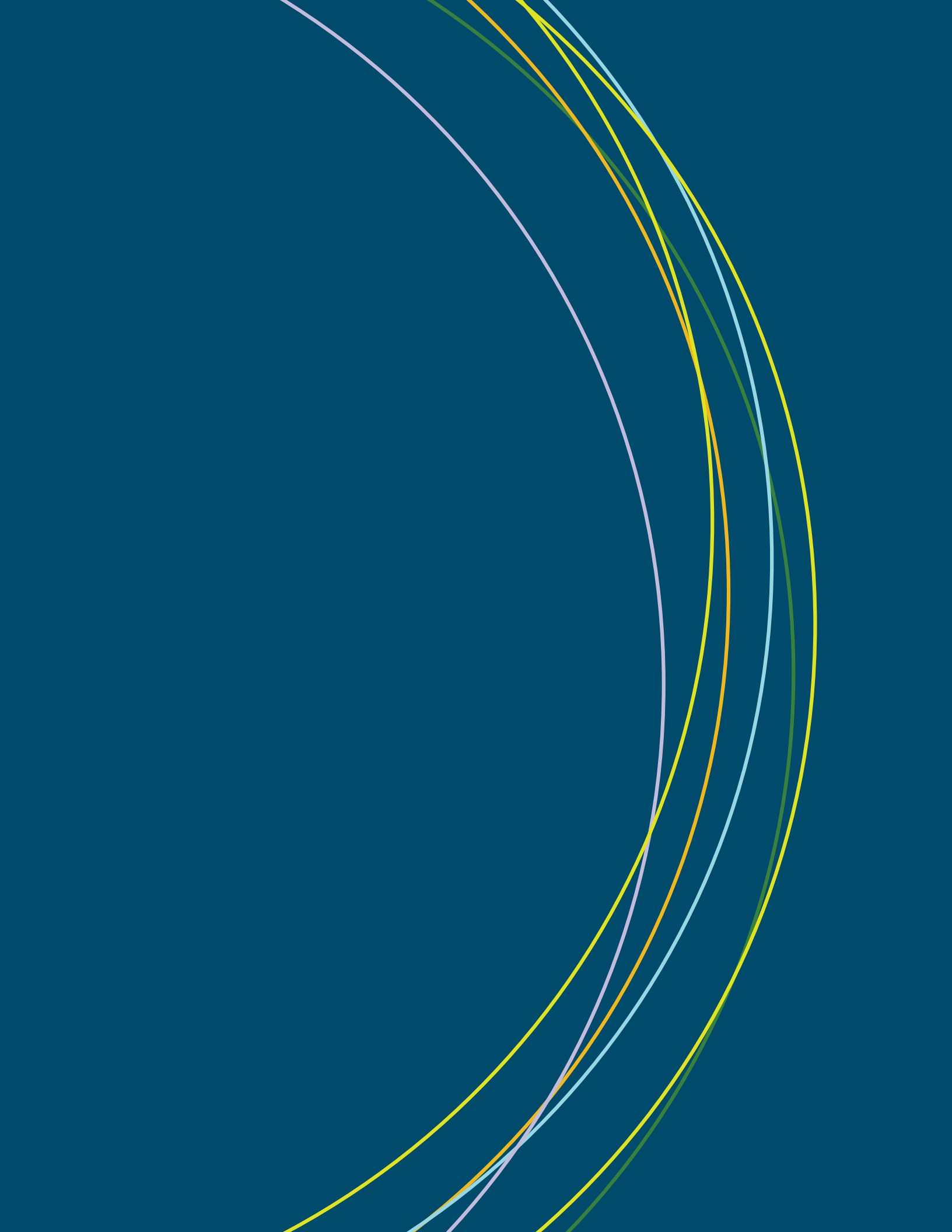


A large circular graphic composed of several overlapping, semi-transparent bands in shades of green, yellow, orange, and blue. The center of the circle is a solid dark blue, containing the text 'BETTER AS ONE'. The right side of the circle shows a partial view of a young child's face, smiling. The bottom-left portion of the circle shows a view of Earth from space, with blue oceans and white clouds against a dark background.

BETTER
AS ONE



For almost 185 years, we have believed in the power of unity to achieve extraordinary results. Across 19 countries, bridging multiple languages and serving millions, we bring together diverse perspectives and shared aspirations to create something stronger. When we work together — with our team, clients, shareholders, and the communities we serve — we create a ripple effect of progress and prosperity. Our singular purpose has never wavered: to drive sustainable growth and long term-value for those who place their trust in us. By staying united in this mission, we can do more, reach further, and build stronger, more resilient communities. Together we are not just better, we are

BETTER AS ONE.

OUR VISION

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





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ABOUT SAGICOR

With a rich history spanning almost 185 years, Sagicor has established itself as an innovative leader in the financial services industry. Our enduring success can be attributed to prudent business practices and a steadfast commitment to creating value for our shareholders. As the second oldest insurer in the Americas, we first played a pivotal role in shaping the Caribbean's financial landscape.

As we grew over generations, we evolved from a local life insurance company into a robust, regional financial services group. More recently, we have become a growing force in the North American financial services market with over US\$22.9 billion in assets under management. Today, Sagicor Financial Company Ltd. operates in 19 countries providing life insurance and annuities in Canada and the United States, and a wide range of financial services to individuals, families, businesses and governments across the English-speaking Caribbean.

Our name and identity are rooted in the value of strength, stability and financial prudence. These principles guide our approach to delivering flexible financial solutions that adapt to our clients' evolving needs throughout their lives. At Sagicor, we are dedicated to improving lives through wise judgment, providing personalized support and tailored financial solutions that address our clients' unique needs, both for now and in the future.

Our 5000+ #SagicorStrong team members are dedicated to giving back to our communities through philanthropic efforts and volunteerism, truly living our vision — committed to improving the lives of people in the communities in which we operate. Our focus areas include:

- **Health:** Promoting healthy living, improving access to healthcare, and supporting the prevention of non-communicable diseases.
- **Education:** Empowering future generations through educational initiatives.
- **Community and Youth Development:** Strengthening local communities through sustainable projects, nurturing young talent and supporting youth empowerment programs.
- **Sport:** Promoting healthy lifestyles and teamwork through sports development programs.

By investing in the well-being of our communities, we are committed to creating a positive impact that extends beyond financial support.

Sagicor remains committed to delivering a comprehensive suite of financial products and services, driven by our core business strategies. Our goal is to provide innovative, tailored solutions that meet the evolving needs of our clients, while maintaining our position as a trusted leader in the financial services industry.

19
COUNTRIES

184
YEARS
IN BUSINESS

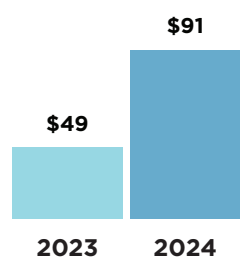
5000+
TEAM MEMBERS

US\$22.9
BILLION
ASSETS UNDER
MANAGEMENT

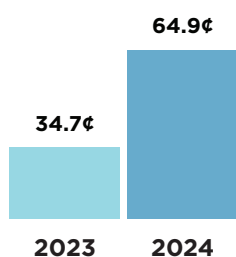
FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE

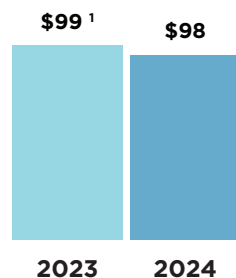
Core Earnings to Shareholders
(US\$ millions)



Core EPS
(US¢ per share)



Net Income to Shareholders
(US\$ millions)

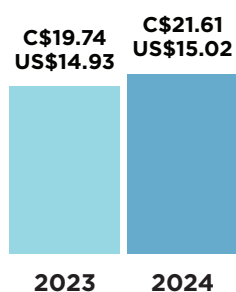


BUSINESS GROWTH

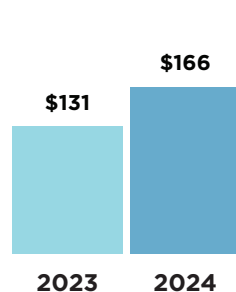
Book Value
(per share)



Book value and Net CSM to Shareholders
(per share)



New Business CSM to Shareholders
(US\$ millions)



KEY METRICS

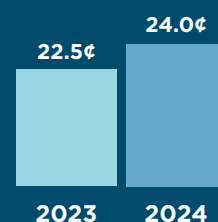
\$22.8 BILLION

Total Assets
160%+ Growth since TSX Listing

139%

Group-LICAT Ratio
As at December 31, 2024

Dividends
(per share)



37%

Core Dividend Payout Ratio

\$47.1 MILLION
Capital Returned to Shareholders

27.3%

Financial Leverage Ratio
As at December 31, 2024

¹ Excluding bargain purchase gain and associated transaction expenses on ivari acquisition



A MESSAGE FROM OUR CHAIRMAN

● MAHMOOD
KHIMJI

Dear Sagicor Shareholders,

As Chairman of Sagicor Financial Company Ltd., I am proud to reflect on a year of resilience, progress, and opportunity. This past year, we navigated a dynamic economic landscape while remaining committed to our mission of delivering sustainable value to our stakeholders, providing innovative solutions, and honoring the trust you have placed in us.

Despite global economic uncertainties and shifting market conditions, Sagicor delivered strong financial performance, highlighting our robust business model. Our key financial metrics demonstrate steady growth, prudent risk management, and a commitment to operational efficiency.

With the first full year of contributions from our expansion into Canada through our acquisition of ivari, Sagicor reported net income to shareholders of \$97.5 million. This includes core earnings to shareholders of \$90.9 million, core earnings per share of 64.9 cents, and core return on shareholders' equity of 9.6%. Our Group-LICAT ratio of 139% remained strong as of December 31, 2024. This year also saw a record capital return to shareholders of \$47.1 million through increased quarterly dividends and our share buyback program.



TO OUR SHAREHOLDERS, WE GREATLY APPRECIATE YOUR TRUST AND CONFIDENCE. WE REMAIN COMMITTED TO DELIVERING VALUE TO YOU, AND EVERYTHING WE DO AT SAGICOR REFLECTS THAT COMMITMENT.

As we continue to build on our success, I am pleased to share important developments within our leadership team. We welcomed Cathleen McLaughlin to the Board of Directors. Cathleen's legal and transaction expertise, combined with her deep experience across many of our operating jurisdictions will be a significant asset to Sagicor. I also want to congratulate two of our distinguished Directors who share a common bond of service to the Caribbean through the University of the West Indies (UWI). First, our Director Sir Hilary Beckles, who is also the Vice Chancellor of UWI, on his appointment as Chairman/Chancellor of the United Nations University. Sir Hilary is renowned for his expertise in strategic planning within business and higher education and has earned a global reputation as a respected scholar and thought leader. Second, The Most Honorable Dodridge Miller, the Company's former President and Chief Executive Officer and current Director, on his appointment as Chancellor of UWI. Dodridge is a Caribbean luminary, and his contributions to the economic and educational development of the region have been profound and far-reaching. Lastly, I wish to thank Director Stephen Facey who will not be standing for re-election to the Board this year. Stephen has been an exceptional Board member, and he and his family have been valued partners with Sagicor for decades. His contributions and partnership will leave a lasting legacy at Sagicor.

As we look ahead to the next financial year, we remain confident in our ability to capitalize on new opportunities while managing risks effectively. The dynamic economic

environment may continue to present challenges, but our strong foundation, proven strategic direction, and deep commitment to innovation position Sagicor well for sustained growth.

Our continued success is a testament to the unwavering commitment of our employees and the trust of our clients. Every day, our team members demonstrate exceptional dedication, expertise, and passion for achieving our shared goals. I want to express my heartfelt gratitude to all of you. Your contributions and accomplishments make all the difference and are truly appreciated.

To our Shareholders, we greatly appreciate your trust and confidence. We remain committed to delivering value to you, and everything we do at Sagicor reflects that commitment. To my fellow Board members, I value your continued contributions and support. Lastly, I would like to recognize the exceptional leadership and commitment of our President and Chief Executive Officer, Andre Mousseau, which has been instrumental in driving Sagicor's success.

Thank you all for being an integral part of Sagicor's journey. I am excited about the opportunities that lie ahead.

Mahmood Khimji
Chair of the Board of Directors



A MESSAGE FROM OUR PRESIDENT & CEO

● **ANDRE
MOUSSEAU**

Dear Fellow Shareholders,

I am pleased to write to you after my second year as Chief Executive of Sagicor. 2024 was an auspicious year for our group. In the midst of turbulent times in 2025, we have plenty of reason for optimism for the future of our storied company.

2024 marks five years since our transformation undertaken in 2019, where we welcomed significant new shareholders and directors, took in half a billion US dollars of new capital, and listed on a new international exchange in Toronto. That transaction was the culmination of an effort by Sagicor to raise capital to fund future growth, carrying forward Sagicor's proud legacy from its previous 178 years at the time.

Five years on it is clear the strategy has been an unmitigated success. The capital raised in 2019 left Sagicor an enviable capital position through the financial hardships that accompanied the global pandemic. Through those turbulent years Sagicor was able to continue to pay an unadulterated dividend, enjoyed a comfortable capital position to withstand asset price volatility, and had the capacity to not only meet our obligations to our policyholders but to provide relief to many of those who needed it most.



**I THANK EACH OF THE SAGICOR
EMPLOYEES FOR THEIR HARD WORK,
THE BOARD FOR THEIR GUIDANCE
AND SUPPORT, AND YOU, THE
SHAREHOLDER, FOR YOUR TRUST.**

And from this position of strength, the new capital and the stewardship of our expanded team enabled Sagicor to embark on an ambitious growth strategy. We grew in the Caribbean organically, through acquisitions, and by starting ambitious new ventures in our home markets. And we were able to drive tremendous growth in North America, first through the expansion of Sagicor Life USA, and finally entering the Canadian market with our acquisition of ivari in late 2023.

The results speak for themselves. Since 2019 we have grown our assets from \$9 billion to over \$22 billion. We have doubled our deployable capital and our core profitability. We have regained our international investment grade credit status. And we have shared this growth with our shareholders by increasing our dividend twice.

Whatever the global macroeconomic challenges, we believe our future is bright. In the Caribbean we continue to build on our leadership position and are working to radically transform our operations with technology. In North America, we are building a unified team to continue to attack the many opportunities in front of us in the American and Canadian markets, which collectively are now a significant majority of our business. We believe these strategies will allow us to grow our assets, expand our return on equity, and ultimately increase returns to our shareholders while preserving and enhancing our institution for generations to come.

As executives of Sagicor we are privileged to be able to contribute to such an exciting growth enterprise while contributing in such a positive manner to the lives of our policyholders and the wellbeing of our communities. I thank each of the Sagicor employees for their hard work, the Board for their guidance and support, and you, the shareholder, for your trust. These are exciting times for Sagicor.

A handwritten signature in black ink, appearing to read 'A. Mousseau', with a horizontal line underneath.

Andre Mousseau
President and Chief Executive Officer

BOARD OF DIRECTORS



MAHMOOD KHIMJI

BA, JD

CHAIR OF THE BOARD OF DIRECTORS

Mahmood Khimji is Chair of the Board at Sagicor. Mr. Khimji is a founding Principal of Highgate, a real estate investment and hospitality management company, and has been involved in all aspects of Highgate's development since its founding in 1988. Prior to founding Highgate, Mr. Khimji practiced law at Paul, Weiss, Rifkind, Wharton & Garrison. Mr. Khimji is on the Board of Directors of Playa Hotels & Resorts and American Hotel Income Properties and is a member of the Young Presidents' Organization (YPO), Chief Executives Organization (CEO), and the Real Estate Forum. He previously held board positions at MeriStar Hospitality Corporation, Interstate Hotels, and Morgans Hotel Group. Mr. Khimji also serves on the boards of Aga Khan Museum and the Asia Society. Additionally, Mr. Khimji serves on the Board of Trustees for St Mark's School of Texas and on the Board of Visitors for Columbia Law School. He attended the University of British Columbia, holds a B.A., summa cum laude, from the University of Houston and a J.D. from Columbia Law School.

DIRECTORS

ANDRE MOUSSEAU

BA, MBA
President and Chief Executive Officer

PROFESSOR SIR HILARY MCD. BECKLES

KA, BA, PhD

DR ARCHIBALD CAMPBELL

FCA, BSc, MSc, DBA

PETER CLARKE

BA (History), BA (Law)

KEITH DUNCAN

BA, CFA

MONISH DUTT

BA, MBA, FCA

STEPHEN FACEY

BA, M. Arch.

DENNIS HARRIS

FCCA

CATHLEEN MCLAUGHLIN

BA, JD

THE MOST HONOURABLE DODRIDGE D. MILLER

FB, FCCA, MBA, LL.M, LLD (Hon)

GILBERT PALTER

BSc, MBA

ALAN RYDER

B.Math

REZA SATCHU

BA, MBA

AVIVA SHNEIDER

BMath, MBA

EXECUTIVE MANAGEMENT



ANDRE MOUSSEAU

BA, MBA

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Mr. Andre Mousseau is the President and Chief Executive Officer of Sagicor Financial Company Ltd. ("SFC"), the ultimate parent company of the Sagicor Group across the Caribbean and North America. Mr. Mousseau joined SFC in 2019 as Group Chief Financial Officer, and subsequently held the title of Group Chief Operating Officer. He also currently acts as the Chief Executive Officer of ivari, SFC's wholly-owned Canadian subsidiary, and Sagicor USA. Mr. Mousseau holds an undergraduate degree in Economics from McGill University, and an MBA from the Richard Ivey School of Business, University of Western Ontario. Prior to joining Sagicor, Mr. Mousseau had over 20 years of experience in the financial services industry primarily as a private equity investor and executive.

Mr. Mousseau is a director of SFC and of a number of companies within the Sagicor Group of companies.

THE TEAM

ANTHONY O. CHANDLER

CGA, CPA, MBA
Group Chief Financial
Controller

NEIL FREYKE

BA, MBA
Executive Vice President,
Technology & Chief
Digital Officer

J. ANDREW GALLAGHER

FSA, FCIA, CERA, BMath
Chief Executive Officer and
Chief Risk Officer, Sagicor
Reinsurance Bermuda Ltd.

LYNDA GAUTHIER

BCom, MBA
Group Chief Risk Officer and
Chief Sustainability Officer

ALTHEA C. HAZZARD

LL.M (Cantab), FCG, FICA
Executive Vice President,
General Counsel and
Corporate Secretary

R. PAUL INNISS

FCIP, CRM, MBA
Executive Vice President and
General Manager, Sagicor
Life Inc Barbados

KATHRYN JENKINS

BCom, CPA, CA, ICD.D
Group Chief Financial Officer

NARI PERSAD

BSc (Actuarial Science), BSc
(Biochemistry), FSA, FCIA
Group Chief Actuary

GEORGE SIPSIS

CFA, MFE, MMI, BMSc
Executive Vice President,
Corporate Development and
Capital Markets

ROBERT J.L. TRESTRAIL

BA
President and Chief Executive
Officer, Sagicor Life Inc

PAULA WALCOTT

MSc, BSc, Chartered FCIPD,
SHRM-SCP
Chief People Officer

CHRISTOPHER W. ZACCA

CD, BSc, MBA
President and Chief Executive
Officer, Sagicor Group
Jamaica Limited



RESPONSIBILITY IN ACTION

IMPACT AS ONE



ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENSURING A SUSTAINABLE FUTURE – PARAMOUNT TO REALIZING OUR CORPORATE VISION.

Since our establishment in Barbados in 1840, Sagicor has built a legacy rooted in strategic foresight and adaptability. Our rich history is a testament to our ability to implement effective strategies that generate both shareholder value and sustainable growth. We remain steadfast in our mission to blend business excellence with community empowerment, to create a lasting impact that resonates across the markets we serve.

Over the past year, we have made strides toward our commitment to sustainability, by balancing the present and future needs of our organization, with the desire to create long-term sustainable value for our shareholders, our clients, and our communities.

Sagicor developed a new Sustainability Report, describing the 4 key pillars of our sustainability program. Our sustainability program highlights how we integrated environmental, social and governance considerations into our operations.

For more information please refer to Sagicor’s 2024 Sustainability Report: Sagicor.com/SustainabilityReport

OUR SUSTAINABILITY PROGRAM – 4 KEY PILLARS:



1

Building a Foundation of Trust: Governance & Business Ethics

- Maintained an ongoing focus on cultivating a diverse and inclusive culture.
- Achieved gender parity with 54% female executives.
- Further strengthened our board composition to ensure a strong mix of skills and expertise; 34% female directors.

2

Securing Our Future: Proactive Risk Management & Climate Resilience

- Successfully navigated an intense hurricane season in 2024, with very minimal impact to our operations, demonstrating the effectiveness of our risk management practices.
- Actively monitored regulatory developments and emerging risks related to sustainability.
- Maintained our support to local governments, clients, and communities to facilitate our collective transition to a climate resilient economy.

3

Enabling Our Communities to Thrive: Corporate Social Responsibility Initiatives

- Donated US \$1.8 million to help create lasting, positive impacts in the communities in which we operate.
- Rolled out comprehensive financial literacy programs in some of our regions, including educational materials, workshops, and awareness campaigns, tailored to enable customers to make informed decisions.

4

Embracing Responsible Business Practices: Transparency, Data Security and Customer-Centricity

- Advanced our products and services to meet the evolving needs of our clients.
- Broadened our client base and product offering of our fully digital bank in Barbados, launched in 2023.
- Enhanced our existing practices to meet the needs of changing data privacy regulations across the Caribbean.

CORPORATE AND SOCIAL RESPONSIBILITY

TRADITIONS THAT BIND,
VALUES THAT GUIDE.

At Sagicor, we are committed to making a meaningful difference in the communities we serve. Our corporate social responsibility (CSR) initiatives are designed to create a lasting, positive impact in the communities where we operate. Through our CSR initiatives, we focus on four core impact pillars — Health, Education, Community and Youth Development and Sport. By prioritizing these areas, we strive to contribute to the well-being and empowerment of communities, foster healthier lifestyles and create opportunities for future generations. This report showcases our ongoing efforts and achievements in these areas, as well as our work towards building a brighter, more sustainable future for all.

HEALTH

IMPACTING LIVES THROUGH AWARENESS AND ACTION.

We were extremely proud to celebrate another successful year of our flagship CSR initiative, the Sagicor Sigma Corporate Run. Held in Jamaica, the event shattered Sagicor’s fundraising records, raising almost US\$700,000 for three deserving beneficiaries: the Savanna-La-Mar Public General Hospital, the National Chest Hospital and the Danny Williams School for the Deaf. Our teams in Aruba, Barbados, Antigua and Barbuda, Trinidad and Tobago, and St. Lucia, hosted various breast cancer awareness initiatives under the ‘Pinktober’ umbrella, promoting early detection and screening. Our Barbados team also launched ‘Sagicor Cares’, a comprehensive program focused on screening, sensitizing, and educating communities. In addition, Panama and Barbados coordinated separate blood donation drives, highlighting the importance of the life-saving act.





3



4

1: The 2024 Sagicor Sigma Corporate Run, or the 'Honour Run,' benefited Jamaica's Savanna-La-Mar Public General Hospital, the National Chest Hospital and the Danny Williams School for the Deaf, with a record-breaking 27,349 participants running, walking, and wheeling across the finish line. Here, race patron and two-time World Championships 400m hurdles bronze medalist Rushell Clayton sounds the horn to signal the start of the historic race.

2: During the 2024 Sagicor Sigma 'Honour' Run, nearly US\$700,000 was raised, and dignitaries celebrating the moment include (from left) President and CEO of Sagicor Group Jamaica and Chairman of the Sagicor Foundation (Jamaica) Christopher Zacca; race patron and two-time World Championships 400m hurdles bronze medalist Rushell Clayton; CEO of the National Chest Hospital Dwayne Francis; Principal of the Danny Williams School for the Deaf Heidi-Ann Mitchell-Dillon; CEO of the Savanna-La-Mar Public General Hospital Camille Lewin; Consultant Orthopaedic Surgeon at the Savanna-La-Mar Public General Hospital Dr Suman Vemu; Sagicor Group Jamaica Chairman Peter Melhado; and radio personality and race patron Orett 'DJ Bambino' Hart.

EDUCATION

EMPOWERING FUTURE GENERATIONS THROUGH EDUCATION.

Sustained support to our communities has made a profound impact on countless students, fueling their dreams and aspirations. In 2024, we continued Sagicor's flagship 'Adopt-A-School' initiative, where our teams adopted schools in need, providing major renovations and refurbishments, mentorship programs and donations of essential educational resources. The initiative spanned multiple countries, including Jamaica, Barbados, Dominica, Trinidad and Tobago, St. Kitts and Nevis, St. Lucia, Belize, and Antigua and Barbuda. Scholarship programs facilitated by the Sagicor Foundation in Jamaica and Sagicor Bank (Barbados) Limited, further demonstrated our commitment to education. Literacy and learning initiatives were also promoted through our Southern Caribbean operations, including the 'M.A.G.I.C.' program, which saw the donation of STEM tools to children in foster care and families in need. We also partnered with the Caribbean Science Foundation, supporting their Student Program for Innovation in Science and Engineering and Computer Coding Workshops. In Panama, we addressed mental health in young people, recognizing the significance of this critical, but often overlooked, issue.

3: The Sagicor Foundation (Jamaica) awarded scholarships to a host of secondary and tertiary students across Jamaica. During the prestigious awards ceremony, the tertiary scholars are joined by (from left) Mark Chisholm, Chief Revenue Officer, Sagicor Life Inc. and Director of Sagicor Foundation (Jamaica); Brigette Azan, Director, Sagicor Foundation (Jamaica); Nicole Campbell Robinson, Vice President, Communications, Social Media and Corporate Social Responsibility, Sagicor Group Jamaica; and Christopher Zacca, President and CEO of Sagicor Group Jamaica and Chairman of the Sagicor Foundation (Jamaica). (right)

4: In 2024, Sagicor's Southern Caribbean team continued to 'Make a Giant Impact in Children' (M.A.G.I.C) through their youth literacy and development initiative, donating STEM-related educational tools and other school supplies to non-governmental organisations (NGOs) and families in need. (From left) Marie Louise Belmar Singh, Communications Officer of the Amica House and Shelter, accepts some of the materials from Asha Nabbie, Sagicor Southern Caribbean's Vice President, Marketing, Communications and Brand Experience.



5: Team Antigua kicked off their ‘Sseason of Giving,’ with a donation to the Rotary Club of Antigua’s ‘Bed at Home’ project. The project enables bedridden persons to have hospital-type beds in the comfort of their homes and is one of Rotary Antigua’s signature initiatives. (from left) Paul Ryan, Projects Director of Rotary Club of Antigua, accepts the donation from Sagicor’s Marisia James, Assistant Vice President, Eastern Caribbean Operations and Branch Manager.



6: Young tennis players stand tall during the opening ceremony of the Sagicor Junior International Tennis Tournament, held annually in St. Lucia. Attracting competitors from across Sagicor Life Inc’s Southern Caribbean markets, the highly anticipated competition provides junior athletes with an opportunity to compete and improve their ratings amongst peers, while honing their craft.

COMMUNITY AND YOUTH DEVELOPMENT

UNITY IN ACTION: SAGICOR’S COMMUNITY IMPACT.

Throughout our communities, Sagicor team members came together to drive positive change, eagerly uniting forces toward the greater good. Our outreach efforts included:

- Supporting Project STAR in Jamaica, a program focused on social and economic impact.
- Facilitating disaster relief efforts in Jamaica, St. Vincent and the Grenadines, and Grenada, following Hurricane Beryl.
- Fueling national pride in Barbados through contributions to Independence celebrations and milestone marketing initiatives.
- Promoting responsible driving in Trinidad and Tobago through the ‘Arrive Alive’ program.

Our commitment to community extends across borders: in the United States, our team participated in a beach cleanup with Goodwill, emphasizing environmental stewardship. In Canada, our Healthy Steps program empowered children and teens to develop sustainable habits in active living, healthy eating, and health education.

SPORT

UNIFYING COMMUNITIES THROUGH SPORT.

We recognize the transformative power of sports in bridging cultural divides and connecting communities. In Jamaica, we hosted the Jamaica Teachers’ Association (JTA)/Sagicor National Athletics Championships, nurturing youth talent and sporting development. Across the Caribbean, we further supported:

- The CARIFTA Games in St. Lucia, Dominica, and Antigua and Barbuda, fostering regional athletic competition.
- Our annual Sagicor Junior International Tennis Tournament, empowering young people in the Southern Caribbean.

In Costa Rica, we continued our support for the Saprissa Women’s Soccer team, and also supported four exceptional golfers who represented their country in the International Competition for Golfers with Intellectual Disabilities, embracing inclusivity and excellence.

In Canada, our Kids Team Sponsorship Program, is encouraging active living and sporting excellence among the youth.



7

7: Sagicor team members in Trinidad and Tobago celebrate after crossing the finish line of the 'One Lap' Savannah Walk/Run, organized by the Coalition Against Domestic Violence (CADV).



8

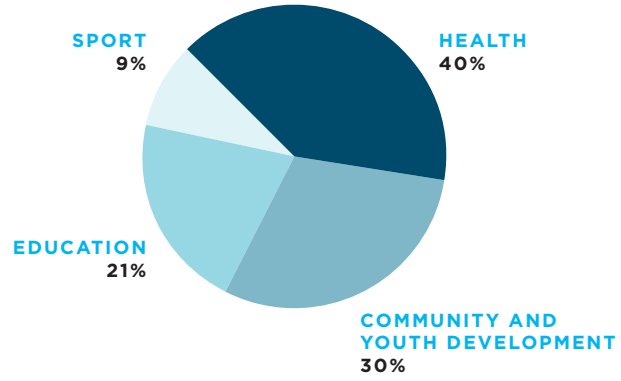
8: Jailene Garcia, Sales Executive with Sagicor Panama, participates in a blood donation drive which assisted in strengthening Panama's network of hospitals and health services, thereby impacting many lives.



9

9: An aspiring cybersecurity professional, computer science student Jude Eversley was the 2024 recipient of the Sagicor Bank (Barbados) Limited's inaugural Roger Seivright Scholarship. The late Roger Seivright was a director of Sagicor Bank (Barbados) Limited from its inception, and was known for his prowess in the field of Information Technology. Here (from left) George Thomas, CEO of Sagicor Bank (Barbados) Limited stands with Jude Eversley, along with Stanja Seivright, widow of the late Roger Seivright, and Dwayne Worrell, Marketing Manager of Sagicor Bank (Barbados) Limited.

\$1.8 MILLION DONATED



“

WE FIRMLY BELIEVE THAT ALIGNMENT WITH PURPOSE AND CULTURE INCREASES OUR OPPORTUNITIES TO DELIGHT AND CONNECT WITH OUR CUSTOMERS, WHILE REMAINING COMMITTED TO IMPROVING THE LIVES OF THE PEOPLE IN OUR COMMUNITIES.

PEOPLE AND CULTURE

ONE TEAM,
MANY STORIES.

As we reflect on the past year, we are inspired by a positive organizational culture that has enhanced the employee experience for our 5,000+ team members. We firmly believe that alignment with purpose and culture increases our opportunities to delight and connect with our customers, while remaining committed to improving the lives of the people in our communities. Our continued focus on cultural transformation and our in-depth understanding of its impact on business performance has been a cornerstone of many of the people strategies and operational initiatives implemented throughout the past year. We prioritized inclusivity, people development, and collaboration to create an environment where our diverse team members could thrive, and our business performance could improve. We maintained a strategic focus on retaining and leveraging our groupwide talent, and our leaders and high potential individual contributors were empowered while being prepared for future roles across our operations.



TOTAL WELLBEING

Across our group we recognize the essential role of wellbeing initiatives in fostering a thriving workplace culture that prioritizes the whole person. Having recognized that for our people to show up for our customers, we must show up for them first, these initiatives encompass not only physical health but also mental, emotional, and social wellbeing. We continued to provide comprehensive programs that address various aspects of our team members' lives – such as flexible work arrangements, access to mental health resources at the point of need, and opportunities for personal development. We have found that this holistic approach enhances the employee experience and boosts productivity, resulting in better customer and stakeholder experiences. Other initiatives included providing incentives to encourage preventative care and age-appropriate screenings in the USA operations, mandatory DEI training in the Canadian operations, and mental health awareness activities in the Caribbean.

CULTURAL TRANSFORMATION

We began laying the foundation for a transition from entity or market-only people strategies to a truly global people strategy embodying the ethos of 'One Sagicor' - defined as understanding the impact of our people and leveraging collaborative behaviours that consistently support and drive sustainable business results. With collaboration as a central focus, we began to rethink our approaches and craft new strategies to align with the One Sagicor strategic imperative. One Sagicor is underpinned by a shared mindset of inclusivity; this removes the self-imposed limitations that being a geographically dispersed company may encourage and rather empowers our people to make a meaningful contribution no matter where they sit, to serve as a full member of our team. One Sagicor was embodied in the many cross-functional working teams that were created, and the seamless movement of our people across entities to assume new roles.

SUCCESSION MANAGEMENT AND LEADERSHIP DEVELOPMENT

Our initiatives in the past year highlight our continued commitment to succession management and leadership development as pivotal strategies for ensuring the long-term success of our organization. By empowering our current and future leaders with human skills – widely viewed as essential power skills – we are equipping them to navigate managing a multi-generational workplace and the complexities of today's business environment. These approaches positioned our leaders to drive performance and inspire their teams for mutually beneficial people and business outcomes. We are resolute in our belief that these enhanced leadership capabilities will continue to propel our business forward and enable future success as our internal community remains prioritized

towards supporting our external stakeholders. Our investment in our people under these initiatives included Future Leaders programs, executive coaching assignments, and customized learning opportunities aligned to the individual development plans of leaders and succession candidates across all of our markets.

LEARNING AND DEVELOPMENT

In our commitment to fostering a learning culture, we also focused on empowering our people to grow by providing access to suitable opportunities across our organization. Our investment in targeted training programs and customized learning opportunities aligned with business needs, and coaching and mentorship initiatives not only served to equip our team members with the skills necessary for success, but also nurtured their individual aspirations. This holistic approach ensured that as our people became stronger individual contributors to our team, we also collectively thrived as an organization. Across all our markets team members had access to industry, professional and personal development course content via online platforms and facilitator-led sessions and workshops.

STRUCTURAL ALIGNMENT FOR STRATEGIC SUCCESS

We seek to remain agile in our approach to the economic realities of our business and as such we have reexamined our operating models across the group. Our One Sagicor strategic imperative demands that we shift from siloed entity structures to more integrated regional frameworks. This strategic initiative fostered increased collaboration and enhanced operational efficiency across our diverse teams. As a result we were able to streamline decision-making processes while also enabling the sharing of best practices and resources, which are both crucial for driving innovation and responsiveness in our dynamic markets.

In the past year we saw changes to the structures of the Group Information Technology and Shared Services Information Technology teams in Jamaica, and the Group Employee Benefits and Individual Life Administration teams in the Southern Caribbean. In addition, the past year saw executive leadership oversight of our USA and Canada operations coming together to form a North American operating model.

The new structures allowed us to leverage our collective talent more efficiently, ensuring that we were able to adapt to regional needs while maintaining a unified vision. We are confident that these structural alignment initiatives have positioned us for sustained business success, allowing us to enhance our competitive edge in the industry.

OUR CLIENTS

EVERY INTERACTION,
A SHARED JOURNEY.

Our clients are at the heart of everything that we do. By prioritizing their interests, being responsive to their concerns, and consistently striving to add value, we lay the foundation for building enduring relationships founded on trust, respect, and mutual success. This guiding principle shapes every decision and every action and we believe that by truly understanding our clients' needs, goals, and aspirations, we will consistently deliver tailored solutions that exceed their expectations.

Over the past year, we focused on strategic initiatives to drive improvement. Key areas included the harnessing of data insights for informed decision making, enhancing our operations and processes to deliver exceptional service, leveraging technology to drive innovation, and fostering meaningful connections. Our transformation is ongoing, and we remain committed to surpassing client expectations wherever we operate. Our businesses are united by a shared goal: to constantly identify new opportunities to add value for our clients. At our core, we are driven by an unwavering commitment to put our clients first, always.



OUR TRANSFORMATION IS ONGOING, AND WE REMAIN COMMITTED TO SURPASSING CLIENT EXPECTATIONS WHEREVER WE OPERATE.



TECHNOLOGICAL ENHANCEMENTS

Technology fuels our business growth and sparks innovation. During the year, we made upgrades to several of our applications, including the Sagicor Go mobile app. As a result, clients can now automate recurring policy payments effortlessly and biometric interfaces ensure secure and seamless access. Additionally, Sagicor Bank Jamaica Ltd and Sagicor Bank (Barbados) Limited launched new payment options, in the Preferred Prepaid Mastercard and credit and virtual USD debit cards. These cards presented our clients with a plethora of benefits, including contactless and chip technology, and the ability to shop locally, internationally and online.

PROCESS IMPROVEMENTS

We recognize that growth and excellence require continuous improvement. In 2024, our teams collaborated to enhance various processes, yielding significant benefits for our clients. Key achievements included:

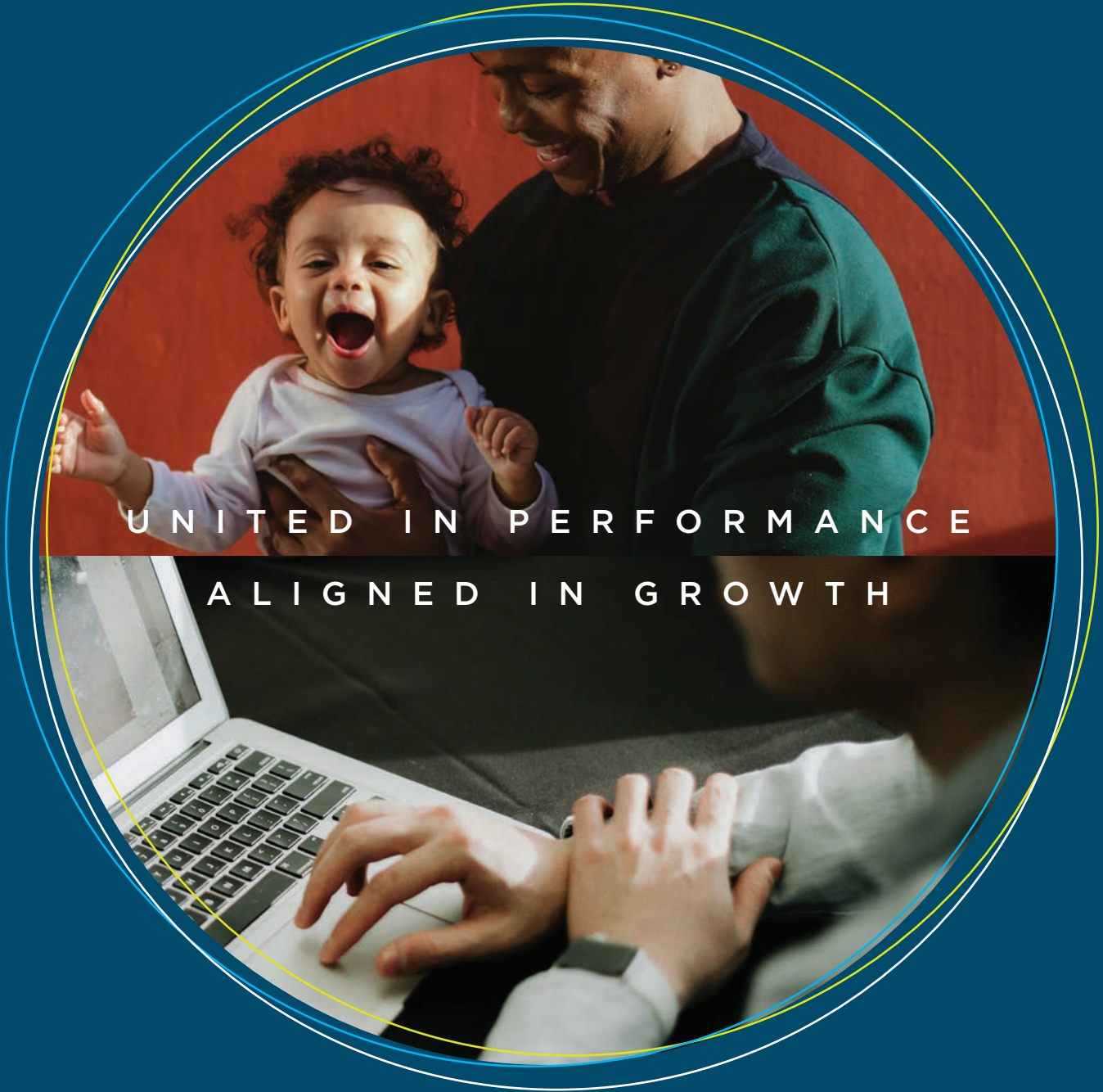
- streamlining feedback management to ensure improved response time
- reducing wait and transaction times
- streamlining claims processing
- improving payment security for merchant transactions
- end-to-end service improvements

These enhancements demonstrated our commitment to delivering exceptional service and continuously improving the experience for our clients.

SOCIAL ENGAGEMENTS

Throughout the year, we strengthened connections with our clients through bespoke events, initiatives, and activities. Of note were our many 'pop-ups', fairs and expos, which presented novel opportunities to interact with our clients face-to-face. We also used our 2024 Customer Service Week to thank clients for their business, particularly in our Southern Caribbean operations. The theme of this year's initiative was 'Above and Beyond,' reflecting our commitment to exceeding expectations.





UNITED IN PERFORMANCE
ALIGNED IN GROWTH



MANAGEMENT'S
DISCUSSION
& ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and twelve-month periods ended December 31, 2024 and December 31, 2023

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Acronyms

Certain acronyms have been used throughout the Management's Discussion and Analysis to substitute phrases.

The more frequent acronyms and associated phrases are set out below.

Acronym	Phrase
---------	--------

AA	Appointed Actuary
AC	Amortised Cost
CORRA	Canadian Overnight Repo Rate
CSM	Contractual Service Margin
ECL	Expected Credit Losses
FCF	Fulfilment Cash Flows
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
GMM	General Measurement Model
IAS	International Accounting Standards
IFRS	IFRS Accounting Standards
LIC	Liability for Incurred Claims
LICAT	Life Insurance Capital Adequacy Test
LRC	Liability for Remaining Coverage
MCCSR	Minimum Continuing Capital and Surplus Requirements
MD&A	Management's Discussion and Analysis
NCI	Non-controlling Interest
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
SOFR	Secured Overnight Financing Rate
VFA	Variable Fee Approach

1. HIGHLIGHTS

Financial Highlights

Financial information is presented in millions of United States (US) dollars, unless otherwise indicated.

Sagicor Financial Company Ltd. ("Sagicor", "the Company" or "the Group") (TSX: SFC) recorded net income attributable to shareholders¹ for the three months and year ended December 31, 2024 of \$52.4 million and \$97.5 million, respectively. Our net income is comprised of core earnings attributable to shareholders¹ (which represent our business operating performance and long-term earnings potential) of \$28.0 million and \$90.9 million for the three months and year ended December 31, 2024, respectively, and items that are excluded from core earnings attributable to shareholders¹ of \$24.4 million and \$6.6 million for the three months and year ended December 31, 2024, respectively.

Our core earnings attributable to shareholders¹ grew 28% for the three months ended December 31, 2024 as compared to the same period in the prior year from solid contributions across our segments. Double digit earnings growth of 16% at Sagicor Canada, 12% at Sagicor Life USA, and 21% at Sagicor Life were driven by solid sales momentum throughout the year that benefited from re-pricing initiatives and adjustments on product offerings. Sagicor Jamaica saw strong net premiums¹ growth across all business lines and improved margins on Group Health, plus new business CSM¹ of \$14.8 million for the three months ended December 31, 2024, reflecting growth of 48% when compared to the third quarter of 2024. The growth was partially offset by unfavorable insurance experience and higher expected credit losses on our lending portfolio. Our Head Office and Other also saw an improvement as losses declined by 24% on lower interest and financing costs as we continue to optimise our balance sheet through debt refinancing.

Net income attributable to shareholders of \$52.4 million for the three months ended December 31, 2024 benefited from positive mark-to-market gain on our equity investments at Sagicor Life USA and Sagicor Life, partially offset by one-time expenses on debt refinancing.

On a full year basis, our core earnings attributable to shareholders¹ reached a new level of \$90.9 million. This was driven by the successful integration of our ivari acquisition in October 2023 that saw \$86.9 million full year positive contribution from Sagicor Canada. Net Income attributable to shareholders in the prior year included the extraordinary gain on acquisition of ivari of \$448.3 million.

Core basic earnings per share¹ for the three months and year ended December 31, 2024 were 20.4 cents and 64.9 cents, respectively, an increase of 33% and 87%, respectively, when compared to the corresponding periods in 2023. New business CSM¹ grew 27% for the three months and year ended December 31, 2024 to \$39.3 million and \$166.3 million, respectively, compared to the corresponding periods in 2023. Sagicor's book value per common share¹ closed at \$7.08 per share, compared to \$6.88 per share as at December 31, 2023.

Sagicor's capital remains strong. At December 31, 2024, the Group Life Insurance Capital Adequacy Test (Group LICAT)¹ ratio was 139%, in line with the prior quarter and higher than the 136% as at December 31, 2023.

Financial Objectives

Our financial objectives and 2024 results are outlined as follows:

Measure ¹	Financial objectives	2024
Core earnings attributable to shareholders	2024: \$80-90 million	\$90.9 million
New business CSM	2024: \$160-180 million	\$166.3 million
Core ROE	Medium-term: 13%+	9.6%
Core dividend payout ratio	Medium-term: 30% - 40%	37.0%

¹ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Corporate Highlights

Refinancing — On December 4, 2024, Sagicor completed the closing of a new C\$200 million term loan credit facility. Net proceeds of this facility were primarily used to repay the outstanding US\$113 million principal amount of our term loan. This transaction together with the C\$250 million unsecured notes issued in the second quarter is expected to significantly reduce our annual run rate interest costs by approximately US\$12 million.

Dividends — On March 13, 2025, Sagicor announced an increase in its quarterly dividend from \$0.060 per common share to \$0.0675 per common share to be paid during the second quarter of 2025. This represents a 12.5% increase over the prior year.

On March 28, 2024, Sagicor announced an increase of 7% in quarterly dividend to \$0.060 per common share, which was paid during the second quarter of 2024.

Normal course issuer bid (NCIB) and Cancellation of escrow shares — In the fourth quarter of 2024, under the NCIB program, Sagicor repurchased 112,200 shares (Q4 2023 - 1,040,559 shares) for a total value of \$0.5 million (Q4 2023 - \$4.4 million), which were subsequently cancelled. Additionally, 769,296 shares that were repurchased in Q3 and reflected in treasury shares were cancelled in Q4.

In accordance with the Escrow Agreement and Arrangement Agreement, in the fourth quarter of 2024, Sagicor also repurchased and cancelled 3,222,430 escrow shares for a nominal consideration further reducing Sagicor's issued and outstanding common share count.

For the year 2024, the company repurchased 6,248,816 shares (2023 - 2,438,427 shares) for a total value of \$13.4 million (2023 - \$9.2 million).

Credit ratings — On January 10, 2025, S&P revised its rating outlook on Sagicor from Stable to Positive.

On October 29, 2024, Fitch Ratings revised Sagicor's rating outlook from Stable to Positive.

On April 17, 2024, Sagicor received an Issuer Rating and a Senior Debt Rating of BBB (low) with a stable trend from global credit rating agency Morningstar DBRS. Morningstar DBRS is a new rating agency for Sagicor. This is in addition to the BBB Issuer and Senior Debt Rating from S&P Global Ratings ("S&P") we received in October last year. Morningstar DBRS also assigned an A (low) Financial Strength Rating with a stable trend to Sagicor's U.S. operating subsidiary, Sagicor Life Insurance Company, and also to Sagicor's Canadian operating subsidiary, ivari.

Appointments — In the third quarter this year, Sagicor Financial Company Ltd. President and CEO Andre Mousseau was named President and CEO of ivari (Sagicor Canada) to directly oversee integration and synergy initiatives with the rest of Sagicor.

In the second quarter of 2024, the appointment of Cathleen McLaughlin expanded and enhanced the experience and diversity of the Board of Directors. Cathleen has more than three decades of experience across the many jurisdictions in which Sagicor operates.

In the second quarter of 2024, we also appointed Paula Walcott as Chief People Officer and Neil Freyke as Executive Vice President, Technology and Chief Digital Officer. Both are members of Sagicor's Executive Committee. The changes represent important additions to the executive team as we continue to build out our digital and talent strategies.

2. FINANCIAL SUMMARY

<i>(in millions of US \$, unless otherwise noted)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Profitability						
Net income /earnings						
Core earnings attributable to shareholders ³	28.0	21.8	28%	90.9	49.3	84%
Net income attributable to shareholders	52.4	485.3	(89%)	97.5	532.1	(82%)
Net income attributable to shareholders, excludes ivari gain ²	N/A	37.0	-	N/A	83.8	-
Earnings per share (EPS):						
Core basic EPS ³	20.4 ¢	15.4 ¢	33%	64.9 ¢	34.7 ¢	87%
Core fully diluted EPS ³	19.9 ¢	15.1 ¢	32%	63.3 ¢	34.0 ¢	86%
Basic EPS	38.2 ¢	342.9 ¢	(89%)	69.6 ¢	374.0 ¢	(81%)
Basic EPS, excludes ivari gain ²	N/A	26.2 ¢	-	N/A	60.0 ¢	-
Fully diluted EPS	37.3 ¢	337.3 ¢	(89%)	67.9 ¢	367.0 ¢	(82%)
Fully diluted EPS, excludes ivari gain ²	N/A	25.8 ¢	-	N/A	57.8 ¢	-
Return on shareholders' equity (ROE) (annualised):³						
Core ROE ³	11.7%	18.1%	(6.4 pts)	9.6%	10.9%	(1.3 pts)
Reported ROE ³	21.9%	211.0%	(189.0 pts)	10.3%	94.5%	(84.2 pts)
Reported ROE, excludes ivari gain ^{2, 3}	N/A	30.8%	-	N/A	18.5%	-
New Business CSM³	39.3	30.9	27%	166.3	131.4	27%
Financial Position						
Total assets	22,767.9	22,384.9	2%	22,767.9	22,384.9	2%
Book value per common share ³	\$7.08	\$6.88	3%	\$7.08	\$6.88	3%
Shareholders' equity plus net CSM to shareholders per common share ³	\$15.02	\$14.93	1%	\$15.02	\$14.93	1%
Financial Strength						
Financial leverage ratio ³	27.3%	26.6%	0.7 pts	27.3%	26.6%	0.7 pts
Core dividend payout ratio ³	29.4%	36.5%	(7.1 pts)	37.0%	64.9%	(27.9 pts)
Dividend payout ratio ³	15.7%	1.6%	14.1 pts	34.5%	6.0%	28.5 pts
Dividends declared per common share	\$0.060	\$0.056	7%	\$0.240	\$0.225	7%
Total capital ³	3,496.1	3,553.3	(2%)	3,496.1	3,553.3	(2%)
Total Net CSM balance growth ³	(4.0%)	83.0%	(87.0 pts)	(4.6%)	89.5%	(94.1 pts)
Total Net CSM to shareholders balance growth ³	(4.7%)	103.1%	(107.8 pts)	(5.2%)	105.9%	(111.1 pts)
Total Net CSM to shareholders balance growth, excluding acquired CSM ³	N/A	1.5%	-	N/A	2.2%	-
Average common shares outstanding (000's)	137,183.7	141,524.8	(3%)	140,064.5	142,246.2	(2%)
Outstanding shares, at end of period (000's)	135,541.4	141,065.2	(4%)	135,541.4	141,065.2	(4%)
Group LICAT ³ at end of period	139%	136%	3 pts	139%	136%	3 pts

² Gain on ivari acquisition.

³ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

3. GENERAL INFORMATION

A. Introduction and Notice

This Management's Discussion and Analysis ("MD&A") contains important information about Sagicor's business and its performance for the three months and year ended December 31, 2024, with comparative analysis for the corresponding periods ended December 31, 2023. This MD&A should be read in conjunction with the Company's annual financial statements, prepared in accordance with IFRS Accounting Standards ("IFRS").

The following discussion is based on the financial condition and results of operations of Sagicor, unless otherwise specified or indicated. Financial information is presented in Sagicor's presentational currency, United States (US) dollars, and in millions, unless otherwise indicated. The functional currency for each of the principal operating companies is based on the currency which represents the primary economic environment in which the entity operates. Note 2.4 of the 2024 consolidated financial statements provides additional information on foreign currency translation. Amounts for subtotals, totals and percentage variances included in tables in this MD&A may not sum or calculate using the numbers as they appear in the Sagicor's Consolidated Financial Statements due to rounding.

B. General Information

Sagicor is a leading financial services provider with almost 185 years of history which operates across Canada, the United States of America (USA), and the Caribbean. Sagicor'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. Details of Sagicor's holdings and operations are set out in note 4 of the 2024 consolidated financial statements.

Sagicor currently operates in 19 countries and maintains a strong market position in most of the markets where it operates. Sagicor provides life insurance and annuities in Canada and the United States, as well as a comprehensive suite of financial products and services to individuals, families, and businesses across the English-speaking Caribbean. Sagicor has four reporting operating segments, namely Sagicor Canada, Sagicor Life USA, Sagicor Jamaica, and Sagicor Life.

The principal activities of Sagicor are as follows:

- Life and health insurance,
- Annuities and pension administration services,
- Banking and investment management services.

and its principal operating companies are as follows:

- Sagicor Life Insurance Company (Canada),
- Sagicor Life Insurance Company (USA),
- Sagicor Life Jamaica Limited (Jamaica),
- Sagicor Bank Jamaica Limited (Jamaica),
- Sagicor Life Inc. (Barbados and Trinidad & Tobago).

Sagicor also underwrites property and casualty insurance in the Caribbean.

Sagicor's goal is to deliver world-class products and services that exceed our customers' expectations, while actively contributing to the development of the communities we serve.

C. Results of Operations

An understanding of Sagicor's financial condition and the results and related risks of Sagicor's operations for the periods discussed in this MD&A requires an understanding of Sagicor's business. Accordingly, the following discussion should be read in conjunction with the discussion of these and related matters that appear elsewhere in this MD&A, including under the following headings: (i) Critical Accounting Estimates and Judgements; and (ii) Risk Management.

D. Non-IFRS Financial Information

Sagicor reports its financial results and statements in accordance with IFRS. It also publishes certain financial measures that are not based on IFRS ("non-IFRS"). A financial measure is considered a non-IFRS measure if it is presented other than in accordance with the generally accepted accounting principles used for Sagicor's audited financial statements. Sagicor believes these non-IFRS financial measures assist in understanding its ongoing operating results and provide readers with a better understanding of management's perspective on Sagicor's performance. These measures enhance the comparability of Sagicor's financial performance from period to period, as well as measure relative contribution to shareholder value.

Since non-IFRS financial measures do not have standardised definitions and meanings, they may differ from the non-IFRS financial measures used by other institutions and should not be viewed as an alternative to measures of financial

performance determined in accordance with IFRS. Sagicor strongly encourages investors to review its financial statements and other publicly filed reports in their entirety and not to rely on any single financial measure. Additional information concerning non-IFRS financial measures can be found in Section 11: Non-IFRS And Other Financial Measures.

E. Cautionary Statement Regarding Forward-looking Information

This MD&A includes “forward-looking information” and “forward-looking statements” (collectively “forward-looking information”) and assumptions about, among other things, Sagicor’s business, operations, and financial performance and condition, approved by the Board of Directors of Sagicor on the date of this MD&A. This forward-looking information and these assumptions include, but are not limited to, statements about Sagicor’s objectives and strategies to achieve those objectives, and about its beliefs, plans, expectations, anticipations, estimates, or intentions. Information included in this MD&A that is not a statement of historical fact is forward-looking information. When used in this MD&A, words such as “believes,” “may,” “will,” “estimate,” “would,” “should,” “shall,” “plans,” “assumes,” “continue,” “outlook,” “could,” “anticipates,” “intends,” “expects,” and words of similar import, are intended to identify statements containing forward-looking statements. These statements appear throughout this MD&A. Such forward-looking statements are based on Sagicor’s estimates, assumptions, strategies and projections and subject to identified and not yet identified risks, uncertainties and other factors, all of which are difficult to predict and many of which are beyond its control and which may cause actual results, events or developments to be significantly different from any future results, events or developments expressed or implied by such forward-looking statements.

Sagicor cautions its readers not to place undue reliance on its forward-looking information as several risk factors could cause its actual results to differ materially from the expectations expressed in such forward-looking information. The factors – many of which are beyond our control and the effects of which can be difficult to predict – include, but are not limited to the following risks: economic (which includes declines in economic activity, high unemployment levels, changes in fiscal, monetary, or other policies, geopolitical uncertainty, pandemics and other health crises); credit (which includes counterparty risk); market (which includes unfavorable market volatility, interest rate movements, foreign exchange fluctuations and controls); liquidity (which includes an inability to pay financial obligations when they come due, or the possibility of selling investments at a loss to cover policyholder withdrawals); capital (which includes unfavorable changes in statutory capital requirements, reduction or interruption in distributions from subsidiaries, and credit ratings downgrades); insurance (which includes inadequate reserves, adverse changes in lapse rate, and inability to obtain reinsurance); operational (which includes disruptions in services caused by information technology, cyber-attacks, or third party disruptions, privacy and data related risks, labor disruption, inadequate levels of qualified personnel); strategic (which includes the competitive environment, inability to successfully integrate past and future acquisitions); reputation (which includes negative publicity); legal and regulatory compliance, and general legal and regulatory environment (which could lead to us being subject to higher taxes or various legal and regulatory proceedings, the potential outcome of which could expose us to licensing conditions and/or fines); environmental and social risks (which includes extreme weather events); conduct; tax; and fiduciary risks as well as Sagicor’s ability to anticipate and successfully manage risks arising from all of the foregoing factors.

Additional factors that could cause actual results to differ materially from the expectations in such forward-looking information and assumptions can be found in this MD&A under “Risk Management”, “Critical Accounting Estimates and Judgements”, and in the “Financial Risk” and “Insurance Risk” notes to the consolidated financial statements. The forward-looking information in this document are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law. We caution that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect financial performance and condition.

F. Additional Information

All documents related to the financial results of Sagicor Financial Company Ltd. are available on the Company’s website at Sagicor.com, in the Investor Relations section. Additional information about Sagicor may be found on the SEDAR+ website at www.sedarplus.ca, as well as the Company’s Annual Information Form, which may be found on the Company’s website or the SEDAR+ website.

The text and tables in the Risk Management section of this MD&A include disclosure of credit, market and liquidity risks in accordance with IFRS 7 Financial Instruments - Disclosures (“IFRS 7”), as well as a discussion on how we measure and manage these risks. Disclosures in accordance with IFRS 7 are identified by a vertical line in the left margin of the page. The identified text and tables represent an integral part of our audited Annual Consolidated Financial Statements for the year ended December 31, 2024. The fact that certain text and tables are identified with a vertical line does not imply that these disclosures are of any greater importance than any other text or tables, and the Risk Management disclosures contained in this MD&A should be read in their entirety.

The Management’s Discussion and Analysis is dated March 13, 2025.

4. CONSOLIDATED GROUP RESULTS

A. Profitability – Core Earnings

Core earnings attributable to shareholders ⁴ <i>(in millions of US \$, unless otherwise noted)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Core earnings ⁴	34.8	36.2	(4%)	122.3	91.5	34%
Less: Core earnings attributable to non-controlling interests ⁴	6.8	14.4	53%	31.4	42.2	26%
Core earnings attributable to shareholders ⁴	28.0	21.8	28%	90.9	49.3	84%
Core EPS⁴:						
Basic	20.4¢	15.4¢	33%	64.9¢	34.7¢	87%
Diluted	19.9¢	15.1¢	32%	63.3¢	34.0¢	86%
Core ROE ⁴	11.7%	18.1%	(6.4 pts)	9.6%	10.9%	(1.3 pts)

Core Basic EPS⁴ for the quarter ended December 31, 2024, was 20.4¢ per share, compared to 15.4¢ per share in the prior year quarter. Core Basic EPS⁴ for the year was 64.9¢ per share, compared to 34.7¢ per share in the prior year.

Solid sales momentum throughout the year that benefited from re-pricing initiatives on renewals and adjustments on product offering contributed to double digit earnings growth in our Sagicor Canada, Sagicor Life USA and Sagicor Life segments during the three-month period ended December 31, 2024 as compared to the same period in the prior year. Our Sagicor Jamaica segment saw strong net premiums⁴ growth across all business lines. The earnings growth was tempered by unfavorable insurance experience and higher expected credit losses on our lending portfolio. Our Head Office and Other losses declined by 24% on lower interest and financing costs. On a full year basis, our core net income⁴ grew to \$90.9 million driven by the successful integration of our acquisition in ivari in October 2023 that saw \$86.9 million of full year contribution from Sagicor Canada.

Core Basic EPS⁴ also benefited from the NCIB program and the cancellation of escrow shares. For the three months and year ended December 31, 2024, 3,334,630 and 6,248,816 shares were repurchased and cancelled, respectively. 769,296 shares that were repurchased in Q3 and reflected in treasury shares were also cancelled in Q4.

Refer to Section 5: Results by Segment of this Management's Discussion and Analysis for additional information on the Company's profitability for the period ended December 31, 2024.

The table below presents the reconciliation from core earnings attributable to shareholders⁴ to net income attributable to common shareholders:

Reconciliation of selected non-IFRS Financial Measures <i>(in US \$millions)</i>	Three months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Core earnings attributable to shareholders ⁴	28.0	21.8	90.9	49.3
Items excluded from core earnings attributable to shareholders⁴:				
Market experience gains and losses	29.0	106.3	43.7	175.2
Changes in actuarial methods & assumptions	(4.0)	(27.1)	(13.8)	(36.1)
Other				
Acquisition, integration and restructuring	(0.1)	436.9	(1.7)	434.0
Intangible asset amortisation and impairment	(0.4)	(29.6)	(1.6)	(30.8)
Loan financing transaction cost and fees	(9.6)	(2.8)	(17.9)	(2.8)
(Loss)/gain on divestiture	(0.1)	—	9.6	—
Tax-related items and other	12.1	(16.4)	(12.2)	(46.7)
NCI adjustment	(2.5)	(3.8)	0.5	(10.0)
Reported net income	52.4	485.3	97.5	532.1

⁴ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

B. Analysis According to the Financial Statements

Net Income and other comprehensive income <i>(in US \$millions)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Insurance Service Result	47.0	20.1	>100%	166.0	71.3	>100%
Net Investment Income	305.6	1,135.4	(73)%	1,495.8	1,553.7	(4)%
Net insurance finance expenses	(194.2)	(893.1)	78%	(1,067.4)	(1,019.9)	(5)%
Net insurance and investment result	158.4	262.4	(40)%	594.4	605.1	(2)%
Fees and other income	52.4	27.1	93%	153.0	117.7	30%
(Loss)/gain arising on acquisitions and divestitures	(0.1)	448.3	(>100)%	9.6	448.3	(98)%
Share of income of associates and joint ventures	1.5	3.1	(52)%	4.3	7.7	(44)%
Other operating expenses	(82.2)	(131.1)	37%	(338.5)	(350.1)	3%
Other interest and finance costs	(61.2)	(56.8)	(8)%	(232.7)	(155.3)	(50)%
Income before Taxes	68.8	553.0	(88)%	190.1	673.4	(72)%
Income taxes	(7.1)	(49.5)	86%	(61.8)	(89.2)	31%
Net income for the Period	61.7	503.5	(88)%	128.3	584.2	(78)%
Net income attributable to common shareholders	52.4	485.3	(89)%	97.5	532.1	(82)%
Total Comprehensive (Loss)/income	(1.0)	554.4	(>100)%	48.6	622.2	(92)%
Total Comprehensive income attributable to common shareholders	10.8	527.8	(98)%	27.2	566.8	(95)%

Net Insurance and Investment Result

Quarterly (three-month period) results

Net Insurance and investment result of \$158.4 million for the fourth quarter of 2024, compared to \$262.4 million for the same period in the prior year. The current quarter excludes results from the Curaçao and St. Maarten operations sold effective April 30, 2024.

The insurance service results of \$47.0 million for the quarter, compared to \$20.1 million in the corresponding period in the prior year. The increase of \$26.9 million or 134% was driven by growth in long-term, short-term and health businesses and less adverse impact from the annual assumption updates, partially offset by unfavorable insurance experience.

Net investment result of \$305.6 million for the quarter, compared to \$1,135.4 million from the same period in the prior year. The decrease was driven primarily by less favorable mark-to-market gains on FVTPL investments.

Net insurance finance expenses of \$194.2 million for the quarter, compared to \$893.1 million in the corresponding period in the prior year. The higher expense in the prior year period was driven primarily by the sharp decline in interest rates impacting our insurance contract liabilities.

Year-to-date (twelve-month period) results

Net Insurance and investment result of \$594.4 million for the year ended December 31, 2024, compared to \$605.1 million from the prior year. The current year includes full year impact on the acquisition of Sagicor Canada, which was established in October 2023. Excluding the impact of Sagicor Canada, net insurance and investment results was lower compared to the prior year.

The insurance service results of \$166.0 million for the year compared to \$71.3 million in the prior year. The increase of \$94.7 million or 133% was driven by full year earnings contribution from Sagicor Canada, growth in long-term, short-term and health businesses and less adverse impact from assumption changes, partially offset by unfavorable insurance experience.

Net investment result of \$1,495.8 million for the year compared to \$1,553.7 million in the prior year. The decrease was driven primarily by lower mark-to-market gains on FVTPL investments partially offset by improved interest income earned from financial assets measured at amortised cost or FVTOCI.

Net insurance finance expenses of \$1,067.4 million for the year compared to \$1,019.9 million in the prior year driven primarily by interest rate movements throughout the year impacting our insurance contract liabilities.

Fee and Other income

Quarterly (three-month period) results

Fee and Other Income of \$52.4 million for the period ended December 31, 2024, increased by \$25.3 million or 93% as compared to \$27.1 million in the same period in the prior year. The increase was driven primarily by the Head Office & Other segment on favorable foreign exchange translation on Canadian notes and loans payable arising from the Canadian dollar depreciating against the United States dollar during the current quarter and growth in fees and commission income from Sagicor Bank (Barbados) Limited.

Year-to-date (twelve-month period) results

Fee and Other Income of \$153.0 million for the year ended December 31, 2024, increased by \$35.3 million or 30% as compared to \$117.7 million in the prior year arising from Head Office & Other and Sagicor Jamaica segments.

In the Head Office & Other segment, the increase was driven primarily by the favorable foreign exchange translation on Canadian notes and loans payable arising from the Canadian dollar depreciating against the United States dollar and growth in fees and commission income from Sagicor Bank (Barbados) Limited.

In the Sagicor Jamaica segment, the increase was driven by improved margins on its non-insurance activities.

Gain arising on acquisitions and divestitures

During the second quarter ended June 30, 2024, the Group completed the sale of its operations in Curaçao and St. Maarten. The Group recorded a gain on the sale of these operations of \$9.6 million. The 2023 year end results included the \$448.3 million gain on acquisition of ivari.

Other operating expenses

Quarterly (three-month period) results

Other operating expenses of \$82.2 million for the period ended December 31, 2024, decreased \$48.9 million or 37% as compared to \$131.1 million in the same period in the prior year. The decrease in other operating expenses was due to one-time expenses associated with IFRS 17 and the ivari acquisition of \$16.5 million and impairment of intangible assets in our Sagicor Life segment of \$29.3 million in the prior year period. Excluding these items, other operating expenses in the current period is slightly lower as compared to the prior year period.

Year-to-date (twelve-month period) results

Other operating expenses of \$338.5 million for the year ended December 31, 2024, decreased 3% as compared to \$350.1 million in the prior year. The prior year included one-time expenses associated with IFRS 17 and the ivari acquisition and impairment of intangible assets in our Sagicor Life segment. In the current year, other operating expenses include the full year expenses from our Sagicor Canada segment, while our Sagicor Jamaica segment saw increases in salary and staff development incentives, higher professional and technology costs, both related to the digital transformation journey.

Other interest and finance costs

Quarterly (three-month period) results

Other interest and finance costs of \$61.2 million for the period ended December 31, 2024, increased \$4.4 million or 8% as compared to \$56.8 million in the same period in the prior year. The increase in other interest and financing costs was driven primarily by refinancing activities on notes & loan payables in the current period that saw the acceleration of amortisation on financing costs and one-time pre-payment penalties.

Year-to-date (twelve-month period) results

Other interest and finance costs of \$232.7 million for the year ended December 31, 2024, increased \$77.4 million or 50% as compared to \$155.3 million in the prior year arising from Sagicor Canada and Head Office & Other segments.

In the Sagicor Canada segment, the increase was driven by the inclusion of the full-year interest and financing costs on other funding instruments.

In the Head Office & Other, the increase was driven by the higher other interest and financing costs associated with additional loans acquired since October 2023 to fund the ivari acquisition and the resulting refinancing activities during the year.

Income taxes

Income taxes for the current period and year ended December 31, 2024, were reduced compared to the prior year periods due to tax benefits at our Sagicor Life USA and Sagicor Canada segments.

Other Comprehensive Income

Quarterly (three-month period) results

Other comprehensive losses was \$62.7 million for the quarter ended December 31, 2024. During the quarter, Sagicor reported net retranslation losses of \$47.5 million primarily related to the impact of the depreciation of the Canadian dollar against United States dollar partially offset by the impact of the appreciation of the Jamaican dollar against the United States dollar. Other comprehensive loss for the period also included mark-to-market loss on financial assets measured at FVTOCI of \$12.2 million compared to a gain of \$22.0 million for the same quarter in the prior year, a decrease of \$34.2 million.

Year-to-date (twelve-month period) results

Other comprehensive loss of \$79.8 million for the year ended December 31, 2024, compared to a gain of \$37.9 million in the prior year. During the year, Sagicor reported net retranslation loss of \$78.9 million primarily related to the impact of the depreciation of the Canadian dollar against United States dollar. Other comprehensive loss for the year also included mark-to-market loss on financial assets measured at FVTOCI of \$5.0 million compared to a gain of \$21.8 million in the prior year, a decrease of \$26.8 million.

