Sagicor

SAGICOR GENERAL INSURANCE INC.

# 2025 ANNUAL REPORT





# OUR MISSION & OUR VISION

# OUR MISSION

Our mission is to become the leading P&C provider in the Caribbean. We will achieve this by crafting a customer centric organization driven by inspired and engaged people.

# OUR VISION

To be a great company committed to improving the lives of people in the communities in which we operate.

# CORPORATE OVERVIEW



# CORPORATE OVERVIEW

We have been in existence for over 145 years offering a comprehensive range of general insurance solutions to individuals and companies. In July 2003, a Special Resolution was passed by the shareholders authorizing an amendment to the Articles of Incorporation to change the name of the company from Barbados Fire and Commercial Insurance Company Limited to Sagicor General Insurance Inc.

Sagicor General has a financial rating of A - (Excellent) issued by A.M. Best after a thorough quantitative and qualitative review of the company, taking into consideration financial performance, balance sheet strength, as well as underwriting and claims philosophies.

Our product lines include Property, Motor, Engineering, Bonds, Marine, Liability and various Miscellaneous classes. Our main premium revenue is realised from the Property portfolio which accounts for approximately 58% of revenue. Motor is 35% while Marine was 1% and Accident portfolio accounts for 6%. Sagicor General is continuing on an expansion drive to increase its market share, either through organic growth or by way of mergers or acquisitions, and also extend our reach into other territories.

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# CHAIRMAN & CEO'S REPORT



# CHAIRMAN & CEO'S REPORT

PETER CLARKE
CHAIRMAN



PATRICK HINKSON
PRESIDENT & CEO



During 2025, economic growth in our markets slowed dramatically compared to 2024 with Barbados, Dominica, St. Lucia and Antigua & Barbuda recording growth of 2.7%, 4.25%, 1.7% and 3.0% respectively [2024: 4.0%, 4.6%, 3.7% and 4.3%].

Several factors have been identified as contributing to the slowing growth in the region, namely economic uncertainty as the global economic system was being reset by trade and policy uncertainty, along with heightened trade tensions, climate pressures with intensifying climate related disruptions such as Hurricane Melissa which has affected tourism demand and economic activity in some parts of the region and finally structural domestic challenges within the various markets.

2025 did see some further hardening in the reinsurance market during the first half of the year and while the company saw improvement in its performance from the prior year, the regional insurance industry continues to be impacted by supply chain disruption, resulting in higher costs and and reduced availability of spare parts.

The company continues to focus on its multipronged strategy to combat the key headwinds impacting the industry namely, volatility in the reinsurance markets, the impact of economic and social inflation resulting in higher claims costs along with more frequent and severe weather events.

Our strategy included rate adjustment for property and motor, a more stringent underwriting methodology and robust approach to claims' settlement plus a focus on expense containment. The 2025 results are encouraging and testimony to our strategic objectives of engaging our employees, delighting our customers, preserving capital and improving operational efficiencies via digital transformation.

2025 saw Insurance Revenue increase to BBD$130.5 million up from BBD$121.4 million in 2024. This result was attributed to the growth in new business especially in the Eastern Caribbean and Barbados, plus enhanced focus on customer service and retention.

Net income after tax for 2025 was BBD$14.0 million, which represented a significant improvement over the BBD$7.4 million recorded in 2024.

During the year Mr. Andrew Aleong, who is currently a director of a number of companies within the Sagicor Group, was appointed to the board of Sagicor General Insurance Inc.

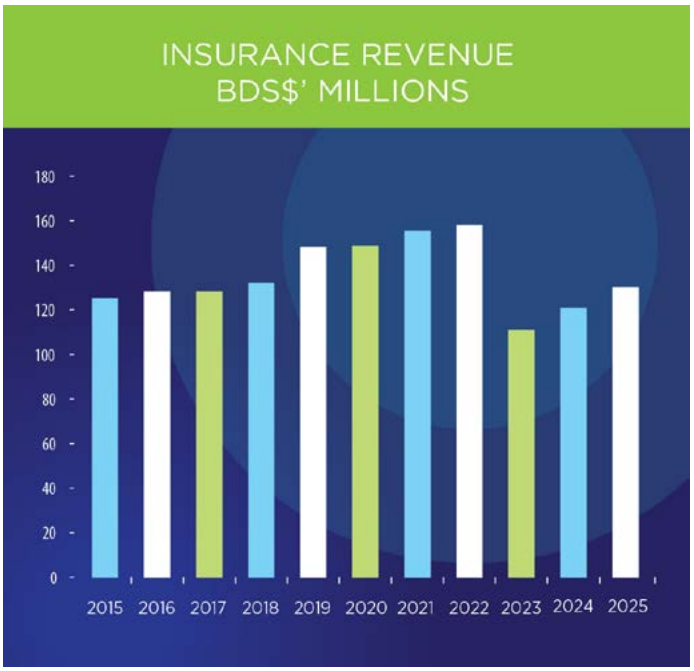
On behalf of the board and management of Sagicor General Insurance Inc, we thank our policyholders, clients, team members, advisors, agents and business partners for their continued and valued support.

# FINANCIAL HIGHLIGHTS

## 2025 Performance

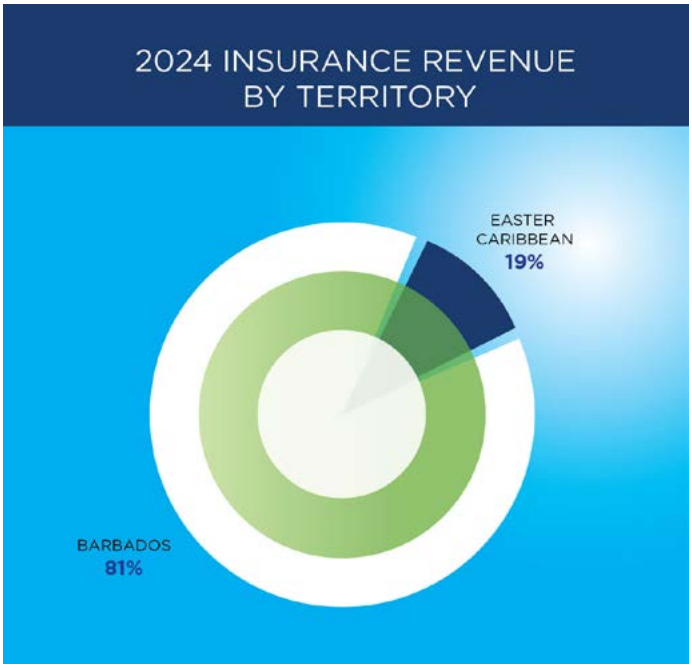
Sagicor General Insurance performance to December 31, 2025 showed improved Insurance Revenue, which increased from BBD$121.4 million to BBD$130.8 million with Barbados and the Eastern Caribbean growing by 6% and 15% respectively.

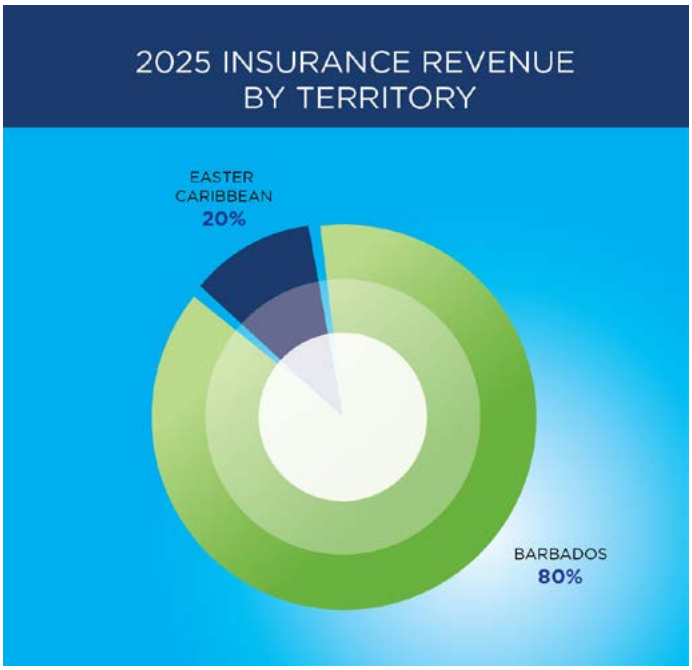
Insurance rates rose across all lines of business and territories, as the regional industry continues to adjust to further hardening in the reinsurance market at the beginning of 2025, driven by increased claims costs from international catastrophes and rising economic inflation.




(Periods up to and including 2022 on an IFRS 4 basis)

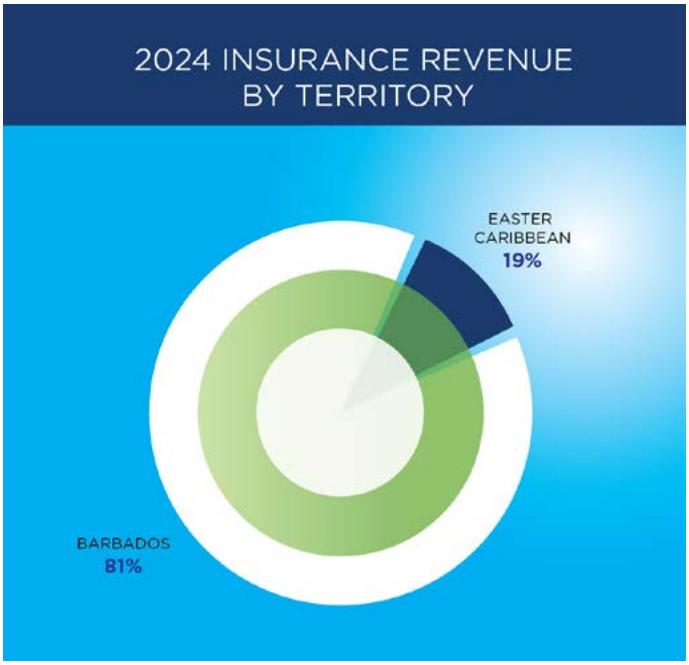
The growth experienced in the Eastern Caribbean continue to outpace Barbados and as a result, the Eastern Caribbean accounts for 20% of the total business up from 19% in 2024.



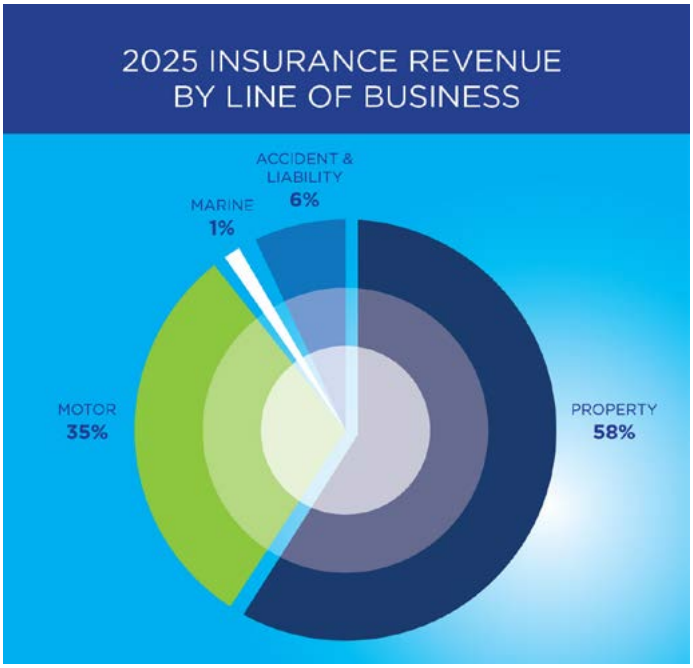
# FINANCIAL HIGHLIGHTS

The overall portfolio mix remains relatively unchanged from the prior year, with the only change being motor which increased 1 pp to 35%, while property remained unchanged.




Insurance Revenue grew by 8%, however this was offset by an increase in Insurance Service Expenses of 3%. Insurance Service Expenses comprise claims incurred and other direct expenses directly attributable to the servicing of the insurance related activities, along with acquisition costs. The impact of these was the Insurance Service Result, increasing 76% to BBD$16.9 million for 2025.

Net Interest income for the year remained flat at BBD$3.0 million. The overall result was Net Insurance and Investment Result, increasing from BBD$10.4 million in 2024 to BBD$18.2 million.




Net income for the year was BBD$14.0 million up from BBD$7.4 million in 2024. Total comprehensive income for the year was BBD$12.9M compared to the prior position of BBD$8.3 million.

The Barbados operations generated net income of BBD$13.3 million, a significant improvement from the BBD$7.5 million for fiscal 2024, while the remaining business segment which comprises the Eastern Caribbean and The Bahamas in runoff, recorded a profit of BBD$0.9 million, a notable increase from the loss of BBD$92,000 in 2024.

# BOARD OF DIRECTORS



# BOARD OF DIRECTORS

## PETER CLARKE



Peter Clarke is a director of the Company as well as certain of its subsidiaries, and he is Chair of the Company's Risk Committee. Mr. Clarke is a Financial Consultant who practiced as a Barrister-at-Law before embarking on a 22-year career in stockbroking. From 1984-2000, he was the Managing Director of Money Managers Limited, and served as the Chief Executive of West Indies Stockbrokers Limited from 2001 to 2005, when he retired.

From 2002 to 2005, he was also a director of the Trinidad and Tobago Chamber of Industry and Commerce. From 1995 to 1999 he was Chairman of the Trinidad and Tobago Stock Exchange, and he is currently a director of that organization. From 1992 to 1995, Mr. Clarke served as Deputy Chairman of the Trinidad and Tobago Free Zones Company, and he is currently the Chairman of Guardian Media Limited in Trinidad and Tobago, and a director of several other companies including the Heritage Petroleum Company Limited.

Mr. Clarke is a member of the Finance Council of the Roman Catholic Archdiocese of Port of Spain. He obtained a Bachelor of Arts degree from Yale University and a law degree from Downing College, Cambridge University. Mr. Clarke was called to the Bar as a member of Gray's Inn in London in 1979, and to the Bar of Trinidad and Tobago in 1980.

## PATRICK HINKSON



Patrick Hinkson is the President and Chief Executive Officer of Sagicor General Insurance Inc. and also serves as the President and Chief Executive Officer for Sagicor General Insurance Trinidad & Tobago Limited.

Previously Mr. Hinkson held the position of Chief Financial Officer from November 1, 2017 and General Manager, Barbados and the Eastern Caribbean from November 1, 2021.

Mr. Hinkson has an expansive career spanning over thirty years in the areas of Auditing, Financial Management and Reporting, and Executive Management in a number of sectors including Assurance & Advisory, Diversified Conglomerates and Telecommunications

He is a director of Advantage General Insurance Company Limited, Insurance Association of the Caribbean Inc. Barbados Manufacturer's Association and the General Insurance Association of Barbados. Additionally, he serves as a member of the Finance, Investments, and Tenders Committee of the Barbados Cricket Association, he was a Past President of the Institute of Chartered Accountants of Barbados, and a former Council member of the Barbados Chamber of Commerce and Industry.

Mr. Hinkson holds a B.Sc. Management Studies (Hons.) from the University of the West Indies, Cave Hill Campus, Barbados and is a Chartered Professional Accountant of CPA - Canada and a Fellow Chartered Accountant of the Institute of Chartered Accountants of Barbados.

# BOARD OF DIRECTORS

## C. NATASHA SMALL



Mrs. C. Natasha Small is a seasoned Finance Executive with more than two decades of senior leadership experience across complex, multi-sector organisations. A Fellow of the Association of Chartered Certified Accountants (FCCA, United Kingdom), she holds a Bachelor of Science in Accounting with First Class Honours from the University of the West Indies and an Associate Degree in Law and Accounts from the Barbados Community College.

Since 2008, Mrs. Small has served as Group Chief Financial Officer of Goddard Enterprises Limited, one of the Caribbean's most diversified conglomerates. In this capacity, she holds executive responsibility for the Group's finance strategy, capital planning, investment and financing activities, and the integrity of its corporate finance and accounting functions. Her stewardship encompasses more than 50 operational entities spanning Barbados, the wider Caribbean, and Latin and South America — a portfolio that includes direct exposure to the insurance sector alongside manufacturing, automobile, building supplies, catering, ground handling, shipping, and food and consumer goods industries. Her grounding in Finance and her experience positions her uniquely to navigate the regulatory and governance demands that define the insurance and financial services environment.

Her core competencies span acquisitions and divestments, financial planning and analysis, debt restructuring, and capital arranging — disciplines that are directly applicable to the risk management, solvency oversight, and long-term financial planning central to insurance operations. Mrs. Small is widely recognised for her decisive leadership, strategic judgment, and capacity to engage and motivate teams across geographically dispersed and operationally complex environments. She brings to the insurance sector a proven record of aligning financial discipline with business growth objectives at the group level.

## ROBERT TRESTRAIL



Robert Trestrail was appointed President and Chief Executive Officer of Sagicor Life Inc on January 1, 2021.

Robert joined the Sagicor Group in 2001 and has held several executive positions throughout his tenure with Sagicor.

Currently, as President and Chief Executive Officer of SLI, Robert serves on several Boards within the Sagicor Group.

With 30 years of experience in the insurance and financial services industry, Robert has served the private sector in Trinidad and Tobago as President of the Trinidad & Tobago Chamber of Industry and Commerce (TTCIC) and a Board member of The Chamber for over 12 years.

He has served as a Member of the Appeal Tribunal of the National Insurance Board, a Director of the Association of Insurance Companies in Trinidad and Tobago and presently holds the position of Chairman of the Board of Governors of the Trinidad & Tobago Insurance Institute (TTII).

# BOARD OF DIRECTORS

## DAVID WRIGHT



A UK qualified accountant, he is Chairman & CEO of The HBW Group, with over 36 years in banking, insurance, investment management, financial risk management, corporate restructuring and trading in securities and precious metals. He is a trained ICT professional with emphasis on cybersecurity and process implementation.

Mr. Wright is a director of Sagicor Life Inc. and also serves on several Boards within the Sagicor Group.

