

**BANCASSURANCE CARIBBEAN LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2025**

**BANCASSURANCE CARIBBEAN LIMITED**  
**FINANCIAL STATEMENTS**

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## **BANCASSURANCE CARIBBEAN LIMITED**

### **STATEMENT OF MANAGEMENT'S RESPONSIBILITIES**

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Bancassurance Caribbean Limited (the Company) which comprise the statement of financial position as at 31 December 2025, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of material accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and Insurance Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the IFRS Accounting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



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Ms Samanta Saugh

President

26 March 2026



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Ms. Cherisse Sutherland

Vice President Finance

26 March 2026



# Independent auditor's report

To the shareholder of Bancassurance Caribbean Limited

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## Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bancassurance Caribbean Limited (the Company) as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

## What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2025;
- the statement of income for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

## **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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## **Responsibilities of management and those charged with governance for the financial statements**

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

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.

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

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## **Auditor's responsibilities for the audit of the financial statements**

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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*PricewaterhouseCoopers*

Port of Spain

Trinidad and Tobago, West Indies

26 March 2026

# BANCASSURANCE CARIBBEAN LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

Expressed in Trinidad and Tobago Dollars

		31 December 2025 \$'000	31 December 2024 \$'000
<b>Assets</b>			
Investment properties	5	22,499	26,109
Investment securities	6	225,983	246,755
Loans and receivables	10	230	617
Deferred tax assets	7	24	10
Insurance contract assets	8	59	—
Reinsurance contract assets	8	—	98
Taxation recoverable		6,190	5,846
Cash and cash equivalents	9	7,557	2,773
Cash and cash equivalents of mutual fund unit holders	9	148	144
<b>Total assets</b>		<u>262,690</u>	<u>282,352</u>
<b>Equity and liabilities</b>			
Share capital	11	15,013	15,013
Reserves	12	1,875	1,473
Retained earnings		(24,426)	(21,798)
<b>Total equity</b>		<u>(7,538)</u>	<u>(5,312)</u>
<b>Liabilities</b>			
Insurance contract liabilities	8	233,568	265,560
Reinsurance contract liabilities	8	352	84
Deferred tax liabilities	7	2,549	4,447
Provision for taxation		780	6,571
Due to related parties	25	32,940	10,414
Other liabilities	13	39	588
<b>Total liabilities</b>		<u>270,228</u>	<u>287,664</u>
<b>Total equity and liabilities</b>		<u>262,690</u>	<u>282,352</u>

The accompanying notes form an integral part of these financial statements. On 26 March 2026, the Board of Directors of Bancassurance Caribbean Limited authorised these financial statements for issue.

Director: 

Director: 

**BANCASSURANCE CARIBBEAN LIMITED**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars

	Notes	2025 \$'000	2024 \$'000
Insurance revenue	8	2,598	2,525
Insurance service expenses	8	5,447	(19,799)
Net expenses from reinsurance contracts held	8	<u>(283)</u>	<u>(404)</u>
<b>Insurance service result</b>		<u>7,762</u>	<u>(17,678)</u>
<b>Investing activities</b>			
Investment income from financial assets measured at amortised cost	14	3,474	3,935
Investment income from financial assets measured at fair value through profit or loss	14	1,379	1,328
Net realised gains on financial assets	15	2	9
Net fair value (losses)/gains	16	(13,752)	9,100
Other income	17	260	430
Net impairment gains/(losses) on financial assets	18	<u>143</u>	<u>(427)</u>
<b>Net (loss)/income from investing activities</b>		<u>(8,494)</u>	<u>14,375</u>
Finance expenses from insurance contracts issued	8	<u>(3,078)</u>	<u>(2,684)</u>
<b>Net insurance finance expenses</b>		<u>(3,078)</u>	<u>(2,684)</u>
<b>Net loss from all activities</b>		<u>(3,810)</u>	<u>(5,987)</u>
Operating expenses	19	<u>(462)</u>	<u>(502)</u>
<b>Loss before taxation</b>		<u>(4,272)</u>	<u>(6,489)</u>
Taxation	20	<u>1,644</u>	<u>(971)</u>
<b>Loss for the year</b>		<u>(2,628)</u>	<u>(7,460)</u>

The accompanying notes form an integral part of these financial statements.

**BANCASSURANCE CARIBBEAN LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars

	Notes	2025 \$'000	2024 \$'000
<b>Loss for the year</b>		<u>(2,628)</u>	<u>(7,460)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Finance expenses from insurance contracts issued	8	402	1,283
<b>Net other comprehensive income that may be reclassified subsequently to profit or loss</b>		<u>402</u>	<u>1,283</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>402</u>	<u>1,283</u>
<b>Total comprehensive loss for the period, net of tax</b>		<u>(2,226)</u>	<u>(6,177)</u>

The accompanying notes form an integral part of these financial statements.

**BANCASSURANCE CARIBBEAN LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars

	Notes	Share capital \$'000	Reserves (Note 12) \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 January 2025</b>		15,013	1,473	(21,798)	(5,312)
Total comprehensive income/(loss)		<u>—</u>	<u>402</u>	<u>(2,628)</u>	<u>(2,226)</u>
<b>Balance at 31 December 2025</b>		<u><u>15,013</u></u>	<u><u>1,875</u></u>	<u><u>(24,426)</u></u>	<u><u>(7,538)</u></u>
<b>Balance at 1 January 2024</b>		15,013	190	(14,338)	865
Total comprehensive income/(loss)		<u>—</u>	<u>1,283</u>	<u>(7,460)</u>	<u>(6,177)</u>
<b>Balance at 31 December 2024</b>		<u><u>15,013</u></u>	<u><u>1,473</u></u>	<u><u>(21,798)</u></u>	<u><u>(5,312)</u></u>

The accompanying notes form an integral part of these financial statements.

# BANCASSURANCE CARIBBEAN LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

Expressed in Trinidad and Tobago Dollars

	Notes	2025 \$'000	2024 \$'000
<b>Cash flows from operating activities</b>			
Loss before taxation		(4,272)	(6,489)
Adjustment for specific items included on the accruals basis:			
- Investment income		(4,853)	(5,263)
Adjustment for non-cash items	21	13,551	(8,885)
Interest received		3,578	4,030
Dividends received		1,347	1,273
		<u>9,351</u>	<u>(15,334)</u>
<b>Operating profit/(loss) before changes in operating assets/liabilities</b>		9,351	(15,334)
Net decrease in insurance contract assets/liabilities		(31,649)	(16,936)
Net (decrease)/increase in reinsurance contract assets/liabilities		366	22
Purchase of investment securities		(110)	(25,366)
Proceeds from sale of investment securities		11,663	18,077
Purchase of/additions to investment properties		(475)	(49)
Net decrease/(increase) in loans and receivables		(153)	(630)
Net decrease/(increase) in other operating assets/liabilities		21,977	(1,837)
		<u>10,970</u>	<u>(42,053)</u>
<b>Cash provided by/(used in) operating activities</b>		10,970	(42,053)
Net taxation paid		(6,403)	(1,652)
		<u>4,567</u>	<u>(43,705)</u>
<b>Net cash (used in)/provided by operating activities</b>		4,567	(43,705)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		–	–
Dividends paid to equity holders of the company		–	–
		<u>–</u>	<u>–</u>
<b>Net cash provided by/(used in) financing activities</b>		–	–
<b>Net increase/(decrease) in cash and cash equivalents</b>	9	<u>4,567</u>	<u>(43,705)</u>

The accompanying notes form an integral part of these financial statements.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

#### **1. Incorporation and principal activities of the Company**

Bancassurance Caribbean Limited ("the Company") was incorporated in the Republic of Trinidad and Tobago on 18 January 1999 and operates under the provisions of the Insurance Act of 2018 which came into effect on January 1st 2021. Prior to the commencement of the new legislation, the company operated under the provisions of the Insurance Act 1980. The Company is engaged in the underwriting of all classes of long-term insurance business as defined in the Insurance Act 1980 of Trinidad and Tobago and associated investment activities. The Company is wholly owned by Guardian Insurance Limited, which is a subsidiary of Guardian Holdings Limited ("GHL"). Both companies are incorporated in the Republic of Trinidad and Tobago.

The address of the registered office is 1 Guardian Drive, Westmoorings S.E., Trinidad and Tobago.

GHL is 61.77% (2024:61.77%) owned by NCB Global Holdings Limited ('NCBGH' and the 'Parent'), a limited liability holding company, which was incorporated in Trinidad and Tobago in December 2017. NCBGH is 100% owned by NCB Financial Group Limited ('NCBFG'). NCBFG was incorporated in Jamaica in April 2016 and is the financial holding company for the NCB Group. NCBFG is 46.24% (2024: 47.14%) owned by AIC (Barbados) Limited and the ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., a director of the Company. The NCB Financial Group provides a diversified range of financial services through its subsidiaries and associates.

The ordinary shares of GHL and NCBFG are listed on the Trinidad and Tobago Stock Exchange and the Jamaica Stock Exchange.

#### **2. Material accounting policies**

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

##### **2.1 Basis of preparation**

These financial statements are prepared in accordance with IFRS Accounting Standards, IAS Standards and interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The financial statements have been prepared on a historical cost basis, except for the following balances which are stated at fair or actuarial value in compliance with the relevant IFRS: investment properties, financial assets at fair value through profit or loss, insurance and reinsurance contracts.

For the year ended December 2025, the Company experienced a loss and consequently ended the period with a negative equity balance. Despite this, the financial statements are prepared on a going concern basis.

GHL as majority shareholder continues to and guarantees to provide the appropriate financial support to the Company as may be required to enable the Company to continue its operations at its present level of activity and to meet its obligations as they fall due in the normal course of business for a period of at least 12 months from the date of approval of these financial statements.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to financial statements are disclosed in Note 3.

**BANCASSURANCE CARIBBEAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**2. Material accounting policies (continued)**

**2.1 Basis of preparation (continued)**

**(a) New standards and amendments/revisions to published standards and interpretations effective in 2025**

The following amendments to published standards took effect for the Company's accounting periods beginning on or after 1 January 2025:

**IAS 21 - The effects of changes in foreign exchange rates - Amendments - Lack of exchangeability**

These amendments specify when a currency is exchangeable into another currency and when it is not, how exchange rates should be determined when a currency is not exchangeable, and the disclosures that are required for currencies that are not exchangeable. These amendments had no impact on the Company's financial statements.

**(b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Company.**

The following is a list of new IFRS reporting standards, interpretations and amendments issued that are not yet effective as at 31 December 2025 and have not been early adopted by the Company. The Company expects to implement these standards when they become effective.

**Effective 1 January 2026:**

**IFRS 9, 'Financial instruments', and IFRS 7, 'Financial instruments: Disclosures' - Amendments - Amendments to the classification and measurement of financial instruments.**

These amendments provide guidance on the derecognition of a financial liability settled through electronic transfer and the classification of financial assets where contractual terms are consistent with a basic lending arrangement. They also enhance the description of the term "non-recourse" where assets have non-recourse features and clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Finally, these amendments require additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and for financial assets that have contractual terms that could change the timing or amount of contractual cash flows. The Company does not expect these amendments to have a material impact on the financial statements.

**IFRS 9, Financial instruments and IFRS 7, Financial instruments: Disclosures - Amendments - Contracts Referencing Nature - dependent Electricity.**

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. The amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'. These amendments do not impact the Company's financial statements.

**Annual Improvements to IFRS Accounting Standards - Volume 11**

The Annual Improvements (Volume 11) include amendments to the following Standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures, and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars  
(Continued)

**2. Material accounting policies (continued)**

**2.1 Basis of preparation (continued)**

**(b) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Company. (continued)**

These are minor updates to reduce potential confusion that may be caused by obsolete references or inconsistencies in the wording of various IFRS accounting standards. No impact is expected on the Company's financial statements.

**Effective 1 January 2027:**

▶ **IFRS 18 - Presentation and disclosure in financial statements - New standard**

IFRS 18 replaces IAS 1, 'Presentation of financial statements'. The new concepts introduced in IFRS 18 include the structure of the statement of profit or loss, disclosures for profit or loss performance measures that are reported outside of the financial statements, and enhanced principles on aggregation and disaggregation for both the primary statements and the notes to the financial statements. This new standard is expected to impact the Company's financial statements and the extent and nature of this impact is being assessed.

▶ **IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'. This is a new IFRS standard.**

This is a new, optional standard that can only be applied to subsidiaries that do not have public accountability and whose ultimate or immediate parent produces publicly available, consolidated financial statement that are compliant with IFRS Accounting Standards. Subsidiaries applying IFRS 19 will be subject to a reduced disclosure requirement burden. The Company is conducting an assessment to determine the extent to which the implementation of IFRS 19 is applicable and appropriate for its subsidiaries.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.2 Foreign currency translation**

#### **(a) Translation of transactions in foreign currencies**

The financial results of the Company is prepared in the currency in which it conducts its ordinary course of business, which is referred to as functional currency.

Transactions occurring in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

#### **(b) Translation to the presentation currency**

In preparing the financial statements, all foreign transactions are translated from their respective currencies to Trinidad and Tobago dollars, the presentation currency, as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) Income and expenses for each statement of income are translated at average exchange rates; and
- (iii) All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of the net investment in foreign entities are taken to the statement of comprehensive income. When a foreign operation is sold, liquidated or wound up, such exchange differences are recognised in the statement of income as part of the gain or loss on sale.

### **2.3 Investment properties**

Freehold or leasehold properties held for long-term rental yields that are not occupied by the Company are classified as investment properties. Investment properties comprise freehold land and buildings, and subsequent to initial recognition, are stated at fair value. Fair value is based on active market prices, adjusted as necessary, for any difference in the nature, location or condition of the specified asset, as determined annually by external independent appraisers. Any appreciation or diminution in value is recognised in the statement of income.

If investment properties become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where properties classified as held for use become investment properties because of a change in use, these properties are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in the statement of comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**2. Material accounting policies (continued)****2.4 Financial Assets****(a) Initial recognition and measurement**

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income.

The Company's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, and other loans and receivables.

**(b) Classification and subsequent measurement****Debt instruments**

Subsequent to initial recognition, the Company's debt instruments are measured in accordance with the business models determined by the Company and the cash flow characteristics of the asset. There are three measurement categories into which the Company classified its debt instruments:

- (i) **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognised. In addition to certain debt securities, the Company's loans and receivables are carried at amortised cost.
- (ii) **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.
- (iii) **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of income in the period in which it arises. The Company may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets held for trading, or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

The Company reclassifies debt instruments when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.4 Financial Assets (continued)**

#### **(b) Classification and subsequent measurement (continued)**

##### **Debt instruments (continued)**

###### *Business model assessment*

The Company's investment team determine the business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered in determining the business model for a group of assets include:

- ▶ the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- ▶ how performance of the group of assets is evaluated and reported to management;
- ▶ the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ▶ how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- ▶ the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

###### *The solely payment of principal and interest (SPPI) test*

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

##### **Equity instruments**

Subsequent to initial recognition, the Company measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the statement of income.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.4 Financial Assets (continued)**

#### **(c) Derecognition of financial assets**

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ The rights to receive cash flows from the asset have expired.
- ▶ The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- ▶ The Company has transferred its rights to receive cash flows from the asset and either:
  - ▶ has transferred substantially all the risk and rewards of the asset, or
  - ▶ has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the statement of income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the statement of income.

#### **(d) Modifications of financial assets**

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different from that of the original asset. If the terms are substantially different, the Company derecognises the original financial asset and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the modification was driven by the debtor being unable to make the originally agreed payments.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Company recalculates the gross carrying amount of the financial asset based on revised cash flows, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.5 Impairment of assets**

#### **(a) Financial assets**

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost and fair value through other comprehensive income (excluding equity instruments).

The Company measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

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

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Loss allowances for ECL are presented in the financial statements as follows:

- ▶ Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the statement of income.
- ▶ Debt instruments measured at fair value through other comprehensive income: the loss allowance is recognised in the statement of income with the corresponding entry recognised in other comprehensive income.

#### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- ▶ the remaining lifetime probability of default as at the reporting date; with
- ▶ the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.5 Impairment of assets (continued)**

#### **(a) Financial assets (continued)**

##### *Significant increase in credit risk (continued)*

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- ▶ Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- ▶ Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- ▶ Actual or expected significant changes in the operating results of the debtor;
- ▶ Significant increases in credit risk on other financial instruments of the debtor;
- ▶ Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor;
- ▶ Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrated otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt instruments carried at fair value through comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- ▶ Significant financial difficulty of the debtor or issuer;
- ▶ A breach of contract, such as a default or past due event;
- ▶ The disappearance of an active market for a financial asset because of financial difficulties;
- ▶ It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- ▶ Rating agencies' assessments of creditworthiness.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.5 Impairment of assets (continued)**

#### **(a) Financial assets (continued)**

##### *Definition of default*

The Company considers a financial asset to be in default when:

- ▶ the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- ▶ the debtor is past due more than 90 days unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In assessing whether a debtor is in default, the Company considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

##### *Write-off*

The Company writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

##### *Measurement of expected credit losses*

The measurement of expected credit losses is a function of:

- (i) Probability of default (PD)- an estimate of the likelihood of default over a given time horizon;
- (ii) Loss given default (LGD) - an estimate of the loss arising in the case where a default occurs at a given time; and
- (iii) Exposure at default (EAD) - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Company includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the Organization for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.5 Impairment of assets (continued)**

#### **(a) Financial assets (continued)**

##### *Measurement of expected credit losses (continued)*

The mechanics of the expected credit losses method are summarised below:

- ▶ A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- ▶ When a financial instrument has shown a significant increase in credit risk since initial recognition, the Company records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- ▶ A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Company records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- ▶ Purchased or credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

#### **(b) Non-financial assets**

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.5 Impairment of assets (continued)**

#### **(b) Non-financial assets (continued)**

The Company bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is applied to project future cash flows after the third year.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

### **2.6 Fair value measurement**

The Company measures financial instruments and non-financial assets at fair value at each statement of financial position date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in either its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market. If there is no quoted price in an active market, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level mainly comprise various freehold and investment properties and various unquoted equity securities.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of certain assets such as investment properties. Involvement of external valuers is decided annually and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**2. Material accounting policies (continued)****2.7 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

**2.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market placements and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when they arise, are shown within borrowings in current financial liabilities on the statement of financial position.

**2.9 Share Capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

**2.10 Insurance contracts****(a) Summary of measurement approaches**

The Company uses different measurement approaches, depending on the type of contracts, as follows:

<b>Contracts issued</b>	<b>Product Classification</b>	<b>Measurement model</b>
<u>Traditional Life</u>		
Traditional life and critical illness contracts - participating; non-participating	Insurance contracts	General Measurement Model
Individual Life Personal Accident	Insurance contracts	General Measurement Model
<u>Annuities</u>		
Traditional annuity contracts - deferred benefit; immediate benefit;	Insurance contracts	General Measurement Model
<u>Short term Group life contracts</u>		
Group life; individual	Insurance contracts	Premium Allocation Approach
<u>Long term reinsurance contracts</u>		
Individual life and critical illness reinsurance contracts	Reinsurance contracts held	General Measurement Model
Individual life personal accident reinsurance	Reinsurance contracts held	General Measurement Model
<u>Short term reinsurance contracts - Life</u>		
Group life	Reinsurance contracts held	Premium Allocation Approach

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(b) Definition and classification**

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant. The Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more, on a present value basis, than the benefits payable if the insured event did not occur'.