C. Business Growth

<i>(in US \$millions)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Net Annuity Premium⁵						
Sagicor Canada	0.5	-	-	1.1	-	-
Sagicor Life USA	145.0	155.8	(7%)	864.1	822.0	5%
Sagicor Jamaica	11.0	7.4	49%	37.1	25.6	45%
Sagicor Life	18.2	17.0	7%	64.2	65.1	(1%)
	174.7	180.2	(3%)	966.5	912.7	6%
Net Premium⁵ - Life Insurance						
Sagicor Canada	101.1	95.7	6%	418.7	95.7	>100%
Sagicor Life USA	8.5	12.9	(34%)	32.0	43.2	(26%)
Sagicor Jamaica	46.2	32.5	42%	180.1	171.5	5%
Sagicor Life	50.9	52.3	(3%)	205.3	211.0	(3%)
	206.7	193.4	7%	836.1	521.4	60%
New business CSM⁵						
Sagicor Canada	11.7	8.7	34%	45.9	8.7	>100%
Sagicor Life USA	0.8	0.1	>100%	36.8	39.9	(8%)
Sagicor Jamaica	14.8	11.5	29%	41.0	36.1	14%
Sagicor Life	12.0	10.6	13%	42.6	46.7	(9%)
	39.3	30.9	27%	166.3	131.4	27%
Assets Under Management⁵						
Sagicor Canada	7,817.8	7,954.3	(2%)	7,817.8	7,954.3	(2%)
Sagicor Life USA	5,591.3	4,867.0	15%	5,591.3	4,867.0	15%
Sagicor Jamaica	6,390.2	6,194.7	3%	6,390.2	6,194.7	3%
Sagicor Life	2,652.2	2,635.3	1%	2,652.2	2,635.3	1%
Head office & other	452.2	418.9	8%	452.2	418.9	8%
	22,903.7	22,070.2	4%	22,903.7	22,070.2	4%

Net Annuity Premiums⁵ in Sagicor Life USA decreased in the current quarter as compared to the same quarter last year due to scaling back of new business production in the quarter, while current year as compared to the prior year grew 5% on continued strong business growth momentum.

Net Premiums⁵ – Life Insurance at Sagicor Jamaica generated strong growth in the current quarter and year ended December 31, 2024 as compared to the same periods in the prior year. This was driven by strong new business sales on our group insurance products.

Assets under Management⁵ at Sagicor Canada in Canadian dollars grew 1% as of December 31, 2024 compared to September 30, 2024 on growing business and favorable equity market. In United States dollars, Assets under Management⁵ at Sagicor Canada declined by 5% as compared to the prior quarter. Compared to December 31, 2023, year over year Assets under Management⁵ in Canadian dollars grew 7% on growing business and favorable equity market and in United States dollars, Assets under Management⁵ declined by 2%.

Results of the segments are further discussed in Section 5.

⁵ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

D. Movement in CSM

The Contractual Service Margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that Sagicor will recognise as it provides insurance contract services in the future. Below is an analysis of the movement of Net CSM⁶, (CSM, net of reinsurance), for the three months and year ended December 31, 2024, and December 31, 2023. The movement includes components which flow directly into the insurance service result reported in the consolidated statement of income. For more details, refer to Sagicor's December 31, 2024 annual financial statements.

<i>(in US \$millions, unless otherwise noted)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Net CSM⁶, beginning of period	1,269.9	698.6	82%	1,278.5	674.6	90%
CSM - At acquisition	-	559.1	(100%)	-	559.1	(100%)
Organic CSM Movement						
New insurance business	39.3	30.9	27%	166.3	131.4	27%
Expected movements related to finance income or expenses	16.4	15.2	8%	66.3	37.8	75%
Insurance experience (losses) gains	(8.2)	8.5	(>100)%	(6.9)	(21.1)	67%
CSM recognised for services provided	(37.1)	(38.1)	3%	(154.3)	(105.0)	(47%)
Sub-total - Organic CSM Movement	10.4	16.5	(37%)	71.4	43.1	66%
Non-organic CSM Movement						
Change in assumptions and management actions	(29.4)	(15.2)	(93%)	(58.1)	(23.8)	(>100)%
Impact of markets	4.2	(1.8)	>100%	2.8	(2.1)	>100%
Currency impact	(32.3)	21.4	(>100)%	(48.9)	16.2	(>100)%
Other impact	(3.1)	-	-	(26.0)	11.5	(>100)%
Sub-total - Non-organic CSM Movement	(60.6)	4.4	(>100)%	(130.2)	1.8	(>100)%
Total Net CSM Movement	(50.2)	20.9	(>100)%	(58.8)	44.9	(>100)%
Net CSM⁶ - End of Period	1,219.7	1,278.6	(5%)	1,219.7	1,278.6	(5%)
Less: Net CSM ⁶ attributed to non-controlling interests	143.6	143.6	-	143.6	143.6	-
Net CSM to shareholders⁶	1,076.1	1,135.0	(5%)	1,076.1	1,135.0	(5%)
Total Net CSM Balance growth⁶	(4.0)%	83.0%	(87.0 pts)	(4.6)%	89.5%	(94.1 pts)
Total Net CSM Balance growth, excluding acquired CSM^{6,7}	N/A	1.7%	-	N/A	3.6%	-
Total Net CSM to shareholders Balance growth⁶	(4.7)%	103.1%	(107.8 pts)	(5.2)%	105.9%	(111.1 pts)
Total Net CSM to shareholders Balance growth, excluding acquired CSM^{6,7}	N/A	1.5%	-	N/A	2.2%	-

⁶ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

⁷ Excluding ivari acquisition.

Quarterly (three-month period) results

The Net CSM⁸ of \$1,219.7 million at December 31, 2024, decreased 4% from \$1,269.9 million at September 30, 2024. The Net CSM to shareholders⁸ moved similarly, closing 2024 at \$1,076.1 million as compared to \$1,128.9 million in the prior quarter.

Strong new business growth yielded New business CSM⁸ of \$39.3 million at December 31, 2024 was offset by the negative effect of the Canadian dollar depreciating against the United States dollar in the quarter impacting the Net CSM⁹ and unfavorable impact of the changes in actuarial assumptions.

Year-to-date (twelve-month period) results

The Net CSM⁸ of \$1,219.7 million at December 31, 2024, decreased 5% from \$1,278.6 million at December 31, 2023. The Net CSM to shareholders⁸ moved similarly, closing 2024 at \$1,076.1 million as compared to \$1,135.0 million in the prior year.

Strong new business momentum throughout the year yielded New business CSM⁸ of \$166.3 million, 27% growth when compared to \$131.4 million in the prior year. This was offset by the negative effect of the Canadian dollar depreciating against the United States dollar in the year and unfavorable impact of the changes in actuarial assumptions.

5. RESULTS BY SEGMENT

Sagicor conducts its business through four operating business segments These segments are: Sagicor Canada, Sagicor Life USA, Sagicor Jamaica, and Sagicor Life. These business segments are supported by the following functional groups – Technology, Risk Management, Human Resources, Corporate Development and Capital Markets, Finance, and other support groups, which, net of amounts charged to business segments, are included within Head Office and Other.

A summary analysis of core earnings attributable to shareholders⁸ by segment is presented as follows:

<i>(in US \$millions)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Core earnings attributable to shareholders by segment⁸						
Sagicor Canada	24.5	21.1	16%	86.9	21.1	>100%
Sagicor Life USA	10.6	9.5	12%	40.2	48.0	(16%)
Sagicor Jamaica	7.5	13.4	(44%)	31.1	40.0	(22%)
Sagicor Life	5.8	4.8	21%	26.3	14.7	79%
Head Office and Other	(20.4)	(27.0)	24%	(93.6)	(74.5)	(26%)
Total core earnings attributable to shareholders ⁸	28.0	21.8	28%	90.9	49.3	84%

As mentioned previously, core earnings attributable to shareholders⁸ for the three months and year ended December 31, 2024, were \$28.0 million and \$90.9 million, respectively, compared to \$21.8 million and \$49.3 million for the corresponding period and year ended December 31, 2023. The increase was driven by positive contribution from our Sagicor Canada segment throughout 2024 as compared to one quarter of earnings contribution in fourth quarter of 2023 following the acquisition of ivari in October 2023. Our Sagicor Life USA benefited from solid sales momentum throughout the year that saw 12% quarter over quarter growth, while year over year earnings declined on unfavorable insurance experience. Our Sagicor Life segment saw strong quarter over quarter and year over year growth arising from business growth on short-term business and improved insurance experience on long-term business. Our Sagicor Jamaica segment saw strong net premiums growth across all business lines. Its earnings growth was tempered by unfavorable insurance experience and higher expected credit losses on our lending portfolio. Our Head Office and Other was impacted by the additional notes and loans to fund the ivari acquisition but benefited from lower interest and financing costs on successful rounds of debt refinancing in 2024.

⁸ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

A. Sagicor Canada

Effective October 3, 2023, Sagicor Financial Company Ltd. purchased 100% of the shares of Proj Fox Acquisition Inc., now known as ivari Holdings Inc. which holds ivari, leading to the establishment of the Sagicor Canada segment. ivari has operated in the Canadian marketplace for over 90 years. With a national network of thousands of independent advisors, the segment offers life insurance and annuities, and accident and sickness insurance in Canada.

Financial and Business Performance

(in US \$millions, unless otherwise noted)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Profitability						
Segment core earnings attributable to shareholders⁹	24.5	21.1	16%	86.9	21.1	>100%
Segment Core ROE⁹	11.4%	10.8%	0.6 pts	10.2%	10.8%	(0.6 pts)
Business Growth						
Net premium ⁹ (all product lines)	102.3	96.3	6%	422.6	96.3	>100%
Net CSM ⁹ , end of period	535.3	563.8	(5%)	535.3	563.8	(5%)
Net CSM to shareholders ⁹ , end of period	535.3	563.8	(5%)	535.3	563.8	(5%)
New business CSM ⁹	11.7	8.7	34%	45.9	8.7	>100%
Assets Under Management ⁹	7,817.8	7,954.3	(2%)	7,817.8	7,954.3	(2%)

Quarterly (three-month period) results

The Sagicor Canada segment generated core earnings attributable to shareholders⁹ of \$24.5 million for the fourth quarter, an increase of \$3.4 million or 16% compared to the fourth quarter of 2023. This increase was driven by new business growth and higher income on core net investment result⁹ from the impact of lower interest rates on our insurance contract liabilities, partially offset by unfavorable mortality experience.

Net CSM to shareholders⁹ of \$535.3 million at December 31, 2024 compared to \$583.0 million at September 30, 2024. Excluding the impact from the depreciation of the Canadian dollar against the US dollar, Net CSM to shareholders⁹ declined by 2% driven by changes in actuarial assumptions. This was partially offset by new business growth that saw New business CSM⁹ of \$11.7 million in the quarter, in line with new business growth of the prior quarter.

Assets under Management⁹ in Canadian dollars grew 1% for the year ended December 31, 2024 compared to September 30, 2024 on growing business and favorable equity market. In United States dollars, Assets under Management⁹ declined by 5% as compared to the prior quarter.

Year-to-date (twelve-month period) results

The Sagicor Canada segment generated core earnings attributable to shareholders⁹ of \$86.9 million for the year ended December 31, 2024 representing a full year earnings contribution. Robust new business growth throughout the year and growing contribution from core net investment result⁹ were partially offset by unfavorable mortality experience.

Net CSM to shareholders⁹ of \$535.3 million at December 31, 2024 compared to \$563.8 million at December 31, 2023. Excluding the impact from the depreciation of the Canadian dollar against the US dollar, Net CSM to shareholders⁹ grew 3% over the prior year. Robust new business growth with New Business CSM⁹ of \$45.9 million for the year ended December 31, 2024 was partially offset by changes in actuarial assumptions.

Assets under Management⁹ in Canadian dollars grew 7% for the year ended December 31, 2024 as compared to prior year on growing business and favorable equity market. In United States dollars, Assets under Management⁹ declined by 2% as compared to the prior year.

⁹ Represents a non-IFRS and other financial measure: refer to Section 11 — Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

B. Sagicor Life USA

Sagicor USA, Inc. and its operating entity, Sagicor Life Insurance Company, (collectively, Sagicor Life USA) operate in 45 states and the District of Columbia and is focused on providing fixed annuities to help the retiree market meet their financial goals. Sagicor USA, Inc. has a strong financial profile (A- by A.M. Best) and is differentiated through its service and distribution model, fostering strong relationships with a network of producers, agencies and marketing organisations that market and sell our products.

Annuity offerings are single premium products, which include multi-year guaranteed (MYGA), immediate annuities, and fixed income annuities. Annuities offered by the segment allow customers to accumulate assets at fixed interest rates, with no negative market risk and no supplemental fees. There is no longevity risk from the annuity products. Sagicor Life USA continues to review product expansion opportunities that meet retiree consumer needs and complement its portfolio.

Financial and Business Performance

<i>(in US \$millions, unless otherwise noted)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Profitability						
Segment core earnings attributable to shareholders¹⁰	10.6	9.5	12%	40.2	48.0	(16)%
Segment Core ROE¹⁰	13.2%	15.0%	(1.8 pts)	14.2%	20.2%	(6.0 pts)
Business Growth						
Net premium ¹⁰ (all product lines)	153.5	168.7	(9%)	896.2	865.3	4%
Net CSM ¹⁰ , end of period	154.5	202.9	(24%)	154.5	202.9	(24%)
Net CSM to shareholders ¹⁰ , end of period	154.5	202.9	(24%)	154.5	202.9	(24%)
New business CSM ¹⁰	0.8	0.1	>100%	36.8	39.9	(8%)
Assets Under Management ¹⁰	5,591.3	4,867.0	15%	5,591.3	4,867.0	15%

Quarterly (three-month period) results

The Sagicor Life USA segment generated core earnings attributable to shareholders¹⁰ of \$10.6 million for the fourth quarter, an increase of \$1.1 million or 12% compared to the fourth quarter of 2023.

Assets under Management¹⁰ grew from \$4,867.0 million to \$5,591.3 million year over year or 15%. The increase in financial assets generated by business growth contributed to the core net investment result¹⁰ of \$20.2 million, which was \$3.4 million higher than the \$16.8 million reported for the fourth quarter of 2023. Core other expenses¹⁰ of \$8.0 million were \$0.9 million lower than the \$8.9 million reported for the fourth quarter of 2023, primarily due to lower professional service fees partially offset by higher external asset management costs on the growing investment portfolio.

Core net insurance service result¹⁰ of \$5.9 million decreased by \$3.1 million from the \$9.0 million reported for the fourth quarter of 2023, primarily due to favorable insurance experience gains in the prior year reversing to a small loss in the current quarter.

Net CSM to shareholders¹⁰ of \$154.5 million at December 31, 2024 decreased from \$165.5 million at September 30, 2024. The decrease was primarily due to scaling back new business production and the impact of a new reinsurance agreement.

¹⁰ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Year-to-date (twelve-month period) results

The Sagicor Life USA segment generated core earnings attributable to shareholders¹¹ of \$40.2 million compared to \$48.0 million from the prior year.

Assets under Management¹¹ grew from \$4,867.0 million to \$5,591.3 million year over year or 15%. This contributed to the growth in core net investment income¹¹ by \$8.3 million in the year to \$76.3 million from the \$68.0 million reported in the prior year. Core other expenses¹¹ of \$33.0 million were \$3.9 million higher than the \$29.1 million reported for the prior year, primarily driven by higher professional service fees and higher external asset management costs as we continue to grow the business.

Net core insurance service results¹¹ of \$26.1 million declined by \$12.6 million from the \$38.7 million reported in the prior year, primarily as a result of favorable insurance experience gains of \$4.7 million in the prior year reversing to experience losses of \$6.0 million in the current year from unfavorable lapse and mortality experience on life and annuity products.

Net CSM to shareholders¹¹ of \$154.5 million at December 31, 2024 was \$48.4 million lower than the \$202.9 million reported at December 31, 2023, primarily due to the strengthening of reserves and unfavorable insurance experience, partially offset by growth in insurance business. New business CSM¹¹ of \$36.8 million for the year was driven by strong growth momentum, lower than \$39.9 million in the prior year as we scaled back on new business production in the fourth quarter.

C. Sagicor Jamaica

The Sagicor Jamaica segment offers life, health, annuity, property and casualty insurance, pension administration services, retail and commercial banking, investment banking, real estate investment and management services, and cambio and remittance services in Jamaica, the Cayman Islands, Costa Rica and Panama. Sagicor Jamaica's strong brand, together with its wide range of products and highly skilled work force, has allowed it to maintain a leading position in the market segments in which it operates. In Jamaica, its retail and commercial banking services are offered through a network of 16 branches and its insurance products through a network of 14 branches and 28 brokers.

Financial and Business Performance

<i>(in US \$millions, unless otherwise noted)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Profitability						
Segment core earnings attributable to shareholders¹¹	7.5	13.4	(44%)	31.1	40.0	(22%)
Segment Core ROE¹¹	8.5%	16.3%	(7.8 pts)	9.0%	12.7%	(3.7 pts)
Business Growth						
Net premium ¹¹ (all product lines)	97.9	72.4	35%	358.0	314.5	14%
Net CSM ¹¹ , end of period	282.2	282.0	-	282.2	282.0	-
Net CSM to shareholders ¹¹ , end of period	138.6	138.4	-	138.6	138.4	-
New business CSM ¹¹	14.8	11.5	29%	41.0	36.1	14%
Assets Under Management ¹¹	6,390.2	6,194.7	3%	6,390.2	6,194.7	3%

Quarterly (three-month period) results

The Sagicor Jamaica segment generated core earnings attributable to shareholders¹¹ of \$7.5 million for the fourth quarter compared to \$13.4 million for the fourth quarter of 2023.

Strong net premiums¹¹ growth across all business lines and improved margins from repricing of Group Health products were offset by the insurance experience reverting from gain in the prior year on modelling refinements to loss in the current year on unfavorable experience impacting the core insurance service results¹¹. Core net investment result¹¹ was lower in the current year as compared to prior year driven by the impact of rising interest rates on insurance contract

¹¹ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

liabilities and higher expected credit losses on our lending portfolio. This was offset by improved margins on core non-insurance activities¹² and improved core other expenses¹² from the reduction of financing costs with the maturity of the Tranche B J\$2.18 billion note on August 16, 2024.

Net CSM to shareholders¹² of \$138.6 million at December 31, 2024, 2% growth compared to \$136.1 million at September 30, 2024 driven by strong business momentum and favorable currency impact. This was partially offset by strengthening of reserves and unfavorable insurance experience. New business CSM¹² grew 48% from \$14.8 million for the fourth quarter of 2024 as compared to \$10.0 million in the prior quarter.

Assets under Management¹² of \$6,390.2 million at December 31, 2024, 2% growth as compared to Assets under Management¹² of \$6,286.5 million at September 30, 2024 on strong business momentum.

Year-to-date (twelve-month period) results

The Sagicor Jamaica segment generated core earnings attributable to shareholders¹² of \$31.1 million for the year compared to \$40.0 million from the prior year.

Strong net premiums¹² growth across all business lines and improved margins from repricing of Group Health products were offset by the unfavorable insurance experience resulting in lower core net insurance results¹² in the current year as compared to the prior year. Improved margins on core non-insurance activities¹² and reduction of financing costs with the maturity of the Tranche B J\$2.18 billion note on August 16, 2024 were offset by higher expected credit losses on our lending portfolio and higher core other expenses¹² on rising inflation and continued investments in digital platforms intended to strengthen the segment's competitive position in the medium term.

Net CSM to shareholders¹² of \$138.6 million at December 31, 2024 in line with prior year of \$138.4 million. Strong business momentum was offset by the strengthening of reserves and unfavorable market impact. New business CSM¹² grew 14% to \$41.0 million for 2024 as compared to \$36.1 million for 2023.

Assets under Management¹² of \$6,390.2 million at December 31, 2024, grew 3% as compared to Assets under Management¹² of \$6,194.7 million at December 31, 2023 on strong business momentum.

D. Sagicor Life

The Sagicor Life segment conducts life, health insurance, property & casualty insurance, pensions, annuities, and asset management services in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Belize, and Trinidad & Tobago. Sagicor Life has a diversified customer base providing financial solutions to both individuals and corporations, mainly through a captive distribution network and local brokers. Sagicor Life's strong corporate image, people, financial strength, and diverse insurance solutions have contributed to Sagicor Life's leading position in the insurance market in the Caribbean.

Financial and Business Performance

<i>(in US \$millions, unless otherwise noted)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Profitability						
Segment core earnings attributable to shareholders¹²	5.8	4.8	21%	26.3	14.7	79%
Segment Core ROE¹²	4.1%	3.5%	0.6 pts	4.7%	2.7%	2.0 pts
Business Growth						
Net premium ¹² (all product lines)	104.4	101.6	3%	405.7	403.5	1%
Net CSM ¹² , end of period	247.7	229.9	8%	247.7	229.9	8%
Net CSM to shareholders ¹² , end of period	247.7	229.9	8%	247.7	229.9	8%
New business CSM ¹²	12.0	10.6	13%	42.6	46.7	(9%)
Assets Under Management ¹²	2,652.2	2,635.3	1%	2,652.2	2,635.3	1%

¹² Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Quarterly (three-month period) results

The Sagicor Life segment generated core earnings attributable to shareholders¹³ of \$5.8 million for the fourth quarter, an increase of \$1.0 million or 21% over that reported in 2023. Core net insurance service result¹³ increased by \$5.1 million over the prior year period driven by repricing initiatives on renewal, adjustments on product offerings, and improved loss ratios on short-term business. The segment's long-term business also saw an improvement with insurance experience trending closer to expectations. Core net investment result¹³ declined by \$2.2 million over the same period due to the sale of Curaçao and St. Maarten in Q2 2024 and rising interest rates impacting insurance contract liabilities.

Net CSM to shareholders¹³ of \$247.7 million at December 31, 2024, increasing from the \$244.4 million at the end of September 2024. The increase was due to strong new business sales partially offset by changes in actuarial assumptions.

Assets under Management¹³ of \$2,652.2 million at December 31, 2024 was in line with Assets under Management¹³ of \$2,656.9 million at September 30, 2024.

Year-to-date (twelve-month period) results

The Sagicor Life segment generated core earnings attributable to shareholders¹³ of \$26.3 million for the year ended December 31, 2024, \$11.6 million or 79% above the prior year.

Core net insurance service result¹³ increased by \$18.5 million or 80% when compared to the prior year. Short-term business growth was above prior year levels due to repricing initiatives on renewal, and adjustments on product offerings. This, along with improved loss ratios, generated positive results. The segment's long-term business saw improvements in insurance experience due to the strengthening of actuarial reserves in the prior year and lower incidence of onerous contract, from adjustments to product offerings, which contributed to the overall increase in core net insurance service result.¹³

Core investment result¹³ is slightly lower than prior year primarily due to rising interest rates impacting insurance contract liabilities partially offset by positive credit experience.

Net CSM to shareholders¹³ of \$247.7 million as at December 31, 2024, increased \$17.8 million from the \$229.9 million reported at December 31, 2023. The increase was driven by strong new business sales that saw full year New business CSM¹³ of \$42.6 million. Both Net and New business CSM¹³ growth were partially offset by the sale of the Curaçao portfolio.

Assets under Management¹³ of \$2,652.2 million at December 31, 2024 grew 1% as compared with \$2,635.3 million at December 31, 2023 as strong new business sales were partially offset by the sale of Curaçao and St. Maarten.

E. Head Office and Other

Head office and Other includes the following functional groups – Technology, Risk Management, Human Resources, Corporate Development and Capital Markets, Finance, and other support groups, net of amounts charged to operating business segments. Head Office and Other also includes the activities of corporate management, the Group parent company, other companies not directly attributable to the business segments, and consolidation adjustments.

¹³ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Financial Performance

(in US \$millions)	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Profitability						
Segment core losses attributable to shareholders¹⁴	(20.4)	(27.0)	24%	(93.6)	(74.5)	(26%)

Quarterly (three-month period) results

The Head Office and Other segment generated core losses attributable to shareholders¹⁴ of \$20.4 million for the fourth quarter, an improvement of \$6.6 million as compared to losses of \$27.0 million from the same period in the prior year.

The lower core losses attributable to shareholders¹⁴ were largely attributable to lower other interest and financing costs from loan refinancing activities during the year associated with additional loans acquired since October 2023 to fund the ivari acquisition. The current quarter also saw improved expected investment earnings results as compared to the prior year quarter, which was impacted by a year-to-date transfer of a subsidiary to Sagicor Life segment as part of an internal reorganisation in Q4 2023.

Year-to-date (twelve-month period) results

The Head Office and Other segment generated core losses attributable to shareholders¹⁴ of \$93.6 million compared to losses of \$74.5 million in the prior year.

The higher core losses¹⁴ over the prior year were primarily due to the higher other interest and financing costs in the current year associated with additional loans acquired since October 2023 to fund the ivari acquisition.



¹⁴ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

6. FINANCIAL POSITION

A. Financial Condition

Consolidated Statements of Financial Position <i>(in US \$millions)</i>	As at December 31 2024	As at December 31 2023	Change
Assets			
Cash	442.5	486.6	(9%)
Restricted cash	100.2	95.6	5%
Financial investments	17,159.3	16,337.3	5%
Financial investments, repledged	696.7	687.8	1%
Reinsurance contract assets	2,890.2	3,212.9	(10%)
Insurance contract assets	4.9	1.3	>100%
Miscellaneous assets and receivables	282.0	297.9	(5%)
Income tax assets	316.3	331.3	(5%)
Associates and joint ventures	68.7	67.8	1%
Intangible assets	88.1	93.2	(5%)
Investment property	77.0	85.4	(10%)
Property, plant and equipment	194.8	195.5	-
Segregated funds assets	447.2	492.3	(9%)
Total assets	22,767.9	22,384.9	2%
Liabilities			
Accounts payable and accrued liabilities	309.4	293.7	5%
Income tax liabilities	14.0	30.4	(54%)
Investment contract liabilities	466.5	477.9	(2%)
Reinsurance contract liabilities	14.7	14.8	(1%)
Insurance contract liabilities	16,075.7	15,732.2	2%
Deposit and security liabilities	3,057.3	2,950.4	4%
Lease liabilities	34.9	38.0	(8%)
Notes and loans payable	953.9	945.7	1%
Other liabilities / retirement benefit liabilities	71.8	80.5	(11%)
Insurance contract liabilities on account of segregated fund policyholders	447.2	492.3	(9%)
Total liabilities	21,445.4	21,055.9	2%
Equity			
Total shareholders' equity	959.7	970.9	(1%)
Non-controlling interests	362.8	358.1	1%
Total equity	1,322.5	1,329.0	-
Total liabilities and equity	22,767.9	22,384.9	2%

B. Capital Adequacy

Capital adequacy is managed at the Group level and the operating segment level, as appropriate. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. Some jurisdictions within our Group prescribe differing risk-based assessment measures for statutory purposes, and a number of jurisdictions in the Caribbean region have locally determined capital adequacy requirements.

The table below summarises the capital adequacy ratios. The calculation is verified by the company's Appointed Actuary (AA), and reviewed by executive management, the Audit Committee and the Board of Directors of the company. During 2024 and 2023, all applicable externally imposed capital requirements were complied with.

	December 31, 2024	December 31, 2023
Group LICAT ¹⁵	139%	136%
Sagicor Consolidated MCCSR ¹⁵	289%	301%
ivari (LICAT) ¹⁵	131%	131%
Sagicor Life Insurance Company (RBC) ¹⁵	362%	334%
Sagicor Life Jamaica Limited (JA-LICAT) ¹⁵	162%	155%
Sagicor Investments Jamaica Limited capital base to risk weighted assets	17%	17%
Sagicor Bank Jamaica Limited capital base to risk weighted assets	13%	13%
Sagicor Bank Barbados Limited capital base to risk weighted assets	25%	55%

Group LICAT¹⁵

Sagicor voluntarily adopted LICAT¹⁵, developed by OSFI and became effective on January 1, 2018. Since its implementation, OSFI has made, and continues to make, modifications to LICAT¹⁵, with the most recent version of LICAT¹⁵ becoming effective on January 1, 2025. LICAT¹⁵ is calculated on a consolidated basis and OSFI has established a minimum supervisory Total Ratio of 100%. The consolidated LICAT¹⁵ for the life insurers of Sagicor as of December 31, 2024, has been estimated as 139% (December 31, 2023 - 136%). LICAT¹⁵ is one standard of capital adequacy used by management to assess the overall strength of the life insurers of Sagicor. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of Sagicor and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

Sagicor Consolidated MCCSR¹⁵

Sagicor voluntarily adopted the Canadian Minimum Continuing Capital and Surplus Requirement ("MCCSR")¹⁵ standard as its risk-based assessment measures to provide a consolidated view of capital adequacy. The MCCSR¹⁵ was a standard used by the Office of the Superintendent of Financial Institutions ("OSFI") from 1992 until 2018, when it was superseded by the Life Insurance Capital Adequacy Test ("LICAT")¹⁵. When it was in place OSFI established a supervisory minimum Total Ratio of 150% under MCCSR¹⁵. Canadian practices for calculation of the MCCSR¹⁵ evolved and changed from inception through its replacement. Sagicor has made certain interpretations in our calculation of the MCCSR¹⁵, in consultation with our Appointed Actuary, which are believed to appropriately reflect the risk-based assessment of our capital position, including accounting for CSM in MCCSR¹⁵.

The consolidated MCCSR¹⁵ for the life insurers of Sagicor as of December 31, 2024, has been estimated as 289% (December 31, 2023 - 301%). This is another standard of capital adequacy used to assess the overall strength of the life insurers of Sagicor.

¹⁵ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

ivari

OSFI requires federally regulated life insurance companies to apply LICAT¹⁶ as the capital adequacy guideline. Companies are required, at a minimum, to maintain a Total Ratio of 90% and OSFI has established a supervisory target ratio level of 100% for Total Capital. Sagicor Canada has exceeded all minimum regulatory capital level ratios as of December 31, 2024, and December 31, 2023.

Sagicor Life Insurance Company (USA)

A Risk-Based Capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners ("NAIC") of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk: (i) underwriting, which encompasses the risk of adverse loss developments and product mix; (ii) declines in asset values arising from credit risk; (iii) declines in asset values arising from investment risks, including concentrations; and (iv) off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth. If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount. Sagicor Life USA has maintained all minimum regulatory capital level ratios as of December 31, 2024, and December 31, 2023, respectively.

Sagicor Life Jamaica Limited

Capital adequacy, which is calculated quarterly, is verified by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure is the Jamaican Life Insurance Capital Adequacy Test¹⁶ ("JA-LICAT"¹⁶) which became effective January 1, 2023, as per the Insurance Regulations, 2001 and amended 2023. The supervisory minimum Total Ratio for JA-LICAT¹⁶ is 100%. Sagicor Life Jamaica Limited exceeded the standard requirement as at December 31, 2024 and December 31, 2023, respectively.

Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

The capital adequacy and the use of regulatory capital are monitored monthly by management. Capital is managed based on prudent best practices and employing techniques and guidelines developed by the Financial Services Commission ("FSC"), the Bank of Jamaica ("BOJ"), Basel II and the Risk Management Committees. The required information is filed with the respective regulatory authorities at stipulated intervals. The BOJ and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets. The minimum required ratio of capital base to risk-weighted assets is 10%.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account, any eligible collateral or guarantees. A similar treatment is adopted for off financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses. Sagicor Bank Jamaica Limited and Sagicor Investments Jamaica Limited were compliant with the regulatory capital requirements as at December 31, 2024 and December 31, 2023, respectively.

Sagicor Bank Barbados Limited

Capital adequacy and the use of regulatory capital are monitored by management employing techniques based on the guidelines developed by the Central Bank of Barbados ("CBB"), Basel II and the Risk Management Unit. The required information is filed with the CBB at stipulated intervals. The CBB requires each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets. The minimum required ratio of capital base to risk-weighted assets is 8%.

The risk-weighted assets are measured by prescribed risk weights classified by the CBB, according to the nature of each asset and counterparty. Actual capital base comprises mainly shareholders' equity, reserves and retained earnings. During 2024 and 2023, all applicable externally imposed capital requirements were complied with.

¹⁶ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

C. Capital

<i>(in US \$millions)</i>	December 31, 2024	December 31, 2023	Change
Total Capital¹⁷			
Shareholders' equity	959.7	970.9	(1%)
Non-controlling interest	362.8	358.1	1%
Notes and loans payable	953.9	945.7	1%
Net contractual service margin ¹⁷	1,219.7	1,278.6	(5%)
Total capital¹⁷	3,496.1	3,553.3	(2%)

Sagicor deploys its capital resources through its operating activities. These operating activities are carried out by subsidiary companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that subsidiaries have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

Sagicor's objectives are to (i) to comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities; (ii) to comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards; (iii) to safeguard its ability as a going concern to continue to provide benefits and returns to policyholders, depositors, noteholders and shareholders; (iv) to provide adequate returns to shareholders; and (v) to maintain a strong capital base to support the future development of Group operations.

At December 31, 2024, Sagicor's capital¹⁷ totaled \$3,496.1 million, \$57.2 million below the December 31, 2023 position (\$3,553.3 million) and was largely impacted by the decline in net contractual service margin¹⁷ (\$58.8 million) and shareholders' equity (\$11.2 million). During the year shareholders' equity was impacted by dividends declared of \$33.7 million and the repurchase of shares, partially off set by total comprehensive income of \$27.2 million and allotment of common shares.

D. Financial Leverage

	December 31, 2024	December 31, 2023	Change
Financial Leverage Ratio ¹⁷	27.3%	26.6%	0.7 pts

The Financial leverage ratio¹⁷ was 27.3% as of December 31, 2024, compared to 26.6% as of December 31, 2023. The increase was driven by lower net CSM and total equity.

E. Ratings

Sagicor Financial Company Ltd, its principal operating subsidiaries, and its debt financing vehicle, have been rated by the rating agencies AM Best, Standard and Poor's, Fitch or DBRS Limited ("Morningstar DBRS"). On April 18, 2024, Sagicor announced that it received an Issuer Rating and a Senior Debt Rating of BBB (low) with a stable trend from global credit rating agency DBRS. In assigning these ratings, DBRS cited Sagicor's diversified business, its long history and dominant position in the Caribbean and its growing presence in the U.S. and Canada, its high-quality investment portfolio, and its strong track record. In addition, DBRS assigned an A (low) Financial Strength Rating with a stable trend to Sagicor's U.S. operating subsidiary, Sagicor Life Insurance Company, and also to Sagicor's Canadian operating subsidiary, ivari. On June 14, 2024, Standard and Poor's announced it had assigned its BBB debt rating to Sagicor Financial Company Ltd.'s proposed senior unsecured note issuance which was subsequently issued on June 20, 2024. On January 10, 2025, S&P revised its rating outlook on SFC from Stable to Positive. On October 29, 2024, Fitch Ratings affirmed Sagicor Financial Company Ltd.'s ("SFC") Long-Term Issuer Default Rating ("IDR") at 'BBB-' and senior unsecured debt at 'BB+'. SFC's Rating Outlook has been revised from Stable to Positive. Fitch also affirmed the Insurer Financial Strength ("IFS") rating of ivari at 'A-' with a Stable Outlook. The ratings as of the date of issue of this Management Discussion and Analysis are as follows.

¹⁷ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

	AM Best Rating ^(a)	S&P Rating ^(b)	Fitch Rating ^(c)	Morningstar DBRS ^(d)
Sagicor Financial Company Ltd				
Issuer Credit Rating	Bbb- (Good)	BBB (Positive)	BBB- (Positive)	BBB (low) Stable
Senior Unsecured	Bbb (Good)	BBB (Positive)	BB+ (Positive)	BBB (low) Stable
ivari				
Financial Strength	A- (Excellent) ^(d)		A- (Stable)	A (low) Stable
Issuer Credit Rating	a- (Excellent) ^(d)			
Sagicor Life Insurance Company (USA)				
Financial Strength	A- (Excellent)			A (low) Stable
Issuer Credit Rating	a- (Excellent)			
Sagicor Life Jamaica Limited				
Financial Strength	B++ (Good)			
Issuer Credit Rating	bbb+ (Good)			
Sagicor Life Inc				
Financial Strength	A- (Excellent)			
Issuer Credit Rating	a- (Excellent)			
Sagicor General Insurance Inc				
Financial Strength	A- (Excellent)			
Issuer Credit Rating	a- (Excellent)			
Sagicor Reinsurance Bermuda Ltd				
Financial Strength	A- (Excellent)			
Issuer Credit Rating	a- (Excellent)			

(a) Updated October 20, 2023; (b) Affirmed January 10, 2025; (c) Affirmed October 29, 2024; (d) April 17, 2024.

Sagicor's credit ratings constitute the rating agencies' assessment of Sagicor's ability to meet its payment obligations as they become due. The credit ratings, which may be revised or withdrawn at any time, do not represent a recommendation to buy, sell or hold Sagicor's Common Shares. Each rating agency's credit rating should be evaluated independently of credit ratings issued by other rating agencies.

F. Common Shares, Book Value Per Common Share and Market Capitalisation

	December 31, 2024	December 31, 2023	Change
Number of common shares outstanding (million)	135.5	141.1	(4%)
Share price	\$ 4.30	\$ 4.50	(4%)
Market Capitalisation (million) ¹⁸	\$ 583.1	\$ 634.6	(8%)
Book value per common share ¹⁸	\$ 7.08	\$ 6.88	3%

¹⁸ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Outstanding Common Shares

The authorised share capital of the Company is \$200,000,000 divided into 10,000,000,000 common shares of \$0.01 each and 10,000,000,000 preference shares of \$0.01 each.

The number of issued and outstanding common shares at December 31, 2024 was 135,541,358, net of any treasury shares. During the year ended December 31, 2024, the Company repurchased 3,026,386 (2023 - 2,438,427) shares, at a total cost of \$13.4 million (2023 - \$9.2 million), which were subsequently cancelled.

In accordance with the Escrow Agreement and Arrangement Agreement, in the fourth quarter of 2024, Sagicor also repurchased and cancelled 3,222,430 escrow shares for a nominal consideration further reducing Sagicor's issued and outstanding common share count.

Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium or discount paid on the repurchase of shares has been recorded directly in retained earnings.

As at December 31, 2024, 6,600 shares at a total cost of \$0.03 million (12,400 shares at a total cost of \$0.06 million as at December 31, 2023) were repurchased but not yet cancelled. These shares have been reflected in treasury shares.

Securities convertible, exercisable or exchangeable into common shares

The number of issued and outstanding options at December 31, 2024 was 979,000.

The number of issued and outstanding warrants at December 31, 2024 was nil (2023 - 34,774,993). The Company had 34,774,993 warrants outstanding at the beginning of the fourth quarter of 2024 (2023 - 34,774,993), which had an exercise price of CDN \$11.50 per share. These warrants, which were listed on the Toronto Stock Exchange, expired on December 5, 2024.

Dividends

	December 31, 2024	December 31, 2023	Change
Dividends declared during the period, per common share	\$ 0.240	\$ 0.225	7%

The Company declared four dividends to common shareholders during the year ended December 31, 2024.

On March 26, 2024, the Board of Directors declared a dividend of \$0.060 per share, on issued and outstanding common shares held by registered holders on record at the close of business on April 10, 2024. This dividend was paid on April 30, 2024.

On May 10, 2024, the Board of Directors declared a dividend of \$0.060 per share, on issued and outstanding common shares held by registered holders on record at the close of business on May 29, 2024. This dividend was paid on June 19, 2024.

On August 13, 2024, the Board of Directors declared a dividend of \$0.060 per share, on issued and outstanding common shares held by registered holders on record at the close of business on August 27, 2024. This dividend was paid on September 17, 2024.

On November 13, 2024, the Board of Directors declared a dividend of \$0.060 per share, on issued and outstanding common shares held by registered holders on record at the close of business on November 26, 2024. This dividend was paid on December 17, 2024.

G. Notes and Loans Payable

As of December 31, 2024, Sagicor had \$953.9 million in notes and loans payable compared to \$945.7 million as of December 31, 2023. Summary details of the carrying values of notes and loans payable as of December 31, 2024, and December 31, 2023, respectively are set out in the following table.

<i>(in US \$millions)</i>	Carrying Value	
	December 31, 2024	December 31, 2023
Notes and loans payable		
5.30% senior notes due 2028	542.4	539.1
6.359% unsecured senior notes due 2029 ^(a)	158.8	-
7.50% unsecured bond due 2024 ^(b)	-	21.1
10.50% unsecured bond due 2024 ^(b)	-	29.3
10.75% unsecured bond due 2025 ^(c)	27.5	-
7.75% unsecured bond due 2025 ^(c)	19.8	-
6.75% notes due 2024	-	14.3
Bank loans & other funding instruments	26.1	36.1
SOFR+145 bps revolving credit facility ^(d)	40.4	4.0
SOFR+500 bps term loan ^(e)	-	301.8
CORRA+132.5bps Term Loan 2027 ^(f)	138.9	-
Total	953.9	945.7

Notes and loans payable financing activity for the year ended December 31, 2024 and 2023 include:

- (a) On June 20, 2024, Sagicor Financial Company Ltd. issued C\$250 million of direct senior unsecured notes due June 20, 2029, bearing interest at an annual rate of 6.359%. The Company used the net proceeds of the offering to partially repay amounts owing under the Company's term loan facility per (e) which was incurred to fund a portion of the purchase price for the acquisition of ivari and related transaction costs. The Notes received credit ratings of BBB from S&P and BBB (low) from Morningstar DBRS.
- (b) On June 26, 2024, these facilities carrying annual interest rates of 10.50% and 7.50%, and with original issue date of September 16, 2019, were refinanced and extended per (c) below.
- (c) The newly extended facilities remain in two Tranches, with Tranche A up to J\$4.49 billion from previous limit of J\$4.5 billion and Tranche B up to US\$19.9 million from previous limit of US\$21 million, carrying updated annual interest rates of 10.75% and 7.75%, respectively. Interest is payable quarterly and commenced on June 26, 2024. The Tranches mature on July 26, 2025.
- (d) On August 2, 2023, Sagicor Financial Company Ltd. entered into a credit agreement to establish a revolving credit facility in the principal amount of up to \$125 million with interest payable monthly and based on SOFR+300 bps. On June 28, 2024, the credit agreement was amended and restated with principal revisions, including its extension from \$125 million to \$175 million, reduction in interest margins to 145 bps and the use of the Canadian Overnight Repo Rate Average ("CORRA") as the revised benchmark interest rate. The facility remains subject to certain covenants and matures on June 28, 2027, or such date to which the facility may be extended.
- (e) On October 3, 2023, Sagicor Financial Company Ltd. entered into a credit and guarantee agreement to establish a floating rate loan facility in the initial amount of \$320 million. Interest was payable monthly and based on the SOFR+500 bps. Principal repayments of \$29.7 million were due semi-annually in April and October of each year. This facility was subject to certain covenants and was initially scheduled to mature on August 24, 2027. On June 20, 2024, a prepayment of \$177 million was applied to the loan using funds acquired per (a) above with full repayment in December 2024 via the new term loan outlined per (f) below.

(f) On December 4, 2024, Sagicor Financial Company Ltd. entered into a credit agreement to establish a floating rate loan facility in the amount of CDN \$200 million. Interest is payable monthly and is based on the 1-month CORRA + 132.5 bps. The facility is subject to certain covenants and matures on August 24, 2027 or such date to which the facility may be extended. Net proceeds of this transaction were primarily used to repay the outstanding principal amount of the existing term loan used to acquire ivari.

For more details on notes and loans payable, refer to note 17 of the 2024 consolidated financial statements.

H. Liquidity and Capital Resources

The following discussion is qualified by reference to the consolidated statement of cash flows and note 32 of the 2024 consolidated financial statements.

Liquidity sources immediately available to Sagicor include: (i) existing cash and cash equivalents; (ii) the Company's portfolio of highly rated, highly liquid investments; (iii) cash flow from operating activities which include net premiums receipts, fee income and investment income; and (iv) borrowing facilities. These funds are used primarily to pay current benefits and operating expenses, service the Company's long-term debt, purchase investments to support future benefits and maturing obligations, and for distribution of dividends. Sagicor expects to have sufficient liquidity to fund its operations and to meet its current business plans. However, should the need arise, additional liquidity sources include further bank loans and new issuances of debt or shares in the private or public markets.

On June 20, 2024, Sagicor Financial Company Ltd. issued C\$250 million of direct senior unsecured notes due June 20, 2029, bearing interest at an annual rate of 6.359%. On December 4, 2024, the Company entered into a credit agreement to establish a floating rate loan facility in the amount of CDN \$200 million. Net proceeds of these transactions were primarily used to repay the full outstanding principal amount of the term loan used to acquire ivari.

The Company also secured an extension of its revolving credit facility from \$125 million to \$175 million with reduced interest margins on June 28, 2024.

Details of all borrowing facilities can be found in Section G of this MD&A.

Cash Flows

The following table summarises Sagicor's cash flows for the three-month and twelve-month periods ended December 31, 2024, and December 31, 2023, respectively.

<i>(in US \$millions)</i>	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
Net cash flows:						
Operating activities	282.0	(127.2)	>100%	214.2	(39.6)	>100%
Investing activities	(3.1)	14.4	(>100)%	(14.0)	6.5	(>100)%
Financing activities	2.7	277.4	(99%)	(64.3)	239.5	(>100)%
Effect of exchange rate changes	(3.6)	6.1	(>100)%	(9.6)	2.2	(>100)%
	278.0	170.7	63%	126.3	208.6	(39)%
Cash and cash equivalents:						
Beginning of period	649.7	630.7	3%	801.4	592.7	35%
End of period	927.7	801.4	16%	927.7	801.3	16%

Quarterly (three-month period) results

For the fourth quarter of 2024, Sagicor's net cash inflows associated with operating activities was \$282.0 million compared to outflows of \$127.2 million for the same period in 2023. The increase in cash inflows from operating activities of \$409.2 million was due to higher inflows from other funding instruments observed in our Sagicor USA segment (\$145.3 million), coupled with lower purchases of financial investments primarily in our Sagicor Canada segment.

Sagicor's net cash outflows for investing activities was \$3.1 million for the fourth quarter of 2024, compared to inflows of \$14.4 million for the same period in 2023 which was impacted positively by net cash acquired on the acquisition of ivari.

Sagicor's net cash inflows from financing activities totaled \$2.7 million for the three-month period ended December 31, 2024, compared to inflows of \$277.4 million for the same period in 2023, a decrease in inflows of \$274.7 million. The lower net inflows in the current period was a result of the CDN \$200 million floating rate loan facility entered into in the current quarter offset partly by the early repayment of the term loan in the same period. Cash flows for the prior year quarter was positively impacted by the US\$320 million term loan acquired for the ivari transaction. For more details, refer to Section G: Notes and Loans Payable.

For the three-month period ended December 31, 2024, the effect of exchange rate changes was a loss of \$3.6 million compared to a gain of \$6.1 million for the corresponding period in 2023, due to the impact of the depreciation of the Canadian dollar against United States dollar partially offset by the impact of the appreciation of the Jamaican dollar against the United States dollar.

Year-to-date (twelve-month period) results

For 2024, Sagicor's net cash inflows associated with operating activities was \$214.2 million compared to outflows of \$39.6 million for 2023. The increase in inflows of \$253.8 million was primarily due to higher net inflows from our Sagicor Canada segment (which was established in October 2023), coupled with higher inflows from other funding instruments and customer deposits in our Sagicor Life Jamaica segment.

Sagicor's net cash outflows for investing activities was \$14.0 million for the year ended December 31, 2024, compared to inflows of \$6.5 million reported for the 2023 year. The prior year benefited from the net cash acquired on the acquisition of ivari, the impact of which was reduced by higher net outflows for property, plant and equipment.

Sagicor's net cash outflows from financing activities totaled \$64.3 million for the year ended December 31, 2024, compared to inflows of \$239.5 million for the 2023 year. The change year over year is primarily due to the term loan acquired during the fourth quarter of 2023 for the ivari transaction. For more details, refer to Section G: Notes and Loans Payable.

For the year ended December 31, 2024, the effect of exchange rate changes was a loss of \$9.6 million compared to a gain of \$2.2 million in 2023, primarily related to the impact of the depreciation of the Canadian dollar against United States dollar.

7. FINANCIAL INVESTMENTS

As of December 31, 2024, Sagicor held \$17,856.0 million of diversified financial assets, compared to \$17,025.1 million at December 31, 2023, an increase of \$830.9 million. As at December 31, 2024, Sagicor held \$12,951.2 million in debt securities and money market funds (73% of the total financial investments on hand). Sagicor recorded net investment income of \$1,495.8 million for the year ended December 31, 2024, compared to \$1,553.8 million for 2023. The return on investments (annualised)¹⁹ was 8.6% compared to 14.0% for 2023. In 2024, Sagicor benefited from net gains associated with FVTPL financial investments totaling \$1,257.0 million (\$1,326.6 million in 2023). A summary of net investment income for the three-month and twelve-month periods ended December 31, 2024, and 2023, is shown below.

¹⁹ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Net Investment Income	Three months ended December 31			Year ended December 31		
	2024	2023	Change	2024	2023	Change
<i>(in US \$millions, unless otherwise noted)</i>						
Net investment Income – Underlying Assets ²⁰	205.8	1,048.2	(80%)	1,182.1	1,280.7	(8%)
Net investment Income – Other Investments	99.0	86.9	14%	308.6	268.5	15%
Net Investment Income – Other	0.8	0.3	>100%	5.1	4.6	11%
Net investment income	305.6	1,135.4	(73%)	1,495.8	1,553.8	(4%)
Represented by:						
Loss on derecognition of amortised cost investments	(0.1)	(0.3)	67%	(0.1)	-	-
Gain/(loss) on derecognition of assets carried at FVTOCI	0.2	(0.4)	>100%	(2.6)	2.3	(>100)%
Interest income earned from financial assets measured at amortised cost and FVTOCI	56.9	60.5	(6)%	243.3	224.0	9%
Credit impairment losses	(4.3)	(0.8)	(>100)%	(6.9)	(3.9)	(77)%
Net gains on FVTPL investments	252.1	1,076.1	(77)%	1,257.0	1,326.6	(5)%
Other investment income	0.8	0.3	>100%	5.1	4.8	6%
Net investment income	305.6	1,135.4	(73%)	1,495.8	1,553.8	(4%)
Return on Investments (annualised)²¹	6.8%	28.0%	(21.2 pts)	8.6%	14.0%	(5.4 pts)

Carrying Values

The table below shows the carrying value of Sagicor's investment portfolio as of December 31, 2024, and December 31, 2023.

<i>(in US \$millions, unless otherwise stated)</i>	As of December 31, 2024		As of December 31, 2023	
	Carrying value	% of Total	Carrying value	% of Total
Investments at FVTOCI:				
Debt securities	1,426.6	8%	1,454.8	9%
Equity securities	0.7	-	0.6	-
	1,427.3	8%	1,455.4	9%
Investments at FVTPL:				
Money market funds ⁽¹⁾	202.2	1%	39.6	-
Debt securities	11,194.9	63%	11,001.7	65%
Equity securities ⁽²⁾	2,902.2	16%	2,613.5	15%
Derivative financial instruments	15.1	-	17.0	-
Mortgage loans	27.3	-	22.3	-
	14,341.7	80%	13,694.1	80%
Investments at amortised cost:				
Debt securities	127.5	1%	135.2	1%
Mortgage loans	865.3	5%	775.0	4%
Finance loans	752.5	4%	682.4	4%
Securities purchased for re-sale	25.2	-	13.4	-
Deposits	316.5	2%	269.6	2%
	2,087.0	12%	1,875.6	11%
Total financial investments	17,856.0	100%	17,025.1	100%

(1) The prior year classification within money market funds of Canadian treasury bill investments with maturities less than 90 days, totalling \$164 million, has been revised to debt securities in the comparative tables.

(2) Included in equity securities are exchange-traded funds of \$1,128.5 million as at December 31, 2024 (\$903.8 million as at December 31, 2023).

²⁰ Underlying assets relate to those financial assets which support insurance liabilities.

²¹ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Our equities portfolio comprises the following at December 31, 2024 and December 31, 2023:

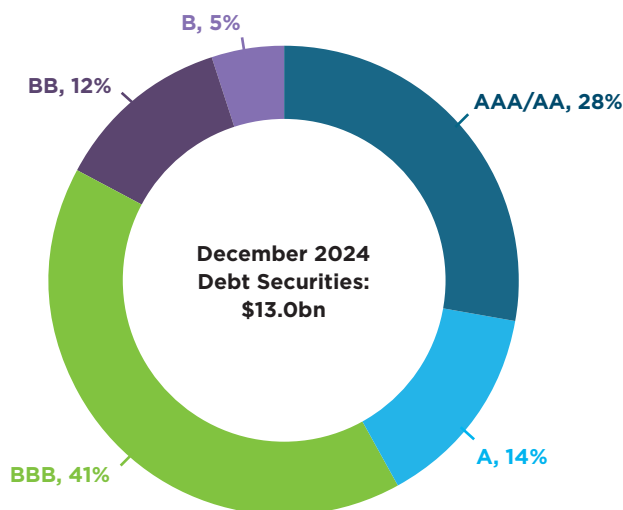
<i>(in US \$millions)</i>	As of		
	December 31, 2024	December 31, 2023	Change
Equities	445.0	387.8	15%
Passthrough equities	2,147.8	1,892.5	13%
Preference shares	310.1	333.8	(7%)
Total	2,902.9	2,614.1	11%

Our debt security and money market funds portfolio constitutes the major asset class of Sagicor and are reflected in the statement of financial position as follows:

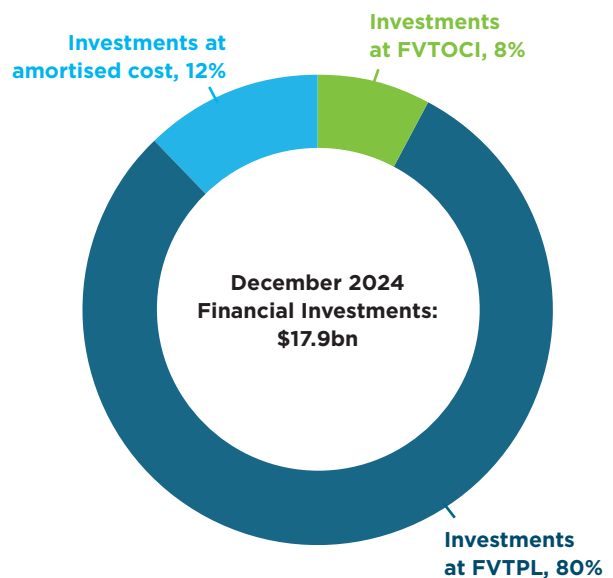
<i>(in US \$millions)</i>	As of		
	December 31, 2024	December 31, 2023	Change
Debt securities and money market funds			
Measured at fair value through other comprehensive income (FVTOCI)	1,426.6	1,454.8	(2%)
Measured at amortised cost	127.5	135.2	(6%)
Measured at fair value through profit and loss (FVTPL)	11,397.1	11,041.3	3%
Total	12,951.2	12,631.3	3%

FVTOCI debt securities are held to collect contractual cash flows and to sell periodically to collect gains. These securities primarily support our business in the USA and in Jamaica, where there is reasonable opportunity to realise investment gains. Amortised cost debt securities are held to collect contractual cash flows and are sold infrequently. These securities primarily support our business in the Southern and Eastern Caribbean. Sagicor has designated some financial assets which support insurance liabilities as FVTPL to better match the assets and liabilities of the business. Other FVTPL debt securities are classified as such when the Group investment contract holder is credited with the full return on the underlying asset. Debt securities held for trading are also classified as FVTPL. The pie charts below represent a breakdown of the carrying value and risk exposure of Sagicor’s consolidated investments portfolio as of December 31, 2024.

**Investments Portfolio Risk Exposure
As at December 31, 2024**



**Investments Portfolio as of December 31, 2024
Carrying Value (As a% of Total Investment Portfolio)**



8. RISK MANAGEMENT

A. Overview

Sagicor is exposed to several risks that are inherent in our business activities as a diversified financial services company operating in Canada, the United States, and the Caribbean.

Sagicor's Enterprise Risk Management (ERM) framework provides the structure under which all risk management activities are coordinated. The ERM framework sets clear responsibilities for identifying, assessing, measuring, mitigating, monitoring, and reporting risks, and is based on the following elements: (i) governance and culture; (ii) strategy and objective setting; (iii) performance; (iv) review and revision; and (v) information, communication, and reporting. Sagicor's ERM framework is designed to both challenge and enable our organisation to understand our risk exposures, selectively take risks by optimising the relationship between risk and reward, and effectively managing these risks to ensure we achieve our overall profitability goals and long-term financial viability.

Sagicor defines risk as an uncertain event, or series of events, that should it occur, could have an adverse impact on the value of the organisation, including among others the inability to meet or achieve its objectives and the occurrence of losses or interruption of its services.

Risk is also viewed holistically, recognising that one risk event may cause downside deviations in several business segments but also simultaneously causes upside deviations in one or more business segments, or may also be highly correlated with a second risk event.

Risks are assessed both qualitatively and quantitatively. Sagicor employs various approaches to understand and quantify the risks it takes, including among others, point in time views of its risk exposures as well as sensitivity and stress testing analyses to assess the impact on its financial performance and financial condition.

Risk information is regularly communicated to external stakeholders including regulators, rating agencies, and the public. For example, management prepares Own Risk and Solvency Assessment Reports ("ORSA") that are shared with Sagicor's Board, relevant subsidiaries' Board and our regulators. Management also meets regularly with rating agencies (S&P Global Ratings, Fitch Ratings, Morningstar DBRS, AM Best, and Caribbean Information and Credit Rating Services Limited ("CariCRIS")) to provide updates on its risk exposures, strategy, and other relevant developments. Sagicor also provides extensive risk disclosures in its notes to the consolidated financial statements.

Roles and Responsibilities

Responsibility for ERM permeates throughout Sagicor, using a three lines of defense governance model. Business and functional units are responsible for monitoring and managing risks within their respective areas. The responsibilities of its ERM teams include but are not limited to: selecting and/or developing adequate ERM tools and techniques; oversight over all key ERM activities; ensuring consistent ERM definitions, concepts, and terminology; acting as a central clearing house for coordinating ERM information; monitoring individual and enterprise risk exposures; and, providing key ERM information to the Board and/or Board Committees (both Group and subsidiary level). The Board is ultimately responsible for the principal risks associated with Sagicor's business and operations, for reviewing management's implementation of appropriate systems and controls to manage these risks, reviewing management reports relating to the operation of, and any material deficiencies in, these systems and controls. For Sagicor and its subsidiaries, the Risk and Audit Committees of the Board, as part of their respective mandates, monitor Sagicor's risk management activities. They oversee key risks and exposures as well as approve key ERM decisions and policies in line with Sagicor's risk culture. Internal audit as the third line of defense, provides independent verification that controls have been established by management and that management is adhering to policies, procedures, rules, regulations and laws.

B. Identified Risks

Identified risks are categorised as illustrated in the table below and further classified as key risks or non-key risks. Non-key risks are monitored for any changes in likelihood and/or severity and, if warranted, elevated to key risk status.

Financial	Insurance	Operational	Strategic
<ul style="list-style-type: none"> ● Economic ● Credit ● Market ● Liquidity ● Capital⁽ⁱ⁾ 	<ul style="list-style-type: none"> ● Insurance Product Design and Pricing ● Policyholder Behavior ● Mortality, Morbidity and Longevity ● Expense ● Reinsurance 	<ul style="list-style-type: none"> ● Business Continuity ● Physical Resources ● Fraud / Wrongdoing ● Human Resources ● Technology / Cybersecurity ● Legal & Regulatory ● Process / Execution ● Model ● Third Party ● Fiduciary 	<ul style="list-style-type: none"> ● Strategy ● Competitor ● Governance ● Strategic / External Relations ● International
Conduct Risk, Environment and Social Risk			

(i) Refer to the Capital Adequacy and Capital sections of this MD&A.

1. ECONOMIC RISK

Sagicor’s performance is affected directly by the general business and economic conditions of the regions where it operates and indirectly by the international markets. Its financial performance and financial condition could be adversely affected by unfavorable movements in interest rates and inflation, a decline in economic activity, higher volatility in financial markets, higher funding costs, lower real estate prices, high unemployment levels, and lower consumer spending and higher debt levels. This may also include the establishments of government, monetary and/or fiscal policies that could result in greater economic risks, such as economic slowdowns and recessions, unfavorable currency movements, and/or more elevated sovereign risks, as well as abrupt changes in geopolitical environment, disruptions in trades (including tariffs), outbreak of a pandemic, or other health crises.

Sagicor actively monitors general business and economy trends, and the potential triggers it could have on consumer disposable income, employment markets, inflation/deflation, credit, market and operating risks, among other factors.

2. CREDIT RISK

Sagicor takes on exposure to credit risk, which is the risk associated with an obligor’s potential inability or unwillingness to fulfill its contractual obligations on a timely basis and may arise from: (i) the risk of default of a primary obligor and indirectly from a secondary obligor; (ii) downgrades in credit ratings or risk profile of a counterparty; (iii) deterioration in the value of, or ability to realise, any underlying security that may be used as collateral for certain of its financial obligations; and (iv) broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Credit risks are primarily associated with its investments, securities, lending, revolving credit, and reinsurance portfolios.

Sagicor in most, but not all instances, bears the risk for investment performance, i.e., return of principal and interest, as premiums, deposits, and other receivables received are invested to pay for future policyholder claims and other obligations. Any credit defaults, impairments, downgrades, or other reductions in the value of debt securities, loans, deposits, and receivables could cause Sagicor to record realised or unrealised losses. Further, it may cause an increase in its provisions for asset default, thus having a material adverse effect on Sagicor’s business, financial performance and financial condition.

To minimise this risk, Sagicor may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. It may enter into arrangements to waive, adjust or postpone scheduled amounts due, and would classify these amounts as past due, unless the original agreement is formally revised, modified or substituted. It may also foreclose on overdue mortgage loans and finance loans by repossessing the pledged asset(s) or seek to dispose of the pledged asset by sale. In some instances, Sagicor may provide refinancing to a new purchaser on customary terms.

Sagicor's investment portfolio assets are mostly unsecured except for securities purchased under an agreement to resell, for which title to the securities is transferred to Sagicor for the duration of each agreement.

Sagicor has significant credit risk concentrations with respect to its holding of bonds and treasury bills issued by governments or government-backed investments (including state and local governments), in Canada, the United States, Jamaica, Barbados, and Trinidad and Tobago. While it has concentration limits in place, many jurisdictions mandate that its operating companies invest a portion of the assets supporting policy liabilities in government instruments in those countries where policies are sold.

Sagicor only contracts with highly rated reinsurers. It has significant exposure to certain reinsurers, including Guggenheim Partners, LLC, Hannover Rück S.E., Heritage Life Insurance Company, Munich Reinsurance Company, Optimum Life Reinsurance (Canada), PartnerRe Ltd., Reinsurance Group of America Inc., SCOR S.E., Swiss Re Ltd., and Washington National Insurance Company.

Credit risk is managed through Sagicor's risk management practices and controls, and include among others the following:

- Policies to manage credit risk limits, including among others concentration limits, and diversification requirements by asset class, issuer, geography, and industry sector;
- Monitoring, reviewing, and reporting to senior management and the Risk Committee of the Board of its credit positions against established limits and regulatory requirements;
- Performing credit analyses, including (i) screening and adjudication process; (ii) monitoring the financial condition of its counterparties on a regular basis, (iii) utilising various sensitivity and stress testing analyses, including Financial Condition Testing and Enterprise Wide Stress Testing, to measure the effects of large and sustained adverse credit developments;
- Insurance contract liabilities are established in accordance with Canadian actuarial standards of practice;
- Ensuring loans written are adequately collateralised;
- Monitoring internal capital targets to ensure internal targets are met or exceeded;

Additional information on credit risk can be found in note 36.1 of the 2024 consolidated financial statements.

3. MARKET RISK

Sagicor is exposed to market risk, which is defined as the risk that the value or future cash flows of insurance, investment contract liabilities, or financial assets will fluctuate because of changes or volatility in market prices. Market risk includes equity prices, interest rate and credit spread, foreign exchange, inflation risks, and real estate prices, and are managed through policy limits and control activities.

Market risk sensitivities were determined based on the impact of specific changes in market prices, interest rate levels and credit spreads using internal models as at a specific date, and are measured relative to a starting level reflecting Sagicor's assets and liabilities at that date. The market risk sensitivities measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among other factors when more than one factor changes; changes in liabilities from updates to non-economic assumptions, changes in business mix, and other market factors; and the general limitations of its internal models. For these reasons, the risk sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined for each risk sensitivity. Given the nature of these calculations, Sagicor cannot provide assurance that the actual impact on contractual service margin (net), net income (pre-tax), other comprehensive income (pre-tax), and LICAT will be as indicated.

(a) Equity Risk

Equity risk is the potential adverse effect on Sagicor's financial performance and financial condition from declines or volatility in equity market prices. Sagicor is exposed to equity risk through some of its product guarantees, and through the impact of policyholder funds invested in accounts which track external equity-related indices such as universal life and segregated funds. Sagicor is also exposed to equity risk through its asset management and investment portfolios.

Its equity risk is managed through its investment policies and various internal controls, including among others established concentration limits, conducting sensitivity and stress testing analyses, and performing frequent monitoring. Where possible, Sagicor uses hedging strategies to mitigate its risks, in particular the segregated funds where the equity exposure is substantially all hedged.

The following table sets out the potential immediate impacts on, or sensitivity of, the contractual service margin (net), net income (pre-tax), and other comprehensive income (pre-tax), and LICAT to certain changes in market variable as at December 31, 2024 and December 31, 2023. 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.

<i>As at December 31 (in US \$millions, unless otherwise noted)</i>	20% increase	20% decrease	20% increase	20% decrease
Potential impact from immediate public equity movements on:	2024		2023	
Contractual Service Margin (net)	3.5	(2.1)	1.8	(1.4)
Net Income (pre-tax)	79.8	(85.4)	102.2	(99.8)
Other Comprehensive Income (pre-tax)	0.1	(0.1)	-	-
LICAT	3%	(3%)	3%	(2%)

<i>As at December 31 (in US \$millions, unless otherwise noted)</i>	10% increase	10% decrease
Potential impact from immediate public equity movements on:	2024	
Contractual Service Margin (net)	1.9	(1.1)
Net Income (pre-tax)	41.9	(47.0)
Other Comprehensive Income (pre-tax)	-	-
LICAT	1%	(2%)

Notes:

- All sensitivities are measured as at December 31, 2024 and December 31, 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following period. Sagicor Jamaica sensitivity on the insurance contract liabilities are split between public and private equity based on the percentage allocation of public and private equity in the segregated funds. Sagicor USA spread call option sensitivities reflect an average cap rate, rather than the individual cap rate of each option.
- The sensitivities assume all markets/geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- The market sensitivity impacts reflect Sagicor's accounting designation of financial assets and insurance contract liabilities. Most assets and all insurance contracts are measured at FVTPL. Market impacts on VFA insurance contracts impact the CSM, until it is exhausted, at which point, the impacts flow through income.
- For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- The sensitivities do not reflect any potential management actions.

(b) Foreign Exchange Risk

Foreign exchange risk is due to changes in foreign currency rates. This risk may arise from mismatches in the currency of Sagicor's assets and liabilities as well as cash flows resulting from, among others, foreign currency transactions and services, investments denominated in foreign currencies, net income from foreign operations, and investments in foreign subsidiaries. Changes or volatility in foreign currency rates, including a change to currencies that are fixed in value to another currency, could adversely affect Sagicor's net income, contractual service margin and capital. Additionally, foreign exchange controls or market availability in some of the jurisdictions in which Sagicor operates may limit its ability to exchange local currency for US dollars or may restrict its ability to receive distribution from one of Sagicor's subsidiaries, and such distribution may also be subject to foreign withholding tax.

Changes in exchange rates can affect Sagicor's net income when financial results in functional currencies in its non-US operating segments are translated into US dollar. Net income outside of the US is generally not hedged for currency fluctuations and a weakening in the local currency of its foreign operations relative to the US dollar could have a negative

impact on its net income reported in US currency. A strengthening in the local currency of its foreign operations relative to the US dollar would have the opposite effect. Sagicor's most significant exposure is to the Canadian dollar given its acquisition of ivari in 2023. Its other significant exposures are to the Jamaican, Barbadian and Trinidad & Tobago dollars due to its business activities in those markets.

Sagicor operates and issues contracts in the currencies prevailing in the countries where it conducts business. Currencies which are pegged to the US dollar are converted at the pegged rates. Currencies which float are converted to the US dollar by reference to the average of buying and selling rates quoted by the respective central banks.

The following tables show Sagicor's significant foreign exchange exposure as of December 31, 2024 and 2023 by presenting assets and liabilities by the currency in which they are denominated for its continuing operations. For the Sagicor Canada segment, all non-Canadian financial exposures are reported as Canadian exposure as the foreign currency risk is pass-through to policyholders.

December 31, 2024		US \$million equivalents of balances denominated in						
<i>(in US \$millions)</i>	Canada \$	US \$	Jamaica \$	Barbados \$	Trinidad & Tobago \$	Eastern Caribbean \$	Other Currencies	Total
ASSETS								
Total monetary assets	8,338.0	7,020.5	1,983.7	460.2	865.3	150.5	161.4	18,979.6
Other assets ²²	2,306.2	657.7	535.1	198.5	72.0	14.7	4.1	3,788.3
Total assets	10,644.2	7,678.2	2,518.8	658.7	937.3	165.2	165.5	22,767.9
LIABILITIES								
Total monetary liabilities	10,154.1	7,148.1	1,973.8	840.6	995.9	183.5	135.4	21,431.4
Other liabilities	-	-	8.4	0.9	2.0	2.0	0.8	14.1
Total liabilities	10,154.1	7,148.1	1,982.2	841.5	997.9	185.5	136.2	21,445.5
Net position	490.1	530.1	536.6	(182.8)	(60.6)	(20.3)	29.3	1,322.4

December 31, 2023		US \$million equivalents of balances denominated in						
<i>(in US \$millions)</i>	Canada \$	US \$	Jamaica \$	Barbados \$	Trinidad & Tobago \$	Eastern Caribbean \$	Other Currencies	Total
ASSETS								
Total monetary assets	8,995.8	6,503.1	1,769.3	411.4	837.4	141.5	177.7	18,836.2
Other assets ²²	2,082.5	639.4	524.1	215.5	70.7	12.1	4.4	3,548.7
Total assets	11,078.3	7,142.5	2,293.4	626.9	908.1	153.6	182.1	22,384.9
LIABILITIES								
Total monetary liabilities	10,189.1	6,932.0	1,771.4	784.5	978.7	175.7	193.8	21,025.2
Other liabilities	16.6	-	9.0	0.8	1.8	1.4	1.0	30.6
Total liabilities	10,205.7	6,932.0	1,780.4	785.3	980.5	177.1	194.8	21,055.8
Net position	872.6	210.5	513.0	(158.4)	(72.4)	(23.5)	(12.7)	1,329.1

²² Includes equity securities.