He is Vice Chairman of a leading private financial services group.

Mr. Wright has served on public and private sector Boards and Committees related to financial services, Anti-Money Laundering, public utilities and broadcasting.

He is an avid golfer and sports enthusiast.

## ANDREW ALEONG



Mr Aleong holds an MBA from the Richard Ivey School of Business, University of Western Ontario, Canada. He is the Group Managing Director of the Albrosco Group of Companies in Trinidad and Tobago and has served the Trinidad and Tobago manufacturing industry for over 30 years and is a former President of the Trinidad and Tobago Manufacturers' Association.

Mr Aleong has continuously served on various Sagicor Boards and committees since 2005 and serves as a director of several private companies.

Mr. Aleong is an avid golfer.

# AUDITOR'S REPORT/ FINANCIAL STATEMENTS



# SAGICOR GENERAL INSURANCE INC.

## INDEX TO THE FINANCIAL STATEMENTS
## DECEMBER 31, 2025


**Independent Auditor's Report**

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# SAGICOR GENERAL INSURANCE INC.

## ACRONYMS

Certain acronyms have been used throughout the financial statements and notes thereto to substitute phrases. The more frequent acronyms and associated phrases are set out below.

| Acronym | Phrase |
|---|---|
| AA | Appointed Actuary |
| AC | Amortised Cost |
| AIC | Asset for Incurred Claims |
| ARC | Asset for Remaining Coverage |
| EAD | Exposure at Default |
| ECL | Expected Credit Losses |
| FCF | Fulfillment Cash Flows |
| FVTOCI | Fair Value Through Other Comprehensive Income |
| FVTPL | Fair Value Through Profit and Loss |
| GMM | General Measurement Model |
| GoB | Government of Barbados |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| IFRS | International Financial Reporting Standards |
| IFRS IC | International Financial Reporting Standards Interpretations Committee |
| LGD | Loss Given Default |
| LIC | Liability for Incurred Claims |
| LRC | Liability for Remaining Coverage |
| NPV | Net Present Value |
| OCI | Other Comprehensive Income |
| PAA | Premium Allocation Approach |
| PD | Probability of Default |
| POCI | Purchased or Originated Credit-Impaired |
| SICR | Significant Increase in Credit Risk |
| SPPI | Solely Payments of Principal and Interest |

# Independent auditor's report

To the Shareholders of Sagicor General Insurance Inc.

## Our opinion

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

### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 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.

## 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.

PricewaterhouseCoopers SRL, The Financial Services Centre, Bishop's Court Hill,
P.O. Box 111, St. Michael, BB14004,
Barbados, West Indies
T: +1 246 626 6700, F: +1 246 436 1275

www.pwc.com/bb

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.

## Responsibilities of management and those charged with governance 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 and those charged with governance 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 and those charged with governance 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 and those charged with governance 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.

## 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 and those charged with governance.
- Conclude on the appropriateness of management and those charged with governance'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.

## Other matter

This report is made solely to the Company's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.



Bridgetown, Barbados
April 30, 2026

Sagicor General Insurance Inc.

## Statement Of Financial Position

As of December 31, 2025

*Amounts expressed in Barbados $ 000*

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | | 61,229 | 52,702 |
| Financial investments | 5 | 70,209 | 72,753 |
| Reinsurance contracts assets | 12 | 26,850 | 22,994 |
| Miscellaneous assets and receivables | | 3,982 | 2,825 |
| Amounts receivable from related parties | 21 | 34,620 | 33,701 |
| Income tax assets | 18 | 27 | 1,460 |
| Intangible assets | 6 | 2,793 | 2,793 |
| Pension assets | 17 | 2,868 | 3,529 |
| Property, plant and equipment | 7 | 557 | 693 |
| **Total assets** | | **203,135** | **193,450** |
| **LIABILITIES** | | | |
| Accounts payable and accrued liabilities | | 9,229 | 8,452 |
| Amounts payable to related parties | 21 | 72 | 63 |
| Income tax liabilities | 18 | 578 | 413 |
| Reinsurance contract liabilities | 12 | 246 | 345 |
| Insurance contract liabilities | 12 | 92,069 | 92,865 |
| Loan payable | 8 | 2,587 | 6,035 |
| Note payable | 9 | 25,000 | 25,000 |
| **Total liabilities** | | **129,781** | **133,173** |
| **EQUITY** | | | |
| Share capital | 10 | 5,018 | 4,812 |
| Reserves | 11 | 35,024 | 33,241 |
| Retained earnings | | 33,312 | 22,224 |
| **Total equity** | | **73,354** | **60,277** |
| **Total equity and liabilities** | | **203,135** | **193,450** |

These financial statements have been approved for issue by the Board of Directors on April 29, 2026.

_____ Director _____ Director

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

Sagicor General Insurance Inc.

## Statement Of Income

Year ended December 31, 2025

*Amounts expressed in Barbados $ 000*

| | Notes | 2025 | 2024 |
|---|---|---|---|
| Insurance revenue | 13 | 130,805 | 121,436 |
| Insurance service expenses | 13 | (67,120) | (64,889) |
| Net expense from reinsurance contracts held | 13 | (46,745) | (46,947) |
| **Insurance service result** | | **16,940** | **9,600** |
| Interest income earned from financial assets measured at amortised cost | 14 | 2,862 | 2,815 |
| Other investment income, net | 14 | 89 | 110 |
| Credit impairment recovery | 14 | 26 | 66 |
| **Net investment income** | | **2,977** | **2,991** |
| Finance expense from insurance contracts issued | 14 | (1,890) | (2,531) |
| Finance income from reinsurance contracts held | 14 | 138 | 348 |
| **Net Insurance finance expense** | | **(1,752)** | **(2,183)** |
| **Net insurance and investment result** | | **18,165** | **10,408** |
| Fees and other income | 15 | 1,428 | 1,512 |
| Other operating expenses | 16 | (3,466) | (3,770) |
| Interest expense | | (145) | (266) |
| **INCOME BEFORE TAXES** | | **15,982** | **7,884** |
| Income taxes | 18 | (1,932) | (449) |
| **NET INCOME FOR THE YEAR** | | **14,050** | **7,435** |

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

Sagicor General Insurance Inc.

## Statement Of Comprehensive Income

Year ended December 31, 2025

*Amounts expressed in Barbados $ 000*

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **NET INCOME FOR THE YEAR** | | **14,050** | **7,435** |
| **Items net of tax that will not be reclassified subsequently to income:** | | | |
| (Loss) / Gain on defined benefit plans | | (1,179) | 856 |
| | | (1,179) | 856 |
| **Other Comprehensive (Loss) / Income for the year** | | **(1,179)** | **856** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **12,871** | **8,291** |

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

| | Year ended December 31, 2025 | | | |
|---|---|---|---|---|
| | Share Capital | Reserves | Retained earnings | Total |
| | Note 10 | Note 11 | | |
| **Balance, December 31, 2024** | **4,812** | **33,241** | **22,224** | **60,277** |
| Total comprehensive income | - | - | 12,871 | **12,871** |
| Capital contribution | 206 | - | - | **206** |
| Transfers and other movements | | 1,783 | (1,783) | **-** |
| **Balance, December 31, 2025** | **5,018** | **35,024** | **33,312** | **73,354** |

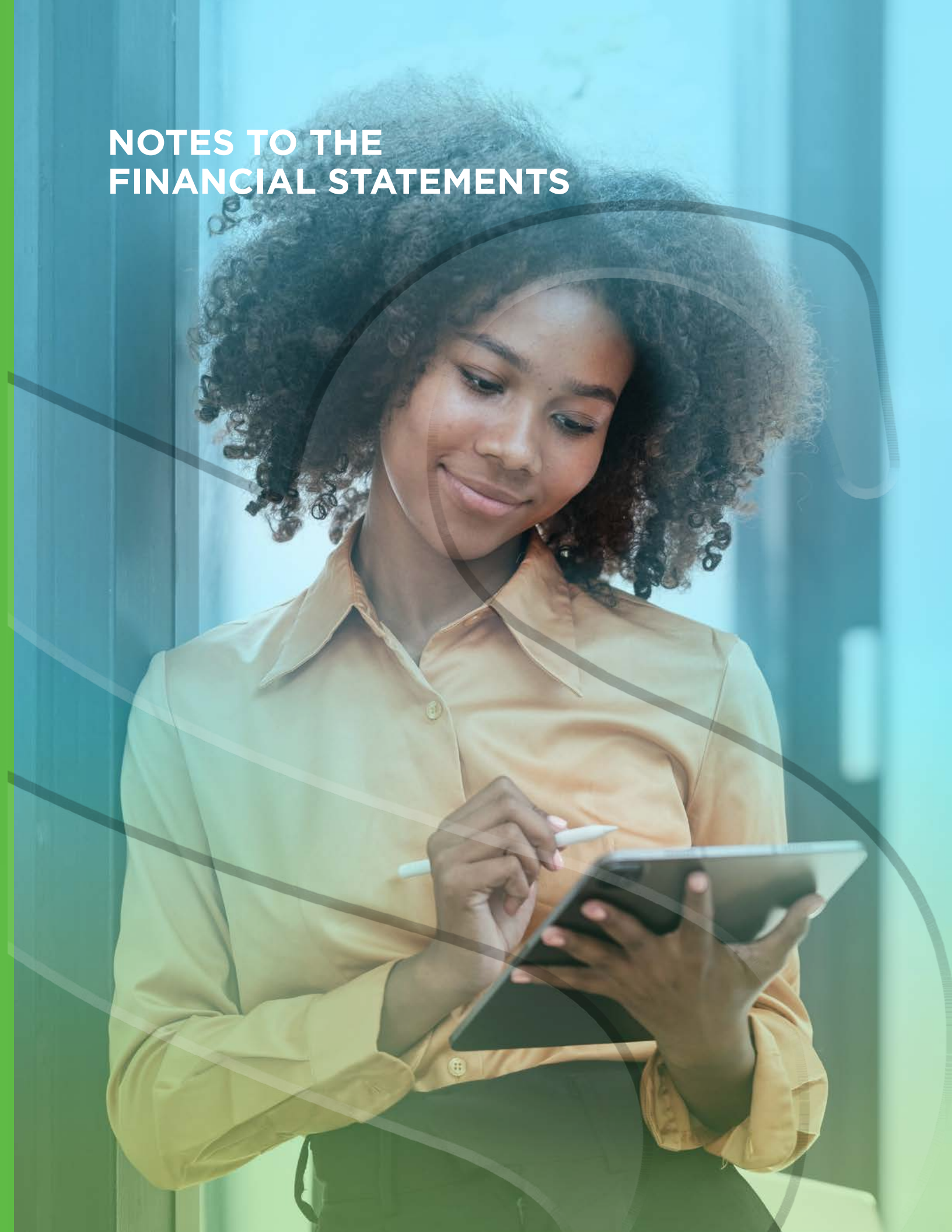
| | Year ended December 31, 2024 | | | |
|---|---|---|---|---|
| | Share Capital | Reserves | Retained earnings | Total |
| | Note 10 | Note 11 | | |
| **Balance, December 31, 2023** | **4,398** | **31,503** | **30,706** | **66,607** |
| Total comprehensive income | - | - | 8,291 | **8,291** |
| Capital contribution | 414 | - | - | **414** |
| Dividends declared (note 19 ) | - | - | (15,035) | **(15,035)** |
| Transfers and other movements | - | 1,738 | (1,738) | **-** |
| **Balance, December 31, 2024** | **4,812** | **33,241** | **22,224** | **60,277** |

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

| | Notes | 2025 | 2024 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before taxation | | 15,982 | 7,884 |
| Adjustments for non-cash items, interest and dividends | 20 | (1,397) | 1,118 |
| Interest and dividends received | | 2,065 | 1,901 |
| Interest received from Sagicor Group companies | | 91 | 80 |
| Interest paid | | (165) | (286) |
| Income taxes paid | | (488) | (388) |
| Changes in investments | 20 | 3,363 | (2,691) |
| Changes in operating assets | 20 | (5,194) | 3,461 |
| Changes in operating liabilities | 20 | (2,110) | 9,125 |
| **Net cash from operating activities** | | **12,147** | **20,204** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Property, plant and equipment, net | 20 | (192) | (342) |
| **Net cash in investing activities** | | **(192)** | **(342)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Loan payments | | (3,428) | (3,429) |
| Dividends paid | | - | (15,013) |
| **Net cash used in financing activities** | | **(3,428)** | **(18,442)** |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | **8,527** | **1,420** |
| Cash and cash equivalents, beginning of year | | 52,702 | 51,282 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | | **61,229** | **52,702** |

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

# NOTES TO THE FINANCIAL STATEMENTS



## 1. INCORPORATION AND PRINCIPAL ACTIVITIES

Sagicor General Insurance Inc. (the "Company") is incorporated in Barbados and carries on general insurance business in Barbados and certain other Caribbean Islands. The Company's ultimate parent company is Sagicor Financial Company Limited which is incorporated in Bermuda.

Sagicor Financial Company Ltd. is a leading financial services provider in the Caribbean, with over 180 years of history. SFC's registered office is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, with its principal office located at Cecil F De Caires Building, Wildey, St. Michael, Barbados. The common shares of Sagicor Financial Company Ltd. are listed on the Toronto Stock Exchange and are traded under the symbol "SFC".

These financial statements for the year ended December 31, 2025, have been approved by the Board of Directors on April 29, 2026. Neither the Company's owners nor others have the power to amend the financial statements after issue.

## 2. MATERIAL ACCOUNTING POLICIES

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

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with and comply with IFRS Accounting Standards (IFRS). The preparation of financial statements in conformity with IFRS 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. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Company has adopted the amendments to IFRS and IAS set out below.

**Amendments to existing IFRS effective January 1, 2025, applicable to the Company**

***Amendment to IAS 21 – Lack of exchangeability.*** This amendment assists entities in the determination of whether a currency is exchangeable in another currency and outlines requirements entities would need to apply when a currency is not exchangeable into another currency at a measurement date for a specified purpose. This standard has no material effect on the Company.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.2 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each branch of the Company are measured using the currency of the primary economic environment in which the branch operates (the functional currency).

These financial statements are presented in thousands of Barbados dollars, which is the Company's presentational currency.

The results and financial position of all branches that have a functional currency other than the presentational currency are translated into the presentational currency as follows:

- Income, other comprehensive income, movements in equity and cash flows are translated at average exchange rates for the year.
- Assets and liabilities are translated at the exchange rates ruling on December 31.
- Resulting exchange differences are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses, which result from the settlement of foreign currency transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities, primarily deferred policy acquisition costs and unearned premiums, are maintained at the transaction rates of exchange.

The foregoing exchange gains and losses which are recognised in the income statement are included in 'Fees and other income'.

Exchange differences on the re-translation of the fair value of non-monetary items such as equities held at fair value through income are reported as part of the fair value gain or loss. Exchange differences on the re-translation of the fair value of non-monetary items such as equities held as fair value through other comprehensive income (FVTOCI) are reported as part of the fair value gain or loss in other comprehensive income.

### 2.3 Property, plant and equipment

Property, plant and equipment are recorded initially at cost. Subsequent expenditure is capitalised when it will result in future economic benefits to the Company.

Owner-occupied property is re-valued at least every three years to its fair value as determined by independent valuers. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at valuation date. Revaluation of a property may be conducted more frequently if circumstances indicate that a significant change in fair value has occurred.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.3 Property, plant and equipment (continued)

Movements in fair value are reported in other comprehensive income. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. On disposal of owner-occupied property, the amount included in thefair value reserve is transferred to retained earnings.

Depreciation is calculated on the straight-line method to write down the cost or fair value of assets to their residual values over their estimated useful lives. The rates used are as follows:

| **Asset** | **Estimated useful life** |
|---|---|
| Furnishings | 10 years |
| Computers & Office equipment | 3 to 5 years |
| Motor vehicles | 5 years |

The carrying amount of an asset is written down immediately through the depreciation account if the carrying amount is greater than its estimated recoverable amount.

Gains or losses recognised in income on the disposal of property, plant and equipment are determined by comparing the net sale proceeds to the carrying value.

### 2.4 Cash flows

The following classifications apply to the cash flow statement.

Cash flows from operating activities consist of cash flows arising from revenues, benefits, expenses, taxes, operating assets and operating liabilities.

Cash flows from investing activities consist of cash flows arising from long-term tangible and intangible assets to be utilized in the business.

Cash flows from financing activities consist of cash flows arise changes in from notes and loans payable and from dividends payable to shareholders.

Cash and cash equivalents comprise:

- cash balances,
- call deposits,
- other liquid balances with maturities of three months or less from the acquisition date.

Cash equivalents are subject to an insignificant risk of change in value and excludes restricted cash.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Insurance and reinsurance contract assets and liabilities

(a) Classification

The Company issues insurance contracts that transfer significant insurance risk from the policyholder. The Company defines insurance risk as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transaction. 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 and whether the accepted insurance risk is significant. Once a contract has been classified as an insurance contract, it remains an insurance contract for its duration, even if the insurance risk reduces significantly over time.

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 a significant loss.

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

(b) Level of aggregation

Insurance contracts are grouped into portfolios by product type, then into annual cohorts and profitability buckets, onerous or non-onerous, as required by IFRS 17. This grouping determines how contracts are measured and how profit is recognized over time. Onerous contract losses, if any, are recognized immediately in income.

The Company manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

1. contracts that are onerous at initial recognition;
2. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
3. 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. Expected profitability is determined at the contract level, unless the Company has reasonable and supportable information to access profitability at a higher level. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient 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.

Similar to the treatment of the direct (underlying) contracts, the Company divides reinsurance contracts held into contracts with similar insurance risk.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Insurance and reinsurance contract assets and liabilities (continued)

(b) Level of aggregation (continued)

The Company manages all reinsurance treaties on the same basis as it does for line of business reporting described above for direct contracts. Applying the grouping requirements to reinsurance contracts held, the Company's policy is to aggregate reinsurance contracts held concluded within a calendar year (annual cohorts) into groups limited to reinsurance contracts arising from a single treaty.

