



FINANCIAL STATEMENTS

Coralisle Life Assurance Company Ltd.
Year Ended December 31, 2025
With Independent Auditor's Report

Coralisle Life Assurance Company Ltd.
Audited Financial Statements
Year ended December 31, 2025

Table of Contents

Independent Auditor's Report.....	1
Audited Financial Statements	
Statement of Financial Position	4
Statement of Comprehensive Income	6
Statement of Changes in Shareholder's Equity.....	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9

Independent Auditor's Report

The Shareholder
Coralisle Life Assurance Company Ltd.

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) ("UK GAAP").

Basis for Opinion

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



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Responsibilities of Management and the Audit Committee for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young Ltd.

Hamilton, Bermuda
April 30, 2026

Coralisle Life Assurance Company Ltd.
Statement of Financial Position
(In Thousands of Bermuda Dollars)

	Notes	December31	
		2025	2024
ASSETS		\$	\$
Intangible assets	7	37	51
Investments	3	26,147	27,141
Debtors			
Accounts receivable	5	2,346	1,035
Insurance balances receivable	5	2,851	2,445
Amounts receivable from reinsurers	6	846	357
Amounts due from related companies	12	5,756	5,776
		11,799	9,613
Other assets			
Tangible assets	8	14	22
Cash and cash equivalents	4, 12	5,212	2,286
		5,226	2,308
Prepayments and accrued income			
Deferred acquisition costs	6	419	407
Prepaid reinsurance premiums		66	63
Other prepayments and accrued income		291	82
		776	552
Segregated managed fund assets	II	87,093	80,947
TOTAL ASSETS		131,078	120,612

See accompanying notes to financial statements.

Coralisle Life Assurance Company Ltd.
Statement of Financial Position
(In Thousands of Bermuda Dollars)

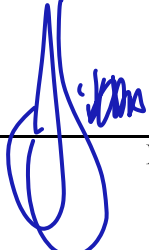
		December 31	
		2025	2024
SHAREHOLDER'S EQUITY	Notes	\$	\$
Capital			
Called up share capital	10	4,000	4,000
Share premium account	10	14,812	14,812
Profit and loss account	10	5,298	6,934
		24,110	25,746
LIABILITIES			
Technical provisions			
Long term business provision			
Gross amount	6	3,941	1,264
Reinsurance amount	6	7,994	7,806
Long term business provision, net of reinsurance	6	11,935	9,070
Claims outstanding	6	2,364	755
Bonuses and rebates payable	6	1,916	1,988
Provisions for other risks	6	100	100
Creditors			
Creditors arising out of direct insurance operations	6	2,098	867
Reinsurance balances payable		460	432
Funds held on behalf of policyholders		94	78
Accounts payable and other liabilities		416	176
Amounts due to related companies	12	1	48
		3,069	1,601
Accruals and deferred income			
		491	405
Segregated managed fund liabilities	11	87,093	80,947
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		131,078	120,612

See accompanying notes to financial statements.

The financial statements, including all notes, were authorized for issue by the Board of Directors on April 22, 2026 and were signed on its behalf by:



Director Date: April, 30 2026



Director Date: April, 30 2026

Coralisle Life Assurance Company Ltd.
Statement of Comprehensive Income
(In thousands of Bermuda Dollars)

	Notes	For the period December 31	
		2025	2024
		\$	\$
Technical account - Long term business			
Gross premiums written			
Premiums written	12	8,700	7,338
Reinsurance premium assumed	12	1,487	684
		10,187	8,022
Outward reinsurance premiums		(2,596)	(1,875)
Earned premiums, net of reinsurance		7,591	6,147
Technical investment income			
Net interest income from other financial investments with related parties	3,12	326	338
		326	338
Other technical income, net of reinsurance			
Policy service fees on insurance contracts		996	964
Policy service fees on investment contracts	13	243	325
Interest earned on loans to policyholders		182	134
Investment management fees on segregated funds	13	1,554	1,542
		2,975	2,965
Claims incurred, net of reinsurance			
Gross claims paid	6	(2,860)	(1,896)
Reinsurers' share of claims paid	6	1,545	496
		(1,315)	(1,400)
Change in long term business provision, net of reinsurance			
Gross amount	6	(2,678)	(1,719)
Reinsurers' share	6	(188)	(438)
		(2,866)	(2,157)
Bonuses and rebates, net of reinsurance		(473)	(415)
Net operating expenses			
Acquisition costs		(223)	(269)
Change in deferred acquisition costs	6	(189)	(193)
Administrative expenses	14	(3,594)	(3,925)
Commissions		(602)	(482)
		(4,608)	(4,869)
Balance on technical account - long term business		1,630	609
Non-Technical Account			
Non-technical investment income and (expense)			
Investment income from other financial investments	3	926	782
Fair value gains on investments	3	273	163
Investment expenses and charges	3	(48)	(35)
Balance on non-technical account		1,151	910
Profit before tax		2,781	1,519
Income tax expense	16	(417)	—
Total comprehensive income for the year		2,364	1,519

Coralisle Life Assurance Company Ltd.
Statement of Changes in Shareholder's Equity
(In thousands of Bermuda Dollars)

	<i>Notes</i>	Called up share capital	Share premium account	Profit and loss account	Total
		\$	\$	\$	\$
Balance at December 31, 2023		4,000	14,812	5,415	24,227
Total comprehensive income for the year		—	—	1,519	1,519
Balance at December 31, 2024	<i>10</i>	4,000	14,812	6,934	25,746
Total comprehensive income for the year		—	—	2,364	2,364
Dividend paid		—	—	(4,000)	(4,000)
Balance at December 31, 2025	<i>10</i>	4,000	14,812	5,298	24,110

See accompanying notes to financial statements.

Coralisle Life Assurance Company Ltd.
Statement of Cash Flows

(In thousands of Bermuda Dollars)

	Notes	Year ended December 31	
		2025	2024
		\$	\$
Operating activities			
Total Comprehensive income for the year		2,364	1,519
Adjustments for:			
Depreciation and amortization	7,8	22	31
Net unrealised (gains)/losses on financial assets held at fair value through profit and loss	3	(224)	(284)
Realized loss on sale of financial assets	3	(49)	121
Bond amortization	3	(29)	(30)
Operating cash flow before changes in operating working capital		2,084	1,357
Change in operating working capital	15	3,575	1,410
Cash flows provided by operating activities		5,659	2,767
Investing activities			
Purchase of intangible assets	7	—	(20)
Purchase of tangible assets	8	—	(8)
Proceeds from sale of investments		4,612	1,160
Purchase of investments		(7,318)	(5,334)
Repayments (to) from related companies	12	(27)	(366)
Cash used in investing activities		(2,733)	(4,568)
Net increase (decrease) in cash and cash equivalents		2,926	(1,801)
Cash and cash equivalents at beginning of year		2,286	4,087
Cash and cash equivalents at end of year		5,212	2,286
Cash available for use		4,317	2,244
Restricted cash	4,10	895	42
Cash and cash equivalents at end of year		5,212	2,286

See accompanying notes to financial statements.

Coralisle Life Assurance Company Ltd.
Notes to the Financial Statements
(In thousands of Bermuda Dollars)

1. General Information and Significant Accounting Policies

General Information

Coralisle Life Assurance Company Ltd. (the “Company”) was incorporated in 1991 under the laws of Bermuda, and is licensed as a long term (Class C) insurer under the Insurance Act 1978 of Bermuda and related regulations, to carry on business as an insurance company.

The Company is a wholly owned subsidiary of Coralisle Group Ltd. (the “Parent Company”) and principally writes unit linked investment policies, personal pension plans and life insurance risks. The registered office and principal place of business of the Company is Jardine House, 33–35 Reid Street, Hamilton, Bermuda.