To manage the risk associated with movements in foreign currency rates, Sagicor seeks to maintain investments and cash in each operating currency sufficient to match liabilities denominated in the same currency. Sagicor also invests in US dollar assets, which are held to pay liabilities in operating currencies. Management believes that this strategy adequately meets Sagicor's asset and liability management goals with respect to currencies and in the long-term is likely to either maintain capital value or provide satisfactory returns. Sagicor also performs sensitivity analysis to assess the impact of its exposure to foreign exchange risk.

For additional details on Sagicor's foreign exchange risk, refer to notes 2.4, 23, and 36 of the 2024 consolidated financial statements.

(c) Interest Rate Risk

Interest rate risk is the potential adverse effect on Sagicor's financial performance and financial condition arising from changes or volatility in interest rates or credit/swap spreads when asset and liability cash flows do not coincide in terms of timing and amount. Sagicor is exposed to interest rate risk when the cash flows from assets and the policyholder obligations they support are mismatched as this may result in the need to either sell assets to meet policy obligations and expenses or reinvest excess asset cash flows in unfavorable interest rate environments. The impact of changes or volatility in interest rates or credit/swap spreads are reflected in the valuation of Sagicor's financial assets and insurance contract liabilities.

For products with interest rate guarantee provisions, it may be required to increase liabilities or capital in respect of these contracts. Guaranteed minimum returns exist within cash values of long-term traditional insurance contracts, long-term universal life insurance contracts, annuity options, deposit administration liabilities, and policy funds on deposit. Where the returns credited exceed the guaranteed minima, the insurer usually has the option to adjust the return from period to period. For other financial liabilities, returns are usually contractual and may only be adjusted on contract renewal or contract re-pricing.

Movements in short-term and long-term interest rates affect the level and timing of recognition of gains and losses on securities Sagicor holds, and cause changes in realised and unrealised gains and losses. Generally, Sagicor's investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds reinvested at lower rates. During periods of rising interest rates, the market value of Sagicor's existing fixed income securities will generally decrease and Sagicor's realised gains on fixed income securities will likely be reduced. Realised losses will be incurred following significant increases in interest rates only if the securities are sold; otherwise, the losses will be unrealised as assets are fairly matched to similar duration liabilities and may be held to maturity. Conversely, declining interest rates result in unrealised gains in the value of fixed income securities Sagicor continues to hold, as well as realised gains to the extent the relevant securities are sold.

Significant changes or volatility in interest rates or spreads could have a negative impact on the sales of certain insurance and annuity products, and adversely impact the expected pattern of redemption (surrenders) on existing policies. Increase in interest rates or widening credit spreads may increase the risk that policyholders will surrender their contracts, potentially forcing a liquidation of assets at a loss. Negative interest rates may additionally result in losses on Sagicor's cash and short-term deposits and low or negative returns on its fixed income assets impacting its profitability.

A sustained low interest rate environment may additionally adversely impact its net income, contractual service margin, capital, and its ability to implement its business strategy and plans. This may be realised through lower sales, less profitable new business, changes in patterns of redemptions on existing policies, among other impacts.

Sagicor's primary interest rate exposures relate to its long-term insurance and annuities liabilities as well as funds on deposit. A loss may be incurred on certain contracts where the investment return does not exceed the interest credited to the policyholder.

Sagicor manages its interest rate risk by various measures including, where feasible, the selection of assets which best match the maturity of liabilities; the offering of investment contracts which match the maturity profile of assets; the re-pricing of interest rates on loans receivable; policy contracts and financial liabilities in response to market changes. In certain Caribbean markets, where availability of suitable investments is often a challenge, Sagicor holds many of its fixed-rate debt securities to maturity and therefore mitigates the transient interest rate changes in these markets.

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

<i>For the year ending December 31,</i>	2024	2023
Financial investments carried at FVTOCI and amortised cost:		
Debt securities	5.6%	6.3%
Mortgage loans	6.4%	6.3%
Finance loans	11.2%	10.8%
Securities purchased for resale	4.8%	3.2%
Deposits	6.7%	3.0%
Financial liabilities carried at amortised cost:		
Investment contract liabilities	3.5%	4.2%
Notes and loans payable	8.1%	7.0%
Other funding instruments	6.0%	5.6%
Deposits	1.9%	1.7%
Securities sold for repurchase	4.5%	4.7%

Sensitivity

Sensitivity to interest rate risk is considered by operating subsidiaries. Sagicor's property and casualty operations are not exposed to a significant degree of interest rate risk since most interest-bearing instruments related to these operations have short-term maturities.

The following table sets out the potential immediate impacts on, or sensitivity of, Sagicor's contractual service margin (net), net income (pre-tax), other comprehensive income (pre-tax), and LICAT to certain changes in interest rates and credit spreads as at December 31, 2024 and December 31, 2023. 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, and changes in some assumptions might be correlated.

	Interest Rate			
	2024		2023	
<i>As at December 31, (in US \$millions, unless otherwise noted)</i>	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
Contractual Service Margin (net)	4.3	(3.7)	4.5	(5.6)
Net Income (pre-tax)	9.3	(21.4)	(0.1)	(2.6)
Other Comprehensive Income (pre-tax)	(17.7)	19.0	(19.7)	21.4
LICAT	(0.3%)	-	(0.9%)	0.9%

	Credit Spread	
	2024	
<i>As at December 31, (in US \$millions, unless otherwise noted)</i>	50 basis points increase	50 basis points decrease
Contractual Service Margin (net)	0.1	(0.1)
Net Income (pre-tax)	(22.4)	14.7
Other Comprehensive Income (pre-tax)	(4.1)	4.4
LICAT	(0.2%)	0.6%

Notes:

- All sensitivities are measured as at December 31, 2024 and December 31 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following period.
- The sensitivities assume all markets/geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- The interest rate sensitivities assume a parallel shift in the yield curves, however, non-parallel movements may be materially different from the estimated impacts.
- The market sensitivity impacts reflect Sagicor's accounting designation of financial assets and insurance contract liabilities. Most assets and all insurance contracts are measured at FVTPL. Market impacts on VFA insurance contracts impact the CSM, until it is exhausted, at which point, the impacts flow through income.
- For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- The sensitivities do not reflect any potential management actions.

For more details on Sagicor's exposures to interest rates, refer to note 36.6 of the 2024 consolidated financial statements.

4. LIQUIDITY RISK

Liquidity risk is the possibility that we will not be able to fund Sagicor's financial obligations and collateral requirements as they fall due. This includes the risk of being forced to sell assets at depressed values resulting in realised losses on sale. This risk also includes restrictions on Sagicor's ability to efficiently allocate capital among its subsidiaries due to various market, contractual, and regulatory constraints on the movement of funds or the lack of marketability of portions of its assets, such as mortgage loans and real estate. Note 40.3 of the 2024 consolidated financial statements provides additional information on the contractual loan covenants. Its funding obligations arise in connection with the payment of policyholder obligations, deposit withdrawals, expenses, reinsurance settlements, asset purchases, investment commitments, interest on debt, and dividend payments. Sources of available cash flows include general fund premiums and deposits, lending and investment related inflows, proceeds generated from financing activities, as well as dividends and interest payments from subsidiaries. Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns and from mismatches in the timing and value of on-balance sheet or off-balance sheet cash flows.

Sagicor is exposed to daily demands on its available cash resources for payment of policyholder obligations, operating expenses and taxes, loan drawdowns, repayment of borrowings, maturing deposit liabilities and other security obligations. Sagicor maintains cash resources in each of its operating currencies to meet what we predict will be required to meet its financial obligations. Demands on its cash resources may exceed its projections.

Sagicor limits concentrations of assets and liabilities in each operating segment. Where practical, given its operating environment, it seeks to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. It also monitors its daily, weekly, and monthly liquidity risk and manage its maturing asset and liability portfolios. Asset and liability matching is closely monitored to mitigate liquidity risks, particularly in operations with significant maturing short-term liabilities. For long-term insurance contracts, Sagicor has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its expected future cash flows. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

Sagicor uses a combination of investments in exchange traded funds, mutual funds, and derivatives to hedge the risks associated with certain products. These options are appropriate to reduce or minimise the market risks associated with adverse fluctuations in equity markets. To minimise potential counterparty risk from the purchase of these customised contracts from broker dealers, Sagicor only transacts with banks and brokers carrying an unsecured debt rating of at least A or P-1 by either S&P Global Ratings or Moody's.

Sagicor's monetary insurance liabilities mature in periods which are summarised in the following tables for the years ended December 31, 2024 and 2023. Amounts are stated at their carrying values recognised in the financial statements and are analysed by their expected due periods, which have been estimated by actuarial or other statistical methods.

(a) Insurance and reinsurance contract liabilities

Sagicor's insurance and reinsurance contract assets and liabilities are expected to mature in periods which are summarised in the following table. For the contract assets, amounts are stated at their carrying values recognised in the financial statements. For the contract liabilities, the discounted cash flows, which have been estimated by actuarial or other statistical methods, are analysed by their expected due periods.

Expected discounted cash flows							
<i>(in US \$millions)</i>	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	Total
2024							
Insurance contract assets	2.7	0.8	0.8	0.7	0.7	1.2	6.9
Reinsurance contract assets	190.8	59.4	51.9	48.3	46.5	1,301.9	1,698.8
Total	193.5	60.2	52.7	49.0	47.2	1,303.1	1,705.7
Insurance contract liabilities	767.2	419.3	574.8	609.3	560.9	9,985.3	12,916.8
Reinsurance contract liabilities	(0.9)	0.9	0.6	0.6	0.6	17.1	18.9
Total	766.3	420.2	575.4	609.9	561.5	10,002.4	12,935.7
2023							
Insurance contract assets	(1.4)	-	-	-	-	1.2	(0.2)
Reinsurance contract assets	181.4	86.2	78.6	68.0	66.4	1,548.3	2,028.9
Total	180.0	86.2	78.6	68.0	66.4	1,549.5	2,028.7
Insurance contract liabilities	488.2	397.4	399.0	464.6	604.9	10,133.1	12,487.2
Reinsurance contract liabilities	(0.2)	1.6	1.4	1.1	0.8	28.0	32.7
Total	488.0	399.0	400.4	465.7	605.7	10,161.1	12,519.9

(b) Financial liabilities and commitments

Sagicor's contractual cash flow obligations in respect to its financial liabilities and commitments are summarised in the following table. Amounts are analysed by their earliest contractual maturity dates and consist of the contractual undiscounted 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, we assumed that the interest rate then prevailing continues until final maturity.

2024 – Contractual undiscounted cash flows

<i>(in US \$millions)</i>	On demand or within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities:				
Investment contract liabilities	384.2	76.8	21.3	482.3
Notes and loans payable	116.3	1,057.3	17.5	1,191.1
Lease liabilities	8.2	25.0	17.2	50.4
Deposit and security liabilities:				
Other funding instruments	526.1	252.0	1,507.7	2,285.8
Customer deposits	1,210.6	10.4	0.2	1,221.2
Securities sold for repurchase	660.7	21.7	-	682.4
Derivative financial instruments	0.5	-	-	0.5
Bank overdrafts	1.2	-	-	1.2
Accounts payable and accrued liabilities	307.0	2.3	-	309.3
Total financial liabilities	3,214.8	1,445.5	1,563.9	6,224.2
Off balance sheet commitments:				
Loan commitments	88.5	2.0	3.4	93.9
Non-cancellable lease and rental payments	0.3	-	-	0.3
Customer guarantees and letters of credit	33.8	0.4	10.0	44.2
Investment commitments	1.0	-	-	1.0
Total off balance sheet commitments	123.6	2.4	13.4	139.4
Total	3,338.4	1,447.9	1,577.3	6,363.6

2023 – Contractual undiscounted cash flows

<i>(in US \$millions)</i>	On demand or within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities:				
Investment contract liabilities	385.2	87.6	21.1	493.9
Notes and loans payable	207.1	1,026.1	-	1,233.2
Lease liabilities	10.3	25.7	18.9	54.9
Deposit and security liabilities:				
Other funding instruments	517.3	262.9	1,714.4	2,494.6
Customer deposits	1,080.8	3.3	0.1	1,084.2
Securities sold for repurchase	625.5	41.1	-	666.6
Derivative financial instruments	0.5	-	-	0.5
Bank overdrafts	2.2	-	-	2.2
Accounts payable and accrued liabilities	285.7	3.2	4.7	293.6
Total financial liabilities	3,114.6	1,449.9	1,759.2	6,323.7
Off balance sheet commitments:				
Loan commitments	108.1	12.6	5.9	126.6
Non-cancellable lease and rental payments	0.2	-	-	0.2
Customer guarantees and letters of credit	30.8	-	9.8	40.6
Investment commitments	0.2	-	-	0.2
Total off balance sheet commitments	139.3	12.6	15.7	167.6
Total	3,253.9	1,462.5	1,774.9	6,491.3

5. INSURANCE RISK

Insurance risk is the possibility of loss due to actual experience emerging differently than expected in the areas of mortality, morbidity, and longevity. In addition, policyholder behavior, product design and pricing, expense and reinsurance risks impact multiple risk categories, including insurance risk.

Sagicor manages insurance risk through specific underwriting and claims standards and controls, robust reserving processes, including periodic review of experience studies against its modelling assumptions, and review and approval of any recommended changes in actuarial inputs by its Chief Actuary and Appointed Actuary. Sagicor also purchases reinsurance for certain risks underwritten by its various businesses.

(a) Insurance Product Design and Pricing Risk

Product design and pricing risk arises when a product does not perform as expected, causing adverse financial consequences. The risk may occur from deviation in realised experience versus assumptions used in the pricing of its products. Risks include uncertainty concerning future investment yields, policyholder behavior, actual claims experience, sales levels, mix of business, expenses, and taxes.

Risks are priced to achieve an adequate return on capital on the insurer's²³ business. To determine the price of an insurance contract, the insurer considers the nature and amount of the risk assumed, and recent experience and industry statistics of the benefits payable. Pricing inadequacy may arise either from the use of inadequate experience and statistical data in deriving pricing factors, from insurance market softening conditions, or from future changes in the economic environment. In establishing rates of premium, Sagicor provides for appropriate levels of claims experience, be it rates of mortality for life insurance, rates of longevity for annuities, rates of morbidity for disability and health insurance, or rates of contingent losses for property and casualty insurance. Claims rates incurred in excess of pricing have adverse consequences for profitability, and conversely, claims rates incurred at levels below pricing impact profitability positively.

²³ Insurer refers to a subsidiary of Sagicor issuing insurance contracts.

Although some of its products permit us to increase premiums or adjust other charges and credits during the life of the policy or contract, the terms of these policies or contracts may not allow for sufficient adjustments to maintain expected profitability. This could have an adverse effect on its finance performance and financial condition.

Sagicor's underwriting process has established pricing guidelines and may include specific enquiries which determine the insurer's assessment of the risk. Insurers may also establish deductibles and coverage limits for property, casualty and health risks, which will limit the potential claims incurred. The pricing of a contract therefore consists of establishing appropriate premium rates, deductibles, and coverage limits. For long-term insurance contracts, Sagicor assesses the future cash flows attributable to each contract.

Sagicor carries significant underwriting risks concentrated in Canada and certain countries within the Caribbean, namely Barbados, Cayman Islands, Jamaica, St. Lucia and Trinidad and Tobago.

(b) Policyholder Behavior Risk

Policyholder behavior risk is the potential for unfavorable variability in the level, trend, or volatility of lapse rates or premium payment pattern compared to the assumptions used in the pricing and valuation of products.

Uncertainty in policyholder behavior can arise from unexpected events in the policyholder's life circumstances, the general level of economic activity, new products launches, changes in financial and capital markets, pricing and availability of current products, underwriting approaches, and its financial strength or reputation. Uncertainty in future cash flows affected by policyholder behavior can be further exacerbated by unexpected behavior during times of economic turbulence or at key option exercise points in the life of an insurance contract.

With respect to periodic premium life insurance and annuity policies, lapse experience is a factor of profitability. Many of these policies have up-front commission, policy issue and medical underwriting costs which are only recovered in full if the policy is premium paying for the initial years of its duration. If the policy lapses during the initial years, Sagicor will not fully recover its up-front costs and incur a loss on that policy.

For the same reasons that the quantum of sales of insurance policies is an important factor in maintaining insurance policy unit costs of administration, the rates of lapse or termination of in force policies impacts the policy unit costs incurred. The lower the lapse or termination rate, the more policies are in force, enabling Sagicor to contain growth in unit policy administrative costs.

(c) Mortality, Morbidity and Longevity Risk

Mortality and morbidity risk is the risk that future experience could be unfavorable relative to the assumptions used in the pricing and valuation of its products. Mortality and morbidity risk can arise in the normal course of business through random fluctuations in realised experience, product development and pricing, and several external factors such as catastrophes, pandemics, increase disability claims during economic slowdowns, and increase in medical treatment costs. Adverse mortality and morbidity experience could also occur through systemic anti-selection, which could arise due to poor plan design or underwriting process failure among other factors. They can introduce potential for adverse financial results.

Longevity risk is the potential losses arising from adverse changes in mortality rates relative to the assumptions used in the pricing and valuation of its products. The risk could manifest itself slowly over time as socioeconomic conditions improve and medical advances continue, because of a prolonged adverse impact of climate change, or more rapidly through medical developments that extend life expectancy. Longevity risk affects contracts where benefits or costs are based upon the likelihood of survival and higher than expected improvements in insured life expectancy could therefore increase the ultimate cost of these benefits.

For long-term contracts in force, Sagicor invests in assets with cash flow characteristics that closely match the cash flow characteristics of the related policy liabilities mainly to ensure that cash flows from these assets are synchronised with the timing and the amounts of the policyholders' obligations.

Policyholders' obligations payable under long-term contracts may be triggered by an insurable event (such as a death, disability, or critical illness claim) at a specified time (for example, for an annuity settlement or a policy maturity), or on the exercise of a surrender or withdrawal request by the policyholder. While settlement of these obligations is therefore expected over the remaining lives of the insureds and annuitants, Sagicor remains subject to uncertainty related to the timing of these cash outflows.

For long-term insurance contracts, significant risks arise from mortality and morbidity experience. Worsening mortality and morbidity will increase the incidence of death and disability claims. Improving mortality rates will lengthen the pay-out period of annuities.

Policy benefits payable under short-term contracts are generally triggered by an insurable event (for example, a medical expense or a death claim) and settlements of these benefits are generally within a short period.

(d) Property & Casualty (P&C) Insurance Risk

P&C insurance risk arises from coverage provided for property, motor, marine, liability, worker's injury and specialty lines of insurance contracts.

Claims payable under P&C contracts are triggered by an insurable 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, which are expected to be relatively infrequent and are greater than established threshold amounts; or
- catastrophic losses (natural or man-made), which are an aggregation of losses arising from one incident or proximate cause, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

Claims risk is the risk that incurred claims may exceed expected losses. Claims risk may arise from: invalid or fraudulent claim submissions; the frequency of incurred claims; the severity of incurred claims; and the development of incurred claims.

Claims may be concentrated in geographic locations, altering the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event could result in very many claims. Concentration of risk is mitigated through risk selection, line sizes, event limits, quota share reinsurance and excess of loss reinsurance. Sagicor reinsures most of its P&C claims risk.

(e) Expense Risk

Expense risk is the risk that future expenses are higher than the assumptions used in the pricing and valuation of products. This risk can arise from general economic conditions, unexpected increases in inflation, slower than anticipated growth, or reduction in productivity leading to increases in unit expenses. Expense risk occurs in products where we cannot or will not pass increased cost onto the policyholder and will manifest itself in the form of a liability increase or a reduction in expected profits. Sagicor incorporates changes in expense growth rates into its stressed scenario analyses and monitor expense trajectory carefully.

Growth in sales enables Sagicor to allocate its fixed operating expenses over larger revenues and subsequently increases its profitability. The impact is very significant where we sell substantial amounts of periodic premium life insurance and annuity policies. The pricing of such products is either fixed at the issue of each policy or may limit the extent of cost recovery over the duration of the policy which can extend over decades. Growth in sales enables Sagicor to contain the growth in unit policy operating expenses.

As with other key factors affecting profitability, changes in the level of country inflation and taxes impact the operating costs of Sagicor, immediately and in the longer term.

Actuaries within Sagicor determine each segment's actuarial liabilities after factoring in expected levels of attributable operating expenses. Higher inflation and taxation levels would adversely impact its profitability, and conversely lower inflation and taxation levels would positively impact its profitability.

(f) Reinsurance Risk

Reinsurance risk is the risk of financial loss due to adverse developments in reinsurance markets, including discontinuation or reduction of reinsurance capacity, increase in the cost of reinsurance, insolvency of a reinsurer or inadequate reinsurance coverage. While reinsurance arrangements provide for the recovery of claims arising from liabilities ceded, we retain primary responsibility to the policyholder.

Sagicor cedes some of its insurance risk to highly rated reinsurers. Sagicor monitors the risk profile of these reinsurers, and in some instances require that a trust account be maintained by the reinsurer as collateral.

Under reinsurance contracts, Sagicor retains some part of the risk and coverage in excess of these limits is ceded to reinsurers. Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified period.

Sagicor holds reinsurance coverages that allow potential policy benefits to exceed amounts which are prudent for Sagicor to undertake the claims risk. Reinsured amounts may be on a per policy basis, (i.e. in excess of a predetermined insured amount) or may be based on the aggregation of the insured's coverages (i.e. the insured has several policies, and the amount reinsured is the aggregate exceeding a predetermined amount).

The tables below illustrate the gross and net (of reinsurance) total life insurance coverages and annuity liabilities for individual and group policies as of December 31, 2024, and 2023, respectively.

<i>(in US \$millions)</i>	2024	2023
Total life insurance coverage		
Individual contracts - gross	\$ 212,953.3	\$ 222,222.4
Individual contracts - net	\$ 76,955.6	\$ 75,210.0
Group contracts - gross	\$ 4,840.1	\$ 5,068.2
Group contracts - net	\$ 4,764.1	\$ 4,789.9

Total liability under annuity contracts provides a good measure of longevity risk exposure.

<i>(in US \$millions)</i>	2024	2023
Total liability for annuity contracts		
Individual contracts - gross	\$ 5,678.1	\$ 4,953.2
Individual contracts - net	\$ 5,444.2	\$ 4,653.5
Group contracts - gross	\$ 590.8	\$ 575.2
Group contracts - net	\$ 580.9	\$ 564.2

For more details, refer to note 37.1 to the 2024 consolidated financial statements.

Sensitivity to Insurance Risks

Insurance risk sensitivities were determined based on the impact of specific changes in policyholder behavior, mortality, longevity, morbidity, P&C loss ratio, and expense assumptions used in the valuation of insurance contracts. The following sensitivity analysis shows the immediate impact on contractual service margin and net income of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents adverse sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction. Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among other factors when more than one factor changes; changes in liabilities from updates to non-economic assumptions, changes in business mix, and other market factors; and the general limitations of its internal models. For these reasons, the insurance risk sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined for each risk sensitivities. Given the nature of these calculations, we cannot provide assurance that the actual impact on contractual service margin and net income will be as indicated.

As at December 31, (in US \$millions, pre-tax)	2024				2023			
	Contractual Service Margin		Net Income		Contractual Service Margin		Net Income	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2% adverse change in future mortality rates for insurance liabilities	(104.5)	(3.7)	(15.6)	(2.2)	(114.2)	(4.5)	(12.9)	0.3
2% adverse change in future longevity rates for annuity liabilities	(2.5)	(2.5)	(2.1)	(2.1)	(2.3)	(2.3)	(1.7)	(1.7)
5% adverse change in future morbidity rates	(5.4)	(4.4)	(0.7)	(0.7)	(3.0)	(2.1)	(1.0)	(1.0)
10% multiplicative increase to the P&C loss ratio	-	-	(3.2)	(3.2)	-	-	(1.8)	(1.8)
5% increase in future expense levels	(20.0)	(19.7)	(5.8)	(5.3)	(19.4)	(19.2)	(3.1)	(3.0)
10% adverse change in policyholder behavior (i.e., lapses)	(247.4)	(152.7)	(45.6)	(33.2)	(218.2)	(138.7)	(37.8)	(26.6)

Notes:

- All sensitivities are measured as at December 31, 2024 and December 31, 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following period.
- The sensitivities assume all markets/geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- The direction of the policyholder behavior sensitivity is assessed at the operating segment level.
- The sensitivities do not reflect any potential management actions.

6. OPERATIONAL RISK

Sagicor is exposed to operational risk, which represents the risk of loss or harm resulting from people, inadequate or failed internal processes, controls, and systems or from external events and is inherent in all its activities and third-party activities. Operational failures can lead to involuntary one-time losses, inefficiencies resulting in recurring losses, reputation damage or lost opportunities. Sagicor continues to make advancements in its operational risk management approaches predicated on appropriate and effective internal controls, and a trained and competent workforce to mitigate this risk.

The following are examples of operational risks that could impact Sagicor:

(a) Fiduciary Risk

Sagicor provides investment management, insurance and pension administration, and corporate trust services to corporate customers. Investment management services require Sagicor to make allocation, purchase and sale decisions in relation to a wide range of investments on behalf of these corporate customers. These services may expose Sagicor to claims for maladministration or underperformance of these investments. As of December 31, 2024, Sagicor administered \$4,081.0 million (2023 - \$3,980.8 million) in assets on behalf of these corporate customers.

(b) Fraud Risk

This represents the risk of loss resulting from acts or activities that are intended to defraud, misappropriate assets, or circumvent laws or regulations by customers, contractors or other third parties, directors, officers, employees, or advisors. Fraud is any intentional dishonest act or omission designed to deceive others, resulting in a victim suffering or being exposed to a loss or the perpetrator achieving a gain. Fraud can result in a financial loss or reputational impact on Sagicor and have other impacts that are detrimental to its customers and other stakeholders. Sagicor faces both internal and external fraud risks which may include identify theft, fraudulent claims, misrepresentation, forgery, and collusion as incident types. Fraud can be difficult to detect due to the continuously evolving external fraud environment and increasingly sophisticated methods of organised criminals, and could harm its business, financial performance or financial condition. Sagicor actively monitors fraud risk and has preventative monitoring rules in place in some of its businesses.

(c) Business Continuity Risk

This represents the risk of not being able to maintain, continue, or restore on a timely basis, essential business operations during and/or after an event that prevents us from conducting business in the normal course. Exposure to operational events that disrupt or interrupt the continuity of its business operations could negatively impact its financial performance and condition as well as its reputation, client outcomes and/or result in harm to its employees. These operational events could occur as a result of the impact of severe weather events, pandemic outbreaks, failed processes, technology failures or cyber-attack. Plans and processes have been established across the organisation to follow in the event of disaster or business disruption.

(d) Technology and Cybersecurity Risk

Technology risk is associated with the use, ownership, operation, and adoption of technology that can result in business interruptions, client service disruptions and loss of confidential information causing adverse effects on Sagicor's business, financial performance, reputational damage, and regulatory fines and penalties.

Technology risk includes computer viruses, network security breaches, disasters or other unanticipated events which could affect Sagicor's data processing systems or those of its business partners, and could damage Sagicor's business, financial performance, and financial condition.

Cyber risk is the risk associated with cyber-attacks initiated to disrupt or disable its operations or to expose or damage data. Sagicor has a dedicated team of professionals that helps protect the organisation against breaches and other incidents by ensuring appropriate security and operational controls are in place. It remains vigilant and continues to improve its cybersecurity capabilities and enhance controls.

(e) Third Party Risk

Third-party risk is the risk that a third party fails to provide goods, business activities or services therefore exposing Sagicor to negative outcomes. The third-party risk scenarios may include insolvency, operational disruption of the third party, geopolitical tensions, breaches or loss of data or corruption, unwillingness to provide the services/products in accordance with the term of their contracts. Key third party providers are closely monitored as part of its ERM program.

(f) Model Risk

Model risk is the risk of inappropriate design, implementation and/or use of a model. While the use of data and models generates value for Sagicor and offers significant business value, it also introduces the risk that a loss might occur or inappropriate decisions might be made due to modelling deficiencies or limitations, improper implementation or utilisation, inaccurate or inappropriate data, or incorrect assumptions. Sagicor has established a multi-layered review of its significant models.

(g) Human Resources Risk

Human resources are an essential component in the realisation of Sagicor's strategic plan and the implementation of its business strategies. Human resources risk is the risk of loss resulting from a shortage of competent, motivated, and engaged resources (due to capacity, employment practices and the working environment), in the short to medium term, or labor disputes limiting personnel to carry out the operational activities needed to support the Sagicor's growth. A code of conduct is in place in addition to well-defined policies and procedures with respect to compensation, recruitment, training, employment equity, diversity, as well as occupational health and safety. It also conducts surveys, focus group discussions and interviews to assess employment engagement levels.

(h) Legal & Regulatory Risk

Sagicor is subject to extensive regulatory oversight by financial services regulators in the jurisdictions in which it operates. Legal and regulatory risk is the risk that changes to legislations, regulations or government policies, or the way they are interpreted or enforced, may require that it makes significant changes to its strategy or operations and may result in higher implementation costs and diversion of resources to implement the changes. These changes could impact financial reporting, accounting processes, capital requirements, the regulatory framework of its products and services, the regulation of selling practices, sales intermediaries and product offerings, solvency requirements, and corporate governance practices and could impose restrictions on its operations. All these changes could have an adverse effect on its business and operations. Its failure to comply with laws or to conduct its business consistent with changing regulatory or public expectations could adversely impact its reputation and may lead to regulatory investigations, examinations, proceeding, settlement, penalties, fines, restrictions on its business, litigation or an inability to execute its business strategies and plans.

7. STRATEGIC RISK

Strategic risk can arise from decisions we make around its product and service offerings, the distribution channels it utilises, the acquisitions it pursues and its ability to integrate them into Sagicor, the dispositions it pursues, its responses to competitive threats and regulatory changes, and are guided by its ERM. Having a wrong strategy, or poorly executing on the correct strategy, could have adverse effects on Sagicor's business, results of operations, financial condition, and reputation.

While Sagicor has endured for over 180 years, its product offerings and geographic markets have evolved. Markets often have different preferences for certain products and any successful venture into new markets needs to adapt to market tastes. Sagicor only ventures into new markets or offers new products after extensive research and appraisal.

Sagicor faces significant competition mainly from national and regional insurance companies and from self-insurance. Sagicor also faces competition from global companies, this competition could limit Sagicor's ability to gain or maintain its position in the industry and could materially adversely affect its business, financial performance and financial condition.

8. CONDUCT RISK

Conduct risk is the risk of unfair outcomes for customers as a result of inadequate or failed processes and/or inappropriate behavior, offerings, or interactions by Sagicor's employees. A failure to identify and mitigate conduct risk impacts not only Sagicor's customers but can also have adverse reputational and financial consequences for Sagicor due to the cost of customer remediation, damage to reputation and/or regulatory fines. A code of conduct is in place which outlines an employee's responsibility to act professionally, treat others with respect, and comply with laws, regulations, and its policies. Anyone who breaches or fails to report an actual or possible breach of the Code of Conduct is subject to corrective or disciplinary action.

9. ENVIRONMENTAL AND SOCIAL RISK

Environmental and Social (E&S) risk is the potential adverse effect on Sagicor's financial performance and financial condition, its operations, its legal and regulatory compliance, or its reputation arising from the manner in which Sagicor manages E&S issues or relationships with stakeholders and communities. E&S issues include, but are not limited to land and resource use, biodiversity, water quality and availability, climate change, environmental regulation, social and racial inequality and other human rights, and community engagement.

E&S risks, including climate change, are each unique and transverse risks impacting our principal risk types in different ways and to varying degrees. While E&S risk manifests itself through insurance, reputation, and regulatory compliance risks, the impact of E&S risk also extends to our other principal risks, including systemic, competitive, strategic, legal and regulatory environment, operational, credit, market, and liquidity risks.

The following sets out Sagicor's governance, strategy and risk management in respect of E&S risks.

Governance

Sagicor's Board of Directors supervises the management of the business and affairs of the group, including providing guidance and strategic oversight to management. Sustainability factors, including sustainability-related risks, are taken into consideration during the design of our strategic plans. Sustainability-related risks, both current and emerging, are monitored by management and discussed with the Risk Committee of the Board, and sustainability disclosures are reviewed and approved by the Audit Committee of the Board. Senior management is responsible for managing risks and opportunities, and implementing our enterprise strategies, which include E&S matters.

Strategy

Sagicor's strategy integrates sustainability and risk management at its core, ensuring that E&S related insights, stakeholder feedback, and robust governance all shape our long-term direction. Sagicor relies on both qualitative and quantitative methods to guide its capital allocation, underwriting decisions, and product development. In parallel, it collaborates with various stakeholders to identify emerging opportunities to ensure its business practices evolve with market and stakeholder expectations. This holistic focus on E&S not only strengthens Sagicor's resilience against future disruptions, but also position the organisation to capture sustainable growth opportunities across our Caribbean and North American operations.

Risk Management

Roles and responsibilities related to E&S risk management are governed by Sagicor's ERM framework, including a three lines of defense governance model. Sagicor risk teams are responsible for identifying, assessing, measuring, managing, mitigating, monitoring and reporting E&S issues that may pose a risk to Sagicor, and for developing and maintaining policies on a regular basis to manage E&S risks.

9. ADDITIONAL INFORMATION

A. Economic & Market Review and Outlook

Canada

According to the Bank of Canada's January 2025 report, the economy grew at an annualised rate of around 1.3% in 2024. Canadian yields have edged lower, and the Canadian dollar has depreciated notably against the US dollar, largely due to trade uncertainties and the broader strength of the US currency. The country's performance in both the third and fourth quarters was primarily weighed down by declines in business investment, inventory levels, and exports. The labor market remains subdued, with the unemployment rate standing at 6.7% in December. Job growth has picked up in recent months after more than a year of lagging behind the expanding labor force. While wage pressures have proven persistent, there are signs of easing. In December 2024, Canada's Consumer Price Index ("CPI") rose 1.8% year-over-year, a slight deceleration from the 1.9% increase in November, largely driven by slower price growth for food from restaurants and alcoholic beverages from stores. In response to weaker economic growth, the Bank of Canada reduced its target for the overnight rate twice by 50 basis points during the fourth quarter of 2024, lowering it to 3.75% in October and further to 3.25% in December. With inflation close to the 2% target and the economy in excess supply, the Governing Council opted to cut the policy rate by an additional 25 basis points to 3%.

USA

The U.S. Bureau of Economic Analysis' indicates the economic activity in the U.S. has shown steady growth in 2024, with the third quarter seeing an annual expansion of 3.1%, followed by a slower, but still positive, 2.3% growth rate in the fourth quarter. The deceleration from Q3 to Q4 was driven by declines in investment and exports, although consumer spending and federal government expenditures helped mitigate the slowdown. Notably, imports also decreased in the fourth quarter. The IMF estimates the U.S. economy grew by 2.8% for the year 2024. The unemployment rate increased slightly to 4.1% in December 2024 from 3.8% in December 2023. At the same time, inflation, measured by the Consumer Price Index (CPI), rose by 2.9% over the past year, a slight uptick from the previous year. To manage these economic dynamics, the Federal Reserve lowered the federal funds rate by 25 basis points in the fourth quarter, bringing it to a range of 4.25%-4.50%. This action is part of the Fed's strategy to balance promoting job growth while aiming to return inflation to the target rate of 2%.

Barbados

According to the Central Bank of Barbados, Barbados' economy expanded by 4%, surpassing the estimated global growth rate of 3.2%. This economic expansion was driven by strong performances in tourism, business services, construction, and retail trade sectors. Tourism saw notable growth, with long-stay arrivals rising by 10.7% bolstered by the successful hosting of the ICC Men's T20 World Cup in June and increased direct flight connections from key source markets. Reflecting the global trend of disinflation, the twelve-month moving average inflation rate stood at 1.4% at the end of December 2024. Barbados' Gross International Reserves reached approximately US\$1.6 billion by December 2024, covering 31.2 weeks of goods and services imports. The labor market also showed signs of improvement, with unemployment declining and workforce participation rising. By the end of the third quarter, the unemployment rate had fallen to 7.1%, down from 8.3% during the same period in 2023.

Trinidad & Tobago

In its World Economic Outlook released in October 2024, the International Monetary Fund forecasts Trinidad and Tobago's real GDP is expected to grow by 1.6% in 2024. According to the Central Statistical Office, the change in Trinidad and Tobago's consumer prices in December 2024 compared to December 2023, reflects a 50 basis points increase. At the end of December 2024, the country's Net Official Reserve stood at approximately US\$ 5.6 billion or approximately 8 months of import cover. At the end of December 2024, the Central Bank of Trinidad and Tobago maintained its repo rate at 3.50%.

Jamaica

The Statistical Institute of Jamaica estimated the real value added for the Jamaican economy fell by 3.5% in the third quarter of 2024 compared to the same period in 2023. This decline was driven by a 2.2% drop in the Services sector and a more significant 7.2% decrease in the Goods-Producing Industries. The passage of Hurricane Beryl in July 2024 adversely impacted the economy, specifically the performance of the Agriculture, Forestry & Fishing, and the Mining & Quarrying industries. Jamaica's point-to-point inflation rate for the twelve months ending December 2024 was 5%. In response to the shifting economic landscape, the Monetary Policy Committee of the Bank of Jamaica reduced the policy rate from 6.25% in November 2024 to 6% in December 2024 in a bid to support economic stability.

Financial Markets

Emerging markets equities faced a turbulent Q4 2024, with the MSCI Emerging Markets IMI Index declining by 8.01% amid heightened macroeconomic and geopolitical pressures. However, the US markets fared better mainly due to the stocks involved in the artificial intelligence boom. Evidence of this can be seen with the S&P 500 Index returning 6.17% and Nasdaq Composite Index returning 6.35% in the quarter. In the Caribbean the All T&T Index advanced by 0.09% during the quarter under review and the JSE All Jamaican Composite Index advanced by 0.73% during the fourth quarter of 2024. At the end of the fourth quarter of 2024, the 10-year US Treasury yield stood at 4.58%, an increase from 3.81% at the end of September 2024.

B. Regulatory Environment

Sagicor monitors and prepares for regulatory developments and changes in a manner that seeks to ensure compliance with new requirements while mitigating adverse business or financial impacts. Such impacts could result from new or amended laws or regulations and the expectations of those who enforce them.

Sales Practices

The Financial Services Regulatory Authority of Ontario ("FSRA") and other Canadian provincial insurance regulators regulate, among other things, the distribution of and sales practices related to life insurance products. FSRA is engaged in a review of industry distribution models and could seek to impose changes in how certain life insurance products are distributed either on an industry-wide basis or on certain participants, which may include the managing general agencies contracted by Sagicor Canada and/or Sagicor Canada itself, among others. On May 30, 2024, FSRA and Sagicor Canada agreed on licensing conditions requiring Sagicor Canada to engage an independent monitoring firm to (i) validate Sagicor Canada's compliance with Ontario's market conduct laws, regulations and rules and the design and implementation effectiveness of relevant Sagicor Canada programs; (ii) assess completion of Sagicor Canada's past commitments to FSRA and FSRA's identified issues; and (iii) assess differences between Sagicor Canada universal life insurance disclosures and sales practices of managing general agents. The engagement will conclude upon the monitoring firm's report to FSRA in 2025. Sagicor could also be subject to changes in laws and regulations and actions by regulatory authorities that may affect the business or operations of Sagicor Canada or its business partners.

C. Quarterly Financial Information

The following table provides a summary of Sagicor's results for the eight most recent quarters. A more complete discussion of our historical quarterly results can be found in our interim and annual MD&A for the relevant periods.

<i>(in US \$millions, unless otherwise noted)</i>	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Insurance service result	47.0	37.8	51.4	29.7	20.1	23.6	25.2	2.3
Total investment result	111.4	162.5	33.1	121.4	242.3	74.3	131.4	85.9
Total insurance and investment result	158.4	200.3	84.5	151.1	262.4	97.9	156.6	88.2
Fees and other income	52.4	33.9	31.8	34.7	27.1	27.1	31.1	32.5
(Loss)/gain arising on acquisitions and divestitures	(0.1)	(0.1)	9.8	-	448.3	-	-	-
Share of income of associates and joint ventures	1.5	1.3	0.4	1.2	3.1	1.4	2.6	0.5
Other operating expenses	(82.2)	(81.9)	(90.5)	(83.7)	(131.1)	(70.8)	(73.9)	(74.1)
Other interest and finance costs	(61.2)	(54.8)	(59.4)	(57.2)	(56.8)	(33.8)	(34.7)	(30.1)
Income/(loss) before taxes	68.8	98.7	(23.4)	46.1	553.0	21.8	81.7	17.0
Income taxes	(7.1)	(31.1)	(7.1)	(16.5)	(49.5)	(10.6)	(21.4)	(7.8)
Net income/(loss)	61.7	67.6	(30.5)	29.6	503.5	11.2	60.3	9.2
Income/(loss) attributable to shareholders	52.4	59.1	(40.2)	26.2	485.3	(3.5)	48.8	1.4
Basic EPS	38.2¢	42.0¢	(29.0¢)	19.0¢	342.9¢	(3.0¢)	34.2¢	1.0¢
Basic EPS - Adjusted ²⁴	N/A	N/A	N/A	N/A	26.2¢	N/A	N/A	N/A
Diluted EPS	37.3¢	41.0¢	(29.0¢)	18.0¢	337.3¢	(3.0¢)	34.0¢	1.0¢
Diluted EPS - Adjusted ²⁴	N/A	N/A	N/A	N/A	25.8¢	N/A	N/A	N/A
Return on shareholders' equity (annualised) ²⁵	21.9%	25.5%	(17.3%)	12.2%	211.0%	(3.1%)	43.9%	1.3%
Return on shareholders' equity - Adjusted (annualised) ^{24, 25}	N/A	N/A	N/A	N/A	30.8%	N/A	N/A	N/A

²⁴ Excluding gain on business acquisition.

²⁵ Represents a non-IFRS or other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

Quarterly Financial Information, continued

<i>(in US \$millions, unless otherwise noted)</i>	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Dividends declared per share	6.000¢	6.000¢	6.000¢	6.000¢	5.625¢	5.625¢	5.625¢	5.625¢
Dividends paid per share	6.000¢	6.000¢	12.000¢	-	5.625¢	5.625¢	11.300¢	-
Total assets	22,767.9	23,023.5	22,003.8	22,231.4	22,384.9	11,031.0	11,040.5	10,775.0
Total equity attributable to shareholders	959.7	952.3	897.7	964.4	970.9	442.5	462.5	428.3
Income/(loss) attributable to shareholders by operating segment:								
Sagicor Canada	7.8	62.7	20.4	5.2	122.1	N/A	N/A	N/A
Sagicor Life USA	41.9	(0.6)	(26.9)	37.1	(23.0)	5.1	54.6	4.4
Sagicor Jamaica	10.4	8.3	9.4	3.2	17.3	14.2	10.8	7.3
Sagicor Life	12.4	14.1	2.2	9.8	(30.7)	3.6	8.7	5.0
Head office, other & inter-segment eliminations	(20.1)	(25.4)	(45.3)	(29.1)	399.6	(26.4)	(25.3)	(15.3)
Total	52.4	59.1	(40.2)	26.2	485.3	(3.5)	48.8	1.4

Third Quarter 2024

Sagicor's net income to shareholders was higher at \$59.1 million. The positive results were driven by positive market experience across all segments, due to the movement in interest rates.

Second Quarter 2024

Sagicor's net income to shareholders was lower with a loss of \$40.2 million driven primarily by \$55.1 million of market experience losses and was also affected by one-time costs related to a debt financing and retirement of old debt. The market experience was due to differences in changes of our mark to market valuation of our assets and the calculated value of our liabilities, as dictated by IFRS 17. We view this experience as transitory and subject to reversal over time.

First Quarter 2024

In Q1 2024, net income to shareholders was \$26.2 million resulting from excellent profitability at Sagicor Life USA from market experience gains due to asset price appreciation and at Sagicor Life from positive market experience. Sagicor Canada's results were driven by favorable equity returns and narrowing corporate spreads offset by the negative impact of higher interest rates and Sagicor Jamaica's profitability was negatively impacted by market experience losses. All segments recorded strong new business production reflecting continued solid performance.

Fourth Quarter 2023

In Q4 2023 Sagicor's financial results significantly benefited from the ivari acquisition and our subsidiaries' strong aggregate Q4 results. Net income to shareholders was \$485.3 million, of which the bargain purchase gain on the ivari acquisition contributed \$448.3 million. Net income to shareholders excluding this gain and associated transaction costs was \$37.0 million, driven by the profitability at Sagicor Canada and Sagicor Jamaica during the quarter, offset by charges taken by Sagicor Life and actuarial strengthening in Sagicor Life and Sagicor Life USA. New business production in each of our segments was robust.

Third Quarter 2023

In Q3 2023 Sagicor continued momentum in new business production while navigating rising interest rates and some continued adverse experience. Each of our segments delivered strong insurance revenue and new business CSM.

Sagicor's Q3 2023 results showed a net loss to shareholders of \$3.5 million and was primarily caused by changes in actuarial assumptions as part of Sagicor's annual review, together with other one-time charges and expenses.

Second Quarter 2023

Sagicor experienced Q2 2023 net income to shareholders of \$48.8 million. New business production in each of our segments was robust, with Sagicor Life USA posting excellent sales during the quarter in a favorable competitive and investment environment. Sagicor Jamaica and Sagicor Life generated net income to shareholders of \$10.8 million and \$8.7 million, respectively. Sagicor Life USA segment reported net income to shareholders of \$54.6 million, due in part to the refinement in the discount rate inputs.

First Quarter 2023

Net income to shareholders for the quarter, excluding one-time costs of \$5.2 million relating to the IFRS 17 implementation, the ivari transaction, the build-out of our digital bank in Barbados and an estimated \$0.6 million of net experience loss, was \$7.2 million. Our results were dominated by asset price movement and the revaluation of liabilities under IFRS 17. We experienced positive movement through earnings backing surplus from our shareholding in Playa Hotels & Resorts. This was offset by the accounting mark-to-market volatility from the delinking of asset and liability rates upon the transition of IFRS 17, which resulted in non-economic accounting volatility where the calculated value of our liabilities increased more than the appreciation of our assets backing liabilities.

D. Litigation or Other Matters

Sagicor is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by Sagicor, and the amount can be reasonably estimated. In respect to claims asserted against Sagicor which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to Sagicor which is immaterial to both the financial position and the results of operations. Details of significant matters have been disclosed in the Sagicor's 2024 audited financial statements.

E. Share Buyback Programme

In 2020, the Board of Directors of SFC authorised a share buyback programme that allows the Company to repurchase its common shares (the "NCIB Shares"). The Toronto Stock Exchange (the "TSX") accepted the Company's notice of intention to make a normal course issuer bid ("NCIB") through which the Company was authorised to purchase up to 8,000,000 of the NCIB Shares during the 12-month period commencing June 22, 2020, and ending June 21, 2021. This arrangement has since been renewed each 12-month period.

On June 20, 2024, the Company announced that the TSX accepted the Company's notice of intention to renew its normal course issuer bid ("NCIB") through which the Company may purchase up to 8,951,359 of the NCIB Shares during the 12-month period commencing June 24, 2024, and ending June 23, 2025. Under the NCIB, purchases may be made on the open market through the facilities of the TSX and/or alternative Canadian trading systems at the market price at the time of acquisition, as well as by other means as may be permitted by TSX rules and applicable securities laws.

During the year ended December 31, 2024, the Company repurchased 3,026,386 shares at a total cost of \$13.4 million (2,438,427 shares at a total cost of \$9.2 million for the year ended December 31, 2023), which were subsequently cancelled.

In accordance with the Escrow Agreement and Arrangement Agreement, in the fourth quarter of 2024, Sagicor also repurchased and cancelled 3,222,430 escrow shares for a nominal consideration further reducing Sagicor's issued and outstanding common share count.

Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The gain or loss paid on the repurchase of shares is recorded directly in retained earnings.

As at December 31, 2024, 6,600 shares at a total cost of \$0.03 million (12,400 shares at a total cost of \$0.06 million as at December 31, 2023) were repurchased but not yet cancelled. These shares have been reflected in treasury shares.

F. Related Party Transactions

Note 42 of the 2024 consolidated financial statements provides additional information on related party transactions.

G. Disposal of insurance operations

Curaçao and St. Maarten

On October 5, 2022, Sagicor entered into an agreement for the sale of its operations in Curaçao and St. Maarten.

Effective April 30, 2024, following receipt of regulatory approval, ownership of the Sagicor's operations in these territories was transferred. The disposal was concluded by contractual agreement and transferred assets to the purchaser in exchange for the assumption of the insurance liabilities by the purchaser. Sagicor recorded a gain on the sale of these operations of \$9.6 million.

Panama

On May 30, 2023, the Group entered into an agreement for the sale of its wholly-owned subsidiary, Sagicor Panamá, S.A., to Sagicor - Capital & Advice Spain S.L., a joint venture entity of Sagicor Group Jamaica ("SGJ"). The Group holds an effective 24.56% ownership interest in Sagicor Panamá, S.A.

Effective December 31, 2023, ownership of Sagicor Panamá operations was transferred from Sagicor Life Inc to Sagicor - Capital & Advice Spain S.L.

The shares were sold for the book value of Sagicor Panamá, S.A. as determined at the date of sale. A payment of \$4 million has been made to date and the final payment is due in 2025, based on the final determination of the selling price in relation to Sagicor Panamá's financial statements for the period ended December 31, 2024.

H. Subsequent Events

Subsequent to the year end, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of \$0.0675 per common share payable on April 17, 2025, to the shareholders of record at the close of business on March 27, 2025.

10. ACCOUNTING AND CONTROL MATTERS

A. Critical Accounting Estimates and Judgements

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, income and other comprehensive income. The items which may have the most effect on the Group's financial statements are set out below.

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 Group 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 Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the group is managed.

2. Contracts not measured under PAA

2.1 Areas of Judgement

Areas of judgement which broadly impact the Group'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 not measured under PAA are described in subsequent notes.

Definition and classification

- Whether contracts are within the scope of IFRS 17.
- For contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group is required to determine the classification of contracts issued in Participating product lines as insurance or investment contracts. The following contracts issued by the Group are considered:
 - Insurance contracts with discretionary participation features, for which the Group applies significant judgement in the determination of whether contracts meet the definition of investment contracts with discretionary participation features.
 - Insurance contracts with direct participation features, based on the Group's assessment of whether contracts that are determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features as follows:
 - » whether the pool of underlying items is clearly identified;
 - » whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
 - » whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.
- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.

Unit of account

The Group is required to make judgements involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts — whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.
- Separation — whether components in insurance contracts are distinct (that is, they meet the separation criteria).
- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

Insurance contracts aggregation

The Group is required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together). This includes the aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts, and a similar grouping assessment for reinsurance contracts held.

Areas of judgements include:

- The determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and
- Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of judgement.

2.2. The methods used to measure insurance contracts

The Group primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions are used when estimating future cash flows:

- Mortality and morbidity rates (life insurance and reinsurance business)

Assumptions are based on standard industry and national tables, (tables from the Canadian Institute of Actuaries) according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate, to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

An increase in expected mortality and morbidity rates will increase the expected life and health claim cost which will reduce future expected profits of the Group.

- Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity will lead to an increase in expected cost of annuity payments which will reduce future expected profits of the Group.

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. Inflation is considered a non-financial assumption and is derived from the long run expense increases based on the Group's experience and management's expectation of the related expense control measures.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational. The overheads are also consistently applied to all costs that have similar characteristics. An increase in the expected level of expenses will reduce future expected profits of the Group.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group.

2.3. Discount rates

The present value of future cash flows for life insurance contract liabilities is determined using discount rates which 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 Group's investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available on the markets. Where information is not readily available in certain markets, comparable information and/or estimation is used. 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. The illiquidity adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio. The adjusted sovereign yield curves, or the risk-free yield curves (wherever they are available) plus an illiquidity premium, are used to discount the liability cash flow.

Where cash flows vary with an underlying item, cash flows are projected assuming returns on the underlying item that are consistent with the discount rate. For details on the discount rates which have been applied for the discounting of future cash flows are disclosed in note 3.2.3 of the 2024 consolidated financial statements.

2.4. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group has estimated the risk adjustment using a margin approach, calibrated to the cost of capital and target confidence levels. The margin approach involves applying shocks to the insurance assumptions used to project expected cash flows so as to produce an increase in the FCF. Shocks are selected using the projected cost of insurance risk capital such that the resulting risk adjustment falls within the Group's target confidence level range.

The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level between 75% to 85% (2023 - between 75% to 85%).

2.5. Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in net income / (loss) as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group;

Allocating the CSM at the end of the period (before recognising any amounts in net income / (loss) to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;

- Recognising in net income / (loss) the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured, maturity benefit or payout over the period of the contracts.

The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum potential loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

2.6. Assets for insurance acquisition cash flows

The Group 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 whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period. Assets for insurance acquisition cash flows not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

2.7. Determination of IFRS 17 transition amount

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. The fair value approach was applied in circumstances where the full retrospective approach was impracticable. The transition approach was determined at the level of group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17 as follows:

- Full retrospective approach

The CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 has always been applied.

- Fair value approach

The CSM is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For the groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined at January 1, 2022 instead of at the date of initial recognition.

In determining the fair value, the Group has applied the requirements of IFRS 13, Fair Value Measurement. An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. Fair value is allocated to groups of contracts based on the present value of future cash flows of the respective contracts. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied. The fair value for reinsurance contracts held was determined under the presumption that the market participant

is the same market participant that would purchase the underlying direct contracts.

For groups of reinsurance contracts covering onerous underlying contracts measured under the full retrospective approach, the loss-recovery component within the asset for remaining coverage was determined at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at that date and the percentage of claims for the underlying insurance contracts the Group expects to recover from the reinsurance contracts held.

3. Contracts measured under PAA

3.1 Areas of Judgement

Areas of judgement which broadly impact the Group'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 measured under PAA are described in subsequent notes.

For insurance contracts with a coverage period of more than one year and for which an entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Group 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 measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous.

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

3.2 Liability for incurred claims

Liability for incurred claims ("LIC") is deemed a significant estimate for general insurance products as well as group products measured under PAA. The ultimate cost of outstanding claims is calculated 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 Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim counts based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed 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.

3.3 Risk adjustment for non-financial risk

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

The Group has estimated the risk adjustment by using the margin approach. Risk adjustment percentages were determined according to a confidence level range of 70% to 75%.

3.4 Assets for insurance acquisition cash flows

The Group 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 Group 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.

4. Impairment of financial assets

In determining ECL (defined in note 2.10 (c) of the 2024 consolidated financial statements), management is required to exercise judgement in defining what is considered a significant increase in credit risk (“SICR”) 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 2.10 under sections ‘Measurement’ and ‘Forward-looking information’ of the 2024 consolidated financial statements.

a) Establishing staging for debt securities and deposits

The Group’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	Sagcor 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				DDD	
	9 Doubtful		D	C	DD	d
	10 Loss				D	

The Group uses its internal credit rating model to determine in which of the three stages an asset is to be categorised 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. Sagcor has assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or has a Sagcor 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.

b) Establishing staging for other assets measured at amortised cost, lease receivables, loan commitments and financial guarantee contracts.

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 Jamaica. Management assesses data sources from local government, International Monetary Fund (IMF) and other reputable 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.

5. 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 Group exercises judgement on the quality of pricing sources used. Where no market data is available, the Group 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.

6. Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing-related, customer-related, contract-based or technology-based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

7. Impairment of intangible assets

a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash-generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole. For the Sagicor Life reporting segment, the Group uses the value in use methodology for testing goodwill impairment. For the Sagicor Jamaica operating segment, the Group uses the fair value less cost to sell methodology, and for Sagicor General Insurance Inc, the value in use methodology.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 10 of the 2024 consolidated financial statements.

b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible's value in use, estimates are required of future cash flows generated as a result of holding the asset.

B. Changes to Material Accounting Policies in 2024

The principal accounting policies are described in note 2 of the 2024 consolidated financial statements. The following amendments to existing IFRS and IAS became effective January 1, 2024, and have been deemed not to have a material effect on the Group:

- IAS 1 – Non-current liabilities with covenants,
- IAS 7 and IFRS 7 – Supplier finance,
- IFRS 16 – Leases on a sale and leaseback.

C. Controls and Procedures

Disclosure Controls and Procedures

Sagikor's disclosure controls and procedures are designed to provide reasonable assurance that relevant information is accumulated and communicated to management, including the President and CEO and the Chief Financial Officer (CFO), to allow timely decisions regarding required disclosure.

Management, including the President and CEO and the CFO, has evaluated the effectiveness of Sagikor's disclosure controls and procedures as of December 31, 2024 and concluded that such disclosure controls and procedures were effective.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of the financial statements in accordance with IFRS. Our internal controls are intended to ensure financial records are reliable, transactions are made in accordance with management's authorisation and assets are safeguarded.

All internal control systems have inherent limitations, no matter how well designed. Even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As at December 31, 2024, management, including the President and CEO and CFO, assessed the effectiveness of the internal control over financial reporting based on the framework and criteria established in Internal Control-Integrated Framework (2013), issued by the Committee of Sponsoring Organisations of the Treadway Commission and concluded that such internal control was effective.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting during the period, which began on January 1, 2024 and ended on December 31, 2024, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

11. NON-IFRS AND OTHER FINANCIAL MEASURES

A. Non-IFRS Financial Measures

A financial measure is considered a non-IFRS measure if it is presented other than in accordance with the generally accepted accounting principles used for the Sagicor's consolidated financial statements. Non-IFRS financial measures do not have a standardised meaning and may not be comparable to similar financial measures presented by other institutions.

Assets Under Management (AUM)

This measure indicates the size of Sagicor's managed assets across all business lines. It is comprised of on-balance sheet assets classified under non-restricted cash, financial investments, and segregated funds, as well as off-balance sheet external client assets for which Sagicor provides investment management services, such as mutual fund and institutional asset management. There is not a directly comparable IFRS financial measure disclosed in Sagicor's financial statements to which the measure relates.

Core Earnings /(Losses)

Core earnings is intended to remove from reported earnings or loss the impacts of items that create volatility in Sagicor's results under IFRS, or that are not representative of Sagicor's business operating performance and long-term earnings potential. For example, equity market volatility, interest rate changes, and foreign currency exchange rate fluctuations can all have significant impacts on the reported value of Sagicor's assets and insurance contract liabilities, and therefore reported net income in the period. These impacts, however, may not be realised in subsequent periods if markets move in the opposite direction, which can cause difficulty in attempting to compare performance period over period. Each of these items is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in Sagicor's financial statements to which the measure relates, nor are reconciliations available. The items excluded from core earnings are:

1. Market experience gains and losses

Impacts on net investment income and on finance expenses from assets and contract liabilities, arising from actual market variations (e.g. equity markets, interest rates and exchange rates).

2. Changes in actuarial methods & assumptions

Impacts from revisions to the methodologies and assumptions used in the measurement of insurance, reinsurance, and investment contract.

3. Other, which includes but is not limited to:

- a) One-time only adjustments that are unusual in nature
- b) Goodwill/intangible impairments
- c) Significant initiative costs
- d) Acquisition, integration and restructuring costs
- e) Gains/losses on divestiture of a business
- f) amortisation of acquisition-related finite life intangible assets
- g) Enacted or substantially enacted tax rate changes
- h) Actions taken by management in the current reporting period which include, but are not limited to, new or revised reinsurance deals on in-force business
- i) Start-up business activities
- j) Tax effects of all the aforementioned items
- k) Non-controlling interest on all the aforementioned items

Core Drivers of Earnings ("DOE"): The core DOE shows the sources of core earnings. Certain amounts in the core DOE are presented on a net basis to reflect how management views the business, compared to a gross basis in the consolidated financial statements. Examples include:

- Net investment results include assets returns net of interest expense on investment contracts and finance income / (expenses) from insurance contracts issued and reinsurance contracts held;
- Gains/losses on economic hedges for fixed indexed annuities are included in insurance service result.

The elements of core DOE are described below:

1. Core net insurance service result includes the lines below attributed to core earnings:

- **Expected insurance earnings** which includes the release of risk adjustment for expired non-financial risk, the CSM recognised for service provided and expected earnings on short-term insurance business measured under the premium allocation approach (“PAA”).
- **Impact of new insurance business (onerous contracts)** is the losses related to writing new insurance business identified as onerous at initial recognition including the impact of the associated reinsurance contracts.
- **Insurance experience gains (losses)** are the differences between management expected and actual insurance claims and losses attributable to underwriting performance.

2. Core net investment result represents the net amount of investment income and finance expenses from contract liabilities and includes the following:

- **Expected investment earnings**, which is the management expected earnings from the underlying and surplus assets, less the associated finance income or expense from insurance contract liabilities, net of investment expenses.
- **Credit experience / change in credit loss**, which is the impact of the allowance for credit losses to a level management considers adequate for expected credit-related losses.
- **Other** represents pre-tax net income on any residual items in the investment result section.

3. Core non-insurance activities, which are revenues for activities such as, but not limited to, asset management and administration and share of income of associates and joint ventures.

4. Core other expenses, which are expenses not attributable to insurance contracts, such as, but not limited to, corporate expenses, depreciation and asset taxes.

5. Core income taxes, which represent the value of amounts payable under the tax laws and include deferred income taxes.

6. Other interest and finance costs, which represents financing charges on debentures, loans, notes payable, and funding instruments.

Core Earnings/(Losses) Attributable to Shareholders represents core earnings minus the share of core earnings attributable to non-controlling interest.

Net Premium Revenue/Net Premium: The sum of premiums written by an insurance company, less premiums ceded to reinsurance companies, plus any reinsurance assumed in the reporting period, excludes segregated fund premium.

Organic CSM movement: It is the sum of the following components:

- **Impact of new insurance business** (“impact of new business” or “new business CSM”) is the impact from insurance contracts from insurance contracts initially recognised in the period. It includes the impacts related to policy cancellations and acquisition expenses, and it excludes the impacts of unusual new reinsurance contracts on in-force business which are considered management actions.
- **Expected movement related to finance income or expenses** (“interest accretion”) includes interest accreted on the CSM during the period and the expected change on VFA contracts if returns are as expected.
- **CSM recognised for service provided** (“CSM amortisation”) is the portion of the CSM that is recognised in net income for service provided in the period; and
- **Insurance experience gains (losses) and other** is primarily the change from experience variances that relate to future periods. This includes persistency experience and changes in future period cash flows caused by other current period experience (e.g., policyholder behavior that differs from expectations).

Non-organic CSM movement: This includes the following:

- **Changes in actuarial methods and assumptions** that adjust the CSM;
- **Effect of movement in exchange rates** over the reporting period;
- **Impact of markets**, which represents the market experience for VFA contracts. It is the impact on fulfilment cash flows of actual market variations (e.g., equity markets and interest rates) that differ from expectations; and
- **Impact from business combinations**

B. Non-IFRS Ratios

A non-IFRS ratio is a financial measure in the form of a ratio, fraction, percentage or similar representation that is not disclosed in the financial statements and has a non-IFRS financial measure as one or more of its components. These financial measures do not have a standardised definition and may not be comparable to similar financial measures disclosed by other institutions.

Core Basic Earnings Per Share (Core Basic EPS): represents core earnings attributable to shareholders divided by the weighted average number of common shares outstanding. This is a measure to evaluate the Company's capacity to generate sustainable earnings.

Core earnings to shareholders growth: This is the percentage change in core earnings attributable to shareholders compared with a prior period. This is a measure to evaluate the Company's capacity to generate sustainable earnings.

Core Dividend Payout Ratio: This is the ratio of dividends paid per share to core basic earnings per share.

Core Fully Diluted Earnings Per Common Share (Core Fully Diluted EPS): represents core earnings attributable to shareholders divided by the diluted weighted average number of shares. This is a measure to evaluate the Company's capacity to generate sustainable earnings.

Core Return on Common Shareholders' Equity (core ROE) measures profitability using core earnings available to common shareholders as a percentage of the capital deployed to earn the core earnings. The Company calculates core ROE using average common shareholders' equity quarterly, as the average of common shareholders' equity at the start and end of the quarter, and annually, as the average of the quarterly average common shareholders' equity for the year. The quarterly Core return on shareholders' equity is annualised.

C. Other Financial Measures

Book value per common share: To determine the book value per common share, total common shareholders' equity is divided by the number of shares outstanding at the period end, net of any treasury shares.

Book value and Net CSM to shareholders: This measure is the sum of total common shareholders' equity and Net CSM to shareholders and is an important measure for monitoring growth and measuring our insurance business value.

Capital base to risk-weighted assets: This capital adequacy measure is based on the guidelines developed by the Financial Services Commission ("FSC"), the Bank of Jamaica ("BOJ"), Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals. The BOJ and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets. The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees.

Dividend pay-out ratio: This is the ratio of dividends paid per share to basic earnings per common share.

Financial leverage ratio: This ratio is the ratio of notes and loans payable (refer to note 17 of 2024 consolidated financial statements) to total capital, where capital is defined as the sum of notes and loans payable, net contractual service margin and total equity. This ratio measures the proportion of debt the company uses to finance its operations as compared with its capital.

Group Life Insurance Capital Adequacy Test ("Group-LICAT"): The Group's goal is to maintain adequate levels, at sufficient margins above minimum regulatory capital requirements, to maintain consumer confidence as well as credit ratings with external rating agencies. Management engages the Board with regards to actions necessary to maintain appropriate capital levels. Sagicor has voluntarily elected to follow OSFI's LICAT Guideline, specifically the latest amendment which became effective January 1, 2025.

Jamaican Life Insurance Capital Adequacy Test ("JA-LICAT"): Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance. The risk-based assessment measure is the JA-LICAT which became effective January 1, 2023, as per the Insurance Regulations, 2001 amended 2023. The minimum standard requirement for JA-LICAT ratio is 100%.

Life Insurance Capital Adequacy Test ("LICAT"): The Superintendent of Financial Institutions ("OSFI") requires federally regulated life insurance companies to apply its LICAT, as the capital adequacy guideline. Companies are required, at a minimum, to maintain a Total Ratio of 90% and OSFI has established a supervisory target ratio level of 100% for Total Capital.

Market capitalisation: Market capitalisation is aggregate value of the Company's shares as indicated on the stock market. It is calculated by multiplying the total number of outstanding shares by the present share price, at a given date.

Minimum Continuing Capital and Surplus Requirements ("MCCSR"): Sagicor voluntarily adopted the MCCSR standard as its risk-based assessment measure to provide a consolidated view of capital adequacy. The MCCSR was a standard used by OSFI from 1992 until 2018, when it was superseded by LICAT. When it was in place, OSFI established a supervisory minimum Total Ratio of 150% under MCCSR. Canadian practices for calculation of the MCCSR evolved and changed from inception through its replacement. Sagicor has made certain interpretations in our calculation of the MCCSR, in consultation with our appointed actuary, which we believe appropriately reflect the risk-based assessment of our capital position, including accounting for CSM in MCCSR.

New business CSM: This measure is the amount of the contractual service margin added from contracts initially recognised in the period, net of reinsurance.

Net CSM: This measure is the balance of the direct contractual service margin net of reinsurance contractual service margin.

Net CSM to shareholders: This measure is the amount of the Net CSM attributable to shareholders.

Reported Return on Shareholders' Equity (Reported ROE) is reported net income/(loss) attributable to shareholders divided by the average of common shareholders' equity at the start and end of the quarter, and annually, as the average of the quarterly average common shareholders' equity for the year. The quarterly return on shareholders' equity is annualised. This measure provides an indication of overall profitability of the company.

Return on Investments: Return on investments measures the return on the investments relative to the value of the investments for a period. To determine this measure, investment income is divided by the average of financial investments at the start and end of the quarter, and annually, as the average of the quarterly average financial investments for the year. The quarterly return on investments is annualised.

Revenues: Revenues is the sum of three IFRS measures: insurance revenue, net investment income, and fees and other income.

Shareholders' equity plus net CSM to shareholders: This measure is the sum of common shareholders' equity and net CSM to shareholders and is an important measure for monitoring growth and measuring insurance businesses' value.

Shareholders' equity plus net CSM to shareholders per share: To determine the Shareholders' equity and net CSM to shareholders per share, Shareholders' equity and net CSM to shareholders is divided by the number of shares outstanding at the period end, net of any treasury shares. This measure is an important measure for monitoring growth and measuring insurance businesses' value at the common share level.

Total capital: This measure provides an indicator for evaluating the Company's performance. Total capital is the sum of total shareholder's equity, notes and loans payable, net contractual service margin and non-controlling interest. This measure is the sum of several IFRS measures.

Total Net CSM balance growth: This is the percentage change in the Net CSM compared with a prior period on a constant exchange rate basis. This ratio measures the growth in expected future profits period on period.

Total Net CSM to shareholders balance growth: This is the percentage change in the CSM net of NCI compared with a prior period on a constant exchange rate basis. This ratio measures the growth in expected future profits year on year.

The following provides the reconciliation of core DOE to reported net income attributable to shareholders.

For the three months ended December 31, 2024 <i>(in US \$millions)</i>	Core DOE	Market experience gains and losses	Changes in actuarial methods & assumptions	Reclass- ifications	Other Adjustments	Reported
Net insurance service result	46.2	(0.7)	(3.7)	(0.5)	5.7	47.0
Total investment result	91.6	12.1	(1.2)	8.0	0.9	111.4
Non-insurance activities ²⁶	35.3	16.1	-	0.3	2.1	53.8
Other expenses	(76.1)	-	0.6	0.5	(7.2)	(82.2)
Income taxes	(20.8)	0.9	0.3	-	12.5	(7.1)
Other interest and finance costs	(41.4)	0.6	-	(8.3)	(12.1)	(61.2)
Earnings	34.8	29.0	(4.0)	-	1.9	61.7
Less: earnings attributable to non-controlling interests	6.8	-	-	-	2.5	9.3
Earnings attributable to shareholders	28.0	29.0	(4.0)	-	(0.6)	52.4

For the three months ended December 31, 2023 <i>(in US \$millions)</i>	Core DOE	Market experience gains and losses	Changes in actuarial methods & assumptions	Reclass- ifications	Other Adjustments	Reported
Net insurance service result	57.5	-	(29.7)	(5.2)	(2.5)	20.1
Total investment result	88.4	140.1	-	8.4	5.4	242.3
Non-insurance activities ²⁶	37.6	1.0	-	(0.3)	440.2	478.5
Other expenses	(80.6)	-	-	0.6	(51.1)	(131.1)
Income taxes	(21.2)	(31.3)	2.6	0.1	0.3	(49.5)
Other interest and finance costs	(45.5)	(3.5)	-	(3.6)	(4.2)	(56.8)
Earnings	36.2	106.3	(27.1)	-	388.1	503.5
Less: earnings attributable to non-controlling interests	14.4	-	-	-	3.8	18.2
Earnings attributable to shareholders	21.8	106.3	(27.1)	-	384.3	485.3

²⁶ Represented by the sum of Fees and other income, Gain on acquisitions and divestitures, and Share of income of associates and joint ventures.