The Company issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders.

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- ▶ The contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- ▶ The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- ▶ The Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in most Traditional Life, Critical Illness, and Annuity products comprise cash surrender values less policy loans and applicable surrender fees.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of significant loss.

All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts held or issued and insurance contracts, unless specifically stated otherwise.

#### **(c) Aggregation bases for disclosure purposes**

Insurance contracts are classified into three main categories.

##### **(i) Short-term group life insurance contracts**

These contracts are principally group life insurance policies.

Group life contracts protect the Company's customers from the consequences of events (such as death or critical illness) that would affect the ability of the customer or his/her dependants to maintain their current level of income. On these contracts, the benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

**BANCASSURANCE CARIBBEAN LIMITED**

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(Continued)

**2. Material accounting policies (continued)**

**2.10 Insurance contracts (continued)**

**(c) Aggregation bases for disclosure purposes (continued)**

**(ii) Traditional life**

These contracts insure events associated with human mortality over a long duration. A liability for policyholders' benefits that are expected to be incurred in the future is established on acceptance of the insurance risk, and is based on key assumptions made with respect to variables such as mortality, persistency, investment returns and expense inflation.

Actuarial liabilities are calculated using best estimates of future cash flows arising from the insurance contracts in force, with a risk adjustment. As experience unfolds, the risk adjustment will be included in future income to the extent they are no longer required to cover adverse experience.

In addition to death benefits, some of these contracts contain a discretionary participation feature that entitles the holders to a bonus or dividend declared from time to time. The discretionary element of the benefits payable under these policies, as well as the guaranteed elements are treated as liabilities. The actuarial calculations make allowance for future expected policyholder bonuses and dividends.

**(iii) Annuities**

These contracts insure events associated with human longevity over a long duration. A liability for policyholders' benefits that are expected to be incurred in the future is established on acceptance of the insurance risk, and is based on key assumptions similar to those made for traditional life products, except that morbidity is also a key variable.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(d) Unit of account**

The Company manages insurance contracts issued by product lines and certain sub-categories, where each sub-category includes contracts that are subject to similar risks. All insurance contracts within a specified sub-category represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contract.

A single cohort was applied to all contracts issued 31 December 2021 and prior. These contracts were measured using the Fair Value Approach.

Quarterly cohorts were applied to all GMM contracts issued 1 January 2022 and after, and all PAA portfolios are disaggregated into annual cohorts regardless of their issue date. The Full Retrospective Approach was applied to all of these contracts. All portfolios are further disaggregated as follows:

- (i) Contracts that are onerous at initial recognition;
- (ii) Contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- (iii) A group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For all long-term and short-term products, sets of contracts usually correspond to policyholder pricing groups that the Company determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Company monitors the profitability of contracts and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at a portfolio level with no information available at a more granular level.

All contracts issued are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous at initial recognition. Some defined benefit annuity products have break-even profitability or are loss making, and therefore were reallocated to groups of contracts that were onerous or remaining at initial recognition.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(d) Unit of account (continued)**

For the short-term contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a portfolio level.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts into quarterly and annual cohorts in line with how this was defined for insurance contracts. These portfolios then were further disaggregated as follows:

- (i) Contracts for which there is a net gain at initial recognition, if any;
- (ii) Contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- (iii) Remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance, by treaty and sub-divided by line of business. This information is used as a basis for price negotiations with reinsurers as well as setting retention amounts. The Company's assessment of the performance of the treaties have concluded that some reinsurance contracts held are in a net cost position without a significant possibility of a net gain arising subsequently while other reinsurance contracts have a net gain at initial recognition.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- ▶ Cash flows relating to embedded derivatives that are required to be separated;
- ▶ Cash flows relating to distinct investment components; and
- ▶ Promises to transfer distinct goods or distinct non-insurance services.

The Company does not have any products with components that require separation. The Company therefore applies IFRS 17 to all components of the contract. In assessing whether the contract should be further separated, the following considerations are made:

- (i) Whether there is interdependency between the different risks covered;
- (ii) Whether components lapse together; and
- (iii) Whether components can be priced and sold separately.

The Company does not have any contracts that require further separation of insurance contracts.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(e) Recognition and Derecognition**

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

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

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition on transfer.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognised from the earlier of:

- ▶ The beginning of the coverage period of the group; and
- ▶ The date the Company recognised an onerous group of underlying insurance contracts, if the Company entered into the related reinsurance contract held in the group at or before that date.

The Company does not recognise a group of quota share reinsurance contracts held until it has recognised at least one insurance contract in a group of the underlying insurance contracts, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held. A gap between the start of the coverage period for a quota share contract and that of the underlying contracts rarely occurs in practice.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognised at the beginning of the coverage period of that group.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

#### Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- ▶ Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- ▶ The contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in the regulations, the group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**2. Material accounting policies (continued)**

**2.10 Insurance contracts (continued)**

**(e) Recognition and Derecognition (continued)**

Accounting for contract modification and derecognition (continued)

- (a) If the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
  - (i) Is not in scope of IFRS 17;
  - (ii) Results in different separable components;
  - (iii) Results in a different contract boundary; or
  - (iv) Belongs to a different group of contracts.
- (b) The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- (c) The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Company:

- (a) Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.
- (b) Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
  - (i) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
  - (ii) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less than the premium charged by the third party.
  - (iii) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Company assumes such a hypothetical premium as actually received.
- (c) Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(e) Recognition and Derecognition (continued)**

##### Accounting for contract modification and derecognition (continued)

- (a) If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
- (b) If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- (c) If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

#### **(f) Measurement**

##### Fulfilment cash flows

###### *Fulfilment cash flows within contract boundary*

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) Are based on a probability weighted mean of the full range of possible outcomes;
- (b) Are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- (c) Reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to Note 3 (b).

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at a policy level, which is then aggregated into the relevant profitability groups, cohorts, and portfolios.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Fulfilment cash flows (continued)

##### *Fulfilment cash flows within contract boundary (continued)*

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

##### *Contract boundary*

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- (a) The Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- (b) Both of the following criteria are satisfied:
  - (i) The Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - (ii) The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Company provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Company assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Company until they are exercised.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

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

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Fulfilment cash flows (continued)

##### *Contract boundary (continued)*

The Company's individual life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a 60-day notice period by either party. Thus, the Company treats such reinsurance contracts as a series of contracts that cover underlying business in force at the end of the reporting period. Estimates of future cash flows arising from all underlying contracts in force at the reporting period are included in the measurement of the reinsurance contracts.

The Company's group life reinsurance contracts held provide coverage for claims incurring during the period of the reinsurance treaty coverage. Thus, all cash flows arising from claims incurred are included in the measurement of the reinsurance contracts held. The premium status of reinsurance policies are aligned with that of the underlying insurance policy. As a result, if the underlying policy is terminated, reinsurance premiums cease; if the underlying policy is reinstated, reissued, converted or otherwise continued after being previously terminated, reinsurance premiums will recommence, with specific rules applied.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

##### *Insurance acquisition costs*

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- (a) To that group; and
- (b) To groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

The Company does not pay (or recognise a liability, applying a standard other than IFRS 17) directly attributable acquisition costs to originate a group of insurance contracts before they are recognised. The Company therefore does not recognise insurance acquisition cash flows assets.

**BANCASSURANCE CARIBBEAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**2. Material accounting policies (continued)**

**2.10 Insurance contracts (continued)**

**(f) Measurement (continued)**

Fulfilment cash flows (continued)

*Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in Note 3 (e).

Initial measurement - Groups of contracts measured under the GMM

*Contractual service margin*

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognise as it provides insurance contract services in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- (a) The initial recognition of the FCF;
- (b) Cash flows arising from the contracts in the group at that date;
- (c) The derecognition of any insurance acquisition cash flows asset; and
- (d) The derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognised (refer to the Onerous contracts – Loss component section below).

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

**BANCASSURANCE CARIBBEAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**2. Material accounting policies (continued)**

**2.10 Insurance contracts (continued)**

**(f) Measurement (continued)**

Initial measurement - Groups of contracts measured under the GMM (continued)

*Contractual service margin (continued)*

- (a) The initial recognition of the FCF; and
- (b) Cash flows arising from the contracts in the group at that date;
- (c) The amount derecognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
- (d) Any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised in (d) above. This amount is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

For insurance contracts acquired in a portfolio transfer or a business combination within the scope of IFRS 3, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- (a) The initial recognition of the FCF; and
- (b) Cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

Subsequent measurement - Groups of contracts measured under the GMM

The carrying amount at the end of each reporting period of a group of insurance contracts issued is the sum of:

- (a) The LRC, comprising:
  - (i) The FCF related to future service allocated to the group at that date; and
  - (ii) The CSM of the group at that date; and
- (b) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Subsequent measurement - Groups of contracts measured under the GMM (continued)

The carrying amount at the end of each reporting period of a group of reinsurance contracts held is the sum of:

- (a) The remaining coverage, comprising:
  - (i) The FCF related to future service allocated to the group at that date; and
  - (ii) The CSM of the group at that date; and
- (b) The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

##### *Changes in fulfilment cash flows*

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- (a) Changes that relate to current or past service are recognised in profit or loss; and
- (b) Changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- (a) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- (b) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- (c) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, determined by comparing (i) the actual investment component that becomes payable in a period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable; and
- (d) Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (a), (b), and (d) are measured using the locked-in discount rates as described in the section 'Interest accretion on the CSM' below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- (a) Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof.
- (b) Changes in the FCF relating to the LIC;
- (c) Experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
- (d) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognised in insurance finance income or expenses.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Subsequent measurement - Groups of contracts measured under the GMM (continued)

###### *Changes to the contractual service margin*

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- (a) The effect of any new contracts added to the group.
- (b) For contracts measured under the GMM, interest accrued on the carrying amount of the CSM.
- (c) Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- (d) The effect of any currency exchange differences.
- (e) The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For reinsurance contracts held, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- (a) The effect of any new contracts added to the group.
- (b) Interest accreted on the carrying amount of the CSM.
- (c) Income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.
- (d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
- (e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
- (f) The effect of any currency exchange differences.
- (g) The amount recognised in profit or loss for insurance contract services received during the period, determined after all other adjustments above.

Income referred to in (c) above is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that is entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Subsequent measurement - Groups of contracts measured under the GMM (continued)

##### *Changes to the contractual service margin (continued)*

For the purposes of (c) – (e) above, when underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Refer to the Reinsurance contracts held – Loss recovery component section below for loss-recovery component accounting.

The Company does not have any reinsurance contracts held measured under the GMM with underlying contracts measured under the PAA.

Interest accretion on the CSM:

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates).

Adjusting the CSM for changes in the FCF relating to future service:

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the 'Changes in fulfilment cash flows' section.

Release of the CSM to profit or loss:

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The coverage period is defined as a period during which the entity provides insurance contract services. Insurance contract services include coverage for an insured event (insurance coverage), the generation of an investment return for the policyholder, if applicable (investment-return service) for the contracts under the GMM. The period of investment-return service ends at or before the date when all amounts due to current policyholders relating to those services have been paid. Investment-return services are provided only when an investment component exists in insurance contracts or the policyholder has a right to withdraw an amount, and the Company expects these amounts to include an investment return that is achieved by the Company by performing investment activities to generate that investment return.

For contracts issued, the Company determines the coverage period for the CSM recognition as follows:

- (a) For life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk for life insurance policies and longevity risk for deferred annuities; and
- (b) For insurance contracts with investment components, the coverage period corresponds to the period in which insurance or investment return is expected to be provided.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Subsequent measurement - Groups of contracts measured under the GMM (continued)

##### *Changes to the contractual service margin (continued)*

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. In instances where multiple services are provided to a policyholder, the coverage units are calculated based on each rider, but aggregated to produce the total contract's coverage units. The coverage units are determined at each reporting period-end prospectively by considering:

- (a) The quantity of benefits provided by contracts in the group;
- (b) The expected coverage duration of contracts in the group; and
- (c) The likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs at the basis for the quantity of benefits.

The Company determines coverage units as follows:

- (a) For products under the "Traditional life" category, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;
- (b) For products under the "Annuities" category that are in the accumulation phase, coverage units are based on policy size (i.e., the value of the accumulated funds). When they are in the annuitisation phase, coverage units are based on the annuity payout. The coverage units were summed (weights are 50%/50%).

The Company reflects the time value of money in the allocation of the CSM to coverage units using discount rates that are applied to nominal cash flows that do not vary based on the returns of underlying items. For GMM contracts, these discount rates are determined at initial recognition.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the 'Contract boundary' section within this Note above.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Subsequent measurement - Groups of contracts measured under the GMM (continued)

##### *Changes to the contractual service margin (continued)*

Onerous contracts - Loss component:

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognises the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- (a) Expected incurred claims and expenses for the period;
- (b) Changes in the risk adjustment for non-financial risk for the risk expired; and
- (c) Finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance services expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Reinsurance contracts held – Loss-recovery component:

A loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held for the amount of income recognised in profit or loss when the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts discussed in the Onerous contracts – Loss component section above. The loss-recovery component is further adjusted, if required, to ensure that it does not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held.

The loss-recovery component determines the amounts that are presented as a reduction of incurred claims recovery from reinsurance contracts held and are consequently excluded from the reinsurance expenses determination.

##### Initial and subsequent measurement - Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The PAA eligibility test was applied to risk-attaching reinsurance contracts, and it was concluded that the PAA can also be used for such contracts.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognised over the coverage period of contracts in a group.

**BANCASSURANCE CARIBBEAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**2. Material accounting policies (continued)**

**2.10 Insurance contracts (continued)**

**(f) Measurement (continued)**

Initial and subsequent measurement - Groups of contracts measured under the PAA (continued)

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amounts of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- (a) The LRC; and
- (b) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- (a) The remaining coverage; and
- (b) The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- (a) Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- (b) Decreased for insurance acquisition cash flows paid in the period;
- (c) Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period; and
- (d) Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- (a) Increased for ceding premiums paid in the period; and
- (b) Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(f) Measurement (continued)**

##### Initial and subsequent measurement - Groups of contracts measured under the PAA (continued)

For group life insurance contracts, future cash flows are adjusted for the time value of money since these insurance contracts sometimes have claims with a settlement period of over one year.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. The Company may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of recoveries.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held (refer to Note 2.10 (g)) and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.

The Company does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

#### **(g) Amounts recognised in comprehensive income**

##### Insurance service result from insurance contracts issued

###### *Insurance revenue*

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in an exchange for those services.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**2. Material accounting policies (continued)**

**2.10 Insurance contracts (continued)**

**(g) Amounts recognised in comprehensive income (continued)**

Insurance service result from insurance contracts issued (continued)

*Insurance revenue (continued)*

For contracts measured under the GMM insurance revenue comprises the following:

- ▶ Amounts relating to the changes in the LRC:
  - a) Insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - amounts related to the loss component;
    - repayments of investment components and policyholder rights to withdraw an amount;
    - amounts of transaction-based taxes collected in a fiduciary capacity; and
    - insurance acquisition expenses;
    - amounts related to the risk adjustment for non-financial risk (see (b));
  - b) Changes in the risk adjustment for non-financial risk, excluding:
    - changes included in insurance finance income (expenses);
    - changes that relate to future coverage (which adjust the CSM); and
    - amounts allocated to the loss component;
  - c) Amounts of the CSM recognised in profit or loss for the services provided in the period; and
  - d) Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
  - e) Other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.
- ▶ Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(g) Amounts recognised in comprehensive income (continued)**

##### Insurance service result from insurance contracts issued (continued)

Insurance service expenses

Insurance service expenses include the following:

- (a) Incurred claims and benefits excluding investment components reduced by loss component allocations;
- (b) Amortisation of insurance acquisition cash flows;
- (e) Changes that relate to past service (i.e. changes in the FCF relating to the LIC)
- (d) Changes that relate to future service (i.e. loss/reversals on onerous groups of contracts from changes in the loss components); and
- (e) Insurance acquisition cash flows assets impairment.

For contracts measured under the GMM amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

##### Insurance service result from reinsurance contracts held

###### *Net income/(expenses) from reinsurance contracts held*

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- (a) Reinsurance expenses;
- (b) Incurred claims recovery;
- (c) Other incurred directly attributable insurance service expenses;
- (d) Changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- (e) Effect of changes in risk of reinsurer non-performance;

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(g) Amounts recognised in comprehensive income (continued)**

##### Insurance service result from reinsurance contracts held (continued)

##### *Net income/(expenses) from reinsurance contracts held (continued)*

- (f) Amounts relating to accounting for onerous groups of underlying insurance contracts issued:
  - i) Income on initial recognition of onerous underlying contracts;
  - ii) Reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
  - iii) Reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts measured under the GMM reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- (a) Claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
  - Amounts allocated to the loss-recovery component;
  - Repayments of investment components;
  - Amounts related to the risk adjustment for the non-financial risk (see (b));
- (b) Changes in the risk adjustment for non-financial risk, excluding:
  - Changes included in finance income/(expenses) from reinsurance contracts held;
  - Changes that relate to future coverage (which adjust the CSM);
  - Amounts allocated to the loss-recovery component;
- (c) Amounts of the CSM recognised in profit or loss for the services received in the period; and
- (d) Experience adjustments – arising from premiums paid in the period other than those that relate to future service.

For groups of reinsurance contracts held measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

##### Insurance finance income or expenses

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

- (a) The effect of the time value of money and changes in the time value of money; and
- (b) The effect of financial risk and changes in financial risk.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(g) Amounts recognised in comprehensive income (continued)**

##### Insurance finance income or expenses (continued)

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- (a) Interest accreted on the FCF and the CSM;
- (b) The effect of changes in interest rates and other financial assumptions; and

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- (a) Interest accreted on the LIC; and
- (b) The effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option (the PL option) is applied).

For the contracts measured using the GMM, except for those supported by investments measured at fair value through profit or loss, the OCI option is applied. The investments held by the Company that are used to support the GMM portfolio are typically measured at either amortised cost or at fair value through OCI, therefore the use of the OCI option results in the elimination of accounting mismatches with the associated assets. When the OCI option is applied, the impact of the change in discount rate is posted to the OCI. The difference between the liability measured on current rates and the liabilities measured on locked-in rates at any point in time represent the accumulation of amounts in OCI. Interest accreted on the BEL and CSM are also posted to the P&L for these portfolios.

Groups of insurance and reinsurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Where these groups of insurance and reinsurance contracts generate cash flows in multiple currencies, the Company has opted to maintain the underlying cash flows in their transactional currencies. The risk adjustment is also denominated in multiple currencies reflecting the currencies of its related fulfilment cash flows. The CSM, loss component, and the loss recovery component within each insurance and reinsurance group is however assigned a single currency ("the CSM Currency") in order to operate the mechanics of IFRS 17. This currency is determined separately for each insurance or reinsurance group based on the predominant currency in which the underlying cash flows are denominated.