Summary of Significant Accounting Policies

Statement of Compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (FRS 102), Financial Reporting Standard 103, ‘Insurance Contracts’ (FRS 103) and the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance companies.

The financial statements are prepared as at December 31, 2025 and for the year ended December 31, 2025.

Basis of Preparation

The financial statements, including all notes, are prepared in accordance with FRS 102 and FRS 103 and were authorized for issue by the Board of Directors on April 22, 2026.

The financial statements have been compiled on the going concern basis and prepared on the historical cost basis, except for the financial assets at fair value through profit or loss, which are stated at fair value, and financial assets carried at amortized cost, which are carried at their amortized cost value. After reviewing the Company’s forecasts and projections, which cover the 12-month period from the date of signing the financial statements, the Board of Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the period to April 2027.

Functional and Presentation Currency

The financial statements are presented in Bermuda dollars, the Company’s functional currency.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Use of Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies (that have significant effect on the amounts recognized in the financial statements) are described in the Notes 3, 6 and 9.

The following are the critical judgements that the directors have made in the process of applying the principles of IFRS 15 “Revenue from Contracts with Customers”, as allowed under FRS 102 that have the most significant effect on amounts recognized in the financial statements:

- Revenue for investment management and administration services is generally recognized over time, like most services’ revenue. This is because the customer generally receives and consumes the benefits from these services simultaneously as the Company performs them.
- Promoter fees are calculated based on the market value of the managed assets weekly; this allocation will typically lead to recognizing the fees as revenue in full at the end of each quarter. The consideration is allocated to the distinct time increments of service up to the measurement date at the end of the month, and all of the variability associated with those time increments is resolved.

Fair Value Measurement

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical instruments. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These investments are included in Level 1.

Level 2 – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates, credit risks, etc.) and inputs that are derived from or corroborated by observable market data. Most debt securities are classified within Level 2.

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

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purposes of the Statement of Cash Flows, the Company considers all cash on hand, time deposits with an original maturity of three months or less and money market funds which can be redeemed without penalty, net of overdrafts as equivalent to cash.

Restricted Cash and Cash Equivalents

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

Financial Assets

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Initial Recognition and Measurement

Management determines the classification at initial recognition and is dependent on the nature of the assets and the purpose for which the assets were acquired. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under the principles of IFRS 15, *Revenue from Contracts with Customers* (“IFRS 15”) as allowed by FRS 102.

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

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

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

Subsequent Measurement

Financial Assets Carried at Amortised Cost

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

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Comprehensive Income or Loss when the asset is de-recognised, modified or impaired. Financial assets classified as investments at amortised cost include term deposits, corporate bonds, non-US government bonds and US government bonds, notes and bonds, loans and other receivables and term deposits.

Financial Assets at Fair Value Through OCI (Debt Instruments)

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

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

For the years ended December 31, 2025, and 2024, the Company had no financial assets classified as fair value through OCI.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as investment income in the Statement of Comprehensive Income or Loss when the right of payment has been established.

Impairment of Financial Assets

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

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

- The Company's criteria for assessing if there has been a significant increase in credit risk, and so allowances for financial assets should be measured on a Lifetime ECL ("LTECL") basis and the qualitative assessment.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, Exposure at Default (“EAD”) and Loss Given Defaults (“LGD”).
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

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

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

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

The Company has reviewed the ECL for the trade receivables that it is holding at amortised costs and determined that any ECL provision would be immaterial and therefore has not recorded any impairment provision in the results of the Company.

Financial Liabilities

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

Derecognition and modification of financial liabilities

The Company derecognises a financial liability when:

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

Long-Term Life Insurance Contracts

Long-term life insurance contracts insure events associated with human life (for example, death) over a long duration. Premiums are earned over the policy risk period. Premiums are shown before deduction of commission.

Benefits are Recorded as an Expense When They are Incurred

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the contractual premiums (and fees associated with the contract in the case of unit-linked life insurance). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. An inflation assumption is also made. Margins for adverse deviations are included in the assumptions.

The discount rate used to value the future cash flows is dependent on the portfolio assets held to support the liabilities for long term insurance contracts. Adjustments are made for default risk, investment expense, and adverse deviation.

The liabilities are computed on both a direct and reinsurance ceded basis, providing a net reserve result.

The liabilities are recalculated at each end of reporting period using current assumptions.

Unit-Linked Long-Term Insurance Contracts

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to the value of units of an internal investment fund set by the Company with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

Expected insurance premiums for these contracts are recognized directly in the liability computation. Premium suspension rates, contract surrender rates, and the impact of the contract's nominal term are recognized. These liability computations recognize anticipated changes in the unit values as well as expected revenue from policy administration fees, mortality and surrender charges. As with other insurance contracts, expected future administrative expenses and death and surrender claims are recognized. The assumed future unit growth rate is 7.63% (2024 – 7.59%) and the discount rate is set at 9.60% (2024 – 9.55%).

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Investment Contracts

Investment contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract.

The liability is derecognised when the contract expires, is discharged or is cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

Aside from those contracts falling under the scope of the principles of IFRS 9 (allowable by FRS 102) and FRS 103, the Company recognizes revenue on investment contracts from the following sources:

- Policy fee
- Enhanced allocation fee upon investment
- Promoter fee

Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue evenly as services are provided to customers.

Policy Fee

Covers initial set-up and close down of the contract and changes to the contract at the request of the policyholder. Premium receipt processing and collecting and processing of documents required to meet regulatory requirements.

Enhanced Allocation Fee Upon Investment

This fee is collected upon receipt of the policy premium and covers the process of investing the funds.

Promoter Fee

This fee is collected from the value of the assets held and supports the maintenance of holding the assets in segregated accounts and producing the weekly asset valuations.

Receivables and Payables Related to Insurance Contracts and Investment Contracts

Receivables and payables are recognized when due. These include amounts due to and from insurance contract holders, brokers and agents. Receivable balances are recorded at amounts due less any allowance for estimated uncollectible balances receivable.

Included in the insurance balances receivable are loans to policyholders inclusive of accrued interest. These loans are fully secured by the cash surrender values on the policies on which the respective loans are issued.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Deferred Acquisition Costs (DAC)

Deferred acquisition costs represent the cost of acquiring new business, consisting of commission expenses, policy issuance and other costs, which are directly related to the production of new business. Deferred acquisition costs on investment contracts (contracts not deemed to have a significant amount of insurance risk) are amortized over the expected average lives of the contracts.

Deferred acquisition costs on investment contracts are reviewed for recoverability from future income on investment contracts and amounts which are deemed unrecoverable are expensed in the period in which the determination is made. Refer to Note 6 for this assessment.

Reinsurance Contracts Held

The Company uses reinsurance in the normal course of business to manage its risk exposure. Insurance ceded to a reinsurer does not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under the reinsurance agreement.

Reinsurance assets represent the benefit derived from reinsurance agreements in force at the reporting date and reinsurance liabilities represent the cost of agreements. Amounts recoverable from reinsurers are estimated in accordance with the terms of the relevant reinsurance contract.

Premiums ceded and claims reimbursed are presented on a gross basis in the statement of comprehensive income. Reinsurance assets are not offset against the related insurance contract liabilities and are presented separately in the statement of financial position.

The Company assumes a portion of group life business of an affiliated Bermuda-based direct insurer. This affiliated company also manages a number of individual group life policies on behalf of the Company.

Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is charged to profit or loss through adjustments to the reserve provisions.

Segregated Funds

Segregated funds arise as a result of the Company issuing investment contracts where the amount of the benefits ultimately payable is directly linked to the market value of the investments held in the segregated funds. The trustee of the segregated funds is Clarien Trust Limited, a related-party (Note 12).

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Segregated fund net assets are recorded at fair value and primarily include investments in mutual funds, debt securities, equities, real estate, short-term investments and cash and cash equivalents. The segregated assets are not available to creditors of the Company and the holders of the unit-linked life and investment contracts have no recourse to the Company's assets. Segregated managed funds liabilities are measured based on the value of the segregated managed fund assets.