For the year ended December 31, 2024 <i>(in US \$millions)</i>	Core DOE	Market experience gains and losses	Changes in actuarial methods & assumptions	Reclass- ifications	Other Adjustments	Reported
Net insurance service result	204.9	(11.4)	(19.9)	(6.8)	(0.8)	166.0
Total investment result	343.9	41.3	4.5	35.3	3.4	428.4
Non-insurance activities ²⁷	141.0	14.5	-	(1.1)	12.5	166.9
Other expenses	(307.7)	-	0.6	(0.2)	(31.2)	(338.5)
Income taxes	(74.9)	(3.0)	1.0	-	15.1	(61.8)
Other interest and finance costs	(184.9)	2.3	-	(27.2)	(22.9)	(232.7)
Earnings	122.3	43.7	(13.8)	-	(23.9)	128.3
Less: earnings attributable to non-controlling interests	31.4	-	-	-	(0.6)	30.8
Earnings attributable to shareholders	90.9	43.7	(13.8)	-	(23.3)	97.5

For the year ended December 31, 2023 <i>(in US \$millions)</i>	Core DOE	Market experience gains and losses	Changes in actuarial methods & assumptions	Reclass- ifications	Other Adjustments	Reported
Net insurance service result	139.0	-	(38.9)	(11.7)	(17.1)	71.3
Total investment result	268.6	229.8	-	26.5	8.9	533.8
Non-insurance activities ²⁷	134.5	1.2	-	(0.9)	438.9	573.7
Other expenses	(275.6)	-	-	1.7	(76.2)	(350.1)
Income taxes	(56.3)	(45.2)	5.7	0.1	6.5	(89.2)
Other interest and finance costs	(118.7)	(10.6)	(2.9)	(15.7)	(7.4)	(155.3)
Earnings	91.5	175.2	(36.1)	-	353.6	584.2
Less: earnings attributable to non-controlling interests	42.2	-	-	-	9.9	52.1
Earnings attributable to shareholders	49.3	175.2	(36.1)	-	343.7	532.1

²⁷ Represented by the sum of Fees and other income, Gain on acquisitions and divestitures, and Share of income of associates and joint ventures.

The table below provides a reconciliation of AUM to the financial statements.

<i>(in US \$millions)</i>	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Total invested assets					
Cash (non-restricted)	442.5	330.5	390.5	449.5	486.6
Financial investments	17,159.3	17,302.7	16,348.7	16,383.0	16,337.3
Financial investments repledged	696.7	692.7	667.8	694.6	687.8
Investment property	77.0	77.3	83.7	83.7	85.4
Total investment assets	18,375.5	18,403.2	17,490.7	17,610.8	17,597.1
Segregated funds assets	447.2	482.2	464.1	482.8	492.3
Total on the balance sheet	18,822.7	18,885.4	17,954.8	18,093.6	18,089.4
Third-party assets under management ²⁸	4,081.0	4,067.3	3,985.0	4,036.4	3,980.8
Total AUM²⁸	22,903.7	22,952.7	21,939.8	22,130.0	22,070.2

12. HISTORICAL FINANCIAL DISCLOSURES

The following table provides a summary of Sagicor's results for the three most recently completed years.

<i>(in US \$millions, unless otherwise noted)</i>	2024	2023	2022 Restated
Revenues ²⁸	3,098.8	2,534.0	486.5
Net income/(loss) ²⁹	128.3	584.2	(133.1)
Net income/(loss) attributable to common shareholders	97.5	532.1	(164.4)
Basic EPS	69.6¢	374.0¢	(115.0¢)
Basic EPS - excluding gain on business acquisition	N/A	60.0¢	N/A
Diluted EPS	67.9¢	367.0¢	(115.0¢)
Diluted EPS - excluding gain on business acquisition	N/A	57.8¢	N/A
Return on shareholders' equity ²⁸	10.3%	94.5%	(30.0%)
Return on shareholders' equity ²⁸ - excluding gain on business acquisition	N/A	18.5%	N/A
Dividends paid per common share	24.0¢	22.5¢	22.5¢
Total assets	22,767.9	22,384.9	10,621.4
Other liabilities	20,491.5	20,110.2	9,252.4
Notes and loans payable	953.9	945.7	632.5
Total equity attributable to common shareholders	959.7	970.9	429.7

²⁸ Represents a non-IFRS and other financial measure: refer to Section 11 – Non-IFRS And Other Financial Measures in this document for relevant information about such measures.

²⁹ Includes gain on business acquisition of US \$448.3 million in 2023.

<i>(in US \$millions, unless otherwise noted)</i>	2024	2023	2022 Restated
Net income attributable to common shareholders by operating segment:			
Sagicor Canada	96.2	122.1	-
Sagicor Life USA	51.6	41.1	(122.8)
Sagicor Jamaica	31.3	49.6	28.8
Sagicor Life	38.5	(13.3)	37.0
Head office, other & inter-segment eliminations	(120.1)	332.6	(107.4)
Net income attributable to common shareholders	97.5	532.1	(164.4)

Restatements of the Financial Statements (2022)

IFRS 17- Insurance Contracts

The Group has applied IFRS 17, including any consequential amendments to other standards, from January 1, 2023, for the first time. As a result, the Group restated certain comparative amounts. The effects of adopting IFRS 17 on the consolidated financial statements at January 1, 2022 are presented in the statement of changes in equity in the Group's 2023 annual financial statements.

IFRS 9 - Financial Instruments

With the adoption of IFRS 17, the Group elected to designate some financial assets, which were previously held at amortised cost and fair value through OCI (FVTOCI) which support insurance liabilities, at fair value through profit and loss (FVTPL). IFRS 9 - Financial instruments ("IFRS 9") was previously implemented by the Group on January 1, 2018. The Group restated prior periods to reflect changes in designation or classification of its financial assets held in respect of activities connected with contracts within the scope of IFRS 17 effective January 1, 2022. The Group recognised the difference between the previous carrying amount of those financial assets and the carrying amounts of those financial assets at the transition date in retained earnings.





CONSOLIDATED
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STATEMENTS

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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
CORRA	Canadian Overnight Repo Rate
CSM	Contractual Service Margin
EAD	Exposure At Default
ECL	Expected Credit Losses
FCF	Fulfilment Cash Flows
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit and Loss
GMM	General Measurement Model
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	IFRS Accounting Standards
IFRS IC	IFRS Interpretation Committee
LGD	Loss Given Default
LIC	Liability for Incurred Claims
LICAT	Life Insurance Capital Adequacy Test
LRC	Liability for Remaining Coverage
MD&A	Management Discussion and Analysis
MCCSR	Minimum Continuing Capital and Surplus Requirement
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
PD	Probability of Default
POCI	Purchase or Originated Credit-Impaired
SICR	Significant Increase in Credit Risk
SOFR	Secured Overnight Financing Rate
SPPI	Solely Payments of Principal and Interest
VFA	Variable Fee Approach

SAGICOR FINANCIAL COMPANY LTD. 2023 & 2024 APPOINTED ACTUARY'S REPORT TO THE SHAREHOLDERS AND POLICYHOLDERS

I have performed or reviewed the valuation of the consolidated policy liabilities of Sagicor Financial Company Ltd. (Sagicor) which includes the policy liabilities of its life insurance subsidiaries, namely:

- Sagicor Life Inc. (Barbados),
- Sagicor Life Insurance Trinidad & Tobago Limited (Trinidad & Tobago),
- Nationwide Insurance Company Limited (Trinidad & Tobago),
- Capital Life Insurance Company Bahamas Limited (Bahamas),
- Sagicor Life Aruba NV,
- Sagicor Panamá SA*,
- Sagicor Life (Eastern Caribbean) Inc.*,
- Sagicor Life Jamaica Limited (Jamaica)*,
- Sagicor Life of the Cayman Islands Limited (Cayman Islands)*,
- Sagicor Life Insurance Company (USA)*, and
- ivari (Canada)*,

for the balance sheets, at 31st December 2023 and 31st December 2024, and their change in the respective consolidated statement of operations, for the years then ended, for each organization and on a consolidated basis in accordance with accepted actuarial practice, including selection of appropriate assumptions and methods, performed using the International Financial Report Standard 17 (IFRS 17).

The valuation of Sagicor and its Life Insurance Subsidiaries was conducted by myself or in some cases by other actuaries (indicated by a "*" above) on whom I relied on, by calculating Best-Estimate Liabilities (BEL) together with Risk Adjustment (RA) and Contractual Service Margin (CSM), in accordance with Accounting Standard IFRS 17 and the Standards of Practice (Life) of the Canadian Institute of Actuaries. For those where other actuaries completed the valuation, I have reviewed and accepted their respective valuation as appropriate, and I have relied on their work in order to issue this certificate.

In my opinion, the amount of policy liabilities (IFRS 17 Liabilities) makes appropriate provision for all policyholder obligations and the financial statements fairly represent the results of the valuation.

Sylvain Goulet, FCIA, FSA, MAAA
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries
Member, America Academy of Actuaries

Appointed Actuary of
Sagicor Financial Company Ltd.



Signature

Toronto, Ontario
12th March 2025

City, Province
Report Date





Independent auditor's report

To the Shareholders of Sagicor Financial Company Ltd.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sagicor Financial Company Ltd. (the Company) and its subsidiaries (together 'the Group') as at December 31, 2024 and December 31, 2023, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statements of financial position as of December 31, 2024 and December 31, 2023;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Certain required disclosures have been presented elsewhere in Management's Discussion and Analysis for the three-month and twelve-month periods ended December 31, 2024 and December 31, 2023, rather than in the notes to the consolidated financial statements. These are cross-referenced from the consolidated financial statements and are identified as audited.

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 consolidated financial statements* section of our report.

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



Independence

We are independent of the Group 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). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Insurance contract liabilities - Significant assumptions used to determine fulfilment cash flows</p> <p><i>Refer to notes 2.3, 3 and 6, to the consolidated financial statements for disclosures of related accounting policies and balances.</i></p> <p>As at December 31, 2024 insurance contract liabilities totalled \$16.1 billion.</p> <p>Insurance contract liabilities measured under the general measurement model and variable fee approach consist of:</p> <ul style="list-style-type: none">○ Contractual service margin (CSM) - This is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future○ Fulfilment cash flows (FCFs), which are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. FCFs comprise unbiased and probability weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk (risk adjustment).	<p>Our approach to addressing the matter, with the assistance of our actuarial experts, included the following procedures amongst others:</p> <ul style="list-style-type: none">● Updated our understanding of management's end to end process and controls supporting the determination of FCFs.● Tested the operating effectiveness of certain controls related to the completeness and accuracy of data used in the calculation of FCFs.● Assessed the independence, experience and objectivity of management's actuarial experts.● Tested accuracy and completeness of a sample of data inputs used in the estimates of FCFs.● Assessed the reasonableness of management's best-estimate assumptions for mortality rates, policyholder behaviour and economic assumptions and the adjustment for non-financial risk by:<ul style="list-style-type: none">○ Evaluating whether management's assumptions were determined in accordance with the requirements of IFRS 17.○ Evaluating the Company's internal experience studies for appropriateness by considering published industry studies, market data and component specific facts and circumstances.



Measurement of the FCFs requires management judgement in estimating the expected future cash flows on a present value basis, in addition to applying a risk adjustment for non-financial risk.

Estimates of expected future cash flows incorporate best estimate assumptions for mortality and morbidity rates, longevity, expenses, policy holder behavior (lapse, surrenders and partial withdrawals) as well as economic assumptions (discount rates and crediting rates) and the risk adjustment for non-financial risk. The assumptions are reviewed and updated, at least annually, by management's actuarial experts.

We considered this a key audit matter due to the judgement applied by management when determining the FCFs, which in turn led to a high degree of auditor judgement and effort in evaluating the assumptions with specific reference to mortality rates, policy holder behavior and economic assumptions.

- Evaluated a sample of actuarial models used in management's determination of the FCFs, by:
 - Assessing the appropriateness of the model of product features.
 - Assessing the appropriateness of the application of best-estimate assumptions.
 - Assessing the disclosures within the consolidated financial statements against the requirements of IFRS 17.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis (MD&A), (but does not include the consolidated financial statements, and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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



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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ross Parker.

A handwritten signature in black ink that reads "PricewaterhouseCoopers SRL". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers SRL
Bridgetown, Barbados
March 13, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2024 and December 31, 2023

SAGICOR FINANCIAL COMPANY LTD.

Amounts expressed in US \$000

	Note	2024	2023
ASSETS			
Cash		442,494	486,642
Restricted cash		100,188	95,564
Financial investments	5	17,159,289	16,337,358
Financial investments repledged	5	696,750	687,753
Reinsurance contract assets	6	2,890,248	3,212,899
Insurance contract assets	6	4,886	1,273
Miscellaneous assets and receivables	7	282,012	297,858
Income tax assets	8	316,265	331,375
Associates and joint ventures	9	68,707	67,817
Intangible assets	10	88,070	93,160
Investment property	11	76,970	85,375
Property, plant and equipment	12	194,837	195,541
Segregated funds assets	38	447,222	492,271
Total assets		22,767,938	22,384,886
LIABILITIES			
Accounts payable and accrued liabilities	13	309,431	293,782
Income tax liabilities	14	13,987	30,380
Investment contract liabilities	6	466,548	477,858
Reinsurance contract liabilities	6	14,701	14,800
Insurance contract liabilities	6	16,075,723	15,732,214
Deposit and security liabilities	15	3,057,250	2,950,430
Lease liabilities	16	34,939	37,987
Notes and loans payable	17	953,939	945,666
Other liabilities / retirement benefit liabilities	18	71,744	80,477
Insurance contract liabilities on account of segregated fund policyholders	38	447,222	492,271
Total liabilities		21,445,484	21,055,865
EQUITY			
Share capital	19	1,354	1,409
Share premium	19	700,413	725,029
Reserves	20	(160,515)	(73,417)
Retained earnings		418,440	317,913
Total shareholders' equity		959,692	970,934
Non-controlling interests		362,762	358,087
Total equity		1,322,454	1,329,021
Total liabilities and equity		22,767,938	22,384,886

These consolidated financial statements have been approved for issue by the Board of Directors on March 13, 2025.



Director



Director

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

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2024 and December 31, 2023

SAGICOR FINANCIAL COMPANY LTD.

Amounts expressed in US \$000

	Note	2024	2023
Insurance revenue	21	1,449,941	862,521
Insurance service expenses	21	(1,085,262)	(696,088)
Net expense from reinsurance contracts held	21	(198,674)	(95,227)
INSURANCE SERVICE RESULT		166,005	71,206
Loss on derecognition of amortised cost investments	22	(54)	(9)
Gain / (loss) on derecognition of assets carried at FVTOCI	22	(2,603)	2,334
Interest income earned from financial assets measured at amortised cost and FVTOCI	22	243,291	224,121
Credit impairment loss	22	(6,862)	(3,936)
Net gain on FVTPL investments	22	1,256,955	1,326,522
Other investment income	22	5,118	4,777
NET INVESTMENT INCOME	22	1,495,845	1,553,809
Finance expense from insurance contracts issued	22	(1,174,329)	(1,366,689)
Finance expense from reinsurance contracts held	22	106,836	346,812
NET INSURANCE FINANCE EXPENSES	22	(1,067,493)	(1,019,877)
NET INVESTMENT RESULT BEFORE SEGREGATED FUNDS		428,352	533,932
Net investment income for segregated funds	38	73,913	34,962
Finance expenses from insurance contracts issued for segregated funds	38	(73,913)	(34,962)
NET INVESTMENT RESULT FOR SEGREGATED FUNDS	38	-	-
TOTAL INVESTMENT RESULT		428,352	533,932
NET INSURANCE AND INVESTMENT RESULT		594,357	605,138
Gain arising on acquisitions and divestitures	33	9,599	448,267
Fees and other income	23	153,020	117,712
Share of income of associates and joint ventures	9	4,333	7,656
Other operating expenses	24	(338,469)	(350,052)
Other interest and finance costs	25	(232,725)	(155,286)
INCOME BEFORE TAXES		190,115	673,435
Income taxes	28	(61,776)	(89,202)
NET INCOME FOR THE YEAR		128,339	584,233

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

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31, 2024 and December 31, 2023

SAGICOR FINANCIAL COMPANY LTD.

Amounts expressed in US \$000

	Note	2024	2023
NET INCOME FOR THE YEAR		128,339	584,233
Net income is attributable to:			
Common shareholders		97,468	532,061
Non-controlling interests	4.1	30,871	52,172
		128,339	584,233
Earnings per common share:			
Basic earnings per common share	30	69.6 cents	374.0 cents
Fully diluted earnings per common share	30	67.9 cents	367.0 cents

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31, 2024 and December 31, 2023

SAGICOR FINANCIAL COMPANY LTD.

Amounts expressed in US \$000

	Note	2024	2023
NET INCOME FOR THE YEAR		128,339	584,233
OTHER COMPREHENSIVE INCOME / (LOSS):			
Items net of tax that may be reclassified subsequently to income:	31		
Financial assets measured at FVTOCI:			
Gain / (loss) on revaluation		(4,996)	21,787
(Gain) / loss transferred to income		1,848	(2,790)
Retranslation of foreign currency operations		(78,872)	17,352
		(82,020)	36,349
Items net of tax that will not be reclassified subsequently to income:	31		
Gain arising on revaluation of owner-occupied property		4,160	5,319
Loss on defined benefit plans		(1,899)	(3,760)
Other items		(9)	34
		2,252	1,593
Other comprehensive (loss) / income		(79,768)	37,942
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		48,571	622,175
Total comprehensive income is attributable to:			
Common shareholders		27,167	566,799
Non-controlling interests		21,404	55,376
		48,571	622,175

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SAGICOR FINANCIAL COMPANY LTD.

Year ended December 31, 2024 and December 31, 2023

Amounts expressed in US \$000

	Share Capital (note 19)	Share Premium (note 19)	Reserves (note 20)	Retained Earnings	Total Shareholders' Equity	Non- controlling Interests	Total Equity
2024							
Balance, December 31, 2023	1,409	725,029	(73,417)	317,913	970,934	358,087	1,329,021
Total comprehensive income	-	-	(71,585)	98,752	27,167	21,404	48,571
Transactions with holders of equity instruments:							
Allotment of common shares (note 19)	7	3,544	-	-	3,551	-	3,551
Repurchase of shares (note 19)	(62)	(28,187)	-	14,866	(13,383)	-	(13,383)
Movement in treasury shares	-	27	-	-	27	-	27
Changes in reserve (note 20)	-	-	(19,940)	19,780	(160)	99	(61)
Dividends declared (note 19)	-	-	-	(33,661)	(33,661)	(17,484)	(51,145)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-
Transfers and other movements	-	-	4,427	790	5,217	656	5,873
Balance, December 31, 2024	1,354	700,413	(160,515)	418,440	959,692	362,762	1,322,454

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SAGICOR FINANCIAL COMPANY LTD.

Year ended December 31, 2024 and December 31, 2023

Amounts expressed in US \$000

	Share Capital (note 19)	Share Premium (note 19)	Reserves (note 20)	(Accumulated Deficit) / Retained Earnings	Total Shareholders' Equity	Non- controlling Interests	Total Equity
2023							
Balance, January 1, 2023	1,426	734,922	(115,441)	(178,841)	442,066	319,157	761,223
Total comprehensive income	-	-	36,372	530,427	566,799	55,376	622,175
Transactions with holders of equity instruments:							
Allotment of common shares (note 19)	7	2,693	-	-	2,700	-	2,700
Repurchase of shares (note 19)	(24)	(12,539)	-	3,407	(9,156)	-	(9,156)
Movement in treasury shares	-	(47)	-	-	(47)	-	(47)
Changes in reserve (note 20)	-	-	450	671	1,121	111	1,232
Dividends declared (note 19)	-	-	-	(31,964)	(31,964)	(15,858)	(47,822)
Changes in ownership interest in subsidiaries	-	-	615	(758)	(143)	38	(105)
Transfers and other movements	-	-	4,587	(5,029)	(442)	(737)	(1,179)
Balance, December 31, 2023	1,409	725,029	(73,417)	317,913	970,934	358,087	1,329,021

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

	Note	2024	2023
OPERATING ACTIVITIES			
Income before taxes		190,115	673,435
Adjustments for non-cash items, interest and dividends	32	199,080	(822,301)
Interest and dividends received		585,255	589,060
Interest paid		(205,794)	(145,839)
Income taxes paid		(57,891)	(54,050)
Net change in investments	32	(810,103)	(709,731)
Net change in operating assets	32	201,132	200,107
Net change in operating liabilities	32	112,435	229,712
Net cash flows - operating activities		214,229	(39,607)
INVESTING ACTIVITIES			
Property, plant and equipment, net	32	(10,818)	(21,511)
Associates and joint ventures		(2,056)	-
Dividends received from associates and joint ventures		5,148	2,251
Intangible assets, net		(6,311)	(4,704)
Acquisition of subsidiaries, net of cash and cash equivalents	33	-	30,463
Proceeds on disposal of subsidiary, net of cash and cash equivalents	33	-	17
Net cash flows - investing activities		(14,037)	6,516
FINANCING ACTIVITIES			
Repurchase of common shares		(13,383)	(9,156)
Movement in treasury shares		27	(47)
Shares issued to / (purchased from) non-controlling interest		560	(1,057)
Changes in ownership of subsidiaries		-	(1,364)
Notes and loans payable, net	32	1,268	308,105
Lease liability, principal paid	32	(9,336)	(8,266)
Dividends paid to common shareholders		(30,175)	(31,991)
Dividends paid to non-controlling interests		(13,211)	(16,691)
Net cash flows - financing activities		(64,250)	239,533
Effect of exchange rate changes		(9,603)	2,191
NET CHANGE IN CASH AND CASH EQUIVALENTS		126,339	208,633
Cash and cash equivalents, beginning of year		801,370	592,737
CASH AND CASH EQUIVALENTS, END OF YEAR	32	927,709	801,370

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

1. GENERAL INFORMATION

Sagicor Financial Company Ltd. (TSX: SFC, "Sagicor" or the "Company") 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.

On November 27, 2018, Sagicor Financial Corporation Limited ("SFCL") entered into a definitive arrangement agreement, as amended on January 28, 2019, with a predecessor of SFC pursuant to which on December 5, 2019, pursuant to a court-approved arrangement, the predecessor acquired all of the issued and outstanding shares of SFCL. On closing, the predecessor continued to Bermuda and changed its name to Sagicor Financial Company Ltd., whose operations continue as SFC, which owns 100% of the shares in the capital of SFCL.

The common shares of Sagicor are listed on the Toronto Stock Exchange and are traded under the symbol "SFC".

Sagicor and its subsidiaries ("the Group") operate across Canada, the United States of America (USA) and the Caribbean. Details of Sagicor's holdings and operations are set out in note 4.

The principal activities of the Sagicor Group are as follows:

- Life and health insurance,
- Annuities and pension administration services,
- Banking and investment management services,

and its principal operating companies are as follows:

- ivari (Canada),
- Sagicor Life Insurance Company (USA),
- Sagicor Life Jamaica Limited (Jamaica),
- Sagicor Bank Jamaica Limited (Jamaica),
- Sagicor Life Inc (Barbados and Trinidad & Tobago).

The Group also underwrites property and casualty insurance.

For ease of reference, when the term "insurer" is used in the following notes, it refers to either one or more Group subsidiaries that engages in insurance activities.

These consolidated financial statements for the year ended December 31, 2024, have been approved by the Board of Directors on March 13, 2025. 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 consolidated 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 consolidated financial statements are 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 judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 3.

All amounts in these financial statements are shown in thousands of United States dollars, unless otherwise stated.

The Group has adopted the amendments to IFRS and IAS set out in the following table.

Amendments to existing IFRS and IAS effective January 1, 2024

Standard	Description of amendment
IAS 1 – Non-current liabilities with covenants	<p>These amendments clarify how to classify debt and other liabilities as either current or non-current and aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.</p> <p>This standard has no material effect on the Group.</p>
IFRS 16 – Leases on sale and leaseback	<p>These amendments explain how an entity should account for the lease liability in a sale and leaseback transaction after the transaction date. Sale and leaseback transactions most likely to be impacted are those where some or all of the lease payments are variable lease payments that do not depend on an index or rate.</p> <p>The amendments require that the entity does not recognise any gain or loss that relates to the right of use it retains. However, any gain or loss on partial or full termination of the lease may be recognised in the income statement. These amendments are to be applied retroactively.</p> <p>This standard has no material effect on the Group.</p>
IAS 7 and IFRS 7 – Supplier finance	<p>These amendments improve the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk, in view of investors’ and analysts’ concerns that the supplier finance arrangements of some entities are not sufficiently visible. The amendments provide for transitional reliefs in the first year.</p> <p>This standard has no material effect on the Group.</p>

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has control. The Group has control over an entity when the Group is exposed to the variable returns from its ownership interest in the entity and when the Group can affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and subsidiaries are de-consolidated from the date on which control ceases.

All material intra-group balances, transactions and gains are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group uses the acquisition method of accounting when control over entities and insurance businesses is obtained by the Group. The cost of an acquisition is measured as the fair value of the identifiable assets given, the equity instruments issued, and the liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. Acquisition-related costs are expensed as incurred.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition.

Subsequent ownership changes in a subsidiary, without loss of control, are accounted for as transactions between owners in the statement of changes in equity.

Non-controlling interest balances represent the equity in a subsidiary not attributable to the Group's interest.

On an acquisition by acquisition basis, the Group recognises, at the date of acquisition, the components of any non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's net identifiable assets. The latter option is only available if the non-controlling interest component is entitled to a proportionate share of net identifiable assets of the acquiree in the event of liquidation. For certain components of non-controlling interests, other IFRS may override the fair value option.

Non-controlling interest balances are subsequently re-measured by the non-controlling's proportionate share of changes in equity after the date of acquisition.

(b) Sale of subsidiaries

On the sale of or loss of control of a subsidiary, the Group derecognises the related assets, liabilities, non-controlling interest and associated goodwill of the subsidiary. The Group reclassifies its share of balances of the subsidiary previously recognised in other comprehensive income either to income or to retained earnings as appropriate. The gain (or loss) on sale recorded in income is the excess (or shortfall) of the fair value of the consideration received over the derecognised and reclassified balances.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(c) Associates and joint ventures

The investments in associated companies, which are not majority-owned or controlled but where significant influence exists, are included in these consolidated financial statements under the equity method of accounting. Investments in companies are accounted for as associates in instances when significant influence exists even though the shareholding may be less than 20%.

Investments in associate and joint venture companies are originally recorded at cost and include intangible assets identified on acquisition.

Accounting policies of associates and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group recognises in income its share of associate and joint venture companies' post-acquisition income and its share of the amortisation and impairment of intangible assets which were identified on acquisition. Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest.

The Group recognises in other comprehensive income, its share of post-acquisition other comprehensive income. The Group recognises an impairment of its net investment in an associate or a joint venture when there is objective evidence that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the associate's or joint venture's fair value less costs to sell and its value in use.

(d) Pension and investment funds

The Group has issued deposit administration and unit linked contracts in which the full return of the assets supporting these contracts accrues directly to the contract-holders. As these contracts are not operated under separate legal trusts, they have been consolidated in these financial statements.

The Group manages segregated pension funds, mutual funds and unit trusts. These funds are segregated and investment returns on these funds accrue directly to unit-holders. Consequently, the assets, liabilities and activity of these funds are not included in these consolidated financial statements unless the Group has a significant holding in the fund. Where a significant holding exists, the Group either consolidates the assets, liabilities and activity of the fund and accounts for any non-controlling interest as a financial liability or accounts for the fund as an associate.

The Group issues certain segregated funds contracts which allow the policyholders to invest in segregated investment funds managed by the Group for their benefit. The policyholders bear the risks and rewards of the performance of the funds, however the underlying assets of the funds are owned by the Group. The underlying assets are recorded at fair value and the values are based on quoted market prices or, where quoted market prices are not readily available, on prevailing market prices for instruments with similar characteristics and risk profiles or by using internal or external valuation models with observable market-based inputs. The fair value of the net liabilities is set equal to the fair value of the net assets. Segregated funds net assets and net liabilities are presented as separate lines on the statement of financial position. The Group earns a fee for the management of these funds which is included in the determination of expected future cash flows.

(e) Employees share ownership plan (ESOP)

The Company has established an ESOP Trust, which either acquires Company shares on the open market, or is allotted new shares by the Company. The Trust holds the shares on behalf of employees until the employees' retirement or termination from the Group. Until distribution to employees, shares held by the Trust are accounted for as treasury shares. All dividends received by the Trust are applied towards the future purchase of Company shares.

2. MATERIAL ACCOUNTING POLICIES (continued)**2.3 Insurance Operations**

A summary of material accounting policies for insurance contracts is outlined below.

(a) Summary of measurement approaches

The Group uses different measurement approaches, depending on the portfolio of contract issued, as follows:

Contracts Issued	Product Classification	Measurement Model
Traditional Life contracts	Insurance contracts	GMM
Universal Life contracts	Insurance contracts without direct participation features	GMM
Universal Life contract with direct participation features	Insurance contracts with direct participation features	VFA
Living Benefits	Insurance contracts	GMM / PAA
Participating life contracts	Insurance contracts without direct participation features	GMM
Single premium health and creditor life	Insurance contracts	GMM
Single premium group creditor	Insurance contracts	GMM
Group Life & Health	Insurance contracts	PAA for policies issued with coverage one year or less
Accumulation annuities, Payout annuities, Endowment without direct participation features	Insurance contracts without direct participation features	GMM
Variable endowments with direct participation features	Insurance contracts with direct participation features	VFA
General Insurance – Accident, Liability, Marine, Property, Motor	Insurance contracts	PAA for policies issued with coverage one year or less
Contracts within the segregated funds portfolio	Insurance contracts with direct participation features	VFA

For underlying direct insurance contracts measured under GMM or VFA, the corresponding reinsurance contract portfolios are measured using GMM. For underlying direct insurance contracts measured under PAA, the corresponding reinsurance contract portfolios are measured using PAA.

(b) Definition and classification

The Group issues insurance contracts that transfer significant insurance risk from the policyholder. The Group 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 Group 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.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and are not treated as insurance contracts.

Certain life policies issued by the Group contain direct participation features such as universal life contracts with direct participation features and variable endowments with direct participation features which entitle the policyholder to receive additional payments, supplementary to the main insurance benefit. Policy bonuses and policy dividends, together with residual gains in the participating accounts constitute direct participation features. The Group accounts for these contracts under IFRS 17.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(b) Definition and classification (continued)

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

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

These criteria are assessed at the individual contract level based on the Group's expectations at the contract's inception, and they are not reassessed in subsequent periods, unless the contract is modified. Contracts within the Segregated Funds portfolio also meet these criteria for insurance contracts with direct participation features (see note 2.3 (j)).

The variability in the cash flows is assessed over the expected duration of a contract. The duration of a contract considers all cash flows within the boundary (see note 2.3 (d)).

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance service expenses. Investment components in some Universal Life and Indexed Deferred Annuities comprise policyholder account values less applicable surrender fees. The Group uses judgement to assess whether the amounts expected to be paid to the policyholder constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the amount of the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders), less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the general accounting model in IFRS 17 to reflect that the consideration that an entity receives for the contracts is a variable fee.

All other insurance contracts originated by the Group are without direct participation features.

In the normal course of business, the Group 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 consolidated financial statements apply to insurance and reinsurance contracts issued or acquired and reinsurance contracts held unless specifically stated otherwise.

(c) Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(c) Unit of account (continued)

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 Group 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 Group has reasonable and supportable information to assess profitability at a higher level. The Group uses significant judgement to determine at what level of granularity the Group 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.

For contracts measured under the GMA and VFA models, the Group develops rates or prices for the range of insurance contracts that may be issued under a given product form. Rates would typically be intended to result in similar levels of profitability across all insurance contracts issued.

Generally, for contracts measured using the PAA, the Group 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 Group 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.

Similar to the treatment of the direct (underlying) contracts, the Group divides reinsurance contracts held into contracts with similar insurance risk. The risks for reinsurance contracts in the life business are mortality, morbidity, hybrid and longevity risks which correspond to portfolios of direct contracts. The hybrid risk for reinsurance contracts refers to treaties that cover both mortality and lapse benefits and therefore have more than one type of risk. The Group 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 Group'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.

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

1. cash flows relating to embedded derivatives that are required to be separated;
2. cash flows relating to distinct investment components; and
3. promises to transfer distinct goods or distinct services other than insurance contract services.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(c) Unit of account (continued)

The Group applies IFRS 17 to all remaining components of the contract. The Group does not have any contracts that require further separation of insurance contracts.

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

1. the beginning of the coverage period;
2. the date when the first payment from the policyholder is due or actually received, if there is no due date; and
3. when the Group determines that a group of contracts becomes onerous.

Insurance contracts acquired in a business combination within the scope of IFRS 3 or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer. This treatment is applicable on a going forward basis and not retrospectively.

Groups of reinsurance contracts are recognised at the earlier of:

1. The beginning of the coverage period; and
2. The date at which an onerous group of underlying contracts was recognised if it entered into the reinsurance before that date.

For proportionate contracts, recognition is delayed until the date when the underlying insurance contract is initially recognised, if that date is after the beginning of the coverage period of the group of reinsurance contracts held. Most life reinsurance treaties are proportionate and are entered into on or before the underlying contracts are recognised.

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

Insurance and reinsurance contracts are derecognised when they are:

1. extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
2. the contract is modified, and additional criteria discussed below are met.

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)**2.3 Insurance Operations (continued)****(c) Unit of account (continued)**

When a new contract is required to be recognised as a result of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification and is assessed for, amongst other things, contract classification, including the VFA eligibility, component separation requirements and contract aggregation requirements.

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

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

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

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

(d) Measurement

Groups of insurance contracts are recognised and measured as the total of the following measurement components:

- a) Fulfilment cash flows which comprise:
 - the present value of future cash flows (including the provisions of financial risk), and
 - the risk adjustment for non-financial risk; and
- b) A CSM, representing the unearned profit that will be recognised in income as insurance contract services are provided.

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

These measurement components are outlined below, along with insurance acquisition costs which are allocated to groups of contracts.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(d) Measurement (continued)

Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

- a) represent a probability-weighted mean of the full range of possible outcomes;
- b) are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
- c) reflect conditions existing at the measurement date.

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

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation. Refer to note 3.2.3.

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

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

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

Contract boundary

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups 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 Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

- a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b) both of the following criteria are satisfied:
 - the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(d) Measurement (continued)

Contract boundary (continued)

With the exception of contracts that change character, referred to in the discussion below, the Group does not have any contracts where it has the right to reassess the risk or to terminate unilaterally at an individual contract level. For certain universal life and health insurance contracts, the Group has the right to reset premiums to reflect expected experience for the product.

However, the Group does not have the right to reprice at the portfolio level as, within a portfolio, it aggregates contracts with the right to reprice, with contracts for which it does not have the right to reprice.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary. Some insurance contracts issued by the Group provide policyholders with an option to alter the nature of the contract by exchanging one contract for another, for example, a term life contract being exchanged for a permanent contract or a deferred annuity contract being exchanged for a payout annuity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if the related cash flows are within or outside the insurance contract boundary.

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

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

The contract boundary for the Group's life proportional treaties aligns with the notice period where the treaty provides for termination resulting in a series of reinsurance contracts related to that treaty all with the contract boundary equal to the notice period. Any direct contract written and ceded during the period covered by the contract boundary becomes an underlying contract for the reinsurance contract. Cash flows falling within the contract boundary will be determined in relation to the cash flows arising from the direct (underlying) contracts. Since most treaties cover the direct contracts, as long as the direct contracts are in force, the associated cash flows will be projected for the life of the direct contracts.

The excess of loss reinsurance contracts held provide coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held.

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

Insurance acquisition costs

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

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated to that group.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(d) Measurement (continued)

Insurance acquisition costs (continued)

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17.

Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

The recoverability assessment is performed in two steps, as follows:

1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;
2. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

Risk adjustment for non-financial risk

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

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

Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 3.2.4.

(e) Initial measurement – Groups of contracts not measured under the PAA

Contractual service margin

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

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

- a) the initial recognition of the FCF;
- b) cash flows arising from the contracts in the group at that date; and
- c) the derecognition of any insurance acquisition cash flows asset.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(e) Initial measurement – Groups of contracts not measured under the PAA (continued)

Contractual service margin (continued)

A loss from onerous insurance contracts is recognised in net income / (loss) immediately, with no CSM recognised on the statement of financial position on initial recognition, and a loss component is established in the amount of loss recognised (refer to the “Onerous contracts – Loss component” section in (f) Subsequent measurement – Groups of contracts not measured under the PAA).

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

- a) the initial recognition of the FCF; and
- b) cash flows arising from the contracts in the group at that date;
- c) any income recognised in net income / (loss) when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

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

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

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

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

(f) Subsequent measurement – Groups of contracts not measured under the PAA

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows

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

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

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

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

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

Adjustments (a), (b) and (c) above are measured using discount rates determined on initial recognition (the locked-in discount rates).

For insurance contracts under the GMM, the following adjustments do not adjust the CSM:

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

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

- a) changes in the amount of the Group's share of the fair value of the underlying items; and
- b) changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes;
 - iii. changes in estimates of the present value of future cash flows in the LRC.
 - iv. differences between loans to a policyholder expected to become repayable in the period and the actual loan to a policyholder that becomes repayable in the period; and
 - v. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments (ii) - (v) are measured using the current discount rates.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes in fulfilment cash flows (continued)

For insurance contracts under the VFA, the following adjustments do not adjust the CSM:

- a) changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b) changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the FCF relating to the LIC; and
 - ii. experience adjustments arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows and premium-based taxes; and
 - iii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

Changes to the contractual service margin

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

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

The Group prepares consolidated financial statements on a quarterly basis. The Group has elected to treat every quarter as a discrete interim reporting period, and estimates made by the Group in previous interim financial statements are not changed when applying IFRS 17 in subsequent interim periods or in the annual financial statements.

The Group does not publish interim financial statements for the last quarter in the year. If an estimate reported in the previous quarter changes significantly in the fourth quarter, the nature and amount of such changes are disclosed in the annual statements.

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

- a) The effect of any new contracts added to the group.
- b) Interest accreted on the carrying amount of the CSM.
- c) Income recognised in the statement of income when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group. A loss-recovery component is established or adjusted within the remaining coverage for reinsurance contracts held for the amount of income recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

- d) Reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held.
- e) Changes in the FCF, to the extent that the change relates to future service, unless the change results from a change in FCF allocated to a group of underlying insurance contracts that does not adjust the CSM for the group of underlying insurance contracts.
- f) The amount recognised in net income / (loss) for insurance contract services received during the period, determined after all other adjustments above.

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

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using an average discount rate determined at initial recognition that is applied to nominal cash flows that do not vary based on the returns of underlying items. The discount rate used for accretion of interest on the CSM is determined using the top-down approach. The locked-in discount rate for a group is determined as the average of the discount rates applied at the beginning and ending of each period.

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

Under the GMM, the CSM is adjusted for changes in the FCF, measured applying the discount rates as specified in the 'Changes in fulfilment cash flows' section earlier.

Release of the CSM to net income / (loss)

The amount of the CSM recognised in net income / (loss) for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

Release of the CSM to net income / (loss) (continued)

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

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

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. For investment-return and investment-related services, policyholders' account values are used to determine the quantity of benefits provided.

The Group determines coverage units as follows:

Product	Coverage Units
Traditional Life contracts	Sum insured
Universal Life contracts	Sum insured plus fund value; and net amount at risk plus fund value
Universal Life contract with direct participation features	Sum insured plus fund value
Living Benefits	Sum insured
Participating life contracts	Sum insured plus dividend value
Single premium health and creditor life	Sum insured
Single premium group creditor	Sum insured / maximum benefit
Accumulation annuities, Payout annuities, Endowment without direct participation features	Greater of maturity benefit or sum insured and Payout for Payout annuities
Variable endowments with direct participation features	Sum insured plus fund value
Term life	Sum insured
Whole life	Sum insured
Critical illness	Sum insured
Segregated funds	Greater of current account value and respective minimum guaranteed value

The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items, except for contracts measured under the VFA which use the current discount rate.

For reinsurance contracts held, the CSM is released to net income / (loss) as insurance contract services are received from the reinsurer in the period. The coverage period for these reinsurance contracts is determined based on the coverage period of all underlying contracts for which cash flows are included in the reinsurance contract boundary. Refer to the 'Contract boundary' section in note 2.3 (d) above.

Onerous contracts – Loss component

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(f) Subsequent measurement – Groups of contracts not measured under the PAA (continued)

Changes to the contractual service margin (continued)

Onerous contracts – Loss component (continued)

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

- a) expected incurred claims and other liability and other directly attributable expenses for the period;
- b) changes in the risk adjustment for non-financial risk for the risk expired; and
- c) finance income / (expenses) from insurance contracts issued.

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

Decreases in the FCF relating to the future in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Subsequent increases in FCF are allocated in relation to the entity's share of the fair value of the underlying items. Increases in the FCF relating to the future in subsequent periods increase the loss component.

When the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, a loss-recovery component is established or adjusted within the asset for remaining coverage for reinsurance contracts held. The loss-recovery component results in an amount immediately recognised within the statement of income within the net income / (expense) from reinsurance contracts held.

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

(g) Initial and subsequent measurement – Groups of contracts measured under the PAA

The Group has determined that contracts within the General Insurance and the Group Life and Health lines of business (with the exception of the Single premium group creditor products) 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 Group expects that the LRC under PAA will not be materially different from what would be expected using the GMM.

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

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

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

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group has elected not to discount the cash flows within the LIC for certain 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 Group includes an explicit risk adjustment for non-financial risk.

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

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

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

- a) increased for premiums received in the period;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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

- a) increased for ceding premiums paid in the period;
- b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. The Group will reflect non-performance of reinsurers where it holds a net asset for the reinsurance treaty or where the reinsurance treaty does not provide the right of offset of amounts due from reinsurers against amounts due to reinsurers.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA. For contracts measured under the PAA and GMM, the LIC is measured similarly. Future cash flows are adjusted for the time value of money.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined using a methodology similar to the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined using a methodology similar to the GMM relating to the future service and the carrying amount of the LRC without the loss component.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in net income / (loss) and a loss-recovery component is established or adjusted for the amount of income recognised.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

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

The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

(h) Amounts recognised in the statement of income within the insurance service result

Insurance revenue

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

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - a) claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - i. amounts allocated to the loss component;
 - ii. repayments of investment components and policyholder rights to withdraw an amount;
 - iii. insurance acquisition expenses; and
 - iv. amounts related to the risk adjustment for non-financial risk (see (b));
 - b) changes in the risk adjustment for non-financial risk, excluding:
 - i. changes included in insurance finance income / (expenses);
 - ii. changes that relate to future coverage (which adjust the CSM); and
 - iii. amounts allocated to the loss component; and
 - c) amounts of the CSM recognised for the services provided in the period.

In-period cash flow variances would go through CSM if they are investment component, premium experiences not related to past service, or policy loan cash flow variances.

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 Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- a) incurred claims and benefits, excluding investment component and policy loans, reduced by loss component allocations;
- b) insurance acquisition cash flows amortisation;
- c) changes that relate to past service – changes in the FCF relating to the LIC;
- d) changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
- e) insurance acquisition cash flows assets impairment net of reversals.

2. MATERIAL ACCOUNTING POLICIES (continued)**2.3 Insurance Operations (continued)****(h) Amounts recognised in the statement of income within the insurance service result (continued)****Insurance service expenses (continued)**

For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

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

Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of income.

Net income / (expenses) from reinsurance contracts held

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

- a) reinsurance expenses;
- b) incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
- c) changes that relate to past service – changes in the FCF relating to incurred claims recovery;
- d) effect of changes in the risk of reinsurers' non-performance; and
- e) amounts relating to accounting for onerous groups of underlying insurance contracts issued:
 - i. income on initial recognition of onerous underlying contracts;
 - ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
 - iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Insurance Operations (continued)

(h) Amounts recognised in the statement of income within the insurance service result (continued)

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

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.

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.

(i) Amounts recognised 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:

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

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

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

For contracts measured under the VFA, insurance finance income or expenses include changes in the value of underlying items (excluding additions and withdrawals).

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

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

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

The Group 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).

(j) Segregated funds contracts

Segregated funds contracts provide minimum death, withdrawal and maturity value guarantees to the policyholders. The liabilities associated with these guarantees are included in insurance contract liabilities on account of segregated funds policyholders. See note 2.3 (b).

2.4 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each reporting unit of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). A reporting unit may be an individual subsidiary, a branch of a subsidiary or an intermediate holding company group of subsidiaries.

The consolidated financial statements are presented in thousands of United States dollars, which is the Group's presentational currency.

2. MATERIAL ACCOUNTING POLICIES (continued)**2.4 Foreign currency translation (continued)****(b) Reporting units**

The results and financial position of reporting units that have a functional currency other than the Group's presentational currency are translated as follows:

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

Currencies which are pegged to the United States dollar are converted to the United States dollar by reference to the pegged rates. Currencies which float are converted to the United States dollar by reference to the average of buying and selling rates quoted by the respective central banks. Exchange rates of the other principal operating currencies to the United States dollar are set out in the following table.

Currency exchange rate of US \$1.00:	2024 Closing Rate	2024 Average Rate	2023 Closing Rate	2023 Average Rate
Barbados dollar	2.0000	2.0000	2.0000	2.0000
Canadian dollar	1.4389	1.3628	1.3226	1.3658
Eastern Caribbean dollar	2.7000	2.7000	2.7000	2.7000
Jamaica dollar	155.6022	156.0650	154.2680	153.5318
Trinidad & Tobago dollar	6.7474	6.7294	6.7158	6.7396

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recorded in other comprehensive income. On the disposal or loss of control of a foreign entity, such exchange differences are transferred to income.

Goodwill and other intangible assets recognised on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the rate ruling on December 31.

(c) 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 retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Non-monetary assets and liabilities 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'.

Insurance contracts are monetary items which may give rise to foreign exchange differences. The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Group has chosen to present the resulting foreign exchange differences within the line item 'Fees and other income'.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(c) Transactions and balances (continued)

Exchange differences on the retranslation 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 retranslation of the fair value of non-monetary items such as equities held as FVTOCI are reported as part of the fair value gain or loss in other comprehensive income.

2.5 Segments

Reportable operating segments have been defined in accordance with performance and resource allocation decisions of the Group's Chief Executive Officer.

2.6 Investment property

Investment property consists of freehold lands and freehold properties which are held for rental income and/or capital appreciation. Investment property is recorded initially at cost. In subsequent financial years, investment property is recorded at fair values as determined by independent valuation, with the appreciation or depreciation in value being taken to investment income. Fair value represents the price (or estimates thereof) that would be agreed upon in an orderly transaction between market participants at the valuation date. Fair values are derived using the market value approach and the income capitalisation approach, which reference market-based evidence, using comparable prices adjusted for specific factors such as nature, location and condition of property.

Investment property includes property partially owned by the Group and held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. Transfers to or from investment property are recorded when there is a change in use of the property. Transfers to owner-occupied property or to real estate developed for resale are recorded at the fair value at the date of change in use. Transfers from owner-occupied property are recorded at their fair value and any difference with carrying value at the date of change in use is dealt with in accordance with note 2.7.

Investment property may include property of which a portion is held for rental to third parties and the other portion is occupied by the Group. In such circumstances, the property is accounted for as an investment property if the Group's occupancy level is not significant in relation to the total available occupancy. Otherwise, it is accounted for as an owner-occupied property.

Rental income is recognised in accordance with note 2.11 (a).

2.7 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 Group.

Owner-occupied properties and owner-managed hotel properties are re-valued at least every three years to their fair value as determined by independent valuation. 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. Movements in fair value are reported in other comprehensive income, unless there is a cumulative depreciation in respect of an individual property, which is then recorded in income. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset.

Owner-occupied properties include property held under joint operations with third parties for which the Group recognises its share of the joint operation's assets, liabilities, revenues, expenses and cash flows. On the disposal of the property, the amount included in the fair value reserve is transferred to retained earnings.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment (continued)

The Group, as lessor, enters into operating leases with third parties to lease certain property, plant and equipment. Income from these activities is recognised in accordance with note 2.11(a) in accordance with IFRS 16 - Leases.

Depreciation is calculated on the straight-line method to write down the cost or fair value of property, plant and equipment to residual value over the estimated useful life. Estimated useful lives are reviewed annually and are as follows:

Asset	Estimated useful life
Owner-occupied buildings	40 to 50 years
Furnishings and leasehold improvements	2 to 10 years, or lease term
Computer and office equipment	1 to 10 years
Vehicles	4 to 5 years
Right-of-use assets	1.5 to 12 years

Lands are not depreciated.

An impairment loss is recognised for the amount by which an 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.

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.

2.8 Intangible assets

(a) Goodwill

Goodwill (defined in note 2.2(a)) arising from an acquisition of a subsidiary or insurance business is allocated to appropriate cash generating units which are defined by the Group's operating segments. Goodwill arising in a reportable operating segment is allocated to that segment. Goodwill arising in a Group entity, which is not within a reportable operating segment, is allocated to that entity's own operations, or, if that entity is managed in conjunction with another Group entity, to their combined operations.

Goodwill arising from an investment in an associate is included in the carrying value of the investment.

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 a subsidiary or insurance business, the associated goodwill is derecognised and is included in the gain or loss on disposal. On the disposal of a subsidiary or insurance business forming part of a reportable operating segment, the proportion of goodwill disposed is the proportion of the fair value of the asset disposed to the total fair value of the operating segment.

(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 Group 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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

(b) Other intangible assets (continued)

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 to 20 years
	Broker relationships	10 years
	Trade names	10 years
Contract-based	Licenses	15 years
Technology-based	Software	2 to 5 years

2.9 Real estate developed or held for resale

Lands being made ready for resale along with the cost of infrastructural works are classified as real estate held for resale and are stated at the lower of carrying value and fair value less costs to sell. Real estate acquired through foreclosure is classified as real estate held for resale and is stated at the lower of carrying value and fair value less costs to sell.

Gains and losses realised on the sale of real estate are included in revenue at the time of sale.

2.10 Financial investments

(a) Classification of financial assets

The Group 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 amortised cost based on the nature of the cash flows of these assets and the Group'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 are recognised when the Group 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 Group commits to purchase or sell the asset.

(b) Classification of debt instruments

Classification and subsequent measurement of debt instruments depend on:

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(b) Classification of debt instruments (continued)

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 Group 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 Group 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 Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement.

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

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 most loans and advances to banks and customers and some 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. These comprise primarily debt securities and money market funds.

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 classified 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(c) Impairment of financial assets measured at amortised cost and FVTOCI

At initial recognition of a financial asset, allowance (or provision in the case of some loan commitments and financial guarantees) is required for Expected Credit Losses (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 and are included in 'stage 3'. Purchased or originated credit-impaired financial assets ("POCI") are treated differently as set out below.

To determine whether the lifetime credit risk has increased significantly since initial recognition, the Group 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.

(d) 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 considered to be POCI. These financial assets are credit-impaired on initial recognition. The Group 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 Group shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss. The Group will recognise 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.

(e) Definition of default

The Group 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 unlikelihood to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

(f) 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(g) 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.

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 lifetime 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. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions, remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling, and for the incorporation of ‘downside scenarios’ which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, and particularly to changes in economic and credit conditions across wide geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and the results should not be further extrapolated.

The main difference between Stage 1 and Stage 2 expected credit losses is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD. An expected credit loss estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating expected credit losses.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgement.

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For defaulted financial assets, based on management’s assessment of the borrower, a specific provision of expected lifetime losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(g) The general approach to recognising and measuring ECL (continued)

Forward-looking information

The estimation and application of forward-looking information will require significant judgement. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the expected credit loss calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three-year period, subsequently reverting to long-run averages. Our estimation of expected credit losses in Stage 1 and Stage 2 will be a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. Our base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to our base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to our best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

(h) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk.

(i) Reclassified balances

The Group 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.

(j) Classification of equity instruments

The Group classifies and subsequently measures all equity investments at FVTPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVTOCI. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.10 Financial investments (continued)

(k) Embedded derivatives

The Group may hold debt securities and preferred equity securities which may contain embedded derivatives. The embedded derivative of a financial asset is classified in the same manner as the host contract.

(l) 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 other investment income.

Financial instruments measured at amortised cost

- Interest income is included in interest income earned from financial assets measured at amortised cost in the consolidated statement of income.
- Credit impairment losses are presented in the consolidated statement of income.
- Gain or loss on derecognition of debt instruments is presented in the consolidated statement of income.

Financial instruments measured at FVTOCI

- Interest income is included in interest income earned from financial assets measured at FVTOCI in the consolidated statement of income.
- Credit impairment losses are presented in the consolidated statement of income.
- Unrealised gains and losses arising from changes in fair value are presented in OCI.
- On derecognition, the cumulative fair value gain or loss is transferred from OCI and is presented in the consolidated statement of income.

Equity securities measured at FVTOCI

- Dividend income is included in other investment income.
- Unrealised changes in fair value are presented in OCI. Any impairment losses are included with fair value changes.
- On derecognition, the cumulative gain or loss in OCI remains in the fair value reserve for FVTOCI assets.

2.11 Leases

(a) Leases held as lessor

The Group holds finance leases with third parties to lease assets. Finance leases are leases in which the Group has transferred substantially the risks of ownership to the lessee. The finance lease, net of unearned finance income, is recorded as a receivable and the finance income is recognised over the term of the lease using the effective yield method. Impairment of finance lease receivables is measured in accordance with the requirements for amortised cost debt instruments.

The Group holds operating leases primarily for the rental of investment property and certain owner-occupied property. The Group recognises revenue from these activities on a straight-line basis or on another systematic basis if that basis is more representative of the pattern of use of the underlying asset.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.11 Leases (continued)

(b) Leases held as lessee

At the inception of a rental contract for office space or a contract for the use of an asset, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if it conveys to the Group the right to control the use of the office space or asset for a time period in exchange for consideration. The Group has elected to use the exemption for lease periods with a term of 12 months or less, or those leases for which the underlying asset has a low value, in which case the lease payments are recognised in administrative expenses. Low value assets comprise IT equipment and small items of office furniture.

For a contract that contains a lease, the Group may account for the lease component separately from the non-lease component. As a practical expedient, the Group elected, by class of underlying asset, not to separate the non-lease and lease components, and instead account for the contract as a lease.

As of the date the asset is available for use by the Group (the commencement date), a right-of-use asset and a corresponding lease liability are recognised.

The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) restoration costs.

The Group recognises the costs described in paragraph (d) as part of the cost of the right-of-use asset when it incurs an obligation for those costs.

Right-of-use assets are presented within property, plant and equipment and are subsequently measured at cost less depreciation. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

At the commencement date, the Group measures the lease liability as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments, less any lease incentives receivable;
- (b) amounts expected to be payable by the lessee under residual value guarantees;
- (c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.11 Leases (continued)

(b) Leases held as lessee (continued)

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension and termination options need to be approved by the lessor. There are no variable lease payments and there were no residual value guarantees on leases.

Lease payments are allocated between principal and finance cost. The Group recognises interest on the lease liability in each accounting period during the lease term, which is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

After the commencement date, the lease liability is measured by:

- (a) increasing the carrying amount to reflect interest on the lease liability;
- (b) reducing the carrying amount to reflect the principal portion of lease payments made; and
- (c) remeasuring the carrying amount to reflect reassessment or lease modifications, or to reflect revised fixed lease payments.

Lease liabilities are included in lease liabilities in the statement of financial position. The associated interest is included in finance costs in the statement of income. Leases give rise to lease liability principal elements and interest elements in the statement of cash flows.

2.12 Financial liabilities

During the ordinary course of business, the Group issues investment contracts or otherwise assumes financial liabilities that expose the Group to financial risk.

Classification

Financial liabilities are measured at initial recognition at fair value and are classified as or subsequently measured either at amortised cost, or at fair value through income (FVTPL). Financial liabilities are recognised when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Unit linked deposit administration contracts and derivative financial liabilities (note 2.13) are carried at FVTPL. All other financial liabilities are carried at amortised cost. It is noted that the financial liabilities measured at FVTPL do not have a cumulative own credit adjustment gain or loss.

The recognition and measurement of the Group's principal types of financial liabilities are disclosed in the following paragraphs.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.12 Financial liabilities (continued)

(a) Securities sold for repurchase

Securities sold for repurchase are treated as collateralised financing transactions and are recorded at the amount at which the securities were sold. Securities sold subject to repurchase are not derecognised but are treated as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The difference between the sale and repurchase price is treated as interest and is accrued over the life of the agreements using the effective yield method.

The liability is extinguished when the obligation specified in the contract is discharged, assigned, cancelled or has expired.

(b) Deposit liabilities

Deposits are recognised initially at fair value and are subsequently stated at amortised cost using the effective yield method.

(c) Loans and other debt obligations

Loans and other debt obligations are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, obligations are stated at amortised cost and any difference between net proceeds the redemption value is recognised in the income statement over the period of the loan obligations using the effective yield method.

Obligations undertaken for the purposes of financing operations and capital support are classified as notes or loans payable. Loan obligations undertaken for the purposes of providing funds for on-lending, leasing or portfolio investments are classified as deposit and security liabilities.

(d) Fair value

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

(e) Presentation in the statement of income

For notes and loans payable measured at amortised cost, the associated interest is included in finance costs.

For deposit and security liabilities measured at amortised cost, the associated interest expense is included within interest costs.

For financial liabilities measured at FVTPL, the associated interest and fair value changes are included in interest costs.

2.13 Derivative financial instruments and hedging activities

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives for three primary purposes: to create risk management solutions for customers, for proprietary trading purposes, and to manage its own exposure to credit and market risk.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at each financial statement date.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.13 Derivative financial instruments and hedging activities (continued)

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as risk management objectives and strategies for undertaking various hedging transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges, gains and losses relating to the effective portion of changes in the fair value of derivatives are initially recognised in other comprehensive income; and are transferred to the statement of income when the forecast cash flows affect income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of income.

Gains and losses from changes in the fair value of derivatives that do not qualify for hedge accounting are included in net investment income or interest costs.

2.14 Offsetting financial instruments

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

2.15 Presentation of current and non-current assets and liabilities

The maturity profiles of financial assets and liabilities as well as insurance and reinsurance contract liabilities are disclosed in Note 36.5 as well as in the denoted Liquidity Risk section of the Group's 2024 MD&A. For other assets and liabilities, balances presented in notes 7 to 12, 14, 18 and 29 are non-current unless otherwise stated in those notes.

2.16 Employee benefits

(a) Pension benefits

Group companies have various pension schemes in place for their employees. Some schemes are defined benefit plans and others are defined contribution plans.

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 on government bonds for the maturity dates and currency 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 or non-controlling interest 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 Group pays contributions to the pension schemes on a mandatory or contractual basis. Once paid, the Group has no further payment obligations. Contributions are recognised in income in the period in which they are due.

Where a minimum funding requirement exists, the Group assesses the obligation, to determine whether the additional contributions would affect the measurement of the defined benefit asset or liability.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

(b) Other retirement benefits

Certain Group subsidiaries provide supplementary health and life insurance benefits to qualifying employees upon retirement. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income and retained earnings or non-controlling interest in the period in which they arise.

(c) Profit-sharing and bonus plans

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

(d) Equity compensation benefits

The Group 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 recognised 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 Group 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 its equity instruments to employees of Group subsidiaries is treated as a capital contribution in the financial statements of the subsidiary. The full expense relating to the grant is recorded in the subsidiary'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 recognised 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 recognised in income during that period.

2. MATERIAL ACCOUNTING POLICIES (continued)**2.16 Employee benefits (continued)**(d) Equity compensation benefits (continued)(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.

(e) 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 Group recognises 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.

2.17 Taxes(a) Premium taxes

Insurers are subject to tax on premium revenues generated in certain jurisdictions. The principal rates of tax are summarised in the following table.

Premium tax rates	Life insurance and non-registered annuities	Health insurance	Property and Casualty insurance
Canada	2% - 5%	2% - 5%	Nil
United States of America	0.5% - 3.7%	Nil	Nil
Jamaica	Nil	Nil	Nil
Barbados	3% - 6%	4%	4% - 4.75%
Trinidad & Tobago	Nil	Nil	Nil

Premium tax is recognised in the insurance service result in the consolidated statement of income. See note 2.3(h).

(b) Asset tax

The Group is subject to an asset tax in Jamaica and Barbados. In Jamaica, the asset tax is levied on insurance, securities dealers and deposit-taking institutions, and is 0.25% of adjusted assets held at the end of the year. In Barbados, the asset tax is levied on insurance, deposit-taking institutions and credit unions and is 0.35% of adjusted assets held at the end of a period. Taxes are accrued monthly.

2. MATERIAL ACCOUNTING POLICIES (continued)**2.17 Taxes (continued)**(c) Income taxes

The Group is subject to taxes on income in the jurisdictions in which business operations are conducted. Rates of taxation in the principal jurisdictions for the current year are set out in the next table.

Income tax rates	Life insurance and non-registered annuities	Registered annuities	Other lines of business
Canada	26.12% of profit before tax	26.12% of profit before tax	26.12% of profit before tax
United States of America	21% of net income	Nil	Nil
Jamaica	25% of profit before tax	Nil	25% - 33.33% of profit before tax
Barbados	2% of taxable income	2% of taxable income	2% of taxable income
Trinidad & Tobago	15% of investment income	Nil	30% of net income

(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 enacted or substantially enacted by the end of the reporting period. Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the asset may be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to do so and they relate to the same entity. Deferred tax, related to fair value re-measurement of FVTOCI investments and cash flow hedges which are recorded in other comprehensive income, is recorded in other comprehensive income and is subsequently recognised in income together with the deferred gain or loss. The Group has applied the exception to the requirements in IAS 12 whereby an entity does not disclose information about deferred tax assets and liabilities related to the Organisation for Economic Co-operation and Development's (OECD's) international tax reform.

2.18 Other liabilities / Retirement benefit liabilities

Liabilities are recognised when the Group 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.

2.19 Common shares

In exchange for consideration received, the Company has issued common shares that are classified as equity. Incremental costs directly attributable to the issue of common shares are recorded in share capital as a deduction from the share issue proceeds.

Where a Group entity purchases the Company's common shares, the consideration paid, including any directly attributable cost, is deducted from share capital and is recorded as treasury shares. Where such shares are subsequently sold to a third party, the deduction from share capital is reversed, and any difference with net consideration received is recorded in retained earnings.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.19 Common shares (continued)

On the declaration by the Company's directors of common share dividends payable, the total value of the dividend is recorded as an appropriation of retained earnings.

2.20 Statutory reserves

Statutory reserves are established when regulatory accounting requirements result in lower distributable profits or when an appropriation of retained earnings is required or permitted by law to protect policyholders, insurance beneficiaries or depositors.

2.21 Premium / (discount) paid on repurchase of shares

The premium / (discount) paid on repurchase of shares is recorded directly in retained earnings.

2.22 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.

2.23 Fees and other income

The Group earns fee income from:

- the management and administration of third-party investment funds, pension plans and insurance benefit plans (managed funds or administrative service only (ASO) benefit plans);
- the provision of corporate finance, stockbroking, trust and related services.

Other income includes:

- rental income from owner-occupied property;
- foreign exchange gains / (losses).

2. MATERIAL ACCOUNTING POLICIES (continued)

2.23 Fees and other income (continued)

Service contract income

Income from service contracts includes management and administrative fees. These service contracts generally impose single-performance obligations, each consisting of a series of similar related services to the customer. The Group's performance obligations within these service arrangements are generally satisfied over time as the customers simultaneously receive and consume contracted benefits.

Income from service contracts with customers is recognised when or as the Group satisfies the performance obligation.

For obligations satisfied over time, income is recognised monthly or over the applicable period.

For performance obligations satisfied at a point in time, service contract income is recognised at that point in time.

2.24 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 utilised in the business and in respect of changes in subsidiary holdings, insurance businesses, and associated company and joint venture investments.

Cash flows from financing activities consist of cash flows arising from the issue, redemption and exchange of equity instruments and notes and loans payable and from equity dividends payable to holders of such instruments.

Cash and cash equivalents comprise:

- cash balances,
- call deposits,
- money market funds,
- other liquid balances with maturities of three months or less from the acquisition date, less
- bank overdrafts which are repayable on demand.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

2.25 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 Group’s financial statements are summarised in the following table.

Amendments	Subject / Comments
IAS 21 – Lack of exchangeability – effective January 1, 2025	<p>In August 2023, the IASB made amendments to IAS 21 to assist entities in the determination of whether a currency is exchangeable in another currency and to outline requirements entities would need to apply when a currency is not exchangeable into another currency at a measurement date for a specified purpose.</p> <p>This standard will have no material effect on the Group.</p>
IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments – effective January 1, 2026 (with the option for early adoption)	<p>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.</p> <p>These amendments address the following:</p> <ul style="list-style-type: none"> • Clarify requirements for timing and derecognition of some financial assets and liabilities; • Clarify and add guidance for assessing whether a financial asset meets the SPPI criterion; • Add new disclosures for certain instruments with contractual terms that can change cash flows; and • Provide updates to disclosures for equity instruments designated at FVTOCI. <p>The impact of this standard on the Group is currently being analysed.</p>
IFRS 18 – Presentation and Disclosure in Financial Statements – effective January 1, 2027	<p>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.</p> <p>The standard addresses the following:</p> <ul style="list-style-type: none"> • The structure of the statement of income; • Required disclosures in the financial statements for certain income or loss performance measures that are reported outside of an entity’s financial statements; and • Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. <p>The impact of this standard on the Group is currently being analysed.</p>

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Group's reported assets, liabilities, income and other comprehensive income. The items which may have the most effect on the Group'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 Group 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 Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the group is managed.

3.2 Contracts not measured under PAA

3.2.1 Areas of Judgement

Areas of judgement which broadly impact the Group'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 not measured under PAA are described in subsequent notes.

Definition and classification

- Whether contracts are within the scope of IFRS 17.
- For contracts determined to be within the scope of IFRS 17, what measurement model is applicable. The Group is required to determine the classification of contracts issued in participating product lines as insurance or investment contracts. The following contracts issued by the Group are considered:
 - o Insurance contracts with discretionary participation features, for which the Group applies significant judgement in the determination of whether contracts meet the definition of investment contracts with discretionary participation features.
 - o Insurance contracts with direct participation features, based on the Group's assessment of whether contracts that are determined to be within the scope of IFRS 17 meet the definition of an insurance contract with direct participation features as follows:
 - whether the pool of underlying items is clearly identified;
 - whether amounts that an entity expects to pay to the policyholders constitute a substantial share of the fair value returns on the underlying items; and
 - whether the Group expects the proportion of any change in the amounts to be paid to the policyholders that vary with the change in fair value of the underlying items to be substantial.
- Whether a contract issued accepts significant insurance risk and, similarly, whether a reinsurance contract held transfers significant insurance risk.

Unit of account

The Group is required to make judgements involved in combination of insurance contracts and separation of distinct components:

- Combination of insurance contracts - whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.
- Separation – whether components in insurance contracts are distinct (that is, they meet the separation criteria).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Contracts not measured under PAA (continued)

3.2.1 Areas of Judgement (continued)

Unit of account (continued)

- Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.

Insurance contracts aggregation

The Group is required to make judgements involved in the identification of portfolios of contracts (that is, having similar risks and being managed together). This includes the aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts, and a similar grouping assessment for reinsurance contracts held.

Areas of judgements include:

- The determination of contract sets within portfolios and whether the Group has reasonable and supportable information to conclude that all contracts within a set would fall into the same group; and
- Judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of judgement.

3.2.2 The methods used to measure insurance contracts

The Group primarily uses deterministic projections to estimate the present value of future cash flows.

The following assumptions are used when estimating future cash flows:

- Mortality and morbidity rates (life insurance and reinsurance business)

Assumptions are based on standard industry and national tables, (tables from the Canadian Institute of Actuaries) according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

An increase in expected mortality and morbidity rates will increase the expected life and health claim cost which will reduce future expected profits of the Group.

- Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type. An increase in expected longevity will lead to an increase in expected cost of annuity payments which will reduce future expected profits of the Group.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Contracts not measured under PAA (continued)

3.2.2 The methods used to measure insurance contracts (continued)

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. Inflation is considered a non-financial assumption and is derived from the long run expense increases based on the Group's experience and management's expectation of the related expense control measures.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational. The overheads are also consistently applied to all costs that have similar characteristics. An increase in the expected level of expenses will reduce future expected profits of the Group.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the Group.

3.2.3 Discount rates

The present value of future cash flows for life insurance contract liabilities is determined using discount rates which 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 Group's investment strategies and the characteristics of the liabilities and are comprised of a mix of sovereign and corporate bonds available on the markets. Where information is not readily available in certain markets, comparable information and/or estimation is used. 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. The illiquidity adjustments are estimated using information from observed historical levels of default for bonds included in the reference portfolio. The adjusted sovereign yield curves, or the risk-free yield curves (wherever they are available) plus an illiquidity premium, are used to discount the liability cash flow.