IFRS 17 requires that reinsurance contracts be placed in groups of:

1. contracts for which there is a net gain at initial recognition, if any;
2. contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
3. remaining contracts in the portfolio, if any.

(c) Measurement model

The Company has determined that all insurance and reinsurance contracts almost always have a coverage period of one year or less and therefore are automatically eligible for the Premium Allocation Approach (PAA).

(d) Recognition and initial measurement

The Company recognizes groups of insurance contracts from the earliest of the coverage start date or when the first premium is due (for onerous contracts, on contract signature).

The contract boundary is used to determine what cash flows should be considered in the measurement of the Company's of insurance contracts. 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.

Fulfilment cash flows are the current estimates of future cash flows within the contract boundary of a Company 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 risk adjustment for non-financial risk reflects the compensation that the Company requires for bearing the uncertainty in relation to the amount and timing of cash flows from non-financial risk (e.g. mortality, morbidity and surrender) and is applied to the present value of the estimated future cash flows.

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

On initial recognition, the fulfilment cash flows (present value of future cash outflows minus inflows, plus a risk adjustment for non-financial risk) are calculated for the Company.

**2. MATERIAL ACCOUNTING POLICIES (continued)**

**2.5 Insurance and reinsurance contract assets and liabilities (continued)**

(d) Recognition and initial measurement (continued)

*Contracts measured under PAA*

Under the PAA, insurance contracts are measured based on unearned profits and do not include a CSM.

The Company has determined that contracts almost always have a coverage period of one year or less and are therefore automatically eligible for PAA. Where contracts measured under the PAA have a coverage period of more than one year, the Company expects that the liability for remaining coverage under PAA will not be materially different from what would be expected using the General Measurement Model.

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

(e) Subsequent measurement

*Contracts measured under PAA*

Contracts under the PAA are simplified: the liability for remaining coverage is generally the unearned premium less deferred acquisition costs, and incurred claims are recognized as they occur (liability for incurred claims).

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

(i) the LRC; and
(ii) 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:

(i) the asset for remaining coverage; and
(ii) the asset for incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

When measuring liabilities for incurred claims, future cash flows are adjusted for the time value of money. For all groups of contracts, the Company includes an explicit risk adjustment for non-financial risk.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Insurance and reinsurance contract assets and liabilities (continued)

(e) Subsequent measurement (continued)

Generally, for 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.

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

(i) increased for premiums received in the period;
(ii) decreased for insurance acquisition cash flows paid in the period;
(iii) decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the period; and
(iv) increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

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

(i) increased for ceding premiums paid in the period;
(ii) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

(f) Amounts recognized in the statement of income within the insurance service result

*Insurance revenue*

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

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows based on the applicable coverage units of each group. For groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.5 Insurance and reinsurance contract assets and liabilities (continued)

(f) Amounts recognized in the statement of income within the insurance service result (continued)

*Insurance service expenses*

Insurance service expenses include the following:

(i) incurred claims and benefits, excluding investment component and policy loans, reduced by loss component allocations;
(ii) insurance acquisition cash flows amortization;
(iii) changes that relate to past service – changes in the FCF relating to the LIC;
(iv) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
(v) insurance acquisition cash flows assets impairment net of reversals.

For contracts measured under the PAA, amortization 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 consolidated statement of income.

*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:

(i) reinsurance expenses;
(ii) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
(iii) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
(iv) effect of changes in the risk of reinsurers' non-performance; and
(v) amounts relating to accounting for onerous groups of underlying insurance contracts issued (initial recognition).

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

For groups of reinsurance contracts held measured under the PAA, the Company recognizes 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 ceding premiums (reinsurance expenses). Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

**2. MATERIAL ACCOUNTING POLICIES (continued)**

**2.5 Insurance and reinsurance contract assets and liabilities (continued)**

(f) Amounts recognized in the statement of income within the insurance service result (continued)

*Premium taxes*

Premium taxes (i.e., transaction-based taxes) are cash flows within the boundary of an insurance contract and relate directly to the fulfilment of the insurance contract.

(g) Amounts recognized in the statement of income within net insurance finance income / expenses

*Insurance finance income or expenses*

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

(i) the effect of the time value of money and changes in the time value of money; and
(ii) the effect of financial risk and changes in financial risk.

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

(i) interest accreted on the LIC; and
(ii) 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. The Company includes all insurance finance income or expenses for the period in net income / (loss) (that is, the profit or loss option (the PL option) is applied.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.6 Financial assets

(a) Classification of financial assets

The Company utilises a principles-based approach to the classification of financial assets.

Debt instruments, including hybrid contracts, are measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost based on the nature of the cash flows of these assets and he Company's business model. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVTOCI with no subsequent reclassification to profit or loss.

Financial assets are measured on initial recognition at fair value and are classified as and subsequently measured either at amortised cost, at FVTOCI or at FVTPL. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

(b) Debt Instruments

(i) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Therefore, in order to determine the appropriate basis, the following methods may be used:

*Business model assessment*

Business models are determined at the level which best reflects how the Company manages portfolios of assets to achieve business objectives. Judgement is used in determining business models, which is supported by relevant, objective evidence including:

- The nature of liabilities, if any, funding a portfolio of assets;
- The nature of the market of the assets in the country of origination of a portfolio of assets;
- How the Company intends to generate profits from holding a portfolio of assets;
- The historical and future expectations of asset sales within a portfolio.

*Solely payments of principal and interest ("SPPI")*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' 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.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories.

**2. MATERIAL ACCOUNTING POLICIES (continued)**

**2.6 Financial assets (continued)**

(b) Debt instruments (continued)

*Measured at amortised cost*

Debt instruments that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, such as loans and advances, deposits and debt securities, are measured at amortised cost. In addition, most financial liabilities are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs.

*Measured at fair value through other comprehensive income (FVTOCI)*

Debt instruments held for a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVTOCI.

*Measured at fair value through profit and loss (FVTPL)*

Debt instruments are classified in this category if they meet one or more of the criteria set out below and are so designated irrevocably at inception:

- where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, or the debt instruments meet the ”SPPI” criteria but fail to meet the criteria for amortised cost or FVTOCI based on the business model assessment, the debt instruments are classified and measured at FVTPL; and
- when the debt instruments are held for trading and are acquired principally for the purpose of selling in the short-term or if they form part of a portfolio of financial assets in which there is evidence of short-term profit taking.

(ii) Impairment of financial assets measured at amortized cost and FVTOCI

At initial recognition, allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (’12-month ECL’).

In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Financial assets where 12-month ECL are recognised are defined as ‘stage 1’; financial assets which are considered to have experienced a significant increase in credit risk are in ‘stage 2’; and financial assets for which there is objective evidence of impairment are defined as being in default or otherwise credit-impaired are in ‘stage 3’. Purchased or originated credit-impaired financial assets (“POCI”) are treated differently as set out below.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in default, an adverse change in credit rating of the borrower and adverse changes in the borrower’s industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

**2. MATERIAL ACCOUNTING POLICIES (continued)**

**2.6 Financial assets (continued)**

(b) Debt instruments (continued)

(iii) Purchased or originated credit-impaired assets (POCI)

Financial assets that are purchased or originated at a deep discount that reflects the incurred credit losses are defined considered to be POCI. These financial assets are credit impaired on initial recognition. The Company calculates the credit-adjusted effective interest rate, which is calculated based on the fair value origination of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these assets is always measured on a lifetime basis.

At each reporting date, the Company recognises in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Company recognises favourable changes in lifetime expected credit losses as an impairment gain, the gain occurs when the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

(iv) Definition of default

The Company determines that a financial instrument is credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(v) Write-off

Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

(vi) The general approach to recognising and measuring ECL

The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money;
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**2. MATERIAL ACCOUNTING POLICIES (continued)**

**2.6 Financial assets (continued)**

(b) Debt instruments (continued)

*Measurement*

Expected credit losses are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to contract and other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience; but given that IFRS 9 requirements have only been applied since January 1, 2018, the historical period for such review is limited.

(vii) Reclassified balances

The Company reclassifies debt instruments when and only where 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 very infrequent and none occurred during the period.

(c) Equity instruments

The Company classifies and subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Company's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. Currently, no such investments are being held.

(d) Presentation in the statements of income and other comprehensive income (OCI)

Financial instruments measured at FVTPL

- Realised changes in fair value, unrealised changes in fair value, interest income and dividend income are included in net investment income.
- Interest and dividend income are included in other investment income.

Financial instruments measured at amortized cost

- Interest income is included in net investment income.
- Credit impairment losses are presented in the income statement.
- Gain or loss on de-recognition is expected to be relatively infrequent and is included in net investment income.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.7 Financial liabilities

During the ordinary course of business, the Company assumes financial liabilities that expose it to financial risk. The recognition and measurement of the Company's financial liabilities are disclosed in the following paragraphs.

Loan and Note Payable
Loan and note payable are recognised initially at fair value, being its issue proceeds, net of transaction costs incurred. Subsequently, obligations are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as notes or loans payable. For notes and loans payable measured at amortised cost, the associated interest is included in interest expense.

Fair Value
Fair value amounts represent the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date.

The estimated fair values of financial liabilities are based on market values of quoted securities as at December 31 where available. In assessing the fair value of non-traded financial liabilities, the Company uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows.

### 2.8 Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### 2.9 Fees and other income

Fees and non-insurance commission income are recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-proportionate basis. Asset management fees related to investment funds are recognised rateably over the period in which the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled. Foreign exchange gains and losses are included in other income. Other income is recognised on an accrual basis when the related service has been provided.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.10 Interest income and interest expense

Interest income (expense) is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that are purchased, originated or subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments. Dividend income is recorded when declared.

### 2.11 Employee benefits

(a) Pension benefits

The Company maintains a defined benefit plan for its employees, the assets of which are held in a fund administered by the parent company, Sagicor Life Inc.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at December 31 less the fair value of plan assets. The defined benefit obligation is computed using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using appropriate interest rates for the maturity dates and location of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings in the period in which they arise. Past service costs are charged to income in the period in which they arise.

For defined contribution plans, the Company pays contributions to the pension schemes on a mandatory or contractual basis. Contributions are recognized in income in the period in which they are due. Where a minimum funding requirement exists, the Company assesses the obligation to determine whether the additional contributions would affect the measurement of the defined benefit asset or liability.

(b) Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on various profit and other objectives of the Sagicor Group. An accrual is recognized where there are contractual obligations or where past practice has created a constructive obligation.

(c) Equity compensation benefits

The Company has a number of share-based compensation plans in place for administrative, sales and managerial staff.

*(i) Equity-settled share-based transactions with staff*

The services received in an equity-settled transaction with staff are measured at the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date. If the equity instruments granted vest immediately and the individual is not required to complete a further period of service before becoming

entitled to those instruments, the services received are recognized in full on grant date in the income statement for the period, with a corresponding increase in equity.

Where the equity instruments do not vest until the individual has completed a further period of service, the services received are expensed in the income statement during the vesting period. Non-market vesting conditions are included in assumptions about the number of instruments that are expected to vest. At each reporting financial statement date, the Company revises its estimates of the number of instruments that are expected to vest based on the non-marketing vesting conditions and adjusts the expense accordingly.

Amounts held in the reserve for equity compensation benefits are transferred to share capital or non-controlling interest either on the distribution of share grants or on the exercise of share options. The grant by the Company of equity instruments in the ultimate parent Company to employees is treated as a capital contribution in the financial statements of the Company. The full expense relating to the grant is recorded in the Company's income statement.

*(ii) Cash-settled share-based transactions with staff*

The services received in a cash-settled transaction with staff and the liability to pay for those services, are recognized at fair value as the individual renders service.

Until the liability is settled, the fair value of the liability is re-measured at the date of the financial statements and at the date of settlement, with any changes in fair value recognized in income during that period.

*(iii) Measurement of the fair value of equity instruments granted*

The equity instruments granted consist either of grants of, or options to purchase common shares of listed entities within the Sagicor Group. For common shares granted, the listed price prevailing on the grant date determines the fair value.

For options granted, the fair value is determined by reference to the Black-Scholes valuation model, which incorporates factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

(d) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the date of the financial statements are discounted to present value.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.12 Taxes

(a) Premium taxes

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rates of premium tax are as follows:

| | |
|---|---|
| Barbados | 4% - 4.75% |
| Eastern Caribbean | 3% - 5% |

(b) Income taxes

The Company is subject to taxes on income in the jurisdictions in which business operations are conducted. Rates of taxation in the principal jurisdictions for income year 2025 are as follows:

| | |
|---|---|
| Barbados | 2% of profit before tax |
| Eastern Caribbean | 25% - 30% of profit before tax |
| The Bahamas | 0% |

(i) Current income taxes

Current tax is the expected tax payable on the taxable income for the year, using the tax rates in effect for the year. Adjustments to tax payable from prior years are also included in current tax.

(ii) Deferred income taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are computed at tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the asset may be utilised.

(c) Tax on Assets

The Company is subject to a tax on assets in Barbados. The tax on assets is 0.35% of adjusted assets held at the end of the period.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.13 Dividend distributions

Dividend distributions on the Company's common shares are recorded in the period during which the dividend declaration has been approved by the directors.

### 2.14 Statutory reserves

Statutory reserves consist of the surplus account and the catastrophe reserve fund.

In accordance with Section 152 of the Insurance Act 1996-32 of Barbados, the Company is required to appropriate towards surplus at least 25% of net income until such time as the surplus of the Company equals or exceeds the liability in respect of unearned premiums.

In accordance with Section 155 (1)(b) of the Insurance Act 1996-32, the Company established a catastrophe reserve fund for the purpose of settling claims in the event of a catastrophe. The Company may transfer 25% of the net written premiums from the Company's property insurance business annually which is accounted for as an appropriation of retained earnings. The appropriation made in respect of the current year is $1,738 (2023 - $1,381).

### 2.15 Presentation of current and non-current assets and liabilities

In note 22.2, the maturity profiles of financial and insurance assets and liabilities are identified. For other assets and liabilities, balances presented in notes 5, 6, 7, and 18 are non-current unless otherwise stated in those notes.

### 2.16 Intangible Assets

(a) Goodwill

Goodwill arising from an acquisition is allocated to appropriate cash generating unit.

Goodwill is tested annually for impairment and whenever there is an indication of impairment. Goodwill is carried at cost less accumulated impairment. An impairment loss is recognised for the amount by which the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is the higher of an operating segment's (or operation's) fair value less costs to sell and its value in use.

On the disposal of an insurance business, the associated goodwill is de-recognised and is included in the gain or loss on disposal.

## 2. MATERIAL ACCOUNTING POLICIES (continued)

### 2.16 Intangible Assets (continued)

(b) Other intangible assets

Other intangible assets identified on acquisition are recognised only if future economic benefits attributable to the asset will flow to the Company and if the fair value of the asset can be measured reliably. In addition, for the purposes of recognition, the intangible asset must be separable from the business being acquired or must arise from contractual or legal rights. Intangible assets acquired in a business combination are initially recognised at their fair value.

Other intangible assets, which have been acquired directly, are recorded initially at cost.

On acquisition, the useful life of the asset is estimated. If the estimated useful life is definite, then the cost of the asset is amortised over its life, and the asset is tested for impairment when there is evidence of same. If the estimated useful life is indefinite, the asset is tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

The estimated useful lives of recognised intangible assets are as follows:

| Class of intangible asset | Asset | Estimated useful life |
|---|---|---|
| Customer related | Customer relationships | 5 years |

### 2.17 Future accounting developments and reporting changes

Certain new standards and amendments to existing standards have been issued but are not effective for the periods covered by these financial statements. The changes in standards and interpretations which may have an effect on future presentation, measurement or disclosure of the Company's financial statements are summarised below.

***Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments – effective January 1, 2026 (with the option for early adoption).*** In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 related to "Classification and Measurement of Financial Instruments", to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 - Financial Instruments. These amendments address: (1) Clarify requirements for timing and derecognition of some financial assets and liabilities; (2) Clarify and add guidance for assessing whether a financial asset meets the SPPI criterion; (3) Add new disclosures for certain instruments with contractual terms that can change cash flows; and (4) Provide updates to disclosures for equity instruments designated at FVTOCI. The impact of this standard on the Company is currently being analysed.

***Amendment to IFRS 18 – Presentation and Disclosure in Financial Statements – effective January 1, 2027***. In April 2024, the IASB issued amendments which seek to ensure that financial statements correctly represent an entity's assets, liabilities, equity, income and expenses. The standard addresses: (1) The structure of the statement of income; (2) Required disclosures in the financial statements for certain income or loss performance measures that are reported outside of an entity's financial statements; and (3) Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The impact of this standard on the Company is currently being analysed.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues, benefits and expenses. The items which may have the most effect on the Company's financial statements are set out below.

### 3.1 Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose insurance contracts issued and reinsurance contracts held separately. This disaggregation has been determined based on how the group is managed.

The Company applies the PAA, to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company has elected to discount the cash flows within the LIC for groups of contracts where the cash flows are expected to be paid within a year of the date on which the claim is incurred. For all groups of contracts, the Company includes an explicit risk adjustment for non-financial risk.

#### 3.1.1 Areas of judgement

Areas of judgement which broadly impact the Company's reporting include definition and classification of insurance contracts, the unit of account identified in which insurance contracts are assessed, and the level of aggregation applied for measurement and reporting purposes. Specific areas of judgement and estimates impacting contracts are described in subsequent notes.

For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Company under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved. 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, management judgement might be 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 that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

All contracts measured by the Company were determined to be non-onerous on initial recognition.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.1 Insurance and reinsurance contracts (continued)

#### 3.1.2 Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

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

#### 3.1.3 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally require to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment by using the quantile approach (also known as the confidence level approach). A confidence level that falls between 70% to 75% was targeted and both gross and net data was modelled using the Overdispersed Poisson (ODP) Bootstrap approach. Using the resulting distribution from the ODP Bootstrap approach, and the selected confidence level, the Risk Adjusted margin is calculated as the modelled reserves amount at the specified confidence level divided by the modelled mean reserves amount. The calculation is done for all accident years combined.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.1 Insurance and reinsurance contracts (continued)

#### 3.1.4 Discount Rate

Insurance contract liabilities are calculated by discounting expected future cash flows. Discount rates are composed of an observable component, an assumed ultimate discount rate and interpolation between the two.