The methodology applied to determine the fair value of investments held in segregated funds is consistent with that applied to direct investments held by the Company, as described above in the note Financial Assets. The segregated managed fund assets and liabilities are presented on separate lines on the statement of financial position.

Investment return on segregated fund assets belong to policyholders and pension plan holders and the Company does not bear the risk associated with these assets outside of guarantees offered on certain variable life and annuity products, for which the underlying investment is segregated funds.

Accordingly, investment income earned by segregated funds and expenses incurred by segregated funds are offset and are not separately presented in the statement of comprehensive income. Fee income earned by the Company for managing the segregated funds is included in statement of comprehensive income.

Tangible Assets

Tangible assets are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to general and administrative expenses in the statement of comprehensive income on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

Property	5 years
Leasehold improvements	5 – 10 years
Computer hardware	10 years

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

Intangible Assets

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

Computer software	5 years
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Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Impairment of Non-Financial Assets

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

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company bases its impairment calculation on detailed budgets and forecast calculations.

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

Leases

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

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. For the financial years ended December 31, 2025 and 2024, the Company did not have a lease agreement requiring the recognition of lease liabilities and right-of-use assets.

Investment Income

Interest on cash and cash equivalents and debt securities are recorded on an accrual basis using the effective annual interest rate method. Dividend income is recognised when the right to receive the dividend is established. For loans and receivables reported at amortised cost, interest income is calculated using the effective interest rate method and is reported in the statement of comprehensive (loss) income.

Defined Contribution Plan

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Retiree Health Benefits

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

Provisions and Contingent Liabilities

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company, in conjunction with internal counsel, makes its best estimate of the likelihood or outcome of these actions and considers this in the Company's accrued liabilities based on information as of the date the financial statements are available to be issued. The Company does not disclose information usually required by FRS 102 on the grounds to not prejudice seriously the outcome of any litigation but does not believe that adverse decisions in any pending or threatened proceedings will have a material impact on the financial condition or future results of operations.

2. New Standards, Interpretations and Amendments to Published Standards

In March 2024 the five-step model for revenue recognition was introduced to FRS 102 as part of the amendment issued by the Financial Reporting Council (FRC). Effective for accounting periods beginning on or after 1 January 2026, amendments to FRS 102 the financial reporting standard implements the revenue recognition framework based on a five-step model. This approach closely aligns FRS 102 with IFRS 15 Revenue from Contracts with Customers. The model aims to enhance guidance on variable consideration, contract modifications, principal versus agent considerations and expanded disclosure requirements intended to improve transparency and comparability of financial statements.

The Company adopted the amendments to FRS 102 on 1 January 2026.

Disclosure Requirements and Changes in Accounting Policies in Future Periods

The Financial Reporting Council (FRC) issued Amendments to FRS 102 and FRS 103 among other FRS's in March 2024. These amendments focus on updating accounting requirements to reflect changes in IFRS Accounting Standards, particularly with respect to revenue and leases, and making other incremental improvements and clarifications.

The Company will continue to monitor the developments and assess the impact of these amendments on its financial statements. The adoption of these amendments is expected to enhance the comparability and transparency of financial reporting, aligning more closely with international standards. The Company will provide further disclosures in future financial statements as the effective date approaches and as additional guidance becomes available.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

3. Investments

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

	2025		2024	
	Carrying Value	Amortised Cost	Carrying Value	Amortised Cost
	\$	\$	\$	\$
At fair value through profit or loss	5,514	5,304	8,590	8,604
Amortised Cost	20,633	20,639	18,551	18,557
Total	26,147	25,943	27,141	27,161

For all securities, regardless of classification, the Company's largest concentration in any one investee, or group of investees, is 12.00%% (2024 - 28.04%).

The investee, PIMCO, is a large asset management firm through which the Company holds a number of managed funds which encompass a diversified asset mix of equities, fixed income and alternative investments.

At Fair Value Through Profit or Loss (FVTPL)

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Managed funds	3,206	2,931	6,409	6,268
US Government Bonds	1,918	1,990	1,813	1,967
Corporate Bonds	390	383	368	369
Total	5,514	5,304	8,590	8,604

The managed funds owned by the Company invests in a number of different types of investments which include: large cap, small cap and emerging market equity, sovereign bonds, investment grade corporate bonds, high yield bonds, asset backed securities, and alternative investments which can include private equity and real estate.

These investments are subject to the conditions and restrictions as further defined in the terms of the offering of each fund, which are usually contained in formal offering memoranda. Such offering memoranda generally define the nature and types of investments in which a managed fund can invest and provide for specified procedures regarding further investment in and redemption from the particular fund.

The investment portfolio is monitored by the Investment Committee and is subject to investment guidelines approved by the Board of Directors.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

The maturity profile of fixed maturity securities, comprising Corporate, Non-US Government and US Government debt categorized at fair value through profit or loss, at their carrying value as at the balance sheet date is as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Due less than one year	—	129
From one year to five years	1,076	762
Over five years	1,232	1,290
Total	<u>2,308</u>	<u>2,181</u>

Amortised Cost Investments

	<u>2025</u>		<u>2024</u>	
	Carrying Value	Amortised Cost	Carrying Value	Amortised Cost
	\$	\$	\$	\$
Corporate bonds	20,633	20,639	18,551	18,557

The fair value of these investments as of the Statement of Financial Position date is \$16,664 (2024 - \$14,393)

Investments held at amortised cost include fixed maturity debt instruments which mature as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Due less than one year	49	—
From one year to five years	99	—
Over five years	20,485	18,551
Total	<u>20,633</u>	<u>18,551</u>

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Fair Value Hierarchy

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

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	\$	\$	\$	\$
Managed funds	3,206	—	—	3,206
US Government bonds	—	1,918	—	1,918
Corporate bonds	—	390	—	390
Total	3,206	2,308	—	5,514
Segregated fund assets	—	87,093	—	87,093
Fair value for assets at amortised cost				
Financial assets at amortised	\$ —	\$ 16,658	\$ —	\$ 16,658
Total	3,206	106,059	—	109,265

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

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	\$	\$	\$	\$
Managed funds	6,409	—	—	6,409
US Government bonds	—	1,813	—	1,813
Corporate bonds	—	368	—	368
Total	6,409	2,181	—	8,590
Segregated fund assets	—	80,947	—	80,947
Fair value for assets at amortised cost				
Financial assets at amortised	—	18,551	—	18,551
Total	6,409	101,679	—	108,088

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

(a) Financial Assets in Level 1

The fair value of investments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These investments are included in Level 1. Investments included in Level 1 comprise primarily domestic and foreign quoted equity shares and managed funds.

(b) Financial Assets in Level 2 and 3

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

Specific valuation techniques include market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices and reference data including market research publications. In limited circumstances, non-binding broker quotes are used. If all significant inputs required to fair value an investment are observable, the investment is included in Level 2. Investments included in Level 2 comprise primarily corporate debt securities and managed funds.

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

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

(c) Financial Assets in Level 3

The Level 3 financial assets are primarily composed of funds valued on a Net Asset Value (NAV) basis. The most significant input in the valuation is the NAV of the underlying fund. Generally, an increase in the NAV of each underlying fund will have an increase in the fair value of the financial assets.

The Company had no Level 3 financial assets (and liabilities) for the year ended December 31, 2025 and 2024.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

Investment Income

Investment income and expense comprises the following:

	2025	2024
	\$	\$
Dividend and interest income	897	752
Intercompany and related party interest	326	338
Realised gain (loss) on sale of investments	49	(121)
Net unrealised gain on investments	224	284
Bond amortization	29	30
Management fees	(48)	(35)
	1,477	1,248

4. Cash and cash equivalents

Cash and cash equivalents represent current account and demand deposit balances, with 24% (2024 – 50%) held by Clarien Bank (Note 12), 40% (2024 – 20%) held with unrelated Bermuda banks, 21% (2024 – 18%) held by a Cayman-based bank and 15% (2024 – 12%) held with a non-Bermuda or Cayman based bank.