The impact of adjusting the CSM, loss component, or loss recovery component in the CSM Currency due to changes in the exchange rate between the currencies of the underlying cash flows and the CSM Currency are accounted for as changes in financial risk - i.e., within effects of changes in interest rates and other financial assumptions'. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance or reinsurance contracts (including the CSM, loss component, or loss recovery component) is translated into the functional currency at the closing rate, with the resulting impact presented as foreign exchange differences. Both the foreign exchange differences and changes in financial risk are accounted for within 'finance expenses from insurance contracts issued' for insurance contracts and 'finance income from reinsurance contracts held' for reinsurance contracts.

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.10 Insurance contracts (continued)**

#### **(h) Classification**

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable on a present value basis if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

A number of insurance contracts contain a discretionary participation feature, which entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- a) That are likely to be a significant portion of the total contractual benefits;
- b) Whose amount or timing is contractually at the discretion of the Company; and
- c) That are contractually based on:
  - (i) the performance of a specified pool of contracts or a specified type of contract;
  - (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Company; or
  - (iii) the profit or loss of the Company, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the basis for the determination of the amounts on which discretionary benefits are based and within which the Company may exercise its discretion as to the quantum and timing of their payments to contract holders, which will be subject to the advice of the Company's actuary or a locally appointed actuary.

#### **(i) Reinsurance contracts held**

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with insurance contracts.

#### **(j) Receivables and payables other than those for contracts under IFRS 17**

Receivables and payables are recognised when due. These include amounts due to and from agents and brokers. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of income.

#### **(k) Insurance finance reserve**

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated other comprehensive income for the contract are reclassified to profit or loss as a reclassification adjustment.

## **BANCASSURANCE CARIBBEAN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

## **2. Material accounting policies (continued)**

### **2.11 Taxation**

Taxation in the statement of income comprises current and deferred income tax.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the statement of income, except where it relates to items charged or credited to the statement of comprehensive income, in which case, deferred tax is also dealt with in the statement of comprehensive income.

### **2.12 Provisions**

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

### **2.13 Revenue recognition**

Revenue comprises the fair value for services rendered. Revenue is recognised as follows:

**(a) Insurance revenue**

Insurance revenue is recognised in accordance with the requirements of IFRS 17 as laid out in Note 2.10.

**(b) Investment income**

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

**(c) Rental Income**

Rental income is recognised on an accrual basis.

**(d) Realised and unrealised investment gains and losses**

Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the statement of income in the period in which they arise.

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(Continued)

**2. Material accounting policies (continued)**

**2.13 Revenue recognition (continued)**

**(e) Commission income**

Commissions are recognised on the accrual basis.

**2.14 Dividend Distributions**

Dividend distributions to the Company's shareholders are recognised as an appropriation in the Company's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

**2.15 Finance Charges**

Finance charges are recognised as an expense in the period in which they are incurred except to the extent that they are capitalised when directly attributable to the acquisition, construction or production of an investment property.

**2.16 Comparative Information**

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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**3. Critical accounting estimates and judgments in applying accounting policies**

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

**(a) Insurance contracts**

Definition and classification

Definition and classification determines whether contracts are in the scope of IFRS 17 and, for contracts determined to be in scope of IFRS 17, what measurement model is applicable.

Determining whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk requires judgement. Refer to Note 2.10 (b) which gives details on how the Company determines the classification of insurance products with investment components as insurance or investment contracts.

Determining whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features requires judgement. The Company does not issue any investment contracts with discretionary participation features.

Determining whether contracts that were determined to be in the scope of IFRS 17 meet the definition of an insurance contract with direct participation features requires judgement:

- a) Whether the pool of underlying items is clearly identified;
- b) Whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items;  
and
- c) Whether the Company expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.

Significant judgement is applied to determine whether the proportion to be paid by the Company to life contract policyholders and to direct participating contract policyholders is substantial.

The Company applies the PAA to some insurance contracts with a coverage period of more than one year. The eligibility assessment involved significant judgement on whether the application of the PAA will produce a measurement of the liability for the LRC that would not differ materially from the one that would be produced applying the GMM.

Unit of account

Judgement is involved in combination of insurance contracts and separation of distinct components, however the Company neither separated components of its insurance contracts nor combined any insurance contracts.

Judgements involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together) are not an area of significant judgement for the Company. This is due to the Company historically managing its insurance and reinsurance portfolios in a way that, consistent with regulatory considerations, clearly distinguishes groups of products by their associated risks.

Judgement is required in aggregating insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous and groups of other contracts. A similar grouping assessment is required for reinsurance contracts held.

### **3. Critical accounting estimates and judgments in applying accounting policies (continued)**

#### **(a) Insurance contracts**

##### Unit of account (continued)

For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of judgement.

For insurance contracts issued measured under the PAA, management judgement is required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate any changes in the onerous group's profitability and whether any loss component remeasurement is required. In 2024 and 2025, the Company did not identify any facts or circumstances that might have indicated that a group of contracts measured under the PAA had become onerous. All contracts measured by the Company in 2024 and 2025 under the PAA were determined to be non-onerous on initial recognition.

##### Measurement - Fulfilment cash flows

The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract in the scope of IFRS 17. Judgements is involved to determine when the Company is capable of repricing the entire contracts to reflect the reassessed risks, when policyholders are obliged to pay premiums and when premiums reflect risks beyond the coverage period. Only those liabilities or assets relating to expected premiums or claims driven by substantive rights and obligations are recognised within the boundary of the insurance contract. The Company applied judgement to the determination of the contract boundaries of several deferred annuity products with guaranteed annuitisation rates.

The Company uses judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to fulfilment of the contract. The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts. Refer to Note 3 (c).

##### Financial performance

The Company applied significant judgements in the following aspects of the determination of the CSM amounts that were recognised in profit or loss in 2024 and 2025:

- a) For individual life GMM contracts without any accumulating Fund - coverage units are determined based on the quantity of benefits provided via the Face Amount of the coverage.
- b) For individual life contracts that have an accumulated Fund Balance, coverage units are determined based on the quantity of benefits provided via the Face Amount of the coverage plus the Fund Value.
- c) For annuity contracts that are still in the accumulation phase, coverage units are determined based on the value of the fund accumulated to date.
- d) For annuity contracts that are in the annuitisation phase, coverage units are determined based on the value of expected annuity payout.

In performing the above determination, management applied judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognised in profit or loss for the period.

##### Contracts measured under the Fair Value Approach

The Company applied the fair value approach to all long-term insurance and reinsurance contracts in force as at 31 December 2021. The Company applied significant judgement in determining the transition amounts under this approach.

Applying the fair value approach, the Company determined the CSM as at 1 January 2022 to be the difference between the fair value of a Company of insurance contracts, measured in accordance with IFRS 13, 'Fair Value Measurement' (IFRS 13), and its FCF at the transition date. The Company did not apply the deposit floor when measuring insurance contracts when using the fair value approach on transition.

The fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Where available, recent market transactions were used to estimate the fair value of groups of contracts. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

### 3. Critical accounting estimates and judgments in applying accounting policies (continued)

#### (a) Insurance contracts

##### Contracts measured under the Fair Value Approach (continued)

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

- a. only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation, excluding future renewals and new business that would be outside the contract boundary of the contracts under IFRS 17;
- b. assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and
- c. other sources of profit were included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

Given the lack of a liquid and observable market of insurance liabilities in the Caribbean, the fair value of insurance contracts was estimated using a method consistent with the income approach. There are two techniques that is consistent with this namely: the adjusted fulfilment cash flows and embedded or appraisal value. The group used the adjusted fulfilment cash flows as it is similar to the technique used to determine the fulfilment cash flows; however, adjusted to reflect the perspective of a market participant (IFRS 13) rather than the entity's view (IFRS 17).

The Company used significant judgement to determine adjustments required to reflect the market participant's view, and it considered the following:

*Definition and classification* The following assessments were performed using the criteria described in note 3, based on the information available as at

- a. An assessment of whether a contract issued that does not transfer significant insurance risk meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17; and
- b. An assessment of whether an insurance contract issued meets the definition of an insurance contract with direct participation features.

##### *Discount rates*

The discount rates at the dates of initial recognition were determined at the transition date, as described in note 3 (b). The determination of an appropriate market discount rate to calculate the fair value at initial recognition included the application of the Group's own credit risk. This was calculated as a percentage of the Group's FCF. It was incorporated as a reduction to the Group's FCF, to derive the adjusted fulfilment cash flows (AFCF). The Group also included its reported Capital Adequacy requirements as of 31 December, 2021 to determine the Cost of Capital (COC). The COC was then calculated as the discounted value of the base solvency at the hurdle rate and applying a cost of capital factor.

The Target Available Capital was calculated as the base solvency buffer, net of diversification benefit, multiplied by the target capital ratio (175%). This was further reduced by the Risk Adjustment for territories where the Capital regime is based solely on the Best Estimate Liability, though for the others, the Risk Adjustment reduction was not applied. The COC was then calculated as the discounted value of the base solvency at the hurdle rate and applying a cost of capital factor.

##### *FCF*

The FCF were estimated prospectively as at the transition date, and were determined as the present value of the Company's cash flows, consistent with the typical actuarial approach to determining the best estimate liability and risk adjustment. The ratios of Capital Adequacy risk components to the FCF were used to estimate the Group's risk components for the life of the business. The base solvency was calculated as the sum of the risk components. The Target Available Capital was calculated as the base solvency buffer net of diversification benefit multiplied by the target capital ratio, less Risk Adjustment.

##### *CSM*

The CSM (for insurance contracts issued) were estimated to be the difference between the fair value of a group of insurance contracts, measured in accordance with IFRS 13 as described above, and its FCF at the transition date. All relevant sources of required profit were considered, particularly for blocks of business that have significant additional capital considerations. The profit margin was calculated as the sum of COC, Risk Provision release and the other sources of profit, with each item in the profit margin calculation discounted at the hurdle rate.

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**3. Critical accounting estimates and judgments in applying accounting policies (continued)**

**(b) Discount rates**

The bottom-up approach was used to derive the discount rate. Under this approach, the discount rate is determined as the Trinidad & Tobago ("T&T") government yield curve, which is adjusted for a credit risk premium and an illiquidity premium. The credit risk premium is quantified by finding the average spread between the T&T government yield curve and that of the US Treasury on the assumption that the US Treasury yield curve is risk free. The illiquidity premium is determined by differences in liquidity characteristics between the financial assets used to derive the T&T government yield and the relevant liability cash flows, as illustrated by T&T government bond bid-ask spreads. The T&T government yield curve and the relevant liability are denominated in the same currency as the product being measured for the portfolios denominated in Trinidad & Tobago dollars, with the Trinidad & Tobago curve used as a proxy for portfolios denominated in all other currencies. Given the limited term of the T&T government yield curve, for the unobservable period, the yield curve was interpolated between an ultimate rate and the last observable point using the Smith-Wilson method.

The ultimate rate for the Trinidad & Tobago curve is 7.6%.

Observable market information was used from 2010 to capture the low interest environment that much of the world, including the Caribbean, has been in since the 2008 financial crisis. Going back further than this point was considered inappropriate as it is not reflective of the current economic environment.

Cash flows varying based on underlying items are discounted using a discount rate that reflects the variability of the underlying assets. The participating contracts include investment components where cash flows vary based on the return of investment assets. The cash flows arising from the investment component are discounted using the expected return of the assets supporting the investment component. There are limited financial guarantees in these products. The liabilities associated with these guarantees are measured using a market consistent deterministic interest scenario.

The weighted average yield curves used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

	As at 31 December 2025				As at 31 December 2024			
	1 year	5 years	10 years	20 years	1 year	5 years	10 years	20 years
Traditional life	5.26%	5.22% - 6.00%	6.19% - 6.80%	6.96% - 8.87%	4.62%	4.68% - 5.68%	5.89% - 6.49%	6.76% - 8.41%
Annuities	5.57%	5.53% - 6.31%	6.50% - 7.11%	7.27% - 9.18%	4.94%	5.00% - 5.99%	6.20% - 6.80%	7.07% - 8.72%

### **3. Critical accounting estimates and judgments in applying accounting policies (continued)**

#### **(c) Estimates of future cash flows to fulfil insurance contracts**

Included in the measurement of each group of contracts in the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is based on a best estimate deterministic scenario that specifies the amount, timing and probability of cash flows.

Expenses related cash flows are determined at a cohort level and are allocated on a systematic basis similar to the activity based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Acquisition cash flows and expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts initiated for the period, and in force for the period, respectively. Claims settlement related expense are allocated based on the number of claims incurred.

For the long-term insurance contracts without investment components, uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of long-term changes in the mortality rates, the variability in the policyholder behaviour and uncertainties regarding future inflation rates and expenses growth.

Uncertainty of future claims and benefit payments arises primarily from the variability in policyholder behaviour. The interest rate guarantee embedded in insurance contracts was measured using a best estimate deterministic scenario, representing the most likely future interest rate environment.

For the short-term insurance contracts, uncertainty in the estimation of future claims and benefit payments arises primarily from the severity and frequency of claims and uncertainties regarding future inflation rates leading to claims and claims-handling expenses growth.

Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

#### **(d) Methods used to measure the risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated on a full contract basis, thereby considering risks that may emerge over the entire life of the insurance contract. Given the long-term nature of the related risks, this approach is appropriate to capture the uncertainty embedded in the underlying contracts, without adding the complexity of performing projections on an annual basis. The risk adjustment is further calculated at a coverage level in accordance with the related risk profile, and then aggregated up to profitability groups, cohorts, and portfolios. To determine the variability of the the reserves, the risk margin approach was used.

**3. Critical accounting estimates and judgments in applying accounting policies (continued)**

**(d) Methods used to measure the risk adjustment for non-financial risk (continued)**

With the risk margin approach, the risk adjustment is determined by calculating and combining explicit risk margins for non-financial risks as outlined in guidance provided by the Central Bank of Trinidad and Tobago. Quantification of the confidence level is done using a quantile technique based on an underlying normal probability distribution assumption for the future cash flows. The Company's confidence level corresponding to the results of this technique ranged from 76% to 77% (2024: 75% to 76%). Consideration of the amount of diversification benefit is done at the entity level reflecting the diversification in contracts sold across portfolios as this reflects the potential for risk reduction when the entity has a diversified portfolio of insurance contracts.

The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024 and 2025.

**(e) Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Factors considered in determining the business model for a group of assets are disclosed in Note 2.4 (b).

**(f) Fair valuation of financial assets**

The fair value of financial assets that are not traded in an active market is determined by using an internally developed bond valuation model. Assumptions used in this model are validated and periodically reviewed internally by qualified personnel. Where applicable, data is calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions used in valuations could affect reported fair value of financial assets. Key assumptions are based on current market yields. At 31 December 2025, the carrying amount of financial assets that were fair valued using an internally developed bond valuation model was Nil, 2024 (Nil). The effect on the profit or loss and fair value reserve to changes in the market yields is Nil, 2024 (Nil).

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**3. Critical accounting estimates and judgments in applying accounting policies (continued)**

**(g) Impairment losses on financial assets**

The measurement of ECL allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgements 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 expected credit loss basis and the qualitative assessment.
- ▶ The segmentation of financial assets when their ECL is assessed on a collective basis.
- ▶ Development of ECL models, including the various formulas and the choice of inputs.
- ▶ Use of macroeconomic data for internal credit ratings and outlooks, to derive associated probabilities of default as prescribed by external rating agencies such as Standard & Poor's and Moody's.
- ▶ Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations.
- ▶ Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default.

The Company regularly reviews its internal models in the context of actual loss experience and adjusts when necessary.

*Forward-looking macroeconomic variables*

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECL and Lifetime ECL is a discounted probability-weighted estimate that considers three future macroeconomic scenarios, with macroeconomic projections varying by territory. The base case scenario assumes that a stable economic environment where current conditions, based on available macroeconomic data, will largely continue. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering both historical conditions and macroeconomic forecasts and trends.

Scenarios are reassessed on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted separately for each territory modelled according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted.

The carrying amounts of expected credit loss allowance on financial assets are disclosed in Note 4.2.3(e).

**(h) Taxation**

The Company is subject to income taxes in numerous jurisdictions. Estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### **3. Critical accounting estimates and judgments in applying accounting policies (continued)**

#### **(h) Taxation**

For uncertain tax positions where there is uncertainty over the tax treatment in the financial statements, management considered whether it is probable that the tax authority will accept the uncertain tax treatment. The Company measured the tax balance that is applicable for the uncertain tax position using an expected value basis.

There has been a change in the estimate for the tax obligation on future distributions in the current year. This estimate has been updated to consider more experience obtained over the year by the inclusion of additional scenarios being incorporated into the estimate and the application of appropriate probabilities to scenarios. As this estimate is based on retained earnings at the point in time, it would be impracticable to estimate the likely impact of this change on future periods.

### **4. Management of Insurance and Financial Risk**

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

#### **4.1 Insurance risk**

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

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

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.1 Short term Group life contracts**

**(a) Exposures to risks and how they arise**

Short-duration life insurance contracts are contracts that are typically of a short tenure. These contracts are mainly issued to employers to insure their commitments to their employees. The risk is affected by the nature of the industry in which the employer operates. The risk of death and disability will vary by industry.

**(b) Objectives, policies and processes for managing risks**

The Company attempts to manage this risk through its underwriting and claims handling. Additionally, there is reinsurance on short-duration life insurance contracts.

**(c) Methods used to measure risks**

There is no need to estimate mortality rates or morbidity rates for future years because these contracts have short duration. However, for incurred disability income claims, it is necessary to estimate the rates of recovery from disability for future years. The Company currently does so using conservative assumptions.

**(d) Changes in assumptions**

The Company's assumptions in respect of short duration life insurance contracts have not significantly changed from the prior year.

**(e) Sensitivity analysis**

Reasonable possible changes in assumptions made by the Company with regard to underwriting risk variables have a Nil, 2024 (Nil) impact on profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA, and thus, only the LIC component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

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**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.2 Long-term insurance contracts**

**(a) Exposures to risks and how they arise**

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or widespread changes in lifestyle, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

**(b) Objectives, policies and processes for managing risks**

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, undue concentration could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts without fixed terms, a significant portion of the insurance risk is shared with the insured party. The Company charges for mortality risk on a monthly basis for most life and critical insurance contracts without fixed terms. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. Medical selection is included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company uses excess of loss reinsurance contracts with retention limits that vary by product.

The table below presents the concentration of insured benefits across five bands per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. These tables do not include annuity contracts, for which a separate analysis is reported further below.

**Benefits assured per life**  
**\$'000**  
0 - 250 (TT\$)  
251 - 500 (TT\$)  
501 - 1,000 (TT\$)  
1,001 - 3,000 (TT\$)  
**Total**

<b>2025 - Total benefits insured</b>			
<b>Before reinsurance</b>		<b>After reinsurance</b>	
<b>TT\$'000</b>	<b>%</b>	<b>TT\$'000</b>	<b>%</b>
62,316	17.1%	60,046	16.6%
110,100	30.2%	109,939	30.4%
136,000	37.4%	136,000	37.6%
55,500	15.3%	55,500	15.4%
<b>363,916</b>	<b>100.0%</b>	<b>361,485</b>	<b>100.0%</b>

The concentration risk in the respective bands has not changed from last year.