During the observable period, a top-down approach was used, where the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows. Reference portfolios were selected to reflect the currency of the liabilities, the Company's investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available on the markets. The yield from the reference portfolio is adjusted to remove both expected and unexpected credit risk and, where applicable, other asset characteristics that are not related to the insurance contract liabilities. These adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio.

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

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 Year | 3 Years | 5 Years | 10 Years | 1 Year | 3 Years | 5 Years | 10 Years |
| Discount Rate | 1.79% | 2.54% | 3.72% | 6.20% | 2.31% | 2.62% | 3.64% | 6.06% |

#### 3.1.5 Insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Impairment of financial assets

In determining ECL (defined in note 2.6(b)), management is required to exercise judgement in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in note 2.6.

(a) Establishing staging for debt securities and deposits

The Company's internal credit rating model is a 10-point scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies.

The scale is set out in the following table:

| Category | | Sagicor Risk Rating | Classification | S&P | Moody's | Fitch | AM Best |
|---|---|---|---|---|---|---|---|
| Non-default | Investment Grade | 1 | Minimal risk | AAA, AA | Aaa, Aa | AAA, AA | aaa, aa |
| | | 2 | Low risk | A | A | A | a |
| | | 3 | Moderate risk | BBB | Baa | BBB | bbb |
| | Non-investment grade | 4 | Acceptable risk | BB | Ba | BB | bb |
| | | 5 | Average risk | B | B | B | b |
| | Watch | 6 | Higher risk | CCC, CC | Caa, Ca | CCC, CC | ccc, cc |
| | | 7 | Special mention | C | C | C | c |
| Default | | 8 | Substandard | D | C | DDD | d |
| | | 9 | Doubtful | | | DD | |
| | | 10 | Loss | | | D | |

The Company uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL.

Once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. Sagicor has assumed that the credit risk of a financial instruments has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or Sagicor risk rating of 1-3 is considered low credit risk.

Stage 1 investments are rated (i) investment grade, or (ii) below investment grade at origination and have not been downgraded more than 2 notches since origination. Stage 2 investments are assets which (i) have been downgraded from investment grade to below investment grade, or (ii) are rated below investment grade at origination and have been downgraded more than 2 notches since origination. Stage 3 investments are assets in default.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 3.2 Impairment of financial assets (continued)

(b) Establishing staging for other assets measured at amortised cost.

Exposures are considered to have resulted in a significant increase in credit risk and are moved to stage 2 when:

Qualitative test

- accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

Backstop Criteria

- accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into stage 2.

(c) Forward-looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Barbados, Eastern Caribbean, Trinidad and The Bahamas. Management assesses data sources from local government, International Monetary Fund and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to look into the future up to three years and subsequently the expected performance is then used for the remaining life of the product. These projections are re-assessed on a quarterly basis.

### 3.3 Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined using reputable pricing sources (such as pricing agencies), indicative prices from bond/debt market makers or other valuation techniques. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Company exercises judgement on the quality of pricing sources used. Where no market data is available, the Company may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. The inputs into these models are primarily discounted cash flows.

The models used to determine fair values are periodically reviewed by experienced personnel. The models used for debt securities are based on net present value of estimated future cash flows, adjusted as appropriate for liquidity, and credit and market risk factors.

## 4. STATUTORY RESTRICTIONS ON ASSETS

The Company is registered to conduct insurance business under legislation in place in each relevant jurisdiction. This legislation may prescribe a number of requirements with respect to deposits, investment of funds and solvency for the protection of policyholders.

To satisfy the above requirements, cash and invested assets totalling $96,695 (2024 - $92,293) have been deposited with or are held in trust to the order of the insurance regulators.

In some countries where the Company operates, there are exchange control or other restrictions on the remittance of funds out of those countries.

## 5. FINANCIAL INVESTMENTS

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | **Carrying value** | **Fair value** | **Carrying value** | **Fair value** |
| **Investments at Amortised Cost** | | | | |
| Debt securities | 46,928 | 48,365 | 49,389 | 50,200 |
| Mortgage loans | 325 | 314 | 469 | 460 |
| Deposits | 21,962 | 21,962 | 21,940 | 21,940 |
| | 69,215 | 70,641 | 71,798 | 72,600 |
| **Investments at FVTPL** | | | | |
| Equity securities | 994 | 994 | 955 | 955 |
| **Total financial investments** | **70,209** | **71,635** | **72,753** | **73,555** |

| **Debt securities comprise:** | **2025** | **2024** |
|---|---|---|
| Government and government-guaranteed debt securities | 39,603 | 38,829 |
| Other securities | 7,325 | 10,560 |
| | 46,928 | 49,389 |

## 6. INTANGIBLE ASSETS

| | 2025 | | |
|---|---|---|---|
| | **Goodwill** | **Customer relationships** | **Total** |
| Net book value, beginning of year | 2,793 | - | 2,793 |
| Net book value, end of year | 2,793 | - | 2,793 |
| Represented by: | | | |
| Cost or valuation | 2,793 | 3,463 | 6,256 |
| Accumulated amortisation | - | (3,463) | (3,463) |
| | 2,793 | - | 2,793 |

| | 2024 | | |
|---|---|---|---|
| | **Goodwill** | **Customer relationships** | **Total** |
| Net book value, beginning of year | 2,793 | - | 2,793 |
| Net book value, end of year | 2,793 | - | 2,793 |
| Represented by: | | | |
| Cost or valuation | 2,793 | 3,463 | 6,256 |
| Accumulated amortisation | - | (3,463) | (3,463) |
| | 2,793 | - | 2,793 |

Goodwill arises from past acquisitions and is allocated to a cash generating unit (CGU). Goodwill is tested annually for impairment. The recoverable amount of a CGU is determined as the higher of its value in use or its fair value less costs to sell.

The Company obtains independent professional advice in order to select the relevant discount factors, residual growth rates and earnings multiples.

The value in use methodology used is based on cash flows extracted from the financial projections to which appropriate discount factors and residual growth rates are applied.

## 6. INTANGIBLE ASSETS (continued)

The Company recognised goodwill from the acquisition of Harmony General Insurance Company Ltd. in 2018.

The value in use methodology has been used to test goodwill impairment as of December 31, 2025 and 2024. The pre-tax discount factor was 16.4% (2024 – 17.4%) which was derived from an after-tax factor of 16.0% (2024 - 17.0%) using an iterative method. The residual growth rate was 2.0% (2024 - 2.0%).

Sensitivity

The possible impairment of goodwill is sensitive to changes in the after-tax discount factor and residual growth rate. This is illustrated in the following table.

| | 2025 test | | |
|---|---|---|---|
| | **Scenario 1** | **Scenario 2** | **Scenario 3** |
| After tax discount factor | 16.0% | 17.0% | 19.0% |
| Residual growth rate | 2.0% | 2.0% | 1.0% |
| Reduction in residual growth rate | n/a | n/a | 50% |
| Increase in after tax discount factor | n/a | n/a | 12% |
| Excess of recoverable amount | 18,549 | 15,649 | 11,149 |
| Impairment | Nil | Nil | Nil |

| | 2024 test | | |
|---|---|---|---|
| | **Scenario 1** | **Scenario 2** | **Scenario 3** |
| After tax discount factor | 17.0% | 18.0% | 20.0% |
| Residual growth rate | 2.0% | 2.0% | 1.0% |
| Reduction in residual growth rate | n/a | n/a | 50% |
| Increase in after tax discount factor | n/a | n/a | 11% |
| Excess of recoverable amount | 17,354 | 14,554 | 10,354 |
| Impairment | Nil | Nil | Nil |

## 7. PROPERTY, PLANT AND EQUIPMENT

| | 2025 | | | |
|---|---|---|---|---|
| | Office furnishings | Software and Computer Equipment | Motor vehicles | Total |
| Net book value, beginning of year | **53** | **77** | **563** | **693** |
| Additions at cost/reclassifications | 48 | 55 | 101 | 204 |
| Disposals/reclassifications | (27) | (18) | (90) | (135) |
| Depreciation charge | (55) | (75) | (184) | (314) |
| Depreciation on disposals | 1 | 18 | 90 | 109 |
| Net book value, end of year | **20** | **57** | **480** | **557** |
| Represented by: | | | | |
| Cost or valuation | 4,586 | 17,738 | 1,181 | 23,505 |
| Accumulated depreciation | (4,566) | (17,681) | (701) | (22,948) |
| | **20** | **57** | **480** | **557** |

| | 2024 | | | |
|---|---|---|---|---|
| | Office furnishings | Software and Computer Equipment | Motor vehicles | Total |
| Net book value, beginning of year | **1** | **125** | **552** | **678** |
| Additions at cost/reclassifications | 55 | 117 | 279 | 451 |
| Disposals/reclassifications | - | (80) | (160) | (240) |
| Depreciation charge | (3) | (157) | (153) | (313) |
| Depreciation on disposals | - | 72 | 45 | 117 |
| Net book value, end of year | **53** | **77** | **563** | **693** |
| Represented by: | | | | |
| Cost or valuation | 4,566 | 17,701 | 1,170 | 23,437 |
| Accumulated depreciation | (4,513) | (17,624) | (607) | (22,744) |
| | **53** | **77** | **563** | **693** |

## 8. LOAN PAYABLE

| | 2025 | 2024 |
|---|---|---|
| Loan payable | 2,587 | 6,035 |

On May 24, 2019, the Company entered into a $24,000 term loan agreement with CIBC Caribbean Bank (Barbados) Limited. The loan's interest rate was 3.50% and matured on July 31, 2024, with the option to refinance the remaining balance.

On October 15, 2024, agreement was signed to renew credit for the outstanding balance of $7,714 at an interest rate of 4.55% per annum. It is repayable in quarterly instalments of $857 plus accrued interest. CIBC Caribbean International Bank (Barbados) Limited can request repayment on demand. The loan is secured by a guarantee from the parent company, Sagicor Life Inc.

## 9. NOTE PAYABLE

| | 2025 | 2024 |
|---|---|---|
| Note payable | 25,000 | 25,000 |

On December 18, 2019, the Company entered into a $25,000 Surplus Debenture agreement with its parent company Sagicor Life Inc., which was approved by the Financial Services Commission. The Financial Services Commission approved the amount of $25,000 to be included as contributed regulatory capital for the Company. See note 24.1.

The Surplus Debenture bears interest at the rate of 0.00% per annum and is repayable in part or in full on demand subject to approval by the Financial Services Commission.

## 10. SHARE CAPITAL

The Company is authorised to issue an unlimited number of common shares with no par value.

| | 2025 | 2024 |
|---|---|---|
| Issued 2,018,087 shares, with no par value | 3,705 | 3,705 |
| Capital Contributed by parent | 1,313 | 1,107 |
| | **5,018** | **4,812** |

## 11. RESERVES

| | 2025 | 2024 |
|---|---|---|
| **Currency translation reserve:** | | |
| Balance, as previously reported | (225) | (225) |
| Balance, end of year | (225) | (225) |
| **Statutory reserves:** | | |
| Balance, beginning of year | 33,466 | 31,728 |
| Transfer to catastrophe reserve | 1,783 | 1,738 |
| Balance, end of year | 35,249 | 33,466 |
| Reserves, end of year | **35,024** | **33,241** |

## 12. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES

The table below presents a summary of insurance and reinsurance contract assets and liabilities.

| | 2025 | 2024 |
|---|---|---|
| Reinsurance contract assets | 26,850 | 22,994 |
| Reinsurance contract liabilities | 246 | 345 |
| Insurance contract liabilities | 92,069 | 92,865 |

The following tables explain the components of insurance contract and reinsurance contract assets and liabilities, in addition to changes in these balances for the period.

**i. a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | LRC | | LIC | | |
| **Insurance contracts issued** (measured under PAA) | **Excluding loss component** | **Loss component** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| **Insurance contract liabilities, beginning of year** | 27,897 | - | 61,868 | 3,100 | 92,865 |
| **Insurance revenue** | (130,805) | - | - | - | (130,805) |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 40,229 | 148 | 40,377 |
| Insurance acquisition cash flows amortisation | 26,743 | | - | - | 26,743 |
| **Total insurance service expenses** | 26,743 | - | 40,229 | 148 | 67,120 |
| **Total amounts recognised in the insurance services result** | (104,062) | - | 40,229 | 148 | (63,685) |
| Finance expenses from insurance contracts issued | - | - | 1,890 | - | 1,890 |
| **Total amounts recognised in total comprehensive income** | (104,062) | - | 42,119 | 148 | (61,795) |
| **Cash flows** | | | | | |
| Premiums received | 131,194 | - | - | - | 131,194 |
| Claims and other directly attributable expenses paid | - | - | (43,382) | - | (43,382) |
| Insurance acquisition cash flows | (26,813) | - | - | - | (26,813) |
| **Total cash flows** | 104,381 | - | (43,382) | - | 60,999 |
| **Net balance – liability, end of year** | 28,216 | - | 60,605 | 3,248 | 92,069 |
| **Insurance contract liabilities, end of year** | 28,216 | - | 60,605 | 3,248 | 92,069 |

## 12. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

### i. a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

| | 2024 | | | | |
|---|---|---|---|---|---|
| | LRC | | LIC | | |
| **Insurance contracts issued** (measured under PAA) | **Excluding loss component** | **Loss component** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| **Insurance contract liabilities, beginning of year** | 23,685 | - | 53,397 | 2,782 | 79,864 |
| **Insurance revenue** | (121,436) | - | - | - | (121,436) |
| **Insurance service expenses** | | | | | |
| Incurred claims and other directly attributable expenses | - | - | 39,753 | 318 | 40,071 |
| Insurance acquisition cash flows amortisation | 24,818 | - | - | - | 24,818 |
| **Total insurance service expenses** | 24,818 | - | 39,753 | 318 | 64,889 |
| **Total amounts recognised in the insurance services result** | (96,618) | - | 39,753 | 318 | (56,547) |
| Finance expenses from insurance contracts issued | - | - | 2,531 | - | 2,531 |
| **Total amounts recognised in total comprehensive income** | (96,618) | - | 42,284 | 318 | (54,016) |
| **Cash flows** | | | | | |
| Premiums received | 125,810 | - | - | - | 125,810 |
| Claims and other directly attributable expenses paid | - | - | (33,813) | - | (33,813) |
| Insurance acquisition cash flows | (24,980) | - | - | - | (24,980) |
| **Total cash flows** | 100,830 | - | (33,813) | - | 67,017 |
| **Net balance – liability, end of year** | 27,897 | - | 61,868 | 3,100 | 92,865 |
| **Insurance contract liabilities, end of year** | 27,897 | - | 61,868 | 3,100 | 92,865 |

## 12. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

### ii. a) Reconciliation of the assets for remaining coverage and the assets for incurred claims components

| | 2025 | | | | |
|---|---|---|---|---|---|
| | LRC | | LIC | | |
| **Reinsurance contracts held** (measured under PAA) | **Excluding loss recovery component** | **Loss recovery component** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| Reinsurance contract liabilities, beginning of year | (345) | - | - | - | (345) |
| Reinsurance contract assets, beginning of year | 15,623 | - | 6,877 | 494 | 22,994 |
| **Net balance – asset, beginning of year** | 15,278 | - | 6,877 | 494 | 22,649 |
| **Net income / (expenses) from reinsurance contracts held** | | | | | |
| Reinsurance expenses | (51,044) | - | - | - | (51,044) |
| Claims recovered | - | - | 4,239 | 60 | 4,299 |
| **Net income / (expenses) from reinsurance contracts held** | (51,044) | - | 4,239 | 60 | (46,745) |
| Finance expenses from reinsurance contracts issued | - | - | 138 | - | 138 |
| **Total amounts recognised in total comprehensive income** | (51,044) | - | 4,377 | 60 | (46,607) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 53,659 | - | - | - | 53,659 |
| Recoveries from reinsurance | - | - | (3,097) | - | (3,097) |
| **Total cash flows** | 53,659 | - | (3,097) | | 50,562 |
| **Net balance – asset end of year** | 17,893 | - | 8,157 | 554 | 26,604 |
| Reinsurance contract liabilities, end of year | (246) | - | - | - | (246) |
| Reinsurance contract assets, end of year | 18,139 | - | 8,157 | 554 | 26,850 |
| **Net balance – asset end of year** | 17,893 | - | 8,157 | 554 | 26,604 |

**12. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)**

**ii. a) Reconciliation of the assets for remaining coverage and the assets for incurred claims components (continued)**

| | 2024 | | | | |
|---|---|---|---|---|---|
| | LRC | | LIC | | |
| **Reinsurance contracts held** (measured under PAA) | **Excluding loss recovery component** | **Loss recovery component** | **Present value of future cash flows** | **Risk adjustment for non-financial risk** | **Total** |
| Reinsurance contract liabilities, beginning of year | (943) | - | 427 | 35 | (481) |
| Reinsurance contract assets, beginning of year | 14,474 | - | 6,904 | 467 | 21,845 |
| **Net balance – asset, beginning of year** | 13,531 | - | 7,331 | 502 | 21,364 |
| **Net income / (expenses) from reinsurance contracts held** | | | | | |
| Reinsurance expenses | (49,276) | - | - | - | (49,276) |
| Claims recovered | - | - | 2,337 | (8) | 2,329 |
| **Net income / (expenses) from reinsurance contracts held** | (49,276) | - | 2,337 | (8) | (46,947) |
| Finance expenses from reinsurance contracts issued | - | - | 348 | - | 348 |
| **Total amounts recognised in total comprehensive income** | (49,276) | - | 2,685 | (8) | (46,599) |
| **Cash flows** | | | | | |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 51,023 | - | - | - | 51,023 |
| Recoveries from reinsurance | - | - | (3,139) | - | (3,139) |
| **Total cash flows** | 51,023 | - | (3,139) | - | 47,884 |
| **Net balance – asset end of year** | 15,278 | - | 6,877 | 494 | 22,649 |
| Reinsurance contract liabilities, end of year | (345) | - | - | - | (345) |
| Reinsurance contract assets, end of year | 15,623 | - | 6,877 | 494 | 22,994 |
| **Net balance – asset end of year** | 15,278 | - | 6,877 | 494 | 22,649 |