Of the cash and equivalents, \$895 (2024 – \$42) is held in regulated bank accounts in Cayman in accordance with requirements of the Cayman Islands Monetary Authority and is not available for immediate use (Note 10).

5. Debtors - Accounts and Insurance Receivables

Premiums receivable, included in insurance balances receivable, are presented net of an allowance for doubtful accounts of \$nil (2024 – \$nil).

Included in accounts receivable at December 31, 2025, are \$400 (2024 – \$379) investment management fees on segregated funds from contracts with clients.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

6. Technical provisions

Composition of the technical provisions is as follows:

	2025	2024
	\$	\$
In respect of insurance contract liabilities		
Participating:		
Individual life	5,476	5,646
Non-participating:		
Individual life	4,970	2,754
Unit linked life	(13,414)	(12,926)
Annuities	6,909	5,790
Total provision for long term business	3,941	1,264
Add:		
Claims outstanding, net of reinsurance	2,364	755
Bonuses and rebates payable	1,916	1,988
Provisions for other risks	100	100
Total Technical Provision	8,321	4,107
Creditors arising out of direct insurance operations	2,098	867
	10,419	4,974

The long term business provision in respect of investment contracts held by the Company were carried at \$nil as at December 31, 2025 and 2024. The value of the benefit on these contracts did not result in sufficient risk transfer to consider the contracts as insurance contract liabilities and the value of the benefit provided to policyholders on those contracts were deemed immaterial to warrant the Company recognising a long term business provision. Therefore, the Company has carried these investment contracts with no provision for long term business.

Claims Outstanding

The table below shows the outstanding claims as of December 31, 2025. These claims include other insurance benefits that are payable on reported claims and surrenders.

	2025		
	Gross	Reinsurer's share	Net
	\$	\$	\$
At 1 January 2025	755	(357)	398
Claims incurred	4,469	(2,034)	2,435
Claims paid	(2,860)	1,545	(1,315)
At 31 December 2025	2,364	(846)	1,518

The table below shows the outstanding claims as of December 31, 2024. These claims include other insurance benefits that are payable on reported claims and surrenders.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

	2024		
	Gross	Reinsurer's share	Net
	\$	\$	\$
At 1 January 2024	1,138	(587)	551
Claims incurred	1,513	(266)	1,247
Claims paid during the year	(1,896)	496	(1,400)
At 31 December 2024	<u>755</u>	<u>(357)</u>	<u>398</u>

Bonuses and rebates payable

Bonuses and rebates payable are comprised of dividends on deposit which represent a provision for policyholders' share of earnings on participating business. The Company discontinued dividends with effect from January 1, 2009. As of December 31, 2025, dividends on deposit of \$1,916 (2024 – \$1,988) are included in bonuses and rebates payable.

For the year ended December 31, 2025, interest on dividends on deposit of \$57 (2024 – \$57) is included in insurance benefits in the statement of comprehensive income.

Provision for other risks

Provision for other risks is an additional basic provision based on the assessment for future claims incurred but not reported. The assumptions for the basis of the provision have not changed. The balance as of December 31, 2025 is \$100 (2024 - \$100).

Provision for long term business

Changes in provision for future policy benefits during the year are as follows:

	2025			2024		
	Gross	Reinsurer's share	Net	Gross	Reinsurer's share	Net
	\$	\$	\$	\$	\$	\$
Provision for long term business, beginning of year	\$ 1,264	\$ 7,806	\$ 9,070	\$ (455)	\$ 7,368	\$ 6,913
Change in reserves for existing business on non-investment plans and impact of decrease (increase) in net asset value of segregated funds	2,273	(222)	2,051	1,664	(238)	1,426
Change in assumptions or methodology	(171)	133	(38)	431	472	903
Reserve for new business	575	277	852	(376)	204	(172)
Increase (decrease) in actuarial liabilities	2,677	188	2,865	1,719	438	2,157
Provision for long term business, end of year	\$ 3,941	\$ 7,994	\$11,935	\$ 1,264	\$ 7,806	\$ 9,070

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

The Company estimates the present value of future long term business related to long duration contracts using assumptions for investment yields, mortality, and expenses, including a provision for adverse deviation. The Company's Appointed Actuary is responsible for determining the amount of life and annuity policy reserve in accordance with standards established by the Canadian Institute of Actuaries. Insurance contract liabilities, net of reinsurance assets, have been determined using the Canadian PPM (Policy Premium Method) method under IFRS 4 "Insurance Contracts" (permitted by UK GAAP) .

Certain life insurance and annuity contracts provide the holder with a guarantee that the benefit received upon death will be no less than a minimum prescribed amount. The contracts are accounted for in accordance with the authoritative guidance on Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Separate Accounts, which requires that the best estimate of future experience be combined with actual experience to determine the anticipated benefits used to calculate the long term business reserve.

The Company examines the assumptions used in determining the technical provisions on an ongoing basis to ensure they appropriately reflect emerging experience and changes in risk profile.

The Company uses best estimate assumptions for expected future experience. Some assumptions relate to events that are anticipated to occur many years in the future and are likely to require subsequent revision. Additional provisions are included to provide for possible adverse deviations from management's best estimates. If the assumption is more susceptible to change or if there is uncertainty about the underlying best estimate assumption, a correspondingly larger provision is included in provision for long term business. To appropriately reflect the size of the Company, a conservative margin is applied to each one of the assumptions which is maintained for the entire projection period until all required liabilities have been considered.

With the passage of time and resulting reduction in estimation risk, excess provisions are released into income. In recognition of the long-term nature of provision for long term business, the margin for possible deviations generally increases for contingencies further in the future. The best estimate assumptions and margins for adverse deviations are reviewed annually, and revisions are made as deemed necessary and prudent. The margins for adverse deviation are in accordance with applicable actuarial guidelines.

Assumptions and Sensitivities

Mortality

Mortality refers to the rates at which death is expected to occur for defined groups of people. Insurance mortality assumptions are based on a statistical weighting of organization wide mortality and industry experience specific for the jurisdictions where the Company writes business, since the Company's own experience is insufficient to be statistically fully credible.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

For all life insurance products (products with (Unit-Linked Long-Term Insurance Contracts UL)) and without segregated assets) an increase in mortality would have an adverse impact on financial results. A permanent 10% increase in mortality for the non-segregated asset products would necessitate a reserve increase of \$1,041 (2024 – \$884) and for life insurance products with segregated assets (UL) a reserve increase of \$329 (2024 – \$337). Non-insurance products with segregated assets have an insignificant death benefit and mortality changes would have virtually no impact on income.

For immediate (payout) annuities, a permanent 10% decrease in mortality would require a decrease of income and a reserve increase of \$200 (2024 – \$170).

For both life insurance products and annuities, a mortality improvement assumption is made. For life insurance products the improvement is assumed in accordance with recent Canadian Institute of Actuaries guidance.

Investment Return and Interest Rate

Assets are notionally segmented to correspond to the different liability categories of the Company. Cash flow matching has been addressed under a level economic scenario. These fixed income assets are of high quality and, along with policy loans, provide a gross investment income rate. Investment expenses, default provisions and margins are incorporated to produce a final, net, discount rate.

Interest rate risk associated with this assumption is measured by determining the effect on the present value of the projected net asset and liability cash flows of the Company of an immediate 1% increase or an immediate 1% decrease in the level of reserve discount rates.