Where cash flows vary with an underlying item, cash flows are projected assuming returns on the underlying item that are consistent with the discount rate.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**3.2 Contracts not measured under PAA (continued)****3.2.3 Discount rates (continued)**

Discount rates which have been applied for the discounting of future cash flows are disclosed below by the relevant territory, represented by the respective currencies as follows:

Spot rates	Portfolio Duration									
	1 year		3 years		5 years		10 years		20 years	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Life insurance and reinsurance contracts issued										
Aruba guilder	3.2%	3.8%	4.1%	4.4%	4.9%	5.0%	5.8%	5.8%	6.3%	6.2%
Barbados dollar	2.3%	2.6%	2.6%	2.9%	3.6%	3.9%	6.1%	6.1%	8.4%	8.3%
Eastern Caribbean dollar	3.4%	3.4%	4.2%	4.4%	5.1%	5.5%	6.8%	7.1%	8.5%	8.3%
Jamaica dollar	7.4%	6.4%	6.5%	6.1%	7.0%	6.7%	8.3%	8.3%	9.3%	10.0%
Trinidad dollar	3.9%	1.8%	4.2%	3.2%	5.0%	4.2%	5.9%	5.3%	7.8%	7.8%
Canada dollar	3.4%	4.9%	3.4%	4.3%	3.6%	4.1%	4.2%	4.2%	4.6%	4.3%
United States dollar (by territory):										
- Cayman Islands	4.6%	5.9%	4.7%	5.1%	4.8%	4.9%	5.0%	5.0%	5.2%	5.2%
- Jamaica	5.9%	6.6%	6.0%	5.8%	6.1%	5.6%	6.3%	5.8%	6.5%	5.9%
- United States	5.9%	7.2%	6.0%	6.4%	6.1%	6.2%	6.4%	6.4%	6.6%	6.5%

3.2.4 Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers non-financial risk. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the best estimate amount. For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group has estimated the risk adjustment using a margin approach, calibrated to the cost of capital and target confidence levels. The margin approach involves applying shocks to the insurance assumptions used to project expected cash flows so as to produce an increase in the FCF. Shocks are selected using the projected cost of insurance risk capital such that the resulting risk adjustment falls within the Group's target confidence level range.

The risk adjustment for insurance and reinsurance contracts corresponds to a confidence level between 75% to 85% (2023 - between 75% to 85%).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Contracts not measured under PAA (continued)

3.2.5 Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in net income / (loss) as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in net income / (loss) to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future;
- Recognising in net income / (loss) the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of insurance contracts, the quantity of benefits is the contractually agreed sum insured, maturity benefit or payout over the period of the contracts.

The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum potential loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

3.2.6 Assets for insurance acquisition cash flows

The Group 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 whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period. Assets for insurance acquisition cash flows not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.2 Contracts not measured under PAA (continued)

3.2.7 Determination of IFRS 17 transition amount

The Group adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable. The full retrospective approach was mostly applied to insurance contracts in force at the transition date that were originated less than 3-5 years prior to transition. The fair value approach was applied in circumstances where the full retrospective approach was impracticable. The transition approach was determined at the level of group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17 as follows:

- Full retrospective approach
The CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 has always been applied.
- Fair value approach
The CSM is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at the transition date.

A group of contracts for fair value measurement includes contracts from multiple cohorts and years into a single unit for accounting purposes. For the groups of contracts measured under the fair value approach, the discount rates on initial recognition were determined at January 1, 2022 instead of at the date of initial recognition.

In determining the fair value, the Group has applied the requirements of IFRS 13, Fair Value Measurement. An embedded value approach was used to determine the fair value of groups of insurance contracts for the purposes of applying the fair value approach. Fair value is allocated to groups of contracts based on the present value of future cash flows of the respective contracts. The embedded value is defined to be (a) the fulfilment cash flows plus (b) the cost of capital required to support the insurance contracts less (c) the value of the profits expected to emerge as the obligation is satisfied. The fair value for reinsurance contracts held was determined under the presumption that the market participant is the same market participant that would purchase the underlying direct contracts.

For groups of reinsurance contracts covering onerous underlying contracts measured under the full retrospective approach, the loss-recovery component within the asset for remaining coverage was determined at the transition date by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at that date and the percentage of claims for the underlying insurance contracts the Group expects to recover from the reinsurance contracts held.

3.3 Contracts measured under PAA

3.3.1 Areas of Judgement

Areas of judgement which broadly impact the Group'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 measured under PAA are described in subsequent notes.

For insurance contracts with a coverage period of more than one year and for which an entity applies the PAA, the eligibility assessment might involve significant judgement. All contracts measured by the Group 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 measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.3 Contracts measured under PAA (continued)

3.3.2 Liability for incurred claims

Liability for incurred claims (LIC) is deemed a significant estimate for general insurance products as well as group products measured under PAA. The ultimate cost of outstanding claims is calculated 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 Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim 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.

3.3.3 Risk adjustment for non-financial risk

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

The Group has estimated the risk adjustment by using the margin approach. Risk adjustment percentages were determined according to a confidence level range of 70% to 75%.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.3 Contracts measured under PAA (continued)

3.3.4 Assets for insurance acquisition cash flows

The Group 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 Group 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.

3.4 Impairment of financial assets

In determining ECL (defined in note 2.10 (c)), management is required to exercise judgement in defining what is considered a significant increase in credit risk (SICR) 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 2.10 under sections 'Measurement' and 'Forward-looking information'.

(a) Establishing staging for debt securities and deposits

The Group'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 Group uses its internal credit rating model to determine in which of the three stages an asset is to be categorised 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 instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade or has a Sagicor risk rating of 1 - 3 is considered low credit risk.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.4 Impairment of financial assets (continued)

(a) Establishing staging for debt securities and deposits (continued)

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.

(b) Establishing staging for other assets measured at amortised cost, lease receivables, loan commitments and financial guarantee contracts

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 Jamaica. Management assesses data sources from local government, International Monetary Fund (IMF) and other reputable 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.

3.5 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 Group exercises judgement on the quality of pricing sources used. Where no market data is available, the Group 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.

3.6 Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination involve the utilisation of valuation techniques which may be very sensitive to the underlying assumptions utilised. These intangibles may be marketing-related, customer-related, contract-based or technology-based.

For significant amounts of intangibles arising from a business combination, the Group utilises independent professional advisors to assist management in determining the recognition and measurement of these assets.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

3.7 Impairment of intangible assets

(a) Goodwill

The assessment of goodwill impairment involves the determination of the value of the cash-generating business units to which the goodwill has been allocated. Determination of the value involves the estimation of future cash flows or of income after tax of these business units and the expected returns to providers of capital to the business units and/or to the Group as a whole. For the Sagicor Life reporting segment, the Group uses the value in use methodology for testing goodwill impairment. For the Sagicor Jamaica operating segment, the Group uses the fair value less cost to sell methodology, and for Sagicor General Insurance Inc, the value in use methodology.

The Group updates its business unit financial projections annually and applies discounted cash flow or earnings multiple models to these projections to determine if there is any impairment of goodwill. The assessment of whether goodwill is impaired can be highly sensitive to the inputs of cash flows, income after tax, discount rate, growth rate or capital multiple, which are used in the computation. Further details of the inputs used are set out in note 10.

(b) Other intangible assets

The assessment of impairment of other intangible assets involves the determination of the intangible's fair value or value in use. In the absence of an active market for an intangible, its fair value may need to be estimated. In determining an intangible's value in use, estimates are required of future cash flows generated as a result of holding the asset.

4. SEGMENTS

The management structure of the Group consists of the parent company Board of Directors, the Group Chief Executive Officer (CEO), subsidiary company Boards of Directors and subsidiary company CEOs. For the parent company and principal subsidiaries, there are executive management committees made up of senior management who advise the respective CEOs. The principal subsidiaries have a full management governance structure, a consequence of them being regulated insurance and financial services entities, and of the range and diversity of their products and services.

The Group CEO serves as Board Chairman or as a Board Member of the principal subsidiaries and is the Group's Chief Operating decision-maker. Through subsidiary company reporting, the Group CEO obtains details of Group performance and of resource allocation needs. Summarisation of planning and results and prioritisation of resource allocation is done at the parent company level where strategic decisions are taken.

The Group has determined that there are four principal subsidiary groups which represent the reportable operating segments of Sagicor. These segments and Head office and Other are set out in the following sections.

(a) Sagicor Canada

This segment engages in individual life insurance, annuities, segregated funds, and accident and sickness insurance business throughout Canada and comprises of the following companies in the table below:

Sagicor Canada Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
ivari Holdings Inc. ⁽¹⁾	Insurance holding company	Canada	100%
Fox Subco Holdings Inc.	Insurance holding company	Canada	100%
ivari ⁽¹⁾	Life insurance and annuities, health and casualty insurance	Canada	100%

⁽¹⁾ Effective October 3, 2023, Sagicor Financial Company Ltd. purchased 100% of the shares of Proj Fox Acquisition Inc. which held ivari at this date. See Note 33.1. On February 1, 2024, there was a reorganisation within the segment resulting in Proj Fox and ivari Holdings amalgamating under the name ivari Holdings Inc.

(b) Sagicor Life USA

This segment engages in life insurance and annuity business in certain states of the USA, and through a segregated account, transfers insurance risks associated with certain life and annuity products, and financial instruments supporting those liabilities, to Sagicor Reinsurance Bermuda Ltd. The companies comprising this segment are as follows:

Sagicor Life USA Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor USA, Inc	Insurance holding company	USA - Delaware	100%
Sagicor Life Insurance Company	Life insurance and annuities	USA - Texas	100%

4. SEGMENTS (continued)

(c) Sagicor Jamaica

This segment comprises the Sagicor Jamaica Group of companies, which conduct life, health, annuity, property and casualty insurance business, pension administration services, banking and financial services, and real estate investment services in Jamaica, The Cayman Islands, Panamá, Costa Rica and USA. The companies comprising this segment are as follows:

Sagicor Jamaica Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Group Jamaica Limited	Group holding company	Jamaica	49.11%
Sagicor Life Jamaica Limited	Life and health insurance and annuities	Jamaica	49.11%
Sagicor Cayman Limited	Holding company	The Cayman Islands	49.11%
Sagicor Life of the Cayman Islands Limited	Life insurance	The Cayman Islands	49.11%
Sagicor Investments Cayman Ltd.	Investment services	The Cayman Islands	49.11%
Sagicor Pooled Investment Funds Limited	Pension fund management	Jamaica	49.11%
Employee Benefits Administrator Limited	Pension administration services	Jamaica	49.11%
Sagicor Re Insurance Limited	Property and casualty insurance	The Cayman Islands	49.11%
Sagicor Insurance Brokers Limited	Insurance brokerage	Jamaica	49.11%
Sagicor International Administrators Limited	Group insurance administration	Jamaica	49.11%
Sagicor Insurance Managers Limited	Captive insurance management services	The Cayman Islands	49.11%
Sagicor Property Services Limited	Property management	Jamaica	49.11%
Sagicor Investments Jamaica Limited	Investment banking	Jamaica	49.11%
Sagicor Bank Jamaica Limited	Commercial banking	Jamaica	49.11%
Alliance Financial Services Limited	Financial services	Jamaica	49.11%
LOJ Holdings Limited	Insurance holding company	Jamaica	100%
Travel Cash Jamaica Limited	Microfinance	Jamaica	25.05%
Phoenix Equity Holdings Limited	Holding Company	Barbados	49.11%
Advantage General Insurance Co. Limited	Property and casualty insurance	Jamaica	29.47%
Bailey Williams Limited	Real estate development	Jamaica	34.38%

4. SEGMENTS (continued)

(c) Sagicor Jamaica (continued)

Sagicor Jamaica Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Joint venture			
Grupo Sagicor GS, S.A.	Holding company	Costa Rica	24.56%
Sagicor Costa Rica SCR, S.A.	Life insurance	Costa Rica	24.56%
Sagicor - Capital & Advice Spain S.L.	Holding company	Spain	24.56%
Sagicor Panamá, S.A. ⁽¹⁾	Life and health insurance	Panamá	24.56%

⁽¹⁾ Effective December 31, 2023, Sagicor - Capital & Advice Spain S.L., a joint venture entity of Sagicor Group Jamaica Limited ("SGJ"), acquired 100% of the shares of Sagicor Panamá, S.A. from Sagicor Life Inc. See Note 33.2.

Control of Sagicor Group Jamaica Limited is established through the following:

- The Group's effective shareholder's interest gives it the power to appoint the directors of the company and thereby direct relevant activities.
- The Group is exposed to the variable returns from its effective shareholder's interest.
- The Group has the ability to use the power to affect the amount of investor's returns.

(d) Sagicor Life

This segment comprises of the Sagicor Life Inc., its branches, subsidiaries and associates which engage in life, health, annuity, property and casualty insurance business, and pension administration services in Barbados, Eastern Caribbean, Dutch Caribbean, Bahamas, Belize, and Trinidad & Tobago and, through a segregated account, transfers insurance risks associated with certain life and annuity products relating to Trinidad & Tobago business to Sagicor Reinsurance Bermuda Ltd. The companies comprising this segment are set out in the following table.

Sagicor Life Segment Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Inc	Life and health insurance, annuities and pension administration services	Barbados	100%
Sagicor Life (Eastern Caribbean) Inc.	Life and health insurance, annuities and pension administration services	St. Lucia	100%
Sagicor Life Aruba NV	Life and health insurance, annuities and pension administration services	Aruba	100%
Capital Life Insurance Company Bahamas Limited	Life insurance	The Bahamas	100%
Nationwide Insurance Company Limited	Life insurance	Trinidad & Tobago	100%

4. SEGMENTS (continued)(d) Sagicor Life (continued)

Sagicor Life Segment Companies (continued)	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Life Insurance Trinidad & Tobago Limited. ⁽¹⁾	Life insurance	Trinidad & Tobago	100%
Sagicor General Insurance Trinidad & Tobago Limited. ⁽²⁾	Property and casualty insurance	Trinidad & Tobago	100%
Sagicor General Insurance Inc ⁽³⁾	Property and casualty insurance	Barbados	99.30%
Associates			
FamGuard Corporation Limited	Investment holding company	The Bahamas	20%
Principal operating company: Family Guardian Insurance Company Limited	Life and health insurance and annuities	The Bahamas	20%
RGM Limited	Property ownership and management	Trinidad & Tobago	33%
Primo Holding Limited	Property investment	Barbados	38%

⁽¹⁾ Sagicor Life Insurance Trinidad & Tobago Limited was incorporated on April 4, 2022. Effective January 31, 2023, the entity took over the operations which were carried on by Sagicor Life Inc Trinidad & Tobago branch.

⁽²⁾ Sagicor General Insurance Trinidad & Tobago Limited was incorporated on March 5, 2022. Effective January 31, 2023, the entity took over the operations which were carried on by Sagicor General Insurance Inc Trinidad & Tobago branch.

⁽³⁾ During 2023, management made certain reorganisational changes to its subsidiary, Sagicor General, resulting in the subsidiary being reported as part of the Sagicor Life segment.

4. SEGMENTS (continued)

(e) Head office function and other operating companies

Head office and Other includes the following functional groups – Technology, Risk Management, Human Resources, Corporate Development and Capital Markets, Finance, and other support groups, net of amounts charged to operating business segments. Head Office and Other also includes the activities of corporate management, the Group parent company, other companies not directly attributable to the business segments, and consolidation adjustments.

Head office and other Group Companies	Principal Activities	Country of Incorporation	Effective Shareholders' Interest
Sagicor Financial Company Ltd.	Group parent company	Bermuda	100%
Sagicor Financial Corporation Limited	Holding company	Bermuda	100%
Sagicor Finance Inc	Loan and lease financing, and deposit-taking	St. Lucia	70%
Sagicor Investments Trinidad & Tobago Limited	Investment management	Trinidad & Tobago	100%
Sagicor Asset Management Inc.	Investment management	Barbados	100%
Sagicor Asset Management (Eastern Caribbean) Limited	Investment management	Barbados	100%
Sagicor Special Opportunity Funds	Investment management	Barbados	100%
Sagicor Bank (Barbados) Limited	Commercial banking	Barbados	100%
Barbados Farms Limited	Farming and real estate development	Barbados	77%
Sagicor Funds Incorporated	Mutual fund holding company	Barbados	100%
Sagicor Finance Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Finance (2015) Limited	Group financing vehicle	The Cayman Islands	100%
Sagicor Reinsurance Bermuda Limited	Reinsurance	Bermuda	100%
1222948 B.C. Ltd.	Corporate management	Canada	100%
The Estates Group Holdings Limited	Holding company	Barbados	100%
The Estates (Senior Care Services) Limited	Retirement Community	Barbados	100%
The Estates (Senior Care Properties) Limited	Retirement Community	Barbados	100%
The Estates (Residential Properties) Limited	Retirement Community	Barbados	100%
The Estates (Management Services) Limited	Retirement Community	Barbados	100%

4. SEGMENTS (continued)

4.1 Statement of income by segment

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other	Adjust- ments	Total
2024							
Insurance revenue	681,903	101,166	349,430	317,442	-	-	1,449,941
Insurance service expenses	(477,673)	(83,904)	(285,495)	(238,190)	-	-	(1,085,262)
Net expense from reinsurance contracts held	(121,395)	(12,308)	(23,940)	(41,031)	-	-	(198,674)
Inter-segment insurance service result	-	300	-	(275)	-	(25)	-
Insurance service result	82,835	5,254	39,995	37,946	-	(25)	166,005
Gain / (loss) on derecognition of amortised cost investments	-	(41)	7	-	(20)	-	(54)
Gain / (loss) on derecognition of assets carried at FVTOCI	-	(4,819)	3,184	(970)	2	-	(2,603)
Interest income earned from financial assets measured at amortised cost and FVTOCI	-	52,251	165,641	20,887	4,512	-	243,291
Credit impairment recovery / (loss)	-	(236)	(9,032)	2,195	211	-	(6,862)
Net gain / (loss) on FVTPL investments	739,001	369,433	71,979	77,699	(1,157)	-	1,256,955
Other investment income / (loss)	(121)	2,905	1,815	(189)	708	-	5,118
Inter-segment investment income / (expenses)	-	153	3,355	22,808	75,964	(102,280)	-
Net investment income	738,880	419,646	236,949	122,430	80,220	(102,280)	1,495,845
Finance expenses from insurance contracts issued	(718,574)	(324,929)	(52,798)	(78,028)	-	-	(1,174,329)
Finance income / (expenses) from reinsurance contracts held	88,882	19,003	(256)	(793)	-	-	106,836
Inter-segment net insurance finance income / (expenses)	-	1,387	-	(1,343)	-	(44)	-
Net insurance finance expenses	(629,692)	(304,539)	(53,054)	(80,164)	-	(44)	(1,067,493)
Net investment result before segregated funds	109,188	115,107	183,895	42,266	80,220	(102,324)	428,352
Net investment income for segregated funds	73,913	-	-	-	-	-	73,913
Finance expenses from insurance contracts issued for segregated funds	(73,913)	-	-	-	-	-	(73,913)
Net investment result for segregated funds	-	-	-	-	-	-	-
Total investment result	109,188	115,107	183,895	42,266	80,220	(102,324)	428,352
Net insurance and investment result	192,023	120,361	223,890	80,212	80,220	(102,349)	594,357
Gain arising on acquisitions and divestitures	-	-	-	9,599	-	-	9,599
Fees and other income	1,710	(237)	119,811	8,453	23,502	(219)	153,020
Share of income of associates and joint ventures	-	-	1,451	2,882	-	-	4,333
Other operating expenses	(16,757)	(32,878)	(196,303)	(40,602)	(50,430)	(1,499)	(338,469)
Other interest and finance costs	(56,548)	(15,987)	(58,169)	(14,143)	(88,384)	506	(232,725)
Inter-segment other income / (expenses)	-	(15,861)	(2,273)	(703)	(22,415)	41,252	-
Segment income / (loss) before taxes	120,428	55,398	88,407	45,698	(57,507)	(62,309)	190,115

4. SEGMENTS (continued)**4.1 Statement of income by segment (continued)**

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other	Adjust- ments	Total
2024							
Segment income / (loss) before taxes	120,428	55,398	88,407	45,698	(57,507)	(62,309)	190,115
Income taxes	(24,276)	(3,825)	(25,936)	(7,147)	(592)	-	(61,776)
Segment net income / (loss) for the year	96,152	51,573	62,471	38,551	(58,099)	(62,309)	128,339
Net income / (loss) attributable to shareholders	96,152	51,573	31,266	38,533	(57,747)	(62,309)	97,468
Net income / (loss) attributable to non-controlling interests	-	-	31,205	18	(352)	-	30,871
Total comprehensive income / (loss) attributable to shareholders	24,526	56,786	23,119	38,612	(53,533)	(62,343)	27,167

4. SEGMENTS (continued)

4.1 Statement of income by segment (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other	Adjust- ments	Total
2023							
Insurance revenue	167,896	86,820	307,844	299,961	-	-	862,521
Insurance service expenses	(106,505)	(100,087)	(231,843)	(257,653)	-	-	(696,088)
Net expense from reinsurance contracts held	(37,567)	(7,752)	(23,555)	(26,353)	-	-	(95,227)
Inter-segment insurance service result	-	935	-	(731)	-	(204)	-
Insurance service result	23,824	(20,084)	52,446	15,224	-	(204)	71,206
Gain / (loss) on derecognition of amortised cost investments	-	-	(8)	-	(1)	-	(9)
Gain / (loss) on derecognition of assets carried at FVTOCI	-	(1,751)	3,457	525	103	-	2,334
Interest income earned from financial assets measured at amortised cost and FVTOCI	-	48,838	150,535	21,727	3,021	-	224,121
Credit impairment recovery / (loss)	-	(531)	(2,939)	(289)	(177)	-	(3,936)
Net gain on FVTPL investments	796,020	356,292	73,519	97,786	2,905	-	1,326,522
Other investment income / (loss)	(55)	2,139	1,270	1,252	171	-	4,777
Inter-segment investment income	-	-	2,485	21,152	35,501	(59,138)	-
Net investment income / (expenses)	795,965	404,987	228,319	142,153	41,523	(59,138)	1,553,809
Finance expenses from insurance contracts issued	(945,253)	(297,620)	(27,839)	(95,977)	-	-	(1,366,689)
Finance income from reinsurance contracts held	307,432	32,612	819	5,949	-	-	346,812
Inter-segment net insurance finance income / (expenses)	-	1,957	-	(1,940)	-	(17)	-
Net insurance finance expenses	(637,821)	(263,051)	(27,020)	(91,968)	-	(17)	(1,019,877)
Net investment result before segregated funds	158,144	141,936	201,299	50,185	41,523	(59,155)	533,932
Net investment income for segregated funds	34,962	-	-	-	-	-	34,962
Finance expenses from insurance contracts issued for segregated funds	(34,962)	-	-	-	-	-	(34,962)
Net investment result for segregated funds	-	-	-	-	-	-	-
Total investment result	158,144	141,936	201,299	50,185	41,523	(59,155)	533,932
Net insurance and investment result	181,968	121,852	253,745	65,409	41,523	(59,359)	605,138
Gain arising on acquisitions and divestitures	-	-	-	-	448,267	-	448,267
Fees and other income	152	106	113,726	8,714	(4,991)	5	117,712
Share of income of associates and joint ventures	-	-	1,574	6,082	-	-	7,656
Other operating expenses	(4,044)	(34,427)	(179,753)	(69,200)	(57,526)	(5,102)	(350,052)
Other interest and finance costs	(13,935)	(22,270)	(56,039)	(16,729)	(46,313)	-	(155,286)
Inter-segment other income / (expenses)	-	(12,805)	(1,743)	(663)	(20,524)	35,735	-
Segment income / (loss) before taxes	164,141	52,456	131,510	(6,387)	360,436	(28,721)	673,435

4. SEGMENTS (continued)

4.1 Statement of income by segment (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other	Adjust- ments	Total
2023							
Segment income / (loss) before taxes	164,141	52,456	131,510	(6,387)	360,436	(28,721)	673,435
Income taxes	(42,000)	(11,370)	(29,235)	(6,949)	352	-	(89,202)
Segment net income / (loss) for the year	122,141	41,086	102,275	(13,336)	360,788	(28,721)	584,233
Net income / (loss) attributable to shareholders	122,141	41,086	49,574	(13,332)	361,313	(28,721)	532,061
Net income / (loss) attributable to non- controlling interests	-	-	52,701	(4)	(525)	-	52,172
Total comprehensive income / (loss) attributable to shareholders	149,165	41,219	52,337	(10,288)	363,094	(28,728)	566,799

4. SEGMENTS (continued)

4.2 Statement of financial position by segment

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other	Adjust- ments	Total
2024							
Financial investments	7,352,431	5,512,872	3,157,798	1,732,584	100,354	-	17,856,039
Reinsurance contract assets	2,597,796	238,840	22,833	30,779	-	-	2,890,248
Insurance contract assets	-	-	4,032	854	-	-	4,886
Other external assets	688,135	152,454	632,069	365,864	178,243	-	2,016,765
Inter-segment assets	-	21,415	58,711	448,095	148,315	(676,536)	-
Total assets	10,638,362	5,925,581	3,875,443	2,578,176	426,912	(676,536)	22,767,938
Insurance contract liabilities	8,609,027	4,919,120	1,030,524	1,517,052	-	-	16,075,723
Reinsurance contract liabilities	-	-	3,986	10,715	-	-	14,701
Investment contract liabilities	6,566	55,056	141,010	263,916	-	-	466,548
Other external liabilities	1,194,939	435,502	1,983,197	175,754	1,099,120	-	4,888,512
Inter-segment liabilities	7	173,912	3,069	77,278	422,270	(676,536)	-
Total liabilities	9,810,539	5,583,590	3,161,786	2,044,715	1,521,390	(676,536)	21,445,484
Net assets	827,823	341,991	713,657	533,461	(1,094,478)	-	1,322,454
Net assets attributable to non-controlling interests	-	-	350,310	237	12,215	-	362,762
2023							
Financial investments	7,428,447	4,722,201	2,989,042	1,783,415	102,006	-	17,025,111
Reinsurance contract assets	2,840,737	332,538	18,053	21,571	-	-	3,212,899
Insurance contract assets	-	-	1,133	140	-	-	1,273
Other external assets	799,608	221,136	607,599	342,113	175,147	-	2,145,603
Inter-segment assets	-	22,530	46,711	508,954	149,632	(727,827)	-
Total assets	11,068,792	5,298,405	3,662,538	2,656,193	426,785	(727,827)	22,384,886
Insurance contract liabilities	8,866,541	4,404,976	939,845	1,520,852	-	-	15,732,214
Reinsurance contract liabilities	-	-	3,862	10,938	-	-	14,800
Investment contract liabilities	9,102	62,182	135,429	271,145	-	-	477,858
Other external liabilities	1,323,614	415,523	1,887,400	175,001	1,029,455	-	4,830,993
Inter-segment liabilities	-	173,065	3,526	161,254	389,982	(727,827)	-
Total liabilities	10,199,257	5,055,746	2,970,062	2,139,190	1,419,437	(727,827)	21,055,865
Net assets	869,535	242,659	692,476	517,003	(992,652)	-	1,329,021
Net assets attributable to non-controlling interests	-	-	345,257	254	12,576	-	358,087

4. SEGMENTS (continued)

4.3 Segment cash flows

Additions to non-current assets by segment

Segment operations include certain non-current assets comprising investment property, property, plant and equipment, investment in associated companies and joint ventures, and intangible assets. Additions to these categories for the year are as follows:

	2024	2023
Sagicor Canada	3,123	861
Sagicor Life USA	367	572
Sagicor Jamaica	14,083	9,865
Sagicor Life	5,561	7,533
Head office and other	3,368	22,674
	26,502	41,505

4.4 Products and services

The Group's products and services comprising the insurance revenue, insurance service result, net investment income, and fees and other income are summarised as follows:

	Insurance revenue		Insurance service result	
	2024	2023	2024	2023
Life, health and annuity insurance contracts issued to individuals	1,001,024	461,963	141,858	65,226
Life, health and annuity insurance and pension administration contracts issued to groups	291,638	259,280	18,010	2,339
Property and casualty insurance	157,279	141,278	6,137	3,641
	1,449,941	862,521	166,005	71,206

4. SEGMENTS (continued)

4.4 Products and services (continued)

	Net investment income		Fees and other income	
	2024	2023	2024	2023
Life, health and annuity insurance contracts issued to individuals	1,274,896	1,331,770	6,774	1,452
Life, health and annuity insurance and pension administration contracts issued to groups	43,190	56,201	3,715	4,126
Property and casualty insurance	6,844	5,642	797	336
Banking, investment management and other financial services	155,966	141,419	98,845	84,342
Unallocated revenues	14,949	18,777	42,889	27,456
	1,495,845	1,553,809	153,020	117,712

4.5 Geographical areas

The Group operates in certain geographical areas which are determined by the location of the subsidiary or branch initiating the business. Group operations in geographical areas include certain non-current assets comprising investment property, property, plant and equipment, associates and joint ventures, and intangible assets. The insurance revenue, insurance service result, net investment income, fees and other income, and non-current assets by geographical area are summarised below.

	Insurance revenue		Insurance service result		Net investment income		Fees and other income	
	2024	2023	2024	2023	2024	2023	2024	2023
Canada	681,903	167,896	82,839	23,825	738,880	795,965	1,710	152
USA	101,166	86,820	4,954	(21,019)	419,493	404,987	(237)	106
Jamaica	334,827	289,829	36,700	45,994	220,492	206,445	119,373	113,047
Barbados	126,864	116,568	17,026	2,130	28,651	32,506	25,800	95
Trinidad & Tobago	111,994	103,037	8,996	2,583	51,948	72,294	3,470	1,413
Other Caribbean	93,187	98,371	15,490	17,693	36,381	41,612	2,904	2,899
	1,449,941	862,521	166,005	71,206	1,495,845	1,553,809	153,020	117,712

4. SEGMENTS (continued)**4.5 Geographical areas (continued)**

	Non-current assets	
	2024	2023
Canada	21,943	26,077
USA	16,054	17,002
Jamaica	119,834	122,138
Barbados	175,718	184,607
Trinidad & Tobago	56,829	57,953
Other Caribbean	38,206	34,116
	428,584	441,893

4.6 Revenues from fees recognised

The following table discloses revenue from fees recognised by reportable segment.

	Fees recognised		
	- at a point in time	- over time	Total
Year ended December 31, 2024			
Sagicor Canada	-	-	-
Sagicor Life USA	94	-	94
Sagicor Jamaica	65,997	50,868	116,865
Sagicor Life	-	5,630	5,630
Head office and other	14,245	5,945	20,190
	80,336	62,443	142,779
Year ended December 31, 2023			
Sagicor Canada	-	-	-
Sagicor Life USA	106	-	106
Sagicor Jamaica	62,049	43,330	105,379
Sagicor Life	-	7,529	7,529
Head office and other	6,651	3,267	9,918
	68,806	54,126	122,932

5. FINANCIAL INVESTMENTS

5.1 Analysis of financial investments

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Investments at FVTOCI:				
Debt securities	1,426,647	1,426,647	1,454,818	1,454,818
Equity securities	696	696	564	564
	1,427,343	1,427,343	1,455,382	1,455,382
Investments at FVTPL:				
Money market funds ⁽¹⁾	202,154	202,154	39,581	39,581
Debt securities	11,194,919	11,194,919	11,001,713	11,001,713
Equity securities	2,902,232	2,902,232	2,613,505	2,613,505
Derivative financial instruments	15,094	15,094	17,064	17,064
Mortgage loans	27,277	27,277	22,280	22,280
	14,341,676	14,341,676	13,694,143	13,694,143
Investments at amortised cost:				
Debt securities	127,484	126,753	135,257	134,383
Mortgage loans	865,327	851,547	774,961	772,085
Finance loans	752,541	728,478	682,415	655,691
Securities purchased for resale	25,192	25,192	13,361	13,361
Deposits	316,476	316,476	269,592	269,592
	2,087,020	2,048,446	1,875,586	1,845,112
Total financial investments	17,856,039	17,817,465	17,025,111	16,994,637

⁽¹⁾ The prior year classification within money market funds of Canadian treasury bill investments with maturities less than 90 days, totalling \$164 million, has been revised to debt securities in the comparative tables presented within these financial statements.

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments

2024	Carrying Value					Total
	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	
Investments at FVTOCI:						
Debt securities	-	382,658	844,954	169,449	29,586	1,426,647
Equity securities	-	-	546	-	150	696
	-	382,658	845,500	169,449	29,736	1,427,343
Investments at FVTPL:						
Money market funds	-	183,956	-	9,007	9,191	202,154
Debt securities	5,218,310	3,978,831	808,914	1,183,032	5,832	11,194,919
Equity securities	2,134,029	456,386	267,567	34,183	10,067	2,902,232
Derivative financial instruments	92	15,002	-	-	-	15,094
Mortgage loans	-	-	-	27,277	-	27,277
	7,352,431	4,634,175	1,076,481	1,253,499	25,090	14,341,676
Investments at amortised cost:						
Debt securities	-	-	48,584	74,345	4,555	127,484
Mortgage loans	-	476,579	179,064	191,929	17,755	865,327
Finance loans	-	19,460	712,124	102	20,855	752,541
Securities purchased for resale	-	-	25,192	-	-	25,192
Deposits	-	-	270,853	43,260	2,363	316,476
	-	496,039	1,235,817	309,636	45,528	2,087,020
Total financial investments	7,352,431	5,512,872	3,157,798	1,732,584	100,354	17,856,039

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments (continued)

2024	Fair Value					Total
	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	
Investments at FVTOCI:						
Debt securities	-	382,658	844,954	169,449	29,586	1,426,647
Equity securities	-	-	546	-	150	696
	-	382,658	845,500	169,449	29,736	1,427,343
Investments at FVTPL:						
Money market funds	-	183,956	-	9,007	9,191	202,154
Debt securities	5,218,310	3,978,831	808,914	1,183,032	5,832	11,194,919
Equity securities	2,134,029	456,386	267,567	34,183	10,067	2,902,232
Derivative financial instruments	92	15,002	-	-	-	15,094
Mortgage loans	-	-	-	27,277	-	27,277
	7,352,431	4,634,175	1,076,481	1,253,499	25,090	14,341,676
Investments at amortised cost:						
Debt securities	-	-	47,194	74,980	4,579	126,753
Mortgage loans	-	463,850	177,515	192,427	17,755	851,547
Finance loans	-	22,815	684,706	102	20,855	728,478
Securities purchased for resale	-	-	25,192	-	-	25,192
Deposits	-	-	270,853	43,260	2,363	316,476
	-	486,665	1,205,460	310,769	45,552	2,048,446
Total financial investments	7,352,431	5,503,498	3,127,441	1,733,717	100,378	17,817,465

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments (continued)

2023	Carrying Value					Total
	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	
Investments at FVTOCI:						
Debt securities	-	398,723	864,692	167,525	23,878	1,454,818
Equity securities	-	-	414	-	150	564
	-	398,723	865,106	167,525	24,028	1,455,382
Investments at FVTPL:						
Money market funds	-	24,441	-	12,691	2,449	39,581
Debt securities	5,547,539	3,421,527	794,030	1,231,814	6,803	11,001,713
Equity securities	1,880,753	427,213	251,490	28,831	25,218	2,613,505
Derivative financial instruments	155	16,909	-	-	-	17,064
Mortgage loans	-	-	-	22,280	-	22,280
	7,428,447	3,890,090	1,045,520	1,295,616	34,470	13,694,143
Investments at amortised cost:						
Debt securities	-	-	61,978	69,402	3,877	135,257
Mortgage loans	-	420,160	146,735	203,269	4,797	774,961
Finance loans	-	13,228	657,874	151	11,162	682,415
Securities purchased for resale	-	-	13,361	-	-	13,361
Deposits	-	-	198,468	47,452	23,672	269,592
	-	433,388	1,078,416	320,274	43,508	1,875,586
Total financial investments	7,428,447	4,722,201	2,989,042	1,783,415	102,006	17,025,111

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments by operating segments (continued)

2023	Fair Value					Total
	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	
Investments at FVTOCI:						
Debt securities	-	398,723	864,692	167,525	23,878	1,454,818
Equity securities	-	-	414	-	150	564
	-	398,723	865,106	167,525	24,028	1,455,382
Investments at FVTPL:						
Money market funds	-	24,441	-	12,691	2,449	39,581
Debt securities	5,547,539	3,421,527	794,030	1,231,814	6,803	11,001,713
Equity securities	1,880,753	427,213	251,490	28,831	25,218	2,613,505
Derivative financial instruments	155	16,909	-	-	-	17,064
Mortgage loans	-	-	-	22,280	-	22,280
	7,428,447	3,890,090	1,045,520	1,295,616	34,470	13,694,143
Investments at amortised cost:						
Debt securities	-	-	60,553	69,960	3,870	134,383
Mortgage loans	-	404,531	158,828	203,929	4,797	772,085
Finance loans	-	12,697	631,680	151	11,163	655,691
Securities purchased for resale	-	-	13,361	-	-	13,361
Deposits	-	-	198,467	47,452	23,673	269,592
	-	417,228	1,062,889	321,492	43,503	1,845,112
Total financial investments	7,428,447	4,706,041	2,973,515	1,784,633	102,001	16,994,637

5. FINANCIAL INVESTMENTS (continued)**5.1 Analysis of financial investments (continued)**

Non-derivative investments at FVTPL	FVTPL mandatory classification	FVTPL designation by election	Total
2024			
Equity securities	2,902,232	-	2,902,232
Money market funds	185,305	16,849	202,154
Debt securities	4,202,325	6,992,594	11,194,919
Mortgage loans	-	27,277	27,277
	7,289,862	7,036,720	14,326,582
2023			
Equity securities	2,613,505	-	2,613,505
Money market funds	24,441	15,140	39,581
Debt securities	3,510,462	7,491,251	11,001,713
Mortgage loans	-	22,280	22,280
	6,148,408	7,528,671	13,677,079

The classification as mandatory FVTPL of certain financial investments totalling \$5.4 billion in the prior year was revised to FVTPL designation by election.

5. FINANCIAL INVESTMENTS (continued)

5.1 Analysis of financial investments (continued)

	2024	2023
Debt securities and money market funds:		
Government & government-guaranteed debt securities	4,870,059	4,899,853
Collateralised mortgage obligations	1,422,078	1,070,716
Corporate debt securities	6,368,365	6,518,870
Money market funds and other securities	290,702	141,930
	12,951,204	12,631,369

Included in financial investments are:

Exchange-traded funds included in equity securities	1,128,537	903,806
Debt securities issued by associates	17,287	19,733
Mutual funds managed by the Group	198,689	186,952

5.2 Financial investments repledged

Debt securities are pledged as collateral under repurchase agreements with customers and other financial institutions and for security relating to overdraft and other facilities with other financial institutions. Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or repledge the collateral.

	2024	2023
Financial investments repledged	696,750	687,753

Statement of financial position presentation

Financial investments	17,159,289	16,337,358
Financial investments repledged	696,750	687,753
	17,856,039	17,025,111

5. FINANCIAL INVESTMENTS (continued)**5.2 Financial investments repledged (continued)****Analysis of financial investments repledged**

	2024	2023
	Pledged value	Pledged value
Investments at FVTOCI:		
Debt securities	551,572	637,083
Investments at FVTPL:		
Debt securities	63,214	50,670
Investments at amortised cost:		
Securities purchased for resale	37	-
Deposits	81,927	-
	81,964	-
Financial investments repledged	696,750	687,753

5.3 Collateral assets

Debt and equity securities include \$4,241 (2023 - \$14,398) as collateral for loans payable and other funding instruments.

Collateral for the obligation to the Federal Home Loan Bank of Dallas (FHLB) which is included in other funding instruments (note 15), consists of an equity holding in the FHLB with a market value of \$16,323 (2023 - \$16,322), and mortgages and mortgage backed securities having a total market value of \$382,691 (2023 - \$388,724).

5. FINANCIAL INVESTMENTS (continued)**5.4 Contracts with direct participation features**

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Contracts with direct participation features				
Underlying assets:				
Debt securities	137,595	137,595	63,112	63,112
Equity securities	212,548	212,548	195,978	195,978
	350,143	350,143	259,090	259,090
Other investments	17,505,896	17,467,322	16,766,021	16,735,547
Total financial investments	17,856,039	17,817,465	17,025,111	16,994,637

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES

The table below presents a summary of insurance, reinsurance and investment contract assets and liabilities held by the Group. Additional to the disclosures in note 6 related to insurance contract assets and liabilities, reinsurance contract assets and liabilities as well as investment contract liabilities, specific segregated funds insurance contract liabilities disclosures are separately disclosed in note 38.

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total	Current portion	Non-current portion	Total
2024								
Insurance contract assets	-	-	4,032	854	4,886	2,814	2,072	4,886
Insurance contract liabilities	(8,609,027)	(4,919,120)	(1,030,524)	(1,517,052)	(16,075,723)	(1,068,707)	(15,007,016)	(16,075,723)
Reinsurance contract assets	2,597,796	238,840	22,833	30,779	2,890,248	297,563	2,592,685	2,890,248
Reinsurance contract liabilities	-	-	(3,986)	(10,715)	(14,701)	(3,326)	(11,375)	(14,701)
Investment contract liabilities	(6,566)	(55,056)	(141,010)	(263,916)	(466,548)	(384,922)	(81,626)	(466,548)
Segregated funds insurance contract liabilities	(447,222)	-	-	-	(447,222)	(31,548)	(415,674)	(447,222)
2023								
Insurance contract assets	-	-	1,132	141	1,273	1,726	(453)	1,273
Insurance contract liabilities	(8,866,542)	(4,404,976)	(939,845)	(1,520,851)	(15,732,214)	(391,576)	(15,340,638)	(15,732,214)
Reinsurance contract assets	2,840,736	332,538	18,055	21,570	3,212,899	175,774	3,037,125	3,212,899
Reinsurance contract liabilities	-	-	(3,863)	(10,937)	(14,800)	91	(14,891)	(14,800)
Investment contract liabilities	(9,102)	(62,182)	(135,429)	(271,145)	(477,858)	(393,365)	(84,493)	(477,858)
Segregated funds insurance contract liabilities	(492,271)	-	-	-	(492,271)	(38,808)	(453,463)	(492,271)

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

The following table presents insurance contract and reinsurance contract assets and liabilities and summarises those contracts which are measured under the premium allocation approach (PAA) and those which are not measured under the PAA.

	2024	2023
Insurance contracts issued (includes direct participation contracts)		
Contracts measured under PAA - net (asset) / liability, end of year	169,146	146,244
Contracts not measured under PAA (GMM/ VFA) - net (asset) / liability, end of year	15,901,691	15,584,697
Total - Net (asset) / liability, end of year	16,070,837	15,730,941
Reinsurance contracts held		
Contracts measured under PAA - net asset / (liability), end of year	31,535	27,607
Contracts not measured under PAA (GMM) - net asset / (liability), end of year	2,844,012	3,170,492
Total - Net asset / (liability), end of year	2,875,547	3,198,099

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

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

6.1 INSURANCE CONTRACTS ISSUED

(i) Contracts measured under PAA

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Insurance contracts issued Contracts measured under PAA	2024					Total
	LRC		LIC		Insurance acquisition cash flows asset	
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk		
Insurance contract liabilities, beginning of year	34,940	-	106,886	4,609	-	146,435
Insurance contract assets, beginning of year	(1,487)	-	1,315	(19)	-	(191)
Net balance – (asset) / liability, beginning of year	33,453	-	108,201	4,590	-	146,244
Insurance revenue	(431,830)	-	-	-	-	(431,830)
Insurance service expenses						
Incurring claims and other directly attributable expenses	-	-	284,616	1,097	-	285,713
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Impairment losses recognised during the year	-	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	62,011	-	-	-	-	62,011
Total insurance service expenses	62,011	-	284,616	1,097	-	347,724
Total amounts recognised in the insurance services result	(369,819)	-	284,616	1,097	-	(84,106)
Finance (income) / expenses from insurance contracts issued	-	-	2,122	-	-	2,122
Effect of exchange rate changes	(161)	-	(447)	(19)	-	(627)
Total amounts recognised in total comprehensive income	(369,980)	-	286,291	1,078	-	(82,611)
Investment components	-	-	-	-	-	-
Other changes	(4)	-	(82)	(2)	-	(88)

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Insurance contracts issued Contracts measured under PAA	2024					Total
	LRC		LIC		Insurance acquisition cash flows asset	
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk		
Cash flows						
Premiums received	432,777	-	-	-	-	432,777
Claims and other directly attributable expenses paid	-	-	(265,498)	-	-	(265,498)
Insurance acquisition cash flows	(61,678)	-	-	-	-	(61,678)
Total cash flows	371,099	-	(265,498)	-	-	105,601
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net balance – (asset) / liability, end of year	34,568	-	128,912	5,666	-	169,146
Insurance contract liabilities, end of year	34,639	-	128,923	5,668	-	169,230
Insurance contract assets, end of year	(71)	-	(11)	(2)	-	(84)
Net balance – (asset) / liability, end of year	34,568	-	128,912	5,666	-	169,146

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2023					Total
	LRC		LIC		Insurance acquisition cash flows asset	
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk		
Insurance contracts issued						
Contracts measured under PAA						
Insurance contract liabilities, beginning of year	27,520	-	101,466	4,313	-	133,299
Insurance contract assets, beginning of year	(10)	-	6	-	-	(4)
Net balance – (asset) / liability, beginning of year	27,510	-	101,472	4,313	-	133,295
Insurance revenue	(386,320)	-	-	-	-	(386,320)
Insurance service expenses						
Incurring claims and other directly attributable expenses	-	-	262,798	318	-	263,116
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Impairment losses recognised during the year	-	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-	-
Insurance acquisition cash flows amortisation	54,754	-	-	-	-	54,754
Total insurance service expenses	54,754	-	262,798	318	-	317,870
Total amounts recognised in the insurance services result	(331,566)	-	262,798	318	-	(68,450)
Finance (income) / expenses from insurance contracts issued	-	-	-	-	-	-
Effect of exchange rate changes	(240)	-	(943)	(41)	-	(1,224)
Total amounts recognised in total comprehensive income	(331,806)	-	261,855	277	-	(69,674)
Investment components	-	-	-	-	-	-
Other changes	(4)	-	(1)	-	-	(5)

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Insurance contracts issued Contracts measured under PAA	2023					Total
	LRC		LIC		Insurance acquisition cash flows asset	
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment for non-financial risk		
Cash flows						
Premiums received	393,157	-	-	-	-	393,157
Claims and other directly attributable expenses paid	-	-	(254,323)	-	-	(254,323)
Insurance acquisition cash flows	(55,411)	-	-	-	-	(55,411)
Total cash flows	337,746	-	(254,323)	-	-	83,423
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	7	-	(802)	-	-	(795)
Net balance – (asset) / liability, end of year	33,453	-	108,201	4,590	-	146,244
Insurance contract liabilities, end of year	34,940	-	106,886	4,609	-	146,435
Insurance contract assets, end of year	(1,487)	-	1,315	(19)	-	(191)
Net balance – (asset) / liability, end of year	33,453	-	108,201	4,590	-	146,244

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Insurance contracts issued Contracts not measured under PAA	2024				
	LRC		LIC	Insurance acquisition cash flows asset	Total
	Excluding loss component	Loss component			
Insurance contract liabilities, beginning of year	15,050,930	265,528	269,321	-	15,585,779
Insurance contract assets, beginning of year	452	-	(1,534)	-	(1,082)
Net balance – (asset) / liability, beginning of year	15,051,382	265,528	267,787	-	15,584,697
Insurance revenue	(1,018,111)	-	-	-	(1,018,111)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(14,434)	630,194	-	615,760
Changes that relate to past service – adjustments to the LIC	-	-	4,403	-	4,403
Losses on onerous contracts and reversal of those losses	-	65,110	-	-	65,110
Impairment losses recognised during the year	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-
Insurance acquisition cash flows amortisation	52,265	-	-	-	52,265
Total insurance service expenses	52,265	50,676	634,597	-	737,538
Total amounts recognised in the insurance services result	(965,846)	50,676	634,597	-	(280,573)
Finance (income) / expenses from insurance contracts issued	1,159,207	11,917	1,083	-	1,172,207
Effect of exchange rate changes	(741,865)	(493)	(7,399)	-	(749,757)
Total amounts recognised in total comprehensive income	(548,504)	62,100	628,281	-	141,877
Investment components	(1,006,347)	-	1,006,347	-	-
Other changes ⁽¹⁾	(59,620)	(4,715)	(7,841)	-	(72,176)

⁽¹⁾ Other changes include movement related to the transfer of liabilities on disposition of the Curacao and St. Maarten operations in 2024 as disclosed per Note 33.2.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2024				
	LRC		LIC	Insurance acquisition cash flows asset	Total
	Excluding loss component	Loss component			
Insurance contracts issued					
Contracts not measured under PAA					
Cash flows					
Premiums received	2,118,635	-	-	-	2,118,635
Claims and other directly attributable expenses paid	-	-	(1,603,180)	-	(1,603,180)
Insurance acquisition cash flows	(268,162)	-	-	-	(268,162)
Total cash flows	1,850,473	-	(1,603,180)	-	247,293
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-
Other movements	-	-	-	-	-
Net balance – (asset) / liability, end of year	15,287,384	322,913	291,394	-	15,901,691
Insurance contract liabilities, end of year	15,286,055	322,823	297,615	-	15,906,493
Insurance contract assets, end of year	1,329	90	(6,221)	-	(4,802)
Net balance – (asset) / liability, end of year	15,287,384	322,913	291,394	-	15,901,691

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

	2023				
	LRC		LIC	Insurance acquisition cash flows asset	Total
	Excluding loss component	Loss component			
Insurance contracts issued					
Contracts not measured under PAA					
Insurance contract liabilities, beginning of year	5,711,360	203,209	200,726	-	6,115,295
Insurance contract assets, beginning of year	(5,119)	514	1,059	-	(3,546)
Net balance – (asset) / liability, beginning of year	5,706,241	203,723	201,785	-	6,111,749
Insurance revenue	(476,201)	-	-	-	(476,201)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	(7,014)	299,406	-	292,392
Changes that relate to past service – adjustments to the LIC	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	60,454	-	-	60,454
Impairment losses recognised during the year	-	-	-	-	-
Reversal of impairment losses recognised in prior periods	-	-	-	-	-
Insurance acquisition cash flows amortisation	25,372	-	-	-	25,372
Total insurance service expenses	25,372	53,440	299,406	-	378,218
Total amounts recognised in the insurance services result	(450,829)	53,440	299,406	-	(97,983)
Finance (income) / expenses from insurance contracts issued	1,356,089	9,478	1,122	-	1,366,689
Effect of exchange rate changes	272,085	(478)	1,913	-	273,520
Total amounts recognised in total comprehensive income	1,177,345	62,440	302,441	-	1,542,226
Investment components	(856,235)	-	856,235	-	-
Other changes	(294)	(635)	40	-	(889)

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the liability for remaining coverage and the liability for incurred claims components

Insurance contracts issued Contracts not measured under PAA	2023				
	LRC		LIC	Insurance acquisition cash flows asset	Total
	Excluding loss component	Loss component			
Cash flows					
Premiums received	9,167,288	-	-	-	9,167,288
Claims and other directly attributable expenses paid	-	-	(1,092,714)	-	(1,092,714)
Insurance acquisition cash flows	(142,963)	-	-	-	(142,963)
Total cash flows	9,024,325	-	(1,092,714)	-	7,931,611
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-
Other movements	-	-	-	-	-
Net balance – (asset) / liability, end of year	15,051,382	265,528	267,787	-	15,584,697
Insurance contract liabilities, end of year	15,050,930	265,528	269,321	-	15,585,779
Insurance contract assets, end of year	452	-	(1,534)	-	(1,082)
Net balance – (asset) / liability, end of year	15,051,382	265,528	267,787	-	15,584,697

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of insurance contract balances

Insurance contracts issued Contracts not measured under PAA	2024					2023				
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Insurance acquisition cash flows asset	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Insurance acquisition cash flows asset	Total
Insurance contract liabilities, beginning of year	12,380,332	1,303,806	1,901,641	-	15,585,779	5,113,089	298,751	703,455	-	6,115,295
Insurance contract assets, beginning of year	(1,135)	4	49	-	(1,082)	(19,747)	6,200	10,001	-	(3,546)
Net balance – (asset) / liability, beginning of year	12,379,197	1,303,810	1,901,690	-	15,584,697	5,093,342	304,951	713,456	-	6,111,749
Changes that relate to current service										
CSM recognised in net (income) / loss for the services provided	-	-	(234,582)	-	(234,582)	-	-	(129,900)	-	(129,900)
Change in the risk adjustment for non-financial risk for risk expired	-	(98,646)	-	-	(98,646)	-	(45,922)	-	-	(45,922)
Experience adjustments – relating to insurance service expenses	(16,858)	-	-	-	(16,858)	17,385	-	-	-	17,385
	(16,858)	(98,646)	(234,582)	-	(350,086)	17,385	(45,922)	(129,900)	-	(158,437)
Changes that relate to future service										
Changes in estimate that adjust the CSM	(59,109)	1,536	57,574	-	1	24,211	25,440	(49,654)	-	(3)
Changes in estimates that result in onerous contract losses or reversal of losses	69,577	(7,306)	-	-	62,271	53,058	2,013	-	-	55,071
Contracts initially recognised in the year	(245,376)	82,087	166,127	-	2,838	(2,156,505)	872,837	1,289,054	-	5,386
	(234,908)	76,317	223,701	-	65,110	(2,079,236)	900,290	1,239,400	-	60,454
Changes that relate to past service										
Changes that relate to past service – adjustments to the LIC	4,403	-	-	-	4,403	-	-	-	-	-
Experience adjustments – arising from premiums received in the year	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised during the year	-	-	-	-	-	-	-	-	-	-
Total amounts recognised in the insurance service result	(247,363)	(22,329)	(10,881)	-	(280,573)	(2,061,851)	854,368	1,109,500	-	(97,983)
Finance (income) / expenses from insurance contracts issued	1,021,160	52,824	98,223	-	1,172,207	1,206,318	114,116	46,255	-	1,366,689
Effect of exchange rate changes	(566,209)	(81,860)	(101,688)	-	(749,757)	210,289	30,475	32,756	-	273,520
Total amounts recognised in total comprehensive income	207,588	(51,365)	(14,346)	-	141,877	(645,244)	998,959	1,188,511	-	1,542,226
Other changes ⁽¹⁾	(53,086)	(8,472)	(10,618)	-	(72,176)	127	12	(277)	-	(138)

⁽¹⁾ Other changes include movement related to the transfer of liabilities on disposition of the Curacao and St. Maarten operations in 2024 as disclosed per Note 33.2.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of insurance contract balances

	2024					2023				
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Insurance acquisition cash flows asset	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Insurance acquisition cash flows asset	Total
Insurance contracts issued										
Contracts not measured under PAA										
Cash flows										
Premiums received	2,118,635	-	-	-	2,118,635	9,167,288	-	-	-	9,167,288
Claims and other directly attributable expenses paid	(1,603,180)	-	-	-	(1,603,180)	(1,092,714)	-	-	-	(1,092,714)
Insurance acquisition cash flows	(268,162)	-	-	-	(268,162)	(142,963)	-	-	-	(142,963)
Total cash flows	247,293	-	-	-	247,293	7,931,611	-	-	-	7,931,611
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	(639)	(112)	-	-	(751)
Net balance – (asset) / liability, end of year	12,780,992	1,243,973	1,876,726	-	15,901,691	12,379,197	1,303,810	1,901,690	-	15,584,697
Insurance contract liabilities, end of year	12,787,867	1,243,094	1,875,532	-	15,906,493	12,380,332	1,303,806	1,901,641	-	15,585,779
Insurance contract assets, end of year	(6,875)	879	1,194	-	(4,802)	(1,135)	4	49	-	(1,082)
Net balance – (asset) / liability, end of year	12,780,992	1,243,973	1,876,726	-	15,901,691	12,379,197	1,303,810	1,901,690	-	15,584,697

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

The following tables show the impact of contracts recognised in the year, by segment.

(c) Impact of contracts recognised in the year

Sagicor Canada Insurance contracts issued	2024				Total	2023				Total
	Contracts issued		Contracts acquired			Contracts issued		Contracts acquired		
	Non- onerous	Onerous	Non- onerous	Onerous		Non- onerous	Onerous	Non- onerous	Onerous	
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	117,684	2,234	-	-	119,918	20,650	-	-	-	20,650
Claims and other directly attributable expenses	303,153	4,648	-	-	307,801	66,396	-	5,645,490	-	5,711,886
Estimates of present value of future cash outflows	420,837	6,882	-	-	427,719	87,046	-	5,645,490	-	5,732,536
Estimates of present value of future cash inflows	(512,784)	(8,306)	-	-	(521,090)	(105,573)	-	(7,635,521)	-	(7,741,094)
Risk adjustment for non-financial risk	55,165	1,558	-	-	56,723	11,825	-	837,951	-	849,776
CSM	36,782	-	-	-	36,782	6,702	-	1,152,080	-	1,158,782
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	-	134	-	-	134	-	-	-	-	-

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(c) Impact of contracts recognised in the year

	2024				Total	2023				Total
	Contracts issued		Contracts acquired			Contracts issued		Contracts acquired		
	Non-onerous	Onerous	Non-onerous	Onerous		Non-onerous	Onerous	Non-onerous	Onerous	
Sagicor Life USA										
Insurance contracts issued										
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	33,229	53	-	-	33,282	37,094	439	-	-	37,533
Claims and other directly attributable expenses	808,363	250	-	-	808,613	772,790	796	-	-	773,586
Estimates of present value of future cash outflows	841,592	303	-	-	841,895	809,884	1,235	-	-	811,119
Estimates of present value of future cash inflows	(890,478)	(282)	-	-	(890,760)	(861,237)	(1,058)	-	-	(862,295)
Risk adjustment for non-financial risk	7,648	13	-	-	7,661	5,901	47	-	-	5,948
CSM	41,238	-	-	-	41,238	45,452	-	-	-	45,452
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	-	34	-	-	34	-	224	-	-	224

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(c) Impact of contracts recognised in the year

Sagicor Jamaica Insurance contracts issued	2024					2023				
	Contracts issued		Contracts acquired		Total	Contracts issued		Contracts acquired		Total
	Non-onerous	Onerous	Non-onerous	Onerous		Non-onerous	Onerous	Non-onerous	Onerous	
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	30,438	2,646	-	-	33,084	26,177	2,272	-	-	28,449
Claims and other directly attributable expenses	103,529	17,432	-	-	120,961	99,060	11,250	-	-	110,310
Estimates of present value of future cash outflows	133,967	20,078	-	-	154,045	125,237	13,522	-	-	138,759
Estimates of present value of future cash inflows	(182,331)	(19,959)	-	-	(202,290)	(168,096)	(12,174)	-	-	(180,270)
Risk adjustment for non-financial risk	7,258	940	-	-	8,198	6,537	709	-	-	7,246
CSM	41,106	-	-	-	41,106	36,321	-	-	-	36,321
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	-	1,059	-	-	1,059	(1)	2,057	-	-	2,056

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

(c) Impact of contracts recognised in the year

Sagicor Life	2024				Total	2023				Total
	Contracts issued		Contracts acquired			Contracts issued		Contracts acquired		
	Non-onerous	Onerous	Non-onerous	Onerous		Non-onerous	Onerous	Non-onerous	Onerous	
Insurance contracts issued										
Estimates of present value of future cash outflows										
Insurance acquisition cash flows	32,784	1,503	-	-	34,287	27,975	4,419	-	-	32,394
Claims and other directly attributable expenses	90,652	4,215	-	-	94,867	89,404	6,904	-	-	96,308
Estimates of present value of future cash outflows	123,436	5,718	-	-	129,154	117,379	11,323	-	-	128,702
Estimates of present value of future cash inflows	(179,670)	(4,379)	-	-	(184,049)	(175,144)	(8,818)	-	-	(183,962)
Risk adjustment for non-financial risk	9,233	272	-	-	9,505	9,268	599	-	-	9,867
CSM	47,001	-	-	-	47,001	48,499	-	-	-	48,499
Increase / (decrease) in insurance contract liabilities from contracts recognised in the year	-	1,611	-	-	1,611	2	3,104	-	-	3,106

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

The following tables show amounts determined on transition to IFRS 17 for insurance revenue and the CSM by transition method, by segment.

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Sagicor Canada - Insurance contracts issued						
Insurance revenue	681,903	-	681,903	167,896	-	167,896
CSM, beginning of year	1,157,317	-	1,157,317	-	-	-
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(136,249)	-	(136,249)	(33,310)	-	(33,310)
Changes that relate to future service						
Changes in estimates that adjust the CSM	145,708	-	145,708	(20,309)	-	(20,309)
Contracts initially recognised in the year	36,782	-	36,782	1,158,782	-	1,158,782
	46,241	-	46,241	1,105,163	-	1,105,163
Finance (income) / expenses from insurance contracts issued	62,120	-	62,120	15,548	-	15,548
Effect of exchange rate changes	(99,272)	-	(99,272)	36,606	-	36,606
Total amounts recognised in total comprehensive income	9,089	-	9,089	1,157,317	-	1,157,317
Other changes	-	-	-	-	-	-
CSM, end of year	1,166,406	-	1,166,406	1,157,317	-	1,157,317

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

Sagicor Life USA - Insurance contracts issued	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Insurance revenue	77,374	23,792	101,166	60,949	25,871	86,820
CSM, beginning of year	199,314	6,269	205,583	226,772	10,417	237,189
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(32,715)	(1,039)	(33,754)	(35,137)	(1,142)	(36,279)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(67,413)	(1,124)	(68,537)	(46,833)	(3,342)	(50,175)
Contracts initially recognised in the year	41,238	-	41,238	45,452	-	45,452
	(58,890)	(2,163)	(61,053)	(36,518)	(4,484)	(41,002)
Finance (income) / expenses from insurance contracts issued	8,522	355	8,877	9,060	336	9,396
Effect of exchange rate changes	-	-	-	-	-	-
Total amounts recognised in total comprehensive income	(50,368)	(1,808)	(52,176)	(27,458)	(4,148)	(31,606)
Other changes	-	-	-	-	-	-
CSM, end of year	148,946	4,461	153,407	199,314	6,269	205,583

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

Sagicor Jamaica - Insurance contracts issued	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Insurance revenue	68,101	58,565	126,666	57,061	60,111	117,172
CSM, beginning of year	210,315	76,581	286,896	193,989	51,485	245,474
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(32,141)	(5,666)	(37,807)	(28,349)	(6,072)	(34,421)
Changes that relate to future service						
Changes in estimates that adjust the CSM	19,585	(35,552)	(15,967)	2,036	30,670	32,706
Contracts initially recognised in the year	41,106	-	41,106	36,321	-	36,321
	28,550	(41,218)	(12,668)	10,008	24,598	34,606
Finance (income) / expenses from insurance contracts issued	13,165	1,823	14,988	9,673	1,348	11,021
Effect of exchange rate changes	(1,589)	(318)	(1,907)	(3,355)	(850)	(4,205)
Total amounts recognised in total comprehensive income	40,126	(39,713)	413	16,326	25,096	41,422
Other changes	-	-	-	-	-	-
CSM, end of year	250,441	36,868	287,309	210,315	76,581	286,896

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.1 INSURANCE CONTRACTS ISSUED (continued)

d) Amounts determined on transition to IFRS 17 – Insurance revenue and the CSM by transition method

	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Sagicor Life - Insurance contracts issued						
Insurance revenue	46,514	61,862	108,376	38,080	66,233	104,313
CSM, beginning of year	168,529	83,365	251,894	147,106	83,687	230,793
Changes that relate to current service						
CSM recognised in net (income) / loss for the services provided	(16,384)	(10,388)	(26,772)	(14,209)	(11,681)	(25,890)
Changes that relate to future service						
Changes in estimates that adjust the CSM	(10,409)	6,779	(3,630)	(19,423)	7,547	(11,876)
Contracts initially recognised in the year	45,840	1,161	47,001	48,377	122	48,499
	19,047	(2,448)	16,599	14,745	(4,012)	10,733
Finance (income) / expenses from insurance contracts issued	8,334	3,904	12,238	6,647	3,643	10,290
Effect of exchange rate changes	(452)	(57)	(509)	312	43	355
Total amounts recognised in total comprehensive income	26,929	1,399	28,328	21,704	(326)	21,378
Other changes ⁽¹⁾	(3,321)	(7,297)	(10,618)	(281)	4	(277)
CSM, end of year	192,137	77,467	269,604	168,529	83,365	251,894

⁽¹⁾ Other changes include movement related to the transfer of liabilities on disposition of the Curacao and St. Maarten operations in 2024 as disclosed per Note 33.2.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD

(i) Contracts measured under PAA

(a) Reconciliation of the remaining coverage and the incurred claims components

Reinsurance contracts held Contracts measured under the PAA	2024					2023				
	Remaining coverage		Incurred claims		Total	Remaining coverage		Incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk		Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	
Reinsurance contract liabilities, beginning of year	(2,035)	-	415	17	(1,603)	(1,326)	-	120	-	(1,206)
Reinsurance contract assets, beginning of year	10,908	-	17,403	899	29,210	10,073	-	16,619	748	27,440
Net balance – asset / (liability), beginning of year	8,873	-	17,818	916	27,607	8,747	-	16,739	748	26,234
Net income / (expenses) from reinsurance contracts held										
Reinsurance expenses	(92,874)	-	-	-	(92,874)	(80,559)	-	-	-	(80,559)
Other incurred directly attributable expenses	-	-	-	-	-	(4,915)	-	-	175	(4,740)
Claims recovered	-	-	31,716	115	31,831	-	-	29,375	(13)	29,362
Changes that relate to past service – adjustments to incurred claims	-	-	-	-	-	-	-	-	-	-
Loss-recovery of onerous underlying contracts and adjustments	-	-	-	-	-	-	-	-	-	-
Effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-	-	-
Net income / (expenses) from reinsurance contracts held	(92,874)	-	31,716	115	(61,043)	(85,474)	-	29,375	162	(55,937)
Finance income / (expenses) from reinsurance contracts held	-	-	423	-	423	-	-	-	-	-
Effect of exchange rate changes	(35)	-	(49)	(4)	(88)	(105)	-	(78)	(6)	(189)
Total amounts recognised in total comprehensive income	(92,909)	-	32,090	111	(60,708)	(85,579)	-	29,297	156	(56,126)
Investment components	-	-	-	-	-	-	-	-	-	-
Other changes	5	-	(1)	-	4	-	-	5	12	17

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(i) Contracts measured under PAA (continued)

(a) Reconciliation of the remaining coverage and the incurred claims components

	2024					2023				
	Remaining coverage		Incurred claims			Remaining coverage		Incurred claims		
	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contracts held										
Contracts measured under the PAA										
Cash flows										
Premiums paid net of ceding commissions and other directly attributable expenses paid	94,797	-	-	-	94,797	85,705	-	-	-	85,705
Recoveries from reinsurance	-	-	(30,165)	-	(30,165)	-	-	(28,223)	-	(28,223)
Total cash flows	94,797	-	(30,165)	-	64,632	85,705	-	(28,223)	-	57,482
Net balance – asset / (liability), end of year	10,766	-	19,742	1,027	31,535	8,873	-	17,818	916	27,607
Reinsurance contract liabilities, end of year	(3,283)	-	451	5	(2,827)	(2,035)	-	415	17	(1,603)
Reinsurance contract assets, end of year	14,049	-	19,291	1,022	34,362	10,908	-	17,403	899	29,210
Net balance – asset / (liability), end of year	10,766	-	19,742	1,027	31,535	8,873	-	17,818	916	27,607

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(ii) Contracts not measured under PAA

(a) Reconciliation of the remaining coverage and the incurred claims components

	2024			2023				
	Remaining coverage		Incurred claims	Remaining coverage		Incurred claims	Total	
	Excluding loss recovery component	Loss recovery component	Total	Excluding loss recovery component	Loss recovery component	Total		
Reinsurance contracts held								
Contracts not measured under the PAA								
Reinsurance contract liabilities, beginning of year	(12,253)	243	(1,187)	(13,197)	(29,784)	68	(524)	(30,240)
Reinsurance contract assets, beginning of year	3,063,834	19,642	100,213	3,183,689	425,562	7,964	55,600	489,126
Net balance – asset / (liability), beginning of year	3,051,581	19,885	99,026	3,170,492	395,778	8,032	55,076	458,886
Net income / (expenses) from reinsurance contracts held								
Reinsurance expenses	(487,343)	-	-	(487,343)	(136,427)	-	-	(136,427)
Other incurred directly attributable expenses	-	-	-	-	-	(3)	(6,389)	(6,392)
Claims recovered	-	(2,673)	339,442	336,769	-	(350)	92,567	92,217
Changes that relate to past service – adjustments to incurred claims	-	-	3,155	3,155	-	-	-	-
Changes that relate to future service	-	9,788	-	9,788	-	11,312	-	11,312
Effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-
Net income / (expenses) from reinsurance contracts held	(487,343)	7,115	342,597	(137,631)	(136,427)	10,959	86,178	(39,290)
Finance income / (expenses) from reinsurance contracts held	105,208	1,205	-	106,413	346,436	376	-	346,812
Effect of exchange rate changes	(221,220)	(15)	(7,647)	(228,882)	87,113	511	2,174	89,798
Total amounts recognised in total comprehensive income	(603,355)	8,305	334,950	(260,100)	297,122	11,846	88,352	397,320
Investment components	(119,485)	-	119,485	-	(161,745)	-	161,745	-
Other changes ⁽¹⁾	5,510	(2)	(217)	5,291	114	7	-	121

⁽¹⁾ Other changes include movement related to the transfer of liabilities on disposition of the Curacao and St. Maarten operations in 2024 as disclosed per Note 33.2.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(ii) Contracts not measured under PAA (continued)

(a) Reconciliation of the remaining coverage and the incurred claims components

	2024			2023				
	Remaining coverage		Incurred claims	Remaining coverage		Incurred claims	Total	
	Excluding loss recovery component	Loss recovery component	Total	Excluding loss recovery component	Loss recovery component	Total		
Reinsurance contracts held								
Contracts not measured under the PAA								
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	361,319	-	-	361,319	2,520,312	-	-	2,520,312
Recoveries from reinsurance	-	-	(432,990)	(432,990)	-	-	(206,147)	(206,147)
Total cash flows	361,319	-	(432,990)	(71,671)	2,520,312	-	(206,147)	2,314,165
Net balance – asset / (liability), end of year	2,695,570	28,188	120,254	2,844,012	3,051,581	19,885	99,026	3,170,492
Reinsurance contract liabilities, end of year	(10,154)	84	(1,804)	(11,874)	(12,253)	243	(1,187)	(13,197)
Reinsurance contract assets, end of year	2,705,724	28,104	122,058	2,855,886	3,063,834	19,642	100,213	3,183,689
Net balance – asset / (liability), end of year	2,695,570	28,188	120,254	2,844,012	3,051,581	19,885	99,026	3,170,492

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the remaining coverage and the incurred claims components

	2024				2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Reinsurance contracts held								
Contracts not measured under the PAA								
Reinsurance contract liabilities, beginning of year	(33,202)	4,077	15,928	(13,197)	(42,801)	4,548	8,013	(30,240)
Reinsurance contract assets, beginning of year	2,011,420	565,016	607,253	3,183,689	433,571	24,743	30,812	489,126
Net balance – asset / (liability), beginning of year	1,978,218	569,093	623,181	3,170,492	390,770	29,291	38,825	458,886
Changes that relate to current service								
CSM recognised in net income / (loss) for the services received	-	-	(78,423)	(78,423)	-	-	(22,256)	(22,256)
Change in the risk adjustment for non-financial risk for risk expired	-	(45,215)	-	(45,215)	-	(12,715)	-	(12,715)
Experience adjustments	(26,936)	-	-	(26,936)	(15,631)	-	-	(15,631)
	(26,936)	(45,215)	(78,423)	(150,574)	(15,631)	(12,715)	(22,256)	(50,602)
Changes that relate to future service								
Changes in estimate that adjust the CSM	(141,040)	(2,746)	143,790	4	(2,996)	13,825	(10,830)	(1)
Changes in fulfilment cash flows which relate to onerous underlying contracts	9,683	3,904	(39)	13,548	17,713	(408)	(338)	16,967
Contracts initially recognised in the year	(18,859)	22,863	(3,859)	145	(1,063,462)	467,156	596,332	26
Changes in the contractual service margin due to changes in a loss-recovery component from onerous underlying contracts	105	76	(4,090)	(3,909)	-	-	(5,680)	(5,680)
	(150,111)	24,097	135,802	9,788	(1,048,745)	480,573	579,484	11,312
Changes that relate to past service								
Changes that relate to past service – adjustments to the incurred claims	3,155	-	-	3,155	-	-	-	-
Experience adjustments – arising from ceded premiums paid during the year	-	-	-	-	-	-	-	-
Effect of changes in the risk of reinsurers' non-performance	-	-	-	-	-	-	-	-
	3,155	-	-	3,155	-	-	-	-

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(ii) Contracts not measured under PAA (continued)

(b) Reconciliation of the measurement components of reinsurance contract balances

Reinsurance contracts held Contracts not measured under the PAA	2024				2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Net income / (expenses) from reinsurance contracts held	(173,892)	(21,118)	57,379	(137,631)	(1,064,376)	467,858	557,228	(39,290)
Finance income / (expenses) from reinsurance contracts held	51,701	22,828	31,884	106,413	283,252	55,138	8,422	346,812
Effect of exchange rate changes	(132,868)	(43,178)	(52,836)	(228,882)	54,270	16,821	18,707	89,798
Total amounts recognised in total comprehensive income	(255,059)	(41,468)	36,427	(260,100)	(726,854)	539,817	584,357	397,320
Other changes ⁽¹⁾	8,758	(923)	(2,544)	5,291	137	(15)	(1)	121
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	361,319	-	-	361,319	2,520,312	-	-	2,520,312
Recoveries from reinsurance	(432,990)	-	-	(432,990)	(206,147)	-	-	(206,147)
Total cash flows	(71,671)	-	-	(71,671)	2,314,165	-	-	2,314,165
Net balance – asset / (liability), end of year	1,660,246	526,702	657,064	2,844,012	1,978,218	569,093	623,181	3,170,492
Reinsurance contract liabilities, end of year	(19,314)	2,511	4,929	(11,874)	(33,202)	4,077	15,928	(13,197)
Reinsurance contract assets, end of year	1,679,560	524,191	652,135	2,855,886	2,011,420	565,016	607,253	3,183,689
Net balance – asset / (liability), end of year	1,660,246	526,702	657,064	2,844,012	1,978,218	569,093	623,181	3,170,492

⁽¹⁾ Other changes include movement related to the transfer of liabilities on disposition of the Curacao and St. Maarten operations in 2024 as disclosed per Note 33.2.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

The following tables show the impact of contracts recognised in the year, by segment.