## 13. INSURANCE REVENUE AND SERVICE EXPENSES

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held is included in the following tables.

| | 2025 | 2024 |
|---|---|---|
| **Insurance revenue** | | |
| Insurance revenue from contracts measured under the PAA | 130,805 | 121,436 |
| **Total insurance revenue** | 130,805 | 121,436 |
| | | |
| **Insurance service expenses** | | |
| Incurred claims and other directly attributable expenses | (40,377) | (40,071) |
| Insurance acquisition cash flows amortisation | (26,743) | (24,818) |
| **Total insurance service expenses** | (67,120) | (64,889) |
| | | |
| **Net income / (expense) from reinsurance contracts held** | | |
| Reinsurance expenses – contracts measured under the PAA | (51,044) | (49,276) |
| Claims recovered | 4,299 | 2,329 |
| **Total net expense from reinsurance contracts held** | (46,745) | (46,947) |
| | | |
| **Total insurance service result** | **16,940** | **9,600** |

## 14. INVESTMENT INCOME AND INSURANCE FINANCE RESULT

An analysis of net investment income and net insurance finance expenses is presented in the following tables:

| | 2025 | 2024 |
|---|---|---|
| **Net investment income** | | |
| Interest income earned from financial assets measured at amortised cost:- | | |
| - Debt Securities | 2,672 | 2,625 |
| - Mortgage loans | 16 | 20 |
| - Deposits | 174 | 170 |
| Net gains on FVTPL investments – Equity Securities | 87 | 115 |
| Net credit impairment recovery | 26 | 66 |
| | 2,975 | 2,996 |
| Other investment income / (expenses) | 2 | (5) |
| **Total net investment income** | 2,977 | 2,991 |
| | | |
| **Net insurance finance expense** | | |
| Finance expense from insurance contracts issued: | | |
| - Interest accreted | (1,889) | (1,837) |
| - Effects of changes in interest rates and other | (1) | (694) |
| Finance income from reinsurance contracts held: | | |
| - Interest accreted | 135 | 252 |
| - Effects of changes in interest rates and other | 3 | 96 |
| **Total net insurance finance expense** | (1,752) | (2,183) |
| | | |
| **Summary** | | |
| Net investment income | 2,977 | 2,991 |
| Net insurance finance expense | (1,752) | (2,183) |
| | 1,225 | 808 |

## 15. FEES AND OTHER INCOME

| | 2025 | 2024 |
|---|---|---|
| Foreign exchange loss | (20) | (57) |
| Miscellaneous income | 1,448 | 1,569 |
| | 1,428 | 1,512 |

## 16. OPERATING EXPENSES

An analysis of the expense incurred by the Company in the reporting period is included in the below table:

| | 2025 | | | |
|---|---|---|---|---|
| | **Expenses attributed to insurance acquisition cash flows** | **Other directly attributable expenses** | **Other operating expenses** | **Total** |
| Employee expenses | 6,761 | 10,083 | - | 16,844 |
| Commissions and related expenses | 11,802 | - | - | 11,802 |
| Asset taxes | - | - | 296 | 296 |
| Depreciation and amortisation | 116 | 198 | - | 314 |
| Audit, legal and other professional fees | 187 | 114 | 1,924 | 2,225 |
| Other administrative expenses | 3,015 | 2,570 | 1,246 | 6,831 |
| | 21,881 | 12,965 | 3,466 | 38,312 |

| | 2024 | | | |
|---|---|---|---|---|
| | **Expenses attributed to insurance acquisition cash flows** | **Other directly attributable expenses** | **Other operating expenses** | **Total** |
| Employee expenses | 6,301 | 8,864 | - | 15,165 |
| Commissions and related expenses | 10,988 | - | - | 10,988 |
| Asset taxes | - | - | 326 | 326 |
| Depreciation and amortisation | 120 | 193 | - | 313 |
| Audit, legal and other professional fees | 108 | 61 | 1,773 | 1,942 |
| Other administrative expenses | 2,711 | 1,654 | 1,671 | 6,036 |
| | 20,228 | 10,772 | 3,770 | 34,770 |

Included in Audit, legal and other professional fees above are audit fees of $210 (2024 - $304) and other fees paid to the auditor for non-assurance services of $197 (2024 - $189).

## 17. EMPLOYEE RETIREMENT BENEFITS

The company has contributory defined benefit pension schemes in place for eligible administrative staff. The plans provide defined benefits based on final salary and number of years active service.

The assets of the pension plans are held under deposit administration contracts with Sagicor Life Inc. The plans were valued on December 31, 2025.

(a) The amounts recognised in the financial statements are as follows:

| | 2025 | 2024 |
|---|---|---|
| Present value of funded pension obligations | 19,354 | 17,251 |
| Fair value of pension plan assets | (22,994) | (21,676) |
| Impact of asset ceiling | 772 | 896 |
| Net asset | (2,868) | (3,529) |
| Represented by: | | |
| Asset balances | 2,868 | 3,529 |

## 17. EMPLOYEE RETIREMENT BENEFITS (continued)

(b) Movements in balances:

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Retirement obligations | Retirement plan assets | Subtotal | Funding Requirement / Asset Ceiling | Total |
| **Net liability/(asset), beginning of year** | 17,251 | (21,676) | (4,425) | 896 | (3,529) |
| Current service cost | 203 | - | 203 | - | 203 |
| Interest expense/(income) | 1,327 | (1,664) | (337) | 69 | (268) |
| **Net expense/(income) recognised in statement of income** | 1,530 | (1,664) | (134) | 69 | (65) |
| Losses/(gains) from changes in Assumptions | 423 | - | 423 | - | 423 |
| Losses from changes in experience | 994 | - | 994 | - | 994 |
| Losses/(return) on plan assets | - | (45) | (45) | - | (45) |
| Change in asset ceiling | - | - | - | (193) | (193) |
| **Net losses/(gains) recognised in other comprehensive income** | 1,417 | (45) | 1,372 | (193) | 1,179 |
| Contributions made by the Company | - | (453) | (453) | - | (453) |
| Contributions made by employees | 292 | (292) | - | - | - |
| Benefits paid | (1,137) | 1,137 | - | - | - |
| Other items | 1 | (1) | - | - | - |
| **Other movements** | (844) | 391 | (453) | - | (453) |
| **Net liability/(asset), end of year** | 19,354 | (22,994) | (3,640) | 772 | (2,868) |

(b) Movements in balances:

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Retirement obligations | Retirement plan assets | Subtotal | Funding Requirement / Asset Ceiling | Total |
| **Net liability/(asset), beginning of year** | 18,192 | (20,487) | (2,295) | - | (2,295) |
| Current service cost | 216 | - | 216 | - | 216 |
| Interest expense/(income) | 1,418 | (1,588) | (170) | - | (170) |
| **Net expense/(income) recognised in statement of income** | 1,634 | (1,588) | 46 | - | 46 |
| Losses/(gains) from changes in Assumptions | (2,127) | - | (2127) | - | (2127) |
| Losses from changes in experience | (44) | - | (44) | - | (44) |
| Losses/(return) on plan assets | - | 419 | 419 | - | 419 |
| Change in asset ceiling | - | - | - | 896 | 896 |
| **Net losses/(gains) recognised in other comprehensive income** | (2,171) | 419 | (1,752) | 896 | (856) |
| Contributions made by the Company | - | (425) | (425) | - | (425) |
| Contributions made by employees | 260 | (260) | - | - | - |
| Benefits paid | (694) | 694 | - | - | - |
| Other items | 30 | (29) | 1 | - | 1 |
| **Other movements** | (404) | (20) | (424) | - | (424) |
| **Net liability/(asset), end of year** | 17,251 | (21,676) | (4,425) | 896 | (3,529) |

(c) Amount, timing and uncertainty of future cash flows:

In addition to the annual actuarial valuations prepared for the purpose of annual financial statement reporting, full actuarial valuations of pension plans are conducted every 3 years. These full valuations contain recommendations for the Company and employee contribution levels which are implemented by the Company.

For the 2026 financial year, the total contribution to be made by the Company is estimated at $486.

## 18. TAXATION

### 18.1 Income Taxes

The income tax expense is comprised of:

| | 2025 | 2024 |
|---|---|---|
| Current tax | 1,723 | 382 |
| Deferred tax | 209 | 67 |
| | 1,932 | 449 |

The income tax on the total income subject to taxation differs from the theoretical amount that would arise using the applicable tax rates as set out below:

| | 2025 | 2024 |
|---|---|---|
| Income subject to tax | 15,982 | 7,884 |
| Tax calculated at a tax rate of 2% (2024 - 2%) | 320 | 158 |
| Different tax rates in other countries | 400 | 106 |
| Movement in deferred tax asset not recognised | 65 | 168 |
| Transfer to catastrophe reserve deductible for tax | (17) | (20) |
| Expenses not deductible for tax | 173 | 111 |
| Prior year over provision - current/deferred tax | (81) | (217) |
| Withholding tax credits written off | 983 | - |
| Income not subject to tax | (1) | (2) |
| Other taxes | 90 | 145 |
| | 1,932 | 449 |

The Sagicor Group is subject to the global minimum top-up tax under Pillar Two tax legislation in Barbados for the 2024 and 2025 fiscal years. The Group has assessed that no top-up tax is levied on its operations with respect to these years.

### 18.2 Income tax assets / liabilities

| | 2025 | 2024 |
|---|---|---|
| Income tax assets | - | 1,279 |
| Deferred tax assets | 27 | 181 |
| | 27 | 1,460 |
| Income tax liabilities | 523 | 413 |
| Deferred tax liabilities | 55 | - |
| | 578 | 413 |

### 18.3 Deferred Income Taxes

**Analysis of net deferred income tax (liability)/asset**

| | 2025 | 2024 |
|---|---|---|
| Defined benefits liability | (55) | (68) |
| Unused tax losses | - | - |
| Accelerated tax depreciation | 27 | 249 |
| | (28) | 181 |

**Expiry period for unused tax losses**

The Company has not recognised a deferred tax asset in the amount of $71 (2024 - $75). These losses expire between 2027 and 2031 (2025 and 2030).

| 2025 | Accelerated tax depreciation | Defined benefits liability | Unused tax losses | Total |
|---|---|---|---|---|
| Balance, beginning of year | 249 | (68) | - | 181 |
| Release to income statement | (222) | 13 | - | (209) |
| Balance, end of year | 27 | (55) | - | (28) |

| 2024 | Accelerated tax depreciation | Defined benefits liability | Unused tax losses | Total |
|---|---|---|---|---|
| Balance, beginning of year | 249 | (44) | 43 | 248 |
| Release to income statement | - | (24) | (43) | (67) |
| Balance, end of year | 249 | (68) | - | 181 |

## 19. DIVIDENDS

No dividend was declared in 2025. A dividend of $15,035 ($7.45 per share) was declared in 2024.

## 20. CASH FLOWS

### 20.1 Operating activities

| | 2025 | 2024 |
|---|---|---|
| **Adjustments for non-cash items, interest and dividends** | | |
| Interest and other investment income | (2,890) | (2,810) |
| Impairment recoveries | (26) | (66) |
| Dividend income | (48) | (48) |
| Gain on financial investments | (13) | (67) |
| Increase in bad debt provision | 196 | 2 |
| Interest expense | 1,897 | 2,449 |
| Movement in recognised employee retirement benefits | (1,179) | 856 |
| Depreciation | 314 | 313 |
| Loss / (Gain) on disposal of property, plant and equipment | (11) | 13 |
| Exchange loss | 20 | 57 |
| Other | 343 | 419 |
| | (1,397) | 1,118 |
| **Changes in investments** | | |
| Debt securities | 3,238 | (350) |
| Equity securities | - | 5 |
| Mortgage loans | 144 | 89 |
| Deposits | (19) | (2,435) |
| | (3,363) | 2,691 |
| **Debt securities** | | |
| Purchases | (5,908) | (15,921) |
| Proceeds on maturities and disposals | 9,146 | 15,571 |
| | 3,238 | (350) |
| **Deposits** | | |
| Purchases | (21,989) | (21,692) |
| Proceeds on maturities and disposals | 21,970 | 19,257 |
| | (19) | (2,435) |
| **Changes in operating assets** | | |
| Reinsurance contract assets | (3,718) | (801) |
| Miscellaneous assets and receivables | (557) | (2,196) |
| Amounts receivable from related parties | (919) | 6,458 |
| | (5,194) | 3,461 |
| **Changes in operating liabilities** | | |
| Insurance contract liabilities | (2,686) | 10,470 |
| Reinsurance contract liabilities | (99) | (136) |
| Amounts payable to related parties | 9 | (14) |
| Accounts payable and accrued liabilities | 666 | (1,195) |
| | (2,110) | 9,125 |

## 20. CASH FLOWS (continued)

### 20.2 Investing activities

| | 2025 | 2024 |
|---|---|---|
| **Property, plant and equipment** | | |
| Purchases | (204) | (451) |
| Disposal proceeds | 12 | 109 |
| | (192) | (342) |

### 20.3 Financing activities

| | 2025 | 2024 |
|---|---|---|
| Loan repayments | (3,428) | (3,429) |

## 21. RELATED PARTY TRANSACTIONS

### 21.1 Amounts receivable from / payable to related parties

| | 2025 | 2024 |
|---|---|---|
| Amounts receivable from head office | 337 | 157 |
| Amounts receivable from related companies under common control | 34,283 | 33,544 |
| Amounts receivable from related parties | **34,620** | **33,701** |
| Amounts payable to head office | 9 | - |
| Amounts payable to related parties under common control | 63 | 63 |
| Amounts payable to related parties | **72** | **63** |

These amounts are interest free with no stated terms of repayment.

### 21.2 Other related party transactions

Balances at year end and transactions for the year with related parties are as follows:

| | 2025 | 2024 |
|---|---|---|
| Investment income | 83 | 82 |
| Rental expense | (453) | (444) |

Financial investments placed with related parties amounted to $6,194 (2024 - $6,430) are interest bearing fixed deposits.

Amounts payable to related parties amounted to $72 (2024 - $63) and amounts receivable from related parties amounted $34,620 (2024 - $33,701) are interest free with no stated terms of repayment.

### 21.3 Key management

Key management comprises directors and senior management of the Company. Key management includes those persons at or above the level of Vice-President or its equivalent. Compensation of and loans to these individuals were as follows:

| | 2025 | 2024 |
|---|---|---|
| **Compensation** | | |
| Salaries, directors' fees and other short-term benefits | 929 | 768 |
| Equity-settled and cash settled compensation benefits | 435 | 75 |
| Pension and other retirement benefits | 43 | 36 |
| | 1,407 | 879 |

## 22. FINANCIAL RISK

The Company's activities of issuing insurance contracts and investing insurance premium receipts in a variety of financial and other assets exposes the Company to various financial risks, which include credit, market, liquidity and capital risks. The principal financial and insurance risks are identified in notes 22 and 23.

Effectively managing the risks that Sagicor takes, by optimising the relationship between risk and reward, is integral to the Company's overall profitability and long-term financial viability. The overriding objective of the Company's risk management framework is to enhance its capital base through competitive earnings growth and to protect capital against inherent business risks. This means that the Company accepts certain levels of risk in order to generate returns, and the Company manages the levels of risk assumed through enterprise-wide risk management policies and procedures. Identified risks are assessed as to their potential financial impact and as to their likelihood of occurrence.

### 22.1 Credit risk

Credit risk is the exposure resulting from an obligor's potential inability or unwillingness to fulfil its contractual obligations on a timely basis, thereby causing financial loss to the Company. It may arise from the risk of default of a primary obligor and indirectly from a secondary obligor. Credit risks are associated primarily with financial investments, lending and reinsurance portfolios.

Credit risk is managed through risk management practices and controls, which include:

- Credit risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Committee;
- Risk limits have been established for credit risk;
- Specific investment diversification requirements are in place, such as defined investment limits for asset class, geography, and industry;
- Risk-based credit portfolio, counterparty, and sector exposure limits have been established and credit analyses conducted;
- Compliance monitoring practices and procedures including reporting against pre-established investment limits are in place;
- Reinsurance exposures are monitored to ensure that no single reinsurer represents an undue level of credit risk;
- Insurance contract liabilities are established in accordance with Canadian actuarial standards of practice;
- Internal capital targets are established and monitored to ensure they exceed internal targets.

Investment portfolio assets are mostly unsecured.

For mortgage loans, the collateral is real estate property, and the approved loan limit is 75% to 95% of collateral value.

The Company may foreclose on overdue mortgage loans by repossessing the pledged asset and seek to dispose of the pledged asset by sale.

Renegotiated assets

The Company may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. Arrangements to waive, adjust or postpone scheduled amounts due may be entered into. The Company classifies these amounts as past due, unless the original agreement is formally revised, modified or substituted.

## 22. FINANCIAL RISK (continued)

### 22.1 Credit risk (continued)

Reinsurance contracts held

The Company enters into reinsurance contracts to manage its insurance risk, however, should a reinsurance counterparty be unable or unwilling to fulfil its contractual obligations credit risk could arise. The Company has credit risk arising from reinsurance contracts held. In section 23.3 further details are provided on reinsurance risk.

Rating of financial assets

The Company's credit rating model (note 3.2) applies a rating scale to three categories of exposures:

- Investment portfolios, comprising debt securities, deposits, securities purchased for re-sale, and cash;
- Lending portfolios, comprising mortgage loans;
- Reinsurance exposures, comprise realistic disaster scenarios for property and casualty insurance (see note 23.3).