**Benefits assured per life**  
**\$'000**  
0 - 250 (TT\$)  
251 - 500 (TT\$)  
501 - 1,000 (TT\$)  
1,001 - 3,000 (TT\$)  
**Total**

<b>2024 - Total benefits insured</b>			
<b>Before reinsurance</b>		<b>After reinsurance</b>	
<b>TT\$'000</b>	<b>%</b>	<b>TT\$'000</b>	<b>%</b>
69,931	18.4%	67,033	17.8%
111,600	29.4%	111,439	29.6%
140,000	36.8%	140,000	37.1%
58,500	15.4%	58,500	15.5%
<b>380,031</b>	<b>100.0%</b>	<b>376,972</b>	<b>100.0%</b>

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**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.2 Long-term insurance contracts (continued)**

**(b) Objectives, policies and processes for managing risks (continued)**

	<b>Total annuities payable per annum</b>			
	<b>2025</b>		<b>2024</b>	
	<b>TT\$'000</b>	<b>%</b>	<b>TT\$'000</b>	<b>%</b>
<b>Annuity payable per annum per life</b>				
0 - 5,000 (TT\$)	17	15.6%	17	15.6%
5,001 - 10,000 (TT\$)	39	35.7%	39	35.7%
10,001 - 20,000 (TT\$)	32	29.4%	32	29.4%
20,001 and over (TT\$)	21	19.3%	21	19.3%
<b>Total</b>	<b>109</b>	<b>100.0%</b>	<b>109</b>	<b>100.0%</b>

The greatest concentration remains at the highest band, which is consistent with the prior year.

**(c) Methods used to measure risks**

For long-term insurance contracts, the Company determines assumptions in relation to future deaths and other benefits, voluntary termination, investment returns, administrative expenses and other items that are appropriate to the policies, their location and the local statutory reserving requirements.

The nature and method of determining the significant assumptions made by the Company in the computation of policyholders' liabilities are described in the following paragraphs.

● **Mortality & morbidity**

An appropriate base table of standard mortality or morbidity is chosen depending on the type of contract. Supplemental information, such as reinsurance rates, is used where standard tables are not available. An investigation into the Company's experience in recent years is performed, and the standard actuarial tables are adjusted where appropriate to reflect the Company's own experience or expectations. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements.

In 2025, morbidity assumptions remained unchanged, whereas, there was a change in the mortality assumption as shown in the table below. In addition, the methodology was revised to apply a weighted-average approach instead of an equal-weighting to each year of the 10 year study period.

**As at 31 December 2025**

<b>Gender</b>	<b>Smoker Status</b>	<b>Mortality Table</b>	<b>Percentage of table</b>
Male	Non-smoker	CIA9704	80% - 280%
	Smoker	CIA9704	80% - 280%
Female	Non-smoker	CIA9704	80% - 280%
	Smoker	CIA9704	80% - 280%

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**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.2 Long-term insurance contracts (continued)**

**(c) Methods used to measure risks (continued)**

As at 31 December 2024

Gender	Smoker Status	Mortality Table	Percentage of table
Male	Non-smoker	CIA9704	100% - 141%
	Smoker	CIA9704	100% - 141%
Female	Non-smoker	CIA9704	100% - 141%
	Smoker	CIA9704	100% - 141%

A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM. For a sensitivity analysis, refer to Note 4.1.2(d).

● **Terminations**

Estimates of the amounts and timings of future benefit and premium payments are based on Company experience over extended periods. Terminations (lapses and surrenders) and variable premium assumptions vary by product type and policy duration.

● **Policy maintenance expense and inflation**

Amounts are included in policyholders' liabilities to provide for the future costs of administering policies in force. Expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads. The expense base is determined from a review of current, recent and expected Company expense levels and allowance is made for future expense inflation.

Inflation rates are sourced from various international and regional economic journals and reports. These inflation rates assumed are summarised in the following table.

	2025	2024
Rate of inflation	2.0%	2.0%

● **Tax**

It has been assumed that current tax legislation and rates for long-term insurance companies continue unaltered.

**(d) Sensitivity analysis**

The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. These analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

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**4. Management of Insurance and Financial Risk (continued)**

**4.1 Insurance risk (continued)**

**4.1.2 Long-term insurance contracts (continued)**

**Traditional life**

	2025		2024	
	Impact on profit	Impact on equity	Impact on profit	Impact on equity
+ 10% Worsening Mortality				
- Net Insurance contract liabilities/assets	(57)	(49)	(63)	(53)
- Net Reinsurance contract assets/liabilities	1	1	2	1
	<u>(56)</u>	<u>(48)</u>	<u>(61)</u>	<u>(52)</u>
+1%Decrease in Interest Rates				
- Net Insurance contract liabilities/assets	-	(2,749)	-	(2,936)
- Net Reinsurance contract assets/liabilities	-	5	-	5
	<u>-</u>	<u>(2,744)</u>	<u>-</u>	<u>(2,931)</u>
+ 5% Worsening of base renewal expense level				
- Net Insurance contract liabilities/assets	(24)	(21)	(21)	(18)
- Net Reinsurance contract assets/liabilities	-	-	-	-
	<u>(24)</u>	<u>(21)</u>	<u>(21)</u>	<u>(18)</u>
+1% Worsening of expense inflation rate				
- Net Insurance contract liabilities/assets	(33)	(28)	(39)	(33)
- Net Reinsurance contract assets/liabilities	-	-	-	-
	<u>(33)</u>	<u>(28)</u>	<u>(39)</u>	<u>(33)</u>
<b>Annuities</b>				
+5% improvement in annuitant mortality				
- Net Insurance contract liabilities/assets	(1)	(1)	(1)	(1)
- Net Reinsurance contract assets/liabilities	-	-	-	-
	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
- 1% Lowering of interest rates				
- Net Insurance contract liabilities/assets	-	(25)	-	(31)
- Net Reinsurance contract assets/liabilities	-	-	-	-
	<u>-</u>	<u>(25)</u>	<u>-</u>	<u>(31)</u>
+ 5% Worsening of base renewal expense level				
- Net Insurance contract liabilities/assets	(1)	(1)	-	-
- Net Reinsurance contract assets/liabilities	-	-	-	-
	<u>(1)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk**

The Company is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The components of this financial risk are interest rate risk, equity price risk, foreign currency risk, liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Risk management is carried out by the Executive Investment Committees ("EIC") and Risk Management departments, with direct support from the Actuarial department of the Company. It is conducted in accordance with policies and framework approved by the Company's Board of Directors, ensuring alignment with the organisation's risk appetite, governance standards, and strategic objectives. The Company identifies, evaluates and hedges financial risks. The Board provides principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

**4.2.1 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk - currency risk, interest rate risk and other price risk, each of which is considered below.

**(a) Currency risk**

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The Company's main operations are in the Caribbean, with the main exposure to risks being in respect to the US dollar. The Company's strategy for dealing with foreign exchange risk is to offset, as far as possible, foreign currency liabilities with assets denominated in the same currency.

The Executive Investment Committee (EIC) has oversight for the management of currency risk, which is also mitigated by the requirements of the Insurance Act 2018, which does not allow more than 30% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

The tables below summarises the Company's exposure to foreign currency exchange rate risk as at 31 December. The Company's assets and liabilities at carrying amounts are included in the table categorised by currency positions expressed in TT\$ equivalents.

	TT \$'000	US \$'000	Total \$'000
<b>As at 31 December 2025</b>			
Total assets	244,233	18,457	262,690
Total liabilities	<u>269,320</u>	<u>908</u>	<u>270,228</u>
	<u>(25,087)</u>	<u>17,549</u>	<u>(7,538)</u>
<b>As at 31 December 2024</b>			
Total assets	251,285	31,067	282,352
Total liabilities	<u>286,759</u>	<u>905</u>	<u>287,664</u>
	<u>(35,474)</u>	<u>30,162</u>	<u>(5,312)</u>

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.1 Market risk (continued)**

The analysis below is performed for reasonable possible movements in foreign currency exchange rates with all other variables held constant, showing the impact on the statement of equity at the reporting date.

<b>Change in variables</b>	<b>US</b>
2025	-0.5%
2024	0.8%
	<b>US</b>
	<b>\$'000</b>
<b>For the year 2025:</b>	
Impact on net equity	<u>(88)</u>
<b>For the year 2024:</b>	
Impact on net equity	<u>241</u>

The following table presents analysis of how a possible shift in market currency exchange rates might impact the insurance contract liability balances and the respective underlying assets, as well as the net impact on equity. Transactions or balances not within the scope of IFRS 17 are not subject to currency risk.

	<b>US</b>
	<b>\$'000</b>
<b>For the year 2025:</b>	
<b>Impact on net equity</b>	
- Related party balances	908
- Underlying investment assets	<u>18,457</u>
Net impact	<u>19,365</u>
<b>For the year 2024:</b>	
<b>Impact on net equity</b>	
- Related party balances	(905)
- Underlying investment assets	<u>31,067</u>
Net impact	<u>30,162</u>

Underlying assets are those that are either contractually linked to the relevant insurance contracts or they are specifically used to back insurance contracts.

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

**(b) Interest rate risk**

The Company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major element of interest rate risk within the Company is the risk that the interest earned on the Company's investments is insufficient to meet the interest rates credited or guaranteed to policyholders. This applies to traditional life insurance policies.

Exposure is managed largely by the use of natural hedges that arise by matching interest-sensitive assets with liabilities of a similar nature. The Company also mitigates the effect of interest rate risk of the investment portfolio through the EIC and the pricing of products by the actuarial function. The investment portfolio return is continually monitored by the EIC. The results of these reviews inform the pricing of products and interest rates to be credited to the respective policies and plans.

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.1 Market risk (continued)**

**(b) Interest rate risk (continued)**

The following table presents analysis of how a possible shift in market interest rates might impact the balances of contracts within the scope of IFRS 17 and investment assets, as well as the net impact on profit or loss and equity. Insurance and reinsurance contracts measured under the GMM are moderately sensitive to changes in market interest rates due to the discounting of the future expected cash flows. The Company's other financial assets and liabilities are not significantly sensitive to interest rates. For the sensitivity analysis, a 1% movement in interest rates was used for 2025 (2024 - 1%). The following table shows the estimated effect of an increase or decrease in the above rates on the profit or loss and equity.

	<b>Net insurance contract liability</b>			
	<b>Profit or loss</b>		<b>Equity</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Increase in interest rates	–	(817)	2,770	2,993
Decrease in interest rates	–	751	(2,770)	(2,993)

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Company in the methods and assumptions used in preparing the above analysis.

**(c) Other price risk**

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of financial position as fair value through profit or loss. The Company manages its price risk by limiting the amount of its investments in equities and by monitoring movements in equity prices.

The sensitivity analysis for equity risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices at the reporting date. For the sensitivity analysis, a 5% movement in prices of local equities was used for 2025 and 5% for 2024. The effect of a nil increase/decrease in the above rates would result in no increase/decrease in the statement of comprehensive income and equity of Nil for 2025 (2024: Nil).

**4.2.2 Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due, at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

Certain of the Company's contracts have features that allow them to be terminated at short notice creating a potential liquidity exposure. The Company monitors liquidity on a regular basis. The EIC set limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

There are no individual contracts or policyholders who have the potential to influence the withdrawal of a significant amount of liabilities.

The following tables analyse the insurance and financial liabilities of the Company into relevant maturity groupings based on the remaining period to the contractual or expected maturity date; alongside the remaining contractual maturities of the Company's financial assets. Financial liabilities are at contractual undiscounted cash flows and investment contracts are at expected undiscounted cash flows. Insurance contract liabilities include both actual and expected contractual undiscounted cash flows as they relate to both the LRC and the LIC.

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**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.2 Liquidity risk (continued)**

	Contractual/Expected Undiscounted Cash Flows							
	Carrying amount	On demand	1 years	2 years	3 years	4 years	5 years	Over 5 years
<b>As at 31 December 2025</b>								
Traditional life	229,699	48,089	10,006	9,769	9,639	9,695	9,484	324,293
Annuities	3,869	10	643	164	119	160	259	663
Short term Group life contracts	-	-	-	-	-	-	-	-
Reinsurance contract liabilities	352	-	17	14	14	13	15	171
Related party balances	32,940	-	32,940	-	-	-	-	-
Other liabilities	39	-	39	-	-	-	-	-
	<b>266,899</b>	<b>48,099</b>	<b>43,645</b>	<b>9,947</b>	<b>9,772</b>	<b>9,868</b>	<b>9,758</b>	<b>325,127</b>
Investment securities	225,983	-	4,449	32,715	7,832	1,628	4,101	28,291
Loans and receivables	230	-	482	-	-	-	-	-
Insurance contract assets	59	38	8	8	8	8	8	257
Reinsurance contract assets	-	-	-	-	-	-	-	-
Cash and cash equivalents	7,557	7,585	7,585	-	-	-	-	-
Cash and cash equivalents of mutual fund unit holders	148	148	148	-	-	-	-	-
	<b>233,977</b>	<b>7,771</b>	<b>12,672</b>	<b>32,723</b>	<b>7,840</b>	<b>1,636</b>	<b>4,109</b>	<b>28,548</b>
<b>As at 31 December 2024</b>								
Traditional life	261,568	51,104	11,710	11,073	10,864	10,691	10,661	265,448
Annuities	3,980	33	349	601	162	120	156	920
Short term Group life contracts	12	-	12	-	-	-	-	-
Reinsurance contract liabilities	84	-	6	5	4	4	3	38
Related party balances	10,414	-	10,414	-	-	-	-	-
Other liabilities	588	-	588	-	-	-	-	-
	<b>276,646</b>	<b>51,137</b>	<b>23,079</b>	<b>11,679</b>	<b>11,030</b>	<b>10,815</b>	<b>10,820</b>	<b>266,406</b>
Investment securities	246,755	-	10,055	2,023	30,925	6,106	2,107	45,244
Loans and receivables	617	-	277	-	-	-	-	-
Reinsurance contract assets	98	-	8	7	6	5	4	52
Cash and cash equivalents	2,773	3,022	3,022	-	-	-	-	-
Cash and cash equivalents of mutual fund unit holders	144	144	144	-	-	-	-	-
	<b>250,387</b>	<b>3,166</b>	<b>13,506</b>	<b>2,030</b>	<b>30,931</b>	<b>6,111</b>	<b>2,111</b>	<b>45,296</b>

Short-term group life contracts issued, and reinsurance contracts held have zero amounts payable on demand.

For insurance contracts issued that are traditional life and interest sensitive without guarantees, as well as annuities, the amount payable on demand represents the policyholders' cash surrender values less applicable surrender fees. For insurance contracts that are unit-linked and interest sensitive with guarantees, the amount payable on demand represents the policyholders' fund balances, plus cash surrender values, if any, less applicable surrender fees.

**4.2.3 Credit risk**

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to the Company. The EIC sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions, and the right to obtain collateral (including guarantees) should unfavourable events occur.

Collateral held as security for mortgage loans and other loans includes physical or tangible residential and commercial edifices as well as legal rights to insurance portfolio and other assets of the respective borrowers. The EIC initiates regular portfolio reviews, monitors counterparty creditworthiness and evaluates potential transaction risks with a view towards early problem identification and protection against unacceptable credit-related losses.

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(Continued)

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(a) Credit risk management and exposures for insurance and reinsurance assets**

The Company has significant credit risk arising from reinsurance contracts held. Credit risk associated with future premium inflows from insurance contracts issued is mitigated by the Company's ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations.

The Company structures the levels of credit risk arising from ceded reinsurance by incorporating limits into its reinsurance treaties on the maximum size of policy and maximum amount of benefits that can be provided per insured life. The Company does not seek to manage its credit risk via other characteristics such as limiting exposure to a single counterparty or groups of counterparties, given the relative size of the Company to its reinsurers.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

The Company actively monitors the financial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Company's reinsurers are rated superior by A.M. Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

**(b) Assets bearing credit risk**

Below is an analysis of assets bearing credit risk.

	Gross exposure		Net carrying amount	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Investment securities measured at fair value through profit or loss (excluding equity instruments)	–	10,056	–	10,056
Investment securities measured at amortised cost	57,456	59,119	57,326	59,057
Loans and receivables	717	1,094	230	617
Reinsurance contract assets	–	98	–	98
Cash and cash equivalents	7,733	3,166	7,705	2,917
	<u>65,906</u>	<u>73,533</u>	<u>65,261</u>	<u>72,745</u>

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Expressed in Trinidad and Tobago Dollars  
(Continued)

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(c) Credit quality of reinsurance and financial assets**

The credit quality of financial assets can be assessed by reference to external credit ratings, if available, or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's.

**AAA**

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

**AA**

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is very strong.

**A**

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

**BBB**

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

**Below BBB**

Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

**Not Rated**

This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification mainly includes obligations due from individuals and short-term securities.

The following tables set out the credit quality analysis for financial assets measured at amortised cost and fair value through other comprehensive income.

	<b>12-month ECL \$'000</b>	<b>Total \$'000</b>
<b>Investment securities measured at amortised cost</b>		
<b>As at 31 December 2025</b>		
BBB	57,456	57,456
Below BBB	—	—
Gross carrying amount	57,456	57,456
Loss allowance	(130)	(130)
Net carrying amount	<u>57,326</u>	<u>57,326</u>
<b>As at 31 December 2024</b>		
BBB	47,966	47,966
Below BBB	11,153	11,153
Gross carrying amount	59,119	59,119
Loss allowance	(62)	(62)
Net carrying amount	<u>59,057</u>	<u>59,057</u>

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Expressed in Trinidad and Tobago Dollars  
(Continued)

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(c) Credit quality of reinsurance and financial assets (continued)**

	<b>Lifetime ECL</b>	
	<b>Loans</b>	
	<b>Not credit</b>	<b>Total</b>
	<b>impaired</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Loans and receivables</b>		
<b>As at 31 December 2025</b>		
Not rated	717	717
Gross carrying amount	717	717
Loss allowance	(487)	(487)
Net carrying amount	230	230
<b>As at 31 December 2024</b>		
Not rated	1,094	1,094
Gross carrying amount	1,094	1,094
Loss allowance	(477)	(477)
Net carrying amount	617	617
<b>Cash and cash equivalents</b>		
<b>As at 31 December 2025</b>		
BBB	148	148
Below BBB	7,585	7,585
Gross carrying amount	7,733	7,733
Loss allowance	(28)	(28)
Net carrying amount	7,705	7,705
<b>As at 31 December 2024</b>		
BBB	529	529
Below BBB	2,637	2,637
Gross carrying amount	3,166	3,166
Loss allowance	(249)	(249)
Net carrying amount	2,917	2,917

The following table sets out the credit quality analysis for reinsurance assets and financial assets (excluding equity instruments) measured at fair value through profit or loss.