The effect of an immediate 1% increase in discount rates on life insurance contracts (those without segregated funds) would be to decrease the present value of these net projected cash flows by approximately \$6,072 (2024 – \$5,476).

The effect of an immediate 1% decrease in discount rates would be to increase the present value of these net projected cash flows by approximately \$9,230 (2024 – \$8,450).

The impact of discount rate changes on segregated fund life insurance and segregated fund non-insurance contracts would be small, less than \$122 (2024 - \$130) for either an increase or decrease in the discount rate.

The effect of an immediate 1% increase in discount rates on immediate annuities would be to decrease reserves by \$578 (2024 – \$489), and the effect of an immediate 1% decrease in discount rates on annuities would be to increase reserves by \$673 (2024 – \$569). The company incorporates a 74 basis point margin for non-annuities and 80 basis points used for annuities in its discount rates for fixed dollar life insurance and a 198 basis point margin in all segregated fund business discount rates.

Coralisle Life Assurance Company Ltd.

Notes to Financial Statements (continued)

(In thousands of Bermuda Dollars, except share amounts)

Policy Termination Rates (Lapse Rates)

Policyholders may allow their policies to terminate prior to the end of the contractual coverage period by choosing not to continue to pay premiums or by exercising one of the non-forfeiture options in the contract. Assumptions for termination experience on life insurance are based on corporate-wide lapse across the group subsidiaries selling similar life products. Termination rates may vary by product/plan, age at issue, method of premium payment, and policy duration. For unit linked life policies it is also necessary to set assumptions about premium cessation occurring prior to termination of the policy. A 10% adverse change in the assumption for policy termination would decrease net income and shareholder's equity by approximately \$1,035 (2024 – \$969).

Operating Expenses and Inflation

Policy liabilities include an estimate for future policy-related expenses. These include the costs of premium collection, claims adjudication and processing, actuarial calculations, preparation and mailing of policy statements and related indirect expenses and overheads. Expense assumptions are mainly based on recent Company experience using an internal expense allocation methodology. Future expense assumptions reflect inflation. The sensitivity of actuarial liabilities to a 10% increase in unit expenses Company-wide would result in a decrease in net income and shareholder's equity of approximately \$1,803 (2024 – \$1,666).

The composition of the assets supporting the liabilities of provision for long term insurance costs as at December 31, 2025, is as follows:

	2025		
	Cash and Cash Equivalents	Financial Assets	Total
	\$	\$	\$
Participating:			
Individual life	5,211	265	5,476
Non-participating:			
Individual life	—	4,970	4,970
Annuities	—	6,909	6,909
Provision for future policy benefits	5,211	12,144	17,355
Claims outstanding, net of reinsurance	—	2,364	2,364
Bonuses and rebates payable	—	1,916	1,916
Provisions for other risks	—	100	100
Creditors arising out of direct insurance operations	—	2,098	2,098
Positive provision for future policy benefits	5,211	18,622	23,833
Negative provision for future policy benefits			(13,414)
			<u>10,419</u>

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

The composition of the assets supporting the liabilities of provision for future policy benefits as at December 31, 2024, is as follows:

	2024		
	Cash and Cash Equivalents	Financial Assets	Total
	\$	\$	\$
Participating:			
Individual life	2,286	3,360	5,646
Non-participating:			
Individual life	—	2,754	2,754
Annuities	—	5,790	5,790
Provision for long term business	2,286	11,904	14,190
Claims outstanding, net of reinsurance	—	755	755
Bonuses and rebates payable	—	1,988	1,988
Provisions for other risks	—	100	100
Creditors arising out of direct insurance operations	—	867	867
Positive provision for future policy benefits	2,286	15,614	17,900
Negative provision for future policy benefits			(12,926)
			<u>4,974</u>

Deferred Acquisition Costs

The following reflects the amounts of acquisition costs deferred and amortized as of and for the year ended:

	2025	2024
	\$	\$
Deferred acquisition costs, beginning of year	407	432
Expenses capitalized	255	168
Amortization expense	(243)	(193)
Deferred acquisition costs, end of year	419	407

In accordance with UK GAAP the Company is required to assess the recoverability of deferred acquisition costs for continued amortization. The Company holds deferred acquisition costs of \$419 (2024 - \$407). The collectability of this asset was assessed by the Company for each applicable line of business. Future income of \$5,231 (2024 - \$4,412) estimated under this analysis exceeds the balance of the asset held and the Company considers the asset recoverable in its entirety as at December 31, 2025 and December 31, 2024.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

7. Intangible Assets

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

	2024	Additions	Disposals	2025
Costs	\$	\$	\$	\$
Computer software	1,048	—	—	1,048
	Amortization			
	2024	Expense	Disposals	2025
Accumulated amortization	\$	\$	\$	\$
Computer software	997	14	—	1,011
Net book value	<u>51</u>			<u>37</u>

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

	2023	Additions	Disposals	2024
Costs	\$	\$	\$	\$
Computer software	1,394	19	(365)	1,048
	Amortization			
	2023	Expense	Disposals	2024
Accumulated amortization	\$	\$	\$	\$
Computer software	1,341	21	(365)	997
Net book value	<u>53</u>			<u>51</u>

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

8. Tangible assets

Tangible assets as at December 31, 2025, comprises the following:

	2024	Additions	Disposals	2025
Cost	\$	\$	\$	\$
Leasehold improvements	587	—	—	587
Computer hardware	42	—	—	42
Furniture and office equipment	24	—	—	24
	<u>653</u>	<u>—</u>	<u>—</u>	<u>653</u>
Accumulated depreciation	2024	Depreciation	Disposals	2025
	\$	\$	\$	\$
Leasehold improvements	587	—	—	587
Computer hardware	35	3	—	38
Furniture and office equipment	9	5	—	14
	<u>631</u>	<u>8</u>	<u>—</u>	<u>639</u>
Net book value	<u>22</u>			<u>14</u>

Tangible assets as at December 31, 2024, comprises the following:

	2023	Additions	Disposals	2024
Cost	\$	\$	\$	\$
Leasehold improvements	609	—	(22)	587
Computer hardware	452	—	(410)	42
Furniture and office equipment	329	8	(313)	24
	<u>1,390</u>	<u>8</u>	<u>(745)</u>	<u>653</u>
Accumulated depreciation	2023	Depreciation	Disposals	2024
	\$	\$	\$	\$
Leasehold improvements	609	—	(22)	587
Computer hardware	439	6	(410)	35
Furniture and office equipment	319	3	(313)	9
	<u>1,367</u>	<u>9</u>	<u>(745)</u>	<u>631</u>
Net book value	<u>23</u>			<u>22</u>

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

9. Risk Management and Financial Instruments

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

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

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

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

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

Insurance Risk

The Company provides life insurance and accidental death benefits coverage as well as investment and savings products in Bermuda, Cayman, British Virgin Islands and internationally. Life insurance contracts offered by the Company include: whole life, term assurance, single premium immediate annuity and variable life.

Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death.

All life insurance policies include the option to purchase contribution protection benefits that provide for payment of contributions on behalf of policyholders in periods of total disability.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected.
- Longevity risk – risk of loss arising due to the annuitant living longer than expected.
- Investment return risk – risk of loss arising from actual returns being different than expected.
- Expense risk – risk of loss arising from expense experience being different than expected and the risk of future inflation causing expenses to be higher than projected, thus impacting reserves.
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

Please refer to Note 6 for the concentration of life insurance and investment contract liabilities by type of contract.

Mortality Risk

Mortality risk is the risk that future experience could be worse than the assumptions used in the pricing and valuation of products. Mortality risk can arise in the normal course of business through random fluctuation in realised experience, through catastrophes, or in association with other risk factors such as product development and pricing or model risk.

The Company maintains underwriting standards to determine the insurability of applicants. Claim trends are monitored on an ongoing basis. Exposure to large claims is managed by establishing policy retention limits, which vary by market and geographic location. Policies in excess of the limits are reinsured with other companies. The impact of a 10% change in the mortality assumption is disclosed in Note 6.