For lending portfolios, the three default ratings of 8, 9 and 10 are utilised, while for investment portfolios and reinsurance assets, one default rating (8) is utilised.

In sections 22.1.1 and 22.1.2 below, we set out various credit risks and exposures in accordance with assets measured in accordance with IFRS 9.

There were no significant changes in the Company's objectives, policies and procedures for managing risk and the methods used to assess or measure risk compared to the prior year.

## 22. FINANCIAL RISK (continued)

### 22.1 Credit risk (continued)

#### 22.1.1 Credit risk exposure - financial assets subject to impairment

The total credit risk exposure of the Company at year end is summarised in the following table. For assets measured at amortised cost, credit risk exposure is the gross carrying amount. For assets measured at FVTPL, the Company's credit risk exposure is the carrying amount.

| | 2025 | 2024 |
|---|---|---|
| **Investment portfolios:** | | |
| Debt securities at amortised cost | 46,975 | 49,463 |
| Deposits at amortised cost | 21,983 | 21,959 |
| | **68,958** | **71,422** |
| **Lending portfolios:** | | |
| Mortgage loans at amortised cost | 325 | 469 |
| | **325** | **469** |
| Cash and cash equivalents | 61,229 | 52,702 |
| Reinsurance contract assets | 26,850 | 22,994 |
| Miscellaneous assets and receivables | 3,530 | 2,537 |
| Amounts receivable from related parties | 34,620 | 33,701 |
| **Total financial statement exposures** | **195,512** | **183,825** |

## 22. FINANCIAL RISK (continued)

### 22.1 Credit risk (continued)

#### 22.1.1 Credit risk exposure - financial assets subject to impairment (continued)

Financial assets carried at amortised cost are subject to credit impairment losses which are recognised in the statement of income.

The following tables contain analyses of the credit risk exposure of financial investments subject to an ECL allowance.

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Performing | | Impaired | | |
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **Debt securities** | | | | | |
| Investment grade | 18,904 | - | - | - | 18,904 |
| Non-investment grade | 7,772 | - | - | 19,906 | 27,678 |
| Watch | - | 393 | - | - | 393 |
| **Total gross value** | 26,676 | 393 | - | 19,906 | 46,975 |
| Allowance for credit losses on assets measured at amortized cost | (23) | (24) | - | - | (47) |
| **Total, net of allowance** | 26,653 | 369 | - | 19,906 | 46,928 |
| **Mortgage loans** | | | | | |
| Investment grade | 325 | - | - | - | 325 |
| **Total gross value** | 325 | - | - | - | 325 |
| Allowance for credit losses on assets measured at amortized cost | - | - | - | - | - |
| **Total, net of allowance** | 325 | - | - | - | 325 |
| **Deposits** | | | | | |
| Investment grade | 20,317 | - | - | - | 20,317 |
| Non-investment grade | 118 | - | - | - | 118 |
| Watch | 1,548 | - | - | - | 1,548 |
| **Total gross value** | 21,983 | - | - | - | 21,983 |
| Allowance for credit losses on assets measured at amortized cost | (21) | - | - | - | (21) |
| **Total, net of allowance** | 21,962 | - | - | - | 21,962 |

## 22. FINANCIAL RISK (continued)

### 22.1 Credit risk (continued)

#### 22.1.1 Credit risk exposure - financial assets subject to impairment (continued)

| | 2024 | | | | |
|---|---|---|---|---|---|
| | Performing | | Impaired | | |
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **Debt securities** | | | | | |
| Investment grade | 18,989 | - | - | - | 18,989 |
| Non-investment grade | 4,219 | 4,869 | - | 20,965 | 30,053 |
| Watch | 159 | 262 | - | - | 421 |
| **Total gross value** | 23,367 | 5,131 | - | 20,965 | 49,463 |
| Allowance for credit losses on assets measured at amortized cost | (16) | (58) | - | - | (74) |
| **Total, net of allowance** | 23,351 | 5,073 | - | 20,965 | 49,389 |
| **Mortgage loans** | | | | | |
| Investment grade | 468 | - | - | - | 468 |
| Watch | - | - | 1 | - | 1 |
| **Total gross value** | 468 | - | 1 | - | 469 |
| Allowance for credit losses on assets measured at amortized cost | - | - | - | - | - |
| **Total, net of allowance** | 468 | - | 1 | - | 469 |
| **Deposits** | | | | | |
| Investment grade | 20,321 | - | - | - | 20,321 |
| Non-investment grade | 118 | - | - | - | 118 |
| Watch | 1,520 | - | - | - | 1,520 |
| **Total gross value** | 21,959 | - | - | - | 21,959 |
| Allowance for credit losses on assets measured at amortized cost | (19) | - | - | - | (19) |
| **Total, net of allowance** | 21,940 | - | - | - | 21,940 |

## 22. FINANCIAL RISK (continued)

### 22.1 Credit risk (continued)

#### 22.1.2 Credit impairment losses - financial assets subject to impairment

The allowance for ECL is recognised in each reporting period and is impacted by a variety of factors, as described below:

- Transfers between stages due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during the period;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to inputs used in the calculation including the effect of 'step-up' (or 'step down') between 12-month and life-time ECL;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements.

The following tables contain analyses of the movement of loss allowances from January 1 to December 31 in respect of financial investments subject to impairment.

| | 2025 | | | |
|---|---|---|---|---|
| | Performing | | POCI | Total |
| | Stage 1 | Stage 2 | | |
| **Balance at beginning of year** | 35 | 58 | - | 93 |
| Provision for credit losses: | | | | |
| Purchases | 15 | - | - | 15 |
| Sales & maturities | (7) | (30) | - | (37) |
| Changes in ECL inputs, models and / or assumptions | 1 | (4) | - | (3) |
| **Balance at end of year** | 44 | 24 | - | 68 |
| Credit impairment recovery recorded in income | | | | 26 |

## 22. FINANCIAL RISK (continued)

### 22.1 Credit risk (continued)

### 22.1.2 Credit impairment losses - financial assets subject to impairment (continued)

| | 2024 | | | |
|---|---|---|---|---|
| | Performing | | POCI | Total |
| | Stage 1 | Stage 2 | | |
| **Balance at beginning of year** | 88 | 41 | 31 | 160 |
| Provision for credit losses: | | | | |
| Changes in ECL inputs, models and / or assumptions | (53) | 17 | (31) | (67) |
| **Balance at end of year** | 35 | 58 | - | 93 |
| Credit impairment recovery recorded in income | | | | 19 |

**22. FINANCIAL RISK (continued)**

**22.1 Credit risk (continued)**

**22.1.2 Credit impairment losses - financial assets subject to impairment (continued)**

(a) Economic variable assumptions

The macroeconomic indicators for all sectors were updated to produce regressions which reasonably explain the relationship between the respective default rates and the macroeconomic variables.

The GBP USD and NZD USD currency pairs were introduced to enhance the explanation of the default rates in the respective sectors. This was considered critical since currency risk and sovereign risk vary among currency pairs and currency shocks can result in major losses for companies and impact their ability to satisfy their debt and consequently result in defaults.

In addition to the currency pairs, it is noted that market indices such as the S&P 500 Financial Index and the Dow Jones Industrial Average Index have demonstrated to have a stronger correlation to the performance of our investments in the financial and industrial sectors.

In summary, the variables utilised have maintained the model's robustness in promoting a reliable and supportable fit between the default rate and the macroeconomic variables.

The Company has selected seven economic factors which provide the overall macroeconomic environment in considering forward looking information for base, upside and downside forecasts. These are as follows:

**22. FINANCIAL RISK (continued)**

**22.1 Credit risk (continued)**

**22.1.2 Credit impairment losses - financial assets subject to impairment (continued)**

(a) Economic variable assumptions (continued)

| | As of December 31, 2025 | | | As of December 31, 2024 | | |
|---|---|---|---|---|---|---|
| **GDP Growth (USA)** | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| Base | 1.9% | 2.0% | 1.9% | 2.4% | 1.7% | 2.1% |
| Upside | 2.4% | 2.4% | 2.1% | 2.7% | 3.1% | 3.2% |
| Downside | 1.8% | -0.2% | 0.8% | 1.6% | -2.1% | 0.6% |
| **World GDP** | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| Base | 3.1% | 3.2% | 3.2% | 3.2% | 3.3% | 3.2% |
| Upside | 4.6% | 4.8% | 4.8% | 4.8% | 4.9% | 4.8% |
| Downside | 2.3% | 2.4% | 2.4% | 2.3% | 2.4% | 2.3% |
| **WTI Oil Prices/10** | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| Base | $5.90 | $6.10 | $6.65 | $6.90 | $6.60 | $6.44 |
| Upside | $10.15 | $10.50 | $11.44 | $11.97 | $11.43 | $11.16 |
| Downside | $2.19 | $2.27 | $2.47 | $2.57 | $2.45 | $2.39 |
| **DOW Jones Industrial Average Index - EPS** | **2026** | **2027** | **2028** | **2024** | **2025** | **2026** |
| Base | $2,246.98 | $2,552.51 | $2,899.73 | $1,858.47 | $2,126.03 | $2,373.84 |
| Upside | $4,175.40 | $4,743.15 | $5,388.37 | $3,231.44 | $3,696.66 | $4,127.54 |
| Downside | $1,242.68 | $1,411.65 | $1,603.68 | $1,037.59 | $1,186.97 | $1,325.32 |
| **S&P 500 Financial Index - EPS** | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| Base | $54.91 | $59.29 | $62.39 | $44.68 | $47.41 | $51.83 |
| Upside | $98.73 | $106.61 | $112.19 | $74.64 | $79.19 | $86.57 |
| Downside | $29.35 | $31.69 | $33.35 | $23.81 | $25.26 | $27.62 |

**22. FINANCIAL RISK (continued)**

**22.1 Credit risk (continued)**

**22.1.2 Credit impairment losses - financial assets subject to impairment (continued)**

(a) Economic variable assumptions (continued)

| | As of December 31, 2025 | | | As of December 31, 2024 | | |
|---|---|---|---|---|---|---|
| **GBP/USD** | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| Base | $1.35 | $1.34 | $1.34 | $1.25 | $1.25 | $1.25 |
| Upside | $1.45 | $1.50 | $1.54 | $1.36 | $1.41 | $1.46 |
| Downside | $1.24 | $1.18 | $1.13 | $1.14 | $1.08 | $1.04 |
| | | | | | | |
| **NZD/USD** | **2026** | **2027** | **2028** | **2025** | **2026** | **2027** |
| Base | $0.58 | $0.58 | $0.58 | $0.56 | $0.57 | $0.57 |
| Upside | $0.64 | $0.67 | $0.68 | $0.63 | $0.66 | $0.69 |
| Downside | $0.52 | $0.50 | $0.47 | $0.50 | $0.48 | $0.46 |

**22. FINANCIAL RISK (continued)**

**22.1 Credit risk (continued)**

**22.1.2 Credit impairment losses - financial assets subject to impairment (continued)**

(a) Economic variable assumptions (continued)

| **As of December 31, 2025** | | | |
|---|---|---|---|
| | **Expected state for the next 12 months** | **Scenario** | |
| | | **Barbados** | **Eastern Caribbean** |
| Unemployment rate | Base | Stable | Negative |
| | Upside | Stable | Stable |
| | Downside | Negative | Negative |
| GDP growth | Base | Stable | Stable |
| | Upside | Positive | Positive |
| | Downside | Negative | Stable |

| **As of December 31, 2024** | | | |
|---|---|---|---|
| | **Expected state for the next 12 months** | **Scenario** | |
| | | **Barbados** | **Eastern Caribbean** |
| Unemployment rate | Base | Negative | Negative |
| | Upside | Stable | Stable |
| | Downside | Super Negative | Negative |
| GDP growth | Base | Stable | Negative |
| | Upside | Stable | Stable |
| | Downside | Negative | Negative |

**22. FINANCIAL RISK (continued)**

**22.1 Credit risk (continued)**

**22.1.2 Credit impairment losses - financial assets subject to impairment (continued)**

(b) Loss given default (LGD)

From the inception of IFRS 9, the Company has used the LGD for sovereigns as provided by Moody's. The 45% LGD in Moody's current report represents the losses derived using the average trading prices method for US denominated external debt. Due to the limited trading activity and the small percentage of US denominated sovereign debt in our portfolio we do not believe it is appropriate to use the average trading price method. An analysis of this calculation shows that this LGD includes losses for places such as Greece, Russia and African countries and does not truly reflect a Caribbean experience.

The Company's sovereign exposure is primarily in the Caribbean region where bond markets are very thinly traded. For this reason, an internal valuation method is used to produce reasonable fixed income prices. This methodology is essentially a discounted cash flow exercise and these valuations form part of our requisite disclosures for financial reporting purposes.

Using Moody's NPV method results in a loss given default (LGD) of approximately 35% regardless of the inclusion of members CARICOM solely or all global defaults. Furthermore, Barbados, the most recent defaulted bond issuer in the Caribbean suffered a maximum loss of approximately 36% on the restructured domestic debt which is in line with the LGD using the NPV method.

In light of the above, we adopted the NPV method for determining the LGD for Caribbean Sovereigns and reduced the LGD to 35% as derived from the calculation.

The ECL impact of changes in LGD rates is summarised as follows:

| | 2025 | | | |
|---|---|---|---|---|
| | | | ECL impact of | |
| **Loss Given Default** | **Actual value applied** | **Change in threshold** | **Increase in value** | **Decrease in value** |
| Investments - Corporate Debts | 53% | (- / + 5) % | 1 | (1) |
| Investments - Sovereign Debts (excluding Government of Barbados) | 35% | (- / + 5) % | 3 | (3) |
| Investments - Sovereign Debts (Government of Barbados ) | 36% | (- / + 5) % | 1 | (1) |

**22. FINANCIAL RISK (continued)**

**22.1 Credit risk (continued)**

**22.1.2 Credit impairment losses - financial assets subject to impairment (continued)**

(b) Loss given default (LGD) cont'd

| | 2024 | | | |
|---|---|---|---|---|
| | | | ECL impact of | |
| **Loss Given Default** | **Actual value applied** | **Change in threshold** | **Increase in value** | **Decrease in value** |
| Investments - Corporate Debts | 53% | (- /+ 5) % | 4 | (4) |
| Investments - Sovereign Debts (excluding Government of Barbados) | 35% | (- /+ 5) % | 7 | (7) |
| Investments - Sovereign Debts (Government of Barbados) | 36% | (- /+ 5) % | 1 | (1) |

(c) Scenario design

The weightings assigned to each economic scenario as at December 31, 2025 are set out in the following table.

| | **Base – 80%<br>Upside – 10%<br>Downside – 10%** | | **Base – 80%<br>Upside – 10%<br>Downside – 10%** | |
|---|---|---|---|---|
| | **Increase in ECL** | | **Decrease in ECL** | |
| | **2025** | **2024** | **2025** | **2024** |
| Investments – excluding Government of Barbados | 1 | 6 | (1) | (6) |

**22. FINANCIAL RISK (continued)**

**22.2 Liquidity risk**

Liquidity risk is the exposure that the Company may encounter difficulty in meeting obligations associated with financial or insurance liabilities. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns. The Company monitors cash inflows and outflows in each operating currency. Through experience and monitoring, the Company is able to maintain sufficient liquid resources to meet current obligations.

The Company is exposed to daily calls on its available cash resources to pay claims, and for operating expenses and taxes. The Company does not maintain cash resources to meet all these needs as experience shows that a minimum level of revenue flows and maturing investments can be predicted with a high level of certainty.

(a) Insurance and reinsurance contract liabilities

The Company's insurance and reinsurance contract liabilities have expected discounted cash flows, which have been estimated by actuarial or other statistical methods. Insurance contract liabilities are $60,605 (2024 - $61,868) and reinsurance contract liabilities are $0 (2024 - $0).

## 22. FINANCIAL RISK (continued)

### 22.2 Liquidity risk (continued)

(b) Financial liabilities and commitments

The maturity profiles of the Company's financial liabilities and commitments are summarised in the following tables. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual un-discounted cash flows. Where the interest rate of an instrument for a future period has not been determined as of the date of the financial statements, it is assumed that the interest rate then prevailing continues until final maturity.

| | 2025 – Contractual un-discounted cash flows | | |
|---|---|---|---|
| **2025** | **On demand or within 1 year** | **1 to 5 years** | **Total** |
| **Financial liabilities:** | | | |
| Loan payable | 2,587 | - | 2,587 |
| Note payable | 25,000 | - | 25,000 |
| Amounts payable to related parties | 72 | - | 72 |
| Accounts payable and accrued liabilities | 9,229 | - | 9,229 |
| Total financial liabilities | 36,888 | - | 36,888 |

| | 2024 - Contractual un-discounted cash flows | | |
|---|---|---|---|
| **2024** | **On demand or within 1 year** | **1 to 5 years** | **Total** |
| **Financial liabilities:** | | | |
| Loan payable | 3,464 | 2,571 | 6,035 |
| Notes payable | 25,000 | - | 25,000 |
| Amounts payable to related parties | 63 | - | 63 |
| Accounts payable and accrued liabilities | 8,452 | - | 8,452 |
| Total financial liabilities | 36,979 | 2,571 | 39,550 |

## 22. FINANCIAL RISK (continued)

### 22.2 Liquidity risk

(c) Reinsurance contract assets

Reinsurance contract assets are stated at their carrying values recognised in the financial statements. Reinsurance contract assets of $8,157 (2024 – $6,877) have expected discounted cash flows within one year.