	<b>A</b>	<b>BBB</b>	<b>Below</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>BBB</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at 31 December 2025</b>				
Investment securities at fair value through profit or loss (excluding equities)	-	-	-	-
Reinsurance assets	-	-	-	-

**BANCASSURANCE CARIBBEAN LIMITED**  
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(Continued)

**4. Management of Insurance and Financial Risk** (continued)

**4.2 Financial risk** (continued)

**4.2.3 Credit risk** (continued)

**(c) Credit quality of reinsurance and financial assets** (continued)

	A \$'000	BBB \$'000	Not rated \$'000	Total \$'000
<b>As at 31 December 2024</b>				
Investment securities at fair value through profit or loss (excluding equities)	10,056	–	–	10,056
Reinsurance assets	–	–	98	98
	<u>10,056</u>	<u>–</u>	<u>98</u>	<u>10,154</u>

**(d) Credit-impaired financial assets and collateral held**

Assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below.

	Gross exposure \$'000	Net carrying amount \$'000
<b>As at 31 December 2025</b>		
Investment securities measured at fair value through profit or loss (excluding equity instruments)	–	–
Investment securities measured at amortised cost	57,456	57,326
Loans and receivables	717	230
Cash and cash equivalents	7,733	7,705
Reinsurance contract assets	–	–
	<u>65,906</u>	<u>65,261</u>
<b>As at 31 December 2024</b>		
Investment securities measured at fair value through profit or loss (excluding equity instruments)	10,056	10,056
Investment securities measured at amortised cost	59,119	59,057
Loans and receivables	1,094	617
Cash and cash equivalents	3,166	2,917
Reinsurance contract assets	98	98
	<u>73,533</u>	<u>72,745</u>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars  
(Continued)

**4. Management of Insurance and Financial Risk** (continued)

**4.2 Financial risk** (continued)

**4.2.3 Credit risk** (continued)

**(e) Loss allowance**

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial asset. Reconciling items include the following:

- ▶ New assets originated or purchased, which reflect the allowance related to assets newly recognized during the period.
- ▶ Assets derecognised, which reflect the allowance related to assets derecognized during the period without a credit loss being incurred, including those assets that were derecognized following a modification of terms.
- ▶ Net transfer to/(from) 12-month ECL and lifetime ECL, which are presumed to occur before any corresponding remeasurement of the allowance.
- ▶ Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; changes in the measurement following a transfer between 12-month ECL and lifetime ECL; unwinding of the time value discount due to the passage of time; and changes in probabilities of default and losses given default. For the year ended 31 December 2025, the Company made further refinements of its recently updated ECL model, including the introduction of the Vasicek formula along with a modification in the approach to incorporating forward-looking assumptions, the use of new data tables from Moody's, and expanded use of interpolation. The impact of this change is also included in this line.

<b>Investment securities measured at amortised cost</b>	<b>12-month ECL \$'000</b>	<b>Total \$'000</b>
<b>Year ended 31 December 2025</b>		
Balance at beginning of year	62	62
Remeasurements	<u>68</u>	<u>68</u>
Balance at end of year	<u><u>130</u></u>	<u><u>130</u></u>

**Investment securities measured at amortised cost**

**Year ended 31 December 2024**

Balance at beginning of year	283	283
Remeasurements	<u>(221)</u>	<u>(221)</u>
Balance at end of year	<u><u>62</u></u>	<u><u>62</u></u>

<b>Loans and receivables</b>	<b>12-month ECL \$'000</b>	<b>Total \$'000</b>
<b>Year ended 31 December 2025</b>		
Balance at beginning of year	477	477
Remeasurements	<u>10</u>	<u>10</u>
Balance at end of year	<u><u>487</u></u>	<u><u>487</u></u>

**Loans and receivables**

**Year ended 31 December 2024**

Balance at beginning of year	35	35
Remeasurements	<u>442</u>	<u>442</u>
Balance at end of year	<u><u>477</u></u>	<u><u>477</u></u>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars  
(Continued)

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(e) Loss allowance (continued)**

**Cash and cash equivalents**

Impairment on cash and cash equivalents measured at amortised cost has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents as at 31 December 2025 is \$28,000 (2024: \$249,000). The Company recognised a net impairment income/(expense) of \$221,000 for the year ended 31 December 2025 and (2024: \$114,000)

**Credit Risk - Economic Variable Assumptions**

The most significant period-end assumptions used for the ECL estimate as at 31 December 2025 and 2024 are set out below.

The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies such as Moody's. In 2025, the Company made refinements to its ECL model, including the introduction of the Vasicek formula and its associated Economic Cycle Factors (or Z-scores). The Z-score is a measure of the state of economy and considers macroeconomic variables used in the Company's ECL models such as real gross domestic product growth, debt to GDP ratios, and unemployment for the various territories. A Z-score of -1.0 indicates an economy in recession, a Z-score of +1.0 indicates a strong economy, and a Z-score of 0 indicates a neutral economy.

To calculate an appropriate Z-score, three economic scenarios were developed. Refer to Note 3(d) for descriptions of the scenarios. Refer to the table below for the probabilities applied to each scenario and the resulting Z-score achieved (except for 2024 when Z-scores were not yet in use).

Scenario	2025 Assumptions				2024 Assumptions			
	Best Case	Worst Case	Base Case	Resulting Z-Score	Best Case	Worst Case	Base Case	Resulting Z-Score
Trinidad & Tobago	0%	10%	90%	-0.137	15%	20%	65%	N/A

**Credit Risk - Sensitivity analysis**

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the PDs or the underlying Z-scores used by the Company.

	Actual PDs applied		Change in PD	Impact on ECL	
	2025	2024		2025 \$'000	2024 \$'000
Investment securities measured at amortised cost	0.284% - 1.177%	0.085% - 1.000%	+/-20%	95	6
Cash and cash equivalents	0.298% - 1.549%	0.160% - 1.330%	+/-20%	27	14
				<u>122</u>	<u>20</u>

	Impact on ECL 2025	
	+0.2 Change in Z-score \$'000	-0.2 Change in Z-score \$'000
Trinidad & Tobago	<u>17</u>	<u>(19)</u>

**BANCASSURANCE CARIBBEAN LIMITED**  
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(Continued)

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**(f) Financial assets subject to ECL**

The following tables show an analysis of changes in the gross carrying amount of investment securities and loans and receivables subject to ECL.

	<b>12-month ECL \$'000</b>	<b>Total \$'000</b>
<b>Investment securities measured at amortised cost</b>		
<b>Year ended 31 December 2025</b>		
Balance at beginning of year	59,119	59,119
New assets originated or purchased	–	–
Assets derecognised (excluding write-offs)	(1,647)	(1,647)
Other movements	(16)	(16)
Balance at end of year	<u>57,456</u>	<u>57,456</u>
<b>Year ended 31 December 2024</b>		
Balance at beginning of year	61,296	61,296
New assets originated or purchased	14,750	14,750
Assets derecognised (excluding write-offs)	(16,831)	(16,831)
Other movements	(96)	(96)
Balance at end of year	<u>59,119</u>	<u>59,119</u>
<b>Loans and receivables</b>		
	<b>Lifetime ECL Not credit impaired \$'000</b>	<b>Total \$'000</b>
<b>Year ended 31 December 2025</b>		
Balance at beginning of year	1,094	1,094
Other movements	(377)	(377)
Exchange rate adjustments	–	–
Balance at end of year	<u>717</u>	<u>717</u>
<b>Year ended 31 December 2024</b>		
Balance at beginning of year	556	556
Other movements	538	538
Balance at end of year	<u>1,094</u>	<u>1,094</u>

**(g) Concentrations of risks of reinsurance and financial assets with credit risk exposure**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The following table breaks down the Company's main credit risk exposure as categorised by the industry sectors of its counterparties.

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Financial services	8,705	5,004
Real estate	–	530
Public sector	<u>56,556</u>	<u>67,113</u>
	<u>65,261</u>	<u>72,647</u>

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(Continued)

**4. Management of Insurance and Financial Risk (continued)**

**4.2 Financial risk (continued)**

**4.2.3 Credit risk (continued)**

**4.2.4 Capital management**

The Company's capital includes share capital, reserves and retained earnings.

The Company's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the markets where the Company operates;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

In the country in which the Company operates, the insurance regulator indicates the required minimum amount and type of capital that must be held in addition to their insurance liabilities. The Company is also subject to insurance solvency regulations. The minimum required capital must be maintained at all times throughout the year. The Company monitors these requirements throughout the year to ensure compliance.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2025.

The table below summarises the minimum required capital in the Company. The Company has complied with these minimum capital requirements. These figures are an aggregate number, being the sum of the statutory capital and surplus subject to local regulatory requirements (current or prospective).

	<b>Minimum regulatory capital</b>	
	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Minimum Regulatory Capital	<u>31,342</u>	<u>33,710</u>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

<b>5. Investment properties</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment properties	<u>22,499</u>	<u>26,109</u>
Balance at beginning of year	26,109	25,102
Reclassification of Caribe Hospitality of Trinidad and Tobago Limited *	(4,110)	–
Additions	475	49
Fair value adjustments (Note 16 and 21)	<u>25</u>	<u>958</u>
Balance at end of year	<u>22,499</u>	<u>26,109</u>
Residential properties	–	–
Commercial properties	<u>22,499</u>	<u>26,109</u>
	<u>22,499</u>	<u>26,109</u>
Rental income	<u>–</u>	<u>335</u>

\* Caribe Hospitality of Trinidad & Tobago Limited was reclassified to Investment Securities.

Valuations are conducted by external valuers. All valuers are accredited in the territory that they serve, specializing in the valuation of commercial, residential and mixed use properties.

Commercial properties are primarily valued using the income and sales comparison approach, the direct capitalisation of income approach, or the profit tests or accounts approach. The income and sales comparison approach involves determining the value of the properties by applying an appropriate valuation model to convert the expected future cash flows into present values. Discount rates applied to this model range from 9.25% to 10.5% (2024: 9.75% to 10.5%) as deemed most appropriate by the valuers in the respective territories.

Both the direct capitalisation of income and profit tests or accounts approach apply a valuation model that converts monthly rental income and expenses into market values through the use of a capitalisation rate. The capitalisation rates within these models, as applied by external professional valuers, range from 9.25% to 10.5% (2024: 9.75% to 10.5%).

**6. Investment securities**

	<b>2025</b>		<b>2024</b>	
	<b>Carrying value \$'000</b>	<b>Fair value \$'000</b>	<b>Carrying value \$'000</b>	<b>Fair value \$'000</b>
Investment securities	<u>225,983</u>	<u>226,835</u>	<u>246,755</u>	<u>248,409</u>
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	168,657	168,657	187,698	187,698
Investment securities measured at amortised cost (AC)	<u>57,326</u>	<u>58,178</u>	<u>59,057</u>	<u>60,711</u>
<b>Total investment securities</b>	<u>225,983</u>	<u>226,835</u>	<u>246,755</u>	<u>248,409</u>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**6. Investment securities (continued)**

	Carrying value		Fair value
	FVPL-M	AC	AC
	2025	2025	2025
	\$'000	\$'000	\$'000
Equity securities:			
- Listed	–	–	–
- Unlisted	168,657	–	–
	<u>168,657</u>	<u>–</u>	<u>–</u>
Debt securities:			
- Government securities	–	55,350	56,072
- Debentures and corporate bonds	–	1,000	1,000
	<u>–</u>	<u>56,350</u>	<u>57,072</u>
Deposits (more than 90 days)		–	–
	168,657	56,350	57,072
Interest receivable	–	1,106	1,106
Loss allowance	–	(130)	–
	<u>168,657</u>	<u>57,326</u>	<u>58,178</u>
Current	–	1,106	
Non-current	168,657	56,220	
	<u>168,657</u>	<u>57,326</u>	

The carrying amount of investment securities that were pledged as collateral for liabilities was nil (2024: nil).

	Carrying value		Fair value
	FVPL-M	AC	AC
	2024	2024	2024
	\$'000	\$'000	\$'000
Equity securities:			
- Listed	–	–	–
- Unlisted	177,642	–	–
	<u>177,642</u>	<u>–</u>	<u>–</u>
Debt securities:			
- Government securities	–	55,997	57,576
- Debentures and corporate bonds	–	2,000	2,013
	<u>–</u>	<u>57,997</u>	<u>59,589</u>
Deposits (more than 90 days)	10,000	–	–
	<u>187,642</u>	<u>57,997</u>	<u>59,589</u>
Interest receivable	56	1,122	1,122
Loss allowance	–	(62)	–
	<u>187,698</u>	<u>59,057</u>	<u>60,711</u>
Current	–	1,122	
Non-current	187,698	57,935	
	<u>187,698</u>	<u>59,057</u>	

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**7. Deferred taxation**

The following amounts are shown in the statement of financial position:

	2025 \$'000	2024 \$'000
Deferred tax assets:		
- To be recovered after more than 12 months	24	(104)
- To be recovered within 12 months	–	114
	<u>24</u>	<u>10</u>
Deferred tax liabilities:		
- Crystallizing after more than 12 months	<u>(2,549)</u>	<u>(4,447)</u>
Net deferred tax liability	<u>(2,525)</u>	<u>(4,437)</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The movement on the net deferred tax account is as follows:

	2025 \$'000	2024 \$'000
Balance at beginning of year	(4,437)	(3,250)
(Charged)/credited to:		
- statement of income (Note 20)	<u>1,912</u>	<u>(1,187)</u>
Balance at end of year	<u>(2,525)</u>	<u>(4,437)</u>

The movement in the net deferred tax assets and liabilities during the year is attributable to the following items:

	<u>Credited/(charged) to</u>			
	Balance at beginning of the year \$'000	Statement of income \$'000	Other comprehen- sive income \$'000	
<b>For the year ended 31 December 2025</b>				
Investments at fair value through profit or loss	(4,447)	1,898	–	(2,549)
Allowance for expected credit losses	<u>10</u>	<u>14</u>	<u>–</u>	<u>24</u>
	<u>(4,437)</u>	<u>1,912</u>	<u>–</u>	<u>(2,525)</u>
<b>For the year ended 31 December 2024</b>				
Investments at fair value through profit or loss	(3,479)	(968)	–	(4,447)
Allowance for expected credit losses	<u>229</u>	<u>(219)</u>	<u>–</u>	<u>10</u>
	<u>(3,250)</u>	<u>(1,187)</u>	<u>–</u>	<u>(4,437)</u>

**BANCASSURANCE CARIBBEAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts**

**8.1 Composition of the statement of financial position**

	Traditional life \$'000	Annuities \$'000	Short term Group life contracts \$'000	Total \$'000
<b>As at 31 December 2025</b>				
<i>Net Insurance contract liabilities</i>				
Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	229,699	3,869	(59)	233,509
As represented by:				
- Insurance contract liability	229,699	3,869	–	233,568
- Insurance contract asset	–	–	(59)	(59)
	229,699	3,869	(59)	233,509
<b>As at 31 December 2024</b>				
<i>Net Insurance contract liabilities</i>				
Insurance contract liabilities excluding insurance acquisition cash flows assets and other pre-recognition cash flows	261,568	3,980	12	265,560
As represented by:				
- Insurance contract liability	261,568	3,980	12	265,560
- Insurance contract asset	–	–	–	–
	261,568	3,980	12	265,560

	2025 \$'000	2024 \$'000
<b>Insurance contract liability</b>		
Current portion	6,635	9,922
Non-current portion	226,933	255,638
	233,568	265,560
<b>Insurance contract asset</b>		
Current portion	59	–
Non-current portion	–	–
	59	–

	Long-term business \$'000	Short term Group life contracts \$'000	Total \$'000
<b>As at 31 December 2025</b>			
<i>Net Reinsurance contract liabilities</i>			
Reinsurance contract liabilities excluding other pre-recognition cash flows	(182)	(170)	(352)
As represented by:			
- Reinsurance contract liability	(182)	(170)	(352)
- Reinsurance contract asset	–	–	–
	(182)	(170)	(352)

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.1 Composition of the statement of financial position (continued)**

<b>As at 31 December 2024</b>	<b>Long-term business \$'000</b>	<b>Short term Group life contracts \$'000</b>	<b>Total \$'000</b>
<i>Net Reinsurance contract assets</i>			
Reinsurance contract assets excluding other pre-recognition cash flows	98	(84)	14
As represented by:			
- Reinsurance contract liability	-	(84)	(84)
- Reinsurance contract asset	98	-	98
	98	(84)	14

<b>Reinsurance contract asset</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Current portion	-	98
Non-current portion	-	-
	-	98

<b>Reinsurance contract liability</b>	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Current portion	352	84
Non-current portion	-	-
	352	84

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.2 Insurance revenue and expenses****8.2.1 Insurance revenue and insurance service result**

<b>For the year ended 31 December 2025</b>	<b>Traditional life</b>	<b>Annuities</b>	<b>Short term Group life contracts</b>	<b>Total</b>
<b>Insurance revenue</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Amounts relating to the charges in the LRC:				
- Expected incurred claims and other directly attributable expenses	792	39	–	831
- Change in the risk adjustment for non-financial risk for the risk expired	95	–	–	95
- CSM recognised for the services provided	1,026	–	–	1,026
Insurance revenue from contracts not measured under the PAA	1,913	39	–	1,952
Insurance revenue from contracts measured under the PAA	–	–	646	646
<b>Total insurance revenue</b>	<b>1,913</b>	<b>39</b>	<b>646</b>	<b>2,598</b>
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable expenses	4,373	(230)	14	4,157
Changes that relate to past service – changes in the	–	–	(7)	(7)
Losses on onerous contracts and reversal of those losses	1,328	(31)	–	1,297
<b>Total insurance service expenses</b>	<b>5,701</b>	<b>(261)</b>	<b>7</b>	<b>5,447</b>
<b>Net income/(expenses) from reinsurance contracts held</b>				
Amounts relating to the changes in the remaining coverage:				
- Expected incurred claims and other directly attributable expenses recovery	(7)	–	–	(7)
- CSM recognised for the services received	(7)	–	–	(7)
- Experience adjustments – arising from ceded premiums paid in the period other than those	–	–	–	–
Reinsurance expenses - contracts not measured under the PAA	(14)	–	–	(14)
Reinsurance expenses - contracts measured under the PAA	–	–	(224)	(224)
Other incurred directly attributable expenses	(35)	–	(136)	(171)
Incurred claims recovery	126	–	–	126
<b>Total net expenses from reinsurance contracts held</b>	<b>77</b>	<b>–</b>	<b>(360)</b>	<b>(283)</b>
<b>Total insurance service result</b>	<b>7,691</b>	<b>(222)</b>	<b>293</b>	<b>7,762</b>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.2 Insurance revenue and expenses (continued)**

**8.2.1 Insurance revenue and insurance service result (continued)**

<b>For the year ended 31 December 2024</b>	<b>Traditional life \$'000</b>	<b>Annuities \$'000</b>	<b>Short term Group life contracts \$'000</b>	<b>Total \$'000</b>
<b>Insurance revenue</b>				
Amounts relating to the charges in the LRC:				
- Expected incurred claims and other directly attributable expenses	935	178	–	1,113
- Change in the risk adjustment for non-financial risk	110	5	–	115
- CSM recognised for the services provided	820	–	–	820
Insurance revenue from contracts not measured under the PAA	1,865	183	–	2,048
Insurance revenue from contracts measured under the PAA	–	–	477	477
<b>Total insurance revenue</b>	<b>1,865</b>	<b>183</b>	<b>477</b>	<b>2,525</b>
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable	(16,861)	(524)	(437)	(17,822)
Losses on onerous contracts and reversal of those losses	(1,342)	(635)	–	(1,977)
<b>Total insurance service expenses</b>	<b>(18,203)</b>	<b>(1,159)</b>	<b>(437)</b>	<b>(19,799)</b>
<b>Net income/(expenses) from reinsurance contracts held</b>				
Amounts relating to the changes in the remaining coverage:				
- Expected incurred claims and other directly attributable expenses recovery	(2)	–	–	(2)
-Experience adjustments-arising from ceded premiums paid in the period other than those that relate to future service	(4)	–	–	(4)
- CSM recognised for the services received	(15)	–	–	(15)
Reinsurance expenses - contracts not measured under PAA	(21)	–	–	(21)
Reinsurance expenses - contracts measured under the PAA	–	–	(222)	(222)
Other incurred directly attributable expenses	(61)	–	(145)	(206)
Incurred claims recovery	24	–	21	45
<b>Total net expenses from reinsurance contracts held</b>	<b>(58)</b>	<b>–</b>	<b>(346)</b>	<b>(404)</b>
<b>Total insurance service result</b>	<b>(16,396)</b>	<b>(976)</b>	<b>(306)</b>	<b>(17,678)</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.2 Insurance revenue and expenses (continued)****8.2.2 Amounts determined on transition to IFRS 17**

For insurance contracts measured under the GMM, an analysis of insurance revenue for insurance contracts issued and the CSM by transition method is included in the following tables. Insurance contracts measured under the PAA are not included in these tables because the Company applied the full retrospective approach to such contracts (refer to Note 3 (a)).