Longevity Risk

Longevity risk is the potential for economic loss, accounting loss or volatility in earnings arising from uncertain adverse changes in rates of mortality improvement relative to the assumptions used in the pricing and valuation of products. This risk can manifest itself slowly over time as socioeconomic conditions improve and medical advances continue. It could also manifest itself more quickly, for example, due to medical breakthroughs that significantly extend life expectancy. Longevity risk affects contracts where benefits are based upon the likelihood of survival (for example, annuities, pensions and pure endowments). The impact of a 10% change in the mortality assumption is disclosed in Note 6.

Investment Return Rate

The Company's policy of closely matching asset cash flows with those of the corresponding liabilities is designed to mitigate the Company's exposure to future changes in interest rates. The interest rate risk positions are monitored on an ongoing basis. The reinvestment rate is developed using interest rate scenario testing and reflects the interest rate risk positions.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Equities, bonds and other long-duration assets are used to support liabilities where investment return experience is passed back to policyholders through dividends or credited investment return adjustments. Bonds, policy loans and other long-duration assets are also used to support long-dated obligations in the Company's annuity and life insurance businesses that is for long-dated insurance obligations on contracts where the investment return risk is borne by the Company.

The impact of a 1% change in the investment return rate assumption is disclosed in Note 6.

Expense Risk

Expense risk is the risk that future expenses are higher than the assumptions used in the pricing and valuation of products. This risk can arise from general economic conditions, unexpected increases in inflation, slower than anticipated growth or reduction in productivity leading to an increase in unit expenses. Expense risk occurs in products where the Company cannot or will not pass increased costs onto the customer and will manifest itself in the form of a liability increase or a reduction in expected future profits.

The Company closely monitors expenses through an annual budgeting process and ongoing monitoring of any expense gaps between unit expenses assumed in pricing and actual expenses. The impact of a 10% change in the unit expenses assumption is disclosed in Note 6.

Policyholder Decision Risk

Policies are terminated through lapses and surrenders, where lapses represent the termination of policies due to non-payment of premiums, and surrenders represent the voluntary termination of policies by policyholders. Premium persistence represents the level of ongoing deposits on contracts where there is policyholder discretion as to the amount and timing of deposits.

The Company seeks to design products that minimize financial exposure to lapse, surrender and other policyholder decision risk. The Company monitors lapse, surrender and other policyholder decision experience. The impact of a 10% change in the policy termination rates assumption is disclosed in Note 6.

Reinsurance Protection

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

Life Risks

Reinsurance agreements are in place for individual life business. The Company does not assure any individual life risks in excess of the reinsurers' limits. The individual life business is reinsured on claims in excess of \$100 domestically (2024 – \$100) and \$100 internationally (2024 – \$100) with the reinsurers' limit being \$3,000 (2024 – \$3,000). However, the Company's reinsurer has made exceptions on individual considerations and has accepted higher limits.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

From January 1, 2012, the Company assumed 50% of the domestic group life book of business written by an affiliate, Coralisle Medical Insurance Company Limited, and assumed a net retention equal to 20% of the first \$250 per insured.

Accidental Death Benefit

The reinsurer can participate in risks up to \$1,000 (2024 - \$1,000) of accidental death benefit (ADB) per life with all carriers. The Company does not insure any individual ADB risks in excess of the reinsurer's limits. The Company does not retain any exposure to ADB risks.

Financial Risk

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

- credit risk
- liquidity risk
- market risk

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

Credit Risk

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

Cash and Investments

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

Expected credit loss on financial assets

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

Debt instruments measured at Amortised costs

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

Financial Assets at amortised cost					
2025					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$		\$
Aaa	648	—	—	—	648
Aa1	398	—	—	—	398
Aa2	1,373	—	—	—	1,373
Aa3	1,456	—	—	—	1,456
A1	1,786	—	—	—	1,786
A2	2,457	—	—	—	2,457
A3	3,227	—	—	—	3,227
Baa1	2,472	—	—	—	2,472
Baa2	2,628	—	—	—	2,628
Baa3	219	—	—	—	219
Total	\$ 16,664	\$ —	\$ —	\$ —	\$ 16,664

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Financial Assets at amortised cost					
2024					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$		\$
Aaa	1,046	—	—	—	1,046
Aa2	1,761	—	—	—	1,761
Aa3	684	—	—	—	684
A1	2,830	—	—	—	2,830
A2	1,554	—	—	—	1,554
A3	2,060	—	—	—	2,060
Baa1	1,518	—	—	—	1,518
Baa2	2,645	—	—	—	2,645
Baa3	295	—	—	—	295
Total	\$ 14,393	\$ —	\$ —	\$ —	\$ 14,393

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

Financial Assets at amortised cost					
2025					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$		\$
Fair value as at 1 January	14,393	—	—	—	14,393
New assets originated or purchased	2,478	—	—	—	2,478
Assets derecognised or matured	(410)	—	—	—	(410)
Change in fair value	203	—	—	—	203
At 31 December	\$ 16,664	\$ —	\$ —	\$ —	\$ 16,664

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Financial Assets at amortised cost					
2024					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$	\$	\$
Fair value as at 1 January	12,396	—	—	—	12,396
New assets originated or purchased	3,547	—	—	—	3,547
Assets derecognised or matured	(257)	—	—	—	(257)
Change in fair value	(1,293)	—	—	—	(1,293)
At 31 December	14,393	—	—	—	14,393

Financial Assets at amortised cost					
2025					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$	\$	\$
ECL as at 1 January	(6)	—	—	—	(6)
New assets originated or purchased	1	—	—	—	1
Assets derecognised or matured (excluding write-offs)	(1)	—	—	—	(1)
ECL as at 31 December	(6)	—	—	—	(6)

Financial Assets at amortised cost					
2024					
ECL Staging					
	Stage 1	Stage 2	Stage 3	POCI	Total
	12 month ECL	Lifetime ECL	Lifetime ECL		
	\$	\$	\$	\$	\$
ECL as at 1 January	(6)	—	—	—	(6)
New assets originated or purchased	(2)	—	—	—	(2)
Assets derecognised or matured (excluding write-offs)	2	—	—	—	2
ECL as at 31 December	(6)	—	—	—	(6)

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Geographical Concentration

The geographical concentration of financial assets at fair value through profit or loss is as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Australia	—	115
Ireland	3,113	6,258
United States	\$ 2,401	\$ 2,217
Total	\$ 5,514	\$ 8,590

The geographical concentration of financial assets at amortised cost is as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Canada	—	381
France	—	76
Jersey	—	81
Netherlands	—	317
United Kingdom	\$ —	\$ 194
United States	\$ 20,633	\$ 17,502
Total	\$ 20,633	\$ 18,551

Insurance Balance Receivable

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

Collateral is not held against any of the outstanding balances, however the Company has the right to cancel the policy for non-payment. Cancellation or extension of the terms of credit is instituted on a case by case basis.

Reinsurance Balances Receivable

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

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

Amounts due from reinsurers are assessed regularly for any indication of impairment. At December 31, 2025 losses recoverable from reinsurers were due from one reinsurer having an A.M. Best rating of A+. At December 31, 2024, losses recoverable from reinsurers were due from one reinsurer having an A.M. Best rating of A+. At year end there is no significant credit risk associated with any of the Company's reinsurers.

Related-Party and other Receivables

Amounts due from related parties and other receivables are assessed and monitored on a monthly basis for any indication of impairment. As at December 31, 2025, \$5,431 (2024 – \$5,773) of amounts due from related parties were due from Gibbons Management Services Limited, representing 94.4% (2024 – 99.9%) of total amounts due from related parties. As at December 31, 2025, all amounts were considered to be collectible.