(d) Financial assets

The contractual maturity periods of monetary financial assets are summarised in the following table. Amounts are stated at their carrying values recognised in the financial statements.

| | 2025 – Contractual un-discounted cash flows | | | |
|---|---|---|---|---|
| **2025** | **Maturing within 1 year** | **Maturing 1 to 5 years** | **Maturing after 5 years** | **Total** |
| **Financial Assets:** | | | | |
| Debt securities | 5,741 | 8,092 | 33,095 | 46,928 |
| Mortgage loans | 63 | 146 | 116 | 325 |
| Deposits | 21,462 | 500 | - | 21,962 |
| Amounts receivable from related parties | 34,620 | - | - | 34,620 |
| Miscellaneous assets and receivables | 3,530 | - | - | 3,530 |
| Cash and cash equivalents | 61,229 | - | - | 61,229 |
| Total financial assets | 126,645 | 8,738 | 33,211 | 168,594 |

| | 2024 – Contractual un-discounted cash flows | | | |
|---|---|---|---|---|
| **2024** | **Maturing within 1 year** | **Maturing 1 to 5 years** | **Maturing after 5 years** | **Total** |
| **Financial Assets:** | | | | |
| Debt securities | 2,392 | 16,541 | 30,456 | 49,389 |
| Mortgage loans | 88 | 240 | 141 | 469 |
| Deposits | 21,940 | - | - | 21,940 |
| Amounts receivable from related parties | 33,701 | - | - | 33,701 |
| Miscellaneous assets and receivables | 2,537 | - | - | 2,537 |
| Cash and cash equivalents | 52,702 | - | - | 52,702 |
| Total financial assets | 113,360 | 16,781 | 30,597 | 160,738 |

**22. FINANCIAL RISK (continued)**

**22.3 Interest rate risk**

The Company is exposed to interest rate risks. Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The occurrence of an adverse change in interest rates on invested assets may result in financial loss to the Company in fulfilling the contractual returns on insurance and financial liabilities.

The return on investments may be variable, fixed for a term or fixed to maturity. On reinvestment of a matured investment, the returns available on the new investment may be significantly different from the returns formerly achieved. This is known as reinvestment risk.

For financial liabilities, returns are usually contractual and may only be adjusted on contract renewal or contract re-pricing.

The Company is therefore exposed to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase or decrease as a result of such changes. Interest rate changes may also result in losses if asset and liability cash flows are not closely matched with respect to timing and amount.

The Company manages its interest rate risk by a number of measures, including where feasible the selection of assets which best match the maturity of liabilities.

## 22. FINANCIAL RISK (continued)

### 22.3 Interest rate risk (continued)

The table below summarises the exposures to interest rate risks of the Company's insurance and monetary financial liabilities. It includes liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Insurance liabilities are categorised by their expected maturities.

| 2025 | Exposure within 1 year | Exposure 1 to 5 years | Exposure after 5 years | Not exposed to interest | Total |
|---|---|---|---|---|---|
| Loan payable | 2,572 | | | 15 | 2,587 |
| Note payable | - | - | - | 25,000 | 25,000 |
| Insurance contract liabilities | - | - | - | 92,069 | 92,069 |
| Reinsurance contract liabilities | - | - | - | 246 | 246 |
| Amounts payable to related parties | - | - | - | 72 | 72 |
| Accounts payable and accrued liabilities | - | - | - | 9,229 | 9,229 |
| Total | 2,572 | - | - | 126,631 | 129,203 |

| 2024 | Exposure within 1 year | Exposure 1 to 5 years | Exposure after 5 years | Not exposed to interest | Total |
|---|---|---|---|---|---|
| Loan payable | 3,429 | 2,571 | - | 35 | 6,035 |
| Note payable | - | - | - | 25,000 | 25,000 |
| Insurance contract liabilities | - | - | - | 92,865 | 92,865 |
| Reinsurance contract liabilities | - | - | - | 345 | 345 |
| Amounts payable to related parties | - | - | - | 63 | 63 |
| Accounts payable and accrued liabilities | - | - | - | 8,452 | 8,452 |
| Total | 3,429 | 2,571 | - | 126,760 | 132,760 |

## 22. FINANCIAL RISK (continued)

### 22.3 Interest rate risk (continued)

The table below summarises the exposures to interest rate and reinvestment risks of the Company's insurance and monetary financial assets. It includes assets at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Reinsurance contract assets are categorised by their expected maturities.

| 2025 | Exposure within 1 year | Exposure 1 to 5 years | Exposure after 5 years | Not exposed to interest | Total |
|---|---|---|---|---|---|
| Debt securities | 5633 | 7,996 | 31,732 | 1,567 | 46,928 |
| Mortgage loans | 63 | 146 | 116 | - | 325 |
| Deposits | 21,301 | 500 | | 161 | 21,962 |
| Reinsurance contract assets | - | - | - | 26,850 | 26,850 |
| Amounts receivable from related parties | - | - | - | 34,620 | 34,620 |
| Other accounts receivable | - | - | - | 3,530 | 3,530 |
| Cash and cash equivalents | - | - | - | 61,229 | 61,229 |
| Total | 26,997 | 8,642 | 31,848 | 127,957 | 195,444 |

| 2024 | Exposure within 1 year | Exposure 1 to 5 years | Exposure after 5 years | Not exposed to interest | Total |
|---|---|---|---|---|---|
| Debt securities | 2,307 | 16,343 | 29,453 | 1,286 | 49,389 |
| Mortgage loans | 88 | 240 | 141 | - | 469 |
| Deposits | 21,816 | - | - | 124 | 21,940 |
| Reinsurance contract assets | - | - | - | 22,994 | 22,994 |
| Amounts receivable from related parties | - | - | - | 33,701 | 33,701 |
| Other accounts receivable | - | - | - | 2,537 | 2,537 |
| Cash and cash equivalents | - | - | - | 52,702 | 52,702 |
| Total | 24,211 | 16,583 | 29,594 | 113,344 | 183,732 |

**22. FINANCIAL RISK (continued)**

**22.3 Interest rate risk (continued)**

The table below summarises the average interest yields on financial assets held during the year.

| | 2025 | 2024 |
|---|---|---|
| Debt securities | 5.9% | 5.7% |
| Mortgage loans | 4.1% | 4.0% |
| Deposits | 0.8% | 0.8% |

Sensitivity

The Company's operations are not exposed to a significant degree of interest rate risk.

## 22. FINANCIAL RISK (continued)

### 22.4 Foreign exchange risk

The Company is exposed to foreign exchange risk as a result of fluctuations in exchange rates since its assets and liabilities are denominated in a number of different currencies.

In order to manage the risk associated with movements in currency exchange rates, the Company seeks to maintain investments and cash in each operating currency, which are sufficient to match liabilities denominated in the same currency. A limited proportion is invested in United States dollar assets which management considers diversifies the range of investments available, and in the long-term are likely to either maintain capital value and/or provide satisfactory returns.

Assets and liabilities by currency are summarised in the following tables.

| 2025 | BBD $000 equivalents of balances denominated in | | | |
|---|---|---|---|---|
| | Barbados $ | Trinidad $ | Other Currencies | Total |
| **ASSETS** | | | | |
| Cash resources | 15,556 | - | 45,673 | 61,229 |
| Financial investments (1) | 32,045 | 9,849 | 27,321 | 69,215 |
| Reinsurance contract assets (1) | - | - | 26,850 | 26,850 |
| Miscellaneous assets and receivables (1) | 3,126 | - | 404 | 3,530 |
| Amounts receivable from related parties (1) | 14,718 | 19,902 | - | 34,620 |
| Total monetary assets | 65,445 | 29,751 | 100,248 | 195,444 |
| Other assets (2) | 7,424 | - | 267 | 7,691 |
| Total assets | 72,869 | 29,751 | 100,515 | 203,135 |
| **LIABILITIES** | | | | |
| Accounts payable and accruals | 7,154 | - | 2,075 | 9,229 |
| Amounts payable to related parties | - | - | 72 | 72 |
| Reinsurance contract liabilities | - | - | 246 | 246 |
| Insurance contract liabilities | 86,352 | - | 5,717 | 92,069 |
| Loan payable | 2,587 | - | - | 2,587 |
| Notes payable | 25,000 | - | - | 25,000 |
| Total monetary liabilities | 121,093 | - | 8,110 | 129,203 |
| Income tax liabilities (2) | 81 | - | 497 | 578 |
| Total liabilities | 121,174 | - | 8,607 | 129,781 |
| **Net position** | (48,305) | 29,751 | 91,908 | 73,354 |

(1) Monetary balances only
(2) Non-monetary balances include equity securities, income tax balances and pension plan assets

## 22. FINANCIAL RISK (continued)

### 22.4 Foreign exchange risk (continued)

| 2024 | BBD $000 equivalents of balances denominated in | | | |
|---|---|---|---|---|
| | Barbados $ | Trinidad $ | Other Currencies | Total |
| **ASSETS** | | | | |
| Cash resources | 16,760 | - | 35,942 | 52,702 |
| Financial investments [1] | 33,170 | 9,997 | 28,631 | 71,798 |
| Reinsurance contract assets [1] | - | - | 22,994 | 22,994 |
| Miscellaneous assets and receivables [1] | 2,164 | - | 373 | 2,537 |
| Amounts receivable from related parties [1] | 33,701 | - | - | 33,701 |
| Total monetary assets | 85,795 | 9,997 | 87,940 | 183,732 |
| Other assets [2] | 9,453 | - | 265 | 9,718 |
| Total assets | 95,248 | 9,997 | 88,205 | 193,450 |
| **LIABILITIES** | | | | |
| Accounts payable and accruals | 7,252 | - | 1,200 | 8,452 |
| Amounts payable to related parties | - | - | 63 | 63 |
| Reinsurance contract liabilities | - | - | 345 | 345 |
| Insurance contract liabilities | 86,733 | - | 6,132 | 92,865 |
| Loan payable | 6,035 | - | - | 6,035 |
| Notes payable | 25,000 | - | - | 25,000 |
| Total monetary liabilities | 125,020 | - | 7,740 | 132,760 |
| Income tax liabilities [2] | - | - | 413 | 413 |
| Total liabilities | 125,020 | - | 8,153 | 133,173 |
| **Net position** | (29,772) | 9,997 | 80,052 | 60,277 |

(1) Monetary balances only
(2) Non-monetary balances include equity securities, income tax balances and pension plan assets

Sensitivity

The exposure to currency risk results primarily from currency risk relating to the future cash flows of monetary financial instruments. This occurs when a financial instrument is denominated in a currency other than the functional currency of the unit to which it belongs. In this instance, a change in currency exchange rates results in the financial instrument being retranslated at the year-end date and the exchange gain or loss is taken to income.

Financial instruments held by branches are predominantly denominated in the branches' functional currency and as such branches are not exposed to significant exposure from fluctuations in exchange rates.

**22. FINANCIAL RISK (continued)**

**22.5 Fair value of financial instruments**

The fair value of financial instruments is measured according to a fair value hierarchy which reflects the significance of market inputs in the valuation. The hierarchy is described and discussed in sections (i) to (iii) below.

(i) Level 1 – unadjusted quoted prices in active markets for identical instruments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the instrument is not classified as Level 1.

(ii) Level 2 – inputs that are observable for the instrument, either directly or indirectly

A financial instrument is classified as Level 2 if:

- The fair value is derived from quoted prices of similar instruments which would be classified as Level 1; or
- The fair value is determined from quoted prices that are observable but there is no data available to substantiate frequent market trading of the instrument.

In estimating the fair value of non-traded financial assets, the Company uses a variety of methods such as obtaining dealer quotes and using discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are discounted at market derived rates for government securities in the same country of issue as the security; for non-government securities, an interest spread is added to the derived rate for a similar government security rate according to the perceived additional risk of the non-government security.

In assessing the fair value of non-traded financial liabilities, the Company uses a variety of methods including obtaining dealer quotes for specific or similar instruments and the use of internally developed pricing models, such as the use of discounted cash flows. If the non-traded liability is backed by a pool of assets, then its value is equivalent to the value of the underlying assets.

(iii) Level 3 – inputs for the instrument that are not based on observable market data.

A financial instrument is classified as Level 3 if:

- The fair value is derived from quoted prices of similar instruments that are observable and which would be classified as Level 2; or
- The fair value is derived from inputs that are not based on observable market data.

Level 3 assets designated include mortgage loans. These assets are valued with inputs other than observable market data.

The techniques and methods described in the preceding section (ii) for non-traded financial assets and liabilities may also be used in determining the fair value of Level 3 instruments.

**22. FINANCIAL RISK (continued)**

**22.5 Fair value of financial instruments (continued)**

(a) Financial instruments carried at fair value

The results of applying the fair value hierarchy to the Company's financial instruments are set out in the tables below:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **2025** | | | | |
| Equity securities | 994 | - | - | 994 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **2024** | | | | |
| Equity securities | 955 | - | - | 955 |

There were no transfers occurring in 2025 or 2024 between levels 1, 2 and 3.

(b) Financial instruments carried at amortised cost

The carrying values of the Company's non-traded financial assets and financial liabilities carried at amortised cost approximate their fair value in notes 8 and 21. The fair value hierarchy of other financial instruments carried at amortised cost as of December 31, 2025 is set out in the following tables.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **2025** | | | | |
| Debt securities | - | 12,684 | 35,681 | 48,365 |
| Mortgage loans | - | | 314 | 314 |
| | - | 12,684 | 35,995 | 48,679 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **2024** | | | | |
| Debt securities | - | 13,601 | 36,599 | 50,200 |
| Mortgage loans | - | - | 460 | 460 |
| | - | 13,601 | 37,059 | 50,660 |

## 22. FINANCIAL RISK (continued)

### 22.6 Equity Price Risk

Equity risk is the potential adverse effect on the Company's financial performance and financial condition from declines or volatility in equity market prices. The Company is exposed to equity risk through its investment portfolio. Its equity risk is managed through its investment policies and various internal controls, including among others established concentration limits and performing frequent monitoring.

The following table sets out the potential immediate impact on net income (pre-tax), and other comprehensive income (pre-tax) to certain changes in the specific market variable at year end. The analysis is based on an instantaneous change in the specific market variable while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some assumptions might be correlated.

| 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|
| 20% increase in equity prices | | 20% decrease in equity prices | | 20% increase in equity prices | | 20% decrease in equity prices | |
| Impact on Assets | Impact on Net income | Impact on Assets | Impact on Net income | Impact on Assets | Impact on Net income | Impact on Assets | Impact on Net income |
| 199 | 199 | (199) | (199) | 190 | 190 | (190) | (190) |

## 23. INSURANCE RISK

For insurance contracts issued by the Company, risks arise from loss events such as accidents, fires, floods, tropical storms, hurricanes and other extreme weather events. Risk can also arise from inflation on expenses and claims. As a result, there is a risk that our actual loss experiences will emerge differently than estimated when the product was designed and priced or repriced and may require us to revise estimated potential loss exposures and the related loss reserves.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

Total insurance coverage on insurance policies provides a quantitative measure of absolute risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The following table shows the concentration of gross and net insurance contract liabilities by type of contract at December 31.

| Total insurance coverage | | 2025 | 2024 |
|---|---|---|---|
| Property | Gross | 10,610,994 | 10,642,484 |
| | Net | 2,352,750 | 2,571,271 |
| Motor | Gross | 736,166 | 723,854 |
| | Net | 736,166 | 723,854 |
| Accident & Liability | Gross | 4,134,531 | 4,145,388 |
| | Net | 3,941,056 | 3,891,769 |
| Marine | Gross | 162,086 | 161,867 |
| | Net | 154,493 | 157,859 |
| Total | Gross | 15,643,777 | 15,673,593 |
| | Net | 7,184,465 | 7,344,753 |

All contracts are measured under PAA. Short-term contracts are typically for one year's coverage, with an option to renew under terms that may be amended by the Company. In establishing the amount of premium, the Company principally assesses the estimated benefits which may be payable under the contract. In determining the premium payable under the contract, the Company considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. This is the process of underwriting, which establishes appropriate pricing guidelines, and may include specific tests and enquiries which determine the Company's assessment of the risk. The Company may also establish deductibles to limit amounts of potential losses incurred.

**23. INSURANCE RISK (continued)**

A proportion of risks assumed are written by third parties under delegated underwriting authorities. The third parties are assessed in advance and are subject to authority limits and reporting procedures. The performance of contracts written by each delegated authority is monitored periodically.

Policy benefits payable under short-term contracts are generally triggered by an insurable event, i.e. a property or casualty claim. Settlement of these benefits is expected generally within six months. However, some benefits are settled over a longer duration.

The principal risks arising from short-term insurance contracts are underwriting, claims, availability of reinsurance and claims liability estimation and credit risk in respect of reinsurance counterparties.

**23.1 Underwriting risk**

Risks are priced to achieve an adequate return on capital on the business as a whole. This return is expressed as a premium target return. Budgeted expenses and reinsurance costs are included in the pricing process. Various pricing methodologies including benchmark exposure rates and historic experience are used and are generally applied by class of insurance. All methods produce a technical price, which is compared against the market to establish a price margin.

Pricing techniques are subject to constant review from independent pricing audits, claims patterns, underwriters' input, market developments and actuarial best practice. There are minimum pricing margins for each class of business.

Annually, the overall risk appetite is reviewed and approved. The risk appetite is defined as the maximum loss the Company is willing to incur from a single event or proximate cause. Risks are only underwritten if they fall within the risk appetite. Individual risks are assessed for their contribution to aggregate exposures by nature of risk, by geography, by correlation with other risks, before acceptance. Underwriting a risk may include specific tests and enquiries which determine the Company's assessment of the risk. The Company may also establish deductibles, exclusions, and coverage limits which will limit the potential losses incurred. Inaccurate pricing or inappropriate underwriting of insurance contracts, which may arise from poor pricing or lack of underwriting control, can lead to either financial loss or reputational damage to the insurer.

**23.2 Claims risk**

Incurred claims are triggered by an event and may be categorised as:

- Attritional losses, which are expected to be of reasonable frequency and are less than established threshold amounts;
- Large losses, such as major fires and accidents, which are expected to be relatively infrequent, are greater than established threshold amounts;
- Catastrophic losses, which are an aggregation of losses arising from one incident or proximate cause such as hurricanes or earthquakes, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

The Company records claims based on submissions made by claimants. In certain instances additional information is obtained from loss adjustors, medical reports and other specialist sources. However, the possibility exists that claim submissions are either fraudulent or are not covered under the terms of the policy. The initial claim recorded may only be an estimate, which has to be refined over time until final settlement occurs. In addition, from the pricing methodology used for risks, it is assumed that at any particular date, there are claims incurred but not reported.