	<b>2025</b>		
	<b>Traditional life \$'000</b>	<b>Annuities \$'000</b>	<b>Total \$'000</b>
<b>Insurance contracts issued</b>			
<i>Insurance revenue</i>			
- Contracts measured under the fair value approach at transition	1,913	39	1,952
	<u>1,913</u>	<u>39</u>	<u>1,952</u>
<i>CSM as at 31 December</i>			
- Contracts measured under the fair value approach at transition	9,498	79	9,577
	<u>9,498</u>	<u>79</u>	<u>9,577</u>
<b>Reinsurance contracts held</b>			
<i>CSM as at 31 December</i>			
- Contracts measured under the fair value approach at transition	(62)	-	(62)
	<u>(62)</u>	<u>-</u>	<u>(62)</u>
<b>2024</b>			
	<b>Traditional life \$'000</b>	<b>Annuities \$'000</b>	<b>Total \$'000</b>
<b>Insurance contracts issued</b>			
<i>Insurance revenue</i>			
- Contracts measured under the fair value approach at transition	1,865	183	2,048
	<u>1,865</u>	<u>183</u>	<u>2,048</u>
<i>CSM as at 31 December</i>			
- Contracts measured under the fair value approach at transition	8,683	77	8,760
	<u>8,683</u>	<u>77</u>	<u>8,760</u>
<b>Reinsurance contracts held</b>			
<i>CSM as at 31 December</i>			
- Contracts measured under the fair value approach at transition	(42)	-	(42)
	<u>(42)</u>	<u>-</u>	<u>(42)</u>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.2 Insurance revenue and expenses (continued)****8.2.3 Expected recognition of the contractual service margin**

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

Number of years until expected to be recognised	Insurance contracts issued		
	Traditional life	Annuities	Total CSM for insurance contracts issued
	\$'000	\$'000	\$'000
<b>As at 31 December 2025</b>			
Up to 1 year	1,020	–	1,020
1 to 3 years	1,716	–	1,716
3 to 5 years	1,379	–	1,379
5 to 15 years	5,383	79	5,462
<b>Total</b>	<b>9,498</b>	<b>79</b>	<b>9,577</b>
<b>As at 31 December 2024</b>			
Up to 1 year	948	–	948
1 to 3 years	1,581	–	1,581
3 to 5 years	1,246	–	1,246
5 to 15 years	4,908	77	4,985
<b>Total</b>	<b>8,683</b>	<b>77</b>	<b>8,760</b>
<b>Reinsurance contracts held - Long-term business</b>			
Number of years until expected to be recognised	<b>2025</b>	<b>2024</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Up to 1 year	(10)	(7)	
1 to 3 years	(17)	(11)	
3 to 5 years	(12)	(8)	
5 to 15 years	(23)	(16)	
<b>Total</b>	<b>(62)</b>	<b>(42)</b>	

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.3 Traditional life - Insurance contracts issues**

**8.3.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	2025			
	LRC		LIC	Total
	Excluding loss component	Loss component		
	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	51,447	1,670	208,451	261,568
Opening insurance contract asset	-	-	-	-
<b>Net balance at 1 January</b>	<b>51,447</b>	<b>1,670</b>	<b>208,451</b>	<b>261,568</b>
<b>Insurance revenue</b>	<b>(1,913)</b>	<b>-</b>	<b>-</b>	<b>(1,913)</b>
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable expenses	-	-	(4,373)	(4,373)
Losses on onerous contracts and reversal of those losses	-	(1,328)	-	(1,328)
<b>Insurance service expenses</b>	<b>-</b>	<b>(1,328)</b>	<b>(4,373)</b>	<b>(5,701)</b>
<b>Insurance service result</b>	<b>(1,913)</b>	<b>(1,328)</b>	<b>(4,373)</b>	<b>(7,614)</b>
Finance expenses from insurance contracts issued	2,504	83	-	2,587
<b>Total amounts recognised in comprehensive income</b>	<b>591</b>	<b>(1,245)</b>	<b>(4,373)</b>	<b>(5,027)</b>
Investment components	(2,408)	-	2,408	-
<b>Cash flows</b>				
Premiums received	340	-	-	340
Claims and other directly attributable expenses paid	-	-	(27,182)	(27,182)
<b>Total cash flows</b>	<b>340</b>	<b>-</b>	<b>(27,182)</b>	<b>(26,842)</b>
<b>Net balance as at 31 December</b>	<b>49,970</b>	<b>425</b>	<b>179,304</b>	<b>229,699</b>
Closing insurance contract liabilities	49,970	425	179,304	229,699
Closing insurance contract assets	-	-	-	-
<b>Net balance as at 31 December</b>	<b>49,970</b>	<b>425</b>	<b>179,304</b>	<b>229,699</b>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.3 Traditional life - Insurance contracts issues (continued)**

**8.3.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

	2024			
	LRC		LIC	Total
	Excluding loss component	Loss component		
	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	53,258	325	226,495	280,078
Opening insurance contract asset	-	-	-	-
<b>Net balance at 1 January</b>	<b>53,258</b>	<b>325</b>	<b>226,495</b>	<b>280,078</b>
<b>Insurance revenue</b>	<b>(1,865)</b>	<b>-</b>	<b>-</b>	<b>(1,865)</b>
Losses on onerous contracts and reversal of those losses	-	1,342	-	1,342
Incurred claims and other directly attributable expenses	-	-	16,861	16,861
<b>Insurance service expenses</b>	<b>-</b>	<b>1,342</b>	<b>16,861</b>	<b>18,203</b>
<b>Insurance service result</b>	<b>(1,865)</b>	<b>1,342</b>	<b>16,861</b>	<b>16,338</b>
Finance expenses from insurance contracts issued	1,338	3	-	1,341
<b>Total amounts recognised in comprehensive income</b>	<b>(527)</b>	<b>1,345</b>	<b>16,861</b>	<b>17,679</b>
Investment components	(2,681)	-	2,681	-
<b>Cash flows</b>				
Premiums received	1,397	-	-	1,397
Claims and other directly attributable expenses paid	-	-	(37,586)	(37,586)
<b>Total cash flows</b>	<b>1,397</b>	<b>-</b>	<b>(37,586)</b>	<b>(36,189)</b>
<b>Net balance as at 31 December</b>	<b>51,447</b>	<b>1,670</b>	<b>208,451</b>	<b>261,568</b>
Closing insurance contract liabilities	51,447	1,670	208,451	261,568
Closing insurance contract assets	-	-	-	-
<b>Net balance as at 31 December</b>	<b>51,447</b>	<b>1,670</b>	<b>208,451</b>	<b>261,568</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.3 Traditional life - Insurance contracts issues (continued)****8.3.2 Reconciliation of the measurement components of insurance contract balances**

	2025			
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	251,867	1,018	8,683	261,568
Opening insurance contract asset	–	–	–	–
<b>Net balance at 1 January</b>	<b>251,867</b>	<b>1,018</b>	<b>8,683</b>	<b>261,568</b>
<b>Changes that relate to current service</b>				
CSM recognised for the services provided	–	–	(1,026)	(1,026)
Change in the risk adjustment for non-financial risk for the risk expired	–	(95)	–	(95)
Experience adjustments – relating to insurance service expenses	(5,165)	–	–	(5,165)
	<b>(5,165)</b>	<b>(95)</b>	<b>(1,026)</b>	<b>(6,286)</b>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(1,752)	27	1,725	–
Changes in estimates that result in onerous contract losses or reversal of losses	(1,393)	65	–	(1,328)
Contracts initially recognised in the period	–	–	–	–
Experience adjustments – arising from premiums received in the period that relate to future service	–	–	–	–
	<b>(3,145)</b>	<b>92</b>	<b>1,725</b>	<b>(1,328)</b>
<b>Changes that relate to past service</b>				
Experience adjustments – arising from premiums received in the period that relate to past service	–	–	–	–
<b>Insurance service result</b>	<b>(8,310)</b>	<b>(3)</b>	<b>699</b>	<b>(7,614)</b>
Finance expenses from insurance contracts issued	2,418	53	116	2,587
<b>Total amounts recognised in comprehensive income</b>	<b>(5,892)</b>	<b>50</b>	<b>815</b>	<b>(5,027)</b>
<b>Cash flows</b>				
Premiums received	340	–	–	340
Claims and other directly attributable expenses paid	(27,182)	–	–	(27,182)
<b>Total cash flows</b>	<b>(26,842)</b>	<b>–</b>	<b>–</b>	<b>(26,842)</b>
<b>Net balance as at 31 December</b>	<b>219,133</b>	<b>1,068</b>	<b>9,498</b>	<b>229,699</b>
Closing insurance contract liabilities	219,133	1,068	9,498	229,699
Closing insurance contract assets	–	–	–	–
<b>Net balance as at 31 December</b>	<b>219,133</b>	<b>1,068</b>	<b>9,498</b>	<b>229,699</b>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.3 Traditional life - Insurance contracts issues (continued)**

**8.3.2 Reconciliation of the measurement components of insurance contract balances (continued)**

	<b>2024</b>			
	<b>Present value of future cash flows</b>	<b>Risk adjustment for non- financial risk</b>	<b>CSM</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening insurance contract liabilities	275,443	986	3,649	280,078
Opening insurance contract asset	–	–	–	–
<b>Net balance at 1 January</b>	<b>275,443</b>	<b>986</b>	<b>3,649</b>	<b>280,078</b>
<b>Changes that relate to current service</b>				
CSM recognised for the services provided	–	–	(820)	(820)
Change in the risk adjustment for non-financial risk for the risk expired	–	(110)	–	(110)
Experience adjustments – relating to insurance service expenses	15,927	–	–	15,927
	<b>15,927</b>	<b>(110)</b>	<b>(820)</b>	<b>14,997</b>
<b>Changes that relate to future service</b>				
Changes in estimates that adjust the CSM	(3,869)	26	5,185	1,342
	<b>(3,869)</b>	<b>26</b>	<b>5,185</b>	<b>1,342</b>
<b>Changes that relate to past service</b>				
Experience adjustments – arising from premiums received in the period that relate to past service	(3)	–	–	(3)
	<b>(3)</b>	<b>–</b>	<b>–</b>	<b>(3)</b>
<b>Insurance service result</b>	<b>12,055</b>	<b>(84)</b>	<b>4,365</b>	<b>16,336</b>
Finance expenses from insurance contracts issued	558	116	669	1,343
<b>Total amounts recognised in comprehensive income</b>	<b>12,613</b>	<b>32</b>	<b>5,034</b>	<b>17,679</b>
<b>Cash flows</b>				
Premiums received	1,397	–	–	1,397
Claims and other directly attributable expenses paid	(37,586)	–	–	(37,586)
<b>Total cash flows</b>	<b>(36,189)</b>	<b>–</b>	<b>–</b>	<b>(36,189)</b>
<b>Net balance as at 31 December</b>	<b>251,867</b>	<b>1,018</b>	<b>8,683</b>	<b>261,568</b>
Closing insurance contract liabilities	251,867	1,018	8,683	261,568
Closing insurance contract assets	–	–	–	–
<b>Net balance as at 31 December</b>	<b>251,867</b>	<b>1,018</b>	<b>8,683</b>	<b>261,568</b>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.3 Traditional life - Insurance contracts issues (continued)**

**8.3.3 Amounts determined on transition to IFRS 17**

	2025			2024		
	New contracts and contracts measured under the full retrospective approach	Contracts measured under the fair value approach	Total	New contracts and contracts measured under the full retrospective approach	Contracts measured under the fair value approach	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Insurance revenue</b>	–	1,913	1,913	–	1,865	1,865
<b>CSM as at 1 January</b>	–	8,683	8,683	–	3,649	3,649
<b>Changes that relate to current service</b>						
CSM recognised for the services provided	–	(1,026)	(1,026)	–	(820)	(820)
<b>Changes that relate to future service</b>						
Changes in estimates that adjust the CSM	–	1,725	1,725	–	5,185	5,185
	–	699	699	–	4,365	4,365
Finance expenses from insurance contracts issued	–	116	116	–	669	669
<b>Total amounts recognised in comprehensive income</b>	–	815	815	–	5,034	5,034
<b>CSM as at 31 December</b>	–	9,498	9,498	–	8,683	8,683

The methods and assumptions applied by the Company in applying the fair value approach on transition are disclosed in Note 3 (a)

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.4 Long-term business - Reinsurance contracts held****8.4.1 Reconciliation of the remaining coverage and incurred claims**

	2025			
	Remaining coverage			
	Excluding loss- recovery component	Loss-recovery component	Incurred claims	Total
	\$'000	\$'000	\$'000	\$'000
Opening reinsurance contract asset	80	2	16	98
Opening reinsurance contract liability	–	–	–	–
<b>Net balance as at 1 January</b>	<b>80</b>	<b>2</b>	<b>16</b>	<b>98</b>
<b>Net income/(expenses) from reinsurance contracts held</b>				
- Reinsurance expenses	(14)	–	–	(14)
- Other incurred directly attributable expenses	–	–	(35)	(35)
- Incurred claims recovery	–	–	126	126
- Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	–	–	–	–
<b>Net income/(expenses) from reinsurance contracts held</b>	<b>(14)</b>	<b>–</b>	<b>91</b>	<b>77</b>
Finance expenses from reinsurance contracts held	–	–	–	–
<b>Total amounts recognised in comprehensive income</b>	<b>(14)</b>	<b>–</b>	<b>91</b>	<b>77</b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses paid	(364)	–	32	(332)
Recoveries from reinsurance	–	–	(25)	(25)
<b>Total cash flows</b>	<b>(364)</b>	<b>–</b>	<b>7</b>	<b>(357)</b>
<b>Net balance as at 31 December</b>	<b>(298)</b>	<b>2</b>	<b>114</b>	<b>(182)</b>
Closing reinsurance contract assets	–	–	–	–
Closing reinsurance contract liabilities	(298)	2	114	(182)
<b>Net balance as at 31 December</b>	<b>(298)</b>	<b>2</b>	<b>114</b>	<b>(182)</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.4 Long-term business - Reinsurance contracts held (continued)****8.4.1 Reconciliation of the remaining coverage and incurred claims (continued)**

	2024			
	Remaining coverage			
	Excluding loss- recovery component	Loss-recovery component	Incurred claims	Total
	\$'000	\$'000	\$'000	\$'000
Opening reinsurance contract asset	91	1	2	94
Opening reinsurance contract liability	–	–	–	–
<b>Net balance as at 1 January</b>	<b>91</b>	<b>1</b>	<b>2</b>	<b>94</b>
<b>Net income/(expenses) from reinsurance contracts held</b>				
- Reinsurance expenses	(22)	–	–	(22)
- Other incurred directly attributable expenses	–	–	(61)	(61)
- Incurred claims recovery	–	–	24	24
- Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held	–	1	–	1
<b>Net income/(expenses) from reinsurance contracts held</b>	<b>(22)</b>	<b>1</b>	<b>(37)</b>	<b>(58)</b>
Finance income from reinsurance contracts held	3	–	–	3
<b>Total amounts recognised in comprehensive income</b>	<b>(19)</b>	<b>1</b>	<b>(37)</b>	<b>(55)</b>
<b>Cash flows</b>				
Premiums paid net of ceding commissions and other directly attributable expenses paid	8	–	51	59
Recoveries from reinsurance	–	–	–	–
<b>Total cash flows</b>	<b>8</b>	<b>–</b>	<b>51</b>	<b>59</b>
<b>Net balance as at 31 December</b>	<b>80</b>	<b>2</b>	<b>16</b>	<b>98</b>
Closing reinsurance contract assets	80	2	16	98
Closing reinsurance contract liabilities	–	–	–	–
<b>Net balance as at 31 December</b>	<b>80</b>	<b>2</b>	<b>16</b>	<b>98</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.4 Long-term business - Reinsurance contracts held (continued)****8.4.2 Reconciliation of the measurement components of reinsurance contract balances**

	2025			
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	\$'000	\$'000	\$'000	\$'000
Opening reinsurance contract asset	54	2	42	98
Opening reinsurance contract liability	–	–	–	–
<b>Net balance as at 1 January</b>	<b>54</b>	<b>2</b>	<b>42</b>	<b>98</b>
<b>Changes that relate to current service</b>				
- CSM recognised for the services received	–	–	(7)	(7)
- Experience adjustments – relating to incurred claims and other directly attributable expenses recovery	84	–	–	84
	<b>84</b>	<b>–</b>	<b>(7)</b>	<b>77</b>
<b>Changes that relate to future service</b>				
- Changes in estimates that adjust the CSM	(25)	–	25	–
- Experience adjustments – arising from ceded premiums paid in the period that relate to future service	–	–	–	–
	<b>(25)</b>	<b>–</b>	<b>25</b>	<b>–</b>
<b>Net income (expenses) from reinsurance contracts held</b>	<b>59</b>	<b>–</b>	<b>18</b>	<b>77</b>
- Finance expenses from reinsurance contracts held	(2)	–	2	–
<b>Total amounts recognised in comprehensive income</b>	<b>57</b>	<b>–</b>	<b>20</b>	<b>77</b>
<b>Cash flows</b>				
- Premiums paid net of ceding commissions and other directly attributable expenses paid	(332)	–	–	(332)
- Recoveries from reinsurance	(25)	–	–	(25)
<b>Total cash flows</b>	<b>(357)</b>	<b>–</b>	<b>–</b>	<b>(357)</b>
<b>Net balance as at 31 December</b>	<b>(246)</b>	<b>2</b>	<b>62</b>	<b>(182)</b>
Closing reinsurance contract assets	–	–	–	–
Closing reinsurance contract liabilities	(246)	2	62	(182)
<b>Net balance as at 31 December</b>	<b>(246)</b>	<b>2</b>	<b>62</b>	<b>(182)</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.4 Long-term business - Reinsurance contracts held (continued)****8.4.2 Reconciliation of the measurement components of reinsurance contract balances (continued)**