(c) Impact of contracts recognised in the year

	2024					2023				
	Contracts held		Contracts acquired		Total	Contracts held		Contracts acquired		Total
	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain		Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Sagicor Canada										
Reinsurance contracts held										
Estimates of present value of future cash inflows	22	92,299	-	-	92,321	-	19,213	1,349,489	-	1,368,702
Estimates of present value of future cash outflows	(29)	(105,753)	-	-	(105,782)	-	(22,099)	(2,402,255)	-	(2,424,354)
Risk adjustment for non-financial risk	4	22,598	-	-	22,602	-	4,845	461,940	-	466,785
CSM	2	(9,051)	-	-	(9,049)	-	(1,959)	590,827	-	588,868
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	(1)	93	-	-	92	-	-	1	-	1

The comparative period amounts presented above have been revised.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(c) Impact of contracts recognised in the year

	2024				Total	2023				Total
	Contracts held		Contracts acquired			Contracts held		Contracts acquired		
	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain		Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Sagicor Life USA										
Reinsurance contracts held										
Estimates of present value of future cash inflows	9	-	-	-	9	1,021	-	-	-	1,021
Estimates of present value of future cash outflows	(4,397)	-	-	-	(4,397)	(6,759)	-	-	-	(6,759)
Risk adjustment for non-financial risk	5	-	-	-	5	176	-	-	-	176
CSM	4,383	-	-	-	4,383	5,562	-	-	-	5,562
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	-	-	-	-	-	-	-	-	-	-

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(c) Impact of contracts recognised in the year

	2024				Total	2023				Total
	Contracts held		Contracts acquired			Contracts held		Contracts acquired		
	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain		Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Sagicor Jamaica										
Reinsurance contracts held										
Estimates of present value of future cash inflows	-	-	-	-	-	242	-	-	-	242
Estimates of present value of future cash outflows	(183)	-	-	-	(183)	(414)	-	-	-	(414)
Risk adjustment for non-financial risk	44	-	-	-	44	38	-	-	-	38
CSM	139	-	-	-	139	134	-	-	-	134
Increase / (decrease) in reinsurance contract assets from contracts recognised in the year	-	-	-	-	-	-	-	-	-	-

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(c) Impact of contracts recognised in the year

	2024				Total	2023				Total
	Contracts held		Contracts acquired			Contracts held		Contracts acquired		
	Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain		Contracts not in a net gain	Contracts in a net gain	Contracts not in a net gain	Contracts in a net gain	
Sagicor Life										
Reinsurance contracts held										
Estimates of present value of future cash inflows	54	92	-	-	146	-	(3,058)	-	-	(3,058)
Estimates of present value of future cash outflows	(19)	(954)	-	-	(973)	-	1,158	-	-	1,158
Risk adjustment for non-financial risk	2	210	-	-	212	-	157	-	-	157
CSM	52	616	-	-	668	25	1,743	-	-	1,768
Increase / (decrease) in reinsurance contract liabilities from contracts recognised in the year	89	(36)	-	-	53	25	-	-	-	25

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

Sagicor Canada - Reinsurance contracts held	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
CSM, beginning of year	593,554	-	593,554	-	-	-
Changes that relate to current service						
CSM recognised in net income / (loss) for the services provided	(71,399)	-	(71,399)	(16,920)	-	(16,920)
Changes that relate to future service						
Changes in estimates that adjust the CSM	139,533	-	139,533	(5,089)	-	(5,089)
Contracts initially recognised in the year	(9,049)	-	(9,049)	588,868	-	588,868
Loss-recovery component recognised on onerous underlying contracts	(27)	-	(27)	-	-	-
Reversal of loss-recovery component from onerous underlying contracts	-	-	-	-	-	-
	59,058	-	59,058	566,859	-	566,859
Finance income / (expenses) from reinsurance contracts held	31,275	-	31,275	7,921	-	7,921
Effect of exchange rate changes	(52,752)	-	(52,752)	18,774	-	18,774
Total amounts recognised in total comprehensive income	37,581	-	37,581	593,554	-	593,554
Other changes	-	-	-	-	-	-
CSM, end of year	631,135	-	631,135	593,554	-	593,554

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Sagicor Life USA - Reinsurance contracts held						
CSM, beginning of year	8,802	(6,145)	2,657	13,448	10,217	23,665
Changes that relate to current service						
CSM recognised in net income / (loss) for the services provided	(6,289)	(550)	(6,839)	(5,062)	(629)	(5,691)
Changes that relate to future service						
Changes in estimates that adjust the CSM	1,565	189	1,754	(9,556)	(6,648)	(16,204)
Contracts initially recognised in the year	4,383	-	4,383	5,562	-	5,562
Loss-recovery component recognised on onerous underlying contracts	(123)	(2,995)	(3,118)	4,420	(9,244)	(4,824)
Reversal of loss-recovery component from onerous underlying contracts	-	-	-	-	-	-
	(464)	(3,356)	(3,820)	(4,636)	(16,521)	(21,157)
Finance income / (expenses) from reinsurance contracts held	(12)	84	72	(10)	159	149
Effect of exchange rate changes	-	-	-	-	-	-
Total amounts recognised in total comprehensive income	(476)	(3,272)	(3,748)	(4,646)	(16,362)	(21,008)
Other changes	-	-	-	-	-	-
CSM, end of year	8,326	(9,417)	(1,091)	8,802	(6,145)	2,657

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
Sagicor Jamaica - Reinsurance contracts held						
CSM, beginning of year	857	4,173	5,030	4,327	(1,145)	3,182
Changes that relate to current service						
CSM recognised in net income / (loss) for the services received	(140)	(310)	(450)	(69)	(243)	(312)
Changes that relate to future service						
Changes in estimates that adjust the CSM	984	(697)	287	(3,566)	5,902	2,336
Contracts initially recognised in the year	139	-	139	134	-	134
Loss-recovery component recognised on onerous underlying contracts	66	(105)	(39)	-	-	-
Reversal of loss-recovery component from onerous underlying contracts	-	-	-	-	(306)	(306)
	1,049	(1,112)	(63)	(3,501)	5,353	1,852
Finance income / (expenses) from reinsurance contracts held	180	-	180	104	-	104
Effect of exchange rate changes	(2)	(6)	(8)	(73)	(35)	(108)
Total amounts recognised in total comprehensive income	1,227	(1,118)	109	(3,470)	5,318	1,848
Other changes	-	-	-	-	-	-
CSM, end of year	2,084	3,055	5,139	857	4,173	5,030

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.2 REINSURANCE CONTRACTS HELD (continued)

(d) Amounts determined on transition to IFRS 17 – The CSM by transition method

Sagicor Life - Reinsurance contracts held	2024			2023		
	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Total
CSM, beginning of year	9,582	12,358	21,940	912	11,066	11,978
Changes that relate to current service						
CSM recognised in net income / (loss) for the services received	(934)	1,199	265	(126)	793	667
Changes that relate to future service						
Changes in estimates that adjust the CSM	(755)	2,971	2,216	7,089	1,038	8,127
Contracts initially recognised in the year	277	391	668	1,699	69	1,768
Loss-recovery component recognised on onerous underlying contracts	-	-	-	-	-	-
Reversal of loss-recovery component from onerous underlying contracts	(406)	(539)	(945)	(68)	(820)	(888)
	(1,818)	4,022	2,204	8,594	1,080	9,674
Finance income / (expenses) from reinsurance contracts held	177	180	357	37	211	248
Effect of exchange rate changes	(77)	1	(76)	40	1	41
Total amounts recognised in total comprehensive income	(1,718)	4,203	2,485	8,671	1,292	9,963
Other changes ⁽¹⁾	(67)	(2,477)	(2,544)	(1)	-	(1)
CSM, end of year	7,797	14,084	21,881	9,582	12,358	21,940

⁽¹⁾ Other changes include movement related to the transfer of liabilities on disposition of the Curacao and St. Maarten operations in 2024 as disclosed per Note 33.2.

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.3 SUMMARY OF LOSS COMPONENT, PRESENT VALUE OF FUTURE CASH FLOWS, RISK ADJUSTMENT AND CSM BY SEGMENT

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2024					
LRC - Excluding loss component	8,515,651	4,720,861	824,493	1,260,947	15,321,952
LRC - Loss component	1,242	151,680	104,619	65,372	322,913
Present value of future cash flows	6,510,363	4,659,271	641,141	1,099,129	12,909,904
Risk adjustment for non-financial risk	932,258	106,442	83,604	127,335	1,249,639
CSM	1,166,406	153,407	287,309	269,604	1,876,726
2023					
LRC - Excluding loss component	8,799,768	4,241,255	771,760	1,272,052	15,084,835
LRC - Loss component	-	117,867	91,916	55,745	265,528
Present value of future cash flows	6,725,823	4,085,788	557,486	1,118,301	12,487,398
Risk adjustment for non-financial risk	983,402	113,605	78,013	133,380	1,308,400
CSM	1,157,317	205,583	286,896	251,894	1,901,690

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)

6.4 LIABILITY FOR INCURRED CLAIMS BY SEGMENT

Summary of LIC by segment	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2024					
Gross LIC:					
Insurance contracts issued	92,135	46,579	97,379	189,884	425,977
Reinsurers' share of LIC:					
Reinsurance contracts held	99,858	14,715	12,913	13,537	141,023
2023					
Gross LIC:					
Insurance contracts issued	66,774	45,854	75,034	190,068	377,730
Reinsurers' share of LIC:					
Reinsurance contracts held	69,440	22,349	9,117	16,776	117,682

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)**6.4 LIABILITY FOR INCURRED CLAIMS BY SEGMENT (continued)**

The liability for incurred claims represented by insurance lines of business is as follows:

	Gross LIC		Reinsurers' share	
	2024	2023	2024	2023
Individual life	330,106	300,591	123,357	101,994
Group life and health	23,125	19,493	2,482	3,266
Property and casualty (note 37.2)	72,746	57,646	15,184	12,422
	425,977	377,730	141,023	117,682

6. INSURANCE, REINSURANCE AND INVESTMENT CONTRACT ASSETS AND LIABILITIES (continued)**6.5 INVESTMENT CONTRACT LIABILITIES BY SEGMENT**

The following tables show the movement for the year of investment contract liabilities by segment.

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2024					
Movement for the year:					
Balance, beginning of year	9,102	62,182	135,429	271,145	477,858
Amounts disposed of on divestiture (note 33.2)	-	-	-	(2,208)	(2,208)
Contributions received	-	12,025	15,850	17,253	45,128
Benefits paid	(2,022)	(20,813)	(14,829)	(30,689)	(68,353)
Investment return from underlying assets	121	1,662	5,408	10,637	17,828
Asset management fees charged	-	-	(89)	(1,377)	(1,466)
Effect of exchange rate changes	(635)	-	(759)	(845)	(2,239)
Balance, end of year	6,566	55,056	141,010	263,916	466,548
2023					
Movement for the year:					
Balance, beginning of year	-	66,499	133,531	272,267	472,297
Amounts assumed on acquisition (note 33.1)	9,462	-	-	47	9,509
Contributions received	-	9,201	17,823	19,161	46,185
Benefits paid	(703)	(18,587)	(19,081)	(32,303)	(70,674)
Investment return from underlying assets	55	5,069	6,089	12,717	23,930
Asset management fees charged	-	-	(87)	(1,382)	(1,469)
Effect of exchange rate changes	288	-	(2,846)	638	(1,920)
Balance, end of year	9,102	62,182	135,429	271,145	477,858

7. MISCELLANEOUS ASSETS AND RECEIVABLES

	2024	2023
Net defined benefit assets (note 27)	22,112	20,693
Real estate developed or held for resale	66,898	101,927
Prepaid and deferred expenses ⁽ⁱ⁾	50,771	38,432
Legal claim	-	348
Finance leases	1,297	1,297
Other assets and accounts receivable	140,934	135,161
	282,012	297,858
Amounts due from managed funds included in receivables	11,479	4,473
Amounts expected to be realised within one year included in real estate developed or held for resale	64,272	36,130

⁽ⁱ⁾ Amounts are expected to be realised within one year.

8. INCOME TAX ASSETS

	2024	2023
Deferred income tax assets (note 29)	242,296	268,729
Income and withholding taxes recoverable	73,969	62,646
	316,265	331,375

Income and withholding taxes recoverable are expected to be recovered within one year of the financial statements' date.

9. ASSOCIATES AND JOINT VENTURES

9.1 Interest in Associates and Joint Ventures

Name of Entity	% interest recognised		Nature of relationship	Measurement Method	Carrying Amount	
	2024	2023			2024	2023
RGM Limited	33 %	33%	Associate	Equity Method	27,919	28,048
FamGuard Corporation Limited ⁽¹⁾	20 %	20%	Associate	Equity Method	24,252	24,506
Primo Holding Limited	38 %	38%	Associate	Equity Method	253	289
Grupo Sagicor GS, S.A. ⁽²⁾	50 %	50%	Joint Venture	Equity Method	14,131	14,974
Sagicor - Capital & Advice Spain S.L. ⁽³⁾	50 %	-	Joint Venture	Equity Method	2,152	-
					68,707	67,817

⁽¹⁾ FamGuard Corporation Limited is listed on the Bahamas International Securities Exchange. The proportionate share of market value calculated on the basis of the year-end closing rate of \$5.75 per share was \$34,500 (2023 – \$25,200).

⁽²⁾ Grupo Sagicor GS, S.A. is a joint venture entity of Sagicor Group Jamaica Limited ("SGJ") and holds 100% ownership interest of Sagicor Costa Rica SCR.

⁽³⁾ Sagicor - Capital & Advice Spain S.L. is a joint venture entity of Sagicor Group Jamaica Limited ("SGJ") and holds 100% ownership interest of Sagicor Panamá.

The reconciliation of carrying amounts for the year of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Grupo Sagicor GS, S.A.		Sagicor - Capital & Advice Spain S.L.	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Reconciliation to carrying amounts:										
Investment, beginning of year	28,048	28,017	24,506	20,506	289	298	14,974	12,118	-	-
Additions	-	-	-	-	-	-	-	-	2,056	-
Dividends received	(1,458)	(1,371)	(1,260)	(880)	-	-	(2,430)	-	-	-
Share of income / (loss)	1,967	1,692	951	4,399	(36)	(9)	1,378	1,574	73	-
Share of amortisation or impairment of intangible assets which were identified on acquisition	-	-	(10)	(10)	-	-	-	-	-	-
Share of income taxes	(499)	(398)	-	-	-	-	-	-	-	-
Share of other comprehensive income	-	-	65	491	-	-	340	1,552	17	-
Effects of exchange rate changes	(139)	108	-	-	-	-	(131)	(270)	6	-
Investment, end of year	27,919	28,048	24,252	24,506	253	289	14,131	14,974	2,152	-

9. ASSOCIATES AND JOINT VENTURES (continued)

9.1 Interest in Associates and Joint Ventures (continued)

The reconciliation of the share of net assets based on the summarised financial information to carrying amounts of the investment in associates and joint ventures is as follows:

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Grupo Sagicor GS, S.A.		Sagicor - Capital & Advice Spain S.L.	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net Assets	83,784	84,146	121,580	122,475	665	760	28,261	29,947	4,302	-
% Interest	33%	33%	20%	20%	38%	38%	50%	50%	50%	-
Share of net assets	27,919	28,048	24,316	24,495	253	289	14,131	14,974	2,152	-
Goodwill arising from investment in associate	-	-	-	11	-	-	-	-	-	-
Change in net assets on restatement	-	-	(64)	-	-	-	-	-	-	-
Investment, end of year	27,919	28,048	24,252	24,506	253	289	14,131	14,974	2,152	-

9.2 Commitments and contingent liabilities

Other commitments at the year-end if called are \$86 (2023 – \$211) and contingent liabilities exist of \$51 (2023 – \$51).

9. ASSOCIATES AND JOINT VENTURES (continued)

9.3 Summarised Financial Information

Summarised financial information from the financial statements of associates and joint ventures is set out in the three tables which follow.

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Grupo Sagicor GS, S.A.		Sagicor - Capital & Advice Spain S.L.	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS										
Property, plant and equipment	1,390	1,344	30,026	28,394	-	-	267	368	749	-
Financial investments	-	-	318,982	311,330	-	-	28,560	27,693	3,905	-
Reinsurance contract assets	-	-	8,915	8,195	-	-	1,721	589	-	-
Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Cash resources	7,342	6,322	14,629	13,609	-	-	1,760	2,110	2,385	-
Other investments and assets	116,250	120,674	16,342	15,249	950	1,000	1,660	2,894	287	-
Total assets	124,982	128,340	388,894	376,777	950	1,000	33,968	33,654	7,326	-
LIABILITIES										
Insurance contract liabilities	-	-	260,039	244,740	-	-	3,767	351	1,132	-
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Investment contract liabilities	-	-	450	595	-	-	-	-	-	-
Notes and loans payable	-	-	-	-	-	-	8	-	-	-
Other liabilities	41,198	44,194	6,825	8,967	285	240	1,932	3,356	1,892	-
Total liabilities	41,198	44,194	267,314	254,302	285	240	5,707	3,707	3,024	-
Net assets	83,784	84,146	121,580	122,475	665	760	28,261	29,947	4,302	-

9. ASSOCIATES AND JOINT VENTURES (continued)

9.3 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Grupo Sagicor GS, S.A.		Sagicor - Capital & Advice Spain S.L.	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
WORKING CAPITAL										
Current assets	11,538	13,179	19,816	18,487	-	-	14,563	18,161	-	-
Current liabilities	6,800	4,605	6,293	8,967	44	44	5,620	1,659	-	-
Net current assets / (liabilities)	4,738	8,574	13,523	9,520	(44)	(44)	8,943	16,502	-	-
Cash and cash equivalents included in current assets	7,342	6,322	14,629	13,609	-	-	1,760	2,110	2,385	-
Current financial liabilities (excluding trade and other payables and provisions) included in current liabilities	3,235	1,095	-	-	-	-	1,853	1,308	1,400	-
NON-CURRENT ASSETS / LIABILITIES										
Non-current assets	113,444	115,161	369,078	358,290	950	1,000	19,405	15,493	7,326	-
Non-current liabilities	34,398	39,589	261,021	245,335	241	196	87	2,048	3,024	-
Non-current financial liabilities (excluding trade and other payables and provisions) included in non-current liabilities	34,341	39,589	260,489	245,335	-	-	86	2,049	491	-

9. ASSOCIATES AND JOINT VENTURES (continued)

9.3 Summarised Financial Information (continued)

	RGM Limited		FamGuard Corporation Limited		Primo Holding Limited		Grupo Sagicor GS, S.A.		Sagicor - Capital & Advice Spain S.L.	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Summarised statement of comprehensive income										
Insurance service result	-	-	11,719	11,257	-	-	16,375	13,709	-	-
Net investment income	28,357	28,523	16,945	19,322	-	-	813	(472)	-	-
Net insurance finance expense	-	-	(11,979)	(15,505)	-	-	-	-	-	-
Net insurance and investment result	28,357	28,523	16,685	15,074	-	-	17,188	13,237	-	-
Fees and other income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	2,425	2,083	(95)	-	-	-	-	-
Other operating expenses	(19,144)	(20,038)	(11,677)	(12,021)	-	(24)	(12,543)	(8,455)	-	-
Other finance costs	(3,051)	(3,285)	-	-	-	-	(73)	-	-	-
Income before taxes	6,162	5,200	7,433	5,136	(95)	(24)	4,572	4,782	-	-
Income taxes	(1,496)	(1,194)	-	-	-	-	(1,816)	(1,634)	-	-
Net income / (loss) for the year	4,666	4,006	7,433	5,136	(95)	(24)	2,756	3,148	-	-
Other comprehensive income	-	-	-	-	-	-	398	2,563	-	-
Total comprehensive income	4,666	4,006	7,433	5,136	(95)	(24)	3,154	5,711	-	-
Interest income	-	-	15,758	19,322	-	-	813	1,756	270	-
Interest expense	3,051	3,285	-	-	-	-	(73)	(199)	(37)	-

10. INTANGIBLE ASSETS

10.1 Analysis of intangible assets and changes for the year

	Goodwill	Customer & broker relationships	Trade names	Software	Syndicate capacity & licences	Total
2024						
Net book value, beginning of year	45,025	8,925	2,618	36,585	7	93,160
Additions at cost	-	-	-	6,311	-	6,311
Identified on acquisition:	-	85	-	-	-	85
Transfer from property, plant and equipment (note 12)	-	-	-	3,009	-	3,009
Amortisation / impairment charges	-	(1,856)	(5)	(9,027)	-	(10,888)
Divestitures and disposals	-	-	-	(1,983)	-	(1,983)
Effects of exchange rate changes	(263)	(83)	(23)	(1,254)	(1)	(1,624)
Net book value, end of year	44,762	7,071	2,590	33,641	6	88,070
Represented by:						
Cost or valuation	46,991	34,565	6,044	132,806	6	220,412
Accumulated depreciation and impairments	(2,229)	(27,494)	(3,454)	(99,165)	-	(132,342)
	44,762	7,071	2,590	33,641	6	88,070

	Goodwill	Customer & broker relationships	Trade names	Software	Syndicate capacity & licences	Total
2023						
Net book value, beginning of year	74,973	11,357	2,680	16,303	-	105,313
Additions at cost	-	-	-	4,704	-	4,704
Assumed on acquisition (note 33.1)	-	-	-	14,393	7	14,400
Transfer from property, plant and equipment (note 12)	-	-	-	8,531	-	8,531
Amortisation / impairment charges	(29,265)	(2,262)	(5)	(7,741)	-	(39,273)
Effects of exchange rate changes	(683)	(170)	(57)	395	-	(515)
Net book value, end of year	45,025	8,925	2,618	36,585	7	93,160
Represented by:						
Cost or valuation	47,253	36,510	6,096	127,072	7	216,938
Accumulated depreciation and impairments	(2,228)	(27,585)	(3,478)	(90,487)	-	(123,778)
	45,025	8,925	2,618	36,585	7	93,160

10. INTANGIBLE ASSETS (continued)**10.2 Impairment of intangible assets**

Goodwill arises from past acquisitions and is allocated to cash-generating units (CGUs). 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.

For those CGU's where the fair value less costs of disposal methodology is used, financial projections are used as inputs to determine maintainable earnings over time to which is applied an appropriate earnings' multiple. For those CGU's where the value in use methodology is used, cash flows are extracted from financial projections to which are applied appropriate discount factors and residual growth rates, or alternatively, the cash flows from the financial projections are extended to 50 years using an actuarial appraisal value technique which incorporates appropriate discount rates and solvency capital requirements. As disclosed in note 2.8(a), goodwill is allocated to the Group's reportable operating segments.

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

The carrying value of goodwill and the impairment test factors used are considered in the following sections.

Sagicor Jamaica operating segment

	2024	2023
Carrying value of goodwill	44,762	45,025

The fair value less costs of disposal methodology was adopted to test goodwill impairment in both years. The after-tax multiple used for the segment 10.4 (2023 – 10.0) was derived from a pre-tax factor of 7.6 (2023 – 7.0) using an iterative method.

Sensitivity

The possible impairment of goodwill is sensitive to changes in earnings multiples and after-tax earnings. This is illustrated in the following table.

	2024 test		
	Scenario 1	Scenario 2	Scenario 3
After-tax earnings multiples	10.4	9.4	8.4
Reduction in forecast earnings	n/a	10.0%	10.0%
Excess of recoverable amount (of 49.11% interest)	100,748	42,412	Nil
Impairment (of 49.11% interest)	Nil	Nil	Nil

11. INVESTMENT PROPERTY

The movement in investment property for the year is as follows:

	2024	2023
Balance, beginning of year	85,375	77,359
Additions at cost	-	9,431
Amounts assumed on acquisition	-	10
Transfer from (to) property, plant and equipment (note 12)	9	599
Disposals	(9,124)	(1,617)
Fair value changes recorded in net investment income	857	(217)
Effects of exchange rate changes	(147)	(190)
Balance, end of year	76,970	85,375

Investment property includes \$7,173 (2023 - \$7,428) which represents the Group's proportionate interest in joint operations summarised in the following table.

Country	Description of property	Percentage ownership recognised
Barbados	Freehold lands	50%
	Freehold office buildings	33%
Trinidad & Tobago	Freehold office building	60%

Pension Funds managed by the Group own the remaining 50% interest in freehold lands in Barbados, and a 33% interest in a freehold office building in Barbados.

12. PROPERTY, PLANT AND EQUIPMENT

	2024			Total
	Owner-occupied properties	Office furnishing, equipment & vehicles	Right-of-use assets	
Net book value, beginning of year	121,115	39,888	34,538	195,541
Additions at cost	697	10,419	7,019	18,135
Transfer from / (to) investment property (note 11)	(9)	-	-	(9)
Transfer to intangible assets (note 10)	-	(3,009)	-	(3,009)
Other transfers	-	-	6	6
Disposals and divestitures	-	(270)	(18)	(288)
Fair value changes recorded in OCI	4,448	-	-	4,448
Depreciation charge	(1,263)	(9,263)	(8,163)	(18,689)
Effects of exchange rate changes	(251)	(469)	(578)	(1,298)
Net book value, end of year	124,737	37,296	32,804	194,837
Represented by:				
Cost or valuation	127,725	167,789	66,710	362,224
Accumulated depreciation	(2,988)	(130,493)	(33,906)	(167,387)
	124,737	37,296	32,804	194,837

Owner-occupied properties consist mainly of commercial offices but include lands of \$35,869 (2023 - \$35,878) utilised largely in farming operations.

Owner-occupied properties, equipment & vehicles include operating leases held as lessor.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	2023			
	Owner-occupied properties	Office furnishing, equipment & vehicles	Right-of-use assets	Total
Net book value, beginning of year	108,197	40,961	29,697	178,855
Additions at cost	10,155	12,571	4,644	27,370
Additions arising from acquisitions	4	3,875	6,738	10,617
Asset retirement obligation	-	-	-	-
Transfer from / (to) investment property (note 11)	(599)	-	-	(599)
Transfer to intangible assets (note 10)	-	(8,531)	-	(8,531)
Other transfers	-	(2)	441	439
Disposals and divestitures	(681)	(571)	(485)	(1,737)
Fair value changes recorded in OCI	5,408	-	-	5,408
Depreciation charge	(968)	(8,233)	(6,452)	(15,653)
Effects of exchange rate changes	(401)	(182)	(45)	(628)
Net book value, end of year	121,115	39,888	34,538	195,541
Represented by:				
Cost or valuation	123,631	164,213	60,779	348,623
Accumulated depreciation	(2,516)	(124,325)	(26,241)	(153,082)
	121,115	39,888	34,538	195,541

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Suspense and other amounts due	51,722	42,744
Legal claim	-	348
Other accounts payable and accrued liabilities	257,709	250,690
	309,431	293,782

14. INCOME TAX LIABILITIES

	2024	2023
Deferred income tax liabilities (note 29)	3,034	4,386
Income taxes payable	10,953	25,994
	13,987	30,380

Income taxes payable are expected to be settled within a year of the financial statements' date.

15. DEPOSIT AND SECURITY LIABILITIES (continued)

Other funding instruments consist of loans from banks and other financial institutions and include balances of \$352,044 (2023 - \$357,745) due to the Federal Home Loan Bank of Dallas (FHLB). The Group participates in the FHLB programme in which funds received from the Bank are invested in assets eligible as collateral for FHLB loans.

Included in other funding instruments is an amount on deposit from a reinsurer which is part of the net identifiable assets acquired from the ivari acquisition in October 2023. The deposit is repayable according to a prescribed repayment schedule to year 2077 and an annual interest rate of about 8.54% is applied to the outstanding deposit balance monthly. The deposit was recorded at fair value with the ivari acquisition and subsequently measured at amortised cost. The carrying amount as at December 31, 2024 was \$704,034 (2023 - \$764,706).

Structured products are offered by a banking subsidiary. A structured product is a pre-packaged investment strategy created to meet specific needs that cannot be met from the standardised financial instruments available in the market. Structured products can be used as an alternative to a direct investment, as part of the asset allocation process to reduce risk exposure of a portfolio, or to capitalise on current market trends.

Collateral for other funding instruments and securities sold under agreements to resell is set out in note 5.3.

16. LEASE LIABILITIES

The lease liabilities recognised are as follows:

	2024	2023
Current lease liabilities	8,746	9,419
Non-current lease liabilities	26,193	28,568
	34,939	37,987

The lease liabilities relate to the following right-of-use assets:

	2024	2023
Land & buildings	32,184	33,625
Office furnishing, equipment & vehicles	620	913
Total right-of-use assets ⁽¹⁾	32,804	34,538

⁽¹⁾ Included in property, plant and equipment

17. NOTES AND LOANS PAYABLE

The following table presents the carrying values of notes and loans payable.

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
5.30% senior notes due 2028 ^(a)	542,449	544,809	539,124	537,306
6.359% unsecured senior notes due 2029 ^(b)	158,856	166,163	-	-
10.50% unsecured bond due 2024 ^(c)	-	-	29,304	30,035
7.50% unsecured bond due 2024 ^(c)	-	-	21,060	21,332
10.75% unsecured bond due 2025 ^(d)	27,500	28,334	-	-
7.75% unsecured bond due 2025 ^(d)	19,858	20,126	-	-
6.75% notes due 2024 ^(e)	-	-	14,251	14,299
Bank loans and other funding instruments ^(f)	26,063	26,063	36,092	36,092
SOFR+145 bps revolving credit facility ^(g)	40,357	40,357	4,007	4,007
SOFR+500 bps term loan ^(h)	-	-	301,828	301,828
CORRA+132.5 bps term loan due 2027 ⁽ⁱ⁾	138,856	138,856	-	-
	953,939	964,708	945,666	944,899

(a) Senior Notes Due 2028

On May 13, 2021, Sagicor Financial Company Ltd. issued \$400 million of senior notes due 2028 (the “New Notes”). The New Notes are due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Company used partial proceeds of the transaction to repurchase \$318 million principal amount of 8.875% Notes due 2022 which were issued by its subsidiary, Sagicor Finance 2015 Limited. In May 2021, the Group made a cash tender offer for the Notes and cash tenders totalling \$130 million were accepted. On August 11, 2021, the Company redeemed all of the remaining \$188 million principal amount of the 2022 notes at an aggregate redemption price of \$188 million.

On December 15, 2021, the Group issued an additional \$150 million principal amount of the New Notes. These New Notes are also due May 13, 2028 and bear interest at an annual rate of 5.30%.

The Group had, in total, \$550 million principal amount of the New Notes outstanding at the year end.

Pursuant to the terms of the New Notes, the Group may redeem the New Notes under the scenario as summarised below:

Optional Redemption with an Applicable Premium - At any time on or after May 13, 2024, the Group may redeem the New Notes in whole or in part at specified redemption prices, plus accrued and unpaid interest, if any, on the New Notes redeemed, to the applicable date of redemption. At December 31, 2024, the Group has estimated the fair value of the optional redemption embedded derivative at \$4.6 million (2023 – \$7.2 million).

17. NOTES AND LOANS PAYABLE (continued)

- (b) On June 20, 2024, Sagicor Financial Company Ltd. issued CDN\$250 million of direct senior unsecured notes due June 20, 2029, bearing interest at an annual rate of 6.359%. The Company used the net proceeds of the offering to partially repay amounts owing under the Company's term loan facility per (h), which was incurred to fund a portion of the purchase price for the acquisition of ivari, and related transaction costs. The Notes received credit ratings of BBB from S&P and BBB (low) from Morningstar DBRS.
- (c) On June 26, 2024, these facilities carrying annual interest rates of 10.50% and 7.50%, and with original issue date of September 16, 2019, were refinanced and extended per (d) below.
- (d) The newly extended facilities remain in two Tranches, with Tranche A up to J\$4.49 billion from previous limit of J\$4.5 billion and Tranche B up to US\$19.9 million from previous limit of US\$21 million, carrying updated annual interest rates of 10.75% and 7.75% respectively. Interest is payable quarterly and commenced on June 26, 2024. The Tranches mature on July 26, 2025.
- (e) On August 16, 2019, Sagicor Investments Jamaica Limited issued J\$4.4 billion notes in two Tranches, Tranche A J\$2.22 billion and Tranche B J\$2.18 billion, carrying annual rates of 5.00% and 6.75% respectively. Tranche A matured on September 16, 2020 and the remaining Tranche B matured on August 16, 2024.
- (f) Bank loans and other funding instruments include the following:
- i. On May 24, 2019, Sagicor General Insurance Inc entered into a \$12 million loan agreement at an interest rate of 3.50% per annum. The loan payable at the maturity date of July 31, 2024 was \$3.9 million. This amount was subsequently refinanced on October 15, 2024 when the entity entered into a new loan arrangement, effectively extending the repayment terms of the facility by two years with no change in the rate of interest.
 - ii. On October 1, 2020, The Estates (Residential Properties) Limited issued cumulative preference shares in the amount of \$9 million. Dividends accrue at a rate of 6.75% per annum and are payable semi-annually. The preference shares are redeemable on September 30, 2027.
 - iii. On May 3, 2021, The Estates (Residential Properties) Limited entered into a \$17 million construction loan agreement with First Caribbean International Bank (Barbados) Limited at an interest rate of 3.50% per annum. The loan was repayable on June 11, 2023. As a result of delays in relation to the project, the date for full repayment of the loan was extended to March 15, 2024 and the loan was fully repaid on March 13, 2024.
 - iv. On February 24, 2023, an additional loan of \$12.5 million was issued to The Estates (Residential Properties) Limited by First Caribbean International Bank (Barbados) Limited. The loan bears interest at a rate of 3.50% per annum and is repayable on August 24, 2025. The facility is available in multiple drawdowns over this period.
- (g) On August 2, 2023, Sagicor Financial Company Ltd. entered into a credit agreement to establish a revolving credit facility in the principal amount of up to \$125 million with interest payable monthly and based on SOFR+300 bps. On June 28, 2024, the credit agreement was amended and restated with principal revisions, including its extension from \$125 million to \$175 million, reduction in interest margins to 145 bps and the use of the Canadian Overnight Repo Rate Average (CORRA) as the revised benchmark interest rate. The facility remains subject to certain covenants and matures on June 28, 2027, or such date to which the facility may be extended. As at December 31, 2024, \$40.4 million was drawn down from the facility.

17. NOTES AND LOANS PAYABLE (continued)

- (h) On October 3, 2023, Sagicor Financial Company Ltd. entered into a credit and guarantee agreement to establish a floating rate loan facility in the amount of \$320 million. Interest was payable monthly and based on the SOFR+500 bps. Principal repayments of \$29.7 million were due semi-annually in April and October of each year. This facility was subject to certain covenants and was initially scheduled to mature on August 24, 2027. However, on June 20, 2024, a prepayment of \$177 million was applied to the loan using funds acquired per (b) above with full repayment in December 2024 via the new term loan outlined per (i) below.
- (i) On December 4, 2024, Sagicor Financial Company Ltd. entered into a credit agreement to establish a floating rate loan facility in the amount of CDN \$200 million. Interest is payable monthly and is based on the 1-month CORRA +132.5 bps. The facility is subject to certain covenants and matures on August 24, 2027 or such date to which the facility may be extended. Net proceeds of this transaction were primarily used to repay the outstanding principal amount of the existing term loan used to acquire ivari per (h) above.

Movement for the year to December 31:

	2024	2023
Balance, beginning of year	945,666	632,535
Valuation of call option embedded derivative	2,029	2,225
Additions:		
Gross principal	481,858	385,619
Less: Expenses	(3,017)	(20,295)
	478,841	365,324
Repayments:		
Principal	(477,573)	(57,219)
Interest	(64,831)	(43,341)
	(542,404)	(100,560)
Amortisation during the year	20,234	3,594
Accrued interest	65,527	43,161
Effects of exchange rate changes	(15,954)	(613)
Balance, end of the year	953,939	945,666

18. OTHER LIABILITIES / RETIREMENT BENEFIT LIABILITIES

	2024	2023
Net defined benefit liabilities (note 27)	61,185	73,854
Other provisions	10,559	6,623
	71,744	80,477

19. COMMON SHARES

The authorised share capital of the Company is \$200,000,000 divided into 10,000,000,000 common shares of \$0.01 each and 10,000,000,000 preference shares of \$0.01 each.

The common shares issued are as follows:

	2024			Total
	Number in 000's	Share capital	Share premium	
Issued and fully paid:				
Balance, beginning of year	141,065	1,410	725,360	726,770
Repurchase of shares (note 19.1)	(6,249)	(62)	(28,187)	(28,249)
	134,816	1,348	697,173	698,521
Allotments arising from:				
Common shares	732	7	3,544	3,551
Balance, end of year	135,548	1,355	700,717	702,072
Treasury shares:				
Shares held for LTI and ESOP, end of year (note 26.1)	(50)	(1)	(275)	(276)
Shares repurchased but not cancelled	(6)	-	(29)	(29)
Total	135,492	1,354	700,413	701,767

	2023			Total
	Number in 000's	Share capital	Share premium	
Issued and fully paid:				
Balance, beginning of year	142,768	1,427	735,206	736,633
Repurchase of shares (note 19.1)	(2,438)	(24)	(12,539)	(12,563)
	140,330	1,403	722,667	724,070
Allotments arising from:				
Common shares	735	7	2,693	2,700
Balance, end of year	141,065	1,410	725,360	726,770
Treasury shares:				
Shares held for LTI and ESOP, end of year (note 26.1)	(50)	(1)	(275)	(276)
Shares repurchased but not cancelled	(13)	-	(56)	(56)
Total	141,002	1,409	725,029	726,438

19. COMMON SHARES (continued)**19.1 Share buyback programme**

In 2020, the board of directors of SFC authorised a share buyback programme that allows the Company to repurchase its common shares (the “NCIB Shares”). The Toronto Stock Exchange (the “TSX”) accepted the Company’s notice of intention to make a normal course issuer bid (“NCIB”) through which the Company was authorised to purchase up to 8,000,000 of the NCIB Shares during the 12-month period commencing June 22, 2020 and ending June 21, 2021. This arrangement has since been renewed each 12-month period.

On June 20, 2024, the Company announced that the TSX accepted the Company’s notice of intention to renew its normal course issuer bid (“NCIB”) through which the Company may purchase up to 8,951,359 of the NCIB Shares during the 12-month period commencing June 24, 2024 and ending June 23, 2025. Under the NCIB, purchases may be made on the open market through the facilities of the TSX and/ or alternative Canadian trading systems at the market price at the time of acquisition, as well as by other means as may be permitted by TSX rules and applicable securities laws.

During the year, the Company repurchased 6,248,816 shares at a total cost of \$13.4 million (2023 - 2,438,427 shares at a total cost of \$9.2 million) which were subsequently cancelled. Included in the total shares repurchased are 3,222,430 escrow shares which were cancelled at \$0.01 par value per share for a nominal consideration in accordance with the established Escrow Agreement and Arrangement Agreement. Share capital and share premium in equity have been reduced by the cost of the shares repurchased and commission paid on the transactions. The premium / discount on the repurchase of shares is recorded directly in retained earnings.

As at December 31, 2024, 6,600 shares at a total cost of \$0.03 million (2023 - 12,400 shares at a total cost of \$0.06 million), have been reflected in treasury shares.

19.2 Common share dividends

Common share dividends declared and paid are set out in the following table.

	2024		2023	
	Per share	Total	Per share	Total
Dividends declared and paid during the year:				
Three-month period ended:				
– March 31	6.000 ¢	8,450	5.625 ¢	8,010
– June 30	6.000 ¢	8,468	5.625 ¢	8,018
– September 30	6.000 ¢	8,421	5.625 ¢	7,995
– December 31	6.000 ¢	8,322	5.625 ¢	7,941
Total		33,661		31,964

20. RESERVES

	Fair value reserves						Total reserves
	Owner-occupied and owner-managed property	FVTOCI assets	Cash flow hedges	Currency translation reserves	Warrant reserve ⁽¹⁾	Other reserves	
2024							
Balance as at December 31, 2023	28,045	(44,027)	(35)	(144,691)	20,062	67,229	(73,417)
Total comprehensive income	2,857	1,018	-	(75,460)	-	-	(71,585)
Transactions with holders of equity instruments:							
Allocated to reserve for equity compensation benefits	-	-	-	-	-	4,008	4,008
Eliminated from reserve	-	-	-	-	(20,062)	(3,886)	(23,948)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-
Transfers (to) / from retained earnings and other movements	(145)	-	-	-	-	4,572	4,427
Balance as at December 31, 2024	30,757	(43,009)	(35)	(220,151)	-	71,923	(160,515)

⁽¹⁾ The Group had 34,774,993 warrants outstanding during the year (2023 - 34,774,993), which had an exercise price of CDN \$11.50 per share. These warrants, which were listed on the Toronto Stock Exchange, expired on December 5, 2024. On expiry the warrant reserve was transferred to retained earnings.

20. RESERVES (continued)

	Fair value reserves						Total reserves
	Owner-occupied and owner-managed property	FVTOCI assets	Cash flow hedges	Currency translation reserves	Warrant reserve ⁽¹⁾	Other reserves	
2023							
Balance as at December 31, 2022	24,771	(53,908)	(35)	(168,508)	20,062	62,177	(115,441)
Total comprehensive income	3,271	9,723	-	23,378	-	-	36,372
Transactions with holders of equity instruments:							
Allocated to reserve for equity compensation benefits	-	-	-	-	-	4,546	4,546
Eliminated from reserve	-	-	-	-	-	(4,096)	(4,096)
Changes in ownership interest in subsidiaries	3	158	-	439	-	15	615
Transfers (to) / from retained earnings and other movements	-	-	-	-	-	4,587	4,587
Balance as at December 31, 2023	28,045	(44,027)	(35)	(144,691)	20,062	67,229	(73,417)

21. INSURANCE REVENUE AND SERVICE EXPENSES

(a) Insurance service result

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

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2024					
Insurance revenue					
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC:					
Expected incurred claims and other directly attributable expenses after loss component allocation	463,392	38,582	71,331	59,313	632,618
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	68,780	8,914	7,970	12,982	98,646
CSM recognised in net income / (loss) for the services provided	136,249	33,754	37,807	26,772	234,582
Insurance acquisition cash flows recovery	13,482	19,916	9,558	9,309	52,265
Insurance revenue for contracts not measured under the PAA	681,903	101,166	126,666	108,376	1,018,111
Insurance revenue from contracts measured under the PAA	-	-	222,764	209,066	431,830
Total insurance revenue	681,903	101,166	349,430	317,442	1,449,941
Insurance service expenses					
Incurred claims and other directly attributable expenses	(458,446)	(28,747)	(234,220)	(180,060)	(901,473)
Changes that relate to past services - adjustments to the LIC	(4,403)	-	-	-	(4,403)
Losses on onerous contracts and reversal of those losses	(1,342)	(35,241)	(13,951)	(14,576)	(65,110)
Insurance acquisition cash flows amortisation	(13,482)	(19,916)	(37,324)	(43,554)	(114,276)
Total insurance service expenses	(477,673)	(83,904)	(285,495)	(238,190)	(1,085,262)

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(a) Insurance service result (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2024					
Net income / (expenses) from reinsurance contracts held					
Reinsurance expenses – contracts not measured under the PAA					
Amounts relating to the changes in the remaining coverage:					
Expected claims and other directly attributable expenses recovery	(352,587)	(5,899)	(1,301)	(3,918)	(363,705)
Change in the risk adjustment recognised for the risk expired	(41,132)	(3,565)	(221)	(297)	(45,215)
CSM recognised in net income / (loss) for the services received	(71,399)	(6,839)	(450)	265	(78,423)
Reinsurance expenses – contracts not measured under the PAA	(465,118)	(16,303)	(1,972)	(3,950)	(487,343)
Reinsurance expenses – contracts measured under the PAA	-	-	(46,824)	(46,050)	(92,874)
Other incurred directly attributable expenses	-	-	-	-	-
Claims recovered	340,322	(5,062)	24,677	8,663	368,600
Changes in estimate that adjust the CSM	-	-	-	4	4
Contracts initially recognised in the year	92	-	-	53	145
Changes in fulfilment cash flows which relate to onerous underlying contracts	-	12,175	179	1,194	13,548
Changes in the contractual service margin due to changes in a loss-recovery component from onerous underlying contracts	154	(3,118)	-	(945)	(3,909)
Changes that relate to past service – adjustments to incurred claims	3,155	-	-	-	3,155
Total net income / (expenses) from reinsurance contracts held	(121,395)	(12,308)	(23,940)	(41,031)	(198,674)
Total insurance service result	82,835	4,954	39,995	38,221	166,005

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)**(a) Insurance service result (continued)**

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2023					
Insurance revenue					
Contracts not measured under the PAA					
Amounts relating to the changes in the LRC:					
Expected incurred claims and other directly attributable expenses after loss component allocation	116,677	28,413	71,209	58,708	275,007
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	16,579	9,056	7,196	13,091	45,922
CSM recognised in net income / (loss) for the services provided	33,310	36,279	34,421	25,890	129,900
Insurance acquisition cash flows recovery	1,330	13,072	4,346	6,624	25,372
Insurance revenue for contracts not measured under the PAA	167,896	86,820	117,172	104,313	476,201
Insurance revenue from contracts measured under the PAA	-	-	190,672	195,648	386,320
Total insurance revenue	167,896	86,820	307,844	299,961	862,521
Insurance service expenses					
Incurred claims and other directly attributable expenses	(105,175)	(48,954)	(201,588)	(199,791)	(555,508)
Losses on onerous contracts and reversal of those losses	-	(38,061)	(2,313)	(20,080)	(60,454)
Insurance acquisition cash flows amortisation	(1,330)	(13,072)	(27,942)	(37,782)	(80,126)
Total insurance service expenses	(106,505)	(100,087)	(231,843)	(257,653)	(696,088)

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)

(a) Insurance service result (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2023					
Net income / (expenses) from reinsurance contracts held					
Reinsurance expenses – contracts not measured under the PAA					
Amounts relating to the changes in the remaining coverage:					
Expected claims and other directly attributable expenses recovery	(88,026)	(12,842)	(1,277)	689	(101,456)
Change in the risk adjustment recognised for the risk expired	(10,288)	(2,879)	(207)	659	(12,715)
CSM recognised in net income / (loss) for the services received	(16,920)	(5,691)	(312)	667	(22,256)
Reinsurance expenses – contracts not measured under the PAA	(115,234)	(21,412)	(1,796)	2,015	(136,427)
Reinsurance expenses – contracts measured under the PAA	-	-	(38,610)	(41,949)	(80,559)
Other incurred directly attributable expenses	-	(8,692)	(2,440)	-	(11,132)
Claims recovered	77,668	10,414	19,355	14,142	121,579
Changes in estimate that adjust the CSM	(2)	-	2	(1)	(1)
Contracts initially recognised in the year	1	-	-	25	26
Changes in fulfilment cash flows which relate to onerous underlying insurance contracts	-	16,762	(66)	271	16,967
Changes in the contractual service margin due to changes in a loss-recovery component from onerous underlying contracts	-	(4,824)	-	(856)	(5,680)
Total net income / (expenses) from reinsurance contracts held	(37,567)	(7,752)	(23,555)	(26,353)	(95,227)
Total insurance service result	23,824	(21,019)	52,446	15,955	71,206

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)**(b) Amounts determined on transition to IFRS 17**

The following table shows an analysis of insurance revenue and CSM by transition method, by reporting segments.

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2024					
INSURANCE CONTRACTS ISSUED					
Insurance revenue					
New contracts and contracts measured under the full retrospective approach at transition	681,903	77,374	68,101	46,514	873,892
Contracts measured under the fair value approach at transition	-	23,792	58,565	61,862	144,219
	681,903	101,166	126,666	108,376	1,018,111
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	1,166,406	148,946	250,441	192,137	1,757,930
Contracts measured under the fair value approach at transition	-	4,461	36,868	77,467	118,796
	1,166,406	153,407	287,309	269,604	1,876,726
REINSURANCE CONTRACTS HELD					
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	631,135	8,326	2,084	7,797	649,342
Contracts measured under the fair value approach at transition	-	(9,417)	3,055	14,084	7,722
	631,135	(1,091)	5,139	21,881	657,064

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)**(b) Amounts determined on transition to IFRS 17 (continued)**

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
2023					
INSURANCE CONTRACTS ISSUED					
Insurance revenue					
New contracts and contracts measured under the full retrospective approach at transition	167,896	60,949	57,061	38,080	323,986
Contracts measured under the fair value approach at transition	-	25,871	60,111	66,233	152,215
	167,896	86,820	117,172	104,313	476,201
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	1,157,317	199,314	210,315	168,529	1,735,475
Contracts measured under the fair value approach at transition	-	6,269	76,581	83,365	166,215
	1,157,317	205,583	286,896	251,894	1,901,690
REINSURANCE CONTRACTS HELD					
CSM, end of year					
New contracts and contracts measured under the full retrospective approach at transition	593,554	8,802	857	9,582	612,795
Contracts measured under the fair value approach at transition	-	(6,145)	4,173	12,358	10,386
	593,554	2,657	5,030	21,940	623,181

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)**(c) Expected recognition of the contractual service margin**

The following tables summarise the expected recognition of the contractual service margin based on the estimate of the CSM using discounted coverage units to allocate the CSM to each year, by reporting segment.

INSURANCE CONTRACTS ISSUED	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
Contracts not measured under the PAA					
2024					
Number of years until expected to be recognised					
1	123,658	19,069	19,459	17,334	179,520
2	109,977	17,228	17,323	16,377	160,905
3	98,249	13,939	15,229	15,629	143,046
4	88,147	12,092	13,620	15,052	128,911
5	79,475	10,700	12,460	14,613	117,248
6-10	290,388	45,211	49,996	66,992	452,587
>10	376,512	35,168	159,222	123,607	694,509
Total	1,166,406	153,407	287,309	269,604	1,876,726
2023					
Number of years until expected to be recognised					
1	125,235	12,673	23,095	14,178	175,181
2	111,036	15,995	19,978	11,454	158,463
3	98,649	15,163	17,216	9,400	140,428
4	87,990	12,837	15,166	7,906	123,899
5	78,861	10,971	13,642	6,669	110,143
6-10	289,205	63,504	53,916	28,063	434,688
>10	366,341	74,440	143,883	174,224	758,888
Total	1,157,317	205,583	286,896	251,894	1,901,690

21. INSURANCE REVENUE AND SERVICE EXPENSES (continued)**(c) Expected recognition of the contractual service margin (continued)**

REINSURANCE CONTRACTS HELD	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Total
Contracts not measured under the PAA					
2024					
Number of years until expected to be recognised					
1	66,955	(455)	439	2,984	69,923
2	59,498	(305)	430	2,602	62,225
3	53,225	(77)	389	2,317	55,854
4	47,757	(34)	362	2,033	50,118
5	42,995	55	332	1,815	45,197
6-10	156,890	37	1,306	6,243	164,476
>10	203,815	(312)	1,881	3,887	209,271
Total	631,135	(1,091)	5,139	21,881	657,064
2023					
Number of years until expected to be recognised					
1	65,936	1,063	302	5,104	72,405
2	57,945	793	293	2,924	61,955
3	51,413	961	264	1,829	54,467
4	45,715	943	240	1,250	48,148
5	40,804	792	223	931	42,750
6-10	148,336	1,885	906	2,853	153,980
>10	183,405	(3,780)	2,802	7,049	189,476
Total	593,554	2,657	5,030	21,940	623,181

22. NET INVESTMENT INCOME AND NET INSURANCE FINANCE EXPENSES

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

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	Total
2024						
NET INVESTMENT INCOME / (EXPENSES) – UNDERLYING ASSETS ⁽¹⁾						
Gain / (loss) on derecognition of amortised cost investments	-	-	8	-	-	8
Gain / (loss) on derecognition of assets carried at FVTOCI	-	-	(2)	-	-	(2)
Interest income earned from financial assets measured at amortised cost and FVTOCI	-	-	8,697	7,570	-	16,267
Net gain on FVTPL investments	739,001	296,052	66,845	62,157	-	1,164,055
Net credit impairment recovery / (loss)	-	-	(3)	1,749	-	1,746
Net investment income – underlying assets	739,001	296,052	75,545	71,476	-	1,182,074
NET INVESTMENT INCOME / (EXPENSES) – OTHER INVESTMENTS						
Gain / (loss) on derecognition of amortised cost investments	-	(41)	(1)	-	(20)	(62)
Gain / (loss) on derecognition of assets carried at FVTOCI	-	(4,819)	3,186	(970)	2	(2,601)
Interest income earned from financial assets measured at amortised cost and FVTOCI	-	52,251	156,944	13,317	4,512	227,024
Net gain / (loss) on FVTPL investments	-	73,381	5,134	15,542	(1,157)	92,900
Net credit impairment recovery / (loss)	-	(236)	(9,029)	446	211	(8,608)
Net investment income – other investments	-	120,536	156,234	28,335	3,548	308,653
NET INVESTMENT INCOME / (EXPENSES) – OTHER						
Net change in investment contract liabilities	(121)	-	-	-	-	(121)
Investment property – rental income	-	-	369	1,190	398	1,957
Investment property – realised gains	-	-	(65)	104	-	39
Investment property – unrealised gains	-	-	1,569	(603)	-	966
Other investment income	-	2,905	(58)	(880)	310	2,277
Net investment income – other	(121)	2,905	1,815	(189)	708	5,118
NET INVESTMENT INCOME	738,880	419,493	233,594	99,622	4,256	1,495,845

⁽¹⁾ Underlying assets relate to those financial assets which support insurance liabilities

22. NET INVESTMENT INCOME AND NET INSURANCE FINANCE EXPENSES (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	Total
2024						
FINANCE INCOME / (EXPENSES) FROM INSURANCE CONTRACTS ISSUED						
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	(18,734)	-	-	(18,734)
Interest accreted	(472,560)	(232,795)	(28,671)	(57,257)	-	(791,283)
Effect of changes in interest rates and other financial assumptions	(246,014)	(92,134)	(5,393)	(20,771)	-	(364,312)
Net foreign exchange income / (expense)	-	-	-	-	-	-
Finance expenses from insurance contracts issued	(718,574)	(324,929)	(52,798)	(78,028)	-	(1,174,329)
FINANCE INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD						
Interest accreted	142,595	12,762	49	(674)	-	154,732
Effect of changes in interest rates and other financial assumptions	(53,713)	6,241	(305)	(119)	-	(47,896)
Finance income/ (expenses) from reinsurance contracts held	88,882	19,003	(256)	(793)	-	106,836
NET INSURANCE FINANCE EXPENSES	(629,692)	(305,926)	(53,054)	(78,821)	-	(1,067,493)
SUMMARY OF THE AMOUNTS RECOGNISED IN THE STATEMENT OF INCOME						
Net investment income – underlying assets ⁽¹⁾	739,001	296,052	75,545	71,476	-	1,182,074
Net investment income – other investments	-	120,536	156,234	28,335	3,548	308,653
Net investment income – other	(121)	2,905	1,815	(189)	708	5,118
Net insurance finance expenses	(629,692)	(305,926)	(53,054)	(78,821)	-	(1,067,493)
	109,188	113,567	180,540	20,801	4,256	428,352

⁽¹⁾ Underlying assets relate to those financial assets which support insurance liabilities

22. NET INVESTMENT INCOME AND NET INSURANCE FINANCE EXPENSES (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	Total
2023						
NET INVESTMENT INCOME / (EXPENSES) – UNDERLYING ASSETS ⁽¹⁾						
Gain / (loss) on derecognition of amortised cost investments	-	-	(8)	-	-	(8)
Gain / (loss) on derecognition of assets carried at FVTOCI	-	-	619	-	-	619
Interest income earned from financial assets measured at amortised cost and FVTOCI	-	-	7,841	8,719	-	16,560
Net gain on FVTPL investments	796,020	311,697	70,548	85,057	-	1,263,322
Net credit impairment recovery / (loss)	-	-	1	184	-	185
Net investment income – underlying assets	796,020	311,697	79,001	93,960	-	1,280,678
NET INVESTMENT INCOME / (EXPENSES) – OTHER INVESTMENTS						
Gain / (loss) on derecognition of amortised cost investments	-	-	-	-	(1)	(1)
Gain / (loss) on derecognition of assets carried at FVTOCI	-	(1,751)	2,838	525	103	1,715
Interest income earned from financial assets measured at amortised cost and FVTOCI	-	48,838	142,694	13,008	3,021	207,561
Net gain on FVTPL investments	-	44,595	2,971	12,729	2,905	63,200
Net credit impairment recovery / (loss)	-	(531)	(2,940)	(473)	(177)	(4,121)
Net investment income – other investments	-	91,151	145,563	25,789	5,851	268,354
NET INVESTMENT INCOME / (EXPENSES) – OTHER						
Net change in investment contract liabilities	(55)	-	-	-	-	(55)
Investment property – rental income	-	-	452	1,902	292	2,646
Investment property – realised gains	-	-	-	71	-	71
Investment property – unrealised gains	-	-	1,205	(994)	-	211
Other investment income	-	2,139	(387)	273	(121)	1,904
Net investment income – other	(55)	2,139	1,270	1,252	171	4,777
NET INVESTMENT INCOME	795,965	404,987	225,834	121,001	6,022	1,553,809

⁽¹⁾ Underlying assets relate to those financial assets which support insurance liabilities

22. NET INVESTMENT INCOME AND NET INSURANCE FINANCE EXPENSES (continued)

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office and other operating companies	Total
2023						
FINANCE INCOME / (EXPENSES) FROM INSURANCE CONTRACTS ISSUED						
Changes in fair value of underlying assets of contracts measured under the VFA	-	-	(57)	-	-	(57)
Interest accreted	(112,954)	(220,235)	(22,857)	(45,091)	-	(401,137)
Effect of changes in interest rates and other financial assumptions	(832,299)	(77,385)	(4,925)	(50,886)	-	(965,495)
Net foreign exchange income / (expense)	-	-	-	-	-	-
Finance expenses from insurance contracts issued	(945,253)	(297,620)	(27,839)	(95,977)	-	(1,366,689)
FINANCE INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD						
Interest accreted	36,433	19,485	1	(1,387)	-	54,532
Effect of changes in interest rates and other financial assumptions	270,999	13,127	923	7,336	-	292,385
Effect of changes in FCF at current rates when CSM is unlocked at locked-in rates	-	-	(105)	-	-	(105)
Finance expenses from reinsurance contracts held	307,432	32,612	819	5,949	-	346,812
NET INSURANCE FINANCE EXPENSES	(637,821)	(265,008)	(27,020)	(90,028)	-	(1,019,877)
SUMMARY OF THE AMOUNTS RECOGNISED IN THE STATEMENT OF INCOME ⁽¹⁾						
Net investment income – underlying assets	796,020	311,697	79,001	93,960	-	1,280,678
Net investment income – other investments	-	91,151	145,563	25,789	5,851	268,354
Net investment income – other	(55)	2,139	1,270	1,252	171	4,777
Net insurance finance expenses	(637,821)	(265,008)	(27,020)	(90,028)	-	(1,019,877)
	158,144	139,979	198,814	30,973	6,022	533,932

⁽¹⁾ Underlying assets relate to those financial assets which support insurance liabilities

23. FEES AND OTHER INCOME

	Fees recognised		Other income	Total
	a point in time	over time		
2024				
Service contract income	46,780	54,885	-	101,665
Fee income – assets under administration	-	5,945	958	6,903
Commission income on insurance and reinsurance contracts	-	-	223	223
Other fees and commission income	19,217	1,604	3,781	24,602
Finance leases income	-	-	133	133
Foreign exchange gains / (losses)	-	-	14,843	14,843
Other operating and miscellaneous income	14,339	9	(9,697)	4,651
	80,336	62,443	10,241	153,020
2023				
Service contract income	42,513	49,008	-	91,521
Fee income – assets under administration	-	3,267	-	3,267
Commission income on insurance and reinsurance contracts	-	(5)	186	181
Other fees and commission income	19,536	1,856	7,419	28,811
Finance leases income	-	-	120	120
Foreign exchange gains / (losses)	-	-	(1,577)	(1,577)
Other operating and miscellaneous income	6,757	-	(11,368)	(4,611)
	68,806	54,126	(5,220)	117,712

24. EXPENSES BY NATURE

An analysis of the expense incurred by the Group is included in the below table:

	2024			Total
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	
Employee expenses	66,509	54,337	138,917	259,763
Commissions and related compensation	222,155	45,685	3,994	271,834
Asset taxes	-	-	10,825	10,825
Claims adjustment expenses	-	729	-	729
Depreciation, amortisation and intangible asset impairment charges	2,504	1,864	25,219	29,587
Audit, legal and other professional fees	4,597	16,653	27,669	48,919
Other administrative expenses	57,561	41,534	131,845	230,940
	353,326	160,802	338,469	852,597
	2023			Total
	Expenses attributed to insurance acquisition cash flows	Other directly attributable expenses	Other operating expenses	Total
Employee expenses	45,134	43,966	124,931	214,031
Commissions and related compensation	107,423	36,145	3,380	146,948
Asset taxes	709	1,001	6,929	8,639
Claims adjustment expenses	-	198	-	198
Depreciation, amortisation and intangible asset impairment charges	2,811	2,315	50,001	55,127
Audit, legal and other professional fees	6,019	7,054	30,361	43,434
Other administrative expenses	40,053	27,778	134,450	202,281
	202,149	118,457	350,052	670,658

24. EXPENSES BY NATURE (continued)**24.1 EMPLOYEE COSTS**

Included in employee expenses and commissions and related compensation are the following:

	2024	2023
Administrative staff salaries, directors' fees and short-term benefits	212,442	179,088
Social security and defined contribution retirement costs	25,993	16,397
Equity-settled compensation benefits (note 26.1 to 26.2)	7,747	8,459
Cash-settled compensation benefits	(26)	(469)
Defined benefit expense (note 27 (b))	9,621	8,028
	255,777	211,503

25. OTHER INTEREST AND FINANCE COSTS

Other interest and finance costs are comprised as follows:

	2024	2023
Other interest costs (note 25.1)	141,910	105,640
Finance costs (note 25.2)	90,815	49,646
	232,725	155,286

25.1 Other interest costs

	2024	2023
Interest expense (amortised cost liabilities):		
Investment contracts	11,443	14,040
Other funding instruments	71,504	32,635
Customer deposits	21,171	17,319
Securities sold for repurchase	30,395	31,151
Other	331	484
	134,844	95,629
Fair value changes and interest expense (FVTPL liabilities)	7,066	10,011
	141,910	105,640

25. OTHER INTEREST AND FINANCE COSTS (continued)**25.2 Finance costs**

	2024	2023
5.30% senior notes due 2028	30,676	30,628
6.359% unsecured bond due 2029	5,904	-
6.50% unsecured bond due 2023	-	839
5.75% unsecured bond due 2023	-	665
10.50% unsecured bond due 2024	1,560	1,921
7.50% unsecured bond due 2024	823	1,009
10.75% unsecured bond due 2025	850	-
7.75% unsecured bond due 2025	1,613	-
6.75% notes due 2024	589	963
Bank loans & other funding instruments	2,708	1,694
SOFR+145 bps revolving credit facility	2,828	481
SOFR+500 bps term loan	40,366	9,930
CORRA+132.5 bps term loan due 2027	590	-
Lease liabilities ⁽¹⁾	2,308	1,516
	90,815	49,646

⁽¹⁾ Interest expense arising from lease liabilities recognised in conformity with IFRS 16.

26. EQUITY COMPENSATION BENEFITS**26.1 Sagicor Financial Company Ltd.**

Effective December 31, 2005, the company introduced a Long-Term Incentive (LTI) Plan for designated executives of the Sagicor Group and an Employee Share Ownership Plan (ESOP) for permanent administrative employees and sales agents of the Group.

(a) LTI plan (2005) – share grants

At inception, restricted share grants were granted to designated key management of the Sagicor Group. Share grants may vest over a four-year period beginning at the grant date. The vesting of share grants is conditional upon the relative profitability of the Sagicor Group as compared to a number of peer companies. Relative profitability is measured with reference to the financial year preceding the vesting date.

26. EQUITY COMPENSATION BENEFITS (continued)

(a) LTI plan (2005) – share grants (continued)

26.1 Sagicor Financial Company Ltd. (continued)

In 2023, a revision was made to the LTI (2005) restricted share grants plan. For performance year 2023 and onwards the LTI shall be delivered in share units, 50% of which are Restricted Share Units ('RSU') and 50% of which are Performance Share Units ('PSU'). The RSU vest equally over a three-year period beginning at the grant date. The PSU, however, vest only at the end of the three-year period following the grant date.

This approach is applied prospectively. All grants issued previously will continue to vest based on the criteria in place at the grant date.

The movement in share grants during the year is as follows:

	2024		2023	
	Number of grants '000	Weighted average price	Number of grants '000	Weighted average price
Balance, beginning of year	1,064	US\$4.54	804	US\$4.54
Grants issued ⁽¹⁾	1,059	US\$3.43	593	US\$4.95
Grants vested	(700)	US\$4.27	(296)	US\$4.67
Grants lapsed / forfeited	(126)	US\$4.33	(37)	US\$4.78
Balance, end of year	1,297	US\$3.94	1,064	US\$4.54

⁽¹⁾ Grants issued during the year include a special award issued to designated key management. The shares will vest subject to the executives' continued employment for 3 years post grant date.

Grants issued may be satisfied out of new shares issued by Sagicor Financial Company Ltd. or by shares acquired in the market. No shares were utilised during the year. Shares acquired and classified as treasury shares were as follows:

	2024		2023	
	Number in 000's	\$000	Number in 000's	\$000
Balance, beginning of year and end of year	40	206	40	206

(b) LTI plan – share options

No share options have been granted to designated key management of the Group during the year. Options were granted at the fair market price of SFCL shares prevailing one year before the option is granted. Options vest over four years, 25% each on the first four anniversaries of the grant date. Options are exercisable up to 10 years from the grant date.

26. EQUITY COMPENSATION BENEFITS (continued)**26.1 Sagicor Financial Company Ltd. (continued)**(b) LTI plan – share options (continued)

The movement in share options for the year and details of the share options and assumptions used in determining their pricing are as follows:

	2024		2023	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	1,005	US\$4.68	1,040	US\$4.68
Options exercised	-	-	-	-
Options lapsed / forfeited / adjustments	(26)	US\$4.57	(35)	US\$4.76
Balance, end of year	979	US\$4.68	1,005	US\$4.68
Exercisable at the end of the year	979	US\$4.68	1,005	US\$4.69
Share price at grant date	US\$3.72 - 10.82		US\$3.72 - 10.82	
Fair value of options at grant date	US\$0.67 - 2.99		US\$0.67 - 2.99	
Expected volatility	18.6% - 35.8%		18.6% - 35.8%	
Expected life	7.0 years		7.0 years	
Expected dividend yield	2.6% - 4.7%		2.6% - 4.7%	
Risk-free interest rate	4.5% - 6.8%		4.5% - 6.8%	

The expected volatility of options is based on statistical analysis of monthly share prices over the 7 years prior to grant date. The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option pricing model.

26. EQUITY COMPENSATION BENEFITS (continued)

26.1 Sagicor Financial Company Ltd. (continued)

(c) LTI plan (2019) – restricted share grants

On December 5, 2019, the Company introduced a replacement award for years 2020, 2021 and 2022 under a Sagicor Financial Company Ltd. equity-based plan, in lieu of the foregoing award of restricted share units of the LTI plan introduced for certain executives on December 31, 2005.

Under the plan, certain executives are awarded a number of restrictive share units of Sagicor Financial Company Ltd. which will vest in accordance with the conditions noted below:

- (a) Subject to the executives' continued employment on the first, second and third anniversary dates of the vesting commencement date;
- (b) Subject to the Company achieving its return on equity target for the relevant year, as laid out in the Company's strategic plan or executive award agreement approved by the Company.
- (c) Subject to the shares of the Company trading above Canadian \$12.00 per share for 20 out of any 30-day consecutive trading days prior to December 31, 2024.

The movement in these restricted share grants during the year is as follows:

	2024		2023	
	Number of grants '000	Weighted average price	Number of grants '000	Weighted average price
Balance, beginning of year	794	US\$4.69	715	US\$5.01
Grants issued ⁽¹⁾	-	-	500	US\$4.44
Grants vested	(75)	US\$5.29	(421)	US\$4.62
Grants lapsed / forfeited	(379)	US\$5.29	-	-
Balance, end of year	340	US\$5.09	794	US\$4.69

⁽¹⁾ Grants issued during the year represent a special award issued to designated key management. The shares will vest subject to the executives' continued employment for 3 years post grant date.

(d) ESOP

From 2006, SFCL approved awards under the ESOP in respect of permanent administrative employees and sales agents of SFCL and certain subsidiaries. The ESOP is administered by SFC and the amount awarded is used to acquire Sagicor Financial Company Ltd. shares. Shares vest over a four-year period in equal tranches and are issued as they vest. No shares were utilised during the year. Shares acquired and classified as treasury shares were as follows:

	2024		2023	
	Number in 000's	\$000	Number in 000's	\$000
Balance, beginning of year and end of year	10	70	10	70

26. EQUITY COMPENSATION BENEFITS (continued)**26.1 Sagicor Financial Company Ltd. (continued)****(e) LTI plan (2023) – share options**

In April 2023, Sagicor Financial Company Ltd. granted share options to designated key management of the Group. Options vest over four years, (25% per year) starting December 31, 2023, with continued vesting on each anniversary following the first vesting date. Options are exercisable up to 10 years from the grant date.

The movement in share options for the year and details of the share options and assumptions used in determining their pricing are as follows:

	2024		2023	
	Number of grants '000	Weighted average price	Number of grants '000	Weighted average price
Balance, beginning of year	4,000	US\$5.91	-	-
Options granted	-	-	4,000	US\$5.91
Balance, end of year	4,000	US\$5.91	4,000	US\$5.91
Exercisable at the end of the year	2,000	US\$5.91	1,000	US\$5.91
Share price at grant date	US\$4.43 - 7.39		US\$4.43 - 7.39	
Fair value of options at grant date	US\$0.17 - 0.37		US\$0.17 - 0.37	
Expected volatility	28.1%		28.1%	
Expected life	10.0 years		10.0 years	
Expected dividend yield	6.3%		6.3%	
Risk-free interest rate	3.3%		3.3%	

The expected volatility of options is based on statistical analysis of monthly share prices over the 10 years prior to grant date.

26. EQUITY COMPENSATION BENEFITS (continued)

26.2 Sagicor Group Jamaica Limited (SGJ)

(a) Long-term incentive plan

Sagicor Group Jamaica Limited offers stock grants and stock options to senior executives as part of its long-term incentive plan. The group has set aside 150,000,000 of its authorised but un-issued shares at no par value for the stock grants and stock options.

In January 2007, the group introduced a new long-term incentive (LTI) plan which replaced the previous Stock Option plan. Under the LTI plan, executives are entitled but not obliged to purchase the group stock at a pre-specified price at some future date. The options are granted each year on the date of the Board of Directors Human Resources Committee meeting following the performance year at which the stock option awards are approved. Stock options vest in 4 equal instalments beginning the first December 31 following the grant date and for the next three December 31 dates thereafter (25% per year).

Options are not exercisable after the expiration of 7 years from the date of grant. The number of stock options in each stock option award is calculated based on the LTI opportunity via stock options (percentage of applicable salary) divided by the Black-Scholes value of a stock option of Sagicor Group Jamaica Limited stock on March 31 of the measurement year. The exercise price of the options is the closing bid price on March 31 of the measurement year.

Details of the share options outstanding are set out in the following table. J\$ represents Jamaica dollars.

	2024		2023	
	Number of options '000	Weighted average exercise price	Number of options '000	Weighted average exercise price
Balance, beginning of year	12,317	J\$44.60	10,526	J\$40.15
Options granted	-	-	2,650	J\$57.00
Options exercised	(424)	J\$23.65	(859)	J\$28.00
Balance, end of year	11,893	J\$45.34	12,317	J\$44.60
Exercisable at the end of the year	9,933	J\$45.87	7,992	J\$39.00

Further details of share options and the assumptions used in determining their pricing are as follows:

	2024	2023
Fair value of options outstanding	J\$138,994,249	J\$46,140,926
Share price at grant date	J\$34.10 - 57.44	J\$23.65 - 57.44
Exercise price	J\$34.10 - 57.44	J\$23.65 - 57.44
Standard deviation of expected share price returns	28.0%	28.0%
Remaining contractual term	0.25 - 7 years	0.25 - 7 years
Risk-free interest rate	6.3%	6.3%

The expected volatility is based on statistical analysis of daily share prices over seven years.

26. EQUITY COMPENSATION BENEFITS (continued)**26.2 Sagicor Group Jamaica Limited (SGJ) (continued)****(b) Employee share purchase plan**

Sagicor Group Jamaica Limited has in place a share purchase plan which enables its administrative and sales staff to purchase shares at a discount. The proceeds from shares issued under this plan totalled J\$33,604,000 (2023 - J\$137,834,000).

27. EMPLOYEE RETIREMENT BENEFITS

The Group maintains a number of defined contribution and defined benefit retirement benefit plans for eligible sales agents and administrative employees. The plans for sales agents and some administrative employees provide defined contribution benefits. The plans for administrative employees in Barbados, Jamaica, Trinidad and certain other Caribbean countries provide defined benefits based on final salary and number of years of active service. The plans in Canada also provide defined benefits for eligible long-term employees. Also, in these countries, retired employees may be eligible for medical and life insurance benefits which are partially or wholly funded by the Group. The principal defined benefit retirement plans are as follows:

Funded Plans	Unfunded Plans
Sagicor Life Barbados & Eastern Caribbean Pension	Sagicor Capital Life Insurance Company Pension Plan
Sagicor Life Trinidad Pension	Group Medical and Life Plans
Sagicor Life Jamaica Pension	ivari Holdings Inc. Supplemental Retirement Plan (ivari SERP)
Sagicor Investments Jamaica Pension	The NN Life Supplemental Pension Plan (NNL Life SERP)
ivari Holdings Inc. Retirement Plan for Employees (NN Life RPP)	Non-Pension Post Retirement Plan
ivari Holdings Inc and Affiliates Retirement Plan for Employees (ivari RPP)	Non-Pension Post Employment Plan
Sagicor Life Inc and Associated Companies Pension Plan for Employees and Agents in Antigua	
Harmony General Pension Plan	
Advantage General Insurance Company Limited Superannuation Fund	

The above plans also incorporate employees of the Company and other subsidiaries, whose attributable obligations and attributable assets are separately identified for solvency, contribution rate and reporting purposes.

The assets of the Sagicor Life Trinidad and Sagicor Life (Heritage Life of Barbados) pension plans are held under deposit administration contracts with Sagicor Life Inc and because these assets form part of the Group's assets, these plans are presented as unfunded in accordance with IAS 19 (revised). The assets of ivari's pension plans are valued in accordance with IAS 19.

The above pension plans are registered with the relevant regulatory authorities in the Caribbean and are governed by Trust Deeds which conform with the relevant laws. The Canadian pension plans are registered with the Canada Revenue Agency and the Financial Services Regulatory Authority of Ontario. The plans are managed by the Group under the direction of appointed Trustees and Custodians.

The group medical and life obligations arise from employee benefit insurance plans where benefits are extended to eligible retirees.

All disclosures in sections 27 (a) to (f) of this note relate only to defined benefit plans.

27. EMPLOYEE RETIREMENT BENEFITS (continued)a) Amounts recognised in the statement of financial position

	2024	2023
Present value of funded pension obligations	350,955	332,734
Fair value of retirement plan assets	(358,563)	(346,360)
	<u>(7,608)</u>	<u>(13,626)</u>
Present value of unfunded pension obligations	18,545	36,447
Present value of unfunded medical and life benefits	26,416	27,525
Impact of minimum funding requirement / asset ceiling	1,720	2,815
Net liability	<u>39,073</u>	<u>53,161</u>
Represented by:		
Amounts held on deposit by the Group as deposit administration contracts	10,478	28,307
Other recognised liabilities	50,707	45,547
Total recognised liabilities (note 18)	<u>61,185</u>	<u>73,854</u>
Recognised assets (note 7)	(22,112)	(20,693)
Net liability	<u>39,073</u>	<u>53,161</u>

27. EMPLOYEE RETIREMENT BENEFITS (continued)(b) Movements in balances

	2024				Total
	Medical and life benefits	Retirement obligations	Retirement plan assets	Funding requirement / asset ceiling	
Net liability / (asset), beginning of year	27,525	369,181	(346,360)	2,815	53,161
Current service cost	634	6,958	103	-	7,695
Interest expense / (income)	2,915	28,421	(29,908)	481	1,909
Past service cost and gains / losses on settlements	35	-	(18)	-	17
Net expense recognised in income	3,584	35,379	(29,823)	481	9,621
(Gains) / losses from changes in assumptions	6,092	4,918	(3,015)	-	7,995
(Gains) / losses from changes in experience	(9,080)	(3,787)	8,171	(1,995)	(6,691)
Return on plan assets excluding interest income	-	-	2,208	-	2,208
Change in asset ceiling excluding interest expense / (income)	-	-	-	448	448
Net (gains) / losses recognised in other comprehensive income	(2,988)	1,131	7,364	(1,547)	3,960
Contributions made by the Group	-	-	(7,839)	-	(7,839)
Contributions made by employees and retirees	-	8,764	(8,765)	-	(1)
Benefits paid	(1,325)	(23,606)	23,404	-	(1,527)
Disposals and divestitures	-	(4,294)	4,294	-	-
Other items	-	(12,885)	(4,952)	-	(17,837)
Effect of exchange rate movements	(380)	(4,170)	4,114	(29)	(465)
Other movements	(1,705)	(36,191)	10,256	(29)	(27,669)
Net liability / (asset), end of year	26,416	369,500	(358,563)	1,720	39,073

27. EMPLOYEE RETIREMENT BENEFITS (continued)

 (b) Movements in balances (continued)

	2023				Total
	Medical and life benefits	Retirement obligations	Retirement plan assets	Funding requirement / asset ceiling	
Net liability / (asset), beginning of year	20,020	312,628	(300,609)	12,521	44,560
Current service cost	464	6,382	66	-	6,912
Interest expense / (income)	2,506	28,171	(31,162)	1,601	1,116
Past service cost and gains / losses on settlements	-	-	-	-	-
Net expense recognised in income	2,970	34,553	(31,096)	1,601	8,028
(Gains) / losses from changes in assumptions	4,351	17,089	(8,064)	-	13,376
(Gains) / losses from changes in experience	(178)	(13,644)	15,340	(11,088)	(9,570)
Return on plan assets excluding interest income	-	-	1,446	-	1,446
Change in asset ceiling excluding interest expense / (income)	-	-	-	-	-
Net (gains) / losses recognised in other comprehensive income	4,173	3,445	8,722	(11,088)	5,252
Contributions made by the Group	-	-	(6,883)	-	(6,883)
Contributions made by employees and retirees	-	8,051	(7,906)	-	145
Benefits paid	(984)	(18,938)	18,736	-	(1,186)
Assumed on acquisition	1,734	25,439	(23,963)	-	3,210
Other items	-	6,410	(6,171)	-	239
Effect of exchange rate movements	(388)	(2,407)	2,810	(219)	(204)
Other movements	362	18,555	(23,377)	(219)	(4,679)
Net liability / (asset), end of year	27,525	369,181	(346,360)	2,815	53,161

27. EMPLOYEE RETIREMENT BENEFITS (continued)(c) Retirement plan assets

	2024	2023
Equity unit linked pension funds under Group management:		
Sagicor Equity Fund (Barbados)	(47,065)	(45,448)
Sagicor Bonds Fund (Barbados)	(30,662)	(28,395)
Sagicor Eastern Caribbean Fund (St Lucia)	(11,655)	(10,544)
Sagicor Pooled Investment Funds (Jamaica):		
Equity Funds	(43,402)	(44,091)
Mortgage & Real Estate Fund	(32,650)	(32,118)
Fixed Income Fund	(22,051)	(18,653)
Foreign Currency Funds	(20,605)	(20,962)
Money Market Fund	(7,334)	(5,147)
Other Funds	(33,189)	(30,962)
	(248,613)	(236,320)
Other assets	(109,950)	(110,040)
Total plan assets	(358,563)	(346,360)

The equity unit linked pension funds are funds domiciled in Barbados, the Eastern Caribbean and Jamaica. Annual reports of these funds are available to the public.

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(d) Significant actuarial assumptions

The significant actuarial assumptions for the principal geographic areas as of December 31, 2024 were as follows:

Pension plans	Canada	Jamaica	Barbados & Eastern Caribbean	Trinidad
Discount rate - local currency benefits	4.75%	9.50%	6.00 - 7.75%	6.00%
Discount rate - US\$ indexed benefits	n/a	7.00%	n/a	n/a
Expected return on plan assets	4.75%	9.50%	6.00 - 7.75%	6.00%
Future promotional salary increases	0.00%	8.00%	0.00%	0.00%
Future inflationary salary increases	2.50%	5.00%	3.50%	3.50%
Future pension increases	0.00%	0.50%	0.00%	0.00%
Future increases in National Insurance Scheme Ceilings	2.50%	n/a	3.00%	3.00%
Mortality table	CPM2014PRIV with generational improvements using MI-2017 (sex-distinct rates)	UP94 with projection scale AA	UP94 with projection scale AA	UP94 with projection scale AA
Termination of active members	n/a	2.0 - 5.8% up to age 30, 3.8 - 5.8% from age 31 up to age 50, 3.0 - 3.8% at age 51	3.0% up to age 30, 1.0% from age 31 up to age 50, 0.0% at age 51	3.0% up to age 30, 1.0% from age 31 up to age 50, 0.0% at age 51
Early retirement	100%	2.7 - 3.0% at the earliest possible age receive unreduced benefits	100% at the earliest possible age receive unreduced benefits	100% at the earliest possible age receive unreduced benefits

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(d) Significant actuarial assumptions (continued)

The significant actuarial assumptions for the principal geographic areas as of December 31, 2023 were as follows:

Pension plans	Canada	Jamaica	Barbados & Eastern Caribbean	Trinidad
	Discount rate - local currency benefits	4.75%	11.00%	7.50 % - 7.75%
Discount rate - US\$ indexed benefits	n/a	7.50%	n/a	n/a
Expected return on plan assets	4.75%	11.00%	7.50 % - 7.75%	6.00%
Future promotional salary increases	0.00%	9.50%	0.00%	0.00%
Future inflationary salary increases	2.50%	9.50%	3.00%	3.00%
Future pension increases	0.00%	0.50%	2.00%	0.00%
Future increases in National Insurance Scheme Ceilings	2.50%	n/a	3.00%	3.50%
Mortality table	CPM2014PRIV with generational improvements using MI-2017 (sex-distinct rates)	American 1994 Group Annuitant Mortality Static (GAM94S) table with 5-year improvement	UP94 with projection scale AA	UP94 with projection scale AA
Termination of active members	n/a	2.0 - 5.8% up to age 30, 3.8 - 5.8% from age 31 up to age 50, 3.0 - 3.8% at age 51	3.0% up to age 30, 1.0% from age 31 up to age 50, 0.0% at age 51	3.0% up to age 30, 1.0% from age 31 up to age 50, 0.0% at age 51
Early retirement	NN Plan - Reduced by 4% per year to age 60 if the member has 20 years of service. TA Plan – Reduced by 3% per year to age 62.	2.7 - 3.0% at the earliest possible age to receive unreduced benefits	100% at the earliest possible age to receive unreduced benefits	n/a

Group medical and life plans	2024			2023		
	Canada	Jamaica	Barbados	Canada	Jamaica	Barbados
Long-term increase in health costs	4.05%	7.00%	4.25%	4.05%	8.50%	4.25%

27. EMPLOYEE RETIREMENT BENEFITS (continued)**(e) Sensitivity of actuarial assumptions**

The sensitivity of the pension retirement benefit obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2024			
	Canada	Jamaica	Barbados & Eastern Caribbean	Trinidad
Base pension obligation	25,078	206,847	95,419	23,611
Change in absolute assumption	Increase / (decrease) in pension obligations			
Decrease discount rate by 1.0%	3,426	2,297	7,620	3,285
Increase discount rate by 1.0%	(3,426)	(1,729)	(6,030)	(2,418)
Decrease salary growth rate by 0.5%	(105)	(30)	(917)	(651)
Increase salary growth rate by 0.5%	105	34	1,088	777
Increase average life expectancy by 1 year	607	191	1,118	290
Decrease average life expectancy by 1 year	(607)	(203)	(1,148)	(296)
	December 31, 2023			
	Canada	Jamaica	Barbados & Eastern Caribbean	Trinidad
Base pension obligation	27,589	181,860	101,726	20,232
Change in absolute assumption				
Decrease discount rate by 1.0%	3,879	1,043	8,999	2,344
Increase discount rate by 1.0%	(3,879)	(803)	(7,169)	(1,672)
Decrease salary growth rate by 0.5%	(108)	(21)	(950)	(441)
Increase salary growth rate by 0.5%	108	25	1,127	548
Increase average life expectancy by 1 year	634	(18)	1,543	255
Decrease average life expectancy by 1 year	(634)	13	(1,555)	(258)

27. EMPLOYEE RETIREMENT BENEFITS (continued)

(e) Sensitivity of actuarial assumptions (continued)

The sensitivity of the medical and life benefits obligations to individual changes in actuarial assumptions is summarised below:

	December 31, 2024	
	Canada	Jamaica
Base medical and life obligation	1,827	24,439
Change in absolute assumption	Increase / (decrease) in medical and life obligations	
Decrease discount rate by 1.0%	202	1,483
Increase discount rate by 1.0%	(202)	(1,173)
Decrease salary growth rate by 0.5%	-	(1)
Increase salary growth rate by 0.5%	-	1
Increase average life expectancy by 1 year	67	254
Decrease average life expectancy by 1 year	(67)	(260)
	December 31, 2023	
	Canada	Jamaica
Base medical and life obligation	3,974	25,414
Change in absolute assumption	Increase / (decrease) in medical and life obligations	
Decrease discount rate by 1.0%	215	1,620
Increase discount rate by 1.0%	(215)	(1,265)
Decrease salary growth rate by 0.5%	-	(1)
Increase salary growth rate by 0.5%	-	-
Increase average life expectancy by 1 year	67	231
Decrease average life expectancy by 1 year	(67)	(232)

(f) 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 Group and employee contribution levels which are implemented by the Group.

For the 2025 financial year, the total Group contributions to its defined benefits pension plans are estimated at \$8,108.

28. INCOME TAXES

Group companies are taxed according to the taxation rules of the countries where the operations are carried out. The principal rates of taxation are summarised in note 2.17(c). The income tax expense is set out in the following table.

	2024	2023
Current tax:		
Current tax on profits for the year	50,031	45,222
Adjustments to current tax of prior periods	(4,386)	(40)
Total current tax expense	45,645	45,182
Deferred tax:		
Decrease / (increase) in deferred tax assets (note 29)	15,729	45,340
Increase / (decrease) in deferred tax liabilities (note 29)	(97)	(1,718)
Total deferred tax expense	15,632	43,622
Share of tax of associated companies	499	398
Total tax expense	61,776	89,202

Income tax on the total income subject to taxation differs from the theoretical amount that would arise as follows:

	2024	2023
Income before income tax expense	190,115	673,435
Taxation at the applicable rates on income subject to tax	73,696	114,051
Adjustments to current tax for items not subject to or allowed for tax	(9,305)	(29,452)
Other current tax adjustments	(1,919)	1,021
Adjustments for current tax of prior periods	(2,459)	(914)
Movement in unrecognised deferred tax assets	(1,542)	941
Deferred tax relating to the origination of temporary differences	(23)	(68)
Deferred tax relating to changes in tax rates or new taxes	3,825	(404)
Deferred tax that arises from the write-down of a tax asset	73	(309)
Other taxes	(570)	4,336
	61,776	89,202

In addition to the above, the income tax on items in other comprehensive income is set out in note 31.

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

29. DEFERRED INCOME TAXES

The analysis and movement for the year of deferred tax asset balances are set out in the following table.

	Defined benefit liabilities	Unrealised losses on financial investments	Unused tax losses	Off-settable tax liabilities relating to policy liabilities timing differences and other items	Other items	Total
2024						
Balance, beginning of year	6,383	14,536	32,875	200,781	14,154	268,729
(Charged) / credited to:						
Income	190	1,297	10,487	(21,842)	(5,861)	(15,729)
Other comprehensive income	1,640	1,791	-	-	(233)	3,198
Effect of exchange rate changes	(54)	(76)	(225)	(13,284)	(263)	(13,902)
Balance, end of year	8,159	17,548	43,137	165,655	7,797	242,296
Balance expected to be recovered within one year						112,953
2023						
Balance, beginning of year	4,231	20,972	38,028	39,758	5,890	108,879
(Charged) / credited to:						
Income	265	1,495	(4,968)	(40,438)	(1,694)	(45,340)
Other comprehensive income	1,908	(7,224)	-	-	165	(5,151)
Assumed on acquisition	82	1	359	196,165	9,653	206,260
Effect of exchange rate changes	(103)	(708)	(544)	5,296	140	4,081
Balance, end of year	6,383	14,536	32,875	200,781	14,154	268,729
Balance expected to be recovered within one year						109,271

29. DEFERRED INCOME TAXES (continued)

Unrecognised tax losses and potential deferred income tax assets are as follows:

	2024	2023
Expiry period for unrecognised tax losses:		
2024	-	55,845
2025	63,874	63,252
2026	61,198	59,974
2027	67,828	66,118
2028	63,924	62,532
2029	76,521	71,837
2030	73,944	74,362
2031	169,437	-
	576,726	453,920
Potential deferred income tax assets	54,217	12,258

29. DEFERRED INCOME TAXES (continued)

The analysis and movement for the year of deferred tax liability balances are set out in the following table.

	Accelerated tax depreciation	Net insurance / reinsurance contract liabilities taxable in the future	Defined benefit assets	Accrued interest	Unrealised gains / (losses) on financial investments	Off-settable tax assets relating to unused tax losses and other items	Other Items	Total
2024								
Balance, beginning of year	(905)	977	913	533	(268)	-	3,136	4,386
Charged / (credited) to:								
Income	1,028	-	(95)	(477)	188	-	(741)	(97)
Other comprehensive income	37	-	(423)	-	43	-	66	(277)
Effect of exchange rate changes	12	(977)	(7)	(3)	3	-	(6)	(978)
Balance, end of year	172	-	388	53	(34)	-	2,455	3,034
Balance to be settled within one year								3,034

29. DEFERRED INCOME TAXES (continued)

	Accelerated tax depreciation	Net insurance / reinsurance contract liabilities taxable in the future	Defined benefit assets	Accrued interest	Unrealised gains / (losses) on financial investments	Off-settable tax assets relating to unused tax losses and other items	Other Items	Total
2023								
Balance, beginning of year	440	998	237	320	(18)	-	3,152	5,129
Charged / (credited) to:								
Income	(1,405)	-	(143)	207	(412)	-	35	(1,718)
Other comprehensive income	62	-	739	5	161	-	-	967
Amounts assumed on acquisition	(7)	-	82	-	-	-	7	82
Effect of exchange rate changes	5	(21)	(2)	1	1	-	(58)	(74)
Balance, end of year	(905)	977	913	533	(268)	-	3,136	4,386
Balance to be settled within one year								4,386

30. EARNINGS PER COMMON SHARE

The computation of diluted earnings per common share recognises the dilutive impact of LTI share grants and share options (note 26.1), ESOP shares grants (note 26.1) and share warrants. In computing diluted earnings per share, the weighted average number of common shares is adjusted by the dilutive impacts of the afore-mentioned share grants, share warrants and options.

	2024	2023
Income attributable to common shareholders	97,468	532,061
Weighted average number of shares in issue (in thousands)	140,064	142,246
LTI restricted share grants, performance share grants and share options (in thousands)	3,126	2,316
ESOP shares (in thousands)	421	413
Adjusted weighted average number of shares in issue (in thousands)	143,611	144,975
Basic earnings per common share	69.6 ¢	374.0 ¢
Fully diluted earnings per common share	67.9 ¢	367.0 ¢

For the years ended December 31, 2024 and December 31, 2023, certain instruments which are considered to be antidilutive have been excluded from the computation of fully diluted earnings per share. This treatment is in accordance with IAS 33 – Earnings Per Share, which indicates that such instruments are antidilutive only when the exercise price is exceeded by the market price of common shares.

31. OTHER COMPREHENSIVE INCOME
Analysis of OCI:

	2024			
	OCI tax impact	After tax OCI is attributable to		Total after tax OCI
		Share- holders	Non-controlling interests	
Items that may be reclassified subsequently to income:				
FVTOCI assets:				
Gains / (losses) arising on revaluation	2,766	(2,322)	(2,674)	(4,996)
(Gains) / losses transferred to income	(1,064)	3,340	(1,492)	1,848
Retranslation of foreign currency operations	-	(75,460)	(3,412)	(78,872)
	<u>1,702</u>	<u>(74,442)</u>	<u>(7,578)</u>	<u>(82,020)</u>
Items that will not be reclassified subsequently to income:				
Gains / (losses) arising on revaluation of owner-occupied and owner-managed property	(288)	2,857	1,303	4,160
Defined benefit plan gains / (losses)	2,061	1,293	(3,192)	(1,899)
Other items	-	(9)	-	(9)
	<u>1,773</u>	<u>4,141</u>	<u>(1,889)</u>	<u>2,252</u>
Total OCI movements	3,475	(70,301)	(9,467)	(79,768)
Allocated to equity reserves		(71,585)		
Allocated to retained earnings		1,284		
		<u>(70,301)</u>		

Analysis of OCI:

	2023			
	OCI tax impact	After tax OCI is attributable to		Total after tax OCI
		Share- holders	Non-controlling interests	
Items that may be reclassified subsequently to income:				
FVTOCI assets:				
Gains / (losses) arising on revaluation	(7,344)	10,657	11,130	21,787
(Gains) / losses transferred to income	(124)	(934)	(1,856)	(2,790)
Retranslation of foreign currency operations	-	23,378	(6,026)	17,352
	<u>(7,468)</u>	<u>33,101</u>	<u>3,248</u>	<u>36,349</u>
Items that will not be reclassified subsequently to income:				
Gains / (losses) arising on revaluation of owner-occupied and owner-managed property	(173)	3,271	2,048	5,319
Defined benefit plan gains / (losses)	1,492	(1,668)	(2,092)	(3,760)
Other items	31	34	-	34
	<u>1,350</u>	<u>1,637</u>	<u>(44)</u>	<u>1,593</u>
Total OCI movements	(6,118)	34,738	3,204	37,942
Allocated to equity reserves		36,372		
Allocated to retained earnings		(1,634)		
		<u>34,738</u>		

32. CASH FLOWS

	2024	2023
Operating activities		
Adjustments for non-cash items, interest and dividends:		
Income from financial investments	(1,130,373)	(1,593,936)
Gain arising on acquisitions and divestitures	(9,599)	(448,267)
Interest costs and finance costs	1,300,218	1,175,163
Credit impairment loss	6,862	3,936
Depreciation and amortisation	29,587	54,936
Other items	2,385	(14,133)
	199,080	(822,301)
Net change in investments:		
Deposits	(34,881)	(82,982)
Securities purchased for resale	6,209	(309)
Finance loans	(81,543)	(43,797)
Mortgage loans	(98,264)	(182,010)
Equity securities	(77,908)	10,902
Debt securities	(523,716)	(411,535)
	(810,103)	(709,731)
Net change in operating assets:		
Reinsurance contract assets	206,563	242,201
Insurance contract assets	(714)	3,408
Other assets and receivables	(19,300)	(21,742)
Investment property	9,029	(7,781)
Segregated funds assets	5,554	(15,979)
	201,132	200,107

32. CASH FLOWS (continued)

The gross changes in investment property, debt securities and equity securities are as follows:

	2024	2023
Equity securities:		
Purchases	(287,627)	(119,162)
Disposal proceeds	209,719	130,064
	(77,908)	10,902
Debt securities:		
Purchases	(7,388,618)	(3,811,301)
Disposal proceeds	6,864,902	3,399,766
	(523,716)	(411,535)
Investment property:		
Purchases	-	(9,431)
Disposal proceeds	9,029	1,650
	9,029	(7,781)
Net change in operating liabilities:		
Other liabilities and payables	14,212	83,863
Investment contract liabilities	(6,820)	(2,998)
Reinsurance contract liabilities	(846)	(17,141)
Insurance contract liabilities	(67,572)	127,585
Securities sold for repurchase	20,541	9,953
Deposits	138,551	96,325
Other funding instruments	19,923	(83,854)
Insurance contract liabilities on account of segregated fund policyholders	(5,554)	15,979
	112,435	229,712

32. CASH FLOWS (continued)

	2024	2023
Investing activities		
Property, plant and equipment:		
Purchases	(11,116)	(22,726)
Disposal proceeds	298	1,215
	(10,818)	(21,511)
Financing activities		
Notes and loans payable:		
Proceeds	478,841	365,324
Repayments	(477,573)	(57,219)
	1,268	308,105
Lease liability payments		
Principal paid	(9,336)	(8,266)
Interest paid	(2,309)	(1,667)
	(11,645)	(9,933)
Cash and cash equivalents		
Cash	442,494	486,642
Call deposits and other liquid balances	486,422	316,881
Bank overdrafts	(1,207)	(2,153)
	927,709	801,370

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS**33.1 ivari**

On October 3, 2023, Sagicor acquired 100% ownership of Proj Fox Acquisition Inc. ('Proj Fox'), which held ivari at this date, for cash consideration of \$271.2 million. Subsequently, on February 1, 2024, the Canada segment was reorganised. (See note 4).

The transaction was financed by new debt in the form of a five-year senior secured loan facility with a syndicate of international and Canadian banks. Certain terms, conditions and covenants came into effect on draw-down. As at December 2023, cumulative fees totalling \$20.0 million as at December 2023 had been incurred in relation to the financing commitment entered into for the acquisition of ivari.

During 2023, transaction costs of \$13.4 million were expensed and included in other operating expenses.

The following table summarises the consideration and the fair value of the assets acquired and liabilities assumed as at the acquisition date:

	<u>Total Fair Value</u>
Net assets acquired:	
Cash	32,260
Financial investments ⁽¹⁾	6,389,873
Reinsurance contract assets	2,491,832
Miscellaneous assets and receivables	56,894
Income tax assets	205,264
Intangible assets	14,400
Property, plant and equipment	10,782
Segregated funds assets	458,940
Total assets	9,660,245
Accounts payable and accrued liabilities	(27,738)
Income tax liabilities	(12,641)
Investment contract liabilities	(9,425)
Insurance contract liabilities	(7,673,836)
Deposit and security liabilities	(737,931)
Lease liabilities	(8,380)
Other liabilities / retirement benefit liabilities	(13,770)
Insurance contract liabilities for account of segregated fund holders	(458,940)
Total liabilities	(8,942,661)
Total net identifiable assets	717,584

⁽¹⁾Included in Financial Investments acquired is cash equivalents of \$270 million.

33. CHANGES IN SUBSIDIARY AND ASSOCIATE HOLDINGS (continued)**33.1 ivari (continued)**

Net assets acquired, purchase consideration and bargain purchase gain are as follows:

	<u>Fair Value</u>
Net assets acquired	717,584
Purchase consideration:	
- Cash	(271,217)
- Foreign exchange loss	1,900
Gross bargain purchase gain on acquisition of ivari ⁽¹⁾	<u>448,267</u>

⁽¹⁾ The gross bargain purchase gain of \$448 million represents the difference between the purchase price paid and the fair value of the identifiable net assets acquired. Foreign exchange losses of \$1.9 million arose on settlement of the transaction. These two items are separately recognised in the consolidated statement of income as gains arising on business combinations, acquisitions and divestiture and fees and other income respectively.

From the acquisition date, Proj Fox contributed \$167,899 of insurance revenue and \$122,144 of net income for the year ended December 31, 2023.

If the combination had taken place at the beginning of 2023, the contributed insurance revenue would have been \$609,076 and net income would have been \$121,675. This unaudited pro-forma basis was calculated using historical information and assuming fair value adjustments that arose on acquisition would have been the same if the acquisition occurred on January 1, 2023. The unaudited pro-forma amounts exclude acquisition costs and benefits from integration initiatives or synergies and are not necessarily indicative of the results that would have resulted if the acquisition occurred on January 1, 2023, or the results that may be obtained in the future.

33.2 Disposal of Insurance OperationsCuraçao and St. Maarten

On October 5, 2022, the Group entered into an agreement for the sale of its operations in Curaçao and St. Maarten.

Effective April 30, 2024, following receipt of regulatory approval, ownership of the Group's operations in these territories was transferred. The disposal was concluded by contractual agreement and transferred assets to the purchaser in exchange for the assumption of the insurance liabilities by the purchaser. The Group recorded a gain on the sale of these operations of \$9.6 million.

Panamá

On May 30, 2023, the Group entered into an agreement for the sale of its wholly-owned subsidiary, Sagicor Panamá, S.A., to Sagicor - Capital & Advice Spain S.L., a joint venture entity of Sagicor Group Jamaica ("SGJ"). The Group holds an effective 24.56% ownership interest in Sagicor Panamá, S.A.

Effective December 31, 2023, ownership of Sagicor Panamá operations was transferred from Sagicor Life Inc to Sagicor - Capital & Advice Spain S.L.

The shares were sold for the book value of Sagicor Panamá, S.A. as determined at the date of sale. A payment of \$4 million has been made to date and the final payment is due in 2025, based on the final determination of the selling price in relation to Sagicor Panamá's financial statements for the period ended December 31, 2024.

34. LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

Guarantee and financial facilities at the date of the financial statements for which no provision has been made in these financial statements include the following:

	2024	2023
Customer guarantees and letters of credit ⁽¹⁾	44,160	40,612

⁽¹⁾ There are equal and offsetting claims against customers in the event of a call on the above commitments for customer guarantees and letters of credit.

(a) Legal proceedings

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended, cannot be reasonably estimated or will result in exposure to the Group which is immaterial to both the financial position and results of operations.

Significant matters are outlined below:

- i. A suit has been filed by Sagicor Investments Jamaica (SIJL) against Cornerstone Financial Holdings Limited (CFHL), for damages suffered as a result of a rights issue being offered to only those shareholders that had participated in the rights issue of an affiliated company. In July 2020, Cornerstone United Holdings Limited (CUHL), a company registered in Jamaica, offered a rights issue to raise \$21 million at \$1.40 per share. SIJL chose not to participate in this rights issue. CFHL subsequently allotted shares to the shareholders that participated in the CUHL rights issue at a price of less than one cent per share when the shares had a book value of approximately \$7.80 per share. This had the effect of reducing the value of SIJL’s shareholding in CFHL by approximately \$4 million and SIJL’s shareholding was diluted. CFHL has argued this was justifiable because of an agreement to maintain similar shareholding structures. A second rights issue was completed on a similar basis thus reducing the company’s shareholding.

Based on legal opinion, the company has a high probability of success in this matter. The matter is set for trial in September 2025.

- ii. Peter & Robert Chin and their associated companies (The Claimants) brought an action against Sagicor Group Jamaica Limited (SGJ) alleging that SGJ breached the Share Transfer Agreement in addition to breaching the reduction of share capital provisions of Section 71 of the Companies Act of Jamaica.

The Claim surrounds a contractual dispute relating to the interpretation of a contractual clause concerning the post-transaction earnout. The sum in dispute exceeds J\$1 billion / US\$6.5 million. An Acknowledgment of Service was filed by SGJ on June 28, 2024. SGJ’s Defence was filed on August 23, 2024, and an amended Defence was filed on November 11, 2024.

SGJ is awaiting a date for the Case Management Conference.

34. LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(b) Tax assessments

The Group is also subject to tax assessments during the normal course of business. Adequate provision has been made for all assessments received to date and for tax liabilities accruing in accordance with management’s understanding of tax regulations. Potential tax assessments may be received by the Group which are in addition to accrued tax liabilities. No provisions have been made in these financial statements for such potential tax assessments.

(c) Commitments

- i. Effective June 25, 2020, the Group entered into a letter of credit arrangement with a facility up to the amount of \$40 million, whereby an irrevocable standby letter of credit was issued on behalf of Sagicor Reinsurance Bermuda Ltd (SRBL) in favour of Sagicor Life Insurance Company (SLIC), USA, in support of a coinsurance agreement between the two parties. The letter of credit facility is guaranteed by Sagicor Financial Corporation Limited and SRBL. The letter of credit expires annually on June 26 and is deemed to be automatically extended for one-year periods, subject to notice of the intention to terminate the facility being given sixty days prior to an expiration date. The facility was automatically extended on June 26, 2024.

The Group is required to comply with the following covenant in respect of the facility:

COVENANT	DESCRIPTION
Cash Collateralisation Event (Under this requirement, the Group must fully collateralise the facility if the noted conditions are breached.)	The credit rating of the Group must not fall below a specific predetermined level. The Group will maintain the following financial ratios: (1) A Debt to Capitalisation Ratio equal to or less than 35%. (2) An Aggregate MCCSR Ratio not less than 175%. (3) An RBC Ratio for the USA Segment of not less than 275%. (4) A LICAT Ratio for our Canada Segment of not less than 103%. (5) A minimum Consolidated Net Worth of the Group.
Event of Default	Upon an Event of Default, the Bank may declare the Obligations due and payable.

- ii. Effective May 3, 2022, the Group entered into a letter of credit arrangement up to the amount of \$10 million, whereby an irrevocable and unconditional standby letter of credit, except for any stated condition therein, was issued on behalf of SRBL. The letter of credit expires on May 4, 2025. A condition of the letter of credit is that it will be automatically extended for periods of one year, without amendment, from the relevant expiration date, unless notice is sent in writing at least six months prior to the relevant expiration date.

35. FAIR VALUE OF PROPERTY

35.1 Property

Investment property and owner-occupied property are carried at fair value as determined by independent valuations using internationally recognised valuation techniques. Direct sales comparisons, when such data is available, and income capitalisation methods, when appropriate, are included in the assessment of fair values. The highest and best use of a property may also be considered in determining its fair value.

Some tracts of land are currently used for farming operations or are undeveloped or are leased to third parties. In determining the fair value of all lands, their potential for development within a reasonable period is assessed, and if such potential exists, the fair value reflects that potential. These lands are mostly in Barbados and the Group has adopted a policy of orderly development and transformation to realise their full potential over time.

The fair value hierarchy has been applied to the valuations of the Group's property. The different levels of the hierarchy are as follows:

- Level 1 - fair value is determined by quoted unadjusted prices in active markets for identical assets;
- Level 2 - fair value is determined by inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly;
- Level 3 - fair value is determined from inputs that are not based on observable market data.

Applying the fair value hierarchy to the Group's property, results in a classification of Level 3 to all properties as set out below:

	Level 3	
	2024	2023
Investment property	76,970	85,375
Owner-occupied properties	124,737	121,115
Total properties	201,707	206,490

For Level 3 investment property, reasonable changes in fair value would affect net income. For Level 3 owner-occupied properties reasonable changes in fair value would affect other comprehensive income. The movements for the year in investment property and owner-occupied properties are set out in notes 11 and 12.

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 investment property and owner-occupied properties.

	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2024	2023		2024	2023	
Investment property	76,970	85,375	Comparable sales	5%	5%	(1)
Owner-occupied properties	124,737	121,115	Comparable sales	5%	5%	(1)
Total properties	201,707	206,490				

(1) Increases or decreases in comparable sale prices will have a direct correlation to the fair value.

36. FINANCIAL RISK

As a diversified financial services company operating in Canada, the United States and the Caribbean, Sagicor is exposed to several financial risks that are inherent in its business activities, such as credit, market, liquidity, and capital risks.

36.1 Credit risk

Credit risk is associated with an obligor's potential inability or unwillingness to fulfill its contractual obligations on a timely basis, thereby affecting Sagicor's financial performance and financial condition, and may arise from:

- i. the risk of default of a primary obligor and indirectly from a secondary obligor;
- ii. downgrades in credit ratings or risk profile of a counterparty;
- iii. deterioration in the value of, or ability to realise, any underlying security that may be used as collateral for certain of its financial obligations; and
- iv. broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies.

Additional details on how the Group manages credit risk can be found in the denoted components of the Risk Management - Credit Risk section of the Group's 2024 MD&A.

Credit risks are primarily associated with the Group's investments, securities, lending, revolving credit, and reinsurance portfolios.

To minimise this risk, Sagicor may renegotiate the terms of any financial investment to facilitate borrowers in financial difficulty. It may enter into arrangements to waive, adjust or postpone scheduled amounts due, and would classify these amounts as past due, unless the original agreement is formally revised, modified or substituted. It may also foreclose on overdue mortgage loans and finance loans by repossessing the pledged asset(s) or seek to dispose of the pledged asset by sale. In some instances, Sagicor may provide refinancing to a new purchaser on customary terms.

Credit risk is managed through Sagicor's risk management practices and controls, and include among others the following:

- Policies to manage credit risk limits including among others, concentration limits, and diversification requirements by asset class, issuer, geography, and industry sector;
- Monitoring, reviewing, and reporting to senior management and the Risk Committee of the Board of its credit positions against established limits and regulatory requirements;
- Performing credit analyses, including i) screening and adjudication process; ii) monitoring the financial condition of its counterparties on a regular basis, iii) utilising various sensitivity and stress testing analyses, including Financial Condition Testing and Enterprise Wide Stress Testing, to measure the effects of large and sustained adverse credit developments;
- Insurance contract liabilities are established in accordance with Canadian actuarial standards of practice;
- Ensuring loans written are adequately collateralised;
- Monitoring internal capital targets to ensure internal targets are met or exceeded.

Sagicor cedes some of its insurance risk to highly rated reinsurers. Sagicor monitors the risk profile of these reinsurers and in some instances require that a trust account be maintained by the reinsurer as collateral.

Under reinsurance contracts, Sagicor retains some part of the risk and coverage in excess of these limits is ceded to reinsurers. Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified period.

Sagicor holds reinsurance coverages that allow potential policy benefits to exceed amounts which are prudent for Sagicor to undertake the claims risk. Reinsured amounts may be on a per policy basis, (i.e. in excess of a pre-determined insured amount) or may be based on the aggregation of the insured's coverages (i.e. the insured has several policies, and the amount reinsured is the aggregate exceeding a pre-determined amount).

36. FINANCIAL RISK (continued)

36.1 Credit risk (continued)

The effects of reinsurance ceded are disclosed in note 21 and information on reinsurance balances is included in note 6.

In sections 36.2, 36.3 and 36.4, we set out for the Group its credit risk exposures and credit impairments.

36.2 Credit risk exposure

The total credit risk exposures of the Group by operating segment is as follows:

	2024					Total
	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office & other	
Investment portfolios	5,218,310	4,560,132	2,032,964	1,485,544	51,470	13,348,420
Lending portfolios	-	497,805	906,904	220,481	39,200	1,664,390
Cash	18,142	78,436	241,747	148,628	55,729	542,682
Reinsurance contract assets	2,597,796	238,840	22,834	30,778	-	2,890,248
Insurance contract assets	-	-	4,032	854	-	4,886
Receivables	50,641	10,773	53,151	17,039	9,330	140,934
Derivative financial assets	92	15,002	-	-	-	15,094
Total balance sheet exposure	7,884,981	5,400,988	3,261,632	1,903,324	155,729	18,606,654
Lending commitments	-	-	85,532	8,361	-	93,893
Customer guarantees and letters of credit	-	-	44,160	-	-	44,160
Other	-	-	289	1,034	-	1,323
Total off-balance sheet exposure	-	-	129,981	9,395	-	139,376
Total	7,884,981	5,400,988	3,391,613	1,912,719	155,729	18,746,030

36. FINANCIAL RISK (continued)

36.2 Credit risk exposure (continued)

	2023					Total
	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office & other	
Investment portfolios	5,547,539	3,865,978	1,967,805	1,523,100	38,011	12,942,433
Lending portfolios	-	434,918	815,881	228,966	16,750	1,496,515
Cash	33,610	144,834	241,822	123,147	38,793	582,206
Reinsurance contract assets	2,840,736	332,538	18,055	21,570	-	3,212,899
Insurance contract assets	-	-	1,132	141	-	1,273
Receivables	71,970	4,537	31,389	17,835	9,778	135,509
Derivative financial assets	155	16,909	-	-	-	17,064
Total balance sheet exposure	8,494,010	4,799,714	3,076,084	1,914,759	103,332	18,387,899
Lending commitments	-	-	91,034	33,672	-	124,706
Customer guarantees and letters of credit	-	-	40,612	-	-	40,612
Other	-	-	216	1,888	-	2,104
Total off-balance sheet exposure	-	-	131,862	35,560	-	167,422
Total	8,494,010	4,799,714	3,207,946	1,950,319	103,332	18,555,321

36. FINANCIAL RISK (continued)
36.2 Credit risk exposure (continued)

For assets measured at FVTOCI or amortised cost, credit risk exposure is the gross carrying amount. For assets measured at FVTPL, the Group's credit risk exposure is the carrying amount. The components of investment and lending portfolios by accounting classification are summarised below by operating segment.

2024

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office & other	Total
Investment portfolios:						
Debt securities FVTOCI	-	397,345	879,118	174,562	29,514	1,480,539
Debt securities at amortised cost	-	-	48,853	74,438	4,565	127,856
Securities purchased for resale	-	-	25,192	-	-	25,192
Deposits at amortised cost	-	-	270,887	44,505	2,368	317,760
Money market funds at FVTPL	-	183,956	-	9,007	9,191	202,154
Debt securities at FVTPL	5,218,310	3,978,831	808,914	1,183,032	5,832	11,194,919
	5,218,310	4,560,132	2,032,964	1,485,544	51,470	13,348,420
Lending portfolios:						
Mortgage loans at amortised cost	-	478,277	180,446	193,102	18,092	869,917
Finance loans at amortised cost	-	19,528	726,458	102	21,108	767,196
Mortgage loans at FVTPL	-	-	-	27,277	-	27,277
	-	497,805	906,904	220,481	39,200	1,664,390

2023

	Sagicor Canada	Sagicor Life USA	Sagicor Jamaica	Sagicor Life	Head office & other	Total
Investment portfolios:						
Debt securities FVTOCI	-	420,010	899,598	157,872	1,188	1,478,668
Debt securities at amortised cost	-	-	62,323	69,564	3,890	135,777
Securities purchased for resale	-	-	13,361	-	-	13,361
Deposits at amortised cost	-	-	198,492	51,159	23,682	273,333
Money market funds at FVTPL	-	24,441	-	12,691	2,449	39,581
Debt securities at FVTPL	5,547,539	3,421,527	794,031	1,231,814	6,802	11,001,713
	5,547,539	3,865,978	1,967,805	1,523,100	38,011	12,942,433
Lending portfolios:						
Mortgage loans at amortised cost	-	421,644	147,257	206,535	5,213	780,649
Finance loans at amortised cost	-	13,274	668,624	151	11,537	693,586
Mortgage loans at FVTPL	-	-	-	22,280	-	22,280
	-	434,918	815,881	228,966	16,750	1,496,515

36. FINANCIAL RISK (continued)**36.2 Credit risk exposure – financial investments subject to impairment**

Financial assets carried at amortised cost or FVTOCI are subject to credit impairment losses which are recognised in the statement of income. The following tables summarise the credit risk exposure of financial investments for which an ECL allowance is recognised. The gross carrying amounts of investments below represent the Group's maximum exposure to credit risk on these assets and is inclusive of accrued interest.

	2024				Total
	Performing		Impaired		
	Stage 1	Stage 2	Stage 3	POCI	
Debt securities					
Investment grade	793,321	-	-	-	793,321
Non-investment grade	737,515	31,383	-	45,965	814,863
Watch	80	131	-	-	211
Total	1,530,916	31,514	-	45,965	1,608,395
Allowance for credit losses on assets measured at amortised cost	(120)	(253)	-	1	(372)
Allowance for credit losses on assets measured at FVTOCI	(804)	(894)	-	-	(1,698)
Total, net of allowance	1,529,992	30,367	-	45,966	1,606,325
Mortgage loans					
Investment grade	622,337	4,510	762	-	627,609
Non-investment grade	216,001	10,026	1,350	-	227,377
Watch	-	110	5,838	-	5,948
Default	-	-	8,983	-	8,983
Total	838,338	14,646	16,933	-	869,917
Allowance for credit losses on assets measured at amortised cost	(2,058)	(247)	(2,285)	-	(4,590)
Total, net of allowance	836,280	14,399	14,648	-	865,327
Finance loans					
Investment grade	25,339	18	-	-	25,357
Non-investment grade	707,571	21,788	343	-	729,702
Watch	-	15	92	-	107
Default	-	-	12,030	-	12,030
Total	732,910	21,821	12,465	-	767,196
Allowance for credit losses on assets measured at amortised cost	(7,890)	(901)	(5,864)	-	(14,655)
Total, net of allowance	725,020	20,920	6,601	-	752,541
Other invested assets					
Investment grade	36,229	-	-	-	36,229
Non-investment grade	302,752	2,170	-	-	304,922
Watch	871	370	-	-	1,241
Non-rated	560	-	-	-	560
Total	340,412	2,540	-	-	342,952
Allowance for credit losses on assets measured at amortised cost	(609)	(71)	-	-	(680)
Total, net of allowance	344,262	300	-	-	344,562

36. FINANCIAL RISK (continued)
36.2 Credit risk exposure – financial investments subject to impairment (continued)

	2023				
	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3	POCI	
Debt securities					
Investment grade	820,648	-	-	-	820,648
Non-investment grade	734,651	39,300	-	19,607	793,558
Watch	80	-	-	155	235
Non-rated	-	-	-	4	4
Total	1,555,379	39,300	-	19,766	1,614,445
Allowance for credit losses on assets measured at amortised cost	(208)	(297)	-	(15)	(520)
Allowance for credit losses on assets measured at FVTOCI	(627)	(627)	-	-	(1,254)
Total, net of allowance	1,554,544	38,376	-	19,751	1,612,671
Mortgage loans					
Investment grade	561,797	7,765	-	-	569,562
Non-investment grade	180,044	8,773	3,507	-	192,324
Watch	47	552	7,708	-	8,307
Default	-	-	10,456	-	10,456
Total	741,888	17,090	21,671	-	780,649
Allowance for credit losses on assets measured at amortised cost	(2,505)	(293)	(2,890)	-	(5,688)
Total, net of allowance	739,383	16,797	18,781	-	774,961
Finance loans					
Investment grade	15,059	-	-	-	15,059
Non-investment grade	651,302	17,142	580	-	669,024
Watch	-	-	8	-	8
Default	-	-	9,495	-	9,495
Total	666,361	17,142	10,083	-	693,586
Allowance for credit losses on assets measured at amortised cost	(4,727)	(713)	(5,731)	-	(11,171)
Total, net of allowance	661,634	16,429	4,352	-	682,415
Other invested assets					
Investment grade	46,136	-	-	-	46,136
Non-investment grade	226,953	-	-	-	226,953
Watch	12,690	371	-	-	13,061
Non-rated	544	-	-	-	544
Total	286,323	371	-	-	286,694
Allowance for credit losses on assets measured at amortised cost	(3,674)	(67)	-	-	(3,741)
Total, net of allowance	282,649	304	-	-	282,953

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments 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 derecognised 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 lifetime 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 total credit loss allowances in respect of financial investments subject to impairment.

ALLOWANCES FOR CREDIT LOSSES

	2024					2023				
	Performing		Impaired	POCI	Total	Performing		Impaired	POCI	Total
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
Balance at beginning of year	11,742	1,996	8,621	15	22,374	12,599	2,028	8,572	20	23,219
Provision for credit losses										
Transfers from:										
Stage 1 to Stage 2	(349)	349	-	-	-	(186)	186	-	-	-
Stage 1 to Stage 3	(635)	-	635	-	-	(238)	-	238	-	-
Stage 2 to Stage 1	442	(442)	-	-	-	477	(477)	-	-	-
Stage 2 to Stage 3	-	(197)	197	-	-	-	(61)	61	-	-
Stage 3 to Stage 2	-	37	(37)	-	-	-	75	(75)	-	-
Stage 3 to Stage 1	97	-	(97)	-	-	66	-	(66)	-	-
Purchases	6,350	-	-	-	6,350	3,700	-	-	-	3,700
Sales & maturities	(5,125)	(205)	(2,434)	-	(7,764)	(2,065)	(89)	(1,334)	-	(3,488)
Write-offs	(7)	(13)	(196)	-	(216)	-	-	-	-	-
Changes in ECL inputs, models and / or assumptions	(395)	851	1,495	(16)	1,935	(2,469)	335	1,339	(5)	(800)
Exchange rate and other	(34)	(11)	(35)	-	(80)	(143)	-	(114)	-	(257)
Balance at end of year	12,086	2,365	8,149	(1)	22,599	11,741	1,997	8,621	15	22,374

36. FINANCIAL RISK (continued)
36.3 Credit impairment losses – financial investments subject to impairment (continued)
CREDIT EXPOSURE

	2024				
	Performing		Impaired	POCI	Total
	Stage 1	Stage 2	Stage 3		
Debt securities - FVTOCI					
Gross value	1,431,548	14,229	-	34,762	1,480,539
Loss allowance	(804)	(894)	-	-	(1,698)
Net value	1,430,744	13,335	-	34,762	1,478,841
Debt securities - amortised cost					
Gross value	99,368	17,285	-	11,203	127,856
Loss allowance	(120)	(253)	-	1	(372)
Net value	99,248	17,032	-	11,204	127,484
Mortgage loans					
Gross value	838,338	14,646	16,933	-	869,917
Loss allowance	(2,058)	(247)	(2,285)	-	(4,590)
Net value	836,280	14,399	14,648	-	865,327
Finance loans					
Gross value	732,910	21,821	12,465	-	767,196
Loss allowance	(7,890)	(901)	(5,864)	-	(14,655)
Net value	725,020	20,920	6,601	-	752,541
Securities purchased for resale					
Gross value	25,192	-	-	-	25,192
Loss allowance	-	-	-	-	-
Net value	25,192	-	-	-	25,192
Deposits					
Gross value	315,220	2,540	-	-	317,760
Loss allowance	(1,214)	(70)	-	-	(1,284)
Net value	314,006	2,470	-	-	316,476

36. FINANCIAL RISK (continued)
36.3 Credit impairment losses – financial investments subject to impairment (continued)
CREDIT EXPOSURE (continued)

	2023				
	Performing		Impaired	POCI	Total
	Stage 1	Stage 2	Stage 3		
Debt securities - FVTOCI					
Gross value	1,451,209	17,427	-	10,032	1,478,668
Loss allowance	(627)	(627)	-	-	(1,254)
Net value	1,450,582	16,800	-	10,032	1,477,414
Debt securities - amortised cost					
Gross value	104,170	21,873	-	9,734	135,777
Loss allowance	(208)	(297)	-	(15)	(520)
Net value	103,962	21,576	-	9,719	135,257
Mortgage loans					
Gross value	741,888	17,090	21,671	-	780,649
Loss allowance	(2,505)	(293)	(2,890)	-	(5,688)
Net value	739,383	16,797	18,781	-	774,961
Finance loans					
Gross value	666,361	17,142	10,083	-	693,586
Loss allowance	(4,727)	(713)	(5,731)	-	(11,171)
Net value	661,634	16,429	4,352	-	682,415
Securities purchased for resale					
Gross value	13,361	-	-	-	13,361
Loss allowance	-	-	-	-	-
Net value	13,361	-	-	-	13,361
Deposits					
Gross value	272,962	371	-	-	273,333
Loss allowance	(3,674)	(67)	-	-	(3,741)
Net value	269,288	304	-	-	269,592

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions

The macroeconomic indicators for all sectors were maintained and continue 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 continue to enhance the explanation of the default rates in the respective sectors. This is considered critical given that currency risk and sovereign risk vary between currency pairs. Currency shocks can have adverse implications on companies leading to their inability to meet debt service obligations.

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 noted fluctuations correlated to the performance of Sagicor’s 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.

Sagicor 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:

	As of December 31, 2024			As of December 31, 2023		
	2025	2026	2027	2024	2025	2026
GDP Growth (USA)						
Base	2.4%	1.7%	2.1%	1.9%	1.5%	1.8%
Upside	2.7%	3.1%	3.2%	1.9%	1.5%	1.8%
Downside	1.6%	(2.1)%	0.6%	(1.6)%	2.4%	3.9%
World GDP						
Base	3.2%	3.3%	3.2%	2.9%	3.2%	3.2%
Upside	4.8%	4.9%	4.8%	4.5%	4.9%	4.9%
Downside	2.3%	2.4%	2.3%	2.1%	2.4%	2.4%
WTI Oil Prices/ 10						
Base	\$6.90	\$6.60	\$6.44	\$7.17	\$6.82	\$6.53
Upside	\$11.97	\$11.43	\$11.16	\$13.11	\$12.47	\$11.94
Downside	\$2.57	\$2.45	\$2.39	\$2.78	\$2.65	\$2.54

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

	As of December 31, 2024			As of December 31, 2023		
	2025	2026	2027	2024	2025	2026
DOW Jones Industrial						
Average Index EPS						
Base	\$1,858.47	\$2,126.03	\$2,373.84	\$2,055.53	\$2,281.45	\$2,496.78
Upside	\$3,231.44	\$3,696.66	\$4,127.54	\$3,405.85	\$3,780.18	\$4,136.96
Downside	\$1,037.59	\$1,186.97	\$1,325.32	\$1,198.18	\$1,329.87	\$1,455.38
S&P 500 Financial Index - EPS						
Base	\$44.68	\$47.41	\$51.83	\$42.40	\$45.93	\$45.23
Upside	\$74.64	\$79.19	\$86.57	\$67.56	\$73.18	\$72.08
Downside	\$23.81	\$25.26	\$27.62	\$27.10	\$29.35	\$28.91
GBP/ USD						
Base	\$1.25	\$1.25	\$1.25	\$1.27	\$1.28	\$1.28
Upside	\$1.36	\$1.41	\$1.46	\$1.38	\$1.44	\$1.49
Downside	\$1.14	\$1.08	\$1.04	\$1.17	\$1.12	\$1.07
NZD/ USD						
Base	\$0.56	\$0.57	\$0.57	\$0.63	\$0.63	\$0.63
Upside	\$0.63	\$0.66	\$0.69	\$0.70	\$0.72	\$0.74
Downside	\$0.50	\$0.48	\$0.46	\$0.56	\$0.53	\$0.51

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(a) Economic variable assumptions (continued)

Sagicor's lending operations in Jamaica, Barbados and Trinidad & Tobago have limited readily available information regarding economic forecasts. Management has examined the information within the market and selected economic drivers that have the best correlation to the portfolio's performance. Economic state is assigned to reflect the driver's impact on ECL.

As of December 31, 2024	Expected state for the next 12 months	Scenario		
		Jamaica	Barbados	Trinidad & Tobago
Unemployment rate	Base	Stable	Negative	Negative
	Upside	Positive	Stable	Stable
	Downside	Negative	Super Negative	Negative
GDP growth	Base	n/a	Stable	Negative
	Upside	n/a	Stable	Stable
	Downside	n/a	Negative	Negative
Interest rate	Base	Stable	n/a	n/a
	Upside	Positive	n/a	n/a
	Downside	Negative	n/a	n/a

As of December 31, 2023	Expected state for the next 12 months	Scenario		
		Jamaica	Barbados	Trinidad & Tobago
Unemployment rate	Base	Stable	Negative	Negative
	Upside	Stable	Stable	Stable
	Downside	Negative	Super Negative	Super Negative
GDP growth	Base	n/a	Negative	Negative
	Upside	n/a	Stable	Stable
	Downside	n/a	Super Negative	Super Negative
Interest rate	Base	Stable	n/a	n/a
	Upside	Positive	n/a	n/a
	Downside	Stable	n/a	n/a

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(b) Significant increase in credit risk (SICR)

The ECL impact of a SICR for debt securities has been estimated as follows:

SICR criteria (see note 3.4)	Actual threshold applied	Change in threshold	ECL impact of change in threshold	
			2024	2023
Investments	2-notch downgrade since origination	1-notch downgrade since origination	189	288

The staging for lending products is based primarily on days past due with 30-day used as backstop, thus sensitivity analysis is not performed.

(c) Loss given default (LGD)

From the inception of IFRS 9, the Group has used the LGD for sovereigns as provided by Moody's. The LGD in Moody's current report represents the losses derived using the average trading prices method. Due to the limited trading activity of sovereign debt in our portfolio which require ECL calculations, 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.

Sagicor Life Inc'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 of 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:

Debt securities	2024			
	LGD		ECL impact of	
	Rate applied	Change in rate	Increase in value	Decrease in value
Corporate	53%	(- /+ 5) %	191	(191)
Sovereign, excluding Jamaica	35%	(- /+ 5) %	60	(60)
Sovereign - Jamaica	15%	(- /+ 5) %	72	(72)

36. FINANCIAL RISK (continued)

36.3 Credit impairment losses – financial investments subject to impairment (continued)

(c) Loss given default (LGD) (continued)

Debt securities	2023			
	LGD		ECL impact of	
	Rate applied	Change in rate	Increase in value	Decrease in value
Corporate	53%	(- /+ 5) %	254	(254)
Sovereign, excluding Barbados and Jamaica	35%	(- /+ 5) %	103	(103)
Sovereign – Barbados, excluding BAICO bonds	36%	(- /+ 5) %	1	(1)
Sovereign - Jamaica	15%	(- /+ 5) %	275	(275)

(d) Scenario design

The weightings assigned to each economic scenario as at December 31, 2024 are set out in the following table. These weightings are unchanged from the prior year.

	Base	Upside	Downside
Sagicor Life USA portfolios	80%	10%	10%
Sagicor Jamaica portfolios	80%	10%	10%
Sagicor Life portfolios	80%	10%	10%

The results of varying the upside and downside scenarios are as follows:

	Base – 80% Upside – 5% Downside – 15%		Base – 80% Upside – 15% Downside – 5%	
	Increase in ECL		Decrease in ECL	
	2024	2023	2024	2023
Debt securities	126	138	(126)	(138)
Lending products	6	32	(6)	(41)

36. FINANCIAL RISK (continued)

36.4 Gross Carrying Values – reinsurance assets exposure

(a) Reinsurance asset – Sagicor Canada

The reinsurance asset for recovery of incurred claims, is secured by assets held in a trust. The fair value of the trust assets compared to the carrying value of the reinsurance asset is as follows:

	2024	2023
Fair value of trust assets	890,038	933,532
Carrying value of reinsurance asset	(2,555,140)	(2,761,251)
	<u>(1,665,102)</u>	<u>(1,827,719)</u>

(b) Reinsurance asset – Sagicor USA

The reinsurance asset for recovery of incurred claims, is secured by assets held in a trust. The fair value of the trust assets compared to the carrying value of the reinsurance asset is as follows:

	2024	2023
Fair value of trust assets	211,281	327,138
Carrying value of reinsurance asset	(203,168)	(292,817)
	<u>8,113</u>	<u>34,321</u>

The Group 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.

36. FINANCIAL RISK (continued)

36.5 Liquidity risk

Liquidity risk is the possibility that Sagicor will not be able to fund its financial obligations and collateral requirements as they fall due. This includes the risk of being forced to sell assets at depressed values resulting in realised losses on sale. This risk also includes restrictions on Sagicor's ability to efficiently allocate capital among its subsidiaries due to various market and regulatory constraints on the movement of funds or the lack of marketability of portions of its assets, such as mortgage loans and real estate.

Its funding obligations arise in connection with the payment of policyholder obligations, deposit withdrawals, expenses, reinsurance settlements, asset purchases, investment commitments, interest on debt, and dividend payments. Sources of available cash flows include general fund premiums and deposits, lending and investment-related inflows, proceeds generated from financing activities, as well as dividends and interest payments from subsidiaries.

Liquidity risk also arises when excess funds accumulate resulting in the loss of opportunity to increase investment returns and from mismatches in the timing and value of on-balance sheet or off-balance sheet cash flows.

Sagicor limits concentrations of assets and liabilities in each operating segment. Where practical, given its operating environment, it seeks to match maturities of assets and liabilities while maintaining a portfolio of short-term, highly liquid securities to meet funding gaps. It also monitors its daily, weekly, and monthly liquidity risk and manage its maturing asset and liability portfolios. Asset and liability matching is closely monitored to mitigate liquidity risks, particularly in operations with significant maturing short-term liabilities. For long-term insurance contracts, Sagicor has adopted a policy of investing in assets with cash flow characteristics that closely match the cash flow characteristics of its expected future cash flows. The primary purpose of this matching is to ensure that cash flows from these assets are synchronised with the timing and the amounts of payments that must be paid to policyholders.

Additional details on how the Group manages liquidity risk and contractual cash flow obligations can be found in the denoted components of the Risk Management - Liquidity Risk section of the Group's 2024 MD&A.

Following are maturity analyses showing the net cash flows for insurance contracts issued and reinsurance contracts held.

36. FINANCIAL RISK (continued)**36.5 Liquidity risk (continued)****(a) Insurance and reinsurance contract liabilities**

Expected discounted cash flows which have been estimated by actuarial or other statistical methods are analysed based on maturity for insurance and reinsurance contract liabilities in the following tables.

	Expected discounted cash flows						Total
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years	
2024							
Reinsurance contract liabilities	(873)	898	642	611	541	17,044	18,863
Insurance contract liabilities	767,222	419,298	574,752	609,264	560,932	9,985,322	12,916,790
Total	766,349	420,196	575,394	609,875	561,473	10,002,366	12,935,653
2023							
Reinsurance contract liabilities	(189)	1,639	1,447	1,081	805	28,004	32,787
Insurance contract liabilities	488,210	397,437	398,983	464,599	604,904	10,133,085	12,487,218
Total	488,021	399,076	400,430	465,680	605,709	10,161,089	12,520,005

Amounts payable on demand

Amounts payable on demand, totalling \$10,257,085 (2023 – \$10,089,972 ⁽¹⁾) for insurance contract liabilities, relate to policyholders' account values less applicable surrender fees and policy loans.

⁽¹⁾ The comparative period amounts payable on demand have been revised.

36. FINANCIAL RISK (continued)**36.5 Liquidity risk (continued)**(b) Financial assets

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

	2024 – Contractual or expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Cash resources	542,682	-	-	542,682
Derivative financial instruments	15,094	-	-	15,094
Deposits	218,076	98,400	-	316,476
Securities purchased for resale	25,192	-	-	25,192
Finance loans	259,512	303,571	189,458	752,541
Mortgage loans	70,944	210,110	611,550	892,604
Money market funds	202,154	-	-	202,154
Debt securities	2,069,649	2,619,255	8,060,146	12,749,050
Other assets and accounts receivable	139,857	313	-	140,170
Total	3,543,160	3,231,649	8,861,154	15,635,963

	2023 – Contractual or expected discounted cash flows			
	Maturing within 1 year	Maturing 1 to 5 years	Maturing after 5 years	Total
Cash resources	582,206	-	-	582,206
Derivative financial instruments	17,064	-	-	17,064
Deposits	259,310	10,282	-	269,592
Securities purchased for resale	13,361	-	-	13,361
Finance loans	225,804	283,027	173,584	682,415
Mortgage loans	44,562	194,492	558,187	797,241
Money market funds	39,421	-	160	39,581
Debt securities	1,880,631	2,091,665	8,619,492	12,591,788
Other assets and accounts receivable	134,881	348	-	135,229
Total	3,197,240	2,579,814	9,351,423	15,128,477

36. FINANCIAL RISK (continued)
36.6 Interest rate risk

Interest rate risk is the potential adverse effect on Sagicor's financial performance and financial condition arising from changes or volatility in interest rates or credit / swap spreads when asset and liability cash flows do not coincide in terms of timing and amount. Sagicor is exposed to interest rate risk when the cash flows from assets and the policyholder obligations they support are mismatched, as this may result in the need to either sell assets to meet policy obligations and expenses or reinvest excess asset cash flows in unfavourable interest rate environments. The impact of changes or volatility in interest rates or credit/swap spreads are reflected in the valuation of Sagicor's financial assets and insurance contract liabilities.

Additional details on how the Group manages interest rate risk can be found in the denoted components of the Risk Management - Interest Rate Risk section of the Group's 2024 MD&A.

The table following summarises the exposures to interest rates on the Group's monetary financial liabilities. It includes liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	2024				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Accounts payable and accrued liabilities	57,967	-	-	251,464	309,431
Investment contract liabilities	379,007	72,335	15,153	53	466,548
Deposit and security liabilities:					
Bank overdrafts	1,207	-	-	-	1,207
Derivative financial instruments	-	-	-	457	457
Securities sold for repurchase	527,055	149,437	-	61	676,553
Customer deposits	1,138,540	9,815	71	51,852	1,200,278
Other funding instruments	464,907	3,106	5,285	705,457	1,178,755
Lease liabilities	5,225	15,366	7,784	6,564	34,939
Notes and loans payable	939,426	10,286	-	4,227	953,939
Total	3,513,334	260,345	28,293	1,020,135	4,822,107

	2023				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Accounts payable and accrued liabilities	54,297	348	-	239,137	293,782
Investment contract liabilities	379,050	81,451	17,295	62	477,858
Deposit and security liabilities:					
Bank overdrafts	2,153	-	-	-	2,153
Derivative financial instruments	-	-	-	538	538
Securities sold for repurchase	479,119	181,181	-	220	660,520
Customer deposits	1,042,988	7,508	74	15,873	1,066,443
Other funding instruments	445,046	4,213	5,998	765,519	1,220,776
Lease liabilities	6,938	13,535	8,998	8,516	37,987
Notes and loans payable	125,857	815,543	-	4,266	945,666
Total	2,535,448	1,103,779	32,365	1,034,131	4,705,723

36. FINANCIAL RISK (continued)

36.6 Interest rate risk (continued)

The Group's exposure to insurance and reinsurance contract liabilities which are sensitive to interest rate risk is categorised based on expected maturities. These liabilities are stated at carrying amounts as follows:

	2024				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Reinsurance contract liabilities	(2,158)	2,061	12,299	2,499	14,701
Insurance contract liabilities	571,724	2,131,696	10,431,029	2,941,274	16,075,723
Total	569,566	2,133,757	10,443,328	2,943,773	16,090,424

	2023				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Reinsurance contract liabilities	(1,151)	4,914	27,474	(16,437)	14,800
Insurance contract liabilities	331,751	1,843,376	10,141,417	3,415,670	15,732,214
Total	330,600	1,848,290	10,168,891	3,399,233	15,747,014

The Group's exposure to insurance and reinsurance assets which are sensitive to interest rate risk is categorised based on expected maturities. These assets are stated at carrying amounts as follows:

	2024				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Reinsurance contract assets	191,200	205,984	1,304,423	1,188,641	2,890,248
Insurance contract assets	2,654	3,182	854	(1,804)	4,886
Total	193,854	209,166	1,305,277	1,186,837	2,895,134

	2023				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Reinsurance contract assets	165,401	302,764	1,544,275	1,200,459	3,212,899
Insurance contract assets	(84)	(9)	1,228	138	1,273
Total	165,317	302,755	1,545,503	1,200,597	3,214,172

36. FINANCIAL RISK (continued)**36.6 Interest rate risk (continued)**

The following tables summarise the exposures to interest rate and reinvestment risks of the Group's monetary financial assets. Assets are stated at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	2024				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Money market funds	9,805	-	-	192,349	202,154
Debt securities	2,001,209	2,607,145	8,014,774	125,922	12,749,050
Equity securities	217	-	1,133	2,901,578	2,902,928
Mortgage loans	243,674	184,284	460,174	4,472	892,604
Finance loans	706,271	22,975	20,551	2,744	752,541
Securities purchased for resale	25,106	-	-	86	25,192
Deposits	213,885	100,715	-	1,876	316,476
Derivative financial instruments	15,002	-	-	92	15,094
Other assets and accounts receivable	20,937	-	-	119,233	140,170
Cash resources	250,487	-	-	292,195	542,682
Total	3,486,593	2,915,119	8,496,632	3,640,547	18,538,891

	2023				Total
	Exposure within 1 year	Exposure 1 to 5 years	Exposure after 5 years	Not exposed to interest	
Money market funds	39,581	-	-	-	39,581
Debt securities	1,833,267	2,061,675	8,567,060	129,786	12,591,788
Equity securities	-	-	-	2,614,069	2,614,069
Mortgage loans	184,263	177,726	430,809	4,443	797,241
Finance loans	650,486	20,209	9,175	2,545	682,415
Securities purchased for resale	13,256	-	-	105	13,361
Deposits	252,683	15,989	357	563	269,592
Derivative financial instruments	-	-	-	17,064	17,064
Other assets and accounts receivable	13,498	348	-	121,383	135,229
Cash resources	146,642	703	-	434,861	582,206
Total	3,133,676	2,276,650	9,007,401	3,324,819	17,742,546

The average interest yields on financial investments and liabilities held during the year can be found in the denoted Interest Rate section of the Group's 2024 MD&A.

36. FINANCIAL RISK (continued)**36.6 Interest rate risk (continued)***Sensitivity*

Sensitivity to interest rate risk is considered by operating subsidiaries. The Group's property and casualty operations are not exposed to a significant degree of interest rate risk, since the majority of their interest-bearing instruments have short-term maturities. The effects of changes in interest rates are disclosed in the following tables.

The following tables set out the potential immediate impacts on, or sensitivity of, the contractual service margin (pre-tax), net income (pre-tax), and other comprehensive income to certain changes in the specific market variable at year end. The analysis is based on an instantaneous change in the specific market variables while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions might be correlated.

	Interest Rate			
	2024		2023	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
Potential impact from immediate parallel interest rate movements on:				
Contractual service margin (net)	4,297	(3,693)	4,465	(5,629)
Net income (pre-tax)	9,295	(21,353)	(148)	(2,583)
Other comprehensive income (pre-tax)	(17,724)	19,022	(19,735)	21,398
LICAT	(0.3)%	-	(0.9)%	0.9%

The credit spread assessment below has been introduced as a new measure in 2024:

	Credit Spread	
	2024	
	50 basis points increase	50 basis points decrease
Potential impact from immediate parallel credit spread movements on:		
Contractual service margin (net)	82	(88)
Net income (pre-tax)	(22,358)	14,664
Other comprehensive income (pre-tax)	(4,112)	4,350
LICAT	(0.2)%	0.6%

36.7 Foreign exchange risk

Foreign exchange risk is due to changes in foreign currency rates. This risk may arise from mismatches in the currency of Sagicor's assets and liabilities as well as cash flows resulting from, among others, foreign currency transactions and services, investments denominated in foreign currencies, net income from foreign operations, and investments in foreign subsidiaries.

Changes or volatility in foreign exchange rates, including a change to currencies that are fixed in value to another currency, could adversely affect Sagicor's net income, contractual service margin and capital. Additionally, foreign exchange controls or market availability in some of the jurisdictions in which Sagicor operates may limit its ability to exchange local currency for US dollars or may restrict its ability to receive distribution from one of Sagicor's subsidiaries, and such distribution may also be subject to foreign withholding tax.

Additional details on how the Group manages foreign exchange risk and the exchange rates of the other principal operating currencies to the US dollar can be found in the denoted components of the Risk Management - Foreign Exchange Rate Risk section of the Group's 2024 MD&A.

36. FINANCIAL RISK (continued)**36.7 Foreign exchange risk (continued)**

The following tables show the Group's significant foreign exchange exposure as of December 31, 2024 and 2023, by presenting assets and liabilities by the currency in which they are denominated for its continuing operations.

For the Sagicor Canada segment, all non-Canadian financial exposures are reported as Canadian exposure as the direct foreign currency risk is passed through to the policyholders.

2024	US \$000 equivalents of balances denominated in							
	Canada ⁽²⁾ \$	US \$	Jamaica \$	Barbados \$	Trinidad \$	Eastern Caribbean \$	Other Currencies	Total
ASSETS								
Cash resources	23,969	219,159	139,814	46,223	37,929	18,818	56,770	542,682
Financial investments	5,218,402	6,522,153	1,788,323	393,776	814,767	124,003	91,687	14,953,111
Reinsurance contract assets	2,597,796	253,500	15,422	5,019	8,812	2,878	6,821	2,890,248
Insurance contract assets	-	(44)	(4)	-	-	13	4,921	4,886
Receivables	50,642	25,712	40,097	15,153	3,782	4,806	1,275	141,467
Segregated funds assets	447,222	-	-	-	-	-	-	447,222
Total monetary assets	8,338,031	7,020,480	1,983,652	460,171	865,290	150,518	161,474	18,979,616
Other assets ⁽¹⁾	2,306,158	657,713	535,121	198,549	71,997	14,724	4,060	3,788,322
Total assets	10,644,189	7,678,193	2,518,773	658,720	937,287	165,242	165,534	22,767,938
LIABILITIES								
Accounts payable and accruals	23,350	110,183	91,121	39,153	27,483	11,543	6,420	309,253
Other liabilities/retirements benefit liabilities	13,314	-	32,136	15,827	5,207	-	5,260	71,744
Investment contracts	6,566	101,728	95,238	24,325	179,380	51,161	8,150	466,548
Reinsurance contract liabilities	49	2,037	2,342	9,053	435	2,871	(2,086)	14,701
Insurance contract liabilities	8,609,762	5,238,077	656,168	655,298	707,792	102,352	106,274	16,075,723
Deposit and security liabilities	709,157	1,120,529	1,057,094	69,127	75,227	15,148	10,968	3,057,250
Lease liabilities	6,565	13,222	12,184	1,783	335	469	381	34,939
Notes and loans payable	338,070	562,306	27,500	26,063	-	-	-	953,939
Insurance contract liabilities on account of segregated fund policyholders	447,222	-	-	-	-	-	-	447,222
Total monetary liabilities	10,154,055	7,148,082	1,973,783	840,629	995,859	183,544	135,367	21,431,319
Other liabilities ⁽¹⁾	16	-	8,424	919	2,048	1,949	809	14,165
Total liabilities	10,154,071	7,148,082	1,982,207	841,548	997,907	185,493	136,176	21,445,484
Net position	490,118	530,111	536,566	(182,828)	(60,620)	(20,251)	29,358	1,322,454

⁽¹⁾ Non-monetary balances, equity securities, income tax balances and retirement plan assets

⁽²⁾ Includes net US\$ position of \$954,753

36. FINANCIAL RISK (continued)
36.7 Foreign exchange risk (continued)

2023	US \$000 equivalents of balances denominated in							
	Canada ⁽²⁾ \$	US \$	Jamaica \$	Barbados \$	Trinidad \$	Eastern Caribbean \$	Other Currencies	Total
ASSETS								
Cash resources	41,132	301,955	113,258	33,846	28,469	11,588	51,958	582,206
Financial investments	5,549,707	5,831,186	1,625,197	366,761	799,147	124,873	114,171	14,411,042
Reinsurance contract assets	2,840,736	349,043	9,213	(26)	5,726	-	8,207	3,212,899
Insurance contract assets	-	(45)	50	-	-	54	1,214	1,273
Receivables	71,970	20,938	21,590	10,864	4,055	4,942	2,167	136,526
Segregated funds assets	492,271	-	-	-	-	-	-	492,271
Total monetary assets	8,995,816	6,503,077	1,769,308	411,445	837,397	141,457	177,717	18,836,217
Other assets ⁽¹⁾	2,082,511	639,405	524,118	215,467	70,681	12,120	4,367	3,548,669
Total assets	11,078,327	7,142,482	2,293,426	626,912	908,078	153,577	182,084	22,384,886
LIABILITIES								
Accounts payable and accruals	31,104	72,224	104,793	42,336	26,540	10,986	5,586	293,569
Other liabilities/retirements benefit liabilities	10,050	1,720	25,413	18,493	17,711	-	7,090	80,477
Investment contracts	9,102	108,662	88,891	23,668	180,530	55,644	11,361	477,858
Reinsurance contract liabilities	73	5,221	1,905	3,017	(231)	-	4,815	14,800
Insurance contract liabilities	8,867,256	4,750,597	559,765	625,327	681,807	94,872	152,590	15,732,214
Deposit and security liabilities	770,886	1,113,947	933,172	34,407	71,921	14,186	11,911	2,950,430
Lease liabilities	8,393	13,588	13,895	1,134	461	28	488	37,987
Notes and loans payable	-	866,019	43,555	36,092	-	-	-	945,666
Insurance contract liabilities on account of segregated fund policyholders	492,271	-	-	-	-	-	-	492,271
Total monetary liabilities	10,189,135	6,931,978	1,771,389	784,474	978,739	175,716	193,841	21,025,272
Other liabilities ⁽¹⁾	16,560	-	9,003	814	1,831	1,352	1,033	30,593
Total liabilities	10,205,695	6,931,978	1,780,392	785,288	980,570	177,068	194,874	21,055,865
Net position	872,632	210,504	513,034	(158,376)	(72,492)	(23,491)	(12,790)	1,329,021

⁽¹⁾ Non-monetary balances, equity securities, income tax balances and retirement plan assets

⁽²⁾ Includes net US\$ position of \$731,690

36. FINANCIAL RISK (continued)

36.8 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. This 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 Group 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 Group 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 Group 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 at FVTPL include mortgage loans, debt securities and equities for which the full income return and capital returns accrue to holders of unit linked policy and deposit administration contracts. 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.

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

	2024			
	Level 1	Level 2	Level 3	Total
FVTOCI investments:				
Debt securities	214,887	1,100,094	111,666	1,426,647
Equity securities	507	-	189	696
	215,394	1,100,094	111,855	1,427,343
FVTPL investments:				
Money market funds	194,610	7,544	-	202,154
Debt securities	159,325	9,982,443	1,053,151	11,194,919
Equity securities	2,340,683	526,614	34,935	2,902,232
Derivative financial instruments	-	92	15,002	15,094
Mortgage loans	-	-	27,277	27,277
	2,694,618	10,516,693	1,130,365	14,341,676
Total assets	2,910,012	11,616,787	1,242,220	15,769,019
Total assets by percentage	18%	74%	8%	100%
FVTPL investment contracts:				
Unit linked deposit administration liabilities	-	-	170,420	170,420
FVTPL deposit and security liabilities:				
Derivative financial instruments	-	457	-	457
Total liabilities	-	457	170,420	170,877
Total liabilities by percentage	-	-	100%	100%

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

	2023			
	Level 1	Level 2	Level 3	Total
FVTOCI investments:				
Debt securities	232,357	1,120,671	101,790	1,454,818
Equity securities	375	-	189	564
	232,732	1,120,671	101,979	1,455,382
FVTPL investments:				
Money market funds	29,645	9,936	-	39,581
Debt securities	152,850	9,794,098	1,054,765	11,001,713
Equity securities	2,038,204	541,004	34,297	2,613,505
Derivative financial instruments	-	155	16,909	17,064
Mortgage loans	-	-	22,280	22,280
	2,220,699	10,345,193	1,128,251	13,694,143
Total assets	2,453,431	11,465,864	1,230,230	15,149,525
Total assets by percentage	16%	76%	8%	100%
FVTPL investment contracts:				
Unit linked deposit administration liabilities	-	-	165,562	165,562
FVTPL deposit and security liabilities:				
Derivative financial instruments	-	538	-	538
Total liabilities	-	538	165,562	166,100
Total liabilities by percentage	-	-	100%	100%

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

The following table shows the sensitivity of fair value measurements to changes in unobservable inputs for Level 3 financial instruments:

	Fair value		Unobservable inputs	Range of unobservable inputs		Relationship of unobservable inputs to fair value
	2024	2023		2024	2023	
FVTOCI Investments						
Debt securities	111,666	101,790	Adjustments to yields	10%	10%	(1)
Equity securities	189	189	Adjustments to net assets	10%	10%	(2)
	<u>111,855</u>	<u>101,979</u>				
FVTPL Investments						
Debt securities	1,053,151	1,054,765	Adjustments to yields	10%	10%	(1)
Equity securities	34,935	34,297	Adjustments to net assets	10%	10%	(2)
Derivative financial instruments	15,002	16,909	Adjustments to yields	10%	10%	(1)
Mortgage loans	27,277	22,280	Adjustments to yields	10%	10%	(1)
	<u>1,130,365</u>	<u>1,128,251</u>				
Total assets	<u>1,242,220</u>	<u>1,230,230</u>				
Unit linked deposit administration liabilities	170,420	165,562	Adjustments to yields	10%	10%	(1)
Total liabilities	<u>170,420</u>	<u>165,562</u>				

(1) Adjustments to yields will have a direct correlation to the fair value.

(2) Increases or decreases in adjusted net assets of the underlying entities will have a direct correlation to the fair value.

36. FINANCIAL RISK (continued)**36.8 Fair value of financial instruments (continued)**a) Financial instruments carried at fair value (continued)**Movements in Level 3 Instruments**

For Level 3 instruments, reasonable changes in inputs which could be applied to the valuation of FVTOCI securities would affect other comprehensive income. Reasonable changes in inputs which could be applied to the valuations of investments designated at FVTPL are largely offset in income, since the changes in fair value are borne by contract holders. Changes in the valuations of structured products reflect changes in the underlying securities and are borne by the contract holders.

The following tables present movements in Level 3 instruments for the year:

	2024			2023	
	FVTOCI investments	FVTPL investments	Derivative financial instruments	Total assets	Total assets
Balance, beginning of year	101,979	1,111,342	16,909	1,230,230	1,114,421
Additions	14,730	138,004	13,112	165,846	266,876
Fair value changes recorded in net investment income	-	(10,866)	6,955	(3,911)	27,546
Fair value changes recorded in other comprehensive income	(1,181)	-	-	(1,181)	92
Disposals and divestitures	(3,314)	(119,916)	(21,974)	(145,204)	(181,705)
Effect of exchange rate changes	(359)	(3,201)	-	(3,560)	3,000
Balance, end of year	111,855	1,115,363	15,002	1,242,220	1,230,230
Fair value changes recorded in investment income for instruments held at the end of the year	-	(10,578)	2,523	(8,055)	19,673

36. FINANCIAL RISK (continued)**36.8 Fair value of financial instruments (continued)**a) Financial instruments carried at fair value (continued)

	2024	2023	
	Policy liabilities - Unit linked deposit administration	Total liabilities	Total liabilities
Balance, beginning of year	165,562	165,562	164,043
Gains (losses) recorded in net investment income	-	-	(16)
Gains (losses) recorded in interest expense	(2,329)	(2,329)	666
Issues	21,777	21,777	19,765
Settlements	(13,799)	(13,799)	(15,160)
Transfers from (to) instruments carried at amortised cost	-	-	(4,404)
Movements arising from business acquisitions and divestitures	-	-	43
Effect of exchange rate changes	(791)	(791)	625
Balance, end of year	170,420	170,420	165,562
Fair value changes recorded in interest expense for instruments held at end of year	(2,329)	(2,329)	679

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost

The fair value of the Group's non-traded financial assets and financial liabilities carried at amortised cost approximate their carrying value in notes 7 and 13. The fair value hierarchy of other financial instruments carried at amortised cost at year end is set out in the following tables.

Financial assets at amortised cost	2024			
	Level 1	Level 2	Level 3	Total
Debt securities	6,562	55,294	64,897	126,753
Mortgage loans	10,351	18,789	822,407	851,547
Finance loans	9,173	-	719,305	728,478
Securities purchased for resale	-	-	25,192	25,192
	26,086	74,083	1,631,801	1,731,970
	2%	4%	94%	100%
Financial liabilities at amortised cost	Level 1	Level 2	Level 3	Total
Investment contracts:				
Deposit administration liabilities	-	-	25,223	25,223
Notes and loans payable	-	890,185	74,523	964,708
Deposit and security liabilities:				
Other funding instruments	-	352,044	997,649	1,349,693
Customer deposits	14,207	1,846	1,186,539	1,202,592
Securities sold for repurchase	-	74,757	601,796	676,553
	14,207	428,647	2,785,984	3,228,838
	14,207	1,318,832	2,885,730	4,218,769
	-	31%	69%	100%

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(b) Financial instruments carried at amortised cost (continued)

Financial assets at amortised cost	2023			Total
	Level 1	Level 2	Level 3	
Debt securities	15,031	60,183	59,169	134,383
Mortgage loans	3,856	-	768,229	772,085
Finance loans	8,124	-	647,567	655,691
Securities purchased for resale	-	-	13,361	13,361
	27,011	60,183	1,488,326	1,575,520
	2%	4%	94%	100%
Financial liabilities at amortised cost	Level 1	Level 2	Level 3	Total
Investment contracts:				
Deposit administration liabilities	-	-	24,540	24,540
Notes and loans payable	-	843,142	101,757	944,899
Deposit and security liabilities:				
Other funding instruments	-	357,745	1,001,335	1,359,080
Customer deposits	13,305	1,777	1,054,396	1,069,478
Securities sold for repurchase	-	71,796	588,724	660,520
	13,305	431,318	2,644,455	3,089,078
	13,305	1,274,460	2,770,752	4,058,517
	-	31%	69%	100%

36. FINANCIAL RISK (continued)

36.8 Fair value of financial instruments (continued)

(c) Equity risk

Equity risk is the potential adverse effect on Sagicor’s financial performance and financial condition from declines or volatility in equity market prices. Sagicor is exposed to equity risk through some of its product guarantees, and through the impact of policyholder funds invested in accounts which track external equity-related indices such as universal life and segregated funds. Sagicor is also exposed to equity risk through its asset management and investment portfolios.

Its equity risk is managed through its investment policies and various internal controls, including among others established concentration limits, conducting sensitivity and stress testing analyses, and performing frequent monitoring. Where possible, Sagicor uses hedging strategies to mitigate its risks, in particular the segregated fund where the equity exposure is substantially all hedged.

The following table sets out the potential immediate impacts on, or sensitivity of, the contractual service margin (net), 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.

Sensitivity

Potential impact from immediate public equity movements on:	20%	20%	20%	20%
	increase	decrease	increase	decrease
	2024		2023	
Contractual service margin (net)	3,467	(2,100)	1,764	(1,395)
Net income (pre-tax)	79,802	(85,353)	102,248	(99,820)
Other comprehensive income (pre-tax)	50	(50)	37	(37)
LICAT	3%	(3)%	3%	(2)%

Potential impact from immediate public equity movements on ⁽¹⁾ :	10%	10%
	increase	decrease
	2024	
Contractual service margin (net)	1,883	(1,148)
Net income (pre-tax)	41,937	(47,037)
Other comprehensive income (pre-tax)	25	(25)
LICAT	1%	(2)%

⁽¹⁾ Refinement was made to the Group’s sensitivity analysis on a prospective basis only and is incorporated within the 2024 disclosure reflected.

36. FINANCIAL RISK (continued)**36.9 Derivative financial instruments and hedging activities**

The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to ensure that they remain within acceptable risk levels, with matching deals being utilised to achieve this, where necessary.

Derivatives are carried at fair value and presented in the financial statements as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time and that transactions can be replaced instantaneously.

Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour, if the Group were to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists, and the cash flows are intended to be settled on a net basis.

The contract or notional amounts of derivatives and their fair values are set out below.

	Contract / notional amount	Fair value	
		Assets	Liabilities
2024			
Derivatives held for trading:			
Equity indexed options	368,677	15,002	-
Currency forwards	(60,672)	92	457
Exchange-traded futures	543,038	-	-
	851,043	15,094	457
2023			
Derivatives held for trading:			
Equity indexed options	427,162	16,909	-
Currency forwards	(52,575)	155	538
Exchange-traded futures	478,795	-	-
	853,382	17,064	538

(i) *Equity indexed options*

The Group held equity indexed options in respect of structured products.

For certain structured product contracts with customers (note 15), equity indexed options give the holder the ability to participate in the upward movement of an equity index while being protected from downward risk.

For certain universal life and annuity insurance contracts, the Group has purchased custom call options that are selected to materially replicate the policy benefits that are associated with the equity indexed components within the policy contract. These options are appropriate to reduce or minimise the risk of movements in specific equity markets. Both the asset and the associated actuarial liability are valued at fair market value on a consistent basis, with the change in values being reflected in the income statement. The valuations combine external valuations with internal calculations.

36. FINANCIAL RISK (continued)**36.9 Derivative financial instruments and hedging activities (continued)***(ii) Foreign exchange derivatives*

Foreign exchange forward contracts (currency forward contracts) are over-the-counter contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates. The Group enters into currency forward contracts to assist in managing exposures related to the death benefit and maturity guarantees of some of its segregated funds contracts.

(iii) Hedges for segregated funds

Equity futures and currency forwards are used to hedge exposures related to the death benefit, maturity and withdrawal guarantees of its segregated fund contracts. The equity futures and currency forwards are carried at market value, with gains (losses) recognised immediately in investment income. In addition, interest is earned on short-term investments that are pledged as collateral for the futures.

36. FINANCIAL RISK (continued)**36.10 Offsetting financial assets and liabilities**

The Group is eligible to present certain financial assets and financial liabilities on a net basis on the statement of financial position pursuant to criteria described in note 2.14. The following tables provide information on the impact of offsetting on the consolidated statement of financial position, as well as the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement as well as available cash and financial instrument collateral.

	Gross amounts	Gross amounts offset in the statement of financial position	Net amounts as presented in the statement of financial position	Impact of master netting arrangements	Impact of offsetting financial instrument collateral	Net amount
2024						
ASSETS						
Non-derivative financial investments	17,815,753	-	17,815,753	(601,759)	(426,801)	16,787,193
Securities purchased for resale	25,192	-	25,192	(37)	-	25,155
Derivative financial instruments	15,094	-	15,094	-	-	15,094
	17,856,039	-	17,856,039	(601,796)	(426,801)	16,827,442
LIABILITIES						
Non-derivative deposit and security liabilities	3,056,793	-	3,056,793	(601,796)	(426,801)	2,028,196
Derivative financial instruments	457	-	457	-	-	457
	3,057,250	-	3,057,250	(601,796)	(426,801)	2,028,653
2023						
ASSETS						
Non-derivative financial investments	16,994,686	-	16,994,686	(588,724)	(429,541)	15,976,421
Securities purchased for resale	13,361	-	13,361	-	-	13,361
Derivative financial instruments	17,064	-	17,064	-	-	17,064
	17,025,111	-	17,025,111	(588,724)	(429,541)	16,006,846
LIABILITIES						
Non-derivative deposit and security liabilities	2,949,892	-	2,949,892	(588,724)	(429,541)	1,931,627
Derivative financial instruments	538	-	538	-	-	538
	2,950,430	-	2,950,430	(588,724)	(429,541)	1,932,165

37. INSURANCE RISK

37.1 Contracts not measured under PAA

Sagicor offers traditional life, universal life, living benefits and various annuity contracts, as well as life reinsurance contracts.

Through these contracts, Sagicor is exposed to insurance risk, which is the possibility of loss due to actual experience emerging differently than expected in the areas of mortality, morbidity and longevity. In addition, policyholder behaviour, product design and pricing, expense and reinsurance risks impact multiple risk categories, including insurance risk.

Sagicor manages insurance risk through specific underwriting and claims standards and controls, robust reserving processes, including periodic review of experience studies against its modelling assumptions, review and approval of any recommended changes in actuarial inputs by its Chief Actuary and Appointed Actuary. Sagicor also purchases reinsurance for certain risks underwritten by its various businesses.

Product design and pricing risk arises when a product does not perform as expected, causing adverse financial consequences. The risk may occur from deviation in realised experience versus assumptions used in the pricing of its products. Risks include uncertainty concerning future investment yields, policyholder behaviour, actual claims experience, sales levels, mix of business, expenses, and taxes.

Policyholder behaviour risk is the potential for unfavourable variability in the level, trend, or volatility of lapse rates or premium payment pattern compared to the assumptions used in the pricing and valuation of products.

Mortality and morbidity risk is the risk that future experience could be unfavourable relative to the assumptions used in the pricing and valuation of its products. Mortality and morbidity risk can arise in the normal course of business through random fluctuations in realised experience, product development and pricing, and several external factors such as catastrophes and pandemics, increase disability claims during economic slowdowns, and increase medical treatment costs. Adverse mortality and morbidity experience could also occur through systemic anti-selection, which could arise due to poor plan design or underwriting process failure among other factors. They can introduce potential for adverse financial results.

Longevity risk is the potential losses arising from adverse changes in mortality rates relative to the assumptions used in the pricing and valuation of its products. The risk could manifest itself slowly over time as socioeconomic conditions improve and medical advances continue, because of a prolonged adverse impact of climate change, or more rapidly through medical developments that extend life expectancy. Longevity risk affects contracts where benefits or costs are based upon the likelihood of survival and higher than expected improvements in insured life expectancy could therefore increase the ultimate cost of these benefits.

Claims risk is the risk that incurred claims may exceed expected losses. Claims risk may arise from: invalid or fraudulent claim submissions; the frequency of incurred claims; the severity of incurred claims; and the development of incurred claims.

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

Reinsurance risk is the risk of financial loss due to adverse developments in reinsurance markets, including discontinuation or reduction of reinsurance capacity, increase in the cost of reinsurance, insolvency of a reinsurer or inadequate reinsurance coverage. While reinsurance arrangements provide for the recovery of claims arising from liabilities ceded, we retain primary responsibility to the policyholder.

Sagicor cedes some of its insurance risk to highly rated reinsurers. Sagicor monitors the risk profile of these reinsurers and, in some instances, requires that a trust account be maintained by the reinsurer as collateral.

Under reinsurance contracts, Sagicor retains some part of the risk (amounts below the "retention limit") and coverage in excess of these limits is ceded to reinsurers.

37. INSURANCE RISK (continued)

37.1 Contracts not measured under PAA (continued)

Sagicor also maintains catastrophic reinsurance coverage whereby reinsurance coverage is obtained for multiple claims arising from one event or occurring within a specified period.

Sagicor holds reinsurance coverages that allow potential policy benefits to exceed amounts which are prudent for Sagicor to undertake the claims risk. Reinsured amounts may be on a per policy basis, (i.e. in excess of a pre-determined insured amount) or may be based on the aggregation of the insured's coverages (i.e. the insured has several policies, and the amount reinsured is the aggregate exceeding a pre-determined amount).

Total insurance coverage on insurance policies provides a quantitative measure of absolute mortality risk. However, claims arising in any one year are a very small proportion in relation to the total insurance coverage provided. The total amounts insured by the Group in respect of both contracts with or without direct participating features at December 31, gross and net of reinsurance, are summarised by geographic area below.

Total insurance coverage		2024		2023	
		Individual contracts	Group contracts	Individual contracts	Group contracts
Canada	Gross	172,219,331	-	181,674,273	-
	Net	41,930,670	-	40,807,041	-
USA	Gross	8,134,849	22,741	8,634,301	22,423
	Net	4,415,040	22,661	4,638,655	22,333
Jamaica	Gross	13,453,957	-	12,401,419	-
	Net	13,192,535	-	12,173,843	-
Barbados	Gross	4,939,947	1,327,552	4,806,966	1,371,208
	Net	4,667,094	1,320,036	4,542,354	1,321,160
Trinidad & Tobago	Gross	4,920,623	1,971,912	4,775,793	2,199,668
	Net	4,310,761	1,953,247	4,181,887	2,037,951
Other Caribbean	Gross	9,284,619	1,517,866	9,929,674	1,474,856
	Net	8,439,470	1,468,199	8,866,224	1,408,407
Total	Gross	212,953,326	4,840,071	222,222,426	5,068,155
	Net	76,955,570	4,764,143	75,210,004	4,789,851

37. INSURANCE RISK (continued)

37.1 Contracts not measured under PAA (continued)

Total liability under annuity contracts provide a good measure of longevity risk exposure.

Total liability under annuity contracts		2024		2023	
		Individual contracts	Group contracts	Individual contracts	Group contracts
Canada	Gross	106,360	-	126,610	-
	Net	106,360	-	126,610	-
USA	Gross	4,597,936	14,668	3,882,203	16,010
	Net	4,364,021	4,776	3,582,438	5,005
Jamaica	Gross	496	521,311	517	503,877
	Net	496	521,311	517	503,877
Barbados	Gross	317,091	54,818	305,181	55,337
	Net	317,091	54,818	305,181	55,337
Trinidad & Tobago	Gross	571,561	-	531,335	-
	Net	571,561	-	531,335	-
Other Caribbean	Gross	84,632	-	107,383	-
	Net	84,628	-	107,383	-
Total	Gross	5,678,076	590,797	4,953,229	575,224
	Net	5,444,157	580,905	4,653,464	564,219

37.2 Contracts measured under PAA

Property and casualty insurance contracts

Sagicor General Insurance ('SGI') and Advantage General Insurance ('AGI') are the principal insurers within the Group's operations that issue property and casualty insurance contracts. They operate mainly in Barbados, Trinidad and Tobago and Jamaica.

Property and casualty ("P&C") insurance risk arises from coverage provided for property, motor, marine, liability, worker's injury and specialty lines of insurance contracts.

Claims payable under P&C contracts are triggered by an insurable 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, which are expected to be relatively infrequent and are greater than established threshold amounts; or
- catastrophic losses (natural or man-made), which are an aggregation of losses arising from one incident or proximate cause, affecting one or more classes of insurance. These losses are infrequent and are generally very substantial.

Claims risk is the risk that incurred claims may exceed expected losses. Claims risk may arise from: invalid or fraudulent claim submissions; the frequency of incurred claims; the severity of incurred claims; and the development of incurred claims.

Claims may be concentrated in geographic locations, altering the risk profile of the insurer. The most significant exposure for this type of risk arises where a single event could result in very many claims. Concentration of risk is mitigated through risk selection, line sizes, event limits, quota share reinsurance and excess of loss reinsurance. Sagicor reinsures most of its P&C claims risk.

37. INSURANCE RISK (continued)**37.2 Contracts measured under PAA (continued)**Property and casualty insurance contracts (continued)

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 tables show the concentration of gross and net insurance contract liabilities, by type of contract and by segment, at December 31.

	Total insurance coverage							
	Property		Motor		Accident and Liability		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2024								
Sagicor Jamaica	3,163,908	449,290	730,797	370,343	153,114	133,533	4,047,819	953,166
Sagicor Life	9,551,683	1,882,659	579,955	579,955	3,294,639	2,981,962	13,426,277	5,444,576
Total	12,715,591	2,331,949	1,310,752	950,298	3,447,753	3,115,495	17,474,096	6,397,742
2023								
Sagicor Jamaica	3,037,506	482,274	640,879	319,591	571,552	107,690	4,249,937	909,555
Sagicor Life	9,418,300	1,863,683	525,359	525,359	3,381,202	3,069,761	13,324,861	5,458,803
Total	12,455,806	2,345,957	1,166,238	844,950	3,952,754	3,177,451	17,574,798	6,368,358

37. INSURANCE RISK (continued)

37.2 Contracts measured under PAA (continued)

Property and casualty insurance contracts (continued)

Liability for incurred claim – claims development

The development of insurance liabilities provides a measure of SGI's and AGI's ability to estimate the ultimate value of claims. The table below illustrates how SGI's and AGI's estimate of the ultimate claims liability for accident years 2015 - 2024 has changed at successive year ends, up to 2024. 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate claims incurred (undiscounted, inclusive of other directly attributable expenses):											
At the end of financial reporting year	39,310	35,815	51,258	42,496	39,363	30,886	32,946	37,382	39,099	44,642	
One year later	37,905	39,985	57,176	43,833	38,195	29,081	31,559	38,864	39,881		
Two years later	39,078	39,010	58,411	43,920	37,625	28,802	30,957	39,581			
Three years later	37,134	39,664	58,800	44,305	37,101	29,176	31,563				
Four years later	36,939	39,628	59,611	44,222	37,542	30,380					
Five years later	37,352	40,019	58,853	44,022	38,263						
Six years later	37,485	40,381	58,798	45,039							
Seven years later	37,862	39,870	59,970								
Eight years later	37,324	40,380									
Nine years later	37,788										
Current estimate of cumulative claims	37,788	40,380	59,970	45,039	38,263	30,380	31,563	39,581	39,881	44,642	407,487
Cumulative payments to date	(35,979)	(38,576)	(57,578)	(41,114)	(34,593)	(26,544)	(27,918)	(33,404)	(27,816)	(16,670)	(340,192)
Cumulative claims liability	1,809	1,804	2,392	3,925	3,670	3,836	3,645	6,177	12,065	27,972	67,295
Liability in respect of prior years											6,508
Effect of discounting											(3,834)
Effect of the risk adjustment margin for non-financial risk											2,231
Other											546
Gross LIC (note 6.4)											72,746

37. INSURANCE RISK (continued)

37.2 Contracts measured under PAA (continued)

Property and casualty insurance contracts (continued)

Reinsurance contracts held – incurred claims development

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

Reinsurance	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of reinsurance recoveries (on undiscounted claims incurred and other directly attributable expenses):											
At the end of financial reporting year	12,868	13,162	10,804	4,118	2,290	6,869	10,393	11,410	10,160	13,441	
One year later	12,104	13,296	14,816	4,473	2,946	7,066	9,792	12,927	10,874		
Two years later	12,353	12,463	15,007	4,330	2,929	7,125	9,989	13,513			
Three years later	11,625	12,470	14,941	4,270	2,895	7,243	10,421				
Four years later	11,329	12,176	14,920	4,263	2,909	7,684					
Five years later	11,095	12,149	14,509	4,209	2,977						
Six years later	10,963	12,241	14,468	4,201							
Seven years later	10,986	11,753	14,227								
Eight years later	10,416	11,713									
Nine years later	10,431										
Current estimate of reinsurance recoveries	10,431	11,713	14,227	4,201	2,977	7,684	10,421	13,513	10,874	13,441	99,482
Cumulative reinsurance receipts to date	(9,753)	(11,308)	(14,028)	(4,194)	(2,861)	(7,004)	(9,609)	(12,453)	(7,582)	(4,070)	(82,862)
Cumulative reinsurance recoverable	678	405	199	7	116	680	812	1,060	3,292	9,371	16,620
Recoverable in respect of prior years											1,479
Effect of discounting											(1,594)
Effect of the risk adjustment margin for non-financial risk											(2,298)
Other											977
Total recoverable from reinsurers (note 6.4)											15,184

37. INSURANCE RISK (continued)**37.2 Contracts measured under PAA (continued)**Group life and health insurance contracts

The Group offers Group Life and Group Health insurance contracts, where the period of coverage is one year or less. These contracts are measured under PAA. The Group is exposed to mortality and morbidity risk together with the risk of inflation on expenses and claims.

37.3 Sensitivity analysis

Sagicor's financial performance and financial condition could be affected by changes in policyholder behaviour, mortality, longevity, morbidity, P&C loss ratio, and expense assumptions used in the valuation of insurance contracts.

The following sensitivity analysis shows the immediate impact on net income (pre-tax) and contractual service margin (net) of a reasonably possible permanent deterioration in these assumptions, which have the greatest impact on the estimates of future cash flows with all other assumptions unchanged. This analysis presents adverse sensitivities both before and after risk mitigation by reinsurance contracts. An improvement of the same percentage in those assumptions would have a similar impact, but in the opposite direction. Actual results can differ significantly from these estimates for a variety of reasons, including the interaction among other factors when more than one factor changes; changes in liabilities from updates to non-economic assumptions, changes in business mix, and other market factors; and the general limitations of its internal models. For these reasons, the insurance risk sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined for each risk sensitivities. Given the nature of these calculations, we cannot provide assurance that the actual impact on contractual service margin, net income, and other comprehensive income will be as indicated.

37. INSURANCE RISK (continued)

37.3 Sensitivity analysis (continued)

As at December 31 (pre-tax)	2024				2023			
	Contractual service margin		Net income		Contractual service margin		Net income	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2% adverse change in future mortality rates for insurance liabilities	(104,522)	(3,691)	(15,553)	(2,240)	(114,206)	(4,501)	(12,948)	317
2% adverse change in future longevity rates for annuity liabilities	(2,500)	(2,500)	(2,132)	(2,132)	(2,260)	(2,260)	(1,742)	(1,742)
5% adverse change in future morbidity rates	(5,350)	(4,354)	(726)	(733)	(2,982)	(2,078)	(980)	(988)
10% multiplicative increase to the P&C loss ratio	-	-	(3,232)	(3,232)	-	-	(1,832)	(1,832)
5% increase in future expense levels	(19,950)	(19,697)	(5,783)	(5,252)	(19,356)	(19,184)	(3,104)	(3,022)
10% adverse change in policyholder behaviour (i.e., lapses)	(247,414)	(152,656)	(45,643)	(33,242)	(218,250)	(138,687)	(37,787)	(26,612)

Notes:

- i. All sensitivities are measured as at December 31, 2024 and December 31, 2023 reflecting balances as of that date, and do not reflect any second order impacts of the sensitivity over the following period. The sensitivities assume all markets / geographies are shocked at the same time and by the same amount, which is unlikely to occur in practice.
- ii. For the insurance contract liability sensitivities, it is assumed there is no impact on manual reserves.
- iii. The direction of the policyholder behaviour sensitivity is assessed at the operating segment level.
- iv. The sensitivities do not reflect any potential management actions.

38. SEGREGATED FUNDS ASSETS AND LIABILITIES ON ACCOUNT OF FUND HOLDERS**Insurance contract liabilities on account of segregated fund policyholders**

The Group manages a range of segregated funds on behalf of policyholders which were assumed on the acquisition of ivari on October 3, 2023. The comparative amounts are presented from the date of acquisition (note 33).

The schedule of changes in segregated funds net assets is as follows:

	2024	October 3, 2023 to December 31, 2023
Segregated funds assets, beginning of year / assumed on acquisition	492,271	458,940
Additions:		
Deposits	1,157	270
Net realised and unrealised gains / (losses)	62,333	24,872
Interest and dividend income	11,580	10,091
Total additions	75,070	35,233
Less deductions:		
Payments to policy holders and their beneficiaries	(63,046)	(14,889)
Management fees	(16,416)	(4,057)
Other expenses, including GST on management fees	(1,162)	(307)
Total deductions	(80,624)	(19,253)
Foreign exchange (losses) / gains	(39,495)	17,351
Balance, end of year	447,222	492,271

Segregated funds assets represent underlying items for segregated fund insurance contracts which are direct participating contracts. Within segregated funds, there were no material transfers between Levels 1 and 2 during 2024 and 2023. All assets in the chart below are Level 1 except \$32,352 (2023 - \$35,768) of short-term investments, bonds and other assets which are level 2.

The fair value of financial instruments categorised as level 3 within segregated funds assets as at December 31, 2024 is \$Nil (2023 - \$Nil).

Investment on account of the segregated fund policyholders by asset class are as follows:

	2024		2023	
	Total	Percentage	Total	Percentage
Asset class:				
Cash and cash equivalents	2,098	1%	2,273	1%
Short-term investments	8,162	2%	10,501	2%
Equities	50,931	11%	53,730	11%
Bonds	24,150	5%	28,200	6%
Mutual funds	361,841	81%	397,354	80%
Other assets	40	-	213	-
Total segregated funds assets	447,222	100%	492,271	100%

38. SEGREGATED FUNDS ASSETS AND LIABILITIES ON ACCOUNT OF FUND HOLDERS (continued)**Insurance contract liabilities on account of segregated fund policyholders (continued)****Reconciliation of the liability for remaining coverage and the liability for incurred claims**

The following tables show the changes in the liabilities for insurance contracts for account of segregated fund holders by liability for remaining coverage and liability for incurred claims.

	2024		
	LRC	LIC	Total
Balance, beginning of year	492,271	-	492,271
Insurance finance (income) / expenses	73,913	-	73,913
Cash flows:			
Management fees	(16,416)	-	(16,416)
Amounts paid to policyholders and other insurance service expenses paid	-	(63,051)	(63,051)
Actual investment component excluded from insurance revenue	-	63,051	63,051
Expected investment component excluded from insurance revenue	(63,051)	-	(63,051)
Total cash flow movement	(79,467)	-	(79,467)
Foreign exchange (gains) / losses	(39,495)	-	(39,495)
Balance, end of year	447,222	-	447,222
	October 3, 2023 to December 31, 2023		
	LRC	LIC	Total
Balance, assumed on acquisition (note 33.1)	458,940	-	458,940
Insurance finance (income) / expenses	34,963	-	34,963
Cash flows:			
Management fees	(4,057)	-	(4,057)
Amounts paid to policyholders and other insurance service expenses paid	-	(14,926)	(14,926)
Actual investment component excluded from insurance revenue	-	14,926	14,926
Expected investment component excluded from insurance revenue	(14,926)	-	(14,926)
Total cash flow movement	(18,983)	-	(18,983)
Foreign exchange (gains) / losses	17,351	-	17,351
Balance, end of year	492,271	-	492,271

39. STATUTORY RESTRICTIONS ON ASSETS

Insurers are registered to conduct insurance business under legislation in place in each relevant jurisdiction. This legislation may prescribe requirements with respect to deposits, investment of funds and solvency for the protection of policyholders. In general, these requirements do not restrict the ability of the insurer to trade investments. Banking subsidiaries may also be required to hold deposits with Central Banks which regulate the conduct of banking operations.

To satisfy the above requirements, invested assets and cash totalling \$868,324 (2023 - 900,662) have been deposited with regulators or are held in trust to the order of regulators.

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

40. CAPITAL MANAGEMENT

The Group's objectives when managing capital, which is a broader concept than equity in the statement of financial position, are:

- To comply with capital requirements established by insurance, banking and other financial intermediary regulatory authorities;
- To comply with internationally recognised capital requirements for insurance, where local regulations do not meet these international standards;
- To safeguard its ability as a going concern to continue to provide benefits and returns to policyholders, depositors, note-holders and shareholders;
- To provide adequate returns to shareholders;
- To maintain a strong capital base to support the future development of Group operations.

40.1 Capital resources

The principal capital resources of the Group are as follows:

	2024	2023
Shareholder's equity	959,692	970,934
Non-controlling interests' equity	362,762	358,087
Notes and loans payable	953,939	945,666
Total financial statement capital resources	2,276,393	2,274,687

The Group deploys its capital resources through its operating activities. These operating activities are carried out by subsidiary companies which are either insurance entities or provide other financial services. The capital is deployed in such a manner as to ensure that subsidiaries have adequate and sufficient capital resources to carry out their activities and to meet regulatory requirements.

40.2 Capital adequacy

The capital adequacy of the principal operating subsidiaries is discussed in this section.

(a) Life insurers

Capital adequacy is managed at the Group level and the operating company level, as appropriate. The calculation is verified by the company's Appointed Actuary (AA), and reviewed by executive management, the audit committee and the board of directors of the company. In addition, Sagicor seeks to maintain internal capital adequacy at levels higher than the regulatory or internationally recognised requirements.

40. CAPITAL MANAGEMENT (continued)

40.2 Capital adequacy (continued)

(a) Life insurers (continued)

To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is a core measure of financial performance. Some jurisdictions within the Group prescribe differing risk-based assessment measures for statutory purposes, and a number of jurisdictions in the Caribbean region have locally determined capital adequacy requirements. Sagicor voluntarily adopted the Canadian Minimum Continuing Capital and Surplus Requirement ("MCCSR") standard and Life Insurance Capital Adequacy Test (LICAT) as its risk-based assessment measures to provide a consolidated view of capital adequacy. The MCCSR was a standard used by the Office of the Superintendent of Financial Institutions (OSFI) from 1992 until 2018, when it was superseded by the Life Insurance Capital Adequacy Test (LICAT). When it was in place, OSFI established a supervisory minimum Total Ratio of 150% under MCCSR. Canadian practices for calculation of the MCCSR evolved and changed from inception through its replacement. Where the MCCSR guidance is not consistent with the most recent IFRS guidelines, Sagicor has made certain interpretations in its calculation of the MCCSR, in consultation with its appointed actuary, which are believed to appropriately reflect the risk-based assessment of its capital position, including accounting for CSM in MCCSR. As the MCCSR is no longer prescribed by OSFI and is interpreted in different ways by our local regulators, there can be no assurance that Sagicor's MCCSR figures are comparable to current reporting by Canadian life insurers or that of Canadian life insurers at any single point in time since the implementation of the MCCSR.

The consolidated MCCSR for the life insurers of the Sagicor Group as of December 31 has been estimated as 289.4% (2023 – 301.0%). This is one standard of capital adequacy used to assess the overall strength of the life insurers of Sagicor. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of Sagicor and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch. The Group complies with all regulatory capital requirements.

Sagicor voluntarily adopted LICAT, developed by OSFI and became effective on January 1, 2018. Since its implementation, OSFI has made, and continues to make, modifications to LICAT, with the most recent version of LICAT becoming effective on January 1, 2025. LICAT is calculated on a consolidated basis and OSFI has established a minimum supervisory Total Ratio of 100%. The consolidated LICAT for the life insurers of Sagicor as of December 31, 2024, has been estimated as 139% (December 31, 2023 – 136%). LICAT is one standard of capital adequacy used by management to assess the overall strength of the life insurers of Sagicor. However, because of the variations in capital adequacy standards across jurisdictions, the consolidated result should be regarded as applicable to the life insurers of Sagicor and not necessarily applicable to each individual segment, insurance subsidiary or insurance subsidiary branch.

(i) ivari

OSFI requires federally regulated life insurance companies to apply LICAT as the capital adequacy guideline. Companies are required, at a minimum, to maintain a Total Ratio of 90% and OSFI has established a supervisory target ratio level of 100% for Total Capital. Sagicor Canada has exceeded all minimum regulatory capital level ratios as of December 31, 2024, and December 31, 2023. The LICAT ratio for Sagicor Canada as of December 31, 2024 has been estimated as 131% (2023 - 131%).

40. CAPITAL MANAGEMENT (continued)**40.2 Capital adequacy (continued)**(a) Life insurers (continued)(ii) Sagicor Life Insurance Company (USA)

A risk-based capital (RBC) formula and model have been adopted by the National Association of Insurance Commissioners (NAIC) of the United States. RBC is designed to assess minimum capital requirements and raise the level of protection that statutory surplus provides for policyholder obligations. The RBC formula for life insurance companies measures four major areas of risk:

- i. underwriting, which encompasses the risk of adverse loss developments and property and casualty insurance product mix;
- ii. declines in asset values arising from credit risk;
- iii. declines in asset values arising from investment risks, including concentrations; and
- iv. off-balance sheet risk arising from adverse experience from non-controlled assets such as reinsurance guarantees for affiliates or other contingent liabilities and reserve and premium growth.

If an insurer's statutory surplus is lower than required by the RBC calculation, it will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy.

The RBC methodology provides for four levels of regulatory action. The extent of regulatory intervention and action increases as the ratio of surplus to RBC falls. The least severe regulatory action is the "Company Action Level" (as defined by the NAIC) which requires an insurer to submit a plan of corrective actions to the regulator if surplus falls below 200% of the RBC amount. Sagicor Life Insurance Company has maintained these ratios as of December 31, 2024 and 2023 respectively.

(iii) Sagicor Life Jamaica Limited

Capital adequacy, which is calculated quarterly, is verified by the Appointed Actuary and reviewed by Executive Management and the Board of Directors. Sagicor Life Jamaica Limited seeks to maintain internal capital adequacy at levels higher than the regulatory requirements. To assist in evaluating the current business and strategy opportunities, a risk-based capital approach is one of the core measures of financial performance.

The risk-based assessment measure is the Jamaican Life Insurance Capital Adequacy Test (JA-LICAT) which became effective January 1, 2023, as per the Insurance Regulations, 2001 amended 2023. The supervisory minimum Total Ratio for JA-LICAT is 100% respectively. Sagicor Life Jamaica Limited exceeded the standard requirement at period-end. The JA-LICAT for Sagicor Life Jamaica as of December 31, 2024, has been estimated as 161.9% (2023 - 155.2%) with the minimum standard requirement for JA-LICAT being 100%.

40. CAPITAL MANAGEMENT (continued)**40.2 Capital adequacy (continued)**(b) Banking institutions(i) Sagicor Investments Jamaica Limited and Sagicor Bank Jamaica Limited

Capital adequacy and the use of regulatory capital are monitored monthly by management employing techniques based on the guidelines developed by the Financial Services Commission (FSC), the Bank of Jamaica (BOJ), Basel II and the Risk Management and Compliance Unit. The required information is filed with the respective regulatory authorities at stipulated intervals. The BOJ and the FSC require each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off financial statements exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the capital adequacy ratios. During 2024 and 2023, all applicable externally imposed capital requirements were complied with.

	Sagicor Investments Jamaica		Sagicor Bank Jamaica	
	2024	2023	2024	2023
Actual capital base to risk-weighted assets	17%	17%	13%	13%
Required capital base to risk-weighted assets	10%	10%	10%	10%

The Group complies with all regulatory capital requirements.

(ii) Sagicor Bank (Barbados) Limited

Capital adequacy and the use of regulatory capital are monitored by management, employing techniques based on the guidelines developed by the Central Bank of Barbados (CBB), Basel II and the Risk Management Unit. The required information is filed with the CBB at stipulated intervals. The CBB requires each regulated entity to hold the minimum level of regulatory capital, and to maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

The risk-weighted assets are measured by prescribed risk weights classified by the CBB, according to the nature of each asset and counterparty. Actual capital base comprises mainly shareholders' equity, reserves and retained earnings. The table below summarises the capital adequacy ratios. During 2024 and 2023, all applicable externally imposed capital requirements were complied with.

	2024	2023
Actual capital base to risk-weighted assets	25.4%	54.5%
Required capital base to risk-weighted assets	8.0%	8.0%

40. CAPITAL MANAGEMENT (continued)

40.3 Covenants

(a) 5.30% senior notes due 2028

Under the indenture entered into by the Group on the issue of new senior notes on May 31, 2021 and December 15, 2021, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Limitation of indebtedness	Under this covenant, the Group is restricted to incremental borrowing up to a prescribed level. The Group must maintain a debt to capitalisation ratio equal to or less than 35% in order to incur additional debt.
Limitation on restricted payments covenant	This covenant sets limits on cash outflows, dividends, acquisition and investments by the Group. The Group must maintain a debt to capitalisation ratio equal to or less than 35% and an MCCR capital ratio in excess of 175%.
Limitation on restricted distributions from subsidiaries	This covenant limits the subsidiaries from creating encumbrances or restrictions on their ability to make distributions to the Parent.
Limitation on sale of assets of subsidiary stock	This covenant restricts the Group from selling material subsidiary assets without using the proceeds to either reinvest in the business or offer to buy back bondholders.
Limitation on affiliate transactions	This covenant restricts affiliate transactions of the Group.
Change in control	This covenant allows investors to put their bonds back to the Group at a certain value when a specified event has changed ownership/control of the Group.
Limitation on liens	This covenant restricts the Group's ability to secure future debt with the Group's assets.
Optional Redemption	The notes are redeemable at the Group's option after May 13, 2024 at specified redemption rates.

At December 31, 2024, the Group was in compliance with the specified covenants.

40. CAPITAL MANAGEMENT (continued)

40.3 Covenants (continued)

(b) Unsecured bond, 7.75% and 10.75% tranches due 2025

Under a trust deed dated September 16, 2019 entered into by the Group on the issue of these securities, the facilities of which were extended on May 26, 2023, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Change in control	Under a change in control, each holder has the right to require the issuer to purchase all or any part of the bonds.
Limitation on indebtedness	SFCL will not create, or permit to subsist, any security interest on any of its present or future assets without the prior consent in writing of the Trustee.
Limitation on indebtedness	SFCL will not seek to incur any additional indebtedness where the incurrence of additional indebtedness will give rise to any breach of the Financial Covenants, except with the prior written consent of the Trustee.
Financial Covenants	SFCL will maintain the following ratios: <ul style="list-style-type: none"> i. Minimum Interest Services Coverage Ratio of 1.5. ii. Maximum Debt to Equity Ratio of 75%
Restrictions on dividends	Except with the prior written consent of the Trustee, SFCL will not pay any dividends while SFCL is in breach of any of the financial covenants.
Restrictions on dealing with affiliates	The covenant restricts affiliate transactions of the Group.

At December 31, 2024, the Group was in compliance with the specified covenants.

(c) Sagicor General Insurance Inc 3.50% loan agreement

COVENANT	DESCRIPTION
Debt service coverage ratio	The guarantor subsidiary, 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 \$15.0 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, 2024, the Group was in compliance with the specified covenants.

40. CAPITAL MANAGEMENT (continued)**40.3 Covenants (continued)**

(d) Variable Rate Revolving Credit Facility, Variable Rate Credit and Guarantee Agreement (2027), and Variable Term Loan (2027).⁽¹⁾

Under the revolver credit facility agreement entered into by the Group on August 2, 2023, and the Variable Term Loan (2027) entered into on December 4, 2024, the Group has to comply with a number of covenants as follows:

COVENANT	DESCRIPTION
Indebtedness	Under this covenant, the Group must maintain a debt to capitalisation ratio equal to or less than 35%.
Liens	Under this covenant, the Group shall not create any Lien of any kind other than Permitted Liens.
Fundamental Changes	This covenant restricts changes to the Group's properties and assets.
Restricted Payments	This covenant sets limits on outflows such as dividend payments and acquisition of certain investments by the Group.
Transactions with Affiliates	This covenant restricts affiliate transactions of the Group.
Restrictive Agreements	This covenant limits the subsidiaries from creating encumbrances or restrictions on their ability to make distributions to the Parent.
Limitation on Sales of Assets and Subsidiary Stock	This covenant restricts the Group from selling material subsidiary assets without using the proceeds to either reinvest in the business or repay indebtedness. ⁽³⁾
Financial Covenants	The Group will maintain the following financial ratios: <ul style="list-style-type: none"> (i) A Debt to Capitalisation Ratio equal to or less than 35%. (ii) An Aggregate MCCR Ratio not less than 175%.⁽²⁾ (iii) An RBC Ratio for the USA Segment of not less than 275%.⁽²⁾ (iv) A LICAT Ratio for our Canada Segment of not less than 103%.⁽²⁾ (v) A minimum Consolidated Net Worth of the Group.

At December 31, 2024, the Group was in compliance with the specified covenants.

⁽¹⁾ The Variable Rate Credit and Guarantee Agreement (2027) which was entered into on October 3, 2023 was fully repaid in December 2024 using funds from the Variable Term Loan (2027). See note 17 (h) and (i).

⁽²⁾ This requirement was removed in June 2024 for the Variable Rate Revolving Credit Facility and is not included in the Variable Term Loan (2027).

⁽³⁾ This requirement was reduced in June 2024 for the Variable Rate Revolving Credit Facility to remove the restriction on the usage of the Asset Disposition proceeds to reinvest or repay indebtedness; however, the Asset Disposition should not result in a default or event of default, and compliance with all applicable covenants must be maintained. This reduced requirement is also applicable to the Variable Term Loan (2027).

40. CAPITAL MANAGEMENT (continued)**40.3 Covenants (continued)****(e) The Estates (Residential Properties) Limited Construction Credit Agreement**

COVENANT	DESCRIPTION
Debt to equity ratio	The maximum funded Debt to Effective Equity ratio of the Borrower shall not exceed 2.0 to 1.0.

At December 31, 2024, the Group was in compliance with the specified covenants.

41. REINSURANCE CONTRACT

Sagicor Life Insurance Company ("SLIC", our USA Subsidiary) uses a combination of Modified Coinsurance and Coinsurance with Funds Withheld transaction structures to reinsure annuity business (MYGA) with AA rated global reinsurance partners. In December 2023, SLIC extended its reinsurance arrangement with an existing reinsurance provider on a portfolio of annuities written in 2023. SLIC records no reinsurance recoverable and no initial gain or loss on this transaction. The present value of the reinsurance premium on this transaction of \$5.7 million was recorded reducing the net CSM on the annuity business reinsured.

In October 2024, SLIC entered into a new transaction with a second reinsurer, reinsuring a portfolio of MYGA annuities written in 2024 and continuing for business to be written in 2025. Under the terms of the agreements, SLIC obtains capital relief and protection against severe adverse events. SLIC records no reinsurance recoverable and no initial gain or loss on these transactions. The present value of the reinsurance premium on this agreement of \$4.0 million was recorded reducing the net CSM on the annuity business reinsured.

Sagicor Financial Company Ltd., the ultimate parent of SLIC, provides support for these reinsurance transactions in the event of a shortfall in the funds withheld liability of SLIC.

42. RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 5, 7, 11, 17, 23, 26 and 27, there are no material related party transactions except as disclosed below.

Key management transactions and balances

Key management comprises directors and senior management of the Company and of Group subsidiaries. Key management includes those persons at or above the level of Vice President or its equivalent. Compensation of and loans to these individuals are summarised in the following tables.

	2024	2023
Compensation:		
Salaries, directors' fees and other short-term benefits	33,624	24,165
Equity-settled compensation benefits	5,011	5,014
Pension and other retirement benefits	1,147	673
	39,782	29,852

	Mortgage loans	Other loans	Total loans
Balance, beginning of year	2,455	1,124	3,579
Advances	128	503	631
Repayments	(524)	(350)	(874)
Effects of exchange rate changes	(9)	(7)	(16)
Balance, end of year	2,050	1,270	3,320
Interest rates prevailing during the year	3.50% to 9.00%	3.25% to 18.50%	

43. SUBSEQUENT EVENT

Subsequent to the year end, the Board of Directors of Sagicor Financial Company Ltd. approved and declared a quarterly dividend of \$0.0675 per common share payable on April 17, 2025 to the shareholders of record at the close of business on March 27, 2025.



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● SHAREHOLDER INFORMATION

DIVIDENDS

Quarterly dividends were declared and paid as follows in 2024:

- A quarterly dividend of US \$ 0.06 per common share was approved, payable on April 30, 2024, to the registered holders of the common shares of record at the close of business on April 10, 2024.
- A quarterly dividend of US\$ 0.06 per common share was approved, payable on June 19, 2024 to the registered holders of the common shares of record at the close of business on May 29, 2024.
- A quarterly dividend of US\$ 0.06 per common share was approved, payable on September 17, 2024 to the registered holders of the common shares of record at the close of business on August 27, 2024.
- A quarterly dividend of US\$ 0.06 per common share was approved, payable on December 17, 2024 to the registered holders of the common shares of record at the close of business on November 26, 2024.

TRANSFER AGENT / SHAREHOLDER ASSISTANCE

For more information on managing your Sagicor shares, shareholders may contact our Transfer Agent, TSX Trust Company.

INVESTOR & ACCOUNT ASSISTANCE

Sign in to your TSX Trust account to access all the data related to your account, including a summary of holdings, transaction history and, proxy voting and more. For your convenience, the TSX Trust has also created a list of Frequently Asked Questions and provided several useful forms at the following link:

<https://www.sagicor.com/en/Investor-Relations/Transfer-Agent>

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STOCK EXCHANGE LISTINGS

Sagicor Financial Company Ltd. is listed on the Toronto Stock Exchange - Symbol TSX:SFC.

Sagicor Financial Corporation Limited was delisted from the London and the Trinidad and Tobago Stock Exchanges and has applied to be delisted from the Barbados Stock Exchange.

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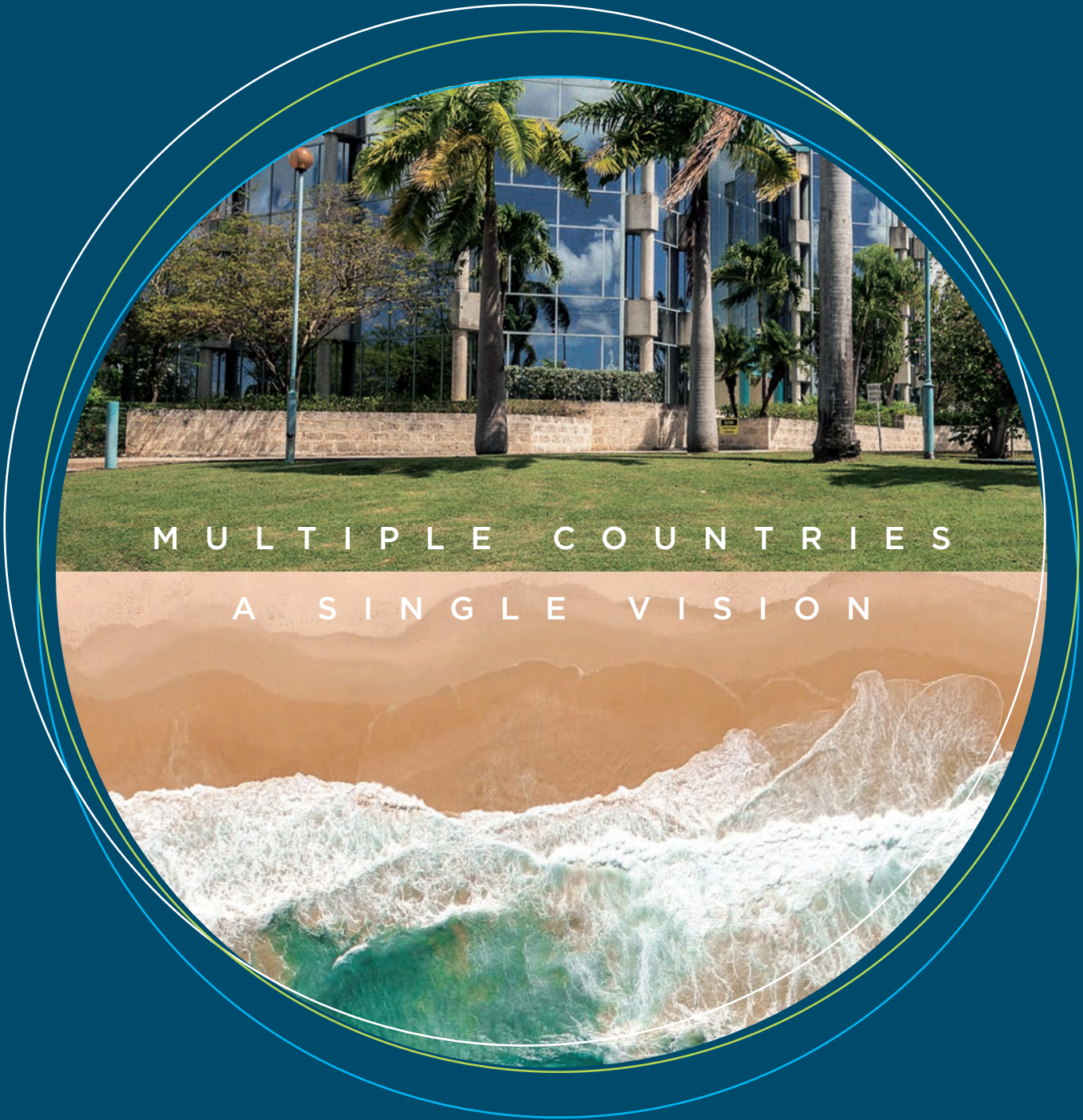
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Fax: (345) 949-8262

SAGICOR FOUNDATION JAMAICA

R. Danny Williams Building
28 - 48 Barbados Avenue
Kingston 5
Jamaica
Tel: (876) 929-8920-9

SAGICOR INTERNATIONAL ADMINISTRATORS LIMITED

R. Danny Williams Building
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SAGICOR PROPERTY DEVELOPERS LIMITED

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SAGICOR CAYMAN LIMITED

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JAMCIV MOBAY JAMAICA PORTFOLIO LIMITED

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Tel: (876) 929-8920-9
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TC (2017) LIMITED

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PHOENIX EQUITY HOLDINGS LIMITED

The Goddard Building
Haggatt Hall
St. Micheal
Barbados

ADVANTAGE GENERAL INSURANCE CO. LTD

(Head Office)
4 - 6 Trafalgar Road
Kingston 10
Jamaica

BAILEY WILLIAMS LIMITED

10 Leonard Road
Kingston 10
Half Way Tree
P.O. St Andrew
Jamaica

ALLIANCE FINANCIAL SERVICES LIMITED

Head Office
7 Belmont Road
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Tel (876) 960 4321-6
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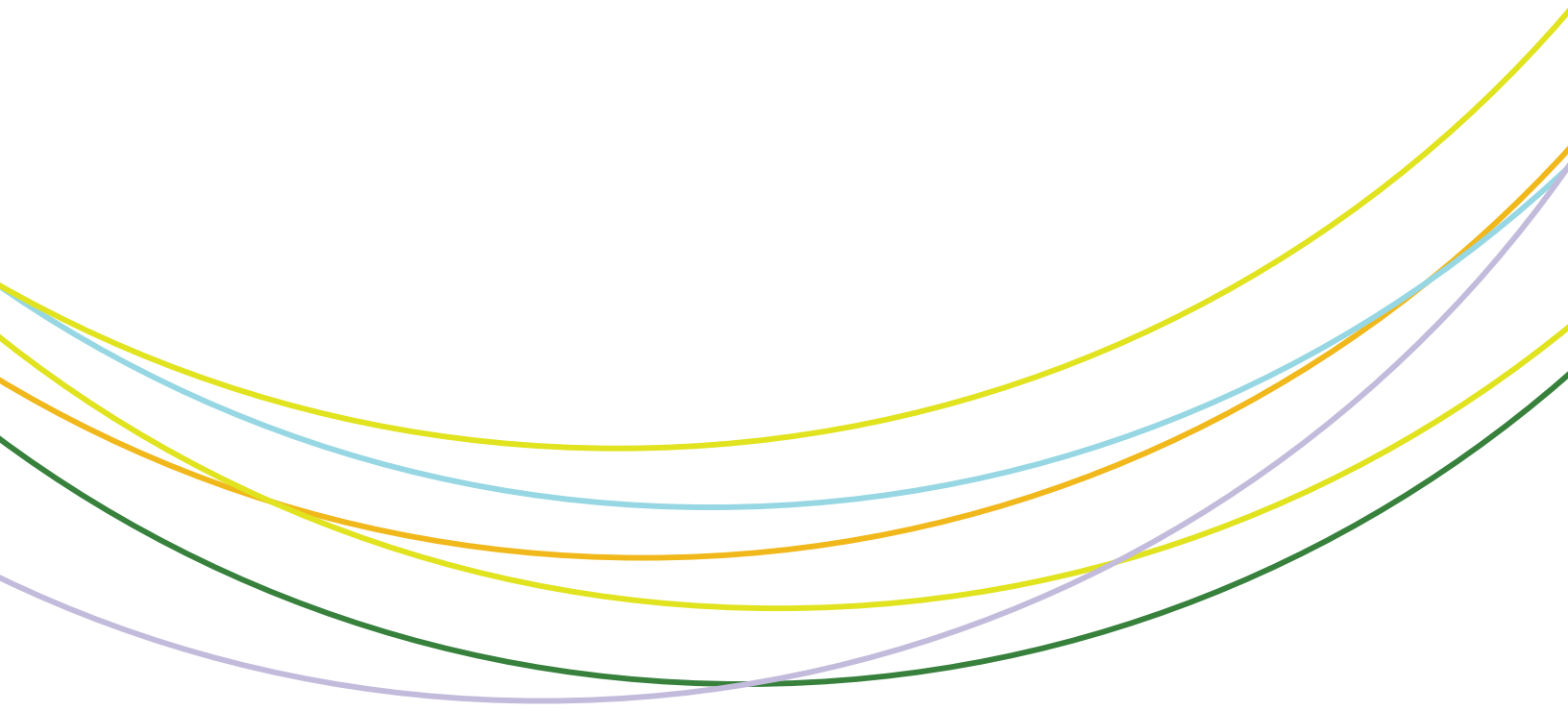
SAGICOR PANAMA SA

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CANADA SEGMENT

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Fax: 416-883-5174
Toll free: 1-800-846-5970
Email: conversation@ivari.ca



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Please use these convenient channels to keep up to date on developments at our company or send us your comments and queries.

SHAREHOLDERS

Contact TSX Trust for:

- Dividends
- Change in share registration and address
- DRS Statements
- Estate transfer

Contact Sagicor Financial Company Ltd. for:

- General shareholder requests
- Copies of the Annual Report

Contact Sagicor for any other request

STAY CONNECTED

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