**23. INSURANCE RISK (continued)**

**23.2 Claims risk (continued)**

Claims risk is the risk that incurred claims may exceed expected losses. Claim risk may arise from:

- Invalid claim submissions;
- The frequency of incurred claims;
- The severity of incurred claims;
- The development of incurred claims.

The Company carries significant insurance risks concentrated in certain countries within the Caribbean. Significant concentration of insurance risk occurs in Barbados and St. Lucia.

Total insurance coverage on insurance policies quantify some of the risk exposures. Typically, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided.

The total insurance coverage before and after reinsurance on property and casualty risks are summarised in the table earlier.

The net amounts disclosed are inclusive of the reinsurance applicable on proportional treaties. The retentions on the excess of loss treaties have not been included.

Concentration of risk is mitigated through risk selection, event limits, quota share reinsurance and excess of loss reinsurance. Levels of reinsurance cover are summarised in note 23.3.

The Company assesses its exposures by modelling realistic disaster scenarios of potential catastrophic events. Claims arising from wind storms, earthquakes, floods, terrorism, failure or collapse of a major corporation (with liability insurance cover) and events triggering multi coverage corporate liability claims are considered to be the potential sources of catastrophic losses arising from insurance risks.

Realistic disaster scenarios modelled for 2025 resulted in estimated gross and net losses as follows:

| **Scenario:** | **Gross loss** | **Net loss** |
|---|---|---|
| Hurricane affecting Barbados and St. Lucia:<br>Used assumption of this event having a 200 year return period | 640,611 | 10,000 |

Therefore, the occurrence of one or more catastrophic events in any year may have a material impact on the reported net income of the Company.

## 23. INSURANCE RISK (continued)

### 23.2 Claims risk (continued)

### 23.2.1 Claims development table

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the Company's estimate of the ultimate claims liability for accident years 2016 - 2025 has changed at successive year ends, up to 2025. Updated unpaid claims and other directly attributable expenses related to claims management in each successive year, as well as amounts paid to date, are used to derive the revised amounts for the ultimate claims liability for each accident year used in the development calculations. The most recent estimate is then reconciled to the liability for incurred claims recognised in the statement of financial position.

| **Gross** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimate of ultimate claims incurred (undiscounted, inclusive of other directly attributable expenses): | | | | | | | | | | | |
| At the end of financial year | 11,315 | 48,198 | 26,495 | 31,115 | 27,034 | 30,614 | 33,541 | 32,481 | 32,277 | 36,248 | |
| One year later | 14,074 | 56,480 | 23,942 | 27,333 | 23,156 | 26,272 | 30,331 | 30,649 | 29,031 | | |
| Two years later | 17,121 | 56,562 | 22,937 | 25,701 | 21,803 | 24,495 | 29,384 | 27,864 | | | |
| Three years later | 16,852 | 55,855 | 22,030 | 23,608 | 21,999 | 24,181 | 27,449 | | | | |
| Four years later | 16,656 | 56,065 | 21,621 | 23,543 | 22,451 | 23,721 | | | | | |
| Five years later | 16,894 | 56,334 | 21,514 | 23,428 | 21,544 | | | | | | |
| Six years later | 17,283 | 56,345 | 21,754 | 22,925 | | | | | | | |
| Seven years later | 17,138 | 56,791 | 22,361 | | | | | | | | |
| Eight years later | 16,828 | 57,295 | | | | | | | | | |
| Nine years later | 16,686 | | | | | | | | | | |
| Current estimate of cumulative claims | 16,686 | 57,295 | 22,361 | 22,925 | 21,544 | 23,721 | 27,449 | 27,864 | 29,031 | 36,248 | 285,124 |
| Cumulative payments to date | (15,820) | (55,870) | (19,294) | (21,208) | (19,371) | (21,310) | (23,472) | (21,491) | (19,899) | (13,642) | (231,377) |
| Gross undiscounted liabilities for incurred claims | 866 | 1,425 | 3,067 | 1,717 | 2,173 | 2,411 | 3,977 | 6,373 | 9,132 | 22,606 | 53,747 |
| Liability in respect of prior years | | | | | | | | | | | 12,293 |
| Effect of discounting | | | | | | | | | | | (5,436) |
| Effect of the risk adjustment margin for non-financial risk | | | | | | | | | | | 3,248 |
| Other | | | | | | | | | | | 1 |
| Total gross liability for incurred claims | | | | | | | | | | | 63,853 |

## 23. INSURANCE RISK (continued)

### 23.2 Claims risk (continued)

### 23.2.1 Claims development table (continued)

The reinsurers' share of the gross LIC is set out below in the following table.

| Reinsurance | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Estimate of reinsurance recoveries (on undiscounted claims incurred and other directly attributable expenses): | | | | | | | | | | | |
| At the end of financial year | 1,318 | 15,889 | 2,258 | 1,218 | 3,012 | 7,308 | 6,175 | 1,800 | 2,828 | 3,968 | |
| One year later | 3,450 | 24,873 | 1,996 | 1,138 | 3,182 | 5,881 | 5,056 | 1,594 | 2,436 | | |
| Two years later | 6,834 | 25,369 | 1,993 | 1,024 | 3,136 | 5,973 | 5,066 | 1,675 | | | |
| Three years later | 6,673 | 25,285 | 2,018 | 931 | 3,223 | 5,939 | 4,948 | | | | |
| Four years later | 6,526 | 25,270 | 2,011 | 931 | 3,440 | 5,704 | | | | | |
| Five years later | 6,631 | 25,589 | 1,991 | 956 | 3,398 | | | | | | |
| Six years later | 6,817 | 25,626 | 2,256 | 1,011 | | | | | | | |
| Seven years later | 6,858 | 25,133 | 1,956 | | | | | | | | |
| Eight years later | 6,679 | 25,444 | | | | | | | | | |
| Nine years later | 6,469 | | | | | | | | | | |
| Current estimate of reinsurance recoveries | 6,469 | 25,444 | 1,956 | 1,011 | 3,398 | 5,704 | 4,948 | 1,675 | 2,436 | 3,968 | 57,009 |
| Cumulative reinsurance receipts to date | (6,202) | (25,073) | (1,956) | (1,011) | (3,153) | (5,674) | (4,831) | (1,165) | (2,031) | (823) | (51,919) |
| Gross recoverable from reinsurers | 267 | 371 | 0 | 0 | 245 | 30 | 117 | 510 | 405 | 3,145 | 5,090 |
| Recoverable in respect of prior years | | | | | | | | | | | 2,550 |
| Effect of discounting | | | | | | | | | | | (364) |
| Effect of the risk adjustment margin for non-financial risk | | | | | | | | | | | 554 |
| Reinsurance balances pending settlement | | | | | | | | | | | 881 |
| Total recoverable from reinsurers | | | | | | | | | | | 8,711 |

## 23. INSURANCE RISK (continued)

### 23.3 Reinsurance risk

To limit its exposure of potential loss on an insurance policy, the Company may cede certain levels of risk to a reinsurer. Reinsurance, however, does not discharge the Company's liability. Reinsurance risk is the risk that reinsurance is not available to mitigate the potential loss on an insurance policy. The risk may arise from:

- The credit risk of holding a recovery from a reinsurer;
- The failure of a reinsurance layer upon the occurrence of a catastrophic event.

The Company selects reinsurers which have well established capability to meet their contractual obligations and which generally have a Sagicor credit risk rating of 1 or 2. The Company also places reinsurance coverage with various reinsurers to limit its exposure to any one reinsurer. The credit ratings of reinsurers are monitored frequently.

For its property risks, the Company uses quota share and excess of loss catastrophe reinsurance treaties to obtain reinsurance cover. Catastrophe reinsurance is obtained for multiple claims arising from one event or occurring within a specified time period. However, treaty limits may apply and may expose the Company to further claim exposure. Under some treaties, when treaty limits are reached, the Company may be required to pay an additional premium to reinstate the reinsurance coverage. For other insurance risks, the Company limits its exposure by event or per person by excess of loss or quota share treaties.

Retention limits represent the level of risk retained by the Company. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. Claim amounts in excess of reinsurance treaty limits revert to the insurer. Principal features of retention programs used are summarised in the tables below.

| Type of risk | Retention by Company |
|---|---|
| Property risks | Maximum retention of $7,875 (2024 - $9,000) for a single non-catastrophic event;<br>Maximum retention of $10,000 (2024 - $10,000) for a catastrophic event in Barbados;<br>Quota share retention to a maximum of 18% in respect of the treaty limits;<br>Quota share retention is further reduced to a maximum of $750 (2024 - $750) per risk for all territories.<br>Maximum net retention of $10,000 for a single catastrophic 1st event in Barbados and $5,000 in Antigua, St. Lucia, Dominica and Bahamas. For all territories a deductible of $5,000 will apply for a 2nd and 3rd event.<br>treaty limits apply. |
| Motor and liability risks | Maximum retention of $1,500 for a single event;<br>treaty limits apply. |
| Miscellaneous accident risks | Maximum retention of $150 for a single event;<br>treaty limits apply. |
| Engineering business risks | Maximum retention of $1,000 for a single risk;<br>treaty limits apply for material damage and for liability claims. |
| Marine risks | Maximum retention of $250 for a single event;<br>treaty limits apply. |
| Bond risks | Maximum retention of $600 for a single risk;<br>Quota share retention to maximum of 15% in respect of the treaty limits;<br>treaty limits apply. |
| Property, motor, marine, and engineering risk | Catastrophic excess of loss reinsurance cover is available per event for amounts in excess of treaty limits for property, motor, marine and engineering risks; treaty limits apply to catastrophic excess of loss coverage. |

## 23. INSURANCE RISK (continued)

### 23.3 Reinsurance risk (continued)

In order to assess the potential reinsurance recoveries on the occurrence of a catastrophic insurance event, the Sagicor credit risk ratings of the reinsurance recoverable are assessed using the realistic disaster scenarios of a hurricane with a 200 year return period affecting Barbados and St. Lucia

The reinsurance recoveries derived from the above are assigned internal credit ratings as follows:

| Reinsurance assets by Credit rating | Classification | 2025 | 2024 |
|---|---|---|---|
| 1 | Minimal risk | 307,119 | 313,087 |
| 2 | Low risk | 319,060 | 298,582 |
| 3 | Moderate risk | 4,432 | 13,358 |
| **Total** | | **630,611** | **625,027** |
| **Less:** Reinsurance liability | | - | - |
| **Total Reinsurance Assets** | | **630,611** | **625,027** |

**24.1 Capital resources**

The Company manages its capital resources according to the following objectives:

- To comply with capital requirements established by insurance regulatory authorities;
- To safeguard its ability as a going concern and to provide adequate returns to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain a strong capital base to support the future development of company operations.

The principal capital resource of the Company at the financial statement date is as follows:

| | 2025 | 2024 |
|---|---|---|
| Equity | 73,354 | 60,277 |
| Surplus notes (note 9) | 25,000 | 25,000 |
| Total capital resources | 98,354 | 85,277 |

The Company deploys its capital resources through its operating activities. These operating activities are carried out by branches which are insurance operations. The capital is deployed in such a manner as to ensure that branches have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

The Financial Services Commission has approved the Surplus Debenture in the amount of $25,000 (note 9) to be included as part of the Company's regulatory contributed capital.

**24.2 Capital adequacy**

Management monitors the adequacy of the Company's capital to ensure compliance with the solvency requirements of the territories in which it operates and to safeguard its ability as a going concern to continue to provide benefits and returns to shareholders.

At year-end the Company was in compliance with all of its regulatory capital requirements in all territories.

**24.3 Covenants**

CIBC Caribbean 3.50% loan agreement

| COVENANT | DESCRIPTION |
|---|---|
| Debt service coverage ratio | The guarantor, Sagicor Life Inc, must maintain a minimum debt service coverage ratio of 1.5 to 1.0. |
| Effective net worth | The subsidiary net worth must not fall below $30.0 million. |
| Total funded debt to net worth | The total funded debt to net worth ratio of the subsidiary must not exceed 1.0 to 1.0. |

At December 31, 2025, the Company was in compliance with the specified covenants.



# ADVISORS AND BANKERS

# ADVISORS & BANKERS

### APPOINTED ACTUARY

Eckler Ltd.

### AUDITOR

PricewaterhouseCoopers SRL

### COUNSEL

Sir Richard Cheltenham, QC, Ph.D.

### BANKERS

CIBC Caribbean Bank (Barbados) Limited

First Citizens Bank (Barbados) Limited

The Bank of Nova Scotia

RBC Royal Bank (Barbados) Limited

Republic Bank (EC) Limited

Sagicor Bank (Barbados) Limited



# NOTICE OF MEETING

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the THIRTIETH ANNUAL GENERAL MEETING of the Shareholders of SAGICOR GENERAL INSURANCE INC. will be held at Cecil F. de Caires Building, Wildey, St. Michael, Barbados, on Thursday, August 20, 2026, at 10:00 a.m. to transact the following business:

To receive and consider the Financial Statements of the Company and the Reports of the Directors and Auditors for the year ended December 31, 2025.

1. To elect Directors:-
   Mr. Andrew Aleong and Mrs. C. Natasha Small are the Directors whose terms of office expire at the close of this meeting and being eligible offer themselves for re-election for the term expiring at the close of the third annual meeting following this meeting.

2. To re-appoint the incumbent Auditors for the ensuing year and to authorise the Directors to fix their remuneration.

3. To transact such other business as may properly come before the meeting and at any adjournment thereof.

BY ORDER OF THE BOARD



Andrew C. Greaves
Corporate Secretary
July 10, 2026

## Proxies

A shareholder who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a shareholder. Proxy forms must be lodged at the Company's registered office at Cecil F. de Caires Building, Wildey, St. Michael, Barbados, not less than forty-eight (48) hours before the meeting. A form of Proxy is enclosed for your convenience.

# SAGICOR GENERAL INSURANCE INC.
# COMPANY NO. 42724

## MANAGEMENT PROXY CIRCULAR

Management is required by the Companies Act Cap. 308 of the Laws of Barbados (hereinafter called the "Companies Act") to send with the Notice convening the meeting, forms of proxy. By complying with the Companies Act, Management is deemed to be soliciting proxies within the meaning of the Companies Act.

This Management Proxy Circular accompanies the Notice of the Thirtieth Annual General Meeting of the Shareholders of Sagicor General Insurance Inc. (hereinafter called the "Company") to be held on Thursday, August 20, 2026 at 10:00 a.m. (hereinafter called the "Meeting") and is furnished in connection with the solicitation by the Management of the Company of proxies for use at the Meeting, or any adjournment thereof. It is expected that the solicitation will primarily be by mail. The cost of the solicitation will be borne by the Company.

### Revocation Of Proxy

Any shareholder having given a proxy has the right to revoke it by depositing an instrument in writing executed by the shareholder, or his attorney authorised in writing, with the Corporate Secretary at the registered office of the Company at Cecil F. de Caires Building, Wildey, St. Michael Barbados, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of such Meeting on the day of the Meeting or adjournment thereof.

### Record Date, Notice Of Meeting & Voting Shares

The Directors of the Company have not fixed a record date for determining the shareholders who are entitled to receive notice of the Meeting. In accordance with the Companies Act, the statutory record date applies. Only the holders of common shares of the Company of record at the close of business on the day immediately preceding the day on which the Notice is given under Section 109 (1) of the Companies Act will be entitled to receive notice of the Meeting.

Only the holders of common shares of the Company will be entitled to attend and vote at the Meeting. Each holder is entitled to one vote for each share held. As at the date hereof there are 2,018,087 common shares of the Company outstanding.

### Presentation Of Financial Statements And Auditors' Report

The Financial Statements of the Company for the year ended December 31, 2025 and the Auditors' Report thereon, are included in the 2025 Annual Report which is being mailed to shareholders with this Notice of the Annual General Meeting and Management Proxy Circular.

### Election Of Directors

The Board of Directors currently consists of six (6) members. The number of Directors to be elected at the Meeting is two (2). Mr Andrew Aleong and Mrs C. Natasha Small will retire by normal rotation at the end of the Meeting. Being eligible, the Board proposes Mr Andrew Aleong and Mrs C. Natasha Small as nominees for re-election as Directors of the Company, and for whom it is intended that votes will be cast for their re-election as Directors pursuant to the form of proxy hereby enclosed.

The term of office for the Directors so elected will expire at the close of the third annual general meeting of the shareholders of the Company following their election.

The Directors recommend the appointment of Mr Andrew Aleong and Mrs C. Natasha Small for the term stated above or until their successors are elected or appointed.

The Management of the Company does not contemplate that any of the persons named above will, for any reason, become unable to serve as a Director.

### Appointment Of Auditors

It is proposed to re-appoint the firm of PricewaterhouseCoopers SRL, the incumbent Auditors, as Auditors of the Company to hold office until the next annual general meeting of Shareholders.

# SAGICOR GENERAL INSURANCE INC.
# COMPANY NO. 42724

## MANAGEMENT PROXY CIRCULAR

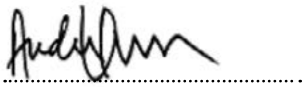
### Discretionary Authority

Management knows of no matter to come before the Meeting other than the matters referred to in the Notice of Meeting enclosed herewith. However, if any matters which are not known to Management should properly come before the Meeting or any adjournment thereof, the shares represented by proxies will be voted on such matters in accordance with the best judgment of the proxy nominee. Similar discretionary authority is conferred with respect to amendments to the matters identified in the Notice of the Meeting.

The contents of this Management Proxy Circular and the sending thereof to the holders of the common shares of the Company have been approved by the Directors of the Company.

No Directors' statement is submitted pursuant to Section 71(2) of the Companies Act. No Auditors' statement is submitted pursuant to Section 163(1) of the Companies Act.

Date: July 10, 2026.



Andrew C. Greaves
Corporate Secretary




1 246 431 2800 | www.sagicor.com