	2024			
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	\$'000	\$'000	\$'000	\$'000
Opening reinsurance contract asset	27	2	65	94
Opening reinsurance contract liability	–	–	–	–
<b>Net balance as at 1 January</b>	<b>27</b>	<b>2</b>	<b>65</b>	<b>94</b>
<b>Changes that relate to current service</b>				
- CSM recognised for the services received	–	–	(15)	(15)
directly attributable expenses recovery	(44)	–	–	(44)
	(44)	–	(15)	(59)
<b>Changes that relate to future service</b>				
- Changes in estimates that adjust the CSM	17	–	(14)	3
- Experience adjustments – arising from ceded premiums paid in the period that relate to future service	(5)	–	1	(4)
	12	–	(13)	(1)
<b>Net income (expenses) from reinsurance contracts held</b>	<b>(32)</b>	<b>–</b>	<b>(28)</b>	<b>(60)</b>
- Finance expenses from reinsurance contracts held	–	–	5	5
<b>Total amounts recognised in comprehensive income</b>	<b>(32)</b>	<b>–</b>	<b>(23)</b>	<b>(55)</b>
<b>Cash flows</b>				
- Premiums paid net of ceding commissions and other directly attributable expenses paid	59	–	–	59
- Recoveries from reinsurance	–	–	–	–
<b>Total cash flows</b>	<b>59</b>	<b>–</b>	<b>–</b>	<b>59</b>
<b>Net balance as at 31 December</b>	<b>54</b>	<b>2</b>	<b>42</b>	<b>98</b>
Closing reinsurance contract assets	54	2	42	98
Closing reinsurance contract liabilities	–	–	–	–
<b>Net balance as at 31 December</b>	<b>54</b>	<b>2</b>	<b>42</b>	<b>98</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.4 Long-term business - Reinsurance contracts held (continued)****8.4.3 Amounts determined on transition to IFRS 17**

	2025			2024		
	New contracts and contracts measured under the full retrospective approach	Contracts measured under the fair value approach	Total	New contracts and contracts measured under the full retrospective approach	Contracts measured under the fair value approach	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CSM as at 1 January</b>	–	42	42	–	65	65
<b>Changes that relate to current service</b>						
- CSM recognised for the services	–	(7)	(7)	–	(15)	(15)
<b>Changes that relate to future service</b>						
- Changes in estimates that adjust the CSM	–	25	25	–	(14)	(14)
- Experience adjustments – arising	–	–	–	–	1	1
	–	18	18	–	(28)	(28)
Finance expenses from reinsurance	–	2	2	–	5	5
<b>Total amounts recognised in comprehensive income</b>	–	20	20	–	(23)	(23)
<b>CSM as at 31 December</b>	–	62	62	–	42	42

The methods and assumptions applied by the Company in applying the fair value approach on transition are disclosed in Note 3(a).

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.5 Annuities - Insurance contracts issued**

**8.5.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	2025			
	LRC		LIC	Total
	Excluding loss component	Loss component		
	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	673	1,182	2,125	3,980
Opening insurance contract assets	–	–	–	–
<b>Net balance as at 1 January</b>	<b>673</b>	<b>1,182</b>	<b>2,125</b>	<b>3,980</b>
<b>Insurance revenue</b>	<b>(39)</b>	<b>–</b>	<b>–</b>	<b>(39)</b>
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable expenses	–	(55)	285	230
Losses on onerous contracts and reversal of those losses	–	31	–	31
<b>Insurance service expenses</b>	<b>–</b>	<b>(24)</b>	<b>285</b>	<b>261</b>
<b>Insurance service result</b>	<b>(39)</b>	<b>(24)</b>	<b>285</b>	<b>222</b>
Finance expenses from insurance contracts issued	38	51	–	89
<b>Total amounts recognised in comprehensive income</b>	<b>(1)</b>	<b>27</b>	<b>285</b>	<b>311</b>
Investment components	(251)	–	251	–
<b>Cash flows</b>				
Premiums received	41	–	–	41
Claims and other directly attributable expenses paid	–	–	(463)	(463)
<b>Total cash flows</b>	<b>41</b>	<b>–</b>	<b>(463)</b>	<b>(422)</b>
<b>Net balance as at 31 December</b>	<b>462</b>	<b>1,209</b>	<b>2,198</b>	<b>3,869</b>
Closing insurance contract liabilities	462	1,209	2,198	3,869
Closing insurance contract assets	–	–	–	–
<b>Net balance as at 31 December</b>	<b>462</b>	<b>1,209</b>	<b>2,198</b>	<b>3,869</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.5 Annuities - Insurance contracts issued (continued)****8.5.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

	<b>2024</b>			
	<b>LRC</b>		<b>LIC</b>	<b>Total</b>
	<b>Excluding loss component</b>	<b>Loss component</b>		
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening insurance contract liabilities	1,107	531	2,184	3,822
Opening insurance contract assets	–	–	–	–
<b>Net balance as at 1 January</b>	<b>1,107</b>	<b>531</b>	<b>2,184</b>	<b>3,822</b>
<b>Insurance revenue</b>	<b>(183)</b>	<b>–</b>	<b>–</b>	<b>(183)</b>
<b>Insurance service expenses</b>				
Incurred claims and other directly attributable expenses	–	–	524	524
Losses on onerous contracts and reversal of those losses	–	635	–	635
<b>Insurance service expenses</b>	<b>–</b>	<b>635</b>	<b>524</b>	<b>1,159</b>
<b>Insurance service result</b>	<b>(183)</b>	<b>635</b>	<b>524</b>	<b>976</b>
Finance expenses from insurance contracts issued	50	16	–	66
<b>Total amounts recognised in comprehensive income</b>	<b>(133)</b>	<b>651</b>	<b>524</b>	<b>1,042</b>
Investment components	(357)	–	357	–
<b>Cash flows</b>				
Premiums received	56	–	–	56
Claims and other directly attributable expenses paid	–	–	(940)	(940)
<b>Total cash flows</b>	<b>56</b>	<b>–</b>	<b>(940)</b>	<b>(884)</b>
<b>Net balance as at 31 December</b>	<b>673</b>	<b>1,182</b>	<b>2,125</b>	<b>3,980</b>
Closing insurance contract liabilities	673	1,182	2,125	3,980
Closing insurance contract assets	–	–	–	–
<b>Net balance as at 31 December</b>	<b>673</b>	<b>1,182</b>	<b>2,125</b>	<b>3,980</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.5 Annuities - Insurance contracts issued (continued)****8.5.2 Reconciliation of the measurement components of insurance contract balances**

	2025			
	Present value of future cash flows	Risk adjustment for non- financial risk	CSM	Total
	\$'000	\$'000	\$'000	\$'000
Opening insurance contract liabilities	3,881	22	77	3,980
Opening insurance contract assets	–	–	–	–
<b>Net balance as at 1 January</b>	<b>3,881</b>	<b>22</b>	<b>77</b>	<b>3,980</b>
<b>Changes that relate to current service</b>				
- CSM recognised for the services provided	–	–	–	–
- Change in the risk adjustment for non-financial risk for the risk expired	–	–	–	–
- Experience adjustments – relating to insurance service expenses	191	–	–	191
	191	–	–	191
<b>Changes that relate to future service</b>				
- Changes in estimates that adjust the CSM	–	–	–	–
- Changes in estimates that result in onerous contract losses or reversal of losses	30	1	–	31
	30	1	–	31
<b>Insurance service result</b>	<b>221</b>	<b>1</b>	<b>–</b>	<b>222</b>
Finance (income)/expenses from insurance contracts issued	87	–	2	89
<b>Total amounts recognised in comprehensive income</b>	<b>308</b>	<b>1</b>	<b>2</b>	<b>311</b>
<b>Cash flows</b>				
Premiums received	41	–	–	41
Claims and other directly attributable expenses paid	(463)	–	–	(463)
<b>Total cash flows</b>	<b>(422)</b>	<b>–</b>	<b>–</b>	<b>(422)</b>
<b>Net balance as at 31 December</b>	<b>3,767</b>	<b>23</b>	<b>79</b>	<b>3,869</b>
Closing insurance contract liabilities	3,767	23	79	3,869
Closing insurance contract assets	–	–	–	–
<b>Net balance as at 31 December</b>	<b>3,767</b>	<b>23</b>	<b>79</b>	<b>3,869</b>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.5 Annuities - Insurance contracts issued (continued)**

**8.5.2 Reconciliation of the measurement components of insurance contract balances (continued)**

	<b>2024</b>			
	<b>Present value of future cash flows</b>	<b>Risk adjustment for non- financial risk</b>	<b>CSM</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening insurance contract liabilities	5,069	60	(1,307)	3,822
Opening insurance contract assets	–	–	–	–
<b>Net balance as at 1 January</b>	<b>5,069</b>	<b>60</b>	<b>(1,307)</b>	<b>3,822</b>
<b>Changes that relate to current service</b>				
- Change in the risk adjustment for non-financial risk for the risk expired	–	(5)	–	(5)
- Experience adjustments – relating to insurance service expenses	342	–	–	342
	<b>342</b>	<b>(5)</b>	<b>–</b>	<b>337</b>
<b>Changes that relate to future service</b>				
- Changes in estimates that adjust the CSM	–	–	–	–
- Changes in estimates that result in onerous contract losses or reversal of losses	635	–	–	635
	<b>635</b>	<b>–</b>	<b>–</b>	<b>635</b>
<b>Insurance service result</b>	<b>977</b>	<b>(5)</b>	<b>–</b>	<b>972</b>
Finance (income)/expenses from insurance contracts issued	(1,281)	(33)	1,384	70
<b>Total amounts recognised in comprehensive income</b>	<b>(304)</b>	<b>(38)</b>	<b>1,384</b>	<b>1,042</b>
<b>Cash flows</b>				
Premiums received	56	–	–	56
Claims and other directly attributable expenses paid	(940)	–	–	(940)
<b>Total cash flows</b>	<b>(884)</b>	<b>–</b>	<b>–</b>	<b>(884)</b>
<b>Net balance as at 31 December</b>	<b>3,881</b>	<b>22</b>	<b>77</b>	<b>3,980</b>
Closing insurance contract liabilities	3,881	22	77	3,980
Closing insurance contract assets	–	–	–	–
<b>Net balance as at 31 December</b>	<b>3,881</b>	<b>22</b>	<b>77</b>	<b>3,980</b>

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**  
Expressed in Trinidad and Tobago Dollars  
(Continued)

**8. Insurance contracts (continued)**

**8.5 Annuities - Insurance contracts issued (continued)**

**8.5.3 Amounts determined on transition to IFRS 17**

	2025			2024		
	<b>New contracts and contracts measured under the full retrospective approach</b>	<b>Contracts measured under the fair value approach</b>	<b>Total</b>	<b>New contracts and contracts measured under the full retrospective approach</b>	<b>Contracts measured under the fair value approach</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Insurance revenue</b>	–	39	39	–	183	183
<b>CSM as at 1 January</b>	–	77	77	–	(1,307)	(1,307)
<b>Changes that relate to current service</b>						
- CSM recognised for the services provided	–	–	–	–	–	–
<b>Changes that relate to future service</b>						
- Changes in estimates that adjust the CSM	–	–	–	–	–	–
- Contracts initially recognised in the period	–	–	–	–	–	–
	–	–	–	–	–	–
Finance expenses from insurance contracts issued	–	2	2	–	1,384	1,384
<b>Total amounts recognised in comprehensive income</b>	–	2	2	–	1,384	1,384
<b>CSM as at 31 December</b>	–	79	79	–	77	77

The methods and assumptions applied by the Company in applying the fair value approach on transition are disclosed in Note 3(a).

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

**8. Insurance contracts (continued)****8.6 Short Term Group Life - Insurance contracts issued****8.6.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims**

	2025				Total \$'000
	LRC	LIC	Present value of future cash flows	Risk adjustment for non- financial risk	
	Excluding loss component \$'000	Loss component \$'000	\$'000	\$'000	
Opening insurance contract liabilities	(74)	–	86	–	12
Opening insurance contract assets	–	–	–	–	–
<b>Net balance as at 1 January</b>	<b>(74)</b>	<b>–</b>	<b>86</b>	<b>–</b>	<b>12</b>
Prior year adjustment				–	–
<b>Insurance revenue</b>	<b>(646)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(646)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	–	–	(14)	–	(14)
Changes that relate to past service – changes in the FCF relating to the LIC	–	–	7	–	7
<b>Insurance service expenses</b>	<b>–</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>(7)</b>
<b>Insurance service result</b>	<b>(646)</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>(653)</b>
<b>Total amounts recognised in comprehensive income</b>	<b>(646)</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>(653)</b>
<b>Cash flows</b>					
Premiums received	604	–	–	–	604
Claims and other directly attributable expenses paid	–	–	(22)	–	(22)
Insurance acquisition cash flows	–	–	–	–	–
<b>Total cash flows</b>	<b>604</b>	<b>–</b>	<b>(22)</b>	<b>–</b>	<b>582</b>
<b>Net balance as at 31 December</b>	<b>(116)</b>	<b>–</b>	<b>57</b>	<b>–</b>	<b>(59)</b>
Closing insurance contract liabilities	–	–	–	–	–
Closing insurance contract assets	(116)	–	57	–	(59)
<b>Net balance as at 31 December</b>	<b>(116)</b>	<b>–</b>	<b>57</b>	<b>–</b>	<b>(59)</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.6 Short Term Group Life - Insurance contracts issued (continued)****8.6.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

	2024				Total \$'000
	LRC	LIC			
	Excluding loss component \$'000	Loss component \$'000	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	
Opening insurance contract liabilities	–	–	(1)	–	(1)
Opening insurance contract assets	(122)	–	2	–	(120)
<b>Net balance as at 1 January</b>	<b>(122)</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>(121)</b>
<b>Insurance revenue</b>	<b>(477)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(477)</b>
<b>Insurance service expenses</b> incurred claims and other directly attributable expenses	<b>–</b>	<b>–</b>	<b>437</b>	<b>–</b>	<b>437</b>
<b>Insurance service expenses</b>	<b>–</b>	<b>–</b>	<b>437</b>	<b>–</b>	<b>437</b>
<b>Insurance service result</b>	<b>(477)</b>	<b>–</b>	<b>437</b>	<b>–</b>	<b>(40)</b>
<b>Total amounts recognised in comprehensive income</b>	<b>(477)</b>	<b>–</b>	<b>437</b>	<b>–</b>	<b>(40)</b>
<b>Cash flows</b>					
Premiums received	525	–	–	–	525
Claims and other directly attributable expenses paid	–	–	(352)	–	(352)
Insurance acquisition cash flows	–	–	–	–	–
<b>Total cash flows</b>	<b>525</b>	<b>–</b>	<b>(352)</b>	<b>–</b>	<b>173</b>
<b>Net balance as at 31 December</b>	<b>(74)</b>	<b>–</b>	<b>86</b>	<b>–</b>	<b>12</b>
Closing insurance contract liabilities	(74)	–	86	–	12
Closing insurance contract assets	–	–	–	–	–
<b>Net balance as at 31 December</b>	<b>(74)</b>	<b>–</b>	<b>86</b>	<b>–</b>	<b>12</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.7 Short Term Group Life - Reinsurance contracts held****8.7.1 Reconciliation of the remaining coverage and incurred claims**

	2025				
	Remaining coverage		Incurred claims		Total \$'000
	Excluding loss- recovery component \$'000	Loss-recovery component \$'000	Present value of future cash flows \$'000	Risk adjustment for non- financial risk \$'000	
Opening reinsurance contract assets	–	–	–	–	
Opening reinsurance contract liabilities	(53)	–	(31)	–	(84)
<b>Net balance as at 1 January</b>	<b>(53)</b>	<b>–</b>	<b>(31)</b>	<b>–</b>	<b>(84)</b>
<b>Net income/(expenses) from reinsurance contracts held</b>					
- Reinsurance expenses	(224)	–	–	–	(224)
- Other incurred directly attributable expenses	–	–	(136)	–	(136)
- Incurred claims recovery	–	–	–	–	–
<b>Net income/(expenses) from reinsurance contracts held</b>	<b>(224)</b>	<b>–</b>	<b>(136)</b>	<b>–</b>	<b>(360)</b>
<b>Total amounts recognised in comprehensive income</b>	<b>(224)</b>	<b>–</b>	<b>(136)</b>	<b>–</b>	<b>(360)</b>
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable expenses paid	163	–	111	–	274
<b>Total cash flows</b>	<b>163</b>	<b>–</b>	<b>111</b>	<b>–</b>	<b>274</b>
<b>Net balance as at 31 December</b>	<b>(114)</b>	<b>–</b>	<b>(56)</b>	<b>–</b>	<b>(170)</b>
Closing reinsurance contract assets	–	–	–	–	–
Closing reinsurance contract liabilities	(114)	–	(56)	–	(170)
<b>Net balance as at 31 December</b>	<b>(114)</b>	<b>–</b>	<b>(56)</b>	<b>–</b>	<b>(170)</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.7 Short Term Group Life - Reinsurance contracts held (continued)****8.7.1 Reconciliation of the remaining coverage and incurred claims (continued)**

	2024				
	Remaining coverage		Incurred claims		
	Excluding loss- recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non- financial risk	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening reinsurance contract assets	–	–	–	–	–
Opening reinsurance contract liabilities	(32)	–	(26)	–	(58)
<b>Net balance as at 1 January</b>	(32)	–	(26)	–	(58)
<b>Net income/(expenses) from reinsurance contracts held</b>					
- Reinsurance expenses	(222)	–	–	–	(222)
- Other incurred directly attributable expenses	–	–	(145)	–	(145)
- Incurred claims recovery	–	–	21	–	21
<b>Net income/(expenses) from reinsurance contracts held</b>	(222)	–	(124)	–	(346)
<b>Total amounts recognised in comprehensive income</b>	(222)	–	(124)	–	(346)
<b>Cash flows</b>					
Premiums paid net of ceding commissions and other directly attributable expenses paid	201	–	119	–	320
<b>Total cash flows</b>	201	–	119	–	320
<b>Net balance as at 31 December</b>	(53)	–	(31)	–	(84)
Closing reinsurance contract assets	–	–	–	–	–
Closing reinsurance contract liabilities	(53)	–	(31)	–	(84)
<b>Net balance as at 31 December</b>	(53)	–	(31)	–	(84)

**BANCASSURANCE CARIBBEAN LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)**
**8.7.2 Investment income and insurance finance expenses**

For the year ended 31 December 2025	Traditional life	Annuities	Short term Group life contracts	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net investment income/(expenses) - underlying assets</b>					
- Investment income	4,617	232	4	-	4,853
- Net impairment losses on financial assets	135	7	1	-	143
- Net realised gains on financial assets	2	-	-	-	2
- Net fair value gains	(13,083)	(658)	(11)	-	(13,752)
<b>Net investment income/ (expenses) - underlying assets</b>	<b>(8,329)</b>	<b>(419)</b>	<b>(6)</b>	<b>-</b>	<b>(8,754)</b>
<b>Net investment income/ (expenses) - other</b>					
- Other income	248	12	-	-	260
- Net change in investment contract liabilities	-	-	-	-	-
<b>Net investment income/(expenses) -</b>	<b>248</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>260</b>
<b>Total net investment income</b>	<b>(8,081)</b>	<b>(407)</b>	<b>(6)</b>	<b>-</b>	<b>(8,494)</b>
<b>Finance income/(expenses) from insurance contracts issued</b>					
- Interest accreted	(2,372)	(90)	-	-	(2,462)
- Effect of changes in interest rates and other financial assumptions	(214)	-	-	-	(214)
- Effect of changes in FCF at current rates from when CSM is unlocked at	-	-	-	-	-
<b>Finance income/(expenses) from insurance contracts issued</b>	<b>(2,586)</b>	<b>(90)</b>	<b>-</b>	<b>-</b>	<b>(2,676)</b>
<b>Finance income/(expenses) from reinsurance contracts held</b>					
- Interest accreted	-	-	-	-	-
<b>Net insurance finance income/(expenses)</b>	<b>(2,586)</b>	<b>(90)</b>	<b>-</b>	<b>-</b>	<b>(2,676)</b>
<b>Summary of the amounts recognised in profit or loss</b>					
- Net investment income - underlying assets	(8,329)	(419)	(6)	-	(8,754)
- Net investment income - other	248	12	-	-	260
- Finance expenses from insurance contracts issued	(2,988)	(90)	-	-	(3,078)
	<b>(11,069)</b>	<b>(497)</b>	<b>(6)</b>	<b>-</b>	<b>(11,572)</b>

Underlying assets are those assets that are either contractually linked to the relevant insurance contracts or they are specifically used to back insurance contracts.

**BANCASSURANCE CARIBBEAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)**

**8.7.2 Investment income and insurance finance expenses (continued)**

For the year ended 31 December 2025 (continued)	Traditional life	Annuities	Short term Group life contracts	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Summary of the amounts recognised in OCI</b>					
- Finance expenses from insurance contracts issued	402	-	-	-	402
<b>Summary of the amounts recognised</b>					
- Insurance service result	7,691	(222)	293	-	7,762
- Net investment income	(8,081)	(407)	(6)	-	(8,494)
- Finance expenses from insurance contracts issued	(2,586)	(90)	-	-	(2,676)
<b>Net insurance and investment result</b>	<b>(2,976)</b>	<b>(719)</b>	<b>287</b>	<b>-</b>	<b>(3,408)</b>
<b>For the year ended 31 December 2024</b>					
<b>Net investment income/(expenses) - underlying assets</b>					
- Investment income	4,982	275	6	-	5,263
- Net impairment losses on financial assets	(405)	(22)	-	-	(427)
- Net fair value gains	8,615	475	10	-	9,100
- Net realised gains on financial assets	9	-	-	-	9
<b>Net investment income/(expenses) - underlying assets</b>	<b>13,201</b>	<b>728</b>	<b>16</b>	<b>-</b>	<b>13,945</b>
<b>Net investment income/(expenses) - other</b>					
- Other income	408	22	-	-	430
<b>Net investment income/(expenses) - other</b>	<b>408</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>430</b>
<b>Total net investment income</b>	<b>13,609</b>	<b>750</b>	<b>16</b>	<b>-</b>	<b>14,375</b>

**BANCASSURANCE CARIBBEAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

Expressed in Trinidad and Tobago Dollars

(Continued)

**8. Insurance contracts (continued)****8.7.2 Investment income and insurance finance expenses (continued)**

For the year ended 31 December 2024 (continued)	Traditional life	Annuities	Short term Group life contracts	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Finance income/(expenses) from insurance contracts issued</b>					
- Interest accreted	(2,618)	(66)	–	–	(2,684)
- Effect of changes in interest rates and other financial assumptions	1,286	(3)	–	–	1,283
<b>Finance expenses from insurance contracts issued</b>	(1,332)	(69)	–	–	(1,401)
<b>Net insurance finance expenses</b>	(1,332)	(69)	–	–	(1,401)
<b>Summary of the amounts recognised in profit or loss</b>					
- Net investment income - underlying assets	13,201	728	16	–	13,945
- Net investment income - other	408	22	–	–	430
- Finance expenses from insurance contracts issued	(2,617)	(67)	–	–	(2,684)
	10,992	683	16	–	11,691
<b>Summary of the amounts recognised in OCI</b>					
- Finance income/(expenses) from insurance contracts issued	1,285	(2)	–	–	1,283
	1,285	(2)	–	–	1,283
<b>Summary of the amounts recognised</b>					
- Insurance service result	(16,396)	(976)	(306)	–	(17,678)
- Net investment income	13,609	750	16	–	14,375
- Finance expenses from insurance contracts issued	(1,332)	(69)	–	–	(1,401)
<b>Net insurance and investment result</b>	(4,119)	(295)	(290)	–	(4,704)

**BANCASSURANCE CARIBBEAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025**

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(Continued)

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>9. Cash and cash equivalents</b>		
Cash and cash equivalents	7,557	2,773
Cash and cash equivalents in mutual funds	<u>148</u>	<u>144</u>
	<u>7,705</u>	<u>2,917</u>
Cash at bank and in hand	7,199	2,649
Short-term deposits (90 days or less)	<u>386</u>	<u>373</u>
Cash and cash equivalents	7,585	3,022
Cash and cash equivalents in mutual funds	148	144
Loss allowance	<u>(28)</u>	<u>(249)</u>
Net cash and cash equivalents	<u>7,705</u>	<u>2,917</u>
At beginning of year	2,917	46,736
Net impairment loss	<u>221</u>	<u>(114)</u>
	3,138	46,622
At end of year	<u>7,705</u>	<u>2,917</u>
Net increase/(decrease) in cash used in cash flow	<u>4,567</u>	<u>(43,705)</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

**10. Loans and receivables**

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Caribe net assets*	–	530
Other receivables	717	564
Loss allowance	<u>(487)</u>	<u>(477)</u>
	<u>230</u>	<u>617</u>

\* Caribe Hospitality of Trinidad & Tobago was reclassified to Investment Securities in 2025.

The carrying amounts of loans and receivables are reasonable approximations of their fair values. There were no loans and receivables pledged as collateral for liabilities at year end (2023: nil).

**11. Share Capital**

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Authorised</i>		
An unlimited number of ordinary shares of no par value		
Issued and fully paid		
8,094,427 ordinary shares of no par value (2024: 8,094,427 ordinary shares)	<u>15,013</u>	<u>15,013</u>
	<b>Number of</b>	<b>Share</b>
	<b>shares</b>	<b>capital</b>
	<b>(thousands)</b>	<b>\$'000</b>
<b>Balance at 31 December 2025</b>	<u>8,094</u>	<u>15,013</u>
<b>Balance at 31 December 2024</b>	<u>8,094</u>	<u>15,013</u>

**BANCASSURANCE CARIBBEAN LIMITED**  
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(Continued)

**12. Reserves**

	<b>Insurance Finance Reserve \$'000</b>	<b>Total \$'000</b>
<b>Balance at 1 January 2025</b>	1,473	1,473
Other comprehensive income	<u>402</u>	<u>402</u>
<b>Balance at 31 December 2025</b>	<u><u>1,875</u></u>	<u><u>1,875</u></u>
<b>Balance at 1 January 2024</b>	190	190
Other comprehensive income loss	<u>1,283</u>	<u>1,283</u>
<b>Balance at 31 December 2024</b>	<u><u>1,473</u></u>	<u><u>1,473</u></u>

**13. Other Liabilities**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Accounts payable and accruals	<u>39</u>	<u>588</u>

The carrying amounts of other liabilities approximate their fair value.

**14. Investment Income**

	<b>2025 \$'000</b>	<b>2024 \$'000</b>
Interest income from:		
- Amortised cost investment securities	3,458	3,557
- Loans and receivables	-	-
- Cash and cash equivalents	<u>16</u>	<u>378</u>
	<u>3,474</u>	<u>3,935</u>
Dividend income from fair value through profit or loss equity securities	492	390
Dividend income from investments	103	-
Dividend income FVTPL debt securities	32	55
Other dividend income	<u>752</u>	<u>883</u>
	<u>1,379</u>	<u>1,328</u>
Total investment income	<u><u>4,853</u></u>	<u><u>5,263</u></u>

**BANCASSURANCE CARIBBEAN LIMITED**  
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(Continued)

**15. Net realised gains on financial assets**

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Other	<u>2</u>	<u>9</u>
	<u><u>2</u></u>	<u><u>9</u></u>

**16. Net fair value (losses)/gains**

Net fair value gains/(losses) on:

- Investment securities measured mandatorily at fair value through profit or loss	(13,777)	8,142
Fair value adjustment on investment properties (Note 5)	<u>25</u>	<u>958</u>
	<u><u>(13,752)</u></u>	<u><u>9,100</u></u>

**17. Other income**

Rental income	–	335
Foreign exchange losses	57	(87)
Other loss	<u>203</u>	<u>182</u>
	<u><u>260</u></u>	<u><u>430</u></u>

**18. Net impairment gains/(losses) on financial assets**

Investment securities measured at amortised cost	(68)	221
Loans and receivables	(10)	(534)
Cash and cash equivalents	<u>221</u>	<u>(114)</u>
	<u><u>143</u></u>	<u><u>(427)</u></u>

**BANCASSURANCE CARIBBEAN LIMITED**  
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(Continued)

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>19. Operating expenses</b>		
Auditors' remuneration	1,369	911
Other expenses	<u>3,124</u>	<u>3,648</u>
	<u><u>4,493</u></u>	<u><u>4,559</u></u>
<u>Represented by:</u>		
- Amounts attributed to insurance acquisition cash flows incurred during the year	3,860	3,851
- Other directly attributable expenses	<u>171</u>	<u>206</u>
	4,031	4,057
<b>Other operating expenses</b>	<u>462</u>	<u>502</u>
	<u><u>4,493</u></u>	<u><u>4,559</u></u>

Expenses attributed to insurance acquisition cash flows and other directly attributable expenses comprise expenses incurred by the Company in the reporting period that relate directly to the fulfilment of contracts issued within IFRS 17's scope and reinsurance contracts held. These expenses are recognised in the statement of profit or loss based on IFRS 17 measurement requirements. Refer to Note 2.10 (f) and Note 8.2.1.

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>20. Taxation</b>		
Current tax	684	(486)
Prior year taxation adjustment	(416)	270
Deferred tax (Note 7)	<u>(1,912)</u>	<u>1,187</u>
	<u><u>(1,644)</u></u>	<u><u>971</u></u>

The tax on the profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before taxation	<u>(4,272)</u>	<u>(6,489)</u>
Prima facie tax calculated at domestic corporation tax rate of 30%	(1,282)	(1,947)
Effect of different tax rate of life insurance companies	(507)	2,276
Income not subject to tax	(740)	(2,957)
Expenses not deductible for tax purposes	3,144	3,292
Prior year taxation adjustment	(416)	270
Tax on dividend	-	-
Other	<u>(1,843)</u>	<u>37</u>
<b>Tax (credit)/charge for the year</b>	<u><u>(1,644)</u></u>	<u><u>971</u></u>

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(Continued)

<b>21. Adjustment for non-cash items in operating profit</b>	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Net fair value losses/(gains) on financial and other assets (Note 16)	13,777	(8,142)
Net realised gains on financial and other assets (Note 15)	(2)	(9)
Net Impairment (gains)/losses on financial assets (Note 18)	(143)	427
Change in fair value of other investment properties (Note 5 and 16)	(25)	(958)
Foreign exchange gains	(56)	(203)
	<u>13,551</u>	<u>(8,885)</u>

**22. Fair value measurement**

The following table provides the fair value measurement of the Company's assets and liabilities that are disclosed at fair value in the statement of financial position.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 31 December 2025</b>				
<b>Assets measured at fair value:</b>				
Investment properties	–	–	22,499	22,499
Investment securities at fair value through profit or loss:				
Equity securities	–	119,831	48,826	168,657
	<u>–</u>	<u>119,831</u>	<u>71,325</u>	<u>191,156</u>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total fair value</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 31 December 2024</b>				
<b>Assets measured at fair value:</b>				
Investment properties	–	–	26,109	26,109
Investment securities at fair value through profit or loss:				
Equity securities	–	120,223	57,419	177,642
Deposits (more than 90 days)	–	10,000	–	10,000
	<u>–</u>	<u>130,223</u>	<u>83,528</u>	<u>213,751</u>

There were no transfers between level 1 and level 2 during the period.

**BANCASSURANCE CARIBBEAN LIMITED**  
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(Continued)

**22. Fair value measurement (continued)**

**Reconciliation of movements in level 3 assets measured at fair value**

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 assets and which are recorded at fair value.

	<u>Investment securities</u>		<b>Total</b>
	<b>Investment properties</b>	<b>Equity securities</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 31 December 2025</b>			
Balance at beginning of year	26,109	57,419	83,528
Total gains or losses:			
in profit or loss	25	(13,386)	(13,361)
in other comprehensive income	–	–	–
Purchases	475	110	585
Sales	–	(16)	(16)
Other movements*	(4,110)	4,640	530
Exchange rate adjustment	–	58	58
Balance at end of year	<u>22,499</u>	<u>48,825</u>	<u>71,324</u>

\* Other movements are a result of the re-classification of Caribe assets from Investment properties to Equity securities.

	<u>Investment securities</u>		<b>Total</b>
	<b>Investment properties</b>	<b>Equity securities</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 31 December 2024</b>			
Balance at beginning of year	25,102	55,024	80,126
Total gains or losses:			
in profit or loss	958	2,887	3,845
Purchases	49	616	665
Sales	–	(1,246)	(1,246)
Exchange rate adjustment	–	138	138
Balance at end of year	<u>26,109</u>	<u>57,419</u>	<u>83,528</u>

Total gains or losses (realised and unrealised) for the year in the above table are presented in the statement of income as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total (losses)/gains or losses recognised in statement of income</b>		
Net fair value gains	<u>(13,361)</u>	<u>3,845</u>
	<u>(13,361)</u>	<u>3,845</u>

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(Continued)

**22. Fair value measurement (continued)**

**Description of significant unobservable inputs**

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2025 and 2024 are shown below:

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Investment properties	DCF method - Income and sales comparison approach (by professional external valuers)	Discount rates	2025 : 8.25% - 10.25% 2024 : 8.25% - 10.25%	1% increase in discount or capitalization rates would result in a decrease in fair value of \$1,375,000 (2024 : decrease of \$2,779,000).
Unquoted equity securities	Valuation ratios	Value based on book price per share	2025: 48,826 2024: 57,454	5% increase (decrease) in the indicative price per share would result in an increase/(decrease) in fair value of \$2,441,000 (2024 : \$2,873,000).

As can be seen from the above table, a possible change in the key unobservable inputs can result in a significantly higher or lower fair value measurement. There are no significant interrelationships between these key inputs and other unobservable inputs which could magnify or mitigate the effects of those changes.

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**22. Fair value measurement (continued)**

The following table provides the fair value measurement of the Company's assets and liabilities that are disclosed at fair value in the statement of financial position.

	2025 \$'000	2024 \$'000
<b>Assets measured at fair value:</b>		
Investment properties	22,499	26,109
Investment securities:		
Equity securities	168,657	177,642
Deposits (more than 90 days)	—	10,000
	<u>191,156</u>	<u>213,751</u>

For properties classified as level 3, an increase/decrease in the discount rates or capitalisation rates, will result in a decrease/increase in the property values. The Company does not regard that any reasonable change in the valuation assumptions of level 3 assets and liabilities will have any significant impact on the financial statements.

The Company's equity securities classified as level 3 would increase/decrease in value by \$2,441,000 (2024: \$2,873,000) should there be a 5% increase/decrease in value.

The following table provides the fair value measurement of the Company's assets and liabilities that are not measured at fair value in the statement of financial position but whose fair values are disclosed in the notes to the accounts.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>At 31 December 2025</b>				
<b>Assets for which fair values are disclosed:</b>				
Investment securities measured at amortised cost:				
Government securities	—	56,072	—	56,072
Debentures & corporate bonds	—	1,000	—	1,000
Loans and Receivables			230	230
	<u>—</u>	<u>57,072</u>	<u>230</u>	<u>57,302</u>

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000
<b>At 31 December 2024</b>				
<b>Assets for which fair values are disclosed:</b>				
Investment securities measured at amortised cost:				
Government securities	—	57,576	—	57,576
Debentures & corporate bonds	—	2,013	—	2,013
Loans and receivables			617	617
	<u>—</u>	<u>59,589</u>	<u>617</u>	<u>60,206</u>

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**23. Segment Information**

	Total revenue from external customers		Non current assets	
	2025	2024	2025	2024
	\$'000	\$'000	\$'000	\$'000
Trinidad and Tobago	(6,039)	17,327	22,499	26,109
	<u>(6,039)</u>	<u>17,327</u>	<u>22,499</u>	<u>26,109</u>

The total revenue information above consists of insurance revenue, investment income, net realised gains/losses, net fair value gains/losses and other income. Revenue is based on locations of the customer and there are no transactions with a single customer that amount to more than 10% of total revenue.

Non-current assets for this purpose consist of investment properties.

**24. Contingent Liabilities**

**Taxation**

There may be a possible obligation that may arise for the interest and penalties relating to the tax on future distributions.

The existence of this obligation will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**Legal proceedings**

The Company is a defendant and plaintiff in various legal actions. In the opinion of the Directors, after taking legal advice, the outcome of such actions will not give rise to any material loss.

**25. Related Party Disclosures**

The following transactions were carried out with related parties:	2025	2024
	\$'000	\$'000
(a) Dividend income from:		
- Key associates	752	883
(b) Financial assets of:		
- Key associates	119,856	120,223
(c) Due to related parties:		
- Fatum Holding N.V.	908	905
- Guardian Life of the Caribbean Limited	<u>32,032</u>	<u>9,509</u>
	<u>32,940</u>	<u>10,414</u>

There was no provision for doubtful debts at the reporting date and no bad debt expense in the year (2024: Nil).

Financial assets of other related parties comprise debt, equity and other investments issued by entities controlled by related parties, in the ordinary course of business.

**26. Subsequent events**

There are no events or transactions that have occurred that will require adjustments to disclosures in the financial statements.