The following table analyses the aging of the Company's receivables as at December 31, 2025:

	Accounts receivable	Insurance balances receivable	Amounts receivable from reinsurers	Amounts due from related companies	Total
	\$	\$	\$	\$	\$
Up to 30 days	2,346	2,851	846	5,756	11,799

The following table analyses the aging of the Company's receivables as at December 31, 2024:

	Accounts receivable	Insurance balances receivable	Amounts receivable from reinsurers	Amounts due from related companies	Total
	\$	\$	\$	\$	\$
Up to 30 days	1,035	2,445	357	5,776	9,613

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Liquidity Risk

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

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

	December 31, 2025				December 31, 2024			
	Within 1 Year	1-5 Years	5 Years and above	Total	Within 1 Year	1-5 Years	5 Years and above	Total
Financial assets	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	5,211	—	—	5,211	2,286	—	—	2,286
Investments	3,256	1,175	21,717	26,148	6,538	762	19,841	27,141
Accounts receivable	2,346	—	—	2,346	1,035	—	—	1,035
Insurance balances receivable	2,851	—	—	2,851	2,445	—	—	2,445
Amounts receivable from reinsurers	846	—	—	846	357	—	—	357
Amounts due from related companies	5,757	—	—	5,757	5,776	—	—	5,776
Total Financial Assets	20,267	1,175	21,717	43,159	18,437	762	19,841	39,040

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

	December 31, 2025				December 31, 2024			
	Within 1 Year	1-5 Years	5 Years and above	Total	Within 1 Year	1-5 Years	5 Years and above	Total
Financial liabilities	\$	\$	\$	\$	\$	\$	\$	\$
Claims outstanding, net of reinsurance	2,364	—	—	2,364	755	—	—	755
Bonuses and rebates payable	1,916	—	—	1,916	1,988	—	—	1,988
Provisions for other risks	100	—	—	100	100	—	—	100
Creditors arising out of direct insurance operations	2,098	—	—	2,098	867	—	—	867
Reinsurance balances payable	460	—	—	460	432	—	—	432
Funds held on behalf of policyholders	94	—	—	94	78	—	—	78
Accounts payable and other liabilities	416	—	—	416	175	—	—	175
Amounts due to related companies	1	—	—	1	48	—	—	48
Accruals and deferred income	492	—	—	492	405	—	—	405
Total Financial Liabilities	7,941	—	—	7,941	4,848	—	—	4,848
Liquidity margin	12,326	1,175	21,717	35,218	13,589	762	19,841	34,192

The Company is dependent on the continued support of the Parent Company and/or related through common control companies. The Company has obtained a commitment letter from its Parent Company to further finance operations and maintain solvency if needed.

Market Risk

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

Interest-Rate Risk

The Company invests in managed funds, the fair values of which are affected by changes in interest rates. Details of interest rate risk on related party balances are disclosed in Note 12. The Company's interest rate risk exposure on its corporate bond securities is not considered significant as they are classed as held-to-maturity.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

	2025	2024
	\$	\$
Reinsurance contract liabilities	—	—
Insurance contract liabilities	6,279	—
Debt instruments at FVTPL	5,514	8,590
Debt instruments at amortised cost	20,633	18,551
Total	32,426	27,141

	2025			2024		
	Increase (Decrease)					
	Change in interest rate	Profit before tax	Equity	Profit before tax	Equity	
		\$	\$	\$	\$	
Debt instruments	+100bps	(133)	(113)	(133)	(133)	
Debt instruments	-100bps	133	113	133	133	

Foreign Currency Risk

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

Equity Price Risk

The Company is subject to equity price risk due to daily changes in the market value of securities in its fund and equity portfolios. Equity price risk is actively managed in order to mitigate anticipated unfavorable market movements where this lies outside the risk appetite of the Company's Investment Committee. Diversified portfolios of assets are held in order to reduce exposure to individual equities. At the balance sheet date, management estimates that a 10% increase in prices for common equities and equity based managed funds held, with all other variables held constant, would increase net income by approximately \$21 (2024 – \$106). A 10% decrease in equity prices would have a corresponding decrease in net income.

Limitations of Sensitivity Analysis

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

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

10. Capital Management and Statutory Requirements

Capital Management

The Company's capital base is structured to exceed regulatory and internal capital targets while maintaining an effective capital structure. The Board of Directors is responsible for designing the Company's capital plan with management responsible for the implementation of the plan. The policy is designed to ensure that adequate capital is maintained to provide the flexibility necessary to take advantage of growth opportunities, to support the risks associated with the business and to provide returns to shareholder. The policy is also designed to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Company to take advantage of opportunities for expansion. The Company is required by the Bermuda Monetary Authority to maintain certain levels of capital and surplus. At the balance sheet date the Company has met these requirements.

The Company's capital base consists of called up share capital and share premium, net of the accumulated profit and loss account.

Shareholder's Equity - Called Up Share Capital

	2025	2024
	\$	\$
Authorized share capital of par value \$1 each:		
4,000,000 (2024 - 4,000,000) ordinary shares	4,000	4,000
	4,000	4,000
Called up share capital issued and fully paid:		
4,000,000 (2024 - 4,000,000) ordinary shares	4,000	4,000
	4,000	4,000

Share Premium Account

Share premium represents amounts paid to the Company by the shareholder in addition to its subscription to the Company's share capital.

Statutory Requirements

The Company is registered as a long term (Class C) insurer pursuant to the Bermuda Insurance Act 1978 and accordingly is required to meet and maintain certain standards of solvency and to maintain a minimum margin of solvency under the Act of \$500. At December 31, 2025, the Company's statutory capital and surplus was \$23,478 (2024 - \$25,217) of which \$18,812 (2024 - \$18,812) comprised statutory capital and \$4,666 (2024 - \$6,405) pertains to the Company's surplus in its Profit and loss account.

Actual statutory capital and surplus at December 31, 2025 and 2024, as determined using statutory accounting principles, is as follows:

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

	2025	2024
	\$	\$
Total shareholder's equity	24,110	25,746
Less non-admitted assets:		
Intangible assets	(37)	(51)
Tangible Assets	(14)	(22)
Deferred acquisition costs	(419)	(407)
Prepaid expenses	(162)	(49)
	23,478	25,217
	23,478	25,217

Cayman Statutory Requirements

The Company must separately disclose Cayman risk according to the insurance laws of the Cayman Islands.

	2025	2024
	\$	\$
Premiums/policy fees written/received	3,174	3,058
Reinsurance premiums ceded	(770)	(739)
Net insurance premium revenue	2,404	2,319
Net claims benefits	113	251
	113	251

Included in the provision for long term business is \$530 (2024 – \$184) which represents the portion related to Cayman Risk. The reasonableness of the Cayman provision for future policy benefits is supported by a separate independent actuarial study in accordance with the Company's accounting policies stated in Note 1.

In order to comply with the insurance laws of the Cayman Islands, the Company has investments in bonds and cash in a Cayman Trust held in favour of the Cayman Islands Monetary Authority, in compliance of the Authority's requirements. The bonds are held at fair value through profit or loss.

	2025	2024
	\$	\$
Bonds	2,335	2,181
Cash	895	42
	3,230	2,223
	3,230	2,223

Apart from investments held in favour of the Cayman Islands Monetary Authority, in a Cayman Trust, there are no liens or encumbrances on the Company's assets.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

11. Segregated managed funds

Managed funds comprising the segregated funds are as follows:

	2025	2024
	\$	\$
Coralisle Life Unit Trust – American Growth Fund	23,507	20,964
Coralisle Life Unit Trust – Emerging Companies Fund	6,347	6,311
Coralisle Life Unit Trust – American Value Fund	6,556	6,430
Coralisle Life Unit Trust – Global Equity Fund	19,055	17,727
Coralisle Life Unit Trust – European Equities Fund	3,338	3,048
Coralisle Life Unit Trust – Global Bonds Fund	12,327	11,532
Coralisle Life Unit Trust – SE Asia Equities Fund	3,384	2,753
Coralisle Life Unit Trust – Balanced Fund	3,515	3,459
Coralisle Life Unit Trust – Global Equities-Active	5,113	5,014
Coralisle Life Unit Trust – Cash Equivalent	3,038	2,900
Coralisle Life Unit Trust – US Government Bonds	913	809
	87,093	80,947

Coralisle Life Unit Trust is registered as an exempted trust in the Cayman Islands. The trust is organized as a Multi-Fund Unit Trust, providing for the creation of any number of classes of units.

