2,000	-	198,000	-	-	-	-	-	200,000
Preference shares dividend paid (Note 17)	-	-	-	-	-	-	(350,000)	-	(350,000)
Dividends paid ($0.04 per common share) (Note 17)	-	-	-	-	-	-	(1,460,219)	-	(1,460,219)
Balance at December 31, 2011	**$365,055**	**$5,000,000**	**$14,882,944**	**$(256,316)**	**$4,000,000**	**$2,082,849**	**$18,429,784**	**$2,136,313**	**$46,640,629**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

CASH FLOWS FROM OPERATING ACTIVITIES:	**Notes**	**2011**	**2010**
Profit for the year		$ 1,005,141	$ 2,548,387
Adjustments for:			
Depreciation	13	1,403,189	1,505,642
Amortization of intangible assets	15	115,343	116,248
Amortization of premiums and discounts on bonds	7, 21	118,353	84,480
Share of net earnings of associate	8, 21	(67,111)	(70,943)
Realized (gains) losses on sales of investments	7, 21	(79,303)	99,624
(Income) loss attributed to non-controlling interest		(301,061)	796,318
Loss on disposal of property and equipment	21	109,325	21,449
Amortization of fair value loss on debt securities	7	-	161,604
Impairment recovery on investment	7, 21	-	(50,620)
Profit from operations		**2,303,876**	**5,212,189**
Decrease in trade accounts receivable, net		6,760,417	377,477
Decrease in sundry receivables and prepayments		336,798	3,386,519
Decrease in provision for litigation recoverable		1,177,015	2,132,380
Decrease (increase) in due from escrow agent		2,940,680	(2,940,680)
Decrease in deferred reinsurance costs		7,440	1,085,406
Decrease in deferred commission costs		216,104	795,742
Decrease in deferred reinsurance premiums		1,864,784	1,830,628
Decrease in trade accounts payable		(2,707,477)	(1,622,175)
Decrease in unearned commission income		(783,299)	(424,000)
(Decrease) increase in net unpaid claims		(759,143)	1,308,457
Decrease in accrued liabilities		(590,563)	(1,022,846)
(Decrease) increase in accrued interest on bonds		(28,125)	276,563
(Decrease) increase in provision for litigation		(8,879,459)	2,955,849
Decrease in unearned premiums		(2,278,917)	(2,217,462)
Net cash (used in) from operating activities		**(419,869)**	**11,134,047**

(Continued)

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

CASH FLOWS FROM INVESTING ACTIVITIES:	**Notes**		**2011**		**2010**
Purchases of property and equipment	13	$	(492,145)	$	(1,287,700)
Proceeds from sale and maturity of investments	7		3,135,539		6,293,288
Purchase of investments	7		(3,113,019)		(10,512,886)
Proceeds from disposal of property and equipment			1,134,118		-
Increase in term deposits maturing after ninety days	6		(156,056)		(166,262)
Acquisition of subsidiary, net of cash acquired	14		-		(6,314,693)
Net cash from (used in) investing activities			**508,437**		**(11,988,253)**

CASH FLOWS FROM FINANCING ACTIVITIES:					
Preference shares dividend paid	17		(350,000)		(350,000)
Change in non-controlling interest			256,512		(1,139,760)
Common shares dividend paid	17		(1,460,219)		(3,267,092)
Repayments of loan payable			(175,446)		-
Proceeds from issuance of common shares	17		200,000		15,000
Proceeds from issuance of bonds	16		-		15,000,000
Proceeds from loan	14		-		5,398,258
Equity transactions between non-controlling interest	14		45,498		(2,476,626)
Net cash (used in) from financing activities			**(1,483,655)**		**13,179,780**
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			(1,395,087)		12,325,574
CASH AND CASH EQUIVALENTS:					
BEGINNING OF YEAR			13,049,126		723,552
END OF YEAR		**$**	**11,654,039**	**$**	**13,049,126**
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:					
Cash		$	11,614,327	$	9,001,888
Term deposits maturing within ninety days	6		39,712		4,047,238
		$	**11,654,039**	**$**	**13,049,126**
SUPPLEMENTAL CASH FLOW DISCLOSURES:					
Interest received		$	1,639,161	$	904,471
Dividends received		$	579,016	$	542,080
Interest expense paid		$	1,262,935	$	170,386

See notes to consolidated financial statements. (Concluded)

1. GENERAL

Bahamas First Holdings Limited ("BFH" or the "Company") and its subsidiaries are incorporated under the laws of the Commonwealth of The Bahamas, except BFH International Limited ("BFHIL") and Cayman First Insurance Company Limited ("CFI"), which are incorporated under the laws (2009 Revision) of the Cayman Islands. These consolidated financial statements include the accounts of BFH and its subsidiaries, which are hereinafter collectively referred to as the "Group". The primary activity of the Group is the carrying on of general insurance business (property and casualty) and health and group life insurance. The subsidiaries are as follows:

Registered insurers:

- Bahamas First General Insurance Company Limited ("BFG")
- Cayman First Insurance Company Limited ("CFI")

Registered insurance agencies:

- Nassau Underwriters Agency Insurance Agents & Brokers Ltd. ("NUA")
- Moseley Burnside Insurance Agency Limited ("MBI")
- Carib Insurance Agents & Brokers Limited ("CIA")
- General Brokers & Agents Insurance Limited ("GBA") (formerly General Brokers & Agents Limited)

Management company:

- Bahamas First Corporate Services Ltd. ("BFCS")

BFCS provides administrative and corporate services to the Group and charges management fees to the various Group companies, which are eliminated on consolidation.

Claims servicing company:

- First Response Limited ("FRL")

FRL provides motor claim roadside assistance and claim adjusting services to BFG.

Insurance holding company:

- BFH International Limited ("BFHIL")

All of the above subsidiaries are wholly-owned except for CFI.

BFHIL acquired a 75.24% equity interest in Sagicor General Insurance (Cayman) Ltd. ("SGI") on June 17, 2010, with an effective date of January 1, 2010. Sagicor General Insurance (Cayman) Ltd. was renamed Cayman First Insurance Company Limited on August 4, 2010.

At its Shareholders' Annual General Meeting held in May 2011, CFI passed a special resolution to increase its authorized share capital from $1,000,000, divided into 1,000,000 ordinary voting shares of $1 each, to $5,000,000, comprised of 4,000,000 ordinary voting shares and 1,000,000 voting preference shares of $1 each.

In May 2011, the Board of Directors of CFI resolved to raise additional share capital by way of a rights issue to the company's existing shareholders. BFHIL participated in the rights issue and increased its equity holding in CFI to 83.48%.

In July 2011, Allied Bahamas Insurance Company Limited ("ABI"), a previously wholly owned subsidiary, commenced preparatory steps for the process of voluntary liquidation. As at December 31, 2011, the key legal steps for voluntary liquidation have been executed and ABI is no longer under the control of the Group.

Effective January 1, 2009, the business portfolios of MBI and CIA were combined with NUA and NUA became the operating company. Effective December 1, 2010, the property & casualty portfolio of GBA was also combined with NUA.

The registered office of the Group is located at 32 Collins Avenue, Nassau, Bahamas.

YEAR ENDED DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND INTERNATIONAL ACCOUNTING STANDARDS (IAS)

In the current year, there were several new and amended Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB effective for annual reporting periods beginning on or after January 1, 2011. The adoption of these Standards and Interpretations has not led to any changes in the accounting policies.

a. Standards and Interpretations effective but not affecting the reported results or financial position

IFRS 3	(Amended) Business Combinations
IAS 1	(Amended) Presentation of Financial Statements
IAS 24	(Revised 2009) Related Party Disclosures
IAS 32	(Amended) Classification of Rights Issue
IAS 34	(Amended) Interim Financial Reporting
IFRIC 13	(Amended) Customer Loyalty Programmes
IFRIC 14	(Amended) Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

b. Standards and Interpretations in issue but not yet effective

IFRS 7	(Amended) Financial Instruments: Disclosures – Transfers of Financial Assets
IFRS 9	(Amended) Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements
IAS 12	(Amended) Deferred Tax – Recovery of Underlying Assets
IAS 19	(Revised 2011) Employee Benefits
IAS 27	(Revised 2011) Consolidated and Separate Financial Statements
IAS 28	(Revised 2011) Investments in Associates and Joint Ventures

Management has not assessed whether the relevant adoption of these standards and interpretations in future periods will have a material impact on the consolidated financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The following is a summary of the significant accounting policies:

a. Basis of preparation - These consolidated financial statements have been prepared on the accrual basis and under the historical cost convention, except for investments measured at fair value and land and buildings, which are revalued every three years.

The accounting policies are consistent with those used in the previous years.

b. Basis of consolidation - Subsidiaries are those enterprises controlled by BFH. Control exists when the Company has the power, directly or indirectly, to govern financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Company shares held by a subsidiary are classified as Treasury shares and are included in the consolidated statement of changes in equity at a value determined by management, based on the most recent transaction between unrelated parties, as these shares do not have a quoted market price. No gain or loss will be recognized in the profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Consideration paid or received will be recognized directly in equity.

c. Business combinations - Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the consideration transferred (measured at acquisition date fair value), and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition cost incurred is expensed.

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

Changes in the Company's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions, and are recognized in contributed surplus in the consolidated statement of changes in equity.

d. Investment in associates - An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially carried at cost and the carrying amount is increased or decreased to recognise the Company's share of the profit or loss of the associate after the date of acquisition. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the associate arising from changes in the associate's other comprehensive income. The Company's share of those changes is recognized in other comprehensive income of the Company.

After application of the equity method, the carrying amount of the investment is tested for impairment by comparing its recoverable amount with its carrying value. Losses of associates in excess of the Group's interest in those associates are not recognized.

Where a company within the Group transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

e. Financial instruments

Classification and measurement - On initial recognition a financial asset or liability is measured at its fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset or liability. After initial recognition financial assets are classified as either financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; or available-for-sale ("AFS"); and are measured at their fair values without any deduction for transaction costs, except for the following financial assets:

(i) loans and receivables and held-to-maturity financial instruments are measured at amortized cost using the effective interest rate method;

(ii) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the classification at each reporting date.

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value. Term deposits are classified as held-to-maturity financial instruments. They have fixed or determinable payments and fixed maturity dates, and the Group has the intent and ability to hold them to maturity.

Trade accounts receivable, sundry receivables and receivable from insurers are classified as loans and receivables and are carried at cost, which equates to amortized cost, less provision for bad debts. Trade accounts payable and accrued liabilities are financial liabilities, which are carried at cost.

Investments in Bahamas Government Registered Stock are designated as held-to-maturity and are carried at amortized cost. Preference share and redeemable fixed rate note investments are classified as available-for-sale and are carried at cost, as this is considered to be the fair value at the consolidated statement of financial position date. Investment in fixed income debt securities and mutual funds are classified as available-for-sale and are carried at fair value. Gains and losses arising from changes in fair value of available-for-sale investments are recognized through the consolidated statement of comprehensive income until the investments are disposed of or are determined to be permanently impaired, at which time the cumulative gain or loss previously recognized in other comprehensive income is included in profit or loss for the period. All other investments are classified as financial assets at fair value through profit or loss. They are measured at fair value with reference to market prices, or, for non-listed companies, financial information on the company.

Recognition and derecognition - The Group recognizes/derecognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Group recognizes/derecognizes financial assets purchased or sold on the trade date. The gain or loss on investments classified as at fair value through profit or loss is recognized in the consolidated statement of comprehensive income.

Investments held-to-maturity are recognized/derecognized on the day they are transferred to/by the Group. Financial liabilities are derecognized when they are extinguished. For financial assets and liabilities carried at amortized cost, a gain or loss is recognized in the consolidated statement of comprehensive income when it is derecognized or impaired, as well as through the amortization process.

f. **Trade accounts receivable** - Trade accounts receivable is stated at cost less provision for bad debts. The provision for bad debts is based on management's evaluation of the accounts receivable portfolio.

g. **Property and equipment** - Property and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and amortization and impairment losses.

Expenditure incurred in the construction or replacement of property and equipment is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the property and equipment. All other expenditure is recognized in the consolidated statement of comprehensive income as an expense as incurred.

Depreciation is charged to the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives. Land is not depreciated and expenditure incurred in the construction-in-progress is not depreciated until construction is completed.

The estimated useful lives are as follows:

Buildings	40 years
Furniture and equipment	5 - 10 years
Leasehold improvements and others	3 - 5 years
Computer software	3 - 7 years

Freehold land and buildings are stated at fair market value, based on independent professional appraisals, which are performed every three years. A revaluation increment is recorded in other comprehensive income unless it reverses a revaluation decrease of the same asset previously recognized as an expense and is transferred to retained earnings to the extent realized by complete or partial disposal of the related asset.

Any revaluation decrease is recognized as an expense unless it reverses a revaluation increase that was previously recognized in other comprehensive income.

h. **Intangible assets and goodwill** - On acquisition of an investment in an associate/subsidiary any goodwill arising (i.e. the excess of the cost of the investment over the investor's share of the net fair value of the identifiable assets, liabilities and contingent liabilities) is accounted for as follows:

(i) goodwill is included in the carrying amount of the investment for associate and is neither amortized nor individually tested for impairment. For subsidiaries, it is included as goodwill in the consolidated statement of financial position, and is tested for impairment at least annually.

(ii) other intangible assets identified on acquisition of a subsidiary are recognized only if future economic benefits attributable to the asset will flow to the Group, and if the fair value of the asset can be measured reliably. In addition, for purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or legal rights. On acquisition, the useful life of the asset is estimated and determined to be either finite or indefinite.

(iii) any excess of the investor's share of the fair value of the net assets over the cost of the investment is included in the consolidated statement of comprehensive income in the period in which the investment is acquired.

After initial recognition, an intangible asset with a finite useful life is amortized using the straight-line method over the estimated useful life, and is included in general and administrative expenses in the consolidated statement of comprehensive income. An intangible asset with an indefinite useful life is not amortized, but tested for impairment at least annually. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the entity.

An intangible asset shall be derecognized on disposal or when no future economic benefit is expected from its use or disposal. The gain or loss arising from the derecognition is recognized in the consolidated statement of comprehensive income.

i. Impairment - The carrying amounts of the Group's assets, including goodwill and intangible assets are reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income.

An impairment loss in respect of held-to-maturity assets is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

j. Insurance contracts

Product classification - Insurance contracts are those that transfer significant insurance risk at the effective date of the contract. Insurance risk is transferred when the Group agrees to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Any contracts not meeting the definition of an insurance contract under IFRS 4 Insurance Contracts are classified as investment contracts. The main insurance contracts issued by the Group are as follows:

Property and casualty insurance contracts: Property and casualty contracts are generally one year renewable contracts issued by the Group covering insurance risks over property, motor, marine, engineering and general accident.

Health and Group Life insurance contracts: Health and Group Life contracts are one year renewable contracts. Health insurance contracts cover insureds for medical expenses incurred. Group Life insurance contracts protect the Group's customers from the consequences of events (such as death or disability). Guaranteed benefits paid on occurrence of the specified insurance event are fixed.

Reinsurance contracts: Contracts with reinsurers under which the Group is compensated for losses are classified as reinsurance contracts held. Insurance contracts in which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Premiums - Premiums written are recognized as income over the periods covered by the related policies taking into consideration the exposure period to which they relate. The adjustment to apportion the gross premiums written and ceded over the life of the policy is made through the movement in the unearned premiums.

Unearned premiums at year end represent the proportion of the premiums which relate to periods of insurance subsequent to the consolidated statement of financial position date. This amount is calculated on a quarterly pro-rated basis.

Premiums ceded - Premiums ceded to reinsurers are recognized as an expense over the periods covered by the related policies taking into consideration the exposure period to which they relate.

Deferred reinsurance premiums in the consolidated statement of financial position at year end represent the proportion of the premiums ceded which relate to periods of insurance subsequent to the consolidated statement of financial position date. This amount is calculated on a quarterly pro-rated basis.

k. Unpaid claims and unpaid claims recoverable from reinsurers - The provision for unpaid claims, and the reinsurers' share thereof, represents an estimate of the amount needed to provide for the ultimate expected cost of settling claims related to insured losses (both reported and unreported) that have occurred on or before each consolidated statement of financial position date.

The provision is periodically reviewed and evaluated in the light of emerging claims experience and changing circumstances. Changes in estimate of the ultimate liability are included in net claims incurred in the consolidated statement of comprehensive income.

l. Policy acquisition costs

Reinsurance costs - Certain costs related to excess of loss reinsurance contracts are deferred and matched with the income related to these costs. Deferred reinsurance costs in the consolidated statement of financial position at year end represent the deferred portion of these costs.

Deferred and unearned commissions - At year end, deferred and unearned commissions represent the proportion of the commission paid to agents and brokers and received from reinsurers which related to periods of insurance subsequent to the consolidated statement of financial position date. These amounts are calculated on a quarterly pro-rated basis taking into consideration the exposure period to which they relate.

Commission income and expense - Base commissions paid to agents and received from insurers and reinsurers are calculated based on gross premiums written and reinsured. Base commissions paid and received are adjusted so that they are recognized over the period covered by the related policies taking into consideration the exposure period to which they relate.

Profit commissions received from reinsurers and non-group insurers, calculated based on past underwriting results, are received from other insurance companies for whom Group agents may act and from the Group's reinsurers. The agency profit commissions are recorded in the year in which Group agents receive notification of the commission and reinsurance profit and override commissions are recorded on an accruals basis.

m. Dividend and interest income - Dividend income is recorded when the dividend is declared. Interest income is accounted for on an accrual basis.

n. Cash and cash equivalents - Cash and cash equivalents consist of cash on hand and deposits with banks maturing within ninety days from the date of acquisition.

o. Borrowings - Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated statement of comprehensive income over the period of borrowing using the effective rate method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan and are capitalized, and included in sundry receivables and prepayments in the consolidated statement of financial position. Capitalized fees are amortized over the period of the facility to which it relates, and are included in general and administrative expenses in the consolidated statement of comprehensive income.

p. Share capital - Shares are classified as equity when there is no obligation to transfer cash or other assets. Share capital is comprised of common and preference shares. The preference shares are non - voting and redeemable at the option of the Company. When common shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction in equity.

q. Foreign currency translation - The Group's functional and presentation currency is in the Bahamian dollar. Assets and liabilities of the foreign subsidiary are translated from its functional currency into Bahamian dollars at the exchange rate in effect at the consolidated statement of financial position date for monetary assets and liabilities, and at historical rate in effect for non-monetary assets and liabilities.

With the exception of amortization expense, revenues and expenses are translated at the rate at transaction date, which is approximated by the weighted average rate prevailing during the year. Amortization expense is translated at the same historic rate as the related asset. Adjustments resulting from the translation of the statement of financial position of the foreign operation are included in other comprehensive income (loss) in the consolidated statement of comprehensive income.

r. **Related parties** - Related parties include:

- Key Management Personnel, close family members of Key Management Personnel, and entities which are controlled individually and/or jointly, or significantly influenced, or for which significant voting power is held, by Key Management Personnel or their close family members; or
- Non-Key Management Personnel who have significant influence over the Group and their close family members. Non-Key Management Personnel who control in excess of 10% of the outstanding common shares are considered to have significant influence over the Group.

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the Officers and Directors.

Close family members include the spouse of Key and Non-Key Management Personnel and the children and dependents of Key and Non-Key Management personnel or their spouse.

s. **Pension benefits** - The Group's employees participate in a defined contribution plan. Under the plan, the Group contributes a fixed percentage of annual salary that is expensed in the year. Once the contributions have been made, the Group has no further obligations. The expensed amount is included in salaries, benefits and bonuses in the consolidated statement of comprehensive income.

t. **Share–based payments** - The Company has a share option plan for executives and on occasion a share subscription offer for non management employees. When the options are exercised the Company issues new shares and the proceeds received are credited to common shares and contributed surplus in the consolidated statement of changes in equity.

u **Earnings per share** - Earnings per share is computed by dividing the comprehensive income attributable to the common shareholders by the weighted average number of common shares outstanding during the year. There is no material difference between basic earnings per share and fully diluted earnings per share.

v. **Leases** – Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. All of the Group's leases are operating leases. Payments made under operating leases are recognized as an expense on a straight line basis over the term of the lease.

w **Taxation** – Subsidiaries of the Group operating in The Bahamas are subject to tax on taxable gross premium income at the flat rate of 3% (2010: 3%). There are no other taxes on corporate income or capital gains levied on the Group in any of the jurisdictions in which the Company operates.

x. **Segment reporting** - In identifying its operating segments, management generally follows the Group's business operating activities by geographic location (Bahamas & Cayman). The Bahamas' segment includes general insurance only and Cayman's segment includes both general insurance and health and group life. General insurance comprises fire, motor, marine, engineering and general accident. The health and life insurance segment includes group life and medical insurance.

y. **Contingent liabilities -** A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle that obligation at the reporting date and are discounted to present value.

Potential recoveries from third parties are recognized as a receivable when it is virtually certain that the recoveries will be received and the amount can be measured reliably.

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4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i. The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the amounts that the Group will ultimately pay to settle such claims.

Significant areas requiring judgment include:

- Estimates of the amount of any liability in respect of claims notified but not settled and incurred but not reported claims provisions ("IBNR") included within provisions for insurance and reinsurance contracts.
- The corresponding estimate of the amount of reinsurance recoveries which will become due as a result of these estimated claims.
- The recoverability of amounts due from reinsurers.
- Estimates of the proportion of exposure which has expired in the period as represented by the earned proportion of premiums written.

The carrying value at the consolidated statement of financial position date of gross claims reported and loss adjustment expenses and claims incurred but not reported was $43,618,032 (2010: $34,025,371). The amount of reinsurance recoveries estimated at the consolidated statement of financial position date is $27,374,217 (2010: $17,022,413).

ii. Impairment of goodwill and intangible assets

Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use or fair value less costs to sell of the cash-generating unit or group of units to which the value has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit(s) and a suitable discount rate in order to calculate present value, both of which are material sources of uncertainty.

Fair value less costs to sell is the amount obtainable from the sale of an asset or cash generating unit(s) between knowledgeable willing parties, less the costs of disposal. The carrying value at the consolidated statement of financial position date for intangible assets and goodwill was $11,378,112 (2010: $11,493,455).

iii. Provision for bad debts

As described in Note 3f, provision for bad debts is based on management's evaluation of the respective portfolios. This evaluation is based on the aged analysis of the trade accounts receivable. Trade accounts receivable, which is shown net of provision for bad debts, is comprised of (1) amounts receivable from insurance agents that have signed agency agreements with the Group insurers ("insurer trade receivables"), and (2) clients of the Group's agency subsidiaries ("agency receivables"). Provisions are recorded for agency receivables as follows:

Over 6 months:	10% provision
Over 9 months:	20% provision
Over 1 year:	100% provision

The carrying value at the consolidated statement of financial position date for trade accounts receivable was $26,980,097 (2010: $33,740,514).

iv. Provision for litigation

As disclosed in Note 12, the Grand Court of the Cayman Islands (the "Court"), issued a ruling on March 14, 2011 against CFI in relation to the undertaking as to damages pursuant to the Mareva Injunction. CFI subsequently, on October 14, 2011, reached a settlement agreement with the various third parties for a lower settlement sum. The agreed amounts have been paid in full.

In the same judgment, the Court issued a ruling in favor of CFI in relation to the counterclaims related to abuse of process, and no damages were awarded to the third parties. Subsequent to the ruling, one of the third parties filed notice of appeal on March 28, 2011. The Court of Appeal heard the matter in November 2011, but is yet to issue its ruling.

On December 9, 2011, the Court issued a ruling on the issue of costs relating to both the counterclaims related to abuse of process and the Mareva Injunction undertaking. The Court ordered that CFI must pay 85% of the costs and disbursements of the consolidated trial to the third parties awarded damages under the Mareva Injunction undertaking, on the standard basis, whilst all of the third parties, jointly and severally, must pay 15% of the costs and disbursements of CFI, on a standard basis. CFI has subsequently filed notice of appeal against what it considers to be an inequitable ruling, and therefore the provision held for costs is subject to significant uncertainty, as the ultimate settlement will be based on what the Court of Appeal determines to be the final percentage allocation of costs between the various parties. Actual amounts could differ significantly from the provision made.

Refer to Note 12 for further information related to this provision.

v. Depreciation

Depreciation is based on management estimates of the future useful life of property and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation charges. The Company reviews the future useful life of property and equipment periodically, taking into consideration the factors mentioned above and all other important factors. In case of significant changes in the estimated useful lives, depreciation charges are adjusted prospectively.

vi. Fair value of financial assets and liabilities

The fair values of listed equities are based on current bid prices reported on recognized exchanges. The fair value of debt securities is based on either current bid prices reported on recognized exchanges or pricing data provided by internationally recognized pricing services. Mutual funds are carried at fair value based on the net asset value per share provided by the administrator of the fund. If prices are not readily available, the fair value is estimated using either dealer quotes or pricing models or discounted cash flow models or management's estimate of amounts that could be realized under current market conditions and which are based on observable market-based inputs when available.

Where fair value has been determined using data provided by a recognized pricing service, dealer quotes, pricing models or net asset value per share, the Group has obtained an understanding of the methods, models and inputs used in pricing and has controls in place that management considers sufficient to validate that prices represent fair value.

For fair value of unlisted shares, fair value is estimated using assumptions that may not be supported by observable market prices or rates. In determining the fair value, the following information was used: the cost, cost less impairment and the book value available at the consolidated statement of financial position date.

Investments, for which observable market prices do not exist, are reported at fair value as determined in good faith by management. Fair value is based on the best information available and is determined by reference to information including, but not limited to the following: projected revenues, net earnings, earnings before interest, taxes, depreciation and amortization ("EBITDA"), book value, relevant public or private transactions, valuations for publicly traded companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. The amount determined to be fair value may incorporate management's own assumptions (including appropriate risk adjustments for non-performance and lack of marketability).

For certain financial instruments carried at cost, the carrying amounts approximate to fair value due to the short term nature of these instruments. Such instruments include, premiums receivable, reinsurance balances receivable, other receivables, reinsurance balances payable and other short term liabilities.

Refer to Notes 5 and 7 for further information on the fair value of financial assets and liabilities.

5. RISK MANAGEMENT

As an insurance Company, the Group is concerned about the risks inherent in its business activities (insurance risk) and the risks associated with the management of the financial assets and liabilities (financial risk) which support the operational activities. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management structure. The Group has established the Technical Review and Risk Compliance Committee, and the Finance and Investment Committee to ensure that management has a system which details the risk policies, procedures, measurement, reporting and compliance. The committees report regularly to the Board of Directors on their activities.

The Group has exposures to risks in each class of business within each operating segment that may develop and that could have a material impact upon the Group's financial position.

INSURANCE RISK

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

Risk factors that affect insurance are many and include the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The Group insures the risks of entities within The Bahamas and the Cayman Islands. There is a concentration of insurance risk in those territories.

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

Property and casualty insurance risks

Property risks are comprised of physical damage to property. Property policies are underwritten by reference to the commercial replacement value of the properties and content insured.

Casualty risks are comprised of personal injury from motor claims, public liability, employers' liability, workmen's compensation and personal liability coverage.

For the Group's property and casualty insurance contracts, significant risk exposure arises from low frequency, high severity events such as hurricanes. Single events, such as flooding and fires may also generate significant claims.

Claim payment limits are always included to cap the amount payable on occurrence of the insured event. The costs of rebuilding properties, replacement or indemnity for contents are the key factors that influence the level of claims under these policies.

The frequency and severity of claims can be affected by several factors with the single most significant event being a catastrophic event. The Group manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. Underwriting limits are in place to enforce appropriate risk selection criteria. The Group actively manages and pursues early settlement of all claims to reduce its exposure to unpredictable developments. It has a dedicated in-house claims department and uses third party loss adjusters as necessary. The Company will, where necessary, appoint lawyers to act on the Company's behalf in respect of serious bodily injury claims thus ensuring settlements and avoiding claims development.

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

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

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

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

Health and group life insurance risks

The most significant factors that could increase the overall frequency of claims relating to health and group life insurance contracts are epidemics or widespread changes in lifestyle, resulting in earlier or more claims than expected.

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The reinsurance program used by the Group is reviewed and approved by the Technical Review and Risk Compliance Committee on an annual basis.

FINANCIAL RISK

The Group is exposed to financial risk through its financial assets and liabilities. The components of financial risk that have an impact on the Group are credit risk, market risk and liquidity risk. Market risk exposure result from adverse movements in market rates and prices and as a result the Group is exposed to interest rate risk, foreign currency risk and price risk.

Financial risk is a significant risk for the Group's operations. The risk framework combines investment policies, limits, stress tests and regular monitoring to control the nature and level of financial risk and to ensure adherence to Group and regulatory policies and guidelines. The following table reconciles financial assets and financial liabilities to the Group's statement of financial position:

		2011		2010
Financial assets:				
Cash and term deposits	$	15,836,830	$	17,075,861
Investments:				
Held-to-maturity		4,459,000		4,459,000
At fair value through profit and loss		12,836,557		13,886,557
Available-for-sale		20,496,126		19,712,333
Loans and receivables:				
Trade accounts receivable, net		26,980,097		33,740,514
Other receivables*		2,400,173		2,481,386
Provision for litigation recoverable		-		1,177,015
Due from escrow agent		-		2,940,680
Total financial assets		**83,008,783**		**95,473,346**
Non - financial assets		95,493,529		89,688,357
Total assets	**$**	**178,502,312**	**$**	**185,161,703**
Financial liabilities:				
Payables at amortized cost:				
Trade accounts payable, accrued expenses and other liabilities	$	7,064,702	$	10,362,742
Bond and loan payables		20,471,250		20,674,821
Total financial liabilities		**27,535,952**		**31,037,563**
Non - financial liabilities		104,325,731		106,674,745
Total liabilities	**$**	**131,861,683**	**$**	**137,712,308**

* excludes prepaid expenses of $321,343 (2010: $576,928)

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Key areas where the Group is exposed to credit risk are in the investment portfolios, reinsurance receivables, premiums receivable, and other receivables.

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The Group's investment policy permits the Group to invest in fixed income securities, equity securities, private placements of financial institutions, term deposits, and to limit exposure to any one issuer. The Group's deposits are placed with well-known high quality financial institutions. Policies and guidelines are in place to limit the exposure faced by the Group.

The Group is exposed to credit risk with respect to the amounts recoverable from its reinsurers. The Group's liability as primary insurer is not discharged if a reinsurer defaults on the obligation to pay. The Technical Review and Risk Compliance Committee ensures that management assesses the creditworthiness of all reinsurers by reviewing credit ratings as determined by independent rating agencies and other publicly available financial information. The concentration of credit risk is also monitored to minimize the Group's exposure to significant losses from reinsurer insolvency.

The following assets of the Group are exposed to credit risk:

		2011		2010
Held-to-maturity:				
Bahamas government registered stocks	$	4,459,000	$	4,459,000
Available-for-sale securities:				
Fixed income debt securities		16,055,853		14,393,185
Mutual funds		1,440,273		1,126,606
Preference shares		3,000,000		3,000,000
Loans and receivables:				
Trade accounts receivable		28,942,871		35,525,798
Other receivables		2,400,173		2,481,386
Provision for litigation recoverable		-		1,177,015
Due from escrow agent		-		2,940,680
Cash and term deposits		15,836,830		17,075,861
Total	**$**	**72,135,000**	**$**	**82,179,531**

Fixed income debt securities are analyzed in the table below using Standard & Poor's ("S&P") ratings (or an equivalent rating when not available from S&P).

		2011		2010
AAA	$	541,830	$	3,229,182
AA		3,707,892		1,602,605
A		7,355,175		7,424,297
BBB		7,049,956		6,065,481
Below BBB		-		509,862
Not rated		1,860,000		20,758
Total debt securities	**$**	**20,514,853**	**$**	**18,852,185**

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Financial assets exposed to credit risk that are neither past due nor impaired, past due but not impaired and those that are impaired are analyzed in the table below:

At December 31, 2011		Neither past due nor impaired		Past due but not impaired		Impaired		Total
Held-to-maturity debt securities	$	4,459,000	$	-	$	-	$	4,459,000
Available-for-sale debt securities		20,496,126		-		-		20,496,126
Loans and receivables:								
Trade accounts receivable		18,429,791		8,550,306		1,962,774		28,942,871
Other receivables		2,363,477		36,696		-		2,400,173
Cash and term deposits		15,836,830		-		-		15,836,830
Total assets exposed to credit risk	**$**	**61,585,224**	**$**	**8,587,002**	**$**	**1,962,774**	**$**	**72,135,000**

At December 31, 2010		Neither past due nor impaired		Past due but not impaired		Impaired		Total
Held-to-maturity debt securities	$	4,459,000	$	-	$	-	$	4,459,000
Available-for-sale debt securities		18,519,791		-		-		18,519,791
Loans and receivables:								
Trade accounts receivable		18,134,681		15,605,833		1,785,284		35,525,798
Provision for litigation recoverable		1,177,015		-		-		1,177,015
Due from escrow agent		2,940,680		-		-		2,940,680
Other receivables		2,391,386		-		90,000		2,481,386
Cash and term deposits		17,075,861		-		-		17,075,861
Total assets exposed to credit risk	**$**	**64,698,414**	**$**	**15,605,833**	**$**	**1,875,284**	**$**	**82,179,531**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Group does not hold collateral as security.

INTEREST RATE RISK

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

The Group's investment in fixed income debt securities, money market fund, cash and cash equivalents, and its loan and bonds payables are all subject to interest rate risk. Fluctuations in interest rates impact the level of gains and losses on the Group's interest bearing financial instruments. The coupon rates associated with the fixed interest debt securities held by the Group range from 3.25% to 7.0%. The underlying debt securities of the money market fund may be affected by changes in interest rates. The Group's loan payable is at a rate of 1.5% above U.S. prime rate (effective rate: 4.75%). Interest on the Series I and II bonds payable are at B$ prime rate plus 1.75% and 2.00%, respectively (effective rate 6.50% and 6.75%, respectively).

The Group's investment income will move with interest rates over the medium to long term with short term interest rate fluctuations creating unrealized gain or losses in other comprehensive income.

The average interest yields of investments held during the year are as follows:

Debt securities	5.2% (2010: 3.7%)
Cash, term deposits and money market funds	1.6% (2010: 2.2%)

FOREIGN CURRENCY RISK

Foreign currency risk relates to the Group operating in different currencies and converting non- Bahamian earnings at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Group is not directly exposed to foreign currency risk, as investments are denominated in Bahamian dollars and US dollars. The Group's investments in The Bahamas are denominated in Bahamian dollars, which is fixed to the US dollar at the following rate: B$1 = US$1. CFI has investments denominated in US dollars.

The Cayman Island dollar is fixed to the US$ at the following rate: CI$1 = US$1.20, at the date of the consolidated statement of financial position. The Group is indirectly exposed to foreign currency risk, where it holds investments in mutual funds. The underlying investments of the mutual funds could be denominated in foreign currencies, resulting in exposure to fluctuations in foreign exchange rates.

PRICE RISK

The Group is subject to price risk on its equity securities due to changes in market values. One of the primary objectives of the Group's risk management policy is to mitigate potential adverse impacts of market movements.

LIQUIDITY RISK

Liquidity risk is the risk that the Group may have difficulty liquidating its positions due to existing or unforeseen market constraints to meet obligations associated with financial instruments. In respect of catastrophic events, the Group is exposed to liquidity risk associated with the timing differences between cash flows and expected reinsurance recoveries to meet its insurance liability obligation. Most of the Group's investments are either in a market that is not highly active or do not have a market and therefore may not be readily realizable.

As a result, the Group may not be able to quickly liquidate its investments at an amount close to their fair value in order to meet liquidity requirements. The Group mitigates this risk by maintaining significant holdings in cash and term deposits and also ensures that there are set guidelines for asset allocations, portfolio limit structures and maturity profiles of investments.

The following tables indicate the timing of undiscounted cash flows arising from financial liabilities as at December 31, 2011 and 2010:

			Cash flows		
2011 Financial liabilities		**Total**	**< 1 year**	**1 - 5 years**	**> 5 years**
Accrued expenses and other liabilities	$	2,248,382	$ 2,208,670	$ 39,712	$ -
Bonds payable		15,248,438	248,438	-	15,000,000
Loan payable		5,222,812	438,333	2,540,885	2,243,594
Trade accounts payable		4,816,320	4,816,320	-	-
Total undiscounted cash flows	**$**	**27,535,952**	**$ 7,711,761**	**$ 2,580,597**	**$ 17,243,594**

			Cash flows		
2010 Financial liabilities		**Total**	**< 1 year**	**1 - 5 years**	**> 5 years**
Accrued expenses and other liabilities	$	2,838,945	$ 2,799,977	$ 38,968	$ -
Bonds payable		15,276,563	276,563	-	15,000,000
Loan payable		5,398,258	211,348	2,420,695	2,766,215
Trade accounts payable		7,523,797	7,523,797	-	-
Total undiscounted cash flows	**$**	**31,037,563**	**$ 10,811,685**	**$ 2,459,663**	**$ 17,766,215**

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SENSITIVITY ANALYSIS

The Group predominantly funds its net insurance liabilities through its cash and term deposits generated in the normal course of its operations. In the event of a catastrophe, the net insurance liabilities may be required to be funded through the Group's portfolio of investments.

Insurance liabilities are calculated using historical claims data to determine an estimate of the amount needed to provide for the ultimate expected cost of settling claims related to insured losses (both reported and unreported) that have occurred at the date of the statement of financial position. In most cases, no explicit assumptions are made as projections are based on assumptions implicit in the historic claims development on which the projections are based. As such, the sensitivity of the insurance liabilities is based on the financial impact of changes to the reported loss ratio. The provision for long tail claims is determined by using the incurred loss method and loss ratio method. The loss development factors used are based on the Group's experience.

The sensitivity analysis below is based on a change in one assumption while holding all other assumptions constant. The analyses assume that there is no correlation between the assumptions.

Sensitivity factor	Description of sensitivity factor applied
Interest rate- cash and term deposits, money market funds & debt securities	The impact of a change in market interest rates by 1%
Underwriting expenses	The impact of a change in underwriting expenses by 5%
Loss ratios	The impact of a change in loss ratio by 5%

December 31, 2011	Interest rates		Underwriting expenses		Loss ratio	
In $	+1%	-1%	+5%	-5%	+5%	-5%
Impact on profit	158,368	(158,368)	(1,699,002)	1,699,002	(3,079,531)	3,079,531
Impact on equity	661,826	(661,826)	(1,699,002)	1,699,002	(3,079,531)	3,079,531

December 31, 2010	Interest rates		Underwriting expenses		Loss ratio	
In $	+1%	-1%	+5%	-5%	+5%	-5%
Impact on profit	170,759	(170,759)	(1,812,539)	1,812,539	(3,075,467)	3,075,467
Impact on equity	494,959	(494,959)	(1,812,539)	1,812,539	(3,075,467)	3,075,467

Price risk arises primarily from changes in the value of equity investments that may be bought and sold. The Group is sensitive to price risk on its fair value through profit or loss and available-for-sale equity securities. These securities are managed according to the benchmarks as specified in the Group's statement of investment policy and guidelines. The effect of a 10% increase (2010:10%) and a 10% decrease (2010:10%) in equity prices at the date of the statement of financial position are set out below:

At December 31, 2011	Carrying Value	Effect on profit and equity +10%	Effect on profit and equity -10%
Listed on stock exchanges / markets	$ 12,836,557	$ 1,283,656	$ (1,283,656)
Listed / unlisted mutual funds	1,440,273	144,027	(144,027)
Total	**$ 14,276,830**	**$ 1,427,683**	**$ (1,427,683)**
At December 31, 2010			
Listed on stock exchanges / markets	$ 13,886,557	$ 1,388,656	$ (1,388,656)
Listed / unlisted mutual funds	1,126,606	112,660	(112,660)
Total	**$ 15,013,163**	**$ 1,501,316**	**$ (1,501,316)**

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CAPITAL MANAGEMENT

The Group's objectives when managing Capital are:

- to safeguard the Group's ability to continue as a going concern through prudent and sustainable growth, so that it can continue to maximize returns for shareholders;
- to ensure that it maintains a strong credit rating (minimum AM Best rating of A- Excellent) and healthy capital ratios in order to support its business objectives; and
- to comply with the regulatory capital requirements in the jurisdictions in which the Group operates.

The Group actively monitors its capital requirements and is in compliance with all relevant laws, rules and regulations.

6. TERM DEPOSITS AND BANK OVERDRAFT

Term deposits are denominated in Bahamian and United States dollars with an average interest rate of 3.17% (2010: 2.14%) per annum at the consolidated statement of financial position date.

		2011		**2010**
Term deposits maturing within ninety days	$	39,712	$	4,047,238
Term deposits maturing after ninety days		4,182,791		4,026,735
Total	**$**	**4,222,503**	**$**	**8,073,973**

The Group also has a bank overdraft facility up to $3,000,000 (2010: $3,000,000), which bears interest at the B$ Prime Rate ("Prime") plus 1.5% per annum. The overdraft facility is secured by the term deposits.

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7. INVESTMENTS

		2011		2010
Held-to-maturity:				
Bahamas Government Registered Stocks - at amortized cost				
Unrestricted	$	3,459,000	$	4,459,000
Restricted		1,000,000		-
Total held-to-maturity		4,459,000		4,459,000
At fair value through profit or loss:				
Bahamas International Securities Exchange Limited (BISX)				
12 (2010: 12) common shares - at cost $130,556				
(2010: $130,556) less impairment		5,557		5,557
Commonwealth Bank Limited				
1,833,000 (2010: 1,983,000) common shares				
Cost $2,268,564 (2009: $2,454,208)		12,831,000		13,881,000
Total at fair value through profit or loss		12,836,557		13,886,557
Available-for-sale:				
Fixed income debt securities, at fair value				
amortized cost $15,780,370 (2010: $14,038,973)		16,055,853		14,393,185
Mutual funds, at fair value				
cost less impairment $1,371,484 (2010: $1,117,402)		1,440,273		1,126,606
Common equities, at fair value				
(cost $1,006,620)		-		1,192,542
Preference shares		3,000,000		3,000,000
Total available-for-sale		20,496,126		19,712,333
Total investments	**$**	**37,791,683**	**$**	**38,057,890**

Held-to-maturity investments are recorded at amortized cost based on the effective interest rate method. These investments are variable interest rate instruments tied to Prime, with interest rates ranging from 4.77% to 4.94% per annum (2010: 5.52% to 5.69%) and scheduled maturities between 2015 and 2030 (2010: 2015 and 2030) at the date of the consolidated statement of financial position. The investments are carried at amortized cost as the Group has the intent and ability to hold them to maturity. In 2011, in accordance with the Insurance Act 2005 (Amended 2009), and regulations 61 and 62 of the Insurance (General) Regulations 2010, the Group established a Trust Account (the "BFG Trust") in which $1,000,000 of the Bahamas Government Registered Stocks have been placed in Trust. This amount is restricted for regulatory purposes but the interest income accrues to the Group.

The investment in Commonwealth Bank Limited (the "Bank") was valued at $7.00 (2010: $7.00) per share, which is the listed price at the date of the consolidated statement of financial position on the Bahamas International Stock Exchange ("BISX").

The amortized cost and fair value of available-for-sale fixed income debt securities held at December 31, 2011 by contractual maturities are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to repay obligations early without repayment penalties. Interest rates range from 3.25% to 7.0% (2010: 2.6% to 6.5%) per annum at the date of the consolidated statement of financial position.

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	2011		2010	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
Available-for-sale:				
Due in less than 1 year	$ 2,003,958	$ 2,030,951	$ 1,006,944	$ 1,013,495
Due from 1 through 5 years	8,854,314	9,005,762	7,593,314	8,033,075
Due after 5 years	4,922,098	5,019,140	5,438,715	5,346,615
Total	**$ 15,780,370**	**$ 16,055,853**	**$ 14,038,973**	**$ 14,393,185**

The Group's available-for-sale fixed income debt securities are comprised of the following:

	2011	**2010**
Government debt securities	$ 5,043,041	$ 3,724,808
Corporate debt securities	10,992,812	10,648,377
Other debt securities	20,000	20,000
Total	**$ 16,055,853**	**$ 14,393,185**

The geographical locations of the Group's portfolio of investments are as follows:

	2011	**%**	**2010**	**%**
Bahamas	$ 23,457,616	62%	$ 22,354,761	59%
USA	11,670,775	31%	13,255,715	35%
Europe	615,405	2%	1,263,593	3%
Latin America	523,255	2%	624,710	2%
Cayman	519,017	1%	527,500	1%
Australia	505,190	1%	-	-
Asia	500,425	1%	31,611	0%
Total	**$ 37,791,683**	**100%**	**$ 38,057,890**	**100%**

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Reconciliations of movements in the balance of investments and loans and receivable are provided below:

	Held-to-maturity	Fair value through profit or loss	Available-for-sale	Loans and receivable	Total
At December 31, 2009	**$ 411,800**	**$ 14,936,557**	**$ 3,000,000**	**$ -**	**$ 18,348,357**
Acquisition of CFI	-	-	13,839,279	1,437,340	15,276,619
Cost of investments purchased	4,047,200	-	6,465,686	-	10,512,886
Proceeds from sales and maturities	-	(1,027,880)	(3,828,068)	(1,437,340)	(6,293,288)
Amortization of premiums / discounts on bonds	-	-	(84,480)	-	(84,480)
Inrease in fair value of investments	-	-	508,404	-	508,404
Realized losses on sales of investments	-	(22,120)	(77,504)	-	(99,624)
Amortization of fair value losses on reclassified debt securities	-	-	(161,604)	-	(161,604)
Impairment recovery	-	-	50,620	-	50,620
At December 31, 2010	**$ 4,459,000**	**$ 13,886,557**	**$ 19,712,333**	**$ -**	**$ 38,057,890**
Cost of investments purchased	-	-	3,113,019	-	3,113,019
Proceeds from sales and maturities	-	(1,028,325)	(2,107,214)	-	(3,135,539)
Amortization of premiums / discounts on bonds	-	-	(118,353)	-	(118,353)
Net decrease in fair value of investments	-	-	(204,637)	-	(204,637)
Realized gains (losses) on sales of investments	-	(21,675)	100,978	-	79,303
At December 31, 2011	**$ 4,459,000**	**$ 12,836,557**	**$ 20,496,126**	**$ -**	**$ 37,791,683**

Management believes that there is no objective evidence of impairment of its investment portfolio as there has not been a significant or prolonged decline in the fair value of any of its securities.

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FAIR VALUE MEASUREMENT

In accordance with IFRS 7 Financial Instruments: Disclosure, fair value measurements are classified as Level 1, 2 or 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In addition to the measurement hierarchy, financial instruments which have significant unobservable inputs (classified as Level 3) require the disclosures on the transfers into and out of Level 3, a reconciliation of the opening and closing balances, total gains and losses for the period split between those recognized in other comprehensive income, purchases, sales, issues and settlements, and sensitivity analysis of reasonably possible changes in assumptions. Disclosure is also required of the movements between different levels of the fair value hierarchy and the reason for those movements.

The following table presents the Group's financial assets measured at fair value at December 31, 2011, by the level in the fair value hierarchy into which the fair value measurement is categorized.

	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss:				
Equity securities	$ 12,836,557	$ -	$ -	$ 12,836,557
Total	**12,836,557**	**-**	**-**	**12,836,557**
Available-for-sale financial assets:				
Fixed income debt securities	-	16,035,853	20,000	16,055,853
Mutual funds	-	1,322,059	118,214	1,440,273
Preference shares	-	3,000,000	-	3,000,000
Total	**-**	**20,357,912**	**138,214**	**20,496,126**
Total assets measured at fair value	**$ 12,836,557**	**$ 20,357,912**	**$ 138,214**	**$ 33,332,683**

There were no transfers between the various levels during the year.

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The following table presents the Group's financial assets measured at fair value at December 31, 2010, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss:				
Equity securities	$ 13,886,557	$ -	$ -	$ 13,886,557
Total	**13,886,557**	**-**	**-**	**13,886,557**
Available-for-sale financial assets:				
Fixed income debt securities	-	14,373,185	20,000	14,393,185
Mutual funds	-	1,009,204	117,402	1,126,606
Preference shares	-	3,000,000	-	3,000,000
Common equities	1,192,542	-	-	1,192,542
Total	**1,192,542**	**18,382,389**	**137,402**	**19,712,333**
Total assets measured at fair value	**$ 15,079,099**	**$ 18,382,389**	**$ 137,402**	**$ 33,598,890**

There were no transfers between the various levels during the year.

The following table presents the changes in Level 3 instruments during the year:

	2011	2010
Balance at January 1	$ 137,402	$ -
Increase in fair value	812	-
CFI acquisition	-	86,782
Impairment recovery	-	50,620
Balance at December 31	**$ 138,214**	**$ 137,402**

8. INVESTMENT IN ASSOCIATE

The Company holds a 20% (2010: 20%) equity interest in Star General Agency (Grand Bahama) Limited ("Star General").

	2011	2010
Balance at January 1	$ 305,769	$ 234,826
Share of net earnings for the year	67,111	70,943
Balance at December 31	**$ 372,880**	**$ 305,769**
Share of associate's unaudited statement of financial position:		
Total assets	$ 1,207,868	$ 1,121,230
Total liabilities	(942,988)	(923,461)
Net assets	264,880	197,769
Goodwill	108,000	108,000
Carrying value of investment in associate	**$ 372,880**	**$ 305,769**
Share of associate's unaudited statement of comprehensive income:		
Revenues	**$ 668,247**	**$ 735,072**
Net income	**$ 67,111**	**$ 70,943**

Investment in associate includes $108,000 (2010: $108,000) in goodwill. At December 31, 2011 the recoverable amount exceeded the carrying amount of the investment in associate, accordingly no provision for impairment was considered necessary.

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9. TRADE ACCOUNTS RECEIVABLE, NET

Trade accounts receivable, which is shown net of provision for bad debts, is comprised of:

- amounts receivable from insurance agents that have signed agency agreements with the Group insurers ("insurer trade receivables"), and
- clients of the Group's agency subsidiaries ("agency receivables").

	2011	2010
Insurer trade receivables	$ 17,370,267	$ 22,365,684
Agency receivables	11,572,604	13,160,114
	28,942,871	35,525,798
Provision for bad debts:		
Balance at January 1	1,785,284	1,859,948
Increase in provision for the year	297,302	645,056
Bad debts written off for the year	(119,812)	(719,720)
Balance at December 31	1,962,774	1,785,284
Trade accounts receivable, net	**$ 26,980,097**	**$ 33,740,514**

Ageing of trade accounts receivable, net is as follows:	2011	2010
Less than 3 months	$ 18,429,791	$ 18,134,681
3-6 months	5,073,311	9,092,739
6 months - 1 Year	2,792,174	5,717,505
Over 1 Year	684,821	795,589
	$ 26,980,097	**$ 33,740,514**

10. DEFERRED/UNEARNED PREMIUMS AND COMMISSION COSTS

	Insurance Assets			Insurance Liabilities		
	Deferred Reinsurance Premiums	Deferred Commission Costs	Deferred Reinsurance Cost	Unearned Premiums	Unearned Commission Income	Net
Balance at December 31, 2009	**$ 28,344,905**	**$ 5,018,135**	**$ 3,789,271**	**$ (42,073,491)**	**$ (6,896,626)**	**$ (11,817,806)**
Portfolio transfer as a result of change in net retention	913,455	-	-	-	-	913,455
CFI acquisition	11,556,667	1,210,792	-	(14,039,082)	(2,506,889)	(3,778,512)
Movement during the year	(2,744,083)	(795,742)	(1,085,406)	2,217,462	424,000	(1,983,769)
Balance at December 31, 2010	**$ 38,070,944**	**$ 5,433,185**	**$ 2,703,865**	**$ (53,895,111)**	**$ (8,979,515)**	**$ (16,666,632)**
Movement during the year	(1,864,784)	(216,104)	(7,440)	2,278,917	783,299	973,888
Balance at December 31, 2011	**$ 36,206,160**	**$ 5,217,081**	**$ 2,696,425**	**$ (51,616,194)**	**$ (8,196,216)**	**$ (15,692,744)**

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11. UNPAID CLAIMS AND CLAIMS INCURRED

	Gross	Reinsurance	Net
Unpaid claims at December 31, 2009	**$ 21,922,049**	**$ (12,070,918)**	**$ 9,851,131**
Portfolio transfer	-	(143,560)	(143,560)
CFI acquisition	10,276,040	(4,432,670)	5,843,370
Claims incurred	41,719,447	(14,736,958)	26,982,489
Claims paid	(39,892,165)	14,361,693	(25,530,472)
Unpaid claims at December 31, 2010	**$ 34,025,371**	**$ (17,022,413)**	**$ 17,002,958**
Claims incurred	80,434,957	(48,827,867)	31,607,090
Claims paid	(70,842,296)	38,476,063	(32,366,233)
Unpaid claims at December 31, 2011	**$ 43,618,032**	**$ (27,374,217)**	**$ 16,243,815**

The table below shows the development of claims over a period of time on a gross basis, and also shows the cumulative incurred claims, including both notified and IBNR claims for each successive accident year.

P&C	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**
Gross claims incurred at end of reporting year	$ 18,731,278	$ 17,093,172	$ 15,057,157	$ 19,565,254	$ 56,295,718	
One year later	22,092,362	19,349,635	18,481,176	22,956,965		
Two years later	23,014,578	19,368,689	20,971,212			
Three years later	22,646,062	18,837,350				
Four years later	25,538,528					
Total incurred to date	25,538,528	18,837,350	20,971,212	22,956,965	56,295,718	
Cumulative payments to date	(23,093,465)	(16,808,793)	(17,706,903)	(17,207,483)	(41,312,291)	
Liability included in the consolidated statement of financial position	2,445,063	2,028,557	3,264,309	5,749,482	14,983,427	$ 28,470,838
Reserves for prior years						13,047,194
Total unpaid claims for P&C business including amount recoverable from reinsurer						**$ 41,518,032**

H&L	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**
Gross claims incurred at end of reporting year	$ -	$ -	$ 16,987	$ 18,006,813	$ 18,860,377	$ 36,884,177
One year later			16,987	18,363,287		
Total incurred to date	-	-	16,987	18,363,287	18,860,377	37,240,651
Cumulative payments to date	-	-	(16,987)	(18,363,287)	(16,760,377)	(35,140,651)
Liability included in the consolidated statement of financial position	-	-	-	-	2,100,000	2,100,000
Reserves for prior years						-
Total unpaid claims for H&L business including amount recoverable from reinsurer						**$ 2,100,000**
Total unpaid claims including amount recoverable from reinsurer in the consolidated statement of financial position						**$ 43,618,032**

12. PROVISION FOR LITIGATION & PROVISION FOR LITIGATION RECOVERABLE

Hurricane Ivan claims

Effective November 30, 2005, Cayman National Corporation ("CNC") sold a controlling 51% stake in CFI to Sagicor Life of the Cayman Islands Limited ("SLCI"). On October 22, 2007, SLCI purchased an additional 24.24% interest in CFI from CNC. Under the terms of the initial Sales Agreement, CNC provided certain warranties to SLCI, including claims in relation to Hurricane Ivan claims not finally settled at the date of the agreement.

In February 2006, CFI filed suit against certain third parties to recover sums paid for work done in respect of Hurricane Ivan, specifically the "Windsor Village litigation". The understanding of the shareholders (SLCI and CNC) based on discussions held, was that CNC would be entitled to retain any benefits realized from the Windsor Village litigation, and be responsible for all liabilities that might arise therefrom. CFI and SLCI's position was also that CNC was responsible for the conduct of the litigation.

In December 2008, CFI withdrew its claims against the third parties, and the third parties lodged counterclaims related to abuse of process against CFI. Additionally, having discharged an injunction ("the Mareva Injunction") obtained in the course of the initial litigation, CFI became liable under an undertaking as to damages to compensate the third parties for any loss caused by the injunction.

As noted in note 1, on June 17, 2010, SLCI executed a Share Purchase Agreement ("SPA") for the sale of its 75.24% holding in CFI to BFHIL, with an effective date of January 1, 2010. Based on the terms of the SPA, SLCI agreed to indemnify BFHIL in relation to 75.24% of all costs, claims and demands directly arising out of or in connection with the Windsor Village litigation and certain other specified potential liabilities. SLCI exposure in relation to the above liabilities is unlimited. Additionally, Sagicor Life Jamaica Limited ("SLJ" -SLCI's parent company) has guaranteed the performance of SLCI's obligations (including in relation to the Windsor Village litigation) as stipulated in the SPA or any other agreement entered into in connection with the acquisition to the extent of US$10,000,000. To secure SLCI's obligation under the SPA, US$10,000,000 was placed into an escrow account pursuant to the terms of an Escrow Agreement dated May 6, 2010 among SLJ, BFHI and Cayman National Trust Co. Ltd. ("Escrow Agent").

On March 14, 2011, the Court issued a judgment ruling in favour of CFI in relation to the counterclaims related to abuse of process, and no damages were awarded to the third parties.

Subsequent to the ruling, one of the third parties filed notice of appeal on March 28, 2011 in relation to the counterclaims related to abuse of process. The Court of Appeal heard the matter in November 2011, but is yet to issue its ruling. Management's view, supported by legal advice, is that the appeal is likely to be unsuccessful as the judgment was clear and in accordance with decided authorities relating to claims for abuse of process and malicious prosecution.

In the same judgment, in relation to the undertaking as to damages pursuant to the Mareva Injunction, the Court awarded damages to the various third parties totalling $8,613,677, plus interest. Based on advice from legal counsel, management estimated the interest payable on the damages awarded would be $1,161,071. Consequently, a provision of $9,774,748 was recorded in the consolidated statement of financial position at December 31, 2010.

Based on the Escrow Agreement described above, an amount, due from Escrow Agent and litigation recovery totaling $2,940,680, was recorded in the consolidated statement of financial position at December 31, 2010, and the consolidated statement of comprehensive income for the year ended December 31, 2010, respectively. Following the developments of the Windsor Village Litigation noted above, the escrow agreement was terminated on May 26, 2011 and the funds were transferred to the respective parties.

An amount of $1,177,015 was recorded as a recoverable from CNC in the consolidated statement of financial position at December 31, 2010 under the warranties described above related to the Windsor Village litigation and other amounts related to Hurricane Ivan. On April 7, 2011, this amount was received from CNC.

From a review of the judgment and advice obtained from legal counsel, CFI and SLCI were of the view that there are a number of properly arguable grounds for appeal in respect of the Mareva awards. CFI filed notice of appeal on March 28, 2011 and made a payment of $9,686,897 into Court on May 31, 2011, as it awaited its Court of Appeal date.

Prior to the appeal being heard by the Court of Appeal, CFI and the various third parties agreed upon an out of court settlement and entered into a Deed of Settlement and Release Agreement dated October 14, 2011, whereby the final and full settlement for the Mareva awards was agreed at a reduced amount. CFI then withdrew its appeal, recovered the monies previously paid into Court, and settled the agreed amounts.

On December 9, 2011, the Court issued its ruling on the issue of costs relating to both the counterclaims related to abuse of process and the Mareva Injunction undertaking. The Court ordered that CFI must pay 85% of the costs and disbursements of the consolidated trial to the third parties awarded damages under the Mareva Injunction undertaking, on the standard basis, whilst all of the third parties, jointly and severally, must pay 15% of the costs and disbursements of CFI, on a standard basis.

Management's view, supported by legal advice, is that the Court has ruled inequitably on the issue, as the majority of time spent and costs incurred related to the abuse of process claims, which CFI was successful in defending. CFI has, therefore, subsequently filed notice of appeal against the ruling. No date has yet been set for the Court of Appeal to hear the matter.

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The provision of $895,289 in the consolidated statement of financial position at December 31, 2011 represents management's estimate of the net costs payable to the third parties, in accordance with the Court Order, plus estimated legal fees to close out the two open litigation matters referred to above.

The movement in the provision for litigation during 2011 for the amounts provided for and recovered with respect to the Windsor Village litigation is a net decrease of $46,344 (2010: net increase of $3,908,400) and is recorded in the consolidated statement of comprehensive income.

13. PROPERTY AND EQUIPMENT

2011	Land	Buildings	Furniture and Equipment	Leasehold Improvements and Others	Computer Software	Total
COST/VALUATION:						
At January 1, 2011	$ 3,018,750	$ 8,067,202	$ 3,015,748	$ 1,673,208	$ 3,626,429	$ 19,401,337
Additions	-	-	426,338	17,989	47,818	492,145
Disposals	(525,000)	(746,000)	(1,006,244)	-	-	(2,277,244)
At December 31, 2011	$ 2,493,750	$ 7,321,202	$ 2,435,842	$ 1,691,197	$ 3,674,247	$ 17,616,238
ACCUMULATED DEPRECIATION:						
At January 1, 2011	$ -	$ 1,071,389	$ 1,698,375	$ 869,446	$ 1,680,329	$ 5,319,539
Charge for the year	-	217,406	385,245	286,754	513,784	1,403,189
Disposals	-	(79,437)	(954,364)	-	-	(1,033,801)
At December 31, 2011	$ -	$ 1,209,358	$ 1,129,256	$ 1,156,200	$ 2,194,113	$ 5,688,927
Carrying amount 2011	**$ 2,493,750**	**$ 6,111,844**	**$ 1,306,586**	**$ 534,997**	**$ 1,480,134**	**$ 11,927,311**

2010	Land	Buildings	Furniture and Equipment	Leasehold Improvements and Others	Computer Software	Total
COST/VALUATION:						
At January 1, 2010	$ 2,973,750	$ 8,316,545	$ 2,612,142	$ 737,809	$ 3,522,069	$ 18,162,315
Additions	-	578,133	351,552	333,105	24,910	1,287,700
Revaluation of land and buildings (Note 19)	45,000	(827,476)	-	-	-	(782,476)
CFI acquisition	-	-	59,409	637,520	79,450	776,379
Disposals	-	-	(7,355)	(35,226)	-	(42,581)
At December 31, 2010	$ 3,018,750	$ 8,067,202	$ 3,015,748	$ 1,673,208	$ 3,626,429	$ 19,401,337
ACCUMULATED DEPRECIATION:						
At January 1, 2010	$ -	$ 852,813	$ 1,343,155	$ 501,126	$ 1,137,935	$ 3,835,029
Charge for the year	-	218,576	361,676	382,996	542,394	1,505,642
Disposals	-	-	(6,456)	(14,676)	-	(21,132)
At December 31, 2010	$ -	$ 1,071,389	$ 1,698,375	$ 869,446	$ 1,680,329	$ 5,319,539
Carrying amount 2010	**$ 3,018,750**	**$ 6,995,813**	**$ 1,317,373**	**$ 803,762**	**$ 1,946,100**	**$ 14,081,798**

In August 2011, GBA's property, appraised at $1,200,000 as at December 30, 2010, was sold for net proceeds of $1,115,563. Proceeds from the sale were used to liquidate GBA's payable to BFG. Based on the fair value less cost to sell the property, a loss of $75,999 was recognized on the sale and included in other income, net, in the consolidated statement of comprehensive income.

In December 2010, the land and buildings were revalued to fair market value based on a valuation performed by an independent appraiser for financial statement purposes. The fair value of the land and buildings was estimated to be $3,018,750 and $6,996,250, respectively, based on the combined effect of the cost, income and sales comparison approach.

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The net book value of the land and buildings of the Group, ignoring the effects of previous revaluations, would have been $2,118,844 and $4,346,011 (2010: $2,118,844 and $4,490,332) respectively.

14. BUSINESS COMBINATION

There were no business combinations in 2011. BFHIL, a wholly owned subsidiary acquired a 75.24% interest in CFI on June 17, 2010 with an effective date of January 1, 2010. The fair values of the net assets acquired, the purchase consideration and the goodwill arising on the acquisition are set out below.

		Book Value Audited December 31, 2009		Fair Value Audited January 1, 2010
Assets:				
Cash and cash equivalents	$	5,083,565	$	5,083,565
Investments		15,439,380		15,439,380
Premiums receivables		6,175,520		6,175,520
Reinsurance receivables		1,145,846		1,145,846
Due from shareholder		3,309,395		3,309,395
Deferred commission costs		1,210,792		1,210,792
Deferred reinsurance premiums		11,556,667		11,556,667
Unpaid claims recoverable from insurers		4,432,670		4,432,670
Sundry receivables and prepayments		385,356		385,356
Intangible assets		79,450		79,450
Property, plant and equipment		696,929		696,929
Total assets	$	49,515,570	$	49,515,570
Liabilities:				
Accrued expenses and other liabilities	$	820,092	$	820,092
Reinsurance payables		4,987,752		4,987,752
Unearned commission income		2,506,889		2,506,889
Unearned premiums		14,039,082		14,039,082
Provision for litigation		6,818,899		6,818,899
Unpaid claims		10,276,040		10,276,040
Total liabilities	$	39,448,754	$	39,448,754
Net assets acquired		10,066,816		10,066,816
Non controlling interest		2,492,544		2,492,544
The Group's interest	$	7,574,272		7,574,272
Purchase consideration				11,398,258
Intangible assets and goodwill (Note 15)			**$**	**3,823,986**

The intangible assets and goodwill of $3,823,986 arising from the acquisition consists largely of the synergies and financial benefits (indefinite positive cash flows) expected from combining the operations of CFI with BFH. The acquiree's comprehensive loss for the year ended December 31, 2010 amounted to $2,474,726. The equity related to the non-controlling interest as at December 31, 2010 totalled $1,879,801 and is reflected in the consolidated statement of financial position.

Purchase consideration for the acquisition was partly funded by a non-revolving 10-year demand loan totaling $5,398,258 from The Cayman National Bank at a rate of 1.5% above U.S. prime rate (effective rate - 4.75%). As a prerequisite of the facility, CFI entered into a Deed of Guarantee dated June 21, 2010 guaranteeing the payment of the loan, all interest and all other sums payable in respect of the loan facility. Pursuant to a pledge agreement dated June 21, 2010, CFI has provided to Cayman National Bank, security interest over its investments as collateral for the credit facility. Consequently, CFI's investments have been hypothecated to the extent required to collateralize the credit facility issued to BFHIL. The balance of the demand loan as at December 31, 2011 was $5,222,812 (2010: $5,398,258).

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As per Note 1, in May 2011, the Board of Directors of CFI resolved to raise additional share capital by way of a rights issue to its existing shareholders. In September 2011, CFI offered a rights issue of 1 share for every 2 shares held to all holders of its ordinary voting shares for a total offering of 500,000 additional shares. One minority shareholder took up 125 shares at a cost of $949. BFHIL acquired 499,875 shares to increase its equity holding from 75.24% to 83.48%. The effect of this 8.24% increase in BFHIL's ownership resulted in an increase of $45,498 in contributed surplus and a corresponding decrease in non-controlling interest, and is reflected in the consolidated statement of changes in equity.

In 2009, the Company held a 30% interest in GBA and as a result of acquiring management control, accounted for it as a subsidiary. During 2010, the Company acquired the remaining 70% interest in GBA for a consideration of $2,820,067, of which $2,062,572 was applied to GBA's receivable with BFG. In accordance with IAS 27, Consolidated and Separate Financial Statements, a change in ownership without loss of control requires that transactions between parent and non-controlling interest are accounted for as an equity transaction. The effect of this increase in ownership resulted in a decrease of $2,476,626 in contributed surplus.

15. INTANGIBLE ASSETS AND GOODWILL

			Intangible Assets					
		Goodwill		**Finite Life**		**Indefinite Life**		**Total**
Balance at January 1, 2010	**$**	**5,093,158**	**$**	**-**	**$**	**2,692,559**	**$**	**7,785,717**
Additions - acquisition of CFI (Note 14)		2,031,930		1,792,056		-		3,823,986
Amortization		-		(116,248)		-		(116,248)
Balance at December 31, 2010	**$**	**7,125,088**	**$**	**1,675,808**	**$**	**2,692,559**	**$**	**11,493,455**
Amortization		-		(115,343)		-		(115,343)
Balance at December 31, 2011	**$**	**7,125,088**	**$**	**1,560,465**	**$**	**2,692,559**	**$**	**11,378,112**

Intangible assets and goodwill acquired through business combinations with indefinite lives have been allocated to two cash-generating units, which are also operating and reportable segments, for impairment testing as follows:

Bahamas' cash-generating unit	$	7,785,717
Cayman's cash-generating unit		2,031,930
	$	**9,817,647**

The Group performed its annual impairment test as at December 31, 2011. The recoverable amount of the Bahamas' cash-generating unit has been determined using the fair value less costs to sell calculation using the most recent price in a binding sale agreement in an arm's length transaction. The recoverable amount of the Cayman's cash-generating unit has been determined using the value in use calculation using cash flow projections from financial budgets approved by senior management and the Board of Directors covering a three-year period. As the recoverable amounts exceeded the carrying amounts, management did not identify any impairment for either cash-generating unit.

Intangible assets, with finite useful lives include customer relationships, non-compete agreements, and trade name, are amortized using the straight-line method over their estimated useful lives, and is included in general and administrative expenses in the consolidated statement of comprehensive income.

16. BONDS PAYABLE

On October 15th 2010, the Group effected a private offering of Series I & II Redeemable Cumulative Variable Rate Corporate Bonds ("the bonds"). The net proceeds were used for general corporate purposes. Interest on the bonds are payable at B$ prime rate plus 1.75% and 2.00% respectively.

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The bonds rank equally among themselves and with all other existing and future unsubordinated and unsecured debt of the Company. The bonds rank senior to the Company's existing and all future preference and ordinary shares.

Maturity dates are as follows:

- Series I bonds maturing October 15th, 2020, in the outstanding principal amount of $7,500,000. The bonds, while callable only at the option of the Company, may not be called prior to the fifth anniversary date from the closing date of the issue.
- Series II bonds maturing October 15th, 2025, in the outstanding principal amount of $7,500,000. The bonds, while callable only at the option of the Company, may not be called prior to the tenth anniversary date from the closing date of the issue.

The Company may at its option redeem in whole or in part any principal amount invested in the bond subject to a notice period of ninety days on any date following the expiration of the anniversary date for the respective series.

		2011		2010
Series I Corporate Bonds				
$7,500,000 at B$ prime rate + 1.75%, presently 6.50% (2010: 7.25%) per annum - Due 2020	$	7,500,000	$	7,500,000
Series II Corporate Bonds				
$7,500,000 at B$ prime rate + 2.0%, presently 6.75% (2010: 7.5%) per annum - Due 2025		7,500,000		7,500,000
Accrued interest		248,438		276,563
Total	**$**	**15,248,438**	**$**	**15,276,563**

17. SHARE CAPITAL

The Group's share capital is comprised as follows:

		2011		2010
Common shares				
Authorized: 45,000,000 (2010: 45,000,000) at $0.01 each				
Issued and fully paid: 36,505,471 (2010: 36,305,471) par				
value $0.01 per share	**$**	**365,055**	**$**	**363,055**
Preference shares				
Authorized: 5,000,000 (2010: 5,000,000) at $1.00 each				
Issued and fully paid: 5,000,000 (2010: 5,000,000) par				
value $1.00 per share	**$**	**5,000,000**	**$**	**5,000,000**

The weighted average number of common shares for the purposes of earnings per common share is 36,407,389 (2010: 36,299,553).

Dividends are accounted for in the period in which they are declared by the Group's Board of Directors. During the year, dividends of $0.04 (2010: $0.09) per common share (total dividends $1,460,219; 2010: $3,267,092) were declared and subsequently paid.

The Preference Shares are non-convertible, non-voting, cumulative, redeemable "A" with a dividend rate of 7% per annum. These shares are redeemable at the option of the Company.

Under the management bonus profit sharing scheme approved by the Board of Directors in 2007, senior managers may opt to acquire shares of the Company at a rate in lieu of receiving a profit sharing bonus. In August 2010, 10,000 shares were issued under this scheme for $1.50 per share.

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In June 2011, the Board of Directors extended share options to two executives to purchase 100,000 shares each at a purchase price of $1.00. The options are exercisable over a three year period but not later than June 3, 2014. The options were fully exercised during the year.

Since the Company's shares are not derived from quoted prices, the fair value applied to the shares issued during the year was based on an independent valuation performed during the year.

As at December 31, 2011, treasury shares comprise 183,316 (2010: 183,316) of the Company's shares held by a subsidiary. This represents 0.5% of the outstanding shares of the Company.

18. GENERAL RESERVE

The Group has established a general reserve from retained earnings in the amount of $4,000,000 (2010: $4,000,000), which the directors have determined is not available for distribution.

19. REVALUATION RESERVE

	Land & Buildings	AFS Investments	Total
Balance at January 1, 2010	**$ 1,932,558**	**$ -**	**$ 1,932,558**
Revaluation of land and buildings	(782,476)	-	(782,476)
Less: GBA's revaluation adjustment recognized in contributed surplus, as part of acquisition	629,000	-	629,000
Increase in fair value of AFS investments (Note 7)	-	508,404	508,404
Net change for the year	(153,476)	508,404	354,928
Balance at December 31, 2010	**$ 1,779,082**	**$ 508,404**	**$ 2,287,486**
Net decrease in fair value of AFS investments (Note 7)	-	(204,637)	(204,637)
Balance at December 31, 2011	**$ 1,779,082**	**$ 303,767**	**$ 2,082,849**

In accordance with the Group's accounting policy, freehold land and buildings are subject to a revaluation exercise that is performed by an independent professional appraiser every three years. Freehold land and buildings were independently valued at December 30, 2010. The next appraisal is due in 2013.

20. GROSS PREMIUMS WRITTEN

	2011	2010
Group agents and insurers	$ 97,020,604	$ 97,303,263
Non-Group agents	52,278,019	51,448,178
Associate	2,443,492	4,337,606
Total	**$ 151,742,115**	**$ 153,089,047**

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21. OTHER INCOME, NET

		2011		2010
Interest income	$	1,639,161	$	904,471
Dividend income		579,016		542,080
Claim handling fees		129,500		72,717
Other income		92,185		377,978
Realized gains (losses) on sales of investments (Note 7)		79,303		(99,624)
Service fees		70,833		77,791
Share of net earnings from associate (Note 8)		67,111		70,943
Write-back of provision for bad debts		64,407		-
Loss on disposal of property and equipment		(109,325)		(21,449)
Amortization of premiums and discounts on bonds (Note 7)		(118,353)		(84,480)
Write-back of provision for payables		-		315,580
Gain on sale of subsidiary		-		283,640
Impairment recovery on investment		-		50,620
Total	**$**	**2,493,838**	**$**	**2,490,267**

On August 11, 2010, CFI sold its wholly-owned subsidiary, Sagicor Insurance Managers Ltd. ("SIM"), with an effective date of January 1, 2010. SIM provided captive insurance management services in the Cayman Islands. The transaction resulted in a gain of $283,640.

22. SALARIES, BENEFITS AND BONUSES

Included in salaries, benefits and bonuses is a bonus payable to management and staff amounting to $335,680 (2010: $717,214). This amount was determined and approved by the Board of Directors.

23. PENSION PLAN

Employees of the Group participate in defined contribution plans registered in The Bahamas and in the Cayman Islands. These plans are administered by independent administrators and trustees and membership is mandatory for all eligible employees. Under these plans, the Group paid contributions of 3% - 5% per annum of base salary. Contributions under these plans totalled $353,968 (2010: $302,731) and are included in "Salaries, benefits and bonuses" in the consolidated statement of comprehensive income.

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions and balances are as follows:

		2011		2010
Gross premiums written	$	2,443,492	$	4,337,606
Commission expense - associate	$	526,584	$	882,294
Trade accounts receivable - associate	$	432,167	$	1,532,198
Directors fees paid	$	251,354	$	225,808

The trade accounts receivable - associate is secured by a guarantee. The receivable balance will be settled in cash. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

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Key management personnel include members of the Group's management team having authority and responsibility for planning, directing and controlling the activities of the Group's operation. Compensation to key management personnel is included in salaries, benefits and bonuses in the consolidated statement of comprehensive income and receivables from key management personnel is included in sundry receivables and prepayments in the consolidated statement of financial position and are as follows:

	2011	2010
Salaries and other benefits	$ 1,281,886	$ 966,072
Post employment benefits	55,187	35,008
Total	**$ 1,337,073**	**$ 1,001,080**
Receivables from key management personnel	**$ 46,019**	**$ 38,953**

As part of its reinsurance program, the Group purchases reinsurance from The Economical Insurance Group ("TEIG") for motor and liability quota share. TEIG holds a 20% ownership in the Group. The ceded motor and liability quota share is 50.5% and TEIG's reinsurance participation is 10%.

25. COMMITMENTS AND CONTINGENCIES

Commitments

The Group has commitments relating to leased premises. The Group has leased office space with expiration terms and renewal terms extending up to five years. Lease terms vary with the last lease term expiring in 2015. The Group also has a sublease on one of the locations which expires in 2013. Rent expense for the year ended December 31, 2011 totaled $710,154 (2010: $731,056). The related sublease payments were $35,750 (2010: $39,000).

Future lease payments under the operating leases and the sublease income are as follows:

2011	**< 1 year**	**1 -5 years**	**> 5 years**	**Total**
Operating lease agreements and rental payments	$ 734,658	$ 937,487	$ -	$ 1,672,145
Sublease payments receivable	(39,096)	(3,258)	-	(42,354)
Total	**$ 695,562**	**$ 934,229**	**$ -**	**$ 1,629,791**

2010	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Operating lease agreements and rental payments	$ 735,306	$ 1,671,498	$ -	$ 2,406,804
Sublease payments receivable	(42,354)	(42,354)	-	(84,708)
Total	**$ 692,952**	**$ 1,629,144**	**$ -**	**$ 2,322,096**

Contingencies

In the normal course of its business, the Group is involved in various legal proceedings arising out of and incidental to its insurance operations. The Group is of the opinion that litigation arising from these legal proceedings will not have a significant impact on the financial position, results of operation or cash flows of the Group.

YEAR ENDED DECEMBER 31, 2011. EXPRESSED IN BAHAMIAN DOLLARS.

26. SEGMENTED INFORMATION

In accordance with IFRS 8 Operating Segments, the Group has identified the Chief Operating Decision Maker as the Board of Directors. Key decisions on assessing performance and allocation of resources are reviewed by the Board or its sub-committees.

The Group's operations are segmented into the following business segments by geographic location:

- General Insurance / Property and Casualty (P&C)
- Health and Life (H&L)

The segment results for the years ended December 31, 2011 and 2010 are as follows:

	Bahamas	Cayman		
	P&C $	P&C $	H&L $	Total $
2011				
Net underwriting income	11,434,409	5,862,490	1,572,852	18,869,751
Depreciation of property & equipment	1,136,814	146,419	119,956	1,403,189
Amortization of intangible assets	115,343	-	-	115,343
Total segment results	(743,042)	2,804,487	(1,260,941)	800,504
Total segment assets	138,569,773	28,872,272	11,060,267	178,502,312
Total segment liabilities	104,320,824	24,542,011	2,998,848	131,861,683
Capital expenditure	454,680	14,162	23,303	492,145

	Bahamas	Cayman		
	P&C $	P&C $	H&L $	Total $
2010				
Net underwriting income	16,583,242	5,515,322	1,919,936	24,018,500
Depreciation of property & equipment	1,100,764	218,554	186,324	1,505,642
Amortization of intangible assets	116,248	-	-	116,248
Total segment results	5,378,045	(1,229,522)	(1,245,208)	2,903,315
Total segment assets	138,617,801	32,601,342	13,942,560	185,161,703
Total segment liabilities	98,760,495	35,414,518	3,537,295	137,712,308
Capital expenditure	1,086,132	87,864	113,704	1,287,700

27. COMPARATIVE INFORMATION

In accordance with IAS 1 (revised), the Group has re-presented comparative information to conform with the current year presentation, as follows:

- Held-to-maturity investments have been included in assets that are exposed to credit risk, within the Credit Risk Section.

- Trade accounts receivable have been shown at gross amounts instead of net within the Credit Risk Section.

- Term deposits have been reclassified as cash and cash equivalents based on their acquisition date, in both the consolidated statement of cash flows and Note 6.

CORPORATE Governance

BFH HAS DEVELOPED A COMPLIANCE framework that gives each of our employees, agents and strategic partners the resources, guidance and tools necessary to make ethical and value-based decisions that will effectively minimize and manage the risks inherent to our business, while maximizing shareholder value.

It is a framework based on the belief that good governance requires adherence to all legal requirements, regulations and our stated Company policies, as well as a developed culture of responsibility. Five corporate governance committees of the Board are in place, each chaired by a non executive director.

AUDIT COMMITTEE

The committee assists the Board in fulfilling its oversight responsibilities as they relate to the Group's accounting policies, financial reporting, internal control and the legal and regulatory environment. Committee members include: **Alison Treco**, **Ian Fair**, **Graham Garner**, **Bharat Kannan,** **John Dunkley** and **Patrick Ward***.

CORPORATE GOVERNANCE CONDUCT REVIEW & NOMINATIONS COMMITTEE

The committee measures the Group's governance against best practices and makes recommendations for Board appointments and composition. Committee members include: **Ian Fair, Judith Whitehead** and **Karen Gavan**.

HUMAN RESOURCES & COMPENSATION COMMITTEE

The committee is responsible for reviewing and approving the Group's compensation plan, and evaluating executive performance. Members include: **Ian Fair** and **Quentin Chisnall**.

FINANCE & INVESTMENT COMMITTEE

The committee focuses on two objectives: financial risk management and investment policy oversight. Members of the committee include: **Ian Fair, Glen Ritchie***, **John Dunkley**, **Patrick Ward***, **Quentin Chisnall** and **Karen Gavan**.

TECHNICAL REVIEW & RISK COMPLIANCE COMMITTEE

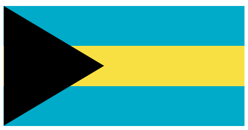
The committee is responsible for ensuring adherence to risk management guidelines as well as reviewing and assessing technical and reinsurance matters. Committee members include: **John Dunkley**, **Patrick Ward***, **Pauline Ward***, **Valarie Darville***, **Tracy Bonczek***, **Glen Ritchie*** and **Bharat Kannan**.

* Denotes Executives and Staff.

STRESS TESTED. STILL FIRST.

AUTHORIZED Agents & Brokers

OUR EXTENSIVE NETWORK of agents in The Bahamas stretches from Grand Bahama to Inagua and everywhere in between. In The Cayman Islands, we enjoy the support of a vibrant network of agents and brokers for all of our product lines. They have been the backbone of our Company since we first offered insurance services, and continue to deliver the highest quality of service to our customers.



THE BAHAMAS:

NEW PROVIDENCE

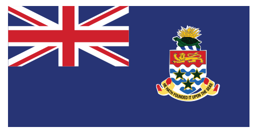
A Scott Fitzgerald Insurance Brokers & Agents | (242) 324-0865
Bethel Thompson Agency | (242) 394-7251
Chandler Gilbert Insurance Associates Limited | (242) 676-2306
CMA Insurance Brokers & Agents | (242) 393-6735
Colina General Insurance Agency | (242) 677-2050
Confidence Insurance Brokers & Agents | (242) 323-6920
FG Insurance Agents & Brokers Limited | (242) 396-1300
FINCO | (242) 328-0559
LIV Insurance Agents and Brokers Ltd. | (242) 361-5123
N.U.A. Insurance Agents & Brokers Ltd. | (242) 328-5992
Professional Insurance Consultants | (242) 327-2143
Response Insurance Agency Ltd. | (242) 328-7316
Star General Insurance Agency | (242) 676-0800
Sunshine Insurance Agency | (242) 394-0011
Tavares Higgs Insurance Brokers & Agents | (242) 327-8606

ABACO

Abaco Insurance Agency | (242) 367-2549

GRAND BAHAMA

General Brokers & Agents Insurance Ltd. | (242) 352-7891
Star General Insurance (G.B.) Ltd. | (242) 352-5705



CAYMAN ISLANDS:

CAYMAN BRAC

Brac Insurance Associates | (345) 948-2266

GRAND CAYMAN

AON Risk Solutions (Cayman) Ltd | (345) 949-0111
Balderamos Insurance Services Ltd. | (345) 945-3450
Caribbean Insurance Practice | (345) 943-2475
Cayman Insurance Centre | (345) 949-4657
Derek Bogle Insurance Ltd. | (345) 949-0579
Fidelity Insurance (Cayman) Ltd. | (345) 949-5836
FIS Insurance Brokers | (345) 945-5616
Island Insurance Brokers Ltd. | (345) 949-0883
Jen International Insurance Brokers | (345) 943-5442
Marsh Management Services Cayman | (345) 949-7988
Quik Care Insurance Brokers | (345) 946-2273

CORPORATE Information

HEAD OFFICE

Bahamas First Centre
32 Collins Avenue
Nassau, Bahamas
T: (242) 302-3900
F: (242) 302-3901
info@bahamasfirst.com
www.bahamasfirst.com

AUDITORS

Deloitte & Touche
Chartered Accountants
and Management Consultants
2nd Terrace, Centreville
Nassau, Bahamas

ATTORNEYS

Graham Thompson & Co.
Sassoon House
Shirley Street & Victoria Avenue
Nassau, Bahamas

Maples and Calder
Ugland House
Grand Cayman, Cayman Islands

REGISTRAR AND TRANSFER AGENTS

Bahamas Central Securities Depository Limited (BCSD)
50 Exchange Place, Bay Street
Nassau, Bahamas

BAHAMAS FIRST HOLDINGS LIMITED
Bahamas First Centre
32 Collins Avenue
Nassau, Bahamas
T (242) 302-3900
F (242) 302-3901
info@bahamasfirst.com
www.bahamasfirst.com