Changes in net assets during the year are as follows:

	2025	2024
	\$	\$
Net assets at beginning of year	80,947	80,517
Increase during the year:		
Amounts received from policyholders	6,300	5,868
Net increase in market value investments	13,411	6,339
	19,711	12,207
Decrease during the year:		
Amounts withdrawn by policyholders	(12,191)	(10,431)
Amounts withdrawn for policy fees, mortality and rider premiums	(1,399)	(1,422)
Surrender values reverting to Company	24	76
Net decrease in market value investments	—	—
	(13,566)	(11,777)
Net assets at end of year	87,093	80,947

These segregated funds, which are redeemable on a monthly basis, are classified under Level 2 of the fair value hierarchy.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

12. Related party transactions and balances

The following transactions were carried out with related parties:

(a) Income and Expenses

	2025	2024
	\$	\$
Income/(Expense)		
Reinsurance premiums assumed ¹	1,487	684
Claims paid ¹	—	(25)
Administration expense ²	(98)	(68)
Rent ²	(168)	(167)
Commission expense ³	(525)	(443)
	<u>696</u>	<u>(19)</u>

(b) Year end Balances

	2025	2024
	\$	\$
Due (to) from related parties		
Gibbons Management Services Limited (GMSL)	5,431	5,773
Coralisle Insurance Company Ltd. (CIC)	—	—
Coralisle Medical Insurance Company Ltd. (CMI)	—	—
Coralisle Group Ltd. (The Group)	263	(29)
CG Atlantic Medical & Life Insurance Ltd. (CGAML)	—	—
British Caymanian Insurance Agencies Limited (BCIA)	61	(19)
Coralisle Insurance (BVI) Ltd. (CIBVI)	(1)	3
	<u>5,755</u>	<u>5,728</u>
Total due from related parties	5,756	5,776
Total due to related parties	(1)	(48)
	<u>5,755</u>	<u>5,728</u>

¹ On January 1, 2012, the Company entered into a quota share group life reinsurance agreement with Coralisle Medical Insurance Company Ltd. (CMI), a company related through common control. Under this agreement, the Company assumes 50% of the net group life insurance premium to CMI with a 10% administration fee charged to the Company.

² Rent expense is charged by a company related through common control for the rental of office space and other group overhead expenses.

³ The Company pays to affiliated entities, British Caymanian Agencies Limited, commission for the sale of its products in Cayman and Coralisle Pension Services Ltd. commission for the referral of Annuity sales.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

The amounts due to and from companies related through common control are due on demand. The amount due from GMSL was structured in 2016 into individual loan notes with varying maturities through to 2045. Interest on the notes continues to be settled monthly and the settlement of any maturing loan notes occurring on June 30 of the year for which they become due. No provisions are held against amounts due from related parties (2024 - \$Nil). The balance due from GMSL bears interest at 5.75% per annum. Included in net interest income from other financial investments with related parties is interest income of \$326 (2024 - \$338). Balances with all other related parties are non-interest bearing.

(c) Investments

During the year, the Company used Clarien Bank Limited (Clarien) and its wholly owned subsidiaries for certain banking and investment custodian services.

At December 31, 2025, the Company had funds on deposit with Clarien of \$1,242 (2024 - \$1,136).

At December 31, 2025, segregated funds of \$87,093 (2024 - \$80,947) were held in trust with Clarien on standard commercial terms.

(d) Key Management Compensation

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

	2025	2024
	\$	\$
Short term employee benefits	224	367
Defined contribution pension and medical insurance	21	53
	<u>245</u>	<u>420</u>

13. Revenue from contracts with customers

FRS 102 allows for the company to early adopt amendments for revenue from contracts with customers and thus continue its application of the principles of IFRS 15 'Revenue from Contracts with Customers' which requires disaggregation of revenues prior to the deduction of associated expenses.

The following table shows the disaggregation of Revenue from Contracts with Customers

	2025	2024
Sources of Revenue	\$	\$
Policy fees	74	76
Enhanced allocation	169	249
Policy service fees on investment contracts	243	325
Investment management fees on segregated funds	1,554	1,542
Total Contract Income	<u>1,797</u>	<u>1,867</u>

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

14. Administrative expenses

	2025	2024
	\$	\$
Staff salaries and benefits	1,345	1,720
Rent, maintenance, insurance & power	261	318
Depreciation & amortization	32	31
Marketing	91	79
Information technology	222	227
Professional & Legal fees	1,029	984
Office	39	30
Travel	128	128
Memberships & subscriptions	44	43
Corporate fees	185	179
Communication	38	34
Other expenses including finance charges	180	152
Total Administrative expenses	3,594	3,925

Audit and Audit Related fees

Audit and Audit Related fees are expensed as incurred. Total Audit and Audit Related fees were \$87 and \$84 for the years ended December 31, 2025 and 2024, respectively. Audit and Audit Related fees are recorded in “Administrative expenses” within the “Net operating expenses” of Statement of Comprehensive Income.

There were no non-audit related fees paid to our auditors with respect to the Company.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

15. Change in Operating Working Capital

	2025	2024
	\$	\$
(Increase) decrease in:		
Accounts receivable	(1,311)	131
Insurance balances receivable	(406)	(394)
Amounts receivable from reinsurers	(489)	230
Deferred acquisition costs	(12)	25
Prepaid reinsurance premiums	(3)	(4)
Other prepayments and accrued income	(209)	(26)
Increase (decrease) in:		
Long term business provision, net of reinsurance	2,865	2,157
Claims outstanding	1,609	(383)
Bonuses and rebates payable	(72)	(166)
Creditors arising out of direct insurance operations	1,231	(316)
Reinsurance balances payable	28	5
Funds held on behalf of policyholders	16	31
Accounts payable and other liabilities	240	21
Accruals and deferred income	88	99
Total	3,575	1,410

16. Income Tax

On December 27, 2023, the government of Bermuda passed the Bermuda Corporate Income Tax Act 2023 (CIT Act), which became fully operative with respect to the imposition of corporate income tax on January 1, 2025.

Under the CIT Act, Bermuda corporate income tax is chargeable in respect of fiscal years beginning on or after January 1, 2025 and applies only to Bermuda entities being part of a multinational enterprise groups with EUR 750 million or more in annual revenues in at least two of the four fiscal years immediately preceding the fiscal year in question (“Bermuda Constituent Entity Group”). As the Company is part of a multinational enterprise group meeting this criteria, it is subject to Bermuda corporate income tax, calculated as follows:

- 15% of the net taxable income of the Bermuda Constituent Entity Group, less
- tax credits applicable to the Bermuda Constituent Entity Group under Part 4 of the CIT Act, or as prescribed.

Coralisle Life Assurance Company Ltd.
Notes to Financial Statements (continued)
(In thousands of Bermuda Dollars, except share amounts)

Income tax expense is comprised of:

	2025	2024
	\$	\$
Income before tax	2,781	1,519
Tax calculated at a tax rate of 15% (- 0%)	417	—
Tax charge	417	—

The basis of the income tax expense is as follows:

	2025	2024
	\$	\$
Current tax	482	—
	482	—

17. Subsequent Events